



Approved by:

Stan Cohen

Agricultural Trade Office

American Institute in Taiwan

Date: 19-Nov-1999

GAIN Report #TW9067

Drafted by:

FBR Asia Ltd.

Market Brief - Product

Taiwan : Tomato Product Brief - 1999

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Executive Summary - Tomatoes

- * Tomatoes are widely grown in Taiwan, although production has declined significantly in recent years-- from a high of almost 300,000 tons in 1990 to around 100,000 tons at the present time;
- * Consumption also has declined; imports are an insignificant part of total consumption and amounted to only 19 tons in 1998;
- * The main reason for the decline is the move offshore of much of the food processing industry that uses tomatoes as a base;
- * Overall domestic consumption of fresh tomatoes is expected to remain static although the fast food industry is demanding more tomato-based products such as ketchup and tomato paste.
- * The United States is not a major supplier of tomatoes to Taiwan. Although imports are small, the dominant supplier is the Netherlands. It appears that a "spot" market operates. There is no regular supply chain.

Table: Tomatoes - Summary of Market Conditions	
Market Advantages	Market Challenges
<ul style="list-style-type: none"> * US agricultural produce is well known in Taiwan and the USA has a reputation for quality product; * Buoyant hotel/restaurant industry will ensure a small but growing market demand for high quality product; * Increasing sophistication of the local market ensures that local consumers are increasingly turning to higher quality products. 	<ul style="list-style-type: none"> * Taiwan is able to produce tomatoes through all four seasons (Winter – on the plains, Summer- on the slopes); * Taiwanese prefer "green tomatoes"; red tomatoes are considered "over-ripe"; * Taiwan has a large number of import and quarantine requirements for tomatoes.

Market Access

Tariffs & Taxes

According to the Taiwan Customs Tariff Schedule the importation of tomatoes is controlled by the Taiwan Board of Foreign Trade. Importers need to be aware that imports of this vegetable are subject to quarantine inspection. Imports from mainland China are prohibited.

Within the distribution chain, a value added (business) tax of 5% is applied. This is a standard tax rate across a wide variety of product and service categories.

Table: Tomatoes:- Applicable Tariff			
Tariff Number	Description	Unit	Tariff Rate
0702.00.00	Tomatoes, fresh or chilled	Kgm	10%

Labeling Standards

According to the Bureau of Animal and Plant Health Inspection & Quarantine (BAPHIQ) there are no special labeling requirements for tomatoes. According to importers, boxes are generally labeled with the name and address of the supplier and the net weight of the product.

Other Requirements or Restrictions

According to BAPHIQ, the import of plant and plant product (including tomatoes) should be in conformity with the requirements of the Plant Protection and Quarantine Act and its Enforcement Rules as well as other administrative instructions concerning plant quarantine. An import permit from BAPHIQ is required.

Generally, quarantine inspections are completed within two days except where there is a necessity for further identification or disinfection of the product.

Exporters should be aware that BAPHIQ has set certain import requirements for tomatoes.

The living plant, including stem, leaf, bud, tuber, and fruit of the tomato must have the following:

“Phytosanitary certificate, issued by the government of exporting countries, stating that the plant is free of Potato Late Blight A2 Type disease and originates from areas free of Potato Late Blight A2 Type disease.”

If underground portions of the tomato plant are shipped with the actual fruit, then the following is required :

“Phytosanitary certificate issued by the government of exporting countries, stating that the fruit has been thoroughly inspected and found free from White Fringed Beetle (*Graphognathus Leucoloma* (Boheman)) or has been treated with an appropriate treatment prior to production.”

Tomatoes from or transiting through the state of Texas, must have the following:

“Phytosanitary certificate, issued by the government of exporting countries, stating that the fruit is nether from nor passing through the area where Mexican fruit fly exists, or has been treated with an appropriate treatment prior to shipment.”

U.S. suppliers should check with the U.S. Animal Plant Health Inspection Service for the latest phytosanitary requirements. As Taiwan is in the process of introducing more stringent regulations regarding the acceptable limits for agricultural chemicals found on imported vegetables, they should also ensure that their importers check with BAPHIQ for any changes to the regulations.

Trends in Consumption

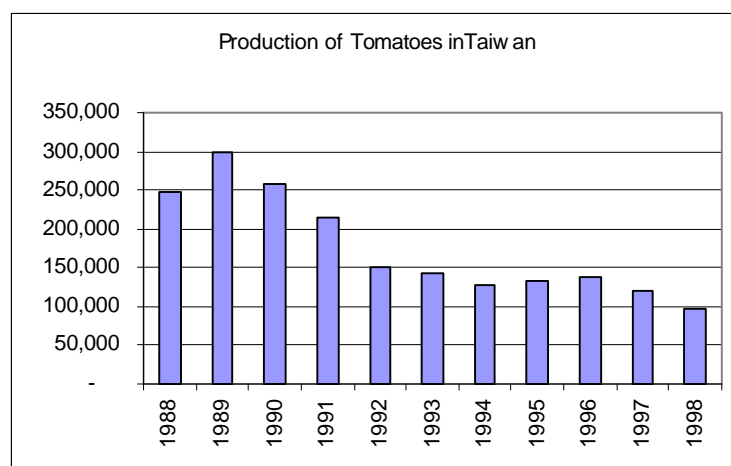
Production of tomatoes in Taiwan has declined over the past three years from a high of 137,000 tons in 1996 to 97,000 tons in 1998. This represents a decrease of 30% over the period. The shortfall in local production has not been compensated by significantly increased imports, suggesting a situation of over-supply. Overall there has been a decline in consumption. This decline is part of a longer-term trend and is accounted for by changes in industrial use--in terms of ketchup and tomato paste manufacture--rather than by any shift in domestic dietary patterns.

Imported product is generally of a much higher quality than the locally grown product and is in high demand by the hospitality industry.

Table: Tomatoes - Estimated Market Size (Metric Tons)				
Year	1995	1996	1997	1998
Production	132,444	137,394	118,818	96,875
Imports	0	14	5	19
Total Consumption	132,444	137,408	118,823	96,894

A considerable portion of the local tomato crop is in the form of the smaller "ball" and "pear" tomatoes and is consumed as a dessert fruit rather than as a salad vegetable. Separate production data in relation to tomato "type" is not available.

Domestic consumption is expected to remain static over the next 3-4 years with any increase in table consumption keeping pace with the overall population growth (around 1%). There is a slow acceptance of the European/American style "red" tomato as a salad vegetable, primarily for the color it provides although this is not likely to lead to any great increase in demand over the near future. There is also a small but growing demand for tomatoes by western-style fast food franchises.



Trade & Competition

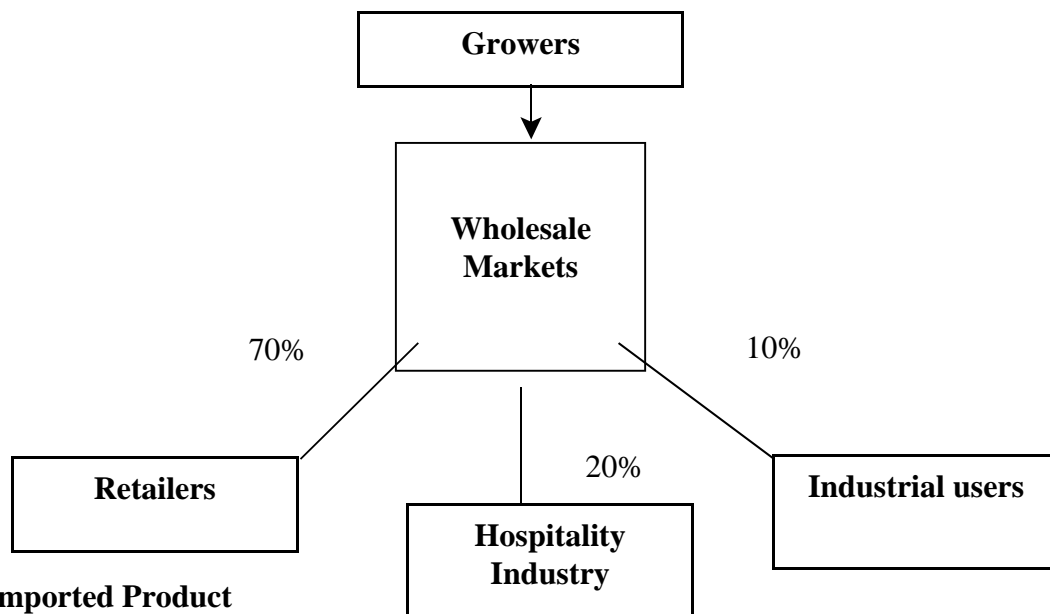
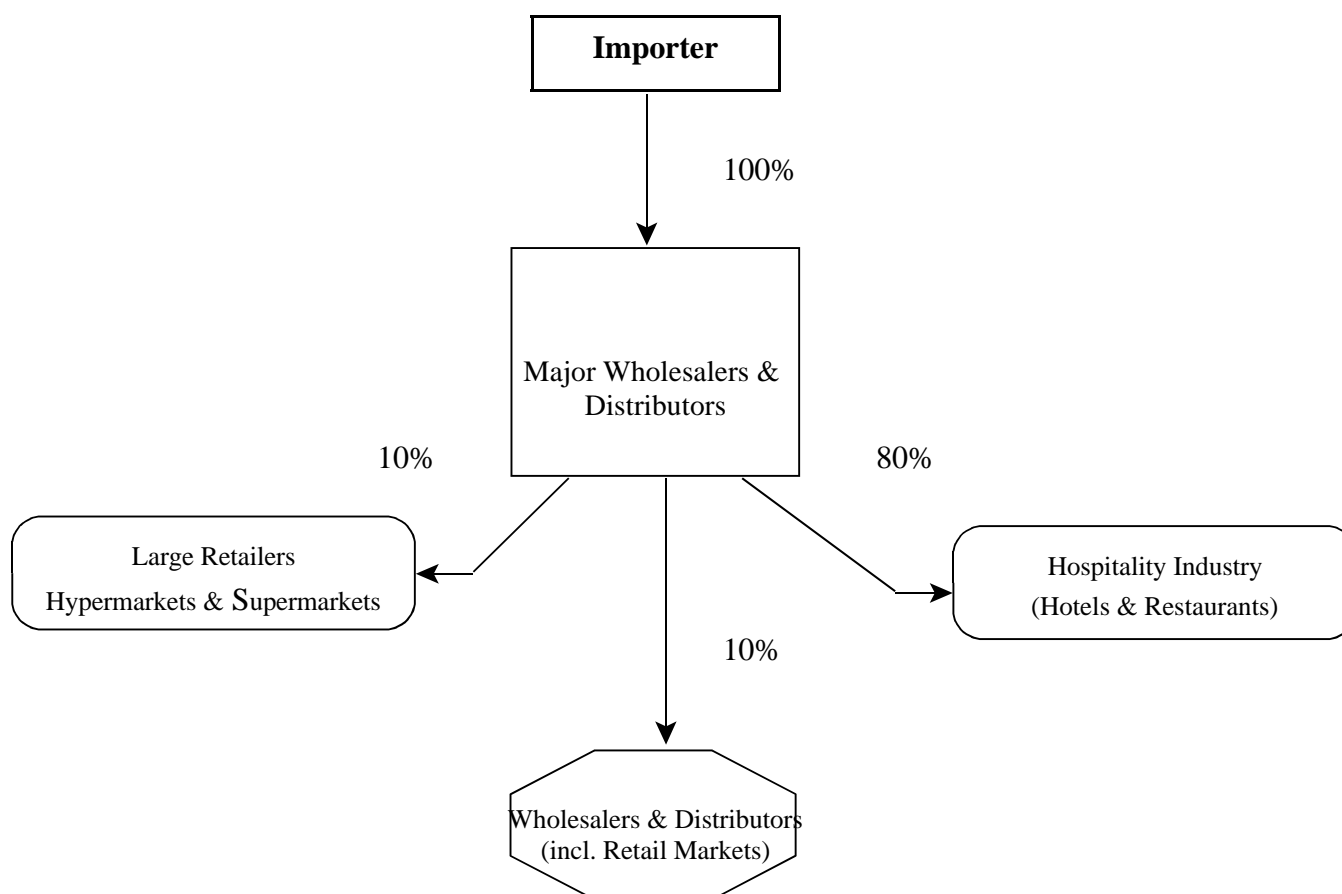
Taiwan is not a major importer of tomatoes and is unlikely to become so within the next 3-4 years. Any imported fruit is likely to be destined for the hotel/restaurant industry and for the retail sector that caters to the tastes of the foreign community (i.e. in the Taipei area).

The Netherlands was the principal supplier of imported tomatoes in 1998. However there is no established supply chain for the imported product which appears to operate as a "spot" market.

Importers contacted during the course of this survey do not foresee any significant growth in the market for fresh tomatoes, although the fast food industry is using increasing quantities of processed tomatoes as ketchup and as a pizza base.

We note however, that a number of importers contacted during the course of this survey that tomatoes could now be freely imported into Taiwan.

Table: Tomatoes, Major Suppliers by Value (US\$)				
Country	1995	1996	1997	1998
	Value	Value	Value	Value
	USD	USD	USD	USD
TOTAL	-	\$13,250	\$3,969	\$21,656
USA	-	\$94	\$1,375	\$625
Israel	-	-	\$4,656	-
Japan	-	-	-	\$31
Malaysia	-	-	-	3,969
Netherlands	-	\$13,156	\$1,593.75	\$20,813
Philippines	-	-	\$1,000.00	-
Vietnam	-	-	-	\$219
US Market Share of Imports		<1%	35%	3%

Distribution Channels**Domestic Product****Imported Product**

Packaging

There are no specific packaging requirements for the import of tomatoes. Importers claim that the product is typically packed in 25 lb. cardboard cartons.

Exporters should bear the following general points in mind:

1. Because of the low profit margins within the industry, fresh vegetables are usually shipped by sea.
2. If a container has multiple products inside, the exporter should ensure that at least one box of each product is located at the entrance to the container for ease of customs and quarantine inspection. All packaged goods are to have five (5) sides sealed with the sixth able to be opened for inspection.
3. Importers generally require that netting be placed over the handles of the boxes on vegetable products and over any other holes on the outer packaging larger than 1.6 cm. This is to prevent goods falling out.

Tips for Exporters

1. As long as all documentation is clearly and correctly filled out and sanitary requirements have been completed according to Taiwan regulations, importers report that the import of vegetable products is a relatively smooth and efficient process. Generally it takes 2-3 days to clear customs and quarantine.
2. Prior to leaving the country of origin all packaged vegetable goods are to be sealed with numbered adhesive tape, which is not to be removed or broken until customs and quarantine officials inspect the shipment.
3. All shipping documentation including the Bill of Lading and Phytosanitary Certificate must list the Container number and adhesive tape number.
4. The Phytosanitary Certificate should be sent to the importer prior to arrival of the shipment in Taiwan and, for precautionary reasons, prior to leaving the country of origin if possible.
5. Should a shipment fail quarantine inspection, the shipment in question is required to be fumigated. As this may cause a delay of several days, the shipment is often destroyed because of the adverse effect the delay has on product quality.

Treatment Requirements for Fresh/Chilled Vegetables			
Treatment	Fumigation	Refrigeration	
	Exposure (Hour)	Temp. (F)	Period (day)
Fumigation plus Refrigeration, Methyl Bromide 32 g/m3 at 21 degrees Celsius (69.8 degrees Fahrenheit) or above, chamber load not to exceed 80% of volume.	2	33-37	4
		38-47	11
	2.5	38-40	4
		41-47	6
		48-56	10
	3	43-47	3
		48-56	6

List of Key Importers

Company Name : Sea & Land Foods Co.
 Address : 1Fl, 214, Shing Ann Street, Taipei City
 Telephone : (02) 2546-5705
 Facsimile : (02) 2546-5708
 Capital (NT\$) : 20,000,000

Company Name : Semean Limited (Hong Kong) Taiwan Branch
 Address : 1F, No. 25, Lane 331, Lung Chiang Rd, Chung Shan District, Taipei City
 Telephone : (02) 2508-2705
 Facsimile : (02) 2508-2807
 Capital (NT\$) : 5,380,000

Company Name : Taiwan Green Nation Corporation
 Address : 7-1F, 84, Section 2, Fu Hsing South Rd, Taipei City
 Telephone : (02) 2708-4600
 Facsimile : (02) 2708-9862
 Capital (NT\$) : 25,000,000