

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Taiwan

### Exporter Guide

**2018**

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**Report Highlights:**

Taiwan is the seventh largest market for U.S. food and agricultural product exports. In 2017, Taiwan imported US\$3.57 billion of food and agricultural commodities (including edible fishery products) from the United States. Despite this success, Taiwan still offers U.S. food and agricultural suppliers opportunities for sales. This report is a practical guide for U.S. food exporters interested in marketing and shipping products to Taiwan.

Post: ATO Taipei

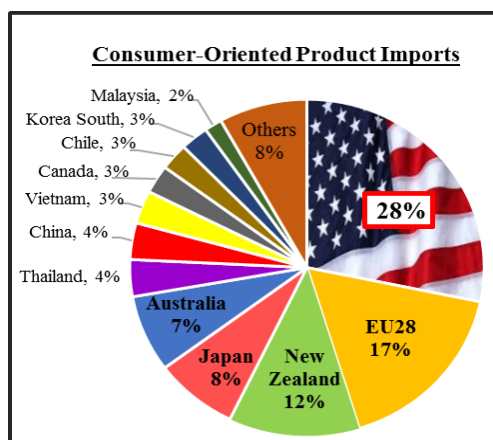
# Market Fact Sheet: Taiwan

## Executive Summary

Though with only a population of 23.5 million, Taiwan is the United States' 8th largest trading partner in overall goods. It is also the 11th largest U.S. export market overall and the 7th largest export market for agricultural products. In 2017, Taiwan imported US\$3.57 billion of food and agricultural commodities from the United States, which is 31 percent of the total import market share and makes the United States the leading foreign supplier.

## Imports of Consumer-Oriented Products

In 2017, Taiwan imported consumer-oriented agricultural products worth nearly US\$6 billion. The United States leads with 28 percent of the market share.



## Food Processing Industry

The 6,215 food processing companies employ 160,000 people, together producing an estimated US\$18.4 billion of processed food and drinks, accounting for 3.2 percent of the gross domestic product (GDP) in 2017. The top five largest subsectors by value were: animal feed, non-alcohol beverages, rice/grain milling, flour milling, and frozen & chilled meat, representing 14, 14, 7, and 6 percent of food processing industry's total production value, respectively.

## Food Retail Industry

Taiwan's retail sector topped US\$41 billion in 2017, a new record high, up 1.2 percent from 2016. The retail food sector is dominated by chain operators like Costco, 7-Eleven, PX Mart, Carrefour, and Wellcome. The density of Taiwan's 10,454 convenience stores is at the highest level in the world, around one convenience store for every 2,304 local residents<sup>1</sup>. For more information, check on [GAIN Retail Foods Report](#).

## Quick Facts CY 2017

### Imports of Consumer-Oriented Products (USD)

\$5.97 billion

### Lists of top 10 Growth Products in Host Market

#### (> USD 1 million)

- 1) Areca Nuts
- 2) Coffee (Roasted)
- 3) Chicken Eggs
- 4) Offal of Sheep, Goats, Horses
- 5) Homogenized Composite Food Prep
- 6) Tongues of Bovine Animals
- 7) Coconuts
- 8) Almonds
- 9) Coffee Extracts
- 10) Juice of Citrus Fruit

### Food Industry by Channel (USD billion) 2017

Food Industry Output	\$18.4
Food Exports	\$2.6
Food Imports	\$11
Retail	\$41
Food Service	\$16

### GDP/Population

Population (millions): 23.5

GDP (billions USD): \$601

GDP per capita (USD): \$24,337

2018 Economic Growth Rate (estimate): 2.42%

Sources: GTA; Directorate-General of Budget, Accounting, and Statistics, Executive Yuan of R.O.C.; Department of Statistics, MOEA

## SWOT Analysis

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 to importers/end users.
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.

### Exchange rate:

1 USD = 29.0 New Taiwan Dollar

### Contact:

ATO Taipei, American Institute in Taiwan

[ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov)

<sup>1</sup> Data: 2017, Ministry of Economic Affairs

## I. Market Overview

### Agricultural Trade

Given Taiwan's relatively small agricultural sector, its dependence on food and feed imports is expected to continue to grow. According to Global Trade Atlas, Taiwan imported US\$3.57 billion of food and agricultural products (including edible fishery) from the United States in 2017, representing 28 percent of the total import market share. The United States also exports many high-valued consumer-oriented agricultural products, including beef, poultry, fresh fruit and vegetables, dairy, tree nuts and processed foods and beverages.

#### 2017 Taiwan Consumer Oriented Products Imports and Exports

(Source: Global Trade Atlas)

Ranking	Countries Exporting to Taiwan			
	Country	Amount (US\$ million)	Total Import Market Share (%)	Top 5 Imported Consumer Oriented Products
1	U.S.	1,686	28.26	Beef, chicken, apples, frozen potato products, pet food
2	New Zealand	712	11.94	Beef, kiwi, milk & cream, apples, cheese
3	Japan	458	7.68	Apples, pastry products, cookies/biscuits, beer, non-alcohol beverages
4	Australia	440	7.38	Beef, milk and cream, lamb and goat meat, wine, pet food
5	France	249	4.18	Wine, milk and cream, butter

Ranking	Countries Importing from Taiwan			
	Country	Amount (US\$ million)	Share of Total Taiwan Exports (%)	Top Five Exported Consumer Oriented Products
1	China	542	28.65	Bread, pastry, cakes, puddings, non-alcoholic beverages, pineapples, other fresh fruits, pasta
2	U.S.	328	17.37	Live plants (cuttings and slips), non-alcoholic beverages, tapioca, sauces and condiments, pasta
3	Japan	208	11.01	Soybeans for human food use), live plants (cuttings and slips), fresh/dried guavas, mangoes, mangosteens, pastry products, other fruit products
4	Hong Kong	181	9.59	Non-alcoholic beverage, pastry products, pasta, ginseng roots, waters
5	South Korea	80	4.27	Live plants (cuttings and slips), pastry products, juices, fresh/dried guavas, mangoes, and mangosteens, cookies

### Bilateral and Multilateral Agreements

Taiwan has concluded free trade agreements with several countries, including New Zealand and China (signed under the name of the Economic Cooperation Framework Agreement), to reduce tariffs and commercial barriers.

Representatives of the United States and Taiwan signed a Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultations on trade and investment issues. Taiwan's accession to the World Trade Organization (WTO) in 2002 and the WTO Government Procurement Agreement in 2009 led to the further dismantling of non-tariff barriers and a general lowering of the remaining tariffs. These actions further enhanced U.S. opportunities in the Taiwan market.

### Demographics

Taiwan is a rapidly aging society. By 2026, over 20 percent of the population is expected to be over 65. This low birthrate has caused changes in family structure, such as increasing female participation in the workforce, childless couples, and the decline in multigenerational families. Consumption patterns have also changed to reflect these trends with growth in the number of people frequenting restaurants, consuming prepared foods, and eating healthier food in the pursuit of ways to spend their increasing level of disposable income.

### Taiwan Demographics 2013 – 2017

	2013	2014	2015	2016	2017
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Birth Rates /1000	8.53	8.99	9.10	8.86	8.23
Fertility Rate	1.07	1.17	1.18	1.17	1.13
Death Rate /1000	6.68	7.0	6.98	7.33	7.27
Age 0 – 14 years (%)	14.3	14.0	13.6	13.3	13.1
Age 15 – 64 years (%)	74.2	74.0	73.9	73.5	73.0
Age 65+ years (%)	11.5	12.0	12.5	13.2	13.9

Source: Directorate General of Budget, Accounting and Statistics

Advantages	Challenges
U.S. food products enjoy an excellent reputation among consumers.	U.S. food products are not always price competitive in market.
The growing modern retail industry is looking for new imported food products.	Taiwan is the United States 7th largest market for agricultural exports but often overlooked by U.S. suppliers eager to export directly to China.
The majority of consumers become more health conscious and tend to be less concerned about costs when shopping.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements/consumer preferences.
The popularity of American holidays and culture/lifestyle lead to promotional events organized around these themes by restaurants and hotels throughout the year.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to importers/end users.
There is a wide variety of U.S. food products available to consumers.	Consumers maintain a preference for “fresh” food products over “frozen.”
Consumers are brand-conscious, and America is a leader in food brands that set trends.	Competition from agricultural and food exporters from countries with an FTA with Taiwan.
Increasing growth of fast food chains and casual dining restaurants is a key to industry growth.	Numerous food regulations and standards are not in line with U.S. or international standards.

## II. Exporter Business Tips

### Market Entry Strategy

Except for large exporting companies that maintain their representative offices in Taiwan, the appointment of an import agent is a critical decision for most exporters. Importers prefer to see product samples whenever possible and will often place small initial shipments to test the market response.

Imported goods must conform to local standards and labeling regulations. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits.

Small to medium size exporters should work with the appropriate U.S. State Regional Trade Groups (SRTG) to take advantage of the SRTG’s resources for marketing and promotion support in major export markets. The four SRTGs are non-profit trade development organizations that help U.S. food producers, processors and exporters sell their products overseas. They are funded by USDA's Foreign

Agricultural Service (FAS), individual state departments of agriculture, and private industry. The SRTGs provide export assistance to companies located in their geographic region through a variety of export programs and integrated marketing services. To learn more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

- Western U.S. Agricultural Trade Association ([WUSATA](#))
- Southern U.S. Trade Association ([SUSTA](#))
- Food Export-Midwest ([Food Export](#))
- Food Export-Northeast ([Food Export](#))

ATO Taipei strongly recommends U.S. food exporters exhibit in the USA Pavilion at the Taipei International Food Show, which is the most influential trade show in the food industry in Taiwan, taking place in June every year. The USA Pavilion exhibitors will receive on-site consultation services from the ATO Taipei. ATO Taipei also organizes the USA Pavilion at the Taipei Building Show to promote forest products. U.S. companies interested in these shows may contact ATO Taipei for more details.

### 2018 Taiwan Trade Show Schedule

	Show Name	Show Date	Products Featured
1	Taiwan Fruit & Vegetable Show	Nov. 8-10, 2018	Fruit and Vegetables
2	Taiwan Int'l Fisheries & Seafood Show	Nov. 8-10, 2018	Seafood
3	Taipei Int'l Food Show	June 27-30, 2018	Food and beverages
4	Taipei Building Show	Dec. 13~16, 2018	Forest products

### Foods Standards and Regulations

Taiwan's Ministry of Health and Welfare (MOHW) is the central competent authority responsible for the management of food safety. Taiwan's Food and Drug Administration (TFDA) is modeled after the U.S. FDA and is an agency within MOHW. TFDA is responsible for border inspection of food products. TFDA officials are increasingly involved in ensuring food labeling compliance.

Product labeling requirements are strictly enforced in Taiwan and labels must be translated into Mandarin. For more information regarding Taiwan's labeling requirements and food standard, please contact our Agricultural Trade Office or see our latest Food and Agricultural Import Regulations and Standards (FAIRS) report:

- [2018 Food and Agricultural Import Regulations and Standards \(FAIRS\) Report](#)

### Tariffs and Import Controls

Taiwan's tariff schedule, including import duties, can be found at the Directorate General of Customs tariff database:

## [Directorate General of Customs Tariff Database](#)

For trade data, please see the Bureau of Trade's website:

### [Bureau of Foreign Trade \(BOFT\)](#)

The following products are subject to a tariff rate quotas (TRQs) or subject to special safeguards (SSG) import safeguards: Peanuts, oriental pears, garlic, betel nut, chicken, chicken variety meats, milk, certain pork and pork variety meats, Azuki beans, dried mushrooms, pomelos, persimmons, and dried daylily flowers. The trigger volume of each SSG protected product is updated in real time on the Customs Administration website: [Special Safe Guard Database](#) (Chinese only).

### Rice

According to the WTO accession agreement, Taiwan's tariff rate quota (TRQ) for rice is 126 TMT (144,720 MT brown equivalent), which accounts for approximately 10 percent of domestic rice consumption. Taiwan's rice TRQ is divided into two portions: 35 percent or 44 TMT (50,652 MT brown equivalent) is reserved for private sector imports, and 65 percent or 82 TMT (94,068 MT brown equivalent) is set aside for public sector imports.

The U.S. country-specific quota (CSQ) allocation is 56 TMT (64,634 MT brown equivalent). A shift to increasing CSQ purchases of U.S. rice under the Simultaneous-Buy-Sell (SBS) regime has led to opportunities to direct marketing U.S. rice to retail. By contrast, U.S. rice imported under the normal CSQ tender regime is included in public reservoir stocks and is released to the market per COA approval and oversight.

For information regarding import requirements and licensing, contact the following:

Bureau of Foreign Trade  
1 Hu-Kou Street  
Taipei, Taiwan  
Tel: (886-2) 2351-0271  
Fax: (886-2) 2351-7080  
Website: <http://www.trade.gov.tw/English/>

## **III. Market Sector Structure and Trends**

### **Sales and Marketing**

Consumers are becoming more health conscious. In response, grocery operators, hypermarkets, and supermarkets are bringing in more health and wellness products. Health-conscious consumers tend to be less concerned about prices when shopping for products believed to be healthier and more nutritious.

Business to consumer (B2C) online shopping is expanding robustly and forecast to reach US\$23.7 billion in 2017. Group buying, online shopping apps, and several new types of e-commerce shopping business models have enjoyed massive growth in the recent years. B2C business continues to account for the most significant proportion of direct marketing sales. Young people aged 20-39 are the primary customers for online shopping, while senior/retired people are slowly catching up as smartphone ownership among older adults has risen modestly.

For retail, food service and processed food ingredients marketing tips, please locate the latest sectoral reports at [GAIN](#), or refer to the links below.

- [Food Service - Hotel Restaurant Institutional Taipei ATO Taiwan](#)
- [Food Processing Ingredients Taipei ATO Taiwan](#)
- [Retail Foods Taipei ATO Taiwan](#)

### **Organic Foods Sector**

Currently, a dominant trend in Taiwan is the demand for healthier products and healthier lifestyles. Organic foods are becoming popular as consumers crave more natural and environmentally friendlier products. The organic sector in Taiwan is rapidly growing as consumers become increasingly aware of available products.

Due to the lead time of transportation and labeling application processes, the majority of imported organic products are processed foods. According to regulations, Taiwan only allows products that contain over 95 percent of organic ingredients can be labeled "organic."

The Council of Agriculture (COA) oversees Taiwan's organic program, including imports. In 2009, Taiwan's Agriculture and Food Agency added the United States to the list of "recognized countries whose standards are equivalent to Taiwan standards for organic agricultural and livestock products." Requirements for exporting to Taiwan are listed on the USDA Agricultural Marketing Service's website. As part of the agreement, the United States agreed to include the following statement on USDA's TM-11 form for shipments organic processed products and crops: "organic agricultural products and organic processed products, accompanied by this certificate, were produced or processed using zero prohibited substance." Taiwan maintains a de facto zero tolerance for agricultural chemical residues on unapproved compounds for organic products.

Under COA regulations, upon arrival at the port, imported organic products must apply to the Agriculture Food Administration (AFA) for approval to be labeled as organic. This requirement applies to all imported products whether or not they are from a country on the list of "recognized countries whose standards are equivalent to Taiwan."

For more information regarding challenges for organic products regarding labeling and applications, please refer to 2017 the FAS' organic product report:

- [Growing Demand for Organics in Taiwan Stifled by Unique Regulatory B Taipei Taiwan 9-7-2017](#)



Imported agricultural products, both conventional and organic, are subject to approval by the Taiwan Food and Drug Administration (TFDA) and COA’s Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) inspectors. After approval by port authorities, imported organic products can apply to AFA for approval to be labeled and sold as organic. The approval process can take 1-2 weeks if no testing is required or up to a month or more if AFA selects a product for further testing.

### **Fish and Seafood products**

Fish and seafood play a significant role in the diet. Consumers eat an estimated 23.8 kilograms of fish and seafood annually. However, Taiwan is a net seafood exporter. Domestic fishery and seafood production reached US\$2.9 billion in 2017. The top five seafood imports include squid, shrimps, prawns, Atlantic salmon, and Danube salmon. The United States is a significant supplier of Pollock, Rock lobsters, and oysters.

Despite gaining market share, the United States is not a significant supplier of seafood to Taiwan, trailing China and other Southeast Asian countries, which enjoy geographical proximity, and transportation cost advantages.

Imported seafood products continue to be a niche in the local market. For instance, in spite of the limited market share, prospects for high-quality/high-value U.S. fish and seafood exports to Taiwan are promising due to increasing incomes and new dietary trends. Lobster, for example, is a favorite item served at wedding banquets, high-end buffet restaurants and during traditional holiday events.

## **IV. Best Consumer Oriented Product Prospects**

The growth of U.S. food and agricultural exports to Taiwan are mostly high-value consumer-oriented products. While U.S. bulk commodity products exports to are facing more competition from countries with lower costs, U.S. exports of consumer-oriented products, such as meat, poultry, and fresh fruits, enjoyed six percent compound annual growth in recent five years.

<b>Product Category</b>	<b>Imports From U.S. In 2017 (US\$ million)</b>	<b>U.S. Market Share (% of total import market)</b>	<b>Key Constraints over Market Development</b>	<b>Market Attractiveness for the USA</b>

Beef	428	48.24%	U.S. does not have full market access for its beef products to Taiwan due to lingering BSE and ractopamine concerns.	Taiwan consumers have high regards for U.S. beef regarding quality and safety.
Chicken	147	89.85%	Special safeguards (SSG) raise the tariff from 20 percent to about 26.6 percent.	The United States is one of a few countries certified to export poultry meat to Taiwan.
Fresh Fruits	260	35.17%	Taiwan is an important producer of fresh tropical fruits with high quality. U.S. exports are sometimes facing SPS trade barriers.	Taiwan consumers enjoy a great variety of fresh fruits. The United States offers different varieties of fresh fruits which Taiwan does not produce locally. Top U.S. fresh fruit exports to Taiwan are apples, cherries, peaches, and grapes.
Fresh Vegetables	65	33.84%	Local production meets most of the vegetable demand.	The United States continues to be the leading supplier of broccoli, onions, lettuce, and potatoes.
Tree Nuts	97	58.55%	The growth of this sector may slow down due to limited supplies and strong demand competition from the mainland market.	Tree nuts are used for snack foods and as food ingredients and are promoted as healthy food.
Pet Food	48	29.73%	The most significant barrier to entry for U.S. pet food is the ban on pet food containing beef byproducts.	Taiwan pet food imports are expected to grow moderately over the next few years as pet ownership increases.
Cheese	38	25.22%	New Zealand enjoys duty-free access as a result of a free trade agreement signed with Taiwan in 2013.	Consumption of cheese products continues to grow.

Source: Global Trade Atlas

## Section V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan

For Trade Policy/Market Access and General Agricultural Issues:

American Institute In Taiwan, AIT, Taipei	
Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-886-2)2162-2316
Fax:	(011-886-2)2162-2238
Email-FAS:	agtaipei@fas.usda.gov

For Market Development Assistance:

American Institute In Taiwan, ATO, Taipei	
Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-886-2)2705-6536
Fax:	(011-886-2)2754-4031
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