

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 12/14/2016

GAIN Report Number: TW16032

Taiwan

Exporter Guide

2016

Approved By:

Chris Frederick

Prepared By:

Cindy Chang

Report Highlights:

Taiwan is the seventh largest market for U.S. food and agricultural products. In 2015, Taiwan imported US\$3.57 billion of food and agricultural commodities (including edible fishery products) from the United States. Despite the success already achieved in the market by U.S. exporters, Taiwan still offers growth potential for U.S. food and agricultural suppliers. This report is a practical guide for U.S. food exporters interested in marketing and shipping products to Taiwan.

Post:

Taipei ATO

I. Market Overview**Macroeconomic Situation**

With a population of 23 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market, especially for U.S. firms. In 2015, Taiwan was ranked as the United States' 9th-largest trading partner in goods, placing it ahead of markets such as India and Brazil. It was also the 14th-largest U.S. export market overall and the seventh-largest export market for agricultural and livestock products.

In 2015, according to the U.S. Census, exports to Taiwan decreased 2.8 % to US\$ 26 billion. Imports from Taiwan rose 0.3% to US\$ 40.7 billion. Taiwan ran a trade surplus with the United States of US\$ 14.8 billion dollars in 2015, an increase of US\$ 868 million over the year before.

Taiwan ranks as the sixth-largest holder of foreign exchange reserves with US\$425 billion. In 2015, the Taiwan economy registered 0.65% GDP growth. Slightly stronger growth of 1.22% is forecast in 2016. Unemployment has decreased to 3.78%. In 2015, local private consumption remained flat due to stagnant or declining wages. Real estate sales in several areas, especially Taipei and New Taipei City, are showing significant growth.

**Key Economic Indicators in Taiwan
2011 – 2015**

Indicators	2012	2013	2014	2015	2016(f)
Economic Growth Rate	2.1	2.2	3.74	0.65	1.22
GDP (US\$ billion)	495.8	511.3	529.6	523	527
GDP Per Capita (US\$)	21,308	21,902	22,635	22,294	22,433
Foreign Exchange Rate (1US\$ to NT\$)	29.62	29.77	31.71	33.07	31.67
Consumer Price Index	1.0	1.1	1.2	-0.31	0.33
Unemployment Rate (%)	4.24	4.18	3.96	3.78	4.08
Foreign Exchange Reserves (US\$ billion)	403.2	416.8	419.0	4,260	4,367
Taiwan's Imports of Goods and Services (US\$ billion)	311.97	309.79	317.24	271.79	264.50
Taiwan's Exports of Goods and services (US\$ billion)	350.09	357.35	372.15	340.07	330.35
Total Agri-Food Imports (US\$ billion)	14.7	14.8	15.6	14.5	NA
Total Agri-Food Exports (US\$ billion)	5.1	5.1	5.3	4.9	NA

*Source: 2015 Taiwan Statistical Data Book, National Development Council, Taiwan
Taiwan Director-General of Budget, Accounting, Statistics (DGBAS); Council of Agriculture*

U.S. – Taiwan Trade Facts

According to Taiwan’s Director-General of Budget, Accounting, Statistics, total Taiwan exports of goods and services decreased by 14.32% to US\$340 billion and imports declined by 14.32% to US\$271.8 billion in 2015. According to Bureau of Foreign Trade, Ministry of Economic Affairs, China (including Hong Kong) is Taiwan’s largest trading partner, accounting for 22.67% of total trade and 19.3% of Taiwan’s imports in 2015. The United States is Taiwan's second largest trading partner, accounting for 11.9% of total trade, including 11.6% of Taiwan’s imports. Taiwan ran a trade surplus with the United States of US\$7.9 billion in 2015, an increase US\$395 million from the previous year. Japan follows with 11.4% of total trade, including 16.9% of Taiwan’s imports.

Agricultural Trade

In 2015, Taiwan was the 14th-largest U.S. export market overall and the seventh-largest export market for agricultural products. Given Taiwan’s relatively small agricultural sector, Taiwan’s dependence on imports is expected to continue to grow. According to Taiwan’s Council of Agriculture, Taiwan imported US\$3.53 billion of food and agricultural products (including edible fishery products) from the United States in 2015, representing 24.3% of the total import market share. The United States also exports many consumer-oriented agricultural products, the majority of those being red meats, fresh fruit and vegetables, poultry, and processed foods and beverages.

Taiwan relies on imports of essential agricultural commodities for food and feed purposes. The United States is viewed as a provider of high-quality, safe products and is currently the largest supplier of many consumer food products to Taiwan, such as beef and beef offal, poultry, dairy products, various fresh fruits and vegetables, roasted coffee, and tree nuts.

Taiwan Food and Agricultural Products Imports and Exports Top 5 Importing and Exporting Countries 2015

Ranking	Importing Countries			Exporting Countries		
		Amount (US\$ million)	Share (%)	Country	Amount (US\$ million)	Share (%)
1	U.S.	3.53 billion	24.3	China	1.0 billion	18.1
2	Brazil	1.12 billion	7.7	Japan	776	15.9
3	Japan	989	6.8	U.S.	496	10.2
4	China	910	6.3	Hong Kong	476	9.8
5	Australia	752	5.2	Vietnam	443	9.1

Sources: Council of Agriculture (COA)

The United States has long been the major supplier of Taiwan's food and agricultural product imports, followed by Brazil, Japan, China and Australia.

Bilateral and Multilateral Agreements

Taiwan has concluded free trade agreements with Panama, Guatemala, Nicaragua, El Salvador, Honduras, and New Zealand. Taiwan also signed an Economic Cooperation Framework Agreement (ECFA) with and mainland China to reduce tariffs and commercial barriers.

Representatives of the United States and Taiwan signed a Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultations on trade and investment issues.

Taiwan’s accession to the World Trade Organization (WTO) in 2002 and the WTO Government Procurement Agreement in 2009 led to the further dismantling of non-tariff barriers and a general lowering of the remaining tariffs. These actions further enhanced U.S. opportunities in Taiwan market.

Demographics

Home to 23.3 million people, Taiwan is one of the most densely populated areas in the world at approximately 650 people per km2. Over 90% of the population is of Han Chinese ancestry, and the rest composed of aboriginal peoples and recent marriage immigrants from Southeast Asia and China. Around 93% of the religious population is followers of a mixture of Buddhism, Taoism, and Confucianism, while approximately 4.5% is followers of Christianity.

The common language of most of the people of Taiwan today is Mandarin Chinese, the other main languages are Hokkien (Southern Fujianese) and Hakka. English is the most widely used foreign language, and Japanese speakers are becoming rare as the elderly generation who lived under Japanese rule is dying out.

Taiwan is a rapidly aging society. By 2025 over 20% of the population is expected to be over 65.

To raise the quality of life of the nation’s senior citizens and slow the progression of chronic diseases, the Taiwan’s Ministry of Health and Welfare supported age-friendly cities, age-friendly health care, health promotion for the elderly, and prevention measures against chronic diseases and cancer, among other initiatives. Thus, U.S. retail food suppliers will find potential opportunities in the health and wellness products, small-sized packaged foods, and prepared food.

**Taiwan Demographics
2011 – 2015**

	2011	2012	2013	2014	2015
Birth Rates (‰)	8.5	9.9	8.5	8.9	9.1
Death Rate (‰)	6.6	6.6	6.7	7.0	6.9
Age 0 – 14 years (%)	15.8	14.6	14.3	13.9	13.4
Age 15 – 64 years (%)	74	74.2	74.2	74.1	73.6
Age 65+ years (%)	10.9	11.2	11.5	12.1	13

(Source: DGBAS)

This low birthrate caused changes in Taiwan's family structure such as increasing female participation in the workforce, childless couples, and the decline in multigenerational families. Consumption patterns have also changed to reflect these trends with growth in the number of people frequenting restaurants, consuming prepared foods, trying more international dishes, and eating healthier food in the pursuit of ways to spend their increasing level of disposable income.

II. Exporter Business Tips

Import Agents

Except for large exporting companies that maintain their representative offices in Taiwan, the appointment of an import agent is a critical decision for most exporters. Although agents and purchasing managers are always searching for new products, they are also very thorough in their evaluations of products. They prefer to see product samples whenever possible and will often place small initial shipments to test the market response.

Taiwan is a price-sensitive market, and foreign goods must conform to certain local standards and labeling regulations required for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits needed for importation.

Market Entry Strategy

Taiwan is a sophisticated consumer market in which consumers are plugged into global consumer trends. U.S. products are well represented in the market, as are products from across the region, especially China and other lower-cost producers. Taiwan is a good target market for high-quality, differentiated products and commodity items.

A visit to Taiwan is imperative in establishing meaningful relationships with buyers. Personal relationships and face-to-face meetings are critical in Asian cultures. It is advisable to bring along samples to meetings with potential buyers while visiting Taiwan, as many importers and retailers rely heavily on subjective factors when deciding on new products to represent.

Product design and packaging is important. Taiwan is very densely populated with a high cost of urban housing. Consumers in Taiwan keep a low inventory of food and in general prefer smaller packages than would be typically sold in the United States. It is necessary for producers of packaged goods to understand the market and its constraints to tailor their products to the consumers in Taiwan.

The typical businessperson usually has several interests rather than a single product line. To meet the consumers' increasing demand to try new products, importers regularly seek new-to-market products and new brands of certain products. For new products, it is important that they are supported by advertising and promotional material to generate brand awareness.

Speaking Mandarin is not essential to doing business in Taiwan. Many people in Taiwan speak English, and translators are easy to find. Taiwan shares the same linguistic heritage as China but differs in its use of traditional written Chinese characters as opposed to simplified characters used in China. Written materials such as business cards and product brochures will be very helpful if translated into Chinese.

Small-to-medium sized exporters should work with their state Department of Agriculture's international representative or appropriate U.S. State Regional Trade Group (SRTG) to take advantage of the SRTG's resources for marketing and promotion support in major export markets. The four SRTGs are non-profit trade development organizations that help U.S. food producers, processors and exporters sell their products overseas. They are jointly funded by USDA's Foreign Agricultural Service (FAS), the individual state departments of agriculture and private industry. The SRTGs provide export assistance to companies located in their geographic region through a variety of export programs and integrated marketing services. To learn more services available from the SRTGs, find the SRTG for your geographic area in the list below and visit the website.

State Regional	Web Site	States
Food Export USA Northeast	http://www.foodexportusa.org	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Food Export Association of the Midwest USA	http://www.foodexport.org	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
Southern U.S. Trade Association (SUSTA)	http://www.susta.org	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Puerto Rico, Virginia, West Virginia
Western U.S. Agricultural Trade Association (WUSATA)	http://www.wusata.org	Alaska, Arizona, American Samoa, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming
National Association of State Departments of Agriculture (NASDA)	http://www.nasda.org/9383/States.aspx	State Directory of the State Department of Agriculture

ATO Taipei strongly recommends U.S. exporters exhibit in the USA Pavilion at the Taipei International Food Show, which is the most influential trade show in the food industry in Taiwan, taking place in June every year. The USA Pavilion exhibitors will receive on-site consultation services from the ATO Taipei.

Sales and Marketing

Although sales and marketing techniques in Taiwan are in the process of evolution and development, there remains a high reliance on price discounts in promotional strategies. To minimize reliance on discounting strategies, U.S. food and beverage suppliers, particularly those in higher added-value categories, may benefit from a focus on market education and sales training to develop brand recognition and consumer preference. Advertising and promotion are essential for new products.

In the sale of new food products, cooking demonstrations are vital in educating the consumer on how to use the products correctly. Especially with higher cost items, Taiwan consumers are unlikely to buy an item that they are not comfortable using in the kitchen. Chefs often perform demonstrations in supermarkets for new products, and this is highly recommended.

The needs of local consumers are evolving as they become more health conscious. In response, grocery operators, hypermarkets, and supermarkets are bringing in more health and wellness products. Health-conscious consumers tend to be less concerned about prices when shopping for products believed to be healthier and more nutritious.

Online and TV shopping have become popular retail sales channels in Taiwan. Business to consumer (B2C) online shopping is expanding robustly and reached US\$13.8 billion in 2014, 16.9% more than 2013. B2C business continues to account for the largest proportion of direct marketing sales. Young people aged 20-39 are the primary customers for online shopping. Some retail chains, especially those with foreign joint venture partners, such as Jason's Market Place and CitySuper, are aggressively expanding their on-line product items.

Business Customs in Taiwan

Exchanging business cards is customary business practice in Taiwan. It is customary to use both hands when presenting and receiving business cards. Answer inquiries, proposals, correspondence and invitations as soon as possible. At the very least, send an acknowledgment stating that a reply will follow shortly. While traffic conditions in Taiwan can cause delays, a high value is placed on punctuality for business meetings. Gift giving is less practiced now as western business practices are adopted more widely in Taiwan. Foreign business visitors would not be expected to give a gift to a Taiwan business contact at a meeting, and it is unlikely that a gift would be offered. Furthermore, small corporate promotional items might be suitable to exchange.

Greetings and gifts to celebrate major festivals such as the Mid-Autumn Moon Festival and Chinese New Year are common. These holidays are key sales periods, similar to Thanksgiving and Christmas in the States. U.S. companies should consider in advance of the timing for introducing new products, so they coincide with these busy holiday gift-giving seasons.

Foods Standards and Regulations

Taiwan's Ministry of Health and Welfare (MOHW) is the central competent authority responsible for the management of food safety. Taiwan's Food and Drug Administration (TFDA) is modeled after the U.S. FDA and is an agency within MOHW. TFDA is responsible for border inspection on food products. TFDA officials are increasingly involved in ensuring food labeling compliance.

U.S. companies are advised to keep in mind the strict product labeling requirements enforced in Taiwan. The label must also be translated into Mandarin. For more information regarding Taiwan's labeling requirements and food standard, please contact our Agricultural Trade Office or see our latest Food and Agricultural Import Regulations and Standards (FAIRS) report:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Tariffs and Import Controls

In 2002, Taiwan lifted import bans on various agricultural products upon its WTO accession. These products, including certain meats and variety meats, vegetables and many types of fresh fruit, are completely liberalized, importable under a tariff rate quota (TRQ) or subject to special safeguards. Taiwan's tariff schedule, including import duties, can be found at the Directorate General of Customs tariff database:

[Directorate General of Customs Tariff Database](#)

Bureau of Foreign Trade (BOFT)

For information regarding import requirements and licensing, contact the following:

Bureau of Foreign Trade
1 Hu-Kou Street
Taipei, Taiwan
Tel: (886-2) 2351-0271
Fax: (886-2) 2351-3603
Website: <http://www.trade.gov.tw/>
Email: boft@trade.gov.tw

III. Market Sector Structure and Trends

Food Imports

Because only one-quarter of the land is arable, Taiwan relies heavily on imports for many of its food products. Domestically, Taiwan produces rice, sugar, yams, tea, pork, poultry, fruits, and vegetables. Taiwan's main agricultural imports come from the United States and with a significant percentage consisting of bulk commodities (soybeans and coarse grains).

Taiwan, in particular, is an attractive market for beef, tree nuts, dairy products and high-end fresh fruit and vegetables due to the large number of Taiwan people who have lived, studied, or have relatives in the United States. Knowledge and familiarity with U.S. brands and products are strong throughout Taiwan.

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
U.S. food products enjoy an excellent reputation among Taiwan consumers.	U.S. food products are not always price competitive in Taiwan market.
The growing modern retail industry is looking for new imported food products.	Taiwan is the United States 7th largest market for agricultural exports but often overlooked by U.S. suppliers eager to export directly to China.
Taiwan has historically served as a test market for companies interested in exporting food and agricultural products to China.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements/consumer preferences.
The majority of Taiwan consumers become more health conscious, and they tend to be less concerned about costs when shopping.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to importers/end users in Taiwan.
Taiwan consumers are brand-conscious, and America is a leader in food brands that set trends.	Taiwan consumers maintain a preference for “fresh” food products over “frozen.”
There is a wide variety of U.S. food products available to Taiwan consumers.	Competition from agricultural and food exporters from countries with an FTA with Taiwan.
In general, implementation and application of food-related regulations are transparent and open.	Numerous Taiwan food regulations and standards are not in line with U.S. or international standards.

Food Retail Sector

Taiwan’s retail food sector is becoming increasingly competitive, and foreign operators (Costco, 7-11, Carrefour, and Wellcome) continue to dominate Taiwan’s food retail market. However, in 2016, aggressive expansion plans by international retailers increased the number of convenience stores in Taiwan to over 10,000 making it the highest convenience store density in the world. Only e-commerce had a better growth rate than the retail food sector, and this trend is expected to continue throughout 2017. Nevertheless, U.S. products continue to be well-accepted by Taiwan consumers due to competitive prices and consumer confidence in the quality and safety of U.S. retail food products.

In 2015, the retail sector in Taiwan became an increasingly important opportunity for U.S. food exporters and investors. According to the Ministry of Economic Affairs, Department of Statistics, the retail food industry sales in 2015 was US\$38.34 billion, a 3.98% sales increase over 2014. Table 1, below, outlines the trend that convenience stores, both in number of stores and annual sales, have been growing significantly and are taking the market-leading position. In 2015, convenience stores generated US\$9.8 billion sales, followed by hypermarkets (US\$6 billion), supermarkets (US\$6.1 billion) and others including retail stores, wet markets, mom-and-pop stores and e-commerce sales (US\$5.7 billion).

Table 1 - Annual Sales of Retailers by Sectors in Taiwan
Convenience Stores/Hypermarket/ Supermarkets/Others
(Unit: US\$ billion)

	2011	2012	2013	2014	2015
Convenient Stores	8.2	8.9	9.2	9.6	9.8
Hypermarkets	5.5	5.6	5.7	5.9	6.0
Supermarkets	4.7	5.1	5.2	5.6	6.1
Others	4.9	5.1	5.2	5.6	5.7

Source: Ministry of Economic Affairs, Department of Statistics

Taiwan's continued modernization and increased adoption of western food tastes make the country an attractive market for U.S. exporters. It is also a safer, test market for companies interested in exporting goods to China.

Number of Retailers and Outlets in Taiwan
Convenience Stores/Hypermarkets/Supermarkets
2011 – 2016

	Convenience Stores		Hypermarkets		Supermarkets	
	# of Retailers	# of Outlets	# of Retailers	# of Outlets	# of Retailers	# of Outlets
2016	8	10,321	7	154	29	1,994
2015	7	10,739	6	125	26	1,902
2014	7	10,632	6	123	26	1,820
2013	7	10,087	7	128	29	1,771
2012	6	9,997	7	126	29	1,709
2011	6	9,870	7	124	31	1,618

Source: Taiwan Chain Store Almanac 2016

Overall, the retail foods sector is fragmented. Carrefour, COSTCO, RT Mart are key players in the hypermarket area while Wellcome, PX Mart, CitySuper, Jason's Market Place and Taiwan Fresh Supermarket are active in the supermarket sectors. Meanwhile, 7-11, Family Mart, Hi-Life, and OK are the four major convenience store chains in Taiwan. With an already saturated retail market and more services being offered (online services, more stores, etc.), mergers and acquisitions among the major players and thinner profit margins are expected to take place in Taiwan's retail food sector.

Food Processing

Taiwan's expansion of production facilities in the food processing and ingredients industry presents robust opportunities for U.S. exporters of agricultural raw materials and high-value ingredients to Taiwan. Even though Taiwan's food processing and ingredient industry is extremely competitive, there are still great opportunities for U.S. exporters as consumers in Taiwan perceived imported products of high quality and reliable. U.S. exports of consumer-oriented food products to Taiwan reached US\$1.5 billion in 2015, and this trend is expected to continue for the next several years. Imports of premium food items from other countries have been increasing, but U.S. products continue to be well-accepted by Taiwan consumers due to competitive prices and consumer confidence in the quality and safety of U.S. food products.

Recent food safety scares have prompted a significant number of consumers to prepare and cook their meals at home more often. According to a 2015 online survey conducted by e-commerce site, FriDAY, 45% of consumers said they have started to cook at home more often. Cooking at home has also become trendy among young people. Supermarkets have begun to showcase more and more fresh produce and imported food ingredients on a regular basis. Opportunities exist to expand U.S. food product sales to Taiwan's food processing and ingredient sector.

Given Taiwan's current size and population, the country will continue the trend of looking overseas for food processing and ingredients. Taiwan's food processing and ingredients industry is comprised of the following major sectors: beverage, coffee/cocoa, condiments/seasonings, dairy products, fats/oils, flour/bakery products, fruits/vegetables, meat/poultry products, snack foods, and sugar and confectionery. The demand for U.S. food processing and ingredients is expected to grow for the next several years.

HRI Food Service Sector

Structure

The majority of HRI companies purchase most of their food products from importers, distributors, wholesalers, regional wholesale markets, wet markets, and sometimes supermarkets and hypermarkets, depending on the type of food item. Imported fresh items such as produce, fish/seafood, and beef, are usually purchased and delivered directly from importers or through distributors or wholesalers. Institutional users buy more products from local distributors or import directly. A recent trend is that retail outlets such as Costco are frequented by many small foodservice/HRI operators to buy items in quantity at the lowest possible cost, thereby avoiding the hassle of trying to source small volumes via traditional import channels.

Food and beverage managers and executive chefs at international hotels are the key persons who decide which items are purchased. The purchasing department procures various food ingredients based on the list that F&B section provides. Hotels, especially those that employ foreign chefs or offer authentic foreign cuisines, and other high-end family style restaurants typically use more imported items from importers, wholesalers, and distributors.

Western and local fast food restaurant chains usually have their own distribution centers, or they contract with an independent distribution center to purchase, partly process and deliver the daily needs to each outlet island-wide. Fast food chains also maintain their own R&D team or work in close collaboration with one or more contracted local catering service(s) to develop and frequently renew menus to meet consumers' demand.

Medium-level family-style chain restaurants maintain a centralized purchasing department and a centralized kitchen as well. The centralized kitchen prepares meals and delivers the foods to all outlets of the restaurant chain.

Other smaller-scale drinking and eating establishments purchase the majority of their daily needs from wholesalers, regional wholesale markets or wet markets.

Trend

Consumers enjoy a very diverse food environment. In addition to traditional Chinese food cuisines, Japanese BBQ (Yakiniku), hot-pot (shabu shabu), Thai foods, Italian cuisines, western fast foods and several other ethnic varieties are seen all around the country. As food trends change swiftly, many of these cuisines do not stay popular for long, and only a few types of cuisines become integrated into local food culture.

Street food and snacks are also signature features of Taiwan's food culture. Night markets with hundreds of food options are common island-wide. Food stands in the night markets use a wide variety of food ingredients -- imported and locally produced. For example, French fries produced in the U.S. Pacific Northwest are offered side-by-side with locally produced sweet potato (yam) fries in the deep-fried food stands (yan su ji).

Discounted gift certificates and coupons sold online (such as Groupon and Gomaji) also helped boost restaurant exposure and sales over the past few years. Nearly 80 percent of restaurant operators responded, in an MOEA survey, that pre-sold coupons helped increase business. Many small-operation restaurants have become popular overnight due to their products' wide exposure on these websites.

For more foodservice trend and data, please refer to Taiwan Food Service – Hotel Restaurant Institutional report.

Organic Foods Sector

Currently, a dominant trend in Taiwan is the demand for healthier products and healthier lifestyles. Organic foods are becoming popular in Taiwan as consumers crave more natural and environmentally friendlier products. The organic sector in Taiwan is rapidly growing as consumers become increasingly aware of available products. Due to the lead time of transportation and labeling application processes, the majority of imported organic products are processed foods, such as tree nuts, juices, etc. According to regulations, Taiwan only allows products that contain over 95% of organic ingredients can be labeled "organic."

The Council of Agriculture (COA) oversees Taiwan's organic program, including imports. In 2009, COA announced the recognition of the USDA's National Organic Program (NOP) as equivalent. Since then, however, the COA maintains what is effectively a zero tolerance for chemical residues on organic products, in contrast with the NOP regulations. (USDA's NOP permits detection of chemical residues at no more than 5% of Environmental Protection Agency environmental tolerances to account for unintentional environmental or drift residues.). Each shipment from the United States to Taiwan must be issued with a TM-11 Form to declare the products were grown without using prohibited substances and also certified by an NOP-accredited certification body.

Under the regulations, once the COA recognizes a foreign country's organic standards, Taiwan importers will be responsible for coordinating with their foreign suppliers and certification agencies to apply for approval from the COA to use "organic" on labels. The increased paperwork and coordination of shipments have raised costs and lost, especially for the perishable item. As a result, some importers may replace the original "organic" label with more ambiguous language such as "natural," which does not require the same level of documentation. Many of these "natural" labeled products carry a higher price than conventional products.

Fish and Seafood products

Taiwan's domestic fishery and seafood production reached US\$3.1 billion in 2015, a 7.69% decrease from the previous year's US\$3.5 billion. Taiwan's ten top seafood suppliers in 2015 were China, Norway, Japan, Vietnam, Chile, Indonesia, India, Thailand, U.S., and Peru. The United States Taiwan's 9th largest seafood suppliers with US\$52 million import value in 2015.

Despite gaining market share, the United States is not a significant supplier of seafood to Taiwan, behind China and other Southeast Asian countries which enjoy geographical proximity and transportation cost advantages. Taiwan's total seafood imports increased from US\$1.35 billion in 2014 to US\$1.4 billion in 2015. The value of fishery products imported from the United States decreased from US\$58.4 million in 2014 to US\$52 million in 2015. Taiwan mainly imports frozen, live and prepared seafood from the U.S. including fish livers, lobsters, rock lobster, Alaska Pollock and prepared or preserved fish.

Seafood continues to play a significant role in the Taiwan diet, and on average, consumers in Taiwan eat an estimated 35 kilograms of fish and seafood annually. Taiwan consumers are sophisticated and have shown a growing interest in high-quality seafood with stated health benefits. Given their traditional preference for fresh fish and seafood, frozen seafood products must be of the highest quality to expand market share in Taiwan.

Imported seafood products continue to be a niche in Taiwan's fishery and seafood market. For instance, in spite of the current limited market share, prospects for high-quality/high-value U.S. fish and seafood exports to Taiwan are promising due to increasing incomes and new dietary trends. U.S. fish and seafood products are perceived by Taiwan consumers to be high quality as they are usually featured in high-end restaurants or five-star hotels rather than purchased in supermarkets or traditional wet markets. Also, despite lobster's high price, it continues to be served at wedding banquets and during traditional holiday events. Conducting product promotions or tasting events are strongly recommended to raise consumers' awareness and to increase the visibility of U.S. seafood.

IV. Best High-Value Product Prospects

Beef and Beef Offal

2015 Total Import: US\$ 715 million

2014 Total Import: US\$ \$709 million

Five-year average Import Growth: 9.29%

Import Tariff Rate: Beef: NT\$10 per kilogram, beef variety meat: 15%

Key Constraints Over Market Development: The U.S. regained as the largest beef supplier with 42% import market share in 2013 after the Taiwan authority developed the import regulations for beef contains ractopamine. Australia and New Zealand are perceived by Taiwan consumers who supply acceptable quality beef at lower prices.

Market Attractiveness for the United States: The U.S. beef industry can supply a large volume of “Asian cuts” at compatible prices to other two key suppliers – Australia and New Zealand. Taiwan consumers still have high regards for U.S. chilled beef in terms of quality and safety.

Poultry Meat

2015 Total Import: US\$ \$180.4

2014 Total Import: US\$ \$185.8

Five-year average Import Growth: 8.20%

Import Tariff Rate: 20%

Key Constraints Over Market Development: Import quotas on poultry meat were eliminated in 2005, but special safeguards (SSG) raise the tariff to about 26%.

Market Attractiveness for the United States: U.S. enjoys 81% import market share and is one of only six countries certified to export poultry meat to Taiwan.

Fresh Fruits

2015 Total Import: US\$ \$623.6

2014 Total Import: US\$ \$612.9

Five-year average Import Growth: 10.42%

Import Tariff Rate: 20% for apples, peaches, grape, 20% for plums, 20% for oranges, and 7.5% for cherries.

Key Constraints Over Market Development: Taiwan consumers prefer fresh fruit to frozen fruit. Taiwan is an important producer of fresh tropical fruits with high quality.

Market Attractiveness for the United States: U.S. offers different varieties of fresh fruits and enjoy leading positions in several fruit categories, including apples, cherries, peaches & nectarines, grape, plum and oranges.

Fresh Vegetable

2015 Total Import: US\$114.0

2014 Total Import: US\$ 95.4

Five-year average Import Growth: 9.43%

Import Tariff Rate: 20% for broccoli and lettuce, onions 25%, 15% potatoes

Key Constraints Over Market Development: Local production meets majority of the vegetable's demand

Market Attractiveness for the United States: U.S. continues to be in the leading position of broccoli, onions, lettuce, and potatoes product categories with import market share between 87% - 99%.

Berries

2015 Total Import: US\$9.7

2014 Total Import: US\$ 10.4

Five-year average Import Growth: 32.57%

Import Tariff Rate: 7.5%

Key Constraints Over Market Development: Local production meets the demand of different varieties.

Market Attractiveness for the United States: Consumers in Taiwan are becoming more health conscious. Berries continue to enjoy a steadily increasing share in the retail channel. There are high growth prospects for strawberry, cranberry and blueberry categories.

Snack Foods (excluding nuts)

2015 Total Import: US\$214.2

2014 Total Import: US\$ 223.9

Five-year average Import Growth: 5.95%

Import Tariff Rate: Varies by type

Key Constraints Over Market Development: Japan and the USA are the top two suppliers countries in Taiwan's competitive snack market.

Market Attractiveness for the United States: The booming E-commerce and increased number of convenience stores in Taiwan provide the potential for U.S. snack suppliers.

Food Preparations

2015 Total Import: US\$ 1 billion

2014 Total Import: US\$ 1,075

Five-year average Import Growth: 2.51%

Import Tariff Rate: Varies by type

Key Constraints Over Market Development: The food processing industry in Taiwan is worth US\$21.4 billion and local producers have secured a niche position in the competitive global market.

Market Attractiveness for the United States: Taiwan imports US\$268 million worth of food additives, flavoring, specialized food ingredients, preservatives, thickeners, sweeteners, prepared meals, dried goods and condiments.

Fish and Seafood Products

2015 Total Import: US\$ 994.2

2014 Total Import: US\$ 932

Five-year average Import Growth: 8.33%

Import Tariff Rate: NT\$5.36 to NT\$225 per kg; or 9% to 50%

Key Constraints Over Market Development: Taiwan consumers have preferences for “fresh” fish and seafood products over “frozen.”

Market Attractiveness for the United States: U.S. fish and seafood products are perceived as high quality and safe. Many high-end hotels and restaurants carry Alaska seafood.

SECTION V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan

For Trade Policy/Market Access and General Agricultural Issues:

Taiwan
American Institute In Taiwan, AIT, Taipei
Office Hours: 8:00 AM – 5:00 PM
Telephone: (011-866-2) 2162-2316
Fax: (011-886-2) 2162-2238
Email-FAS: agtaipei@fas.usda.gov

For Market Development Assistance:

Taiwan
Agricultural Trade Office - Taipei, ATO, Taipei
Office Hours: 8:00 AM – 5:00 PM
Tel-Direct Line: (011-886-2) 2705-6536
Fax: (011-886-2) 2706-4885
Email-FAS: atotaipei@fas.usda.gov

Headquarters Contact Information:

Foreign Agricultural Service (FAS)
United States Department of Agriculture (USDA)
1400 Independence Avenue, SW
Washington, D.C. 20250
E-mail: info@fas.usda.gov
Website: <http://www.fas.usda.gov>

Relevant Taiwan Agencies

<p>Ministry of Economic Affairs (MOEA) Minister: Lee, Chih-Kung No. 15 Fuzhou St., Taipei, Taiwan Tel: 886-2-2321-2200 Fax: 886-2-2391-9398 Website: http://www.moea.gov.tw</p>	<p>Board of Foreign Trade (BOFT), MOEA Director General: Jen-Ni Yang No. 1 Hukou St., Taipei, Taiwan Tel: 886-2-2321-0271 Fax: 886-2-2351-7080 Website: http://www.trade.gov.tw</p>
<p>Council of Agriculture (COA) Minister: Tsao, Chi-Hung No. 37 Nanhai Rd., Taipei, Taiwan Tel: 886-2-2381-2991 Fax: 886-2-2331-0341 Website: http://www.coa.gov.tw/</p>	<p>Ministry of Health and Welfare (MOHW) Minister: Lin, Tzou-Yien No. 36 Tacheng St., Taipei, Taiwan Tel: 886-2-8590-6666 Fax: 886-2-8590-6051 Website: http://www.mohw.gov.tw/EN/Ministry/</p>
<p>Bureau of Standards, Metrology and Inspection (BSMI), MOEA Director General: Liu, Ming-chung No. 4 Jinan Rd., Sec. 1, Taipei, Taiwan Tel: 886-2-2343-1700 Fax: 886-2-2356-0998 Website: http://www.bsmi.gov.tw</p>	

Appendix – Statistics

A – Key trade and demographic information

Indicators	2012	2013	2014	2015	2016(f)
Economic Growth Rate	2.1	2.2	3.74	0.65	1.22
GDP (US\$ billion)	495.8	511.3	529.6	523	527
GDP Per Capita (US\$)	21,308	21,902	22,635	22,294	22,433
Foreign Exchange Rate (1US\$ to NT\$)	29.62	29.77	31.71	33.07	31.67
Consumer Price Index	1.0	1.1	1.2	-0.31	0.33
Unemployment Rate (%)	4.24	4.18	3.96	3.78	4.08
Foreign Exchange Reserves (US\$ billion)	403.2	416.8	419.0	4,260	4,367
Taiwan's Imports of Goods and Services (US\$ billion)	311.97	309.79	317.24	271.79	264.50
Taiwan's Exports of Goods and services (US\$ billion)	350.09	357.35	372.15	340.07	330.35
Total Agri-Food Imports (US\$ billion)	14.7	14.8	15.6	14.5	NA
Total Agri-Food Exports (US\$ billion)	5.1	5.1	5.3	4.9	NA

Source: 2015 Taiwan Statistical Data Book, National Development Council, Taiwan
Taiwan Director-General of Budget, Accounting, Statistics (DGBAS); Council of Agriculture

B: Consumer Food and Edible Fishery Product Imports

Taiwan Imports	Imports from the World Unit: Million of Dollars			Imports from the U.S. Unit: Million of Dollars			U.S. Import Market Share (%)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Consumer Oriented	4,598	5,152	5,190	1,327	1,384	1,449	28	26	27
Beef & beef products	614	690	696	254	293	318	41	42	45
Pork & pork products	92	177	212	40	38	40	43	21	18
Poultry meat & products	163	185	181	132	154	163	80	83	90
Eggs & products	20	20	20	3.9	4.6	1.6	20	23	8
Dairy products	532	605	491	67	79	72	12	13	14
Fresh fruit	515	612	623	204	213	196	39	34	31
Processed fruit	87	96	107	32	24	36	36	25	33
Fresh vegetables	97	95	114	50	39	44	51	41	38
Processed vegetables	167	169	174	65	65	62	38	38	35
Fruit & vegetable juice	52	55	51	12	10	9	23	18	17
Tree nuts	118	132	147	86	104	116	72	78	78
Chocolate products	147	174	169	23	26	26	15	14	15
Snack foods NESOI	186	223	214	28	28	24	15	13	11
Breakfast cereals	29	29	31	5	7	7	17	24	22
Condiments & sauces	92	95	103	10	11	12	10	11	11
Food preparations	1,031	1,075	1,077	269	279	302	26	25	28
Wine& beer	146	146	154	17	19	18	11	13	11
Non-alcoholic beverage	233	237	252	34	29	34	14	12	13
Dog & cat food	120	124	140	33	27	30	27	21	21
Fish & Seafood	806	932	994	29	35	37	3	3	3
Fish products	55	57	60	5.7	1.3	0.5	10	2	2
Lobsters	8	11	11	5.7	7.7	6.2	71	70	56

Source: ATO survey; Council of Agriculture; Global Trade Atlas

C: Top 10 Suppliers of Consumer Foods to Taiwan, 2013-2015

Taiwan Import Statistics							
Commodity: Consumer-Oriented Agric. Total, Group 32 (2012)							
Calendar Year: 2013 - 2015							
Partner Country	United States Dollars			% Share			% Change 2015/2014
	2013	2014	2015	2013	2014	2015	
World	4598733509	5152332209	5190160377	100.00	100.00	100.00	0.73
United States	1403273021	1465856327	1554139487	30.51	28.45	29.94	6.02
New Zealand	543211218	680312615	648898353	11.81	13.20	12.50	- 4.62
Japan	299260026	369667858	381971844	6.51	7.17	7.36	3.33
Australia	408550346	441635103	375983767	8.88	8.57	7.24	- 14.87
Netherlands	208452503	253626123	225075147	4.53	4.92	4.34	- 11.26
France	211605744	219780239	213622784	4.60	4.27	4.12	- 2.80
Thailand	191144192	201831482	211853614	4.16	3.92	4.08	4.97
China	189752500	188526259	206483680	4.13	3.66	3.98	9.53
Korea South	104907559	125672397	139642953	2.28	2.44	2.69	11.12
Canada	126116113	135656658	135889213	2.74	2.63	2.62	0.17