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**Report Name:** Food Processing Ingredients

**Country:** Taiwan

**Post:** Taipei ATO

**Report Category:** Food Processing Ingredients

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**Report Highlights:**

Report Highlights Throughout 2020, Taiwan remained essentially unimpacted by the COVID-19 pandemic thanks to the Taiwan authorities' swift, effective response in managing this global crisis. Rather, the island enjoyed its status as Asia's top performing economy in 2020 with 3.11 percent growth. Taiwan's food processing industry produced an estimated \$22.1 billion of processed food and beverages in 2020, up 3.4 percent compared with 2019. Prevalent consumer concerns about food safety and heightening civic awareness about sustainability have influenced the industry to develop transparent traceability programs, clean labels, and plant-based protein initiatives. In addition to currently strong demand for dairy products, the growing market of products for elderly consumers is poised to demand more quality proteins. Products like oat milk, veggie meat, soybean ingredients, seafood, and other products are showing sales growth potential in the next decade.

# Taiwan Fact Sheet

## Executive Summary

Though it only has a population of 23.6 million, Taiwan is the United States' eighth largest trading partner in agricultural goods and ninth largest overall U.S. trading partner. In 2020, U.S. exported US\$3.32 billion in agricultural and related products, which accounts for 23% of the import market share, making the United States the leading foreign supplier.

## Imports of Consumer-Oriented Products

In 2020, Taiwan imported consumer-oriented agricultural products worth nearly US\$6.4 billion. The United States leads with 29 percent of the market share.



## Food Processing Industry

The food processing industry is composed of more than 7,000 manufacturers that produced US\$22.1 billion of processed food and beverages in 2020. This production accounts for approximately 4.77 percent of the gross domestic product (GDP). Consumers' preference for convenience and a growing interest in food health and safety have influenced the industry to develop easy-to-prepare meals, healthier options, clean labels, and other initiatives.

## Food Retail Industry

Taiwan's food and beverage sales topped US\$41.48 billion in 2020, a decline of 6.9% as compared with 2019, because of COVID 19 global pandemic. Based on the industry sentiment, food retail industry is likely to return to pre-pandemic levels. The anticipated growth is supported by continuous expansion by 7-11, Family Mart, Costco, PX Mart, and Carrefour. The density of Taiwan's more than 10,000 convenience stores is the second highest in the world with one store for every 2,300 people.

## Food Service Industry

The weaker consumer sentiment toward dining out due to the impact of COVID-19 caused a 4.2% decline in foodservice revenue. Restaurant transactions during year

2020 were -3% YOY, while catering business was hit the hardest with a decrease of 30%.

## Quick Facts

### 2020 Imports of Consumer-Oriented Products (USD)

\$6.4 billion

### Products with Potential Growth in Host Market

Beef	Poultry
Milk & Cheese	Fresh Fruit
Tree Nuts	Fresh Vegetables
Seafood	Pet Food
Plant Protein	Coffee, Roasted

### 2020 Food Industry by Channel (USD billion)

Food and Agricultural Imports	\$15.3
Food and Agricultural Exports	\$5.4
Food Industry Output	\$22.1
Retail	\$41.5
Food Service	\$27.3

Population (millions): 23.6

GDP (Billions USD): 727.4

GDP Per Capita (USD): 30,981

2021 Economic Growth Rate (Forecast): 4.6%

Average 5-year Economic Growth Rate: 2.9%

Exchange rate: 1 USD = 28.42

Source: Department of Statistics, Taiwan Ministry of Economic Affairs

### Strength

America is the market leader in consumer-oriented products, which continue to show robust growth.

### Weakness

Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products.

### Opportunity

There is increasing growth of fast food chains and casual dining restaurants, boosting consumption of food ingredients.

### Threat

The low-tariff advantage from those competitors signing potential FTAs with Taiwan could dampen importers' interest in purchasing U.S. products in the future.

## Attachments:

No Attachments

## **Section I—Market Summary**

Taiwan, an island with a population of 24 million, is a unique market that carried on normal life and enjoyed economic growth during the COVID-19 pandemic. The surge of 270,000 returning citizens, mostly overseas Taiwanese and dual nationals, has helped to fuel the economic boom. Taiwan managed the global pandemic better than most nations and, as a result, enjoyed the top performing economic in Asia in 2020 with 3.11 percent growth. The economy grew more than five percent in the fourth quarter of 2020, compared with the same period of previous year. Taiwan authorities expect 4.6 percent growth in 2021 and, if achieved, would be the record-highest growth in seven years. Additionally, Taiwan consumers have some of the highest purchasing power in Asia at US\$55,078 per capita Gross Domestic Product (GDP) in 2019. However, the COVID-19 pandemic disrupted trade and delayed shipments in early 2020, putting a damper on the U.S. agricultural and food exports. In 2020, the U.S. exported 3.3 billion worth of agricultural and food products to Taiwan, down 8.9 percent compared with 2019. However, Taiwan maintained its status as the United States' eight largest export destination for food and agricultural products. Logistical issues involving availability and timeliness of container shipping continue to affect the trade during the first quarter of 2021.

The food processing industry is composed of more than 7,000 manufacturers that produced US\$22.1 billion of processed food and beverages in 2020. This production accounts for approximately 4.77 percent of the island's GDP. It is noted that local food processors continued to invest in new plant expansion, specifically in the nutritional and functional food product lines. Functional food products, like chicken essence, showed robust and growing demand during this pandemic period.

Prevalent consumer concerns about food safety and heightening consumer awareness about sustainability have influenced the industry to develop transparent traceability programs, clean labels, and plant-based protein initiatives. While domestic demand absorbs most local food production, exports will grow in importance as population growth stagnates. In response, a great number of Taiwan food companies are focused on opportunities in the growing economies of Southeast Asia, including as Indonesia and Thailand.

Across 21 sub-sectors of the food processing industry, the top five largest sub-sectors by value are: animal feed, non-alcoholic beverages (e.g., juice, tea), chilled/frozen/processed meat, edible fat and oil, and dairy, representing 12.3 percent, 7.4 percent, 7.4 percent, 6.7 percent, and 5.7 percent of food processing industry's total production value, respectively.

### **Advantages and Challenges for U.S. Food Ingredients**

Advantages	Constraints
A perception that U.S. food quality and grading systems are transparent and consistent.	The negative perception of GMOs by some consumers may cause some to shy away from products that use U.S. ingredients.
U.S. suppliers have better technical support and offer more diversified ingredient specifications than other suppliers.	Some pesticides allowed for use in the United States have lower MRL levels or are not approved for use in Taiwan. Differences in these MRL levels and in registration timelines can hinder U.S. exports.
Taiwan food processors already have long-standing relationships with U.S. ingredient suppliers.	Shelf life after import matters; retailers often request that at least 50 percent of the shelf life remains by the time of stocking. Food processors, therefore, would require specific expiration dates of ingredients that could pose a challenge to U.S. suppliers.

## **Section II—Road Map for Market Entry**

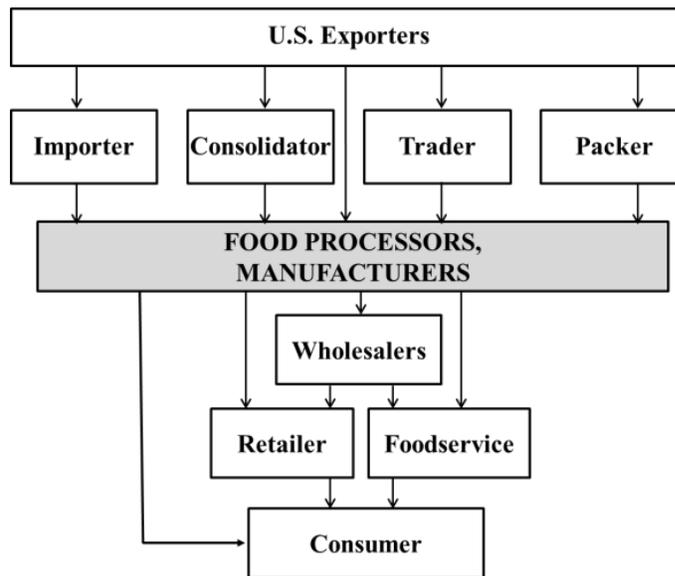
### **Entry Strategy**

U.S. suppliers are advised to evaluate the market and product potential through studying the applicable tariffs, market access restrictions, and regulatory requirements pertinent to the products. Below is the list of potentially useful websites for suppliers:

- [Taiwan’s Tariff Rate Quota \(TRQ\) Implementation](#)
- [Taiwan Customs On-line Tariff Database](#)
- [USDA Food and Agricultural Import Regulations and Standards \(FAIRS\) Report](#)
- [Taiwan’s Bureau of Trade - Statistics](#)
- [The U.S. State Regional Trade Groups \(SRTG\) Support](#)

While the Agricultural Trade Office (ATO) maintains a list of potential importers, it is highly recommended to visit the market and meet in-person with potential buyers. The USA Pavilion at the Taipei International Food Show every June serves as a platform to promote the overall USA’s image for quality food products and is an efficient way to connect exhibitors to local buyers. (Note: The 2021 Taipei International Food Show is scheduled from June 23 to 26.)

## Distribution Channel Flow Diagram



## Company Profiles

Although there are more than 7,000 registered food-processing plants, approximately 27 listed companies dominate production with annual sales amounting to US\$25 billion. Below is a list of a select group of firms that are publicly listed and have a diversified product portfolio.

Company	Annual Revenues (US\$)	Official Website/Profile
Uni-President	\$15.4 billion	<a href="http://www.uni-president.com">http://www.uni-president.com</a> <a href="https://www.reuters.com/finance/stocks/companyProfile/1216.TW">https://www.reuters.com/finance/stocks/companyProfile/1216.TW</a>
Standard Foods	\$1.1 billion	<a href="http://www.sfc.sfworldwide.com/en/">http://www.sfc.sfworldwide.com/en/</a> <a href="https://www.reuters.com/finance/stocks/company-profile/1227.TW">https://www.reuters.com/finance/stocks/company-profile/1227.TW</a>
Namchow Group	\$600 million	<a href="http://www.namchow.com.tw/">http://www.namchow.com.tw/</a> <a href="https://www.reuters.com/finance/stocks/companyProfile/1702.TW">https://www.reuters.com/finance/stocks/companyProfile/1702.TW</a>
HeySong Corp.	\$320 million	<a href="http://www.heysong.com.tw/en-US/Index">http://www.heysong.com.tw/en-US/Index</a> <a href="https://www.reuters.com/finance/stocks/overview/1234.TW">https://www.reuters.com/finance/stocks/overview/1234.TW</a>
Lian Hwa Foods	\$300 million	<a href="http://www.lianhwa.com.tw/">http://www.lianhwa.com.tw/</a> <a href="https://www.reuters.com/finance/stocks/companyProfile/1231ta.TW">https://www.reuters.com/finance/stocks/companyProfile/1231ta.TW</a>

## **Sector Trends**

### **Quality Protein Starts to Take Off**

The trend toward meat substitutes and plant-based protein, already growing in the United States, is now poised to grow in Taiwan. In part due to enhanced demand from the growing elderly population and to heightening civic concerns about the impact of carbon emissions, consumers are looking to substitutes for dairy and red meat. Products like oat milk, veggie meat, soybean ingredients, seafood, etc. show sales potential to grow in the next decade.

### **Appeal to Novelty through Fusion and Brand Collaboration**

To create media buzz, an increasing number of food and beverage processors launch limited-edition products featuring local elements with exotic flavors. For example, a local craft beer brewery, Taihu Brewing, concocted limited-edition Bourbon Barrel Aged Imperial Stout highlighting U.S. tart cherries along with Taiwan Black Bear label branding. Even for foodservice chains, they are upping the game through brand collaboration. For example, Burger King Taiwan, debuted a creatively bizarre “Burger King Chocolate Whopper featuring Hershey’s” targeting novelty-seeking consumers.

### **Product Development Aims for Clean Labels**

In response to consumer desire for fewer artificial additives in food products, industries continue to offer foods with more straightforward ingredients and promotes this “authenticity.” A certifier, Tze Yue, launched a clean label certification service in 2017. Currently, 68 food processors have received certification.

## **Section III—Competition**

Given Taiwan’s relatively limited agricultural land (less than two million acres), Taiwan is highly dependent on imports of ingredients and feed. For bulk commodities, such as soybeans, corns, and wheat, Australia and Brazil are key U.S. competitors with a stable supply that provide trade promotional support. For dairy products, the United States faces significant price competition from New Zealand. New Zealand’s price advantage results from a free-trade pact signed with Taiwan in 2013. The pact eliminates tariffs over a 12-year implementation period.

For more trade statistics information, please visit: [Taiwan’s Bureau of Trade - Statistics](#)

**Section IV—Best Product Prospects Category A: Products Present in the Market That Have Good Sales Potential (Unit: US\$ million)**

Product Category (HS Code)	2020 Imports from the United States	2020 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Cheese (0406)	\$44	\$158	Compliance with allowable levels of preservatives in processed cheese	Young market for dairy (cheese) consumption; room to grow. Expanding consumption driven by ready-to-eat sector of convenience store chains
Tree Nuts (0802/0801.32)	\$62	\$121	Price competition from Australia and Iran	Versatile applications in either a snack, beverage, or baking industry. Health conscious society.
Coffee (not roasted) (090111)	\$24	\$133	Price competition from Central and South America	Expanding consumption driven by coffee shop chains.
Coffee Creamer (2106909110)	\$1.6	\$80	Price competition from Southeast Asia	Complementary product to rapidly growing coffee drinks
Non-GMO Soybeans (1201900092)	\$18.4	\$54	Price competition from Canada	Growing demand for plant-based protein (significant vegetarian market)
Dried Fruit (0813/0806.20)	\$9	\$29	Compliance with allowable uses/level of pesticides	Growing demand from the baking industry
Malt, roasted (110720)	\$0.06	\$21	Price competition and lack of awareness of U.S. sources	Local craft breweries and distilleries are growing more popular and gaining international recognition
Cereal Grains (1104)	\$0.3	\$16	Compliance with allowable MRLs	Price competition and lack of awareness of U.S. specialty grains and U.S. sources of

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**Category B. Products Not Present in Significant Quantities but Possess Good Sales Potential**  
**(Unit: US\$ million)**

Product Category (HS Code)	2020 Imports from the United States	2020 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Frozen fruit (081190)	\$1.5	\$9.1	Lack of awareness of U.S. suppliers	Industry pursuing lower ingredient cost for pastry making and dried fruit processing
Whey Protein Concentrate (350290)	\$2.9	\$3.9	Lack of awareness about product specs and applications	Increasing nutritional needs of an aging population
Preparations of Soybeans Protein (2106909120)	\$0.5	\$3.0	Price competition from China and India	Growing demand for plant-based protein (significant vegetarian market)
Hop Cones, Fresh Or Dried (1210)	\$0.5	\$2.1	Price competition from German	Growing popularity for IPA and local brewer's recognition for U.S. hops
Concentrated Fruit Juice (2106907000)	\$0.05	\$1.8	Compliance with Taiwan's Chinese National Standards (CNS)'s classification of base fruits for concentrate juice uses	Expanding applications for beverage manufacturers in making not just fruit juices, but flavored sprinkling water

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## Section V—American Institute in Taiwan Contact and Further Information

For Trade Policy/Market Access and General Agricultural Issues contact Agricultural Affairs Office at:

Office Hours: 8:00 AM – 5:00 PM  
Telephone: (011-886-2)2162-2238  
Fax: (011-886-2)2162-2316  
Email-FAS: [agtaipei@usda.gov](mailto:agtaipei@usda.gov)

For Market Development Assistance contact the Agricultural Trade Office at:

Office Hours: 8:00 AM – 5:00 PM  
Telephone: (011-886-2)2705-6536  
Fax: (011-886-2)2754-4031  
Email-FAS: [atotapei@usda.gov](mailto:atotapei@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](mailto:info@fas.usda.gov)  
Website: <http://www.fas.usda.gov>

### Contact Information for Local Food-related Organizations & Media:

Name	Official Website
Taiwan Food Industry Development Association	<a href="http://www.tfida.org.tw/">http://www.tfida.org.tw/</a>
Food Association of Taiwan	<a href="http://www.foodtw.org.tw/">http://www.foodtw.org.tw/</a>
Taiwan Quality Food Association	<a href="http://www.tqf.org.tw/tw/#1">http://www.tqf.org.tw/tw/#1</a>
Taiwan Beverages Industry Association	<a href="http://www.bia.org.tw/zh-tw/about-">http://www.bia.org.tw/zh-tw/about-</a>
Taiwan Vegetable Oil Manufacturers Association	<a href="http://www.tvoa.org.tw/index.php/en/">http://www.tvoa.org.tw/index.php/en/</a>
Taiwan Flour Mills Association	<a href="http://tfma.industry.org.tw/">http://tfma.industry.org.tw/</a>
Taiwan Feed Industry Association	<a href="http://www.taiwanfeed.org.tw/default/default.asp">http://www.taiwanfeed.org.tw/default/default.asp</a>
Food Industry Research and Development Institute	<a href="http://www.firdi.org.tw/En_Firdi_History.aspx">http://www.firdi.org.tw/En_Firdi_History.aspx</a>
China Grain Products Research & Development	<a href="http://www.cgprdi.org.tw/english/english.htm">http://www.cgprdi.org.tw/english/english.htm</a>
Food Next Media	<a href="http://www.foodnext.net/">http://www.foodnext.net/</a>