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Report Name: Food Processing Ingredients

Country: Taiwan

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Report Category: Food Processing Ingredients

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Report Highlights:

In 2022, Taiwan imported record-high US\$4.4 billion agricultural products from the US. Yet, due to COVID variants, the Russian invasion of Ukraine, labor shortage, and inflation issues, Taiwan's nominal Gross Domestic Product (GDP) decreased 0.17 percent at \$774.7 billion. On the bright side, Taiwan has finally loosened its border control and mask mandate. Now fully in its post-COVID era, products with additional health benefits are becoming more and more attractive to local consumers.

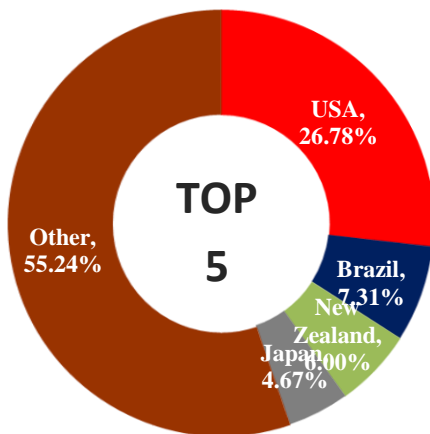
TAIWAN FACT SHEET

Executive Summary

Though it only has a population of 23.4 million, Taiwan is the United States' sixth largest trading partner in agricultural goods and fifth largest overall U.S. trading partner. In 2022, the US exported \$4.4 billion in agricultural and related products to Taiwan, which accounted for 26.78 percent of the island's total import market, making the United States the leading foreign supplier.

Imports of Consumer-Oriented Products

In 2022, Taiwan imported \$2.2 billion consumer-oriented agricultural products from the US, which grew a whopping 14.65 percent from last year. Highest categories include beef, fruit, poultry, dairy and non-alcoholic beverages.



Food Processing Industry

The food processing industry is composed of 7,601 manufacturers that produced almost \$22 billion of processed food and beverages in 2022. This production accounts for approximately 4.3 percent of the total manufacturing value of Taiwan. 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 \$9.9 billion in 2022, which decreased 0.3 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

2022 foodservice revenue in Taiwan grew 2.5 percent to \$28.5 billion after the dine-in ban was lifted in December 2021.

Quick Facts

2022 Consumer-Oriented Products Imported from U.S.

\$2.2 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

2022 Food Industry by Channel (Billions USD)

Food and Agricultural Imports	\$8.8
Food and Agricultural Exports	\$3.7
Food Industry Output	\$22.7
Retail	\$9.9
Food Service	\$28.5

Population (millions): 23.4

GDP (Billions USD): 774.7

GDP Per Capita (USD): 33,004

2022 Real GDP Growth: 15.8%

Exchange rate: 1 USD = 30.38

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 23.4 million people, has developed into one of the world's largest global economies. In 2022, Taiwan's nominal Gross Domestic Product (GDP) reached \$774.7 billion, which decreased 0.17 percent from last year. The general world economy is expected to continue to be affected by various COVID variants, the Russian invasion of Ukraine, labor shortage, and inflation issues. According to the International Monetary Fund and the Organization for Economic Co-operation and Development, the world economy growth rate in 2022 is around three percent, and it is highly possible to drop even lower in 2023. This means Taiwan, with the economy highly reliant on exports of high technology products such as semiconductors, might face decline in its GDP growth. In January to November of 2022, 38.6 percent of Taiwan's total export goes to China, 15.6 percent to the US, and seven percent to Japan. If these economies experience decline, Taiwan would consequently be affected. This can already be observed through the fact that Taiwan's export in October, November, and December 2022 have dropped 3.1, 6.3, and 23.4 percent respectively.

Since the Russian invasion of Ukraine broke out in February 2022, Taiwan has been receiving global attention due to the fact that its political situation resembles Ukraine's. In August 2022, the U.S. Speaker of the House Nancy Pelosi visited Taiwan to put emphasis on the goodwill between the two countries. Since then, China has started to block Taiwan agricultural export, which included seafood, fruits, and alcoholic beverages. In consequence, Taiwan's agricultural export in 2022 dropped 2.2 percent to \$3.7 billion.

The US-Taiwan Initiative on 21st-Century Trade was announced on June 1, 2022 to negotiate for a bilateral trade agreement. This cooperation is aimed to promote trade convenience, systemic regulations, innovations, and growth of small to medium businesses. According to the leading negotiator from Taiwan's Office of Trade Negotiation, Mr. John Deng, it is possible that a consensus will be reached by the end of 2023, but the Agreement will not include tariff adjustments. Nevertheless, the Agreement shows that the US-Taiwan relationship is strong, and smoother trade can be expected.

The food processing industry in Taiwan is composed of around 7,601 manufacturers that produced almost \$22 billion of processed food and beverages in 2022. 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, additional health benefits, clean label, locally sourced, creative combinations, and strong social media marketing. 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

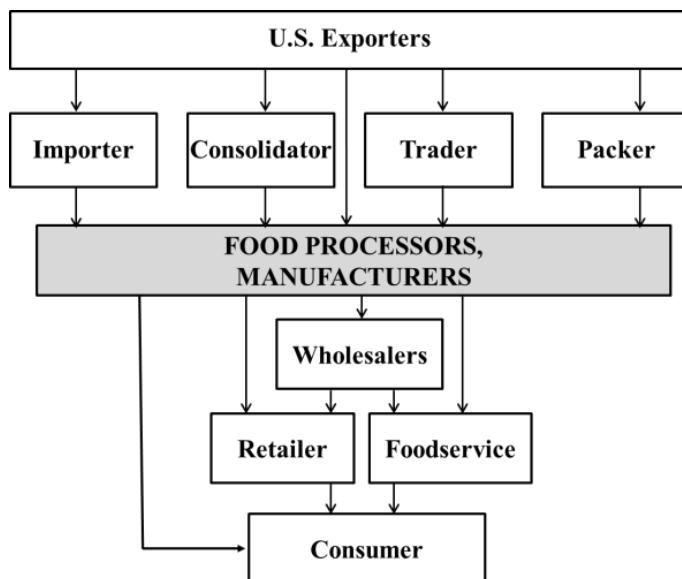
Entry Strategy

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. 2023 Taipei International Food Show is scheduled for June 14 to 17.

Distribution Channel Flow Diagram



Company Profiles

Although there are around 7,601 food manufacturers in Taiwan, approximately 27 listed companies dominate production with annual sales amounting to \$25 billion. Below is a list of a selected 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	\$951 million	https://www.sfworldwide.com/en.html https://www.reuters.com/companies/1227.TW
Namchow Group	\$674 million	http://www.namchow.com.tw/ https://www.reuters.com/companies/1702.TW
Lian Hwa Foods	\$354 million	https://english.lianhwa.com.tw/lianHwaOfficialEn/index.do https://www.reuters.com/companies/1231ta.TW
HeySong Corp.	\$314 million	https://en.heyson.com.tw/ https://www.reuters.com/companies/1234.TW

Sector Trends

Health and Nutritional Benefits

In October 2022, Taiwan finally loosened its border control to allow foreigners entry without quarantine. In December, it took another step to lift the mask mandate in outdoor areas, and again in February 2023 that only requires people wear a mask on public transport and in hospitals. With the market moving on to its post-COVID era, unlike during the pandemic when people were more inclined to cook at home, now consumers are again looking for quick and convenient food and beverage options. Aside from convenience, products with additional health benefits are also becoming more and more attractive. Health, as well as convenience and happiness, have become what Taiwan consumers look for in food and beverage products.

Popular Traits in the Market

According to Kantar Group, a data analytics company based in London, Sales of fast-moving consumer goods grew eight percent in 2022, which was mostly supported by food and beverages. Key factors that push consumer to make purchase decision include functional ingredients that deliver health benefits without jeopardizing the taste. Consumers are also inclined to buy bulk of cheap products while picking small sizes premium 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)	2022 Imports from the United States	2022 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Cheese (0406)	\$46	\$194	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)	\$78	\$138	Price competition from Australia and Iran	Versatile applications in either a snack, beverage, or baking industry. Health conscious society.
Coffee (not roasted) (090111)	\$0.4	\$199	Price competition from Central and South America	Expanding consumption driven by coffee shop chains.
Coffee Creamer (2106909110)	\$0.4	\$108	Price competition from Southeast Asia	Complementary product to rapidly growing coffee drinks
Non-GMO Soybeans (1201900092)	\$25	\$73	Price competition from Canada	Growing demand for plant- based protein (significant vegetarian market)
Dried Fruit (0813/080620)	\$12	\$33	Compliance with allowable uses/level of pesticides	Growing demand from the baking industry
Malt, roasted (110720)	\$0.05	\$26	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)	\$0.4	\$20	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)	2022 Imports from the United States	2022 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Frozen fruit (081190)	\$3.9	\$14	Lack of awareness of U.S. suppliers	Industry pursuing lower ingredient cost for pastry making and
Whey Protein Concentrate (350290)	\$2.9	\$4	Lack of awareness about product specs and applications	Increasing nutritional needs of an aging population
Preparations of Soybeans Protein (2106909120)	\$0.2	\$3	Price competition from China and India	Growing demand for plant-based protein (significant vegetarian market)
Hop Cones, Fresh Or Dried (1210)	\$0.6	\$2	Price competition from German	Growing popularity for IPA and local brewer's recognition for U.S. hops
Concentrated Fruit Juice (2106907000)	\$0.2	\$2	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
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Headquarters Contact Information:

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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/
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