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**Report Highlights:**

In 2019, U.S. peach, nectarine, and cherry exports to Taiwan increased as competitor market share declined. Taiwan's peach and nectarine production is forecast to increase from 16,171 metric tons (MT) in 2019 to 19,000 MT in 2020 due to improved bearing. Taiwan's robust handling of COVID-19 has led to a modest recovery in domestic consumption, which has allowed consumption to remain strong and imports to remain stable. In 2020, total Taiwan peach and nectarine imports are forecast to increase nominally to 15,000 MT and imports of cherries are forecast up at 12,000 MT.

## **COVID-19 Ongoing Effects on U.S.-Taiwan Stone Fruit Trade**

### **The Importers View on U.S. Supply**

*Washington and California are the two largest export origins for U.S. stone fruit to Taiwan. February logistical delays heavily disrupted U.S. supply and availability at the onset of the COVID-19 pandemic, but container availability and delays have largely recovered. Taiwan importers are reporting good U.S. supply despite a forecast six percent decline in U.S. sweet cherries production and continued pressure on harvest labor,. However, on July 14, **California re-implemented the lockdown procedures** due to resurgent cases of COVID-19. Taiwan importers have noted the current situation in the United States is causing enormous uncertainty for fresh produce and all U.S. food exports.*

### **Local Taiwan Production**

*To date, the 'Taiwan Model' of managing COVID-19 has resulted in zero cases of domestic transmission in over 90 days (as of August 7, 2020 Taiwan had 477 confirmed cases, 443 recovered, and 7 deaths). As a result, COVID has no impact on Taiwan's local peach production in terms of labor or market/consumption disruption.*

### **Consumption**

*A modest recovery in consumption is underway due to the extremely effective response in Taiwan. Taiwan's stone fruit consumptions peaks in the hot summer months and begins to wain in the winter. Seasonal consumptive patterns are expected to remain unchanged despite the pandemic.*

### **Marketing**

*With social distancing policies from all size of retailers, there was a noticeable fall in consumers purchasing behavior, but the mid-level of retailers responded quickly by adding more non-store/online/social media promotions. **Food delivery companies**, such as FoodPanda and Uber Eats greatly expanded services into grocery delivery, providing opportunities for Taiwan consumers to purchase fresh peaches and cherries from home.*

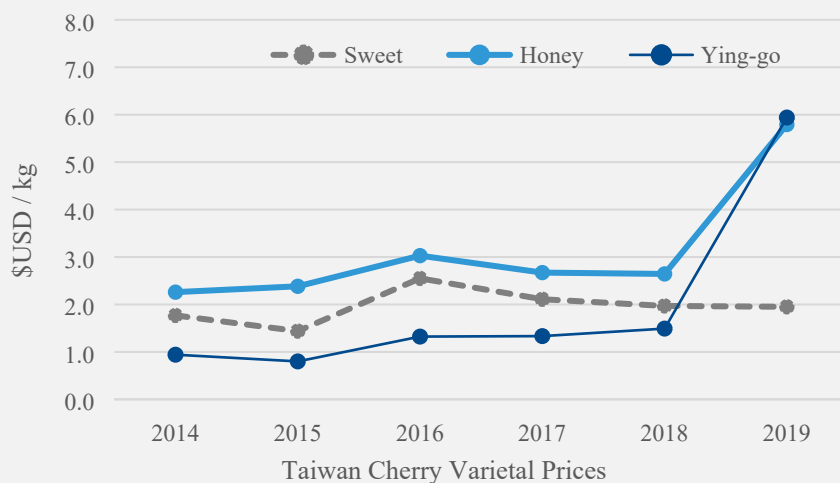
## PEACHES & NECTARINES



*Taiwan Domestic Promotion Campaign for Locally Grow Peaches*

### Production:

2020 peach production is forecast to increase 17 percent to 19,000 metric tons (MT) due to a recovery in bearing. 2019 production fell 28 percent to 16,717 MT due to poor pollination as reported in the [2019 annual](#). Taiwan's peach harvest season runs from April to August depending on the variety and elevation. Growers in Taiwan reported that the weather in 2020 has been largely favorable, except for a short period in the early part of the growing season when rains negatively impacted pollination. In 2020, Taichung and Taoyuan remained the largest producing regions, with almost 80 percent of domestic production. Of the three main varieties grown in Taiwan (sweet, ying-go, and honey) Taoyuan produces mostly early sweet varieties, with honey peaches harvested at higher altitudes in Taichung near the end of the season. According to the Taiwan Agro auction database, traded volume for domestic peaches and nectarines from April to July 2020 was up over 20 percent compared to the same period last year.



### Local Farm Gate Prices

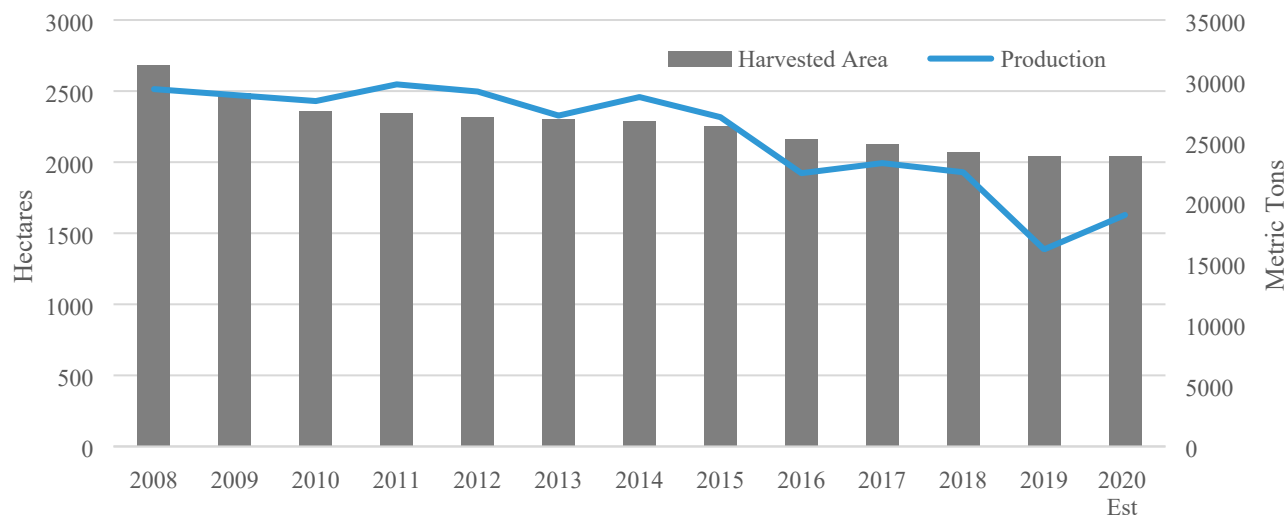
Farm gate prices for Taiwan's late season ying-go and honey peach varieties almost tripled in 2019 due to the fall in production.

### Crop Area:

In 2020, total harvested area is projected to remain stable or be slightly down at 2,040 hectares. Peach seedlings are mostly returning to normal with some difficulties caused by drought stress. 2019 saw few typhoons, helping Taiwan orchards recover from multiple years

with severe wind damage. Taiwan's Council of Agriculture (COA) estimates that crop area for peaches and nectarines in 2019 was down less than one percent from 2018.

### Peach & Nectarine Area and Production



#### Consumption:

Taiwan consumers are some of the largest consumers of fruit in the world. Fruit gift packages are commonly given during all major holidays. Local peach producers often collaborate with distributors to carry out promotional campaigns during major holidays. Imported peaches and nectarines are also commonly sought after for holiday gifts. Wholesale chains show a strong preference for imported products because of their competitive prices versus domestic production.

Both local sweet peaches and honey peaches are considered a premium fruit due to their desirable flavor and appearance. Honey peaches are a local varietal that are left on the vine until the very end of the season when colder weather causes sugars to rapidly increase and acids to fall. They often sell for ten times the price of regular peaches in retail outlets.

Nonetheless, both imported and domestic Taiwan peaches are highly susceptible to the substitution effect. Taiwan consumers show little hesitation to reach for the most price competitive fruit. Total fruit consumption continues to grow, but there is little loyalty to any one varietal.

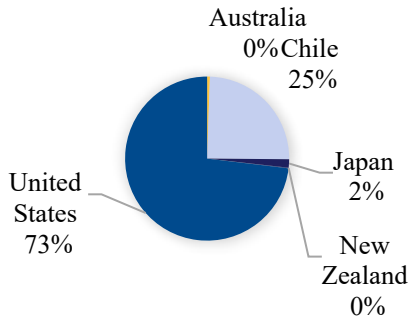
#### Trade:

Peach and nectarine imports are forecast to be up slightly to 15,000 MT in 2020. Imports for the first half of 2020 were 6,276 MT, up 26 percent from the same period last year due to [good production in the Western United States](#). Chile predominately supplies Taiwan during the U.S. off-season. However, due to income inequality protests and an emerging drought crisis in 2019, Chilean lost 20 percent market share in Taiwan. Chile's economic and production issues, combined with good conditions in the

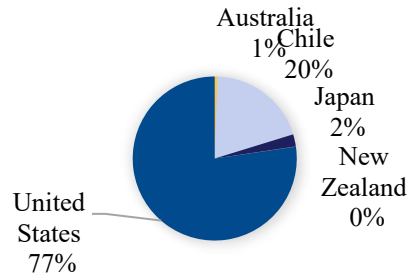
Western United States, drove Taiwan’s imports of U.S. peaches up by five percent to 11,447 MT. In 2019, the United States dominated with 77 percent of the total peach and nectarine import market share.

### Peach & Nectarine Import Market Share

**MY2018/19**



**MY2019/20**



Peaches & Nectarines	Total Imports		Imports from U.S.		U.S. Market Share (By Volume)
	MT	\$USD (millions)	MT	\$USD (millions)	Percentage
<b>Year</b>					
<b>MY2017/18</b>	15,803	49	9,720	34	62%
<b>MY2018/19</b>	14,849	48	10,856	38	71%
<b>MY2019/20</b>	14,810	48	11,447	38	77%

### Marketing:

While wet markets still play a sizeable role in retail, hypermarkets are slowly beginning to dominate the fruit trade in Taiwan. COVID-19 has posed unique challenges to traditional in-store marketing events, so many stores have turned to online marketing and e-commerce. Home delivery has rapidly increased since COVID-19, as have trends for Taiwan producers to market to consumers themselves in “farm-to-table” type promotions. Consumer purchasing decisions remain based on season, price, nutrition, appearance, flavor, and country of origin.

## Peaches & Nectarines, Fresh, Production, Supply, and Demand Data Statistics

Peaches & Nectarines, Fresh	2018/2019		2019/2020		2020/2021	
	Jan-18		Jan-19		Jan-20	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Taiwan						
Area Planted	2,075		2,060	2,046		2,040
Area Harvested	2,072		2,060	2,041	0	2,040
Bearing Trees	727		715	715	0	714
Non-Bearing Trees	2		5	2	0	2
Total Trees	729		720	717	0	716
Commercial Production	22,506		17,000	16,171	0	19,000
Non-Comm. Production	0		0		0	0
Production	22,506		17,000	16,171	0	19,000
Imports	14,800		15,000	14,810	0	15,000
Total Supply	37,306		32,000	30,981	0	34,000
Fresh Dom. Consumption	37,306		32,000	30,981	0	34,000
Exports	0		0	0	0	0
Withdrawal From Market	0		0	0	0	0
Total Distribution	37,306		32,000	30,981	0	34,000
(HA), (1000 TREES), (MT)						

## FRESH CHERRIES

### Production/Crop Area:

Taiwan has a subtropical environment and does not produce cherries. Local demand relies entirely on imports.



*MY2019/20 Imported Washington Rainier Cherries*

### Consumption:

Cherry consumption is projected to be slightly above last year at 12,000 MT, with few negative COVID-related consumption impacts. Taiwan consumers strongly prefer sweet cherry varieties. Washington Rainier Cherries command a premium in the market due to their color, taste, and reputation for quality. The preferred local size is 8.5-9 row cherries. While Taiwan consumers avoid fresh tart cherries, they do enjoy tart cherry processed products and juices.

In 2020, the USDA Office of Agricultural Affairs and Agricultural Trade Office assisted the U.S. Cherry Marketing Institute in obtaining lower import tariffs on cherry juice. Post projects demand for processed U.S. cherry products and juices to increase nominally in the coming years despite a lack of demand for fresh tart cherries.

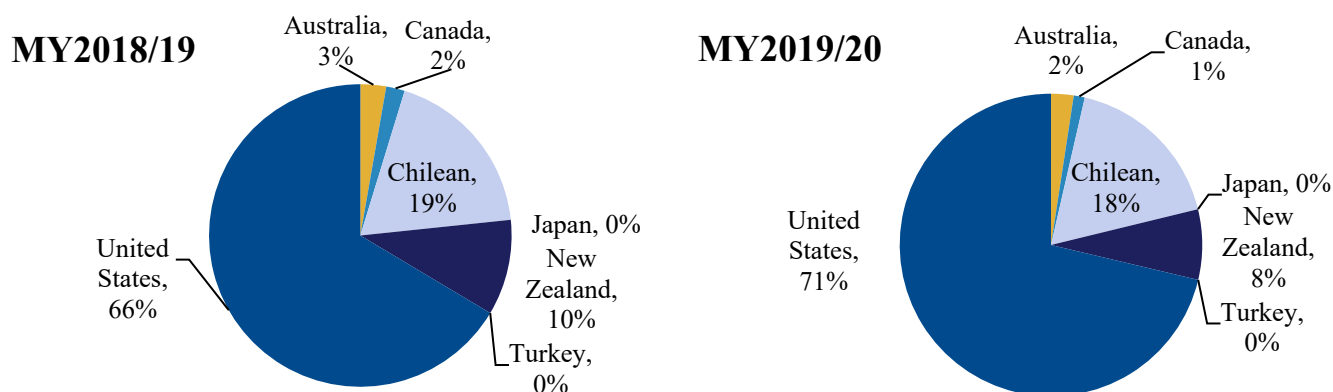
### Trade:

In MY2019/20, Taiwan was the sixth largest export market for U.S. cherries and saw U.S. cherries market share increase slightly to 71 percent (by volume) at 7,984 MT. In MY2019, the United States remained the number one supplier to Taiwan and increased market share due to rains in competitors Japan and New Zealand and major economic/political unrest in Chile. MY2019 total cherry imports fell 6 percent to 11,199 MT due to reduced exports from U.S. competitors. Despite falling U.S. cherry

production this year, the outlook for Taiwan’s cherry imports is strong. Robust handling of the COVID-19 pandemic has supported a modest recovery in consumption and, relative to most other export destinations, Taiwan will be quite competitive.

In MY2019/20, Taiwan’s imports from Chile were down one percent to 1,972 MT, followed by New Zealand, Australia, and Canada. New Zealand, Chile, and Australia are primarily complimentary suppliers during the U.S. off-season. While most imported cherries face a 7.5 percent tariff, New Zealand cherries can enter Taiwan duty free under the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation (ANZTEC). New Zealand crop availability during Taiwan’s demand trough and limited supply keep a ceiling on New Zealand’s market share.

### Cherries Import Market Share



Cherries	Total Imports		Imports from U.S.		U.S. Market Share (By Volume)
	Year	MT	\$USD (millions)	MT	\$USD (millions)
MY2017/18	14,864	122	9,153	62	62%
MY2018/19	11,918	96	7,918	55	66%
MY2019/20	11,199	85	7,984	51	71%

### Marketing:

Marketing has increasingly moved online this year due to the COVID-19 pandemic. While wet markets play a vital role in distribution, increasingly wholesalers’ market through hypermarkets and online



shopping websites. Home delivery has become an important channel for fresh fruit, including stone fruit, with grocers and major retailers increasingly offering delivery services. Most cherries imported into Taiwan use air cargo because the U.S. crop coincides with Taiwan's hottest months.

### **Peaches, Nectarines, and Fresh Cherry Policy:**

Fruit imports are regulated by the Taiwan Food and Drug Administration (TFDA) under the Ministry of Health and Welfare (MOHW) and the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) under COA. TFDA is responsible for food safety inspection, while BAPHIQ is in charge of animal and plant health, pests, diseases, and quarantine.

Fresh fruit exported to Taiwan from the United States must be accompanied by an APHIS-issued phytosanitary certificate (PPQ Form 577). A phytosanitary certificate can be issued by designated APHIS personnel or APHIS-authorized State and County cooperators. Other phytosanitary certificates for shipments of U.S.-origin fresh fruit are no longer accepted by Taiwan plant health regulatory authorities.

TFDA is the competent authority responsible for border food safety inspections. TFDA regularly inspects shipments at the port and closely monitors food products for pesticide and heavy metal residues. Taiwan's maximum residue limits (MRLs) often differ from those established in the United States or by international standard-setting bodies. For pesticide/crop combinations where Taiwan has not yet set a standard, the default standard is 0.01 parts per million. TFDA's regulation "[Pesticide Residue Limits in Food](#)" lists allowable residue tolerances in fruit and vegetables. On August 15, 2019, the Standard for the Tolerance of Heavy Metals in Plant Origin has been nullified but being included to [Sanitation Standard for Contaminants and Toxins in Food](#). Various standards, including heavy metal, are listed in this regulation.

If a perishable product is selected for testing, the importer can apply for a special dispensation from TFDA to have the products temporarily released to the importer's warehouse. In the event of a detection, clearing quarantine at the importer's warehouse can greatly reduce import costs. The cargo cannot enter commerce until it has cleared quarantine by passing all required tests. Noncompliance with Taiwan standards will result in the product being refused entry, ordered for re-export or destruction.

### Cherries (Sweet & Sour), Fresh, Production, Supply, and Demand Data Statistics

Cherries (Sweet&Sour), Fresh	2018/2019		2019/2020		2020/2021	
	Apr-18		Apr-19		Apr-19	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Taiwan						
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	0	0	0	0	0	0
Non-Comm. Production	0	0	0	0	0	0
Production	0	0	0	0	0	0
Imports	11,900	11,918	11,000	11,199	0	12,000
Total Supply	11,900	11,918	11,000	11,199	0	12,000
Fresh Dom. Consumption	11,900	11,918	11,000	11,199	0	12,000
Exports	0	0	0	0	0	0
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	11,900	11,918	11,000	11,199	0	12,000
(HA), (1000 TREES), (MT)						