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Taiwan

Agricultural Situation

Competitor Report - Annual 1998

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Report Highlights:

The United States is the number one supplier of agricultural exports into the Taiwan market, which is the U.S.'s fifth largest market worldwide for food, farm, and forest product exports. Our main competitors in this market are Australia, Malaysia, Indonesia, Japan, Thailand, New Zealand, and the United Kingdom.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Taipei[TW], TW

Competitor Activities on Taiwan

In 1997, Taiwan imported US\$9.9 billion of food and agricultural products from many different sources, of which US\$3.3 billion was imported from the United States. The United States was the number one agricultural supplier to Taiwan, followed by Australia, Malaysia, Indonesia, Japan, Thailand, New Zealand, and the United Kingdom. Australia dominates the beef, mutton and wool markets. Malaysia and Indonesia dominate the supply of wood products to Taiwan. Japan dominates the swine skin and biscuit markets and is very competitive in other consumer ready food products. New Zealand ranks as the top supplier of dairy products.

While maintaining its position as a substantial supplier of bulk commodities, such as soybeans (82%), corn (97%), and wheat (92%), the United States supplied 46% of imported fresh vegetables & their preparations; 52% of imported fresh fruits & their preparations; 16% of imported fishes & preparations; and 32% of imported beef. The United States is the top supplier of most varieties of imported fresh fruits: apples (78% or US\$76,974,000), table grapes (96% or US\$13,342,000), grapefruits (98% or US\$14,254,000), oranges (96% or US\$10,154,000), cherries (91% or US\$21,715,000), peaches (94% or US\$26,314,000), and plums (92% or US\$14,686,000).

Competition is intensifying among major world agricultural and food exporters for a share of Taiwan's growing food import market. Promotional campaigns by major competitors are on the rise. The 1998 Taipei International Food Show brought together more than 930 booths displaying various food and agricultural products from more than 400 participants from 30 countries. Among these were 13 national pavilions from Australia, Austria, Canada, Chile, France, Germany, the Netherlands, Korea, Mexico, New Zealand, Spain, Greece, and the United States.

Major in-store promotions during 1998 by country representative offices on Taiwan included the "German Food Festival" in 19 Far Eastern department stores/hypermarkets; "Canadian Maple Leaf Days" in Taipei; and the "Canadian Food Promotion" at the Makro Warehouse Store Chain.

Country theme menu promotions at international hotels and restaurants take place all year round. Most recent examples include: the "Summer Feast - Norwegian Salmon" in 47 hotels and restaurants; the "French Oyster Feast" in the Sherwood Hotel; the "European Food Festival" in the Formosa Regent Hotel (featuring foods from Russia, Denmark, France, Italy, and Germany); and the "New Zealand Food Festival" at the Imperial Inter-Continental Hotel. These menu promotions were co-sponsored by hotels and respective country representative offices on Taiwan.

Australia

In 1997, Australia exported A\$500 million of agricultural products to Taiwan. Major items included seafood (A\$213), meat (A\$113.6), dairy products (A\$70), fruits & vegetables (A\$26.6), and beverages and snack foods. The seafood exports from Australia to Taiwan have been growing from 5-10% over the past five years, while dairy exports have grown 10-15%.

Australia had the third largest country pavilion at the "1998 Taipei International Food Show." There were 24 companies and 27 booths displaying various food products in the show. Major items displayed included wine, juices, mineral water, pet food, canned food, seafood, confectionery products, health foods, breakfast cereals, and other processed foods. In addition, the Australian Business Centre in Taipei, together with the Australian

Wine Export Council and Australian Dairy Board, jointly co-sponsored a wine/cheese sample tasting during the show.

In May 1998, the Queensland Trade & Investment Office Taipei (QTIOT) sponsored a Taiwan buyer's mission to visit the "Fine Food, Brisbane" exhibition in Queensland. The mission consisted of nine delegates that represent companies that are among the most important Taiwan importers of a wide range of products including: seafood (including coral trout, king prawn, lobster, and spanner crab); fruit (including apples, nectarines, plums, peaches, and custard apples); beef; lamb; health foods; bean paste, meat sauce; chocolate syrup; dairy products. The delegates indicated that the estimated value of purchases generated from this trip would be A\$1.8 million within the next 3 months and A\$6 million within the next 12 months.

The Australia Meat & Livestock Corporation (AMLC) aggressively marketed beef on Taiwan for the past seven years, spending an average of NT\$4-6 million (US\$240,000-211,000) annually. However, the AMLC closed in November of 1997 and the activities were taken over by a local PR company, the Proac International Company (PIC). In 1998, AMLC/PIC conducted several in-store promotions in Taiwan's major retail stores, such as Carrefour hypermarkets, Sinon hypermarkets, Yumauwu supermarkets, Wellcome supermarkets, and Dollars warehouse stores island-wide. In order to further strengthen good relations with its clients, the AMLC/PIC sponsored a friendship bowling contest for local importers and retail buyers in southern Taiwan. The AMLC/PIC offered cash prizes ranging from NT\$1,000-NT\$12,000 (current exchange rate: US\$1=NT\$34.57) for contest winners. The AMLC/PIC reportedly spends an average of US\$50,000 annually to organize a buyers mission to visit meat processing facilities in Australia.

For the second consecutive year, the Australian Business Centre in Taipei and T.G.I.Friday's conducted "A Taste of Australia" menu promotion, featuring emu, lamb, salmon, cheese, and wine from Australia in early February 1998. This promotion attracted a great deal of media attention and was reported to be a huge success.

Canada

Agricultural products are among the leading exports to Taiwan from Canada. The main Canadian agricultural exports are hides, oilseeds, wheat, barley, and livestock; but processed food products such as beef, seafood, canola oil, bottled water, wine, liquor, and confectionery products are becoming increasingly successful with Taiwanese consumers. Increasing value-added food exports to Taiwan is the highest priority for the Canadian Trade Office in Taipei and an important component in its overall objective to reach an export target of \$20 billion (for both manufactured and food products) by the year 2000.

Canada had the largest country pavilion with 27 companies and 51 booths in the "1998 Taipei International Food Show," mainly displaying wine, beef, seafood, organic/health food, canola oil, herb tea, maple syrup, and other processed foods. In conjunction with the same show, the Canadian Trade Office in Taipei (CTOT) sponsored three product seminars: "The Superiority of Canadian Beef," "Edible Oil of the 21st Century - Canadian Canola Oil," and "The Appraisal of Canadian Beef." According to CTOT, Canada's food products arrived in the Taiwan market later than those of its competitors. Therefore, the CTOT feels that it needs to be aggressively involved in local promotional activities, such as the "Taipei International Food Show," in an effort to increase awareness on Taiwan of Canadian food.

The Canadian Trade Office in Taipei is responsible for all commercial and agricultural product promotion. In

addition to aggressively co-sponsoring menu promotions with well known international hotels, the CTOT conducted a "Maple Days Promotion" in Taipei in November 1997, an in-store promotion at the Makro warehouse stores in June 1998, and a Canadian Food Festival from February 21 to March 5, 1998 at the Parkview Hotel in Northern Taiwan which featured Canadian beef and seafood and included entertainment consisting of performances of Taiwan aboriginal dances. CTOT also sponsored a Seafood Press Conference in March 1998. It invited local chefs to present dishes made with Canadian seafood at the press conference. The CTOT published a "Cooking With Canadian Seafood & Health Food" pamphlet for distributing to Taiwan consumers. Currently, the main seafood items exported from Canada to Taiwan include cod, smelt fish, salmon, smoked salmon, capelin, and shellfish (lobster, king crabs, scallop, and clam).

The CTOT invited three top officials from the Sung Ching Supermarket Chain, Taiwan 7-Eleven, and the Far Eastern Department Store to visit food and agricultural facilities in Canada in June 1998. This buyers mission spent 11 days in Vancouver, Toronto, Montreal, Calgary, and Halifax. The CTOT took care of travel and lodging expenses.

In addition to in-store promotions at Taiwan's major retail stores, the Canada Beef Export Federation (CBEF) Taiwan Office conducted a beef carcass fabrication demonstration for beef traders in March 1998. CBEF is currently conducting a 5-month in-store promotion to promote beef and veal in the Kasumi Supermarket Chain, the Da-Jun-Fa Warehouse Store Chain, the Summit Supermarket Chain, the Makro Warehouse Store Chain, the Sinon Hypermart Chain, the Fu-Yun Warehouse Store Chain and the Formosa Regent Hotel in Taipei. The promotion schedule at each venue was recently published in major Taiwan newspapers. The CBEF Taiwan Office was established in October 1996. In that same year, Taiwan imported 600 tons of Canadian beef and veal and in 1997 that amount increased to 1,263 tons, over 100% growth. CBEF's goal is to export 4,000 tons to Taiwan by the year 2000.

New Zealand

In 1997, total agricultural exports from New Zealand to Taiwan was US\$341 million. Major agricultural exports included dairy products, meat, wood and wood products, wool, edible oil, fruits and vegetables, and seafood. New Zealand supplied 37% of Taiwan's imported dairy products (milk powder/block) in 1997. Currently, New Zealand leads all other countries as the No 1 supplier of kiwi fruit (a 64% market share) to Taiwan.

The New Zealand Commerce and Industry Office in Taipei organized a country pavilion at the "1998 Taipei International Food Show" with five booths and four companies, mainly displaying wine, dairy products, health foods, gourmet foods, and cereal.

Competition for meat from New Zealand is decreasing. Taiwan's hotel restaurants primarily used frozen New Zealand tenderloin. However, the current tendency is to use more chilled beef from Canada.

European Union

France -- France is the top supplier of wine to Taiwan in both volume and value terms. Currently, SOPEXA (the French Food Institute) handles promotional activities for French wine on Taiwan. SOPEXA sponsored an annual "French Wine Fair" in the Sogo Department Store, September 2-6 in Taipei and September 16-20 in Kaohsiung. During the fair SOPEXA gave away lucky draw prizes, organized sample tastings, provided live

band entertainment and presented product seminars.

The French/Taiwan joint venture Carrefour Hypermart sponsored an International Wine Festival in Taipei at the end of 1997. There were 285 brands of wine displayed at this festival, of which 85%, or 147 brands, were from France. Wines from other sources accounted for 15% (18 brands from other EU countries, 31 from the United States, and 10 from Chile). Carrefour printed 80,000 wine catalogues, which were distributed to potential clients during the festival. The Carrefour Tien-Mu Store sold 5,300 bottles of wine during the three-week long festival.

The French Pavilion at the "1998 Taipei International Food Show" had a total of 15 booths with ten exhibitors. Products shown at the pavilion included wine, liquors, fruits & vegetables, bakery products, coffee/tea, dairy products, seafood, frozen food and other processed foods.

Taiwan's hotel restaurants often have seasonal menu promotions focusing on crab, lobster and other seafood in the fall and oysters in the winter. The Sherwood Hotel presented a "French Oyster Feast" featuring Belon and Fine de Claire oysters from France, and French wines, in December 1997.

Spain -- Spain was the first European country to organize a solo exhibition at the Taipei World Trade Center. The first Solo Spanish product show opened in 1992. For the first time ever, the Spanish Chamber of Commerce and the Spanish Institute for Foreign Trade organized a Spanish Pavilion at the "1998 Taipei International Food Show." The Spanish Pavilion offered different categories of food products ranging from olive oil and table wine, to biscuits and other processed foods. The Spanish Pavilion at the "1998 Taipei International Food Show" had a total of 36 booths with 26 exhibitors. During the show the Spanish Chamber of Commerce in Taipei focused its promotions on red wine, sherry, and olive oil.

Germany -- Germany had a total of 14 booths with 7 exhibitors at the "1998 Taipei International Food Show," of which 5 were wine companies. The main products promoted at the show included chocolate, bakery products, and wine. Because the current market share for German wine on Taiwan is only 1.5%, and because the German Wine Institute (Deutsche Weininstitut, GmbH) believes that Taiwan is a market with much potential for German wine, in March 1998, the GmbH established a German Wine Information Service in Taipei. The main task of this office is to promote German wine on Taiwan, providing information and training programs for Taiwan importers.

Others

Norwegian Salmon -- Norwegian farm-raised salmon dominates the imported fresh fish market. In 1997, approximately 57% (US\$18,043,000) of the fresh/frozen salmon consumed on Taiwan was imported from Norway. From May 22 to June 7, 1998 the Norway Board of Foreign Trade conducted a large-scale Norwegian salmon promotion in 47 hotels and restaurants. It placed advertising in several major Taiwan newspapers and periodicals. The promotion generated a fair amount of attention from media and local consumers.

Wine Imports (Liters)

<u>Country</u>	<u>Jul/97-Jun/98</u>	<u>MKT Share</u>	<u>Change(%) from Jul/96-Jun/97</u>
France	16,556,804	67.14%	+164.70%
USA	3,458,641	14.03%	+74.64%
Spain	795,495	3.23%	+125.84%
Chile	730,566	2.96%	+137.21%
South Africa	526,005	2.13%	-3.88%
Germany	358,253	1.45%	42.47%

Source: Jorker Magazine

Tables

Table 1. Summary of Official Budgets to Support All Types of Programs to Expand Exports of Agricultural, Forest and Fishery Products (in US\$ million) 1/

	Market Programs		Export	Credit	Transportation	
	<u>Official</u> 2/	<u>Industry</u>	<u>Subsidies</u> 3/	<u>Programs</u>	<u>Subsidies</u> 4/	<u>Total</u>
Dairy	0	0	0	0	0	0
Grains 5/	0	0	37.2	0	0	37.2
Forest	0	0	0	0	0	0
Meat/poultry 6/	0	0	0	0	0	0
Oilseeds	0	0	0	0	0	0
Proc. Foods 7/	0.4	0	2.4	0	0	2.8
Fresh F/V 8/	0.1	0.55	0	0	0	0.65
Nuts	0	0	0	0	0	0
Fishery Prods 9/	0	0.4	0	0	0	0.4
Wine	0	0	0	0	0	0
Others 10/	0.05	0	0	0	0	0.05
TOTAL	0.55	0.95	39.6	0	0	41.1

1/ This is for FY97/98 (July 1997 to June 1998); Exchange rate: NT\$31.8 = US\$1.

2/ This is the central agricultural authorities' (Council of Agriculture's - COA) support for overseas market development. The budgets were used mainly to fund private industry's participation in international food shows. A small portion of the money was used for educational programs via the media.

3/ This includes Taiwan's export subsidies for rice (US\$37.2 million) and sugar (US\$2.4 million). It is derived from the price difference between Taiwan's high production cost and the world market price for rice and sugar. However, the production incentives, which are aimed to support the livelihood of rice paddy and sugarcane farmers, are excluded.

4/ The authorities provide a small amount of transportation aid, some tax exemption assistance and low-interest loans to farmers and fishermen. These generic programs are not included in this report because they are not designed to encourage exports. They are meant to improve farmers' living standards or as relief measures for natural disasters.

5/ Taiwan's grain production is basically not export-oriented. This category includes rice only. Subsidies for FY97/98 (US\$37.2 million) are greater than last year (US\$18.5 million) mainly because more rice was exported during 97/98.

6/ This category covers an export check-off for pork. However, there were no pork exports during FY97/98 because of the outbreak of foot-and-mouth disease in March 1997.

7/ This includes the COA's budgets for market promotion (US\$0.4 million) and Taiwan's export subsidies for sugar exports (US\$2.4 million).

8/ This includes the COA's budgets for export marketing for fruit and vegetables (US\$0.1 million) and the marketing budgets of the Taiwan Provincial Fruit Marketing Cooperative for exports of selected fruits (US\$0.55 million).

9/ This includes the check-off for shrimp and eel exports. The Taiwan Shrimp Development Foundation collected an export check-off of NT\$0.5/kg on shrimp exports, and NT\$0.7/kg on processed shrimp exports. The Taiwan Eel Development Foundation collected NT\$0.5/kg on live eel exports, and NT\$0.8/kg on processed eel exports. However, the authorities abolished the export check-off for fishery products in May 1998.

10/ This covers the Council of Agriculture's overseas market development budgets for other processed products such as tea (mainly for the oriental market) and flowers (mainly for Europe).

Table 2. Taiwan's Export Promotion Activities in the United States (US\$ million) 1/

	Market Programs		Export	Credit	
	<u>Official</u>	<u>Industry</u>	<u>Subsidies</u>	<u>Programs</u>	<u>Total</u>
Dairy	0	0	0	0	0
Grains	0	0	0	0	0
Forest	0	0	0	0	0
Meat/poultry	0	0	0	0	0
Oilseeds	0	0	0	0	0
Proc. Foods 2/	0.2	0	2.4	0	2.6
Fresh F/V 3/	0	0.2	0	0	0.2
Nuts	0	0	0	0	0
Fishery Prods 4/	0	0	0	0	0
Wine	0	0	0	0	0
Others	0.	0	0	0	0
TOTAL	0.2	0.2	2.4	0	2.8

Notes:

1/ This is for FY97/98 (July 1997 to June 1998); Exchange rate: NT\$31.8 = US\$1.

2/ This includes US\$0.2 million from the COA for market development in the U.S. market and US\$2.4 million export subsidies for sugar. The United States has been the exclusive overseas market for Taiwan's sugar exports.

3/ This includes the marketing expenses of the Taiwan Provincial Fruit Marketing Cooperative on exports of fruits, including carambola, litchee and mangoes in the U. S. market.