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Report Name: Food Processing Ingredients

Country: Taiwan

Post: Taipei ATO

Report Category: Food Processing Ingredients

Prepared By: Teela Yeh

Approved By: Emily Scott

Report Highlights:

Taiwan's economy is booming with the GDP forecasted to increase 4.42 percent in 2022. In 2021, Taiwan imported \$3.93 billion worth of agricultural and food products from the US, making it the 6th largest market for U.S. agricultural products. However, the market is currently experiencing global supply chain and local inflation issues due to the pandemic. Its food processing industry produced almost \$23 billion of processed food and beverages in 2021, which accounts for 3.44 percent of the island's GDP. As the population ages, consumers are attracted to low additives, locally sourced products with health and nutritional benefits.

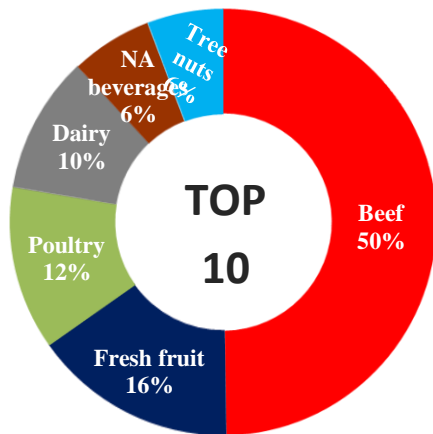
TAIWAN FACT SHEET

Executive Summary

Though it only has a population of 23.6 million, Taiwan is the United States' sixth largest trading partner in agricultural goods and fifth largest overall U.S. trading partner. In 2021, the US exported \$3.93 billion in agricultural and related products to Taiwan, which accounted for 21.8 percent of the island's total import market, making the United States the leading foreign supplier.

Imports of Consumer-Oriented Products

In 2021, Taiwan imported nearly \$1.9 billion consumer-oriented agricultural products from the US. Highest categories include beef, fruit, poultry, dairy and non-alcoholic beverages.



Food Processing Industry

The food processing industry is composed of 7,369 manufacturers that produced almost \$23 billion of processed food and beverages in 2021. This production accounts for approximately 3.44 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 retail sales reached \$10.2 billion in 2021, which grew 1.8 percent from last year. Taiwan has the second highest density of convenience stores with over 10,000 stores island wide. E-retail is also booming with supermarkets collaborating with food delivery services such as UberEats to deliver fresh food and agricultural products.

Food Service Industry

2021 foodservice revenue in Taiwan dropped 6.4 percent due to the temporary dine-in ban caused by COVID-19, which started from April and ended in September 2021.

The sales spiked in December by 7.1 percent and are expected to continue to rise in 2022.

Quick Facts

2021 Consumer-Oriented Products Imported from U.S.

\$1.9 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

2021 Food Industry by Channel (Billions USD)

Food and Agricultural Imports	\$18.0
Food and Agricultural Exports	\$5.9
Food Industry Output	\$22.9
Retail	\$10.2
Food Service	\$26.0

Population (millions): 23.6

GDP (Billions USD): 753.7

GDP Per Capita (USD): 32,917

2021 Economic Growth Rate: 6.45%

Average 5-year Economic Growth Rate: 3.8%

Exchange rate: 1 USD = 28.02

Source: Department of Statistics, Taiwan Ministry of Economic Affairs

SWOT

Strength	Weakness
America is the market leader in consumer-oriented products, which continue to show robust growth.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products.

Opportunity	Threat
There is increasing growth of fast-food chains and casual dining restaurants, boosting consumption of food ingredients.	The low-tariff advantage from those competitors signing potential FTAs with Taiwan could dampen importers' interest in purchasing U.S. products in the future.

Section I—Market Summary

Taiwan, an island with a population of just over 23.6 million people, has developed into one of the world's largest global economies. In 2021, Taiwan's nominal Gross Domestic Product (GDP) reached \$753.7 billion. Taiwan's 2021 real GDP growth reached 6.09 percent, which broke the record in 11 years, making it the world's 21st largest economy. The economy is expected to grow further with the GDP forecasted to increase 4.42 percent in 2022. In 2021, Taiwan imported \$3.93 billion worth of agricultural and food products from the US, making it the 6th largest market for American agricultural products. COVID-19's effect in Taiwan remains comparatively mild mainly due to the government's quick action. The SARS crisis in 2003 impacted the people so significantly that they follow the restrictions imposed by the government, including mask mandates and strong border control, without complaint. As of February 2022, 75.6 percent of Taiwan citizens have received two doses of the COVID-19 vaccine, and 29.6 percent has received a booster.

In 2021, it is observed that U.S. supply chain issues, including port congestion and logistics delays, have gravely impacted U.S. agricultural shipments to Taiwan. As the U.S. economy slowly recovers from the pandemic, the market reopens to huge demand to export goods from North Asia. Many shippers sent empty containers to Asia to expedite the shipments, which resulted in a lack of available containers for exports. Taiwanese importers were experiencing delays as severe as double the normal shipping time. Container shipping from the U.S. West Coast is no longer as fast or reliable in getting U.S. extended shelf-life products to Taiwan. Continued delays might encourage importers to source from Australia, New Zealand or even European countries if they found acceptable substitutes.

In November 2021, the Taiwan Cabinet announced tariff reduction on imported wheat and beef to stabilize consumer prices as well as the inflation rate. The reduction started on December 1, 2021 and will last until April 30, 2022. Tariff on wheat is cut from 6.5 percent to zero while tariff on beef is cut from NT\$10 (\$0.36) to NT\$5 (\$0.18) per kilogram. In February 2022, the Taiwan Cabinet furthered the measure by cutting the tariff for butter and milk powder for baking. Tariff on butter is cut from 5 percent to 2.5 percent while tariff on milk powder for baking is cut from 10 percent to 5 percent. Business tax on imported corn, soybeans, and wheat are also waived to alleviate pressure on local food manufacturers. These measures are expected to continue until April 30, 2022.

Starting from mid-January, 2022, Taiwan was hit by a severe shortage of eggs due to avian flu brought by bird migration as well as chicken feed cost increase. Wholesale prices of eggs rose 33 percent while retail prices rose a whopping 67 percent. Local authorities are scrambling to import eggs from the US, Australia and Japan as well as launching a subsidy program to boost egg production. The shortage is expected to be resolved by the end of March of 2022.

The food processing industry in Taiwan is composed of around 7,369 manufacturers that produced almost \$23 billion of processed food and beverages in 2021. This production accounts for approximately 3.44 percent of the island's GDP. As an aged society with people over 65 years old account for 22.5 percent of its population, the food and beverage trends in Taiwan focus on low additives, vegetarian, locally sourced, and creative combinations. Moreover, the pandemic has prompted the market to demand more ready-to-eat meals and products with nutritional or health related benefits. 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 11.7 percent, 8.2 percent, 8.1 percent, 6.6 percent, and 5.8 percent of food processing industry's total production value respectively.

Advantages and Challenges for U.S. Food Ingredients

Advantages	Constraints
The perception that U.S. food quality and grading systems are transparent and consistent.	The negative perception of GMOs may cause some to shy away from products that use U.S. ingredients.
Suppliers from the US are technically advanced and offer diversified ingredient specifications, more so than suppliers from other countries.	Some pesticides allowed in the US 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.	Retailers often request that at least 50 percent of the shelf life remains by the time of stocking. Therefore, food processors would require specific expiration dates of ingredients, which could pose a challenge to U.S. suppliers.

Section II—Road Map for Market Entry

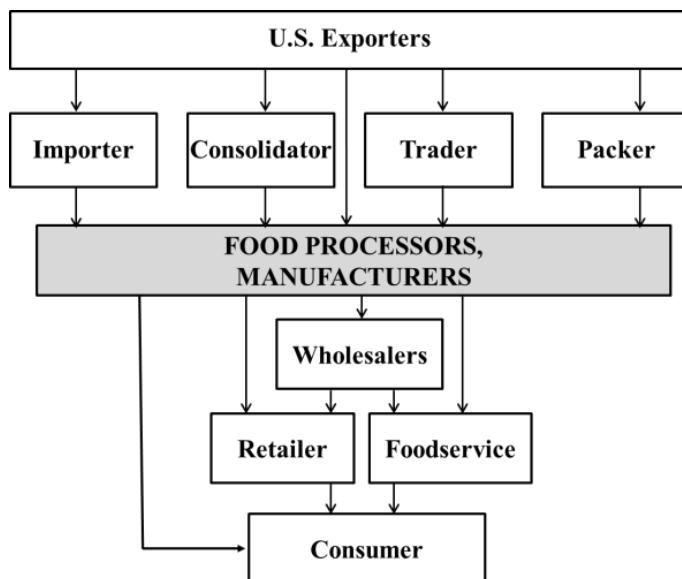
Entry Strategy

All 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 a 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. 2022 Taipei International Food Show is scheduled for June 22 to 25.

Distribution Channel Flow Diagram



Company Profiles

Although there are around 7,369 food manufacturers in Taiwan, approximately 27 listed companies dominate production with annual sales amounting to \$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	\$17 billion	http://www.uni-president.com https://www.reuters.com/companies/1216.TW
Standard Foods	\$1.2 billion	https://www.sfworldwide.com/en.html https://www.reuters.com/companies/1227.TW
Namchow Group	\$713 million	http://www.namchow.com.tw/ https://www.reuters.com/companies/1702.TW
Lian Hwa Foods	\$341 million	https://english.lianhwa.com.tw/lianHwaOfficialEn/index.do https://www.reuters.com/companies/1231.ta.TW
HeySong Corp.	\$331 million	https://en.heyson.com.tw/ https://www.reuters.com/companies/1234.TW

Sector Trends

Health and Nutritional Benefits

Taiwan was briefly affected by COVID-19 from April to September of 2021 where several local transmissions occurred, and dine-in services were temporarily banned. Combined with the rapidly aging population, food and beverages marketed with health and nutritional benefits are remarkably popular in the market. No additives, boost metabolism, reduce lipid levels, and strengthen immune system are all key words that draw consumers to make purchase.

Popular Traits in the Market

According to a local consumer survey done in the end of 2021 by Eastern Online Co., Ltd, a consulting firm that researches consumer markets and consumer lifestyles in Northeast Asia, the most influential characteristic that pushes 38 percent of Taiwanese consumers to shop for a product is whether if it's natural. 18 percent of consumers prefer organic products, 15 percent cares if it's fair-trade, 14 percent will consider its carbon emission, and 8 percent prefers vegetarian products.

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 US faces significant price competition from New Zealand. New Zealand's price advantage results from a free trade agreement signed with Taiwan in 2013 that 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)	2021 Imports from the United States	2021 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Cheese (0406)	\$47	\$182	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 (0802/080132)	\$75	\$146	Price competition from Australia and Iran	Versatile applications in either a snack, beverage, or baking industry. Health conscious society.
Coffee (not roasted) (090111)	\$0.2	\$139	Price competition from Central and South America	Expanding consumption driven by coffee shop chains.
Coffee Creamer (2106909110)	\$0.3	\$93	Price competition from Southeast Asia	Complementary product to rapidly growing coffee drinks
Non-GMO Soybeans (1201900092)	\$21	\$58	Price competition from Canada	Growing demand for plant- based protein (significant vegetarian market)
Dried Fruit (0813/080620)	\$10	\$31	Compliance with allowable uses/level of pesticides	Growing demand from the baking industry
Malt, roasted (110720)	\$0.03	\$23	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)	\$0.2	\$22	Compliance with allowable MRLs	Price competition and lack of awareness of U.S. specialty grains and U.S. sources of these products

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

Product Category (HS Code)	2021 Imports from the United States	2021 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Frozen fruit (081190)	\$2.4	\$10	Lack of awareness of U.S. suppliers	Industry pursuing lower ingredient cost for pastry making and
Whey Protein Concentrate (350290)	\$2.3	\$3	Lack of awareness about product specs and applications	Increasing nutritional needs of an aging population
Preparations of Soybeans Protein (2106909120)	\$0.2	\$3.2	Price competition from China and India	Growing demand for plant-based protein (significant vegetarian market)
Hop Cones, Fresh Or Dried (1210)	\$0.2	\$2.2	Price competition from German	Growing popularity for IPA and local brewer's recognition for U.S. hops
Concentrated Fruit Juice (2106907000)	\$0.04	\$1.5	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

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

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>

Contact Information for Local Food-related Organizations & Media:

Name	Official Website
Taiwan Food Industry Development	http://www.tfida.org.tw/
Food Association of Taiwan	http://www.foodtw.org.tw/
Taiwan Quality Food Association	https://www.tqf.org.tw/en/about/index.php
Taiwan Beverages Industry Association	http://www.bia.org.tw/zh-tw/a1-10647/English.html
Taiwan Flour Mills Association	http://tfma.industry.org.tw/
Taiwan Feed Industry Association	http://www.taiwanfeed.org.tw/Company_en/about1.asp
Food Industry Research and Development	https://www.firdi.org.tw/En_Firdi_Index.ASPX
China Grain Products Research &	https://www.cgprdi.org.tw/
Food Next Media	https://www.foodnext.net/

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Attachments:

No Attachments