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Required Report - public distribution

Date: 12/26/2013

GAIN Report Number: TW13046

Taiwan

Exporter Guide 2013

Taiwan: Top Ten Market & Springboard to Asia

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Report Highlights:

In 2012, Taiwan was the seventh largest market for U.S. food and agricultural products with imports of US\$3.3 billion. So far, this trend has continued throughout 2013. While the overall economy grows at a slower pace (1.74%), Taiwan is a significant market with the potential for growth in consumer-oriented products worth US\$4.24 billion in 2012. In addition, U.S. exporters have successfully used Taiwan as a springboard into China and other Asian markets, taking advantage of close cultural, language and business ties.

I. Market Overview

General Economy

Although it is a small island (the area is about 63% of Lake Michigan in U.S.) with a population of only 23 million people, Taiwan has developed into one of the world's largest economic and trading entities. Over the past decade, Taiwan has transformed itself from a light industry-manufacturing base to a global center for the production of high technology products. With a nominal Gross Domestic Product (GDP) of \$474.3 billion in 2012, Taiwan is the world's 27th largest economy, as well as the 5th largest economy in Asia. In 2012, Taiwan had an estimated per capita GDP of \$20,386 (\$38,749 when calculated in terms of Purchasing Power Parity). Overall, Taiwan is the United States' 11th largest trading partner and 16th largest export market. To put these numbers in perspective, U.S. trade with Taiwan is greater than with India.

Since the Taiwan economy is heavily dependent on exports, external uncertainties related to the European debt crisis and the U.S. budget debate continued to affect Taiwan's economic growth in 2012. With export growth starting to slow in the second half of 2012, Taiwan's economy grew by 1.32% in 2012 - a pace lower than expected and well below the 10.76% expansion recorded in 2010. For 2013, Taiwan's GDP growth is still slow at an estimated 1.74%, but the economy is showing signs of recovery and GDP is now forecast to expand by about 2.59% in 2014. Inflationary pressures have been moderate, with consumer prices increasing by about 0.84% year-over-year in October 2013. Taiwan's unemployment rate was 4.24%. Taiwan currently has the sixth-largest foreign exchange reserves in the world, with US\$403.1 billion as of December 2012. The New Taiwan dollar (NTD) exchange rate closed at NTD29.1/USD at 2012 year-end, appreciating to about NTD29.5/USD in November.

The specialization in high value added production, coupled with a limited supply of arable land and one of the more densely populated regions in the world, has forced Taiwan to increasingly outsource agricultural production. Taiwan's services industry has been growing steadily from about 50% of GDP in 1988 to 68.5% of GDP in 2012. At the same time, agriculture and manufactured goods have been decreasing and now represent only 1.9% and 28.7% of GDP. Taiwan's major exports are industrial goods, while major imports are agricultural products, industrial raw materials, and machinery.

Taiwan's Economic Situation, 2009-2013:

	2009	2010	2011	2012	2013 (forecast)
GDP (\$billions)	377.5	428.2	464.0	474.3	490.8
GDP per capita (USD)	16,359	18,503	20,006	20,386	20,850
Economic Growth (%)	-1.81	10.76	4.07	1.32	1.74
USD → NTD Exchange Rate	1 → 33.1	1 → 31.7	1 → 29.5	1 → 29.6	1 → 29.5

Source: National Statistics, Ministry of Executive, Taiwan

Taiwan is the fourth largest foreign investor in mainland China, where Taiwan companies have invested heavily in electronic parts and components, computers and optoelectronics, electrical equipment, metal

products, plastics, food processing and other sectors. Official reports place the level of investment at nearly US\$6.18 billion in 2012, but unofficial estimates speculate the amount may be two to three times higher. Taiwan firms located in China are among China's largest exporters.

On June 29, 2010, Taiwan and China concluded the Economic Cooperation Framework Agreement (ECFA), a pact designed in part to help Taiwan exporters stay competitive with the Association of Southeast Asian Nations (ASEAN) following the signing of the "ASEAN plus 1" trade agreement with the PRC. ECFA is a preferential trade agreement designed to reduce barriers to trade and investment gradually. Only in its third year of implementation, the economic benefits of ECFA to Taiwan are not yet easily measurable.

On July 10, 2013, Taiwan and New Zealand signed a new free trade agreement (FTA), The Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation (ANZTEC). Under this agreement, Taiwan will eliminate rates on 99.88% of its tariff lines over the 12 year implementation period, including tariffs on key agricultural imports from New Zealand. Agricultural imports from New Zealand (and the United States) into Taiwan currently face tariffs of between 5-20%, on average. The majority of tariff lines will be reduced to zero upon entry into force of the ANZTEC with other high value or sensitive products facing longer tariff reduction timelines. For more information, please check GAIN TW13035: [Taiwan/New Zealand Free Trade Agreement Reveals Taiwan's Strong Trade Ambitions.](#)

Taiwan's Imports and Exports, 2008-2012:

	2008	2009	2010	2011	2012
Total Exports (US\$ million)	255,629	203,675	274,600	308,300	301,181
Exports to China (%)	26 %	27 %	28%	27%	39%
Exports to the U.S. (%)	12 %	12 %	11%	12%	11%
Exports to Japan (%)	7 %	7 %	7%	6%	6%
Total Imports (US\$ million)	240,448	174,371	251,236	281,600	270,473
Imports from China (%)	13 %	14 %	15%	16%	16%
Imports from U.S. (%)	11 %	10 %	10%	9%	9%
Imports from Japan (%)	19 %	21 %	21%	19%	18%

Source: Directorate General for Budget, Accounting and Statistics (DGBAS)

Geography and Demographics

Taiwan is located off the southeast coast of mainland China, directly across the Taiwan Strait from Fujian province, southwest of Japan and north of the Philippines. About two-thirds of Taiwan is covered with mountainous terrain, while the remaining one-third is mostly gently rolling plains, where the bulk of the population lives. Taiwan has several outlying islands, including Jinmen,



which is within sight of the city of Xiamen in China. Taiwan is prone to natural disasters, with a high frequency of earthquakes, typhoons and mudslides. The island is linked by a high-speed rail line that connects the two largest cities in 1.5 hours, and a good road network, allowing for easy movement of goods and people around the island.

With a population of just over 23 million and a total land area of nearly 36,000 square kilometers, Taiwan is very densely populated -- about 637 persons per square kilometer. Located in the northern part of Taiwan, the capital, Taipei, has a population of over 2.6 million. The second and third largest cities in Taiwan are Kaohsiung in the south, with about 1.5 million people, and Taichung, in the center of the island, with one million people.

Taiwan has one of the lowest birthrates in the world (rank 216th out of 224) at 9.86 births per 1000 people, which is causing a rapidly aging population. Senior citizens already make up over 10% of the island's population, a figure that will continue to rise. Over the last 30 years, the median age of Taiwan has increased from 23 to 37. The numbers of births have fallen by half in the last 15 years. There is also a significant increase in age of motherhood, as the number of children born of women younger than 24 has fallen by 90% in the last 30 years. The most common age bracket for giving birth is now 30-34 with the greatest growth coming from the 35-39 range. Average household size has also dropped from 4.66 to 2.92 in that 30-year span.

This low birthrate is due to a number of changes in the family structure of Taiwan including the increasing frequency of women working outside of the home, couples deciding not to have children, and the growth of nuclear families. Eating and consumption patterns have changed to reflect these trends with a growth in the number of people frequenting restaurants, consuming prepared foods, trying more foreign dishes, and eating healthier food in the pursuit of ways to spend their increasing level of disposable income.

Taiwan Demographics

	2008	2009	2010	2011	2012
Birth Rates (%)	8.6	8.3	7.2	8.5	9.9
Death Rate (%)	6.3	6.2	6.3	6.6	6.6
Age 0 – 14 years (%)	17.0	16.0	15.7	15.8	14.6
Age 15 – 64 years (%)	73.0	73.0	73.6	74	74.2
Age 65+ years (%)	10.0	11.0	10.7	10.9	11.2

Source: DGBAS

Exporter Business Tips

Import Agents

Except for large exporting companies that maintain their own representative offices in Taiwan, the appointment of an import agent is a critical decision for most exporters. The U.S. Agricultural Trade Office (ATO) in Taipei, the local offices of U.S. commodity groups or other trade associations (such as, the American Chamber of Commerce or the Import and Export Association of Taipei) can provide invaluable background information and assist in other ways.

Although factors will vary from case to case, key issues to be considered include:

- What is the extent of the agent's network of distributors, owned or leased storage capacity, and owned or leased transport arrangements? In particular, does the agent have strong contacts with the responsible purchasing officers in the target sales channels?
- Does the agent have a high proportion of direct-to-market channels or are they heavily dependent on multiple distribution levels?
- Is the agent developing added-value communications and promotions or are they dependent on price discounts as the major sales tool?
- Does the agent have complementary product lines? Although cases vary, exclusivity can provide better incentives to the agent and can help the exporter to maintain improved supervision over price and product integrity.
- Does the agent have connections to the mainland China market for future sales expansion opportunities?

Entry Strategy

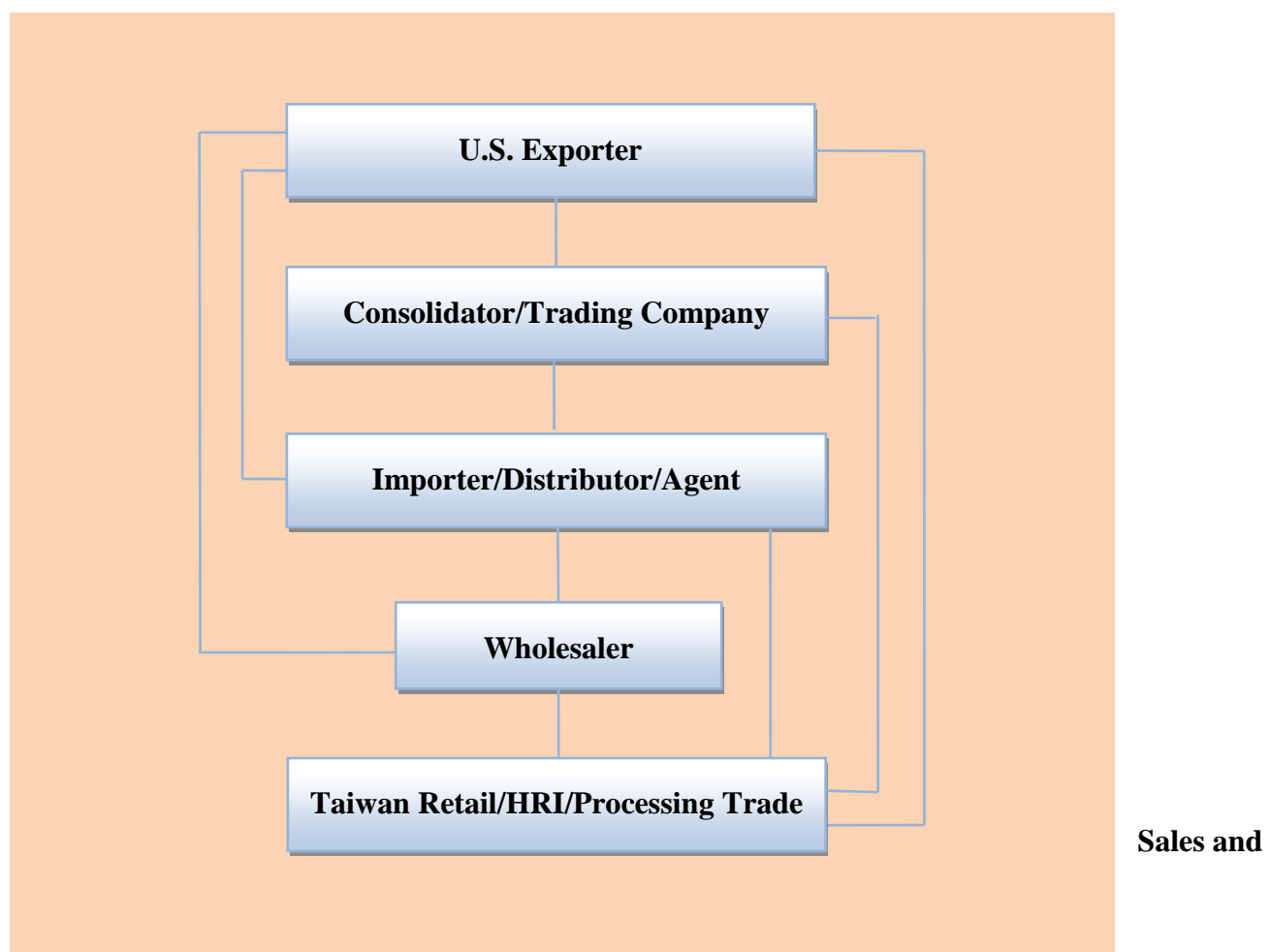
ATO Taipei strongly recommends U.S. exporters exhibit in the USA Pavilion of Taipei International Food Show, which is the most influential trade show in the food industry in Taiwan, taking place in June every year. The USA Pavilion exhibitors will receive on-site consultation services from the ATO Taipei. (<http://www.usapavilion.com.tw/>)

Taiwan's convenience store, supermarket, and hypermarket chains generally purchase from local importers, wholesalers, and manufacturers. The company may attempt to import directly if they are convinced on the suitability of the product. The best method to reach Taiwan's retail buyers and prospective importers initially is to contact them directly via e-mail or fax. Product catalogues and price lists are essential, and samples are very helpful. U.S. suppliers can obtain lists of Taiwan retail stores and importers from the ATO Taipei.

A visit to Taiwan is imperative in establishing meaningful relationships with Taiwan buyers. Personal relationships and face-to-face meetings are very important 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 upon 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. The average Taiwanese lives in an apartment with their family, and space is at a premium. Taiwanese keep a low inventory of food and in general prefer smaller units than would be typically sold in the U.S. Taiwan is very rich retail environment, and the average urban resident lives within a block or two of a convenience store or supermarket, in addition to a number of restaurants. It is necessary for producers of packaged goods to understand the market and its constraints to tailor their products to the Taiwanese consumer.

The typical Taiwan businessman usually has several interests rather than a single product line. As the incomes of Taiwanese consumers increase, so does their taste in new products. In order to meet the increasing demand, importers constantly keep seeking for new products, including new-to-market products and new brands of certain products. For new products, it is important that they are supported by advertising and promotion budget to generate brand awareness. On the other hand, many importers follow the customary Taiwanese pattern of collecting basic information (samples, catalogues, prices, supply schedules, etc.) and a trial order may be used to test the market response. Companies might ask the producer to support the costs associated with stocking and selling new products. Importers generally specialize in a certain product category, and often join with other importers to consolidate shipments for lower overall risks and costs.

Taiwan Import Distribution Channel Flow Diagram



Marketing

Although sales and marketing techniques in Taiwan are in a 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 (demand-pull) and consumer preference. Advertising and promotion are essential for new products.

In the sale of new food products, cooking demonstrations are very important is educating the consumer in how to properly utilize the product. Especially with higher cost items, Taiwanese are unlikely to buy an item that they are not comfortable using in the kitchen. Japanese chefs often perform demonstrations in supermarkets for new products. If you are considering selling a product not traditionally used in Taiwanese cooking, be prepared to overcome initial obstacles as you devise a strategy to educate consumers.

Consumer concerns for personal and family health means that foods and beverages believed to provide specific health or nutritional benefits can and often do earn a retail premium above what the market normally bears. Taiwanese consumers tend to be less concerned about cost when shopping for products believed to provide benefits and may alter purchasing habits in order to include these foods and beverages in their diets. Bakery products, confectioneries, soups, oils and fats, and a wide range of nutritional supplements are just a few examples of product categories for which marketing strategies founded in nutritional and health messages have proven highly successful. Consumers also receive a great deal of sensational news about food safety, which is causing increased concerns and skepticism. This may provide opportunities for U.S. companies to promote brand value through emphasis on natural products and food safety issues.

Taiwan Business Customs

Taiwan businessmen are often refreshingly direct and informal in their business approaches, and do not have strict business rituals found in other countries. Nonetheless, there are some local customs that are well worth observing. Greetings and gifts to mark 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. U.S. companies should consider advanced timing of introducing new products to coincide with these busy holiday gift giving seasons. For example, baking companies will purchase ingredients as early as April or May for moon cake sales during the Mid-Autumn Moon Festival period, which falls around October. Therefore, the introduction of a new ingredient in August to be used in moon cake production would most likely not be considered until the next year.

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.

One of the most popular recreations in Taiwan is eating. Even first meetings may often be over lunch or dinner. In Taiwan, entertaining is not only a basic tool to influence business relationships, but also considered essential to building friendships that can enhance mutual understanding. Food and eating are important parts of Taiwanese culture and every type of Chinese cuisine is available in the Taiwan market. More and more ethnic foods are becoming popular every day, but a local “Taiwan flavor” is maintained. Taiwan businessmen are always very gracious and will invite trade contacts to dinner and drinking toasts can usually be expected, although the high alcohol content “gao-liang” is reserved for special occasions. However, it is common to enjoy red wine with meals and a light amount of toasting each other is important in developing trust and long-term relationships.

In establishing a relationship with a Taiwanese business, focus on the long term benefits to both parties. During this current time of economic difficulty in the U.S., many companies are branching out to new export markets. When the U.S. market recovers, it is important that companies maintain the relationships that they have built, and not again retreat into the U.S. market. Some Taiwanese companies have complained that U.S. producers only look to Taiwan during times of distress and ignore them during normal cycles. This forces the Taiwanese firms to purchase from more stable supplies, regardless of price or quality benefits of the U.S. producer. Exporting to any market is difficult in the initial set up, but also needs to be maintained over the years.

Language

Speaking Mandarin is not essential to doing business in Taiwan. Many people in Taiwan speak English, and translators are easy to find. However, written materials such as business cards and product brochures will be far more helpful if translated into Mandarin. Unlike mainland China, Taiwan uses traditional Chinese characters.

Many Taiwanese strive to send their children to the U.S.'s finest universities for higher education with Taiwan ranked 6th in number of foreign students in the U.S. Therefore, a large percentage of Taiwan residents speak fluent English, have lived or studied in the United States, and are intimately familiar with American customs, food, and culture. For example, Costco Wholesale currently has eight successful stores throughout Taiwan that are constantly full of customers demanding access to the same products they were accustomed to finding at U.S. Costco stores. It is estimated that more than 70% of Costco's inventory is imported, mostly from the United States.

Due to the high level of recognition of English words in Taiwan, western brands will often maintain their original names. For example, McDonalds in Taiwan is not called Mai Dang Lao as it is in China, but will be spelled identically with a Taiwanese accented pronunciation. The same occurs for Starbucks, as opposed to Xin Ba Ke in China. Kuang Chuan dairy uses the slogan I (heart) Milk in English as it is widely understood and provides a certain cachet to the product. Many Taiwanese singers will use English words and phrases to add flavor. Most Taiwanese in Taipei will also have English names and will commonly use them, even with other Taiwanese. These short English phrases or names are used for effect, in much the way an American would throw in a Spanish expression.

Foods Standards and Regulations

U.S. companies are advised to keep in mind the strict product labeling requirements enforced in Taiwan, which require that any health or nutritional claim be first assessed and approved by the Taiwan Department of Health (DOH) prior to inclusion on product packaging. The label must also be translated into Mandarin. For more information regarding DOH labeling requirements and food standards, 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>

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. Taiwan's economy is geared to technology and manufacturing, and agriculture is a minor and diminishing aspect of the domestic economy. Taiwan is focused on other areas of growth with the long-term trend favoring greater imports. Domestically, Taiwan produces rice, sugar, yams, tea, pork and poultry, and fruits and vegetables. Taiwan's main agricultural imports come from the U.S. and consist of soybeans and coarse grains.

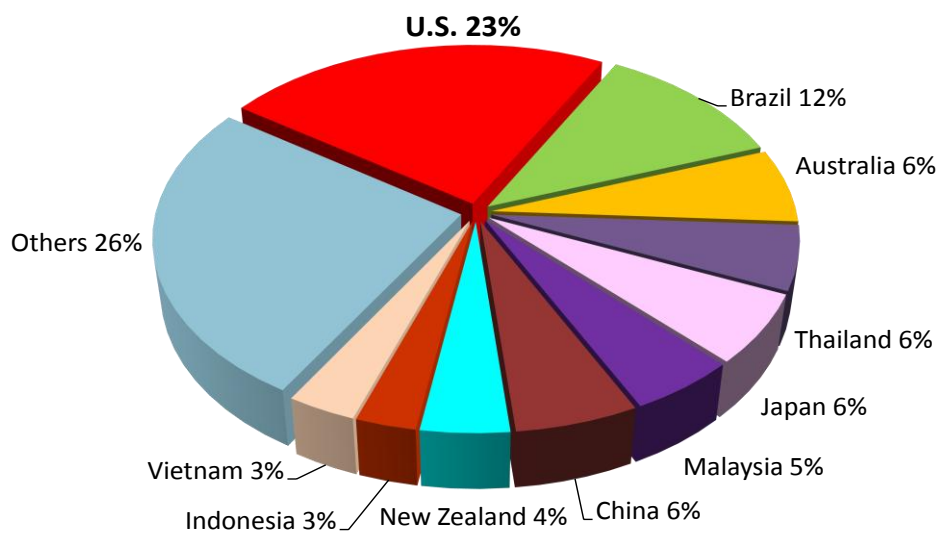
Taiwan in particular is an attractive market for beef, tree nuts, dairy products, pet food, and high-end fresh fruit, and due to the large number of Taiwanese that have lived, studied, or have relatives in the U.S., knowledge and familiarity of U.S. brands and products is strong.

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
Taiwan consumers maintain a generally positive perception of and consume many U.S. food and agricultural products.	U.S. exporters face low price competitors in areas such as juice and vegetables.
Consumers are strongly attracted by novelty and fashion in food products and services.	High market fragmentation makes it hard for U.S. exporters to achieve scale and scope advantages in terms of volume.
Taiwan is highly dependent on agricultural imports from the United States, particularly grain and oilseed products.	Taiwan is the United States' 7th largest market for agricultural exports, but is often overlooked by U.S. suppliers eager to export directly to mainland China.
Taiwan importers are familiar with and trust U.S. grading and food safety standards.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements/consumer preferences.
Taiwan consumers are brand-conscious and America is a leader in food brands that set trends.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to food service companies.
Taiwan's population is highly educated, well-traveled and extremely aware of global foodservice brands.	Geographically, the U.S. is much farther from Taiwan than many major competitors, and the lack of direct air links by major American airlines reduces the profile of Taiwan to U.S. exporters.
The popularity of American holidays and culture/lifestyle lead to promotional events organized around these themes by Taiwan restaurants and hotels throughout the year.	Taiwan's emerging "green" tendencies have a potential to favor domestic foods by discouraging the consumption of imported foods and reducing the "carbon footprint" associated with imported products.
A wide variety of U.S. chains or American-themed restaurants in Taiwan provide opportunities to sample "authentic" American cuisine and beverages.	Taiwan's birth rate is among the lowest in the world, and population growth is expected to become negative in coming years.
Taiwan enjoys higher purchasing power and a	Taiwan consumers maintain a preference for "fresh" food

growing tourism sector.	products over “frozen.”
Increasing growth of fast food chains and casual dining restaurants is key to sector growth.	

Taiwan's Top 10 Suppliers of Food and Ag. Products
Market Share - CY 2012



Source: Global Trade Atlas (GTA)

Imports from the United States: Of the nearly US\$3.3 billion of U.S. agricultural products exported to Taiwan in 2012, approximately US\$1.7 billion was comprised of bulk commodities. About 35% of Taiwan's total bulk commodity imports came from the United States, including US\$308 million of corn and US\$766 million of soybeans. The United States also exported US\$1.15 billion in consumer-oriented agricultural products, primarily red meats and poultry meat, fresh fruits, fresh vegetables, tree nuts, and processed fruits and vegetables.

Taiwan became a member of the World Trade Organization (WTO) on January 1, 2002 as a customs territory with the name "Chinese Taipei." The lowering of tariffs and non-tariff trade barriers for imports has provided improved market access for a wide range of U.S. agricultural products including fresh produce, dairy products, meat, seafood, and processed food products. Given Taiwan's relatively small agricultural sector, Taiwan's dependence on imports is expected to continue to grow. Taiwan's continued modernization and increased adoption of American and Western food tastes make the country an extremely attractive market for U.S. exporters. In addition, WTO accession has also improved access to the Taiwan market for many competitors of the U.S.

Consumer Goods

Due to a long period under Japanese rule and a strong trading relationship since WWII, the Taiwanese have adopted many Japanese habits and follow their lead on consumer trends. Older Taiwanese learned Japanese customs during occupation, but unlike the rest of Asia, harbor no ill will for the experience. The younger generation studied Japanese in school and looks to Tokyo for fashion and entertainment clues. Similarity in urban density and compact residential spaces have allowed for overlapping desire for small, well packaged products found in convenience stores. When 7-Eleven wanted to a new package for their private label, they established the design center in Tokyo. 7-Eleven estimates that over 95% of their imported product is from Japan due these reasons, and believes that U.S. companies would do better to focus on well packaged, single serving items for the market. On the other hand, Korean designed products, despite their appeal to many Asian consumers, do not test well in the Taiwan market.

Food Processing

Taiwan food processors continue to battle fluctuating global commodity prices, but Taiwan authorities occasionally provide relief in the form of tariff reductions for key imported inputs such as wheat, barley, corn, and soybeans.

Taiwan's food processing industry is seeking opportunities overseas to offset a more competitive domestic market. Top Taiwan firms such as Uni-President and Great Wall have enjoyed great success in developing infrastructure and large scale agriculture and food processing facilities in China.

Food Retail Sector

Taiwan has a very competitive retail sector, with global players active in most phases of the industry. Most Taiwanese consumers live within an easy walk of a retail store and shop regularly to compensate for the lack of space to store food items. Most notable is the large number of convenience stores, as Taiwan has the greatest density in the world, at one per 2500 consumer. These stores offer a much wider variety of goods and services than commonly found in the U.S. At a convenience store, a

consumer can pay his child's college tuition, pay any utility bill, purchase train tickets, arrange an overnight delivery, or even hire a driver to make sure that an inebriated consumer will get themselves and their car back to their residence. The sector currently has in excess of 9,800 stores and is dominated by 7-Eleven (greater than 50% market share), Family Mart, Hi-Life and OKS each having half the share of the next largest company. The market is mature and currently focused on improving customer experience rather than adding new stores.

Taiwan's hypermarket is led by Costco, RT Mart and Carrefour. Costco sells mostly U.S. products and has some of the busiest stores in the global chain. The supermarket sector is notable for the luxury divisions CitySuper and Jasons, as well as in the Sogo and Mitsukoshi Department Stores that have premium supermarkets targeting high income consumers. PX Mart, focused on price conscious retailers has also grown quickly, from 68 stores in 1998 to 650 in 2012. The traditional wet markets continue to serve large number of customers and sell the majority of fresh fruit in Taiwan. Sales over the next few years are expected to grow 25% for hypermarkets and 5% for supermarkets. All of the major segments have added private label brands in recent years, to both differentiate themselves from competitors and to improve margins on select items.

HRI Food Service Sector

The Taiwan food service sector has rebounded back from the recession and focused on availability, innovation, prices, and promotions in meeting consumer demands. Food services have added breakfast menus, delivery services, and a wider variety of foods. Innovative promotions such as country theme promotions, Taiwan/Western holiday promotions, and seasonal promotions are popular year-round. These promotions offer market opportunities for high quality U.S. food and beverage products.

Taiwanese consumers are gradually dining out more due to increases in double-income families, who generally do not have time on weekdays to buy fresh produce and cook meals. With access to many different places to dine out, the range of food options is abundant. There are many more independent stores than chains, varying from street stalls and night markets to convenience stores to tea shops, all of which are generally very affordable. In the future, the cafe sector is expected to grow a great deal, as many have added meals instead of only carrying breakfast. Now, when consumers stop by for morning coffee, they can grab a quick breakfast as well.

Due to the increasing percentage of the workforce located in cities, another large area of growth is in sales of "biandang," or prepared lunchboxes, sold at small shops and convenience stores around Taiwan. Most of these lunchboxes consist of a large portion of rice or noodles, topped with a meat dish and two to three vegetables dishes on the side. A large percentage of office workers tend to purchase these cheap, quick, and filling lunchboxes usually around 2-3 USD, rather than pay full price for a restaurant meal.

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 friendly products. The organic sector of the Taiwan food market is rapidly growing as consumers become increasingly aware of available products. Due to the lead time of transportation and labeling

application process, the majority of imported organic products are processed foods, such as tree nuts, juices, etc. According the regulations, Taiwan only accepts the products that contain over 95% of organic ingredients to apply for "organic" labeling.

The Council of Agriculture (COA) implemented new regulations for organic products in January 2009 and announced the COA's recognition of the USDA's National Organic Program (NOP) on March 18, 2009. Although the COA recognized the USDA's NOP as equivalent, the COA maintains a zero tolerance for any detectable level of chemical residue on organic agricultural products in contrast to the NOP, which has a very low-level tolerance for chemical residues resulting from incidental. Each shipment from the United States to Taiwan must come with a TM-11 form to declare the products were grown without uses of prohibited substances.

Under the new 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 has raised costs. As a result, some importers are replacing the "organic" label with more ambiguous language such as "natural", which does not require the same level of documentation.

II. Best High-Value Product Prospects

Product	2011→2012 Imports (US\$ million)	Import Tariff Rate	Constraints over Market Development	Market Attractiveness for U.S.
Wine	\$124 → \$130	10% for still wine; 20% for sparkling wine	The weak economic growth undermines the sales of low-priced wine segment, as those banquets serving cheap wines were cut back.	The economy bodes well for more unique, premium wines that are less price-elastic.
Cheese	\$110 → \$109	5%	The unstable supplies hinder the further growth of cheese market. In 2012, the U.S. overtook N.Z. as the largest cheese foreign supplier. (U.S. (28%), New Zealand (23%))	Taiwan relies on imported cheeses, as it doesn't produce cheese in commercial quantities. Consumer knowledge is increasing, and cheese applications are widespread in not only western cuisines but also traditional Chinese buns.
Pork	\$103 → \$55	12.5% for pork or 15~35% for pork variety meats	Imports are in response to local short supply such as pork variety meat products and shoulder picnic. Import barrier due to feed additive ractopamine.	Opportunities exist for U.S. pork exports that meet local food processors' needs and import regulations.
Fresh Fruit	\$399 → \$484	Varies by type	There is increased competition from new suppliers & varieties, both domestic and foreign, especially premium fruit from Japan and Korea.	U.S. is largest supplier. Effective marketing programs emphasizing reliable quality, competitive pricing, and recognized brands have improved market for U.S. fruit.

Poultry	\$143 → \$191	Varies by type	Import quotas on chicken meat were eliminated in 2005, but special safe guard (SSG) raises tariff to 26.67%.	U.S. enjoys 88% market share and is one of only six countries certified to export poultry meat to Taiwan.
Tree Nuts	\$91 → \$104	Varies by type	The unstable supplies hinder the further growth of tree nuts market. Competition to U.S. pistachios comes from Middle East and Australia	As the supplies of walnuts are unstable, the industry starts to look out for other substitutes, which creates opportunities for a wide variety of tree nuts.
Beef	\$546 → \$493	10 NTD per kilo	Partial resolution of market access issues has allowed imports of U.S. beef to recover sharply. Primary competitors are New Zealand / Australia with perceived acceptable quality and lower price.	Consumers' preference over grain-fed beef quality and the large-volume supply of standard Asian cuts products allow U.S. exporters to enjoy steady business in Taiwan.
Fish & Seafood Products	\$730 → \$768	9% to 38%	With bias toward fresh fish and Asian crustaceans, U.S. suppliers must work hard to gain market shares in Taiwan.	HRI outlets with Western orientation and up-market positioning offer best opportunities for U.S. exporters. Lobster and other high value shellfish have greatest potential.

Source: Global Trade Atlas

III. Key Contacts and Further Information

American Institute in Taiwan

Agricultural Section

Agricultural Affairs Office
7 Lane 134, Hsin-Yi Road, Section 3, Taipei, Taiwan
Tel: (886) 2-2162-2316 Fax: (886) 2-2162-2238
E-mail: AGTaipei@usda.gov
Website: <http://www.usfoodtaiwan.org>

Agricultural Trade Office
Room 704, 7F, 136 Ren-Ai Road, Section 3, Taipei, Taiwan
Tel: (886) 2-2705-6536 Fax: (886) 2-2706-4885
E-mail: ATOTaipei@usda.gov
Website: <http://www.usfoodtaiwan.org>

Taiwan Central Authority Agencies

Food and Drug Administration (FDA)
Department of Health (DOH), Executive Yuan
161-2 Kun-Yang Road, Taipei, Taiwan
Tel: (886) 2-2653-1318
Website: <http://www.fda.gov.tw/eng/index.aspx>

Council of Agriculture (COA), Executive Yuan
37 Nan-Hai Road, Taipei, Taiwan
Tel: (886) 2-2381-2991 Fax: (886) 2-2331-0341
E-mail: COA@mail.coa.gov.tw
Website: <http://eng.coa.gov.tw>

Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ)
COA
9F, 51 Chung-Ching South Road, Section 2, Taipei, Taiwan
Tel: (886) 2-2343-1401 Fax: (886) 2-2343-1400
E-mail: BAPHIQ@mail.baphiq.gov.tw
Website: <http://www.baphiq.gov.tw>

Bureau of Standards, Metrology and Inspection (BSMI) /
Ministry of Economic Affairs (MOEA)
4 Ji-Nan Road, Section 1, Taipei, Taiwan
Tel: (886) 2-2343-1700 Fax: (886) 2-2356-0998
Website: <http://www.bsmi.gov.tw>

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

Directorate General of Customs (DCG) / Ministry of Finance (MOF)
13 Ta-Cheng Street, Taipei, Taiwan
Tel: (886) 2-2550-5500 Fax: (886) 2-2550-8111
E-mail : MGR@webmail.customs.gov.tw
Website : <http://eweb.customs.gov.tw>

Food Industry Research and Development Institute (FIRDI)
331 Shih-Pin Road, Hsinchu, Taiwan
Tel: (886) 3-522-3191 Fax: (886) 3-521-4016
Website: <http://www.firdi.org.tw>

Major Taiwan Trade Associations

Taiwan External Trade Development Council (TAITRA)

5-7F, 333 Kee-Lung Road, Section 1, Taipei, Taiwan
Tel: (886) 2-2725-5200 Fax: (886) 2-2757-6245
Website: <http://www.taiwantrade.com.tw>

Taiwan Chain Stores and Franchise Association (TCFA)
4F, 180 Nan-King East Road, Section 4, Taipei, Taiwan
Tel: (886) 2-2579-6262 Fax: (886) 2-2579-1176
Website: <http://www.tcfa.org.tw>

Importers and Exporters Association of Taipei (IEAT)
350 Sung-Chiang Road, Taipei, Taiwan
Tel: (886) 2-2581-3521 Fax: (886) 2-2523-8782
E-mail: IEATPE@ieatpe.org.tw
Website: <http://www.ieatpe.org.tw>

Importers and Exporters Association of Kaohsiung (IEAK)
4F, 472 Chung Shan Second Road, Kaohsiung, Taiwan
Tel: (886) 7-241-1191 Fax: (886) 7-201-6193
E-mail: KIEANet@ms15.hinet.net

Tainan Importers and Exporters Chamber of Commerce
5F, 50 Cheng Kong Road, Tainan, Taiwan
Tel: (886) 6-226-7121 Fax: (886) 6-226-7124
E-mail: A2267121@ms17.hinet.net

U.S. Government

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>

Appendix – Statistics, 2012

Agricultural Imports from All Countries (\$Mil) / Imports from the U.S. (\$Mil)	13,188 / 3,359
Consumer Food Imports from All Countries (\$Mil) / Imports from the U.S. (\$Mil)	4,242 / 1,215
Edible Fishery Imports from All Countries (\$Mil) / Imports from the U.S. (\$Mil)	768 / 25
Total Population (Millions) / Annual Growth Rate (%)	23,316 / 3.91
Urban Population (Millions) / Annual Growth Rate (%)	8.1 / 0.4
Number of Major Metropolitan Areas 1/	3
Per Household Food Expenditures (U.S. Dollars)	3,825

Exchange Rate	29.5
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1/ Population in excess of 1,000,000

Source: DGBAS, GTA

Taiwan Demographic Information, 2012

Total Population (thousands)	23,357
Population Increase Rate (‰)	3.91
Population Density (persons/km ²)	645
Birth Rate (%)	9.86
Death Rate (%)	6.6
Labor Force (thousands)	10,860
Percent of Female Population Employed	44
Unemployment Rate (%)	4.24

Source: DGBAS

Taiwan: Key Trade Information, 2011 / 2012

GDP (million USD)	464,009 / 490,843
GDP per capita (USD)	20,006 / 20,850
Economic Growth Rate (%)	1.26 / 1.32
Exports (million USD)	291,454 / 284,412
Imports (million USD)	281,066 / 270,565
Agricultural Imports (million USD)	13,475 / 13,188
Foreign Exchange Rate (USD = NTD)	1 USD = 29.47 / 29.5 NTD

Source: DGBAS, GTA

Taiwan: Imports of Consumer Food and Edible Fishery Products, 2010-2012

	World Imports (US\$million)			U.S. Imports (US\$million)			U.S. Market Share (%)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
CONSUMER-ORIENTED AGRICULTURAL TOTAL	3,670	4,170	4,242	1,121	1,157	1,215	30.6	27.8	28.7
Dairy (excl. Cheese)	297	395	344	12	16	13	4.0	4.1	3.9
Cheese	92	110	109	14	23	31	15.4	21.1	28.7
Eggs	13	15	21	4	3	5	29.0	19.4	25.8
Fresh Fruit	385	399	484	157	166	211	40.7	41.6	43.6
Processed Fruit	250	283	294	104	115	120	41.4	40.6	40.6
Fresh Vegetables	78	69	99	34	31	47	43.0	45.0	47.8
Fruit & Vegetable Juices	45	53	49	11	9	6	24.6	16.7	12.3
Breakfast Cereals (incl. Pancake Mix)	15	17	16	9	10	9	60.3	59.3	57.8
Red Meats (Fresh / Chilled / Frozen)	670	788	682	264	240	153	39.4	30.4	22.5
Red Meats (Prepared / Preserved)	5	6	5	3	4	3	63.9	63.3	66.0
Snacks (excl. Nuts)	164	189	183	23	27	28	14.3	14.6	15.4
Tree Nuts	80	92	105	35	43	57	43.1	47.3	54.2
Wine & Beer	219	276	289	18	21	19	8.4	7.5	6.8
Pet Food	88	100	110	33	37	36	37.7	37.3	33.2
Other Products	1,269	1,378	1452	400	412	477	31.5	29.9	32.9
FISH & SEAFOOD PRODUCT TOTAL	668	730	768	19	32	25	2.8	4.4	3.3
Crustaceans	232	233	235	5	9	6	2.0	3.9	2.6
Groundfish & Flatfish	75	84	89	0.4	0.2	0.06	0.6	0.3	0.1
Molluscs	105	133	130	2	3	2	2.4	2.4	1.5
Salmon	72	88	111	1	2	1	1.4	1.9	0.8
Other Products	184	192	203	11	18	16	5.8	9.5	7.9
AGR PRODUCTS TOTAL	9,662	11,352	11,108	3,538	3,870	3266	36.6	34.1	29.4
AGR, FISH & FORESTRY TOTAL	11,630	13,475	13,188	3,626	3,977	3359	31.2	29.5	25.5

Source: GTA

Top 10 Suppliers of Consumer Foods to Taiwan, 2010-2012 (US\$)

	Partner Country	United States Dollars			share%
		2010	2011	2012	2012
	World	3,670,316,453	4,169,609,664	4,241,553,614	100.00
1	United States	1,121,186,869	1,156,903,706	1,215,291,798	28.65
2	New Zealand	448,171,334	547,989,152	523,098,882	12.33
3	Australia	312,072,395	407,582,227	401,816,033	9.47
4	Japan	249,132,612	250,104,318	268,491,392	6.33
5	Netherlands	174,943,500	202,279,438	210,845,444	4.97
6	Thailand	165,089,628	183,744,669	188,890,929	4.45
7	China	162,538,857	181,730,279	188,074,987	4.43
8	France	142,394,170	194,495,076	187,682,907	4.42
9	Canada	121,807,558	129,042,911	114,489,730	2.70
10	Chile	91,105,736	97,726,731	104,167,647	2.46

Source: GTA