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Taiwan

HRI Food Service Sector

Tourism Development Brings Opportunities to Food Service

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Report Highlights:

To better utilize Taiwan's natural resources, starting in 2002, the Taiwan government launched a "Double Tourist Arrivals Plan" to boost one of its most competitive tertiary industries: tourism. The goal is to reach 5 million foreign visitors each year by 2008. In 2006, the 3.5 million foreign visitors brought US\$5.1 billion foreign exchange, 20% of which is meal-related expenditures. Using the same percentage assumption, the 5 million+ tourists will contribute at least \$1.45 billion to the foodservice sector. Although Taiwan's economy is doing quite well, small businesses including the HRI sector have been suffering and are supportive of Taiwan gourmet initiatives to increase foreign tourism including increased visits by mainland Chinese tourists in the future.

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1. Overview

Together with the high-tech industry, tourism is regarded as one of the star industries by the Taiwanese government to create jobs and earn foreign exchange. The government has been spending billions of its budgets on the improvement of transportation between major cities and famous tourist spots and other programs to maximize convenience for travelers, making travel within the island easier for both domestic and foreigner tourists.

The development of tourism is the key to prosperity for the Taiwan food service sector in the future. However, the decline in population has offset and slowed the growth of foodservice sector in the past few years. According to the Executive Yuan's research, fertility rates have been declining tremendously since 1998, lower than many developed countries (Table 1). With this trend, Taiwan will reach a zero population growth in 2015 (Table 2). Also, more and more Taiwanese have been moving to Mainland China for work. In 2006, 4.4 million Taiwanese (person-time) traveled to China and around 1 million people stayed longer than six months (long-term stays for work or moves with families).

Many joint venture companies have also started moving their Taiwan headquarters to Mainland China which has also had a negative impact in the Taiwan HRI sector. This trend could be revised in the future if Taiwan government makes it easier for travel across the straits. If this happens, more and more international companies may prefer to locate their expatriate executives in Taiwan where conditions are more suitable for families.

Table 1: Total Fertility Rate of Taiwan, US and France

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taiwan	1.76	1.77	1.47	1.56	1.68	1.40	1.34	1.24	1.18	1.12
U.S.	2.04	2.04	2.06	2.05	2.06	2.03	2.01	2.04	2.05	...
France	1.75	1.74	1.78	1.81	1.89	1.90	1.88	1.89	1.92	1.94

Source: Department of Statistics, Ministry of Interior

Table 2: Taiwan Population Growth Estimation

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Population (,000)	22,770	22,831	22,885	22,931	22,969	22,999	23,019	23,030	23,033	23,027	23,014	22,992	22,962	22,925
Growth Rate (%)	3.02	2.70	2.36	2.03	1.67	1.28	0.87	0.49	0.12	-0.25	-0.60	-0.95	-1.29	-1.64

Source: Council for Economic Planning and Development, Executive Yuan(estimation)

Table 3: Number of Taiwan Tourists to Mainland China

Unit: Person-time			
Period		Persons	Year-on-year growth rate (%)
1987-1992		4,199,381	-
1993		1,526,969	-
1994		1,390,215	-8.96
1995		1,532,309	10.22
1996		1,733,897	13.16
1997		2,117,576	22.13
1998		2,174,602	2.69
1999		2,584,648	18.86
2000		3,108,643	20.27
2001		3,440,306	10.67
2002		3,660,565	6.4
2003		2,730,891	-25.4
2004		3,685,250	34.95
2005		4,109,188	11.5
2006		4,413,470	7.4
2007	(Jan.-Jul.)	2,718,709	
	Jan.	319,241	19.02
	Feb.	351,044	-7.57
	Mar.	389,413	14.13
	Apr.	409,881	6.76
	May	420,155	15.7
	Jun.	392,425	8.26
	Jul.	436,550	2.99

Source: China Monthly Statistics and China Travel Yearbook, PRC

The Government's tourism policy is the savior of the foodservice sector as countered by the population decline. As part of Taiwan government's National Development Plan, the Ministry of Transportation and Communication launched the "Double Tourist Arrivals Plan" in 2002. The goal is to double the number of international tourist arrivals which will deliver evident benefits in creating jobs and earning foreign exchange.

The plan sets the following targets for growth in the number of international visitors to Taiwan by 2008:

1. The annual number of visitors coming to Taiwan for the purpose of tourism is to be raised to at least two million from the 2005 level of around one million (added in the 2005 plan).
2. Through efforts to effectively remove bottlenecks and tap into potential visitor source markets, the annual number of Taiwan's visitor arrivals is to grow to 5 million by 2008.

The government proposed a total of NT\$59.33 billion as the budget (Table 4) to implement its tourism policies. The plan includes:

- Promoting local cultural events as part of tourism attractions.
- Continuing to promote 12 major tour routes.
- Improving the environment for private investment and actively encouraging private investment in tourism development projects.
- Opening visitor centers/tourism information centers at highway rest stops and High Speed Railway stations.
- ? Encourage home stay (B&B) inns to be legally registered.
- Drafting preparatory measures for large potential increases in tourists from mainland China.

Table 4: "Double Tourist Arrivals Plan" Project Costs

Unit: NT\$ 100 million

Plan Item	Source of Expenditure		Yearly Expenditure						200-2007 Subtotal
			2002	2003	2004	2005	2006	2007	
Double Tourist Arrivals Plan	Government	Central	1.05	66.10	73.62	82.49	90.45	75.65	389.36
		Local	0.00	3.61	4.71	3.15	1.95	1.05	14.47
	Fund		0.00	2.68	2.64	2.85	4.46	4.40	17.03
	Private Investment		0.00	0.00	0.30	3.90	0.00	0.00	4.20
	Others (Special Projects Funding)		0.00	0.64	3.08	15.75	55.25	96.50	171.22

Source: Tourism Bureau, Ministry of Transportation and Communication

2. The Post-2001 Market

With the slogan of "Taiwan, Touch Your Heart", Taiwan has successfully promoted itself to the international tourism market. Different types of advertisements were programmed to introduce Taiwan to its closest neighbors-East Asian countries. 65% of tourism visitors indicated they have seen the advertisements before they came to Taiwan. China, North America and European countries will be Taiwan's next goal to open its tourism market.



After the tourism market recovered from SARS in 2003, the total foreign visitor numbers has increased to 3.5 million in 2006, a 18% growth from 2002 (Table 5), adding \$552 million foreign exchange.

According to the Tourism Bureau's survey in 2006, foreign visitors who came for tourism purposes spent \$51 (person/day) more than visitors that came for business. Moreover, 54% of foreign tourists indicated that the biggest attraction to them is the gourmet in Taiwan. According to the survey, 7% of the tourists' Expenditures is dining within the hotel, while 13% is dining outside of the hotel. Consequently, food related festivals, such as the Taipei International Newrow Mian (Beef Noodles) Festival and Miaoli Hakka Gourmet Festival, were created to attract more tourists. Many expats living in Taipei will quickly associate newrom-mian as Taiwan's national dish!

Table 5: Foreign Visitor Numbers and Expenditures 1998-2006

Year	No. of Visitors	Visitor Expenditures (US\$ 1 million)	Growth Rate (%)	Spending Per Person (US\$)	Spending Per Person Per Day (US\$)	Average Length of Stay (Nights)
1998	2,298,706	3,372	-0.88	1,466.83	190.25	7.71
1999	2,411,248	3,571	5.9	1,481.05	191.35	7.74
2000	2,624,037	3,738	4.68	1,424.65	192.52	7.4
2001	2,831,035	4,335	15.97	1,531.26	207.77	7.37
2002	2,977,692	4,584	5.74	1,539.29	204.15	7.54
2003	2,248,117	2,976	-35.08	1,323.66	166.08	7.97
2004	2,950,342	4,053	36.19	1,373.76	180.52	7.61
2005	3,378,118	4,977	22.8	1,473.25	207.5	7.1
2006	3,519,827	5,136	3.19	1,459.22	210.87	6.92

Source: Tourism Bureau, M.O.T.C

3. Infrastructure-Private Investment

The capacity of hotel rooms is also a key for tourism development. Other than government's plan to upgrade the quality of ordinary hotels and encourage the private sector to build budget hotels using the build-operate-transfer (BOT) model of developments, there are 51 private international-tourist hotels currently under construction. A total of 13,092 rooms will be added to meet the demand created by the doubling of tourist arrivals (Table 6).

Table 6: International-tourist Hotels Under-constructed

Hotel Names	Location	No. of Rooms	Estimated Open Date	Invested Amount (NT\$ 1 million)
Regal Hotel Kenting	Heng-chun, Pin-tung County	242	6/30/2007	990
South Gardens Resort	Chung Li, Taiyuan	102	8/31/2007	1,053
Hon Lin Hotel	Taichung City	98	9/30/2007	600
Chinatrust Landmark Hotel	Nantou County	211	10/30/2007	1,300
Zi-huei Resort	Chi-Shang, Taitung County	402	12/30/2007	1,200
Yung-Lian Hotel	Hsinchu City	276	12/31/2007	2,300
Alishan House	A Li San, Chia Yi County	110	12/31/2007	500
Janfusun Prince Hotel	Yun Lin County	292	12/31/2007	120
Fullon Hotel Linkou	Que San, Taoyuan	150	1/1/2008	582
Fullon Hotel/Taipei	Da-an District, Taipei City	120	1/30/2008	410
Tachien Hotel	Chien-Kuo/Chang Chun Road, Taipei City	123	6/30/2008	200
Tapei Resort Hotel(A)	Shi-men, Taipei County	480	6/30/2008	2,200
Tapei Resort Hotel(B)	Shi-men, Taipei County	708	6/30/2008	3,900
Skylark Hotel	Da-shu Kaohsiung County	712	6/30/2008	2,476
LM Hot Spring Resort	200,Luye Shiang,Taitung Count	192	6/30/2008	1,278
Grand Green Island Resort	Green Island Township, Taitung County	809	6/30/2008	4,990
Sheraton Yiland Resort	Yi-lan County	218	7/1/2008	1,800
Spring Park Jiaoshi Villa Resort	Jiaoshi Shiang, Yi-lan County	84	7/2/2008	1,120
Taipei ChingCheng Howard Hotel	Sung-san District, Taipei	180	7/30/2008	300
Fong Hwa Hotel	Yi-lan County	188	7/30/2008	180
Monarch-Skyline Hotel	Luju Shiang, Taoyuan County	250	8/8/2008	1,400
Shangri-La's Far Eastern Plaza Hotel, Tainan	Tainan City	336	8/22/2008	1,885

Ding Ding Hotel	Ling-ya District, Kaohsiung City	308	9/30/2008	4,400
Blessing Inn	Tainan City	229	9/30/2008	980
President International Hotel	Lot 3, subsec 4, Shinyi District, Taipei City	361	10/1/2008	3,096
Manorgroup Hotel	Hsin Dien, Taipei	120	11/30/2008	2,450
PenGhu Beach Resort Hotel	Penghu County	32	12/20/2008	116
Naruwan Beach Hotel	Bei-nan, Taitung	272	12/30/2008	2,400
Promised Land Resort Hotel	Hua-lien County	227	12/30/2008	1,338
Hua Lien Hotel	Hua-lien County	260	12/31/2008	1,090
Penghu Bay Resort	Penghu County	269	4/30/2009	1,800
Novotel Taoyuan International Airport Taipei	Dayuan Shiang, Taoyuan County	362	6/30/2009	1,154
Ataabu Landis Hotel	Taichung County	110	6/30/2009	600
Wen Wan Hotel & Resorts	Nantou County	92	10/10/2009	2,000
Shangri-La Resort	Yi-lan County	146	10/31/2009	1,316
Chinatrust Landmark Hotel	Taipei	316	12/1/2009	1,650
Park Hyatt Taichung	Taichung City	250	12/1/2009	3,830
Yihwa International Hotel	King-Tai Road, Taipei	580	12/12/2009	8,585
Grand Hyatt Kaohsiung	Chien-Gin District Kaohsiung	415	12/30/2009	3,290
Hoya Hot Springs Resrt and Spa	Bei-nan, Taitung	112	12/30/2009	1,400
Le Meridien Taipei Hotel	Hsin Yi Road, Section 4, Taipei	220	12/31/2009	705
Kakaya Beitou	Beitou District, Taipei City.	99	12/31/2009	359
The Great Roots International Hotel	San-xia, Taipei County	102	12/31/2009	842
Hotel Lord Grace Hsinchu	Chu Bei, Hsinchu County	314	12/31/2009	2,380
Glory Hotel	Chung Li, Taiyuan	602	12/31/2009	2,382
Famous Nobility CH Inatrust Hotel	Chunan, Miaoli	107	12/31/2009	500
Palmlakes Resort Hotel	Fanlu Shing, Chia-Yi	45	12/31/2009	1,380
Phoenix Hot--Spring Hotel	Yi-lan County	206	12/31/2009	2,000
Reng Hu Hotel	Posha Township, Penghu County	309	12/31/2009	1,400
Green Garden Hotel and Spa	Hua-lien County	218	7/31/2010	1,000
Jaguar Hotel	98, King-Tai Road, Taipei	126	12/31/2010	5,000
Total		13,092		90,227

Source: Tourism Bureau, MOTC

4. Opportunities for Growth-Aiming Chinese Tourists

The complete opening of the tourism market to mainland Chinese tourists will be one of the most important keys to Taiwan's tourism market in the future. 21.3 million Chinese (person-time) traveled abroad in 2006 (2006 China Travel Yearbook). According to Travel Industry Association of America, the numbers of Chinese people traveling abroad will triple by 2020 and Taiwan is at the top of their "wishing-to-go list".

Tourism and foodservice closely connected. Whether or not Chinese tourists visit Taiwan for its gourmet food like tourists from other countries, the large amount of travelers will boost the food service business in Taiwan as "people eat" and "eating" is an important part of Chinese culture. The development of tourism will directly benefit hotels, restaurants, airline catering business and so forth.

Taiwan is famous for its offering of authentic Chinese cuisine from every province of China and its chefs are becoming famous for their ability to incorporate ingredients and foods from other culture into fresh and healthy, new fusion dishes. While the Taiwan gourmet is active in promoting Taiwan as a tourist destination, Taiwan tourists are also very active and enjoy traveling around the world. They are very curious travelers willing to try new foods and often bring back foreign foods and ideas to the Taiwan market. From Dec. 14 to 17, 2007 the Taiwan Tourism Agency will host the International Travel Fair at the TWTC. Please see our website at www.usfoodtaiwan.org for more information about this show and other activities related to the Taiwan HRI sector.

