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Taiwan

Food Service - Hotel Restaurant Institutional

Industry Expands Nearly 8 Percent

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Report Highlights:
The Taiwan foodservice industry enjoyed another year of success, expanding 7.7% to U.S. $13.2 billion in 2012. The rise of Taiwan's tourism market continued to play a critical role in the growth of this sector, especially with the continued increase of Chinese tourists. As further confirmation of the sector's success, several food service companies filed for successful initial public offerings during the past year. Post anticipates this trend will continue throughout the remainder of 2013 and eventually level off in early 2014.

Executive Summary:

Although it is a small island (about the size of Maryland and Delaware combined) with a population of only 23 million people, Taiwan has developed into one of the world's largest economic and trading entities. Over the past decade, Taiwan has transformed itself from a light industry-manufacturing base to a global center for the production of high technology products. With a nominal Gross Domestic Product (GDP) of $473.7 billion in 2012, Taiwan is the world's 24th largest economy, as well as the 6th largest economy in Asia. In 2012, Taiwan had an estimated per capita GDP of US$20,378 (US$38,486 when calculated in terms of Purchasing Power Parity). Overall, Taiwan is our 12th largest trading partner and our 16th largest export market (as of July 2013).

Since the Taiwan economy is heavily dependent on exports, a drop in demand from its key export markets such as Europe and the United States has impacted economic growth. With exports posting near zero growth, Taiwan's economy grew by 1.32 percent in 2012, a pace much lower than expected. For 2013, Taiwan's official forecast is for GDP to grow by about 1.74 percent. Inflationary pressures remain moderate, and the official forecast is for consumer prices to increase by 0.84 percent in 2013. Taiwan currently has the sixth-largest foreign exchange reserves in the world, with U.S. $417.82 billion as of September 2013. The New Taiwan dollar (NTD) exchange rate closed at NTD29.136 per USD at 2012 year-end, a slight appreciation from NTD30.29 at 2011 year-end.

Taiwan is the largest investor in mainland China, where Taiwan companies have invested heavily in electronic parts and components, computers and optoelectronics, electrical equipment, metal products, plastics, food processing and other sectors. Official reports place the level of investment at U.S. $131.2 billion as of September 2013, but unofficial estimates speculate the amount may be two to three times higher. Taiwan firms located in China are among China's largest exporters.

On June 29, 2010, Taiwan and China concluded the Economic Cooperation Framework Agreement (ECFA), a pact designed in part to help Taiwan exporters stay competitive with the Association of Southeast Asian Nations (ASEAN) following the signing of the "ASEAN plus 1" trade agreement with China. ECFA is a preferential trade agreement designed to reduce barriers to trade and investment gradually.

Key Economic and Social Indicators			
	2010	**2011**	**2012**
GDP (Billion US$)	430.1	466.5	474
GDP (US$ / per capita)	18,588	20,139	20,378
PPP: US$ (estimated by IMF)	35,595	37,720	38,486
Average Disposable Income (US$ / per Household)	29,283	29,976	31,699
Retail Food & Beverage Expenditure (%, per Household)	15.33	14.89	15.24
Average Annual Exchange Rate (1US$ to NT$)	30.37	30.29	29.136
Consumer Price Index	0.96	1.42	1.93
Unemployment Rate (%)	5.21	4.39	4.24
Economic Growth Rate (%)	10.72	4.19	1.48
Total Agri-Food Imports (billion US$)	12.8	14.8	14.7
Total Agri-Food Exports (billion US$)	4.0	4.7	5.1
Agri-Food Imports as a Share of Total Imports (%)	5.1	5.3	5.4

Source: Taiwan Director-General of Budget, Accounting, and Statistics (DGBAS); Council of Agriculture (COA)

Agricultural Trade

Although Taiwan is an economic powerhouse, domestic agricultural production is somewhat limited. As a result, Taiwan is increasingly reliant on imports of food and other agricultural products. The United States has long been the major supplier of Taiwan's agri-food imports, followed by emerging South American supplier Brazil, Australia, Thailand and New Zealand. In 2012, Taiwan imported nearly US$3.3 billion dollars of food and agricultural products (including edible fishery products) from the United States, accounting for about 29.4% of Taiwan's total agri-food imports. Of the U.S. total, over US$1.4 billion was comprised of bulk commodities, including corn, soybeans and wheat. Other major food imports include meat and poultry products, dairy, fresh fruits, alcohol and beverage.

Taiwan Food Service Sector Overview and Trends

People in Taiwan love to eat out! Eating out is also very much a part of the food culture in Taiwan. That statement was included in the 40th Fiscal Term Interim Business Report of popular fast-food chain MOS Burger, but most Taiwan consumers and foodservice managers and investors would agree.

According to Taiwan's Ministry of Economic Affairs (MOEA), the economic output of Taiwan's food service sector, excluding institutional food service, is estimated at US$13.2 billion in 2012, a 7.7 percent increase from the previous year. The continued prosperity of tourism market has helped drive up food service sector revenue, which is expected to continue to grow over the next decade. This increase can also be attributed to other several factors, including the rise in consumer income, smaller family size, increasing numbers of working women and the development of web marketing.

Foodservice Revenue (US$Million)				
	Total Revenue	**Restaurants**	**Beverage Stores**	**Others**
2010	11,352	9,603	1,248	501
2011	12,286	10,456	1,312	518
2012	13,230	11,274	1,405	551

Source: Taiwan Ministry of Economic Affairs (MOEA)

Employment History of Married Women Aged 15-64		
Unit: %		
Year	Had a job before marriage	Have a job currently
1990	72.24	46.93
2000	82.08	49.73
2003	80.82	50.54
2006	84.36	52.55
2010	83.85	54.47

Source: Taiwan Director-General of Budget, Accounting, and Statistics (DGBAS)

Taiwan consumers enjoy a very diverse food environment. In addition to traditional Chinese food cuisines, Japanese BBQ (Yakiniku), hot pot (shabu shabu), Thai foods, Italian cuisines, western fast foods and several other ethnic varieties are seen all around the country. As food trends change swiftly, however, many of these cuisines do not stay popular for long, and only a few types of cuisines gradually become fully integrated into local food culture.

Street food and snacks are also signature features of Taiwan's food culture. Night markets with hundreds of food options are common island-wide. Food stands in the night markets use a wide variety of food ingredients -- imported and locally produced. For example, French fries produced in the U.S. and Canadian Pacific Northwest are offered side by side with locally produced sweet potato (yam) fries in the deep-fried food stands (yan su ji).

Discounted gift certificate and coupons sold online (such as Groupon and Gomaji) also helped boost restaurant exposure and sales over the past few years. Nearly 80 percent of restaurant operators responded, in an MOEA survey (2012), that the pre-sold coupons helped to grow business. Many small-operation restaurants have become popular overnight due to their products' wide exposure on these websites.

An EOLembrain's consumer survey (2011) showed that around 24 percent of online shoppers purchased food and beverage products online. Online shopping continues to soar and is likely to create more opportunities and sales for the food industry, including hotel and restaurants, as online shopping websites' customer service continues to improve with greater efficiency, which has generated strong customer satisfaction.

Internationalization

It was not until the end of last century that Taiwan’s food service companies began to venture beyond the Taiwan border. Investment liberalization in China was the most crucial factor in encouraging Taiwan's hospitality industry to test the water in China. In recent years, following their success in the China market, several Taiwan food service operations expanded their territories to Northeast and Southeast Asia or even Europe and North America. As market entry restrictions and other challenges decline relative to many high-tech product sectors, the globalization of Taiwan’s foodservice may expand further.

Tourism on the rise

Together with Taiwan’s high-tech sectors, tourism is regarded as one of the star industries by the Taiwan government in terms of creating jobs and earning foreign exchange. The government has spent billions of dollars on the improvement of transportation between major cities and famous tourist spots, as well as other programs to maximize convenience for travelers, making travel within the island easier for both domestic and foreign tourists.

The Government’s tourism policy is the savior of the foodservice sector to counter the population decline. As part of Taiwan government’s National Development Plan, the Ministry of Transportation and Communications (MOTC) launched the “Double Tourist Arrivals Plan” in 2002. The goal was to double the number of international tourist arrivals, which would deliver obvious benefits in creating jobs and earning foreign exchange. Other than the neighboring countries such as South Korea, Japan and China, North America and European countries are also Taiwan's goal to open its tourism market.

According to statistics released by the MOTC, the number of foreign arrivals to Taiwan increased significantly from 2004 to 2012, more than doubling to over 7.3 million, including 4.68 million tourists. In 2012, cross-Strait air passenger traffic also surged by 29.6% to 8.46 million persons year on year, reflecting larger numbers of tourists from China and increasing travel by Taiwan businessmen investing in the mainland. The explosive growth of direct charter flights across the strait generated major profits for Taiwan's airline companies and air-catering businesses, which had seen sluggish sales for several years due to the completion of Taiwan's high speed rail connecting the major cities on the island.

MOTC statistics also show that in 2008 spending by foreign tourists exceeded the total tourism expenditures of domestic tourists. A 2012 Taiwan Tourism Bureau survey indicated that food and beverage expenditure accounted for 13.2% of foreign tourists' (non-business visitors) total expenditures in Taiwan, generating over US$1.5 billion in income for the local food service industry.

Foodservice-Retail Marketing Alliance

With one store per 2,300 people, Taiwan has the highest convenience stores density in the world. Taking this advantage, the foodservice operations started to work with convenience store chains to provide oven-prepared, microwavable meals, bakery products and other processed food products via these retail channels' express delivery services. On the other hand, convenience store chains also welcome this win-win cooperation which generates extra income.

Convenience Store Transformation

Convenience stores in Taiwan have become even more convenient than a few years ago. With the 24-hour operation, when grocery and other retail stores are closed, consumers are able to get all kinds of services they need. Starting approximately three years ago, 7-11 in Taiwan renovated some of its stores to provide seating place for its customers. Consumers in a hurry can simply sit down in the stores to enjoy the microwaved meals and freshly brewed coffee. This transformation has made 7-11 replace McDonald to become the largest foodservice operation in Taiwan. According to 7-11, the company's revenue for "fresh food", including lunch boxes and all kind of microwaveable foods, is estimated to reach nearly US$1 billion in 2013. As of December 2013, 7-11 has 4,886 stores in Taiwan, accounting for over 48 percent of market share. Other convenience store chains also duplicate the same model to stay competitive.

Advantages and Challenges for U.S. Exporters

Advantages	**Challenges**
Taiwan consumers maintain a generally positive perception of and consume many U.S. food and agricultural products.	U.S. exporters face low price competitors in areas such as juice and vegetables.
Consumers are strongly attracted by novelty	High market fragmentation makes it hard for U.S.

and fashion in food products and services.	exporters to achieve scale and scope advantages in terms of volume.
Taiwan is highly dependent on agricultural imports from the United States, particularly grain and oilseed products.	Taiwan is the United State's 7th largest market for agricultural exports, but is often overlooked by U.S. suppliers eager to export directly to mainland China.
Taiwan importers are familiar with and trust U.S. grading systems, e.g. beef grading standards.	U.S. exporters are sometimes reluctant to change product specifications to comply with Taiwan requirements and market demand factors.
Taiwan consumers are brand-conscious and America is a leader in food brands that set trends.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to food service companies.
Taiwan's population is highly educated, well-traveled and extremely aware of global foodservice brands.	Geographically, the U.S. is much farther from Taiwan than many major competitors, and the lack of direct air links by major American airlines reduces the profile of Taiwan to U.S. exporters.
The popularity of American holidays and culture/lifestyle lead to promotional events organized around these themes by Taiwan restaurants and hotels throughout the year.	Taiwan's emerging "green" tendencies have a potential to favor domestic foods by discouraging the consumption of imported foods and reducing the "carbon footprint" associated with imported products.
A wide variety of U.S. chains or American-themed restaurants in Taiwan provide opportunities to sample "authentic" American cuisine and beverages.	Taiwan's birth rate is among the lowest in the world, and population growth is expected to become negative in coming years.
Taiwan enjoys higher purchasing power and a growing tourism sector.	Taiwan consumers maintain a preference for "fresh" food products over "frozen."
Increasing growth of fast food chains and casual dining restaurants is key to sector growth.	Taiwan food labeling scandals and concerns over food safety hinder the growth in foodservice sector.

Section II. ROAD MAP FOR MARKET ENTRY

Due to the limited size of their operations, the majority of Taiwan's HRI companies do not import directly. Rather, they tend to place small but more frequent orders with local suppliers that are able to meet such needs. Consequently, U.S. companies should concentrate on establishing business relationships with reliable and efficient importers and distributors, who in turn, sell to HRI end users.

Price is still the primary concern for most HRI buyers while quality and packaging come into play if the price is agreeable. Very few HRI businesses operate on exclusive contracts with suppliers. As a result, most chain and independent restaurants change suppliers frequently, particularly if there is a price difference.

Small to medium size exporters should work with the appropriate U.S. State Regional Trade Group (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 jointly funded by USDA's Foreign Agricultural Service (FAS), the 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 (previously named MIATCO) (Food Export)
- Food Export-Northeast (Previously named Food Export USA) (Food Export)

Market Structure

The majority of HRI companies in Taiwan purchase most of their food products from importers, distributors, wholesalers, regional wholesale markets, wet markets, and supermarkets/hypermarkets, depending on the type of food item. Imported fresh items such as produce, fish/seafood and beef, are usually purchased and delivered directly from importers or through distributors or wholesalers. Institutional users buy more products from local distributors or import directly. A recent trend is that retail outlets such as Costco are frequented by many small food service/HRI operators to buy items in quantity at the lowest possible cost, thereby avoiding the hassle of trying to source small volumes via traditional import channels.

Food and beverage managers and executive chefs at international hotels are the key persons who decide which items are purchased. The purchasing department procures various food ingredients based on the list that F&B section provides. Hotels, especially those that employ foreign chefs or offer authentic foreign cuisines, and other high-end family style restaurants typically use more imported items from importers or wholesalers/distributors.

Western and local fast food restaurant chains usually have their own distribution centers or they contract with an independent distribution center to purchase, partly process and deliver the daily needs to each outlet island-wide. Fast food chains also maintain their own R&D team or work closely with one or more contracted regional catering service(s) to develop and frequently renew menus to meet consumers' demand.

Medium-level family style chain restaurants generally maintain a centralized purchasing department and a centralized kitchen as well. The centralized kitchen prepares meals and delivers the foods to all outlets of the restaurant chain.

Other smaller-scale drinking and eating establishments purchase the majority of their daily needs from wholesalers, regional wholesale markets or wet markets.

Sub-Sector Profiles:

1. **Hotels and Resorts**

Socializing in hotel restaurants has been a popular practice in Taiwan. As a result, hotel restaurants have become an important dollar earner for Taiwan's international hotels, accounting for 51 percent of total operating income (Source: Taiwan Tourism Bureau 2012 data). In 2012, in terms of F & B income generated by hotel restaurants, the "Grand Formosa Regent Hotel Taipei" topped the list with US$50.6 million, followed by the "Sheraton Taipei" (US$46.3 million), the Ambassador Hotel (US$32.3 million), and the "Grand Hyatt Taipei" (US$29.3 million).

Taiwanese people often entertain their business counterparts, friends and relatives in restaurants, especially on special occasions such as weddings/engagements, birthdays, Mother's Day, "Honorary Banquets in Praise of Teachers" and Lunar year-end parties hosted by company management. Food served at these occasions tends to be either Western-style buffets or Chinese-style food banquets. In addition, holiday celebrations are becoming more and more commercialized, especially western holidays such as Christmas, Thanksgiving, Independence Day (American Week Food Promotions), Oktoberfest and Valentine's Day. Taiwan's hotel restaurants use these occasions to aggressively promote set menus, offering excellent opportunities to promote American foods and beverages. U.S. companies with products used principally in the HRI sector should consider how to take advantage of these promotional opportunities by developing recipes, special menus or merchandise to help draw in the different group.

In addition to the general food service business, hotels in Taiwan have also focused in recent years on specific gift food packages for various festivals, such as moon cake gift packs for the Moon Festival, chocolate gift packs for Valentines' Day and turkey hampers for Thanksgiving. The development of domestic courier services is also credited for the rapid growth of the gift-pack market.

Resorts in Taiwan, classified by areas of focus, fall primarily into the categories of hot spring towns, scenic areas, cultural sites and amusements parks. With the completion of the freeway system connecting metropolitan Taipei and Taiwan's east coast, many real estate developers have built or are building high end resorts in major hot spring towns and scenic spots in this area. As of December 2013, fifteen resorts and spas with over 3,300 rooms were under construction in east coast cities. Most of the resorts manage the food venues themselves and purchase primarily through importers and distributors.

New Resorts Under Construction on the East Coast of Taiwan			
Name	Number of Rooms	Estimated Date of Completion	Estimated Capital (US$Mil)
Spring Park Jiaoshi Villa Resort	84	01/30/2016	37
Shangrila Resort	146	12/31/2016	43
Sheraton Yilan Resort	193	12/31/2015	59
The Report Dancewoods	105	01/31/2015	46
Nature Beauty Cenesis Resort	96	03/05/2015	48

Jiaosi Kilin Hotel	168	03/01/2016	47
Green Garden Hotel and Spa	218	12/31/2016	33
Cosmos Spring Resort - Ruisui	198	12/31/2015	49
Grand Green Island Resort	809	12/30/2016	165
LM Hot Spring Resort	192	12/31/2017	43
Castle Hotel	146	12/31/2015	37
Sen Chih Feng Chihpen Resort	135	N/A	24
Huang family hotel	172	12/01/2014	12
Papago Resort	402	12/31/2017	40
Hua Lien Hotel	260	12/29/2017	36

Source: Taiwan Tourism Bureau

Major 4- & 5-star Hotels, Resorts, and Spas in Taiwan					
Hotel/Resort Name	**Website**	**F & B Sales 2012 (US$Mil)**	**Number of Rooms**	**Location**	**Purchasing Agent(s)**
The Regent Taipei	http://www.grandformosa.com.tw	49.1	538	Taipei	Direct Importers Distributors
Sheraton Taipei Hotel	http://www.sheraton-taipei.com	45.0	688	Taipei	Importers Distributors
Grand Hyatt Taipei	http://taipei.grand.hyatt.com	32.8	401	Taipei	Direct Importers Distributors
The Ambassador Hotel	http://www.ambassadorhotel.com.tw	31.4	422	Taipei	Direct Importers Distributors
Far Eastern Plaza Hotel (Taipei)	http://www.feph.com.tw	25.5	420	Taipei	Importers Distributors
The Westin Taipei	http://www.westin.com.tw	22.6	288	Taipei	Importers Distributors
Le Meridien	http://www.lemeridien-taipei.com/	25.0	160	Taipei	Importers

Taipei Hotel					Distributors
The Grand Hotel	http://www.grand-hotel.org	20.3	489	Taipei	Importers Distributors
Howard Plaza Hotel	http://www.howard-hotels.com.tw	18.1	606	Taipei	Importers Distributors
W Taipei	http://www.wtaipei.com/zh	25	405	Taipei	Importers Distributors
The Sherwood Hotel Taipei	http://www.sherwood.com.tw	11.4	343	Taipei	Direct Importers Distributors
Palais De Chine Hotel Taipei	http://www.palaisdechinehotel.com/zh-tw/	14.6	286	Taipei	Importers Distributors
Hotel Royal Taipei	http://www.royal-taipei.com.tw	7.8	202	Taipei	Importers Distributors
The Landis Taipei Hotel	http://taipei.landishotelsresorts.com/chinese-trad/	7.5	209	Taipei	Importers Distributors
Imperial Hotel Taipei	http://www.imperialhotel.com.tw	5.2	326	Taipei	Importers Distributors
The Fullon Hotel Taipei	http://www.fullon-hotels.com.tw	5.4	120	Taipei	Importers Distributors
Radium-Kagaya	http://www.kagaya.com.tw	4.1	91	Taipei	Importers Distributors
Fullon Hotel Danshuei Fishermen's Wharf	http://fishermen-wharf.fullon-hotels.com.tw/	7.1	198	Taipei	Importers Distributors
Hotel Landis China Yangmingshan	http://yangmingshan.landishotelsresorts.com	0.9	47	Taipei	Importers Distributors
The Ambassador Hotel	http://www.ambassadorhotel.com.tw	11.3	257	Hsinchu	Importers Distributors

Hsinchu					
Sheraton Hsinchu Hotel	http://www.sheraton-hsinchu.com/	12.7	386	Hsinchu	Importers Distributors
Hotel Royal Hsinchu	http://www.royal-hsinchu.com.tw	4.2	208	Hsinchu	Importers Distributors
Evergreen Laurel Hotel (Taichung)	http://www.evergreen-hotels.com	9.7	354	Taichung	Direct Importers Distributors
The Splendor Hotel	http://www.splendor-taichung.com.tw	8.6	222	Taichung	Importers Distributors
Howard Prince Hotel Taichung	http://www.howard-hotels.com.tw	5.6	155	Taichung	Importers Distributors
Windsor Hotel	http://www.windsortaiwan.com	9.3	149	Taichung	Importers Distributors
Tayih Landis Tainan	http://www.tayihlandis.com.tw	10	315	Tainan	Importers Distributors
Shangri-La's Far Eastern Plaza Hotel, Tainan	http://www.shangri-la.com.tw	9.8	333	Tainan	Importers Distributors
Grand Hi-Lai Hotel	http://www.grand-hilai.com.tw	25.2	540	Kaohsiung	Importers Distributors
85 Sky Tower Hotel	http://www.85sky-tower.com/index_tw.php?language=_tw	14.2	585	Kaohsiung	Importers Distributors
The Ambassador Hotel Kaohsiung	http://www.ambassadorhotel.com.tw	12.2	453	Kaohsiung	Direct Importers Distributors
Grand Hotel Kaohsiung	http://www.grand-hotel.org	4.4	107	Kaohsiung	Importers Distributors
Howard Plaza Hotel Kaohsiung	http://www.howard-hotels.com.tw	5.9	283	Kaohsiung	Importers Distributors
Crowne Plaza	http://www.cp-edaworld.com	12	656	Kaohsiung	Importers Distributo

Kaohsiung E-DA World					rs
Fullon Hotel Kaohsiung	http://www.fullon-hotels.com.tw	1.2	250	Kaohsiu ng	Importers Distributo rs
Hotel Royal Chiao-Hsi	http://www.hrjhotel.com.tw/	7.7	193	Yi-Lan	Importers Distributo rs
Silks Place Yilan	http://www.silksplace-yilan.com.tw	7.5	193	Yi-lan	Direct Importers Distributo rs
Evergreen Resort Hotel (Jiaosi)	http://www.evergreen-hotels.com/branch/jiaosi	6.4	231	Yi-lan	Direct Importers Distributo rs
Novotel Taipei Taoyuan International Airport	http://www.novoteltaipeiairport.com	5.0	360	Taoyuan	Direct Importers Distributo rs
The Lalu Sun Moon Lake	http://www.thelalu.com.tw	3.7	96	Nanto	Importers Distributo rs
Fleur De Chine Hotel	http://www.fleurdechinehotel.com	7.8	211	Nanto	Importers Distributo rs
Caesar Park Hotel Kenting	http://www.caesarpark.com.tw	5.3	254	Pingtung	Importers Distributo rs
Howard Beach Resort Kenting	http://kenting.howard-hotels.com.tw	4.5	418	Pingtung	Importers Distributo rs
Formosan Naruwan Hotel & Resort Taitung	http://www.naruwan-hotel.com.tw	3.3	276	Taitung	Importers Distributo rs
Hotel Royal Chihpen Spa	http://www.hotel-royal-chihpen.com.tw	2.8	182	Taitung	Importers Distributo rs
Farglory Hotel,	http://www.farglory-hotel.com.tw	5.3	381	Hualian	Importers Distributo

Hualien					rs
Parkview Hotel	http://www.parkview-hotel.com	5.1	343	Hualian	Importers Distributors
Hualian Chateau de Chine Hotel	http://www.chinatrust-hotel.com	4.0	208	Hualian	Importers Distributors
Silks Place Hotel, Taroko	http://www.silksplace-taroko.com.tw	2.5	160	Hualian	Importers Distributors

Source: ATO Survey; Taiwan Tourism Bureau, Ministry of Transportation & Communications

2. Restaurants

The restaurant sub-sector dominates the local food service market in Taiwan with 83.8% of the market (2012). Based on Taiwan Ministry of Finance data, the total revenue for the restaurant sub-sector was estimated at nearly US$11.8 billion in 2012, while beverage stores generated US$1.1 billion revenue for a 9.5% market share, and snack and street vendors sector gained US$0.33 billion with a 2.8% share.

		Number of Outlets	**Total Revenue (US$ Billion)**
2012	Total	109,816	11.76
	Restaurants	82,201	9.86
	Beverage Stores	14,985	1.12
	Snacks and Food Vendors	10,802	0.33
	Others	1,828	0.45

Family Style/Casual Dining Restaurants

The majority of restaurants in Taiwan are casual dining places. As most of the restaurants in this category are small businesses, they purchase materials mainly from wholesalers and wet market. Only larger chains/franchises tend to buy products from importers or import directly.

Breakfast shops

There are over 12,000 breakfast shops in Taiwan. Most of them provide western foods such as hamburger, sandwich, milk tea and coffee. These breakfast chains and franchises are more like miniatures of western fast food restaurants, but they sell foods at lower prices and with more variety. As they provide fast service and cheaper foods, they are the first choice for the majority of consumers buying breakfast on a limited budget. In recent years, the breakfast shops have faced strong competition from Taiwan's over 10,000 24-hour conveniences stores, most of which feature healthier and fresher food selections.

Western-style Fast Food

McDonald's, which opened its first outlet in 1984, remains the largest fast food chain in Taiwan with 388 stores (as of September 2012) island-wide. Competition among fast-food restaurants is becoming more intense since Japan-based MOS Burger started its more aggressive expansion in foreign markets. Among MOS burger's 265 outlets outside of Japan, as of September 2011, 202 outlets were in Taiwan. MOS Burger's Taiwan franchisee, An Shin Food Services Inc., announced that the company's goal is to open as many as 250 outlets in Taiwan by the end of 2013 and 350 outlets within the next 3-5 years. Facing growing competition, McDonald's also announced plans to increase the franchising ratio to 30 percent as it increases the number of outlets to 500, while Kentucky Fried Chicken aims to open 30-50 new restaurants by 2014.

New products, such as coffee latte, bagels and rice burgers, were introduced into the Taiwan market, leading to even greater diversity in consumer choices and expectations. In addition, promotions offered by fast food establishments, including price-off, giveaways, and volume discounts, are increasingly common.

Chinese-style Fast Food

As the entry barrier for Chinese-style fast food chains and franchisers is low, they have sprung up all over Taiwan in the past decade. They have gained popularity with all ages of consumers, specializing in dumplings, meat ball and sour-spicy soups, beef noodles and Chinese stews. Greater competition among these fast food chains, combined with new competition from convenience store that are expanding into prepared meal service, have led to increased pressure on margins in this segment.

Low labor costs and the fact that many chains have the ability to provide standardized products, have made the outlet numbers of these chains grow faster than Western fast food restaurants in recent years, which was contrary to industry experts' expectations. Though the expansion of Chinese-style fast food restaurants has slowed, they are still the major competitors for Western-style fast food chains.

Department Store Food Courts & Restaurants

Typically, major department stores in Taiwan have several sit-down restaurants, as well as a full or at least part of a floor devoted to a food court. Revenues from restaurants and food courts represent around 30% of the total department store revenue. Shin Kong Mitsukoshi, Far Eastern Department Store, and Sogo Department Store (also managed by Far Eastern) are the major players.

Coffee Shop Chains

Coffee consumption in Taiwan has seen rapid growth in recent years. The market size is currently estimated at over US$1 billion. Coffee import volume, including raw and roasted coffee, tripled in the past decade, increasing from 6,844 metric tons (MT) in 2001 to 18,448 MT in 2012.

Current annual per capita coffee consumption in Taiwan is 110-125 cups according to industry estimates. The market is still relatively underdeveloped compared to consumption in western countries (300-400 cups) or even in the neighboring countries such as Japan and Korea (150-200 cups), so there is room for further expansion.

Competition in the Taiwan coffee market segment intensified after chain convenience stores entered the game by offering freshly-brewed coffee. Younger generations, especially white-collar workers, are the major consumers of freshly brewed coffee. Drinking coffee in a coffee shop symbolizes fashion, taste, and a stylish lifestyle, and it has become a social stimulant for conversation, logging onto a social web, or business meetings. Hence, more and more younger people are seen drinking coffee in a variety of circumstances.

Most coffee shops also provide sandwiches, salads, cakes and pastries prepared by catering companies or other food processors. Some domestic and Japanese style coffee shops also offer freshly made sandwiches and hot meals, which are shipped frozen from their food processors for reheating at the outlets. Many coffee chains import coffee beans directly but purchase other food materials from importers, wholesalers, and distributors. The significant growth of the coffee shope segment in recent years in Taiwan has created a niche market for imported candy/chocolate and cookie products. Many coffee shops, such as Starbucks, Dante, 85°C Coffee, Is Coffee and Barista, not only sell coffee and light meals, but also sell candy/chocolate/cookie products with small and attractive packaging.

Latte (espresso with steamed milk) and Americano (adding water to espresso) are the most popular orders in coffee shops. The growing demand for cafe latte has also stimulated demand for milk (fresh or powdered).

Starting its first store in 2009, Cama Café, a coffee chain featuring freshly roasted beans, created a new trend in Taiwan's coffee industry. With average store size of 260 square feet, only one-fifth of Starbucks, the coffee chain successfully overtook almost all coffee chains in terms of profit per unit.

Taiwan Import Statistics									
Commodity: 0901, Coffee, Whether Or Not Roasted Or Decaffeinated; Coffee Husks And Skins; Coffee Substitutes Containing Coffee									
Calendar Year: 2007 - 2011, Year To Date: 12/2011 & 12/2012									
Quantity									
Partner Country	**Unit**	**Calendar Year**					**Year To Date**		
		2007	**2008**	**2009**	**2010**	**2011**	**12/2011**	**12/2012**	**%Change**
World	T	13,872	11,600	13,395	17,887	17,685	17,685	18,448	4
Indonesia	T	5,285	2,803	5,189	5,694	5,092	5,092	4,339	-15
Brazil	T	2,319	1,720	2,183	3,265	3,654	3,654	3,783	4
Vietnam	T	1,580	1,186	1,076	1,760	1,644	1,644	2,094	27
Guatemala	T	1,412	1,646	690	1,918	1,638	1,638	1,606	-2
United States	T	687	824	875	1,024	1,265	1,265	1,292	2
Colombia	T	525	683	641	739	1,020	1,020	942	-8
Ethiopia	T	301	536	315	529	661	661	594	-10

India	T	244	260	100	186	441	441	406	-8
Honduras	T	309	375	497	532	363	363	585	61
Italy	T	305	369	279	291	338	338	413	22

Source: Global Trade Atlas

Soft Drink Bars

Soft drink bars are seen on every corner of Taiwan's streets. This type of soft drink shop developed rapidly after "bubble tea" gained popularity in the 1980s. "Pearl Milk Tea", which contains small chewy balls made of tapioca starch, is the signature drink and the most popular order in many of the soft drink bars.

In addition to Pearl Milk Tea, there are many other variants of soft drinks. Most of them are tea-or fruit-based ice-blended and smoothie versions. Syrups, pulp, black and green tea, instant coffee, concentrated fruit juice, creamer, and milk, which are purchased mostly from importers and distributors, are the basic materials used in these shops.

Most of the bars only provide to-go service, and the shops might be as small as 100 square feet. Soft drink stands are often seen in the night markets or near schools.

Major Restaurant Company Profiles

a. Restaurants

Company Name	Sales ($Mil) / 2012	Outlet Name, type, Number of Outlet (Taiwan only)	Location	Purchasing Agents
Noble Family Co., Ltd	NA	Noble Family Steakhouse, (steakhouse) (120)	National	Direct Importers
Bullfight Group Taiwan Inc.	NA	Bullfight (steakhouse, family style) (33)	National	Direct Importers
WowPrime Corp.	410 (public data)	Wang Steak (steakhouse) (14)	National	Direct Importers
		Tasty (family style) (37)	National	Direct Importers
		Tokiya (family style) (31)	National	Direct Importers
		Yuanshao (Japanese BBQ) (20)	National	Direct Importers
		Giguo (Hot Pot) (28)	National	Direct Importers
		Ikki (Japanese family style) (11)	National	Direct Importers
		Chamonix (Teppenyaki)	National	Direct

		(13)		Importers
		Pintian Farm (family style) (22)	National	Direct Importers
		12 Sabu (hot pot) (30)	National	Direct Importers
		Su Food (organic/healthy food) (13)	National	Direct Importers
		Famonn Coffee (coffee shop) (7)	National	Importers Distributors
Skylark Co.	NA	Skylark (family style) (13)	North/Central	Importers Distributors
		Grazie (Italian) (18)		Importers Distributors
Shin Yeh Co., Ltd.	NA	Shin Yeh (Taiwanese / family style) (13)	Taipei	Importers Distributors
Ding Tai Fung	NA	Ding Tai Feng (Chinese) (7)	North/Central	Importers Distributors
T.G.I. Friday's	NA	T.G.I. Friday's (American style) (17)	National	Director Importers Distributors
Hasmore Ltd. Co.	NA	Swensen's (American style) (6)	National	Director Importers Distributors
		Ruth's Chris (steakhouse) (3)	National	
		Macaroni Grill (American style) (1)	Taipei	
		Chili's (American style) (4)	National	
		Trader Vic's (western/Asian) (1)	Taipei	
		Pâtisserie Sadaharu Aoki Paris (bakery/cafe) (2)	Taipei	
Royal Host	NA	Royal Host (western/family style) (14)	National	Importers Distributors
McDonald's Restaurants (Taiwan) Co., Ltd.	NA	McDonald's (fast food) (361)	National	Direct Importers Distributors
Great Wall Enterprise Co., Ltd.	NA	Burger King (fast food) (41)	National	Direct Importers Distributors
		Saboten Japanese Restaurant (Japanese family style) (16)	National	Direct Importers Distributors
Jardin Food Services (Taiwan) Co., Ltd.	NA	Kentucy Fried Chicken (fast food) (129)	National	Direct Importers Distributors

	NA	Pizza Hut (Pizza) (162)	National	Direct Importers Distributors
An-Shin Food Service Co., Ltd.	143 (public data)	MOS Burger (fast food) (219)	National	Direct Importers Distributors
Eight Way Food Co., Ltd.	NA	8 Way Dumplings (Chinese/fast food) (450)	National	Importers Distributors
Long Mao Co., Ltd.	NA	Oversea Dragon (Chinese /fast food) (190)	National	Importers Distributors
Mercuries & Associates, Ltd.	NA	Mercuries Food Chain (Chinese/fast food) (151)	National	Direct Importers Distributors
		Napoli Pizza (fast food/pizza) (89)	National	Direct Importers Distributors
Pizzavest Co., Ltd. (Regent Group)	NA	Dominos Pizza (pizza) (140)	National	Direct Importers Distributors
Sushi Express CO., Ltd.	NA	Sushi Express (Japanese/Sushi) (150)	National	Importers Distributors
	NA	Sushi Take-out (Japanese /Sushi) (25)	North	Importers Distributors
	NA	Dingshi 8 (family style) (24)	North	Importers Distributors
	NA	Sushi Express Hot Pot (family style/hot pot) (7)	North/Central	Importers Distributors
Yoshinoya	NA	Yoshinoya (Japanese beef rice/fast food) (53)	National	Direct Importers Distributors
Wang Zhang Fa Industry Ltd.	NA	Gaibom (Chinese) (112)	National	Direct Importers Distributors
Ji-Shang Industry Co., Ltd.	NA	Wu Tao (Chinese) (232)	National	Importers Distributors
HuMax Taiwan Co, Ltd.	NA	Mo Mo Paradise (Japanese)(10)	National	Direct Importers Distributors
		Bellini Pasta Pasta (5)	North	Importers Distributors
		Bellini Caffe (Italian) (1)	North	Importers Distributors
Hwa Da Industry Co., Ltd.	NA	YaYan Yakiniku Restaurant (Japanese) (39)	National	Direct Importers Distributors

Top of Form Tonkatsu Co., Ltd.	NA	Tonkatsu (Japanese) (32)	National	Importers Distributors
Cashcity Foodservice Co., Ltd.	NA	Cashcity Shabu Shabu (Japanese) (138)	National	Direct Importers Distributors
Shuh Sen Co., Ltd.	NA	My Home Steak (Steakhouse) (59)	National	Direct Importers Distributors
TTFB Company Limited	64 (public data)	Thai Town Cuisine (Thai Food) (25)	National	Direct Importers Distributors
		Very Thai (Thai Food) (5)	North/South	Direct Importers Distributors
		1010 Shang (Chinese) (6)	National	Direct Importers Distributors
Subway Taiwan Development	NA	Subway (Western) (135)	National	Direct Importers Distributors

Source: ATO Survey

b. Breakfast shop chains and franchises

Company Name	Sales ($Mil)/ 2012	Outlet Name, type, Number of Outlet (Taiwan only)	Location	Purchasing Agents
Hong Ya International Enterprise Co. Ltd.	NA	Hong Ya Burger (800)	National	Direct Importers Distributors
Sun Spark Group	NA	Laya Burger (604)	National	Direct Importers Distributors
Super-Mill Group Co. Ltd	NA	My Warm Day (1509)	National	Direct Importers Distributors
Ju-Lin Food Enterprise Co., Ltd.	NA	Ju-Lin Mei-Er-Mei (999)	National	Direct Importers Distributors
Good Morning Beauty Castle Enterprise Co., Ltd.	NA	Good Morning Beauty Castle (1,000)	National	Direct Importers Distributors
Chiao Pei International Co., Ltd.	NA	Eastern Beauty (950)	National	Direct Importers

				Distributors
Mei & Mei Foodservice Chain Group	NA	Mei & Mei (2,915)	National	Direct Importers Distributors

Source: ATO Survey

c. Coffee, Beverage & Dessert (non-bakery) Shops

Company Name	Sales ($Mil) / 2012	Outlet Name, type, Number of Outlet (Taiwan only)	Location	Purchasing Agents
Gourmet Master Co., Ltd.	450 (public data)	85°C (coffee) (337)	National	Direct Importers Distributors
Uni-President Starbucks Coffee Company	NA	Starbucks (coffee) (260)	National	Direct Importers Distributors
Dante Coffee and Foods Co., Ltd.	NA	Dante (coffee) (127)	National	Direct Importers Distributors
ECoffee Co., Ltd.	NA	ecoffee (coffee) (119)	National	Direct Importers Distributors
Mr. Brown Coffee Shop	NA	Mr. Brown Coffee (coffee) (59)	North	Direct Importers Distributors
Ding-hao Acme Co., Ltd.	NA	IS (coffee) (21)	North/Central	Direct Importers Distributors
Kohikan Corporate	NA	Kohikan (coffee) (17)	North/Central	Direct Importers Distributors
Barista	NA	Barista Coffee (coffee) (28)	National	Direct Importers Distributors
Ikari Coffee Co., Ltd.	NA	Ikari (coffee) (71)	North/Central/East	Direct Importers Distributors
Rose Republic International Co., Ltd.	NA	Rose House (tea and coffee) (24)	National	Direct Importers Distributors
TenRen Group (Ten Ren Co., Ltd.)	NA	Cha For Tea (Tea) (76- -Tea Restaurant:11; Tea Bar: 65)	National	Direct Importers Distributors
Tea Professional Intl	NA	Tea Professional (Tea	National	Direct

Chian Group		Bar) (176)		Importers Distributors
Chuan Yi Tung Business Co. Ltd.	NA	Ching Shin Fu Chuan (Tea Bar) (1,070)	National	Direct Importers Distributors
Chatime Co., LTD.	NA	ChaTime (Tea Bar) (550)	National	Direct Importers Distributors
COMEBUY Intermational Co.,Ltd	NA	COMEBUY (Tea Bar) (95)	National	Direct Importers Distributors
Lien Fa International Foodservice Enterprise Co., Ltd.	NA	Sharetea (Tea Bar) (189)	National	Direct Importers Distributors
Ding Tea Co., Ltd.	NA	Ding Tea (Tea Bar) (118)	National	Direct Importers Distributors
Presotea Co., Ltd.	NA	Presotea (Tea Bar) (149)	National	Direct Importers Distributors

Source: ATO Survey; company websites; Taiwan Chain and Franchise Annual Report

3. Institutional

With air traffic between Taiwan and mainland China increasing significantly, the air catering sector's future is promising. School and military catering is stable but might face more challenges in the future due to decreasing student numbers resulting from low birth rates and Taiwan's policy of drawing down its military force. On the other hands, healthcare foodservice are powering the growth of the hospital restaurants and cafeterias business by offering more varieties and more individualized, nutritious and healthier meals.

Air Catering

Currently, Evergreen Sky Catering Corporation, China Pacific Catering Service, and the TransAsia Airway Corporation dominate the local air catering market. Given strong competition within this sector, these companies are aggressively expanding their catering business to include local convenience stores, restaurants, coffee shops, schools, and hospitals. These airline flight kitchens purchase food ingredients from local importers, manufacturers and wholesalers, but these companies also import directly. The industry is widely expected to record continued growth over the next few years.

Schools

As of December 2012, there are 6,611 pre-school/kindergarten, 2,657 elementary and 740 junior high schools, both public and private, in Taiwan. According to the Ministry of Education, all kindergartens, elementary and junior high schools in Taiwan operate lunch meal programs. Over 90 percent of students eat meals provided by school kitchens or school lunch program contractors, which means that nearly 2.68 million students in Taiwan eat at school. The budget for a meal is about NT$45 (approximately US$1.5) per child. In terms of animal proteins, due mainly to cost concerns, beef is not used as much as pork and chicken. Leafy vegetables and fresh fruits are preferred. Given the small budget allocated for school meals, the use of U.S. products in this sector is limited, including frozen chicken and pork, fresh fruits and root vegetables.

Food and food ingredients suppliers of the public school lunch programs are requested to provide locally produced food products with Chinese Agricultural Standards (CAS) certifications to support local productions.

Hospitals

As of 2012, there were 503 hospitals (including branches) registered in Taiwan with over one hundred thousand beds. Major hospitals are located in big cities in the west coast like Taipei, Kaohsiung, and Taichung. Most of the major hospitals have restaurants for visitors and separate restaurants or cafeterias for employees and patients. Restaurants for visitors are normally operated by contractors, while meals for employees and patients are typically planned by dietitians and prepared by hospital kitchens. Some small-scale hospitals outsource their food service business to catering companies. Since most hospitals run on a tight budget for food, U.S.-sourced food products are rarely specified. However, some niche opportunities exist, with pureed foods for dietary needs of the elderly, frozen items like sheet cakes for labor saving dessert items, and fresh low-cost fruits for patients.

Military

Taiwan has had mandatory military service for all males since 1949. Currently, the total number of soldiers in Taiwan is around 275,000 with males between the ages of 20-35 subject to 12-month mandatory military service. The Ministry of Defense plans to decrease the number of soldier to 215,500 by 2013. The number of soldiers will continue to decline after 2014 when Taiwan starts to recruit for an all-volunteer professional force.

Each military base or unit manages most of its food purchases on a daily basis and buys fresh products from wholesalers or wet markets. They are usually required to support locally produced products except when local products are in short supply. Larger military bases started to outsource their food service business to catering companies in 2013 and maintain very little personnel to prepare food for special occasions.

Section III. COMPETITION

In 2012, Taiwan imported nearly US$11.10 billion of food and agricultural products (not including seafood) from many different sources, of which US$3.27 billion (29.4%) was imported from the United States. The United States was the number one agricultural supplier to Taiwan, followed by Brazil, Australia and Thailand. Brazil is the United State's largest competitor in terms of soybean and corn. Australia is the largest supplier of beef in terms of volume up to date while the U.S. supplies more beef dollar-wise. Thailand was Taiwan's largest supplier for starches and sugar/sucrose products. New Zealand ranked as the top supplier of dairy products, mutton and kiwi.

While maintaining its position as a substantial supplier of bulk commodities such as soybeans (49.21%) and wheat (74%), the United States supplied 88% of poultry products, 94% of almonds and 94% of walnuts in 2012.

The United States is also the top supplier of imported vegetable and fresh fruits: apples (46% or US$164.5 million), cherries (60% or US$88 million), peaches (78% or US$41million) and fresh and dried grapes (59% or US$38million).

Taiwan Agricultural Products Import Statistics

Product Category	Total Import Value 2012 (US $Mil)	Major Supply Sources and Market Share	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Total Food and Agricultural Imports	11,108.4	**1. USA – 29.4.0%** 2. Brazil - 14.55% 3. Australia - 7.42% 4. Thailand – 5.76% 5. N. Zealand -4.91% 6. China – 4.51% 7. Japan - 3.32% 8. Malaysia - 3.0% 9. Indonesia - 2.72% 10. Vietnam - 2.53%	South American countries have become major suppliers of bulk commodities, wine, dairy products, and fresh fruits.	Taiwan's food self-sufficiency rate is low at 31.7% (2010, COA data) and relies heavily on imports to meet domestic demand.
Total Fish and Seafood Products Imports	768.1	1. China – 14.71% 2. Norway – 11.58% 3. Vietnam - 8.70%	Chinese companies mainly supply shrimp, cuttlefish, and mollusk while Norway is the major supplier of salmon and trout. U.S. is a	Taiwan produces more seafood products than it needs and only imports those not available in the region.

		4. Thailand - 6.66% **10. USA – 3.29%**	major supplier of fresh and chilled/frozen lobsters.	
Bulk Commodity				
Corn	1,415.6	1. Brazil - 50.17% **2. USA - 24.71%** 3. S. Africa - 5.0% 4. Argentina - 3.7% 5. India - 2.6%	Brazil surpassed the USA to become the leading supplier of corn in 2012.	Taiwan relies heavily on corn imports.
Soybean	1,459.2	**1.** Brazil – 49.51% **2. USA - 49.21%**	Both USA and Brazil are the leading soybean suppliers, but Brazil has been more aggressive in recent years.	Taiwan relies heavily on soybean imports to meet both feed and food needs.
Wheat	498.3	**1. USA – 73.47%** 2. Australia - 21.16%	USA is the leading supplier of wheat, followed by Australia.	Taiwan has no significant wheat production.
Meat & Poultry				
Beef and beef offal	504.1	1. Australia - 46.29% **2. USA – 24.30%** 3. N. Zealand – 22.81%	Australia dominates market for cheaper beef cuts while the USA is traditionally the largest chilled beef supplier.	Taiwan's beef production only accounts for 5% of total beef consumed on the island.
Pork and pork offal	96.2	1. Canada - 35.57% **2. USA - 32.40%** 3. Natherlands – 16.52% 4. Denmark- 9.53% 5. Hungary - 5.23%	Imports have occurred only in response to occasional short supplies and high local pork prices. U.S. exports slumped due to the feed additive - ractopamine disputes.	Local pork dominates the market.
Poultry	192.4	**1. USA - 87.86%** 2. Canada - 11.88%	Taiwan consumer's preference for dark meat provides opportunities for western countries.	Local chicken dominates the market.

			USA products are generally price competitive.	
Fish & Seafood				
Fish Meat, Frozen	66.0	1. India – 51.66% 2. Vietnam – 18.84% 3. China – 11.04% **4. USA – 6.61**	Taiwan imports frozen fish fillets (esp. cod and pollack) and surimi for further processing.	Taiwan produces more seafood products than it needs and only imports those not available in the region.
Rock Lobster and Other Sea Crawfish, Live/Fresh	10.8	1. Indonesia – 58.3% 2. Philippines – 12.91% **3. USA – 8.98%**	Indonesia is the key suppliers of live/fresh lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Rock Lobster, Frozen	9.6	1. Cuba – 51.88 2. Australia - 15.89% **2. USA – 11.47%**	Canada is the key suppliers of frozen lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Dairy Products				
Cheese	108.7	**1. USA – 28.71** 2. N. Zealand - 22.77% 3. Australia – 17.67% 4. Argentina - 12.08%	The USA is becoming more competitive in cheese supply to Taiwan and became the largest supplier in 2012.	Local production is limited.
Whey	15	**1. USA - 39.43%** 2. France - 25.43% 3. Poland - 7.55%	USA is the leading supplier of whey products.	Local production is limited.
Butter	51.3	1. N. Zealand – 56.91% 2. Australia – 13.64% 3. France - 10.61% 4. Argentina	New Zealand leads with butter and several other dairy products. France supplies high-end products.	Local production is limited.

		– 6.15% 5. Netherlands – 4.00% **6. USA – 2.31%**		
Fresh Fruits				
Apples, Fresh	164.5	**1. USA - 45.94%** 2. Chile - 27.27% 3. Japan - 14.78% 4. N Zealand - 8.39%	USA leads with several fresh fruits that have limited local production, including apples. Chilean and New Zealand apples gain seasonal advantage.	Taiwan is a significant producer of fresh tropical fruits, and local fruit production is very high quality. Taiwan only imports fruits typically not produced locally.
Cherries, Fresh	88	**1. USA - 60.03%** 2. Chile - 19.77% 3. N. Zealand - 8.72%	USA provides high quality products. Southern hemisphere countries gain seasonal advantages.	There is no local production.
Peaches, Fresh	40.9	**1. USA- 77.73%** 2. Chile - 17.93%	USA products are in good quality and price competitive.	Local products meet about half of local demand.
Table Grape, Fresh	38.0	**1. USA - 59.13%** 2. Chile - 18.73% 3. South Africa - 7.82%	USA supply good quality fresh table grape. Chile and South Africa supply price competitive products.	Local farmers produce different grape varieties - typically sweeter.
Plum, Fresh	10.6	**1. USA - 80.85%** 2. Chile - 19.15%	USA is the leading supplier of plums.	Local products are different varieties.
Oranges, Fresh	10.2	**1. USA - 58.07%** 2. South Africa – 32.73% 3. Australia - 9.07%	USA is the dominant supplier of imported fresh oranges while South African became more competitive in 2012.	Local products are different varieties.
Fresh Vegetable				
Broccoli and cauliflower,	12.5	**1. USA - 98.03%**	USA is the major supplier of imported	Local products dominate the market.

fresh		2. Vietnam - 1.83%	broccoli and cauliflowers.	
Onions and shallots, fresh	21	**1. USA - 67.88%** 2. Vietnam - 11.59% 3. New Zealand – 11.23%	USA is the major supplier of imported onions.	Local production fulfills around 60% of local demand.
Lettuce, fresh	5	**1. USA - 98.39%**	USA supplies good quality products with competitive prices.	Local products are different varieties and generally of lower quality.
Potatoes, fresh	7.83	**1. USA - 96.53%** 2. Australia - 3.47%	USA is the major supplier of imported potato products, providing good quality products with competitive pricing.	Local products dominate the market and are different varieties.
Alcohol and Other Beverages				
Wine	117	1. France - 57.03% **2. USA - 8.38%** 3. Chile - 7.49% 4. Australia - 7.04% 5. Italy - 6.05% 6. Spain - 5.98% 7 Argentina - 2.59%	France dominates the market, but new world countries are gaining traction due to competitive pricing. U.S. is the fifth largest supplier by volume.	Local companies are not able to produce good quality wine.
Beer	158	1. Netherlands - 63.35% 2. China - 14.74% **3. USA - 5.76%** 4. Japan - 5.44%	The Netherlands and China are aggressive suppliers with many promotions in restaurants and bars.	Local beer brands are most popular.
Other products				
Coffee, roasted, not	31.29	**1. USA - 53.72%**	USA supplies over half of roasted coffee while	There is little local production available.

decaf		2. Italy - 13.52% 3. Malaysia - 11.34%	Indonesia, Brazil and other tropical countries supply most of the non-roasted coffee beans.	
Mixes and Dough	18.44	**1. USA - 51.64%** 2. Japan - 13.20%	USA dominates the mixes and dough market.	Taiwan imports most of its bakery ingredients.
Sauces and Preps	75	1. Japan - 55.33% **2. USA - 12.56%** 3. China - 8.04% 4. Hong Kong - 6.56%	Taiwan consumers tend to prefer the flavors of Japanese sauces and condiments.	Local products dominate the market.
Almonds, shelled	33.58	**1. USA - 94.13%** 2. China - 5.86%	USA is the dominant supplier of tree nuts.	There is no local production available.
Walnuts, shelled	25.21	**1. USA - 83.76%** 2. China - 9.21%	USA is the dominant supplier of tree nuts.	There is no local production on a commercial level.

Source: ATO survey; Council of Agriculture; Global Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS

Category A: Products Present in the Market That Have Good Sales Potential

Product Category	2012 Import Market size	2012 Imports (US$Mil)	5-Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Beef and beef variety meat	87,367 MT	$504	2.6%	Beef: NT$10 per kilogram Beef variety meat: 15%	The U.S. regained as the largest beef supplier in terms of value in 2013 after the Taiwan authority developed the import regulations for beef contains ractopamine.	The U.S. beef industry is able to supply large volumes of “Asian cuts” at prices competitive with New Zealand and Australia. The quality of

					Primary competitors are New Zealand and Australia with perceived acceptable quality at lower price.	U.S. chilled beef has been recognized by Taiwan consumers.
Cheese	23,066 (MT)	$109	8.5%	5%	New Zealand (29%) and Australia (21%) dominate the market. Home cooking applications are not yet popular.	U.S. market share is increasing, reflecting growing acceptance of U.S. cheese.
Fish and Seafood Products	278,064 (MT)	$768	8.36%	NT$5.36 to NT$225 per kg; or 9% to 50%	With a bias in favor of fresh fish and Southeast Asia- variety crustaceans, U.S. exporters will need to work hard to gain market share.	Most U.S. seafood products are consumed in restaurants rather than purchased in supermarkets or traditional wet markets. The food service/HRI venues with a strong Western orientation and up-market positioning offer the current best opportunities for U.S. exporters.
Poultry Meat	130,546 (MT)	$192	12%	20%	Import quotas on poultry meat were eliminated in 2005, but special safe guard (SSG) raises the tariff to about 26%.	U.S. enjoys 89% import market share and is one of only six countries certified to export poultry meat to Taiwan.
Tree Nuts	23,837 (MT)	$104.6	1.1%	Varies by type	Cashews from Asia have shifted some market	U.S. dominates market for almonds, pecans,

					share from U.S. tree nuts. Competition to U.S. pistachios comes from Middle East and Australia.	and walnuts. Almonds and pecans have great potential growth, but baking industry needs to learn how to use pecans in products.

Source: Taiwan Bureau of Foreign Trade: Taiwan Council of Agriculture

Section V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan and in the United States

For Trade Policy/Market Access and General Agricultural Issues:

Taiwan
American Institute In Taiwan, AIT, Taipei

Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-866-2) 2162-2316
Fax:	(011-886-2) 2162-2238
Email-FAS:	agtaipei@fas.usda.gov

Pouch - Diplomatic Agricultural Section Department of State (AGR) 4170 AIT Taipei Place Washington, DC 20189-4170	**Physical Location** American Institute in Taiwan No. 7, Lane 134, Xinyi Rd., Sec 3 Taipei, 10659 Taiwan
Foreign Service Personnel Garth Thorburn (Chief) Emily Scott (Deputy Chief)	**Locally-Employed Staff** Rosemary Kao (Ag Specialist) Chiou Mey Perng (Ag Specialist) Angela Hu * (Admin Assistant)

For Market Development Assistance:

Taiwan
Agricultural Trade Office - Taipei, ATO, Taipei

Office Hours:	8:00 AM – 5:00 PM
Tel-Direct Line:	(011-886-2) 2705-6536
Fax:	(011-886-2) 2706-4885
Email-FAS:	atotaipei@fas.usda.gov

Pouch - Diplomatic Agricultural Trade Office	**Physical Location** ATO / American Institute in Taiwan

Department of State (ATO) 4170 AIT Taipei Place Washington DC 20189-4170	Suite 704 Lotus Mansion 7th fl No. 136 Renai Road Sec. 3 Taipei Taiwan
Foreign Service Personnel Mark Ford (Director)	**Locally-Employed Staff** Cleo W. Y. Fu (Ag Mktg Specialist) Katherine Lee (Ag Mktg Specialist) Angelique Su (Admin Assistant)

USDA Stakeholders

The Agricultural Trade office works with a large number of U.S. industry organizations, several of which are resident or have local representatives in Taiwan. These cooperators share the view that Taiwan is a promising market for agri-food products.

USDA Producer Associations - Taiwan Representatives (and PR Firms)

COOPERATOR	LOCAL AGENT	CONTACT	PHONE	FAX	ADDRESS	E-mail
California Cherry Advisory Board California Tree Fruit Agreement Pear Bureau North-West Raisin Administrative Committee Washington Apples Food Export Northeast/Midwest Wisconsin Ginseng Board	Steven Chu & Associates	Steven Chu	(8862) 27261939	(8862) 27261815	10F-3, 508 Chung Hsiao E. Rd., Sec. 5, Taipei	scafms@ms11.hinet.net
California Table Grape Committee U.S. Dairy Export Council USA Rice	PR Consultants Ltd.	Rosaline Chen	(8862) 87898939	(8862) 27252155	7D07, 5 HsinYi Rd., Sec. 5, Taipei	rosalinec@prcon.com

Federation Wine Institute of California US Potato Board						
Northwest Cherry Growers Association	n/a	Herman Kuo	(88609) 32123482	(8862) 23627676	3F, 14, lane 26, Tai-shun St. Taipei Taiwan	Yikuo1976@gmail.com;
U. S. Meat Export Federation	n/a	Davis Wu	(8862) 27361200	(8862) 27361500	12F-1, 23, Keelung Rd., Sec. 2, Taipei	taiwan@usmef.org; dwu@usmef.org.tw
California Agricultural Export Council	n/a	Irene Tsai	(8862) 87898855	(8862) 87898833	Suite7C-06, Taipei World Trade Center, 5, Hsin-Yi Rd., Sec5, Taipei	CAEC-Asia@umail.hinet.net
Oceanspray (beverage)	n/a	Daisy Hong	(8862) 25184005	(8862) 25184609	9F, 88 Chien Kuo N. Rd., Sec.2, Taipei	d.m.hong@oceanspray.com
Oceanspray (ingredient)	n/a	Kenneth Wang	(8862) 25023331	(8862) 25041094	9F, 88 Chien Kuo N. Rd., Sec.2, Taipei	kenjohn@ms27.hinet.net
U.S. Highbush Blueberry Council, California Fig Producers Association	n/a	Millie Hsia	(8862) 23093130		PO 31-90 PO 31-90	millie@blueberry.org
US Pet Food Institute	Wise Consulti	Echo Lin	(8862) 251409	(8862) 271848	8F., No.201,	jean@wisecont.com; joyce@wisecont.com

	ng		84	50	Fu-Shin N. Rd, Taipei	
APA - The Engineered Wood Association	n/a	Charlie Barnes	(8862) 27201624	(8862) 27201646	Taipei World Trade Center, Suite 7C-08, #5 Hsin-yi Road Section 5, Taipei 110	charlie.barnes@apawood.org
ASA - IM	n/a	Anthony Thang	(8862) 25602927	(8862) 25683869	6F, 27 Chang E. Rd. Sec.1, Taipei	asatwn@ms75.hinet.net
U.S. Grains Council	n/a	Clover Chang	(8862) 25075401	(8862) 25024851	7F, 157, Nanking E. Rd., Sec.2, Taipei, Taiwan	usfgctai@ms6.hinet.net; usgcclvr@ms41.hinet.net
U.S. Wheat Associates	n/a	Ronald Lu	(8862) 25211144	(8862) 25211568	3/3, lane 27, ChungShan N. Rd., Sec.2, Taipei, Taiwan	rlu@uswheat.org

Other Relevant Reports

Reports on the Taiwan food and agricultural market are available on the FAS website. The search engine can be found at:
http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Toast to U.S. California Wines | Wine Market Promotion/ Competition | Taipei ATO|Taiwan|11/6/2013 Recently, the California Wine Institute (CWI) hosted its annual grand wine tasting in Taiwan,

featuring over 200 diversified quality wines from 42 wineries. The tasting successfully attracted 250 trade contacts to attend, including importers, foodservice buyers and sommeliers. Currently, the United States is the only supplier to Taiwan that continues to show growth in the wine market in both volume and value. In 2012, wine exports from the United States to Taiwan totaled $10 million. Toast to U.S. California Wines_Taipei ATO_Taiwan_10-31-2013
Taiwan Wine Market Grows More Diverse|Wine Export Promotion Programs Market Promotion/Competition|Taipei ATO|Taiwan|11/4/2013 On September 27, 2013, the Agricultural Trade Office (ATO) Taipei featured over 30 U.S. wines from California, Idaho, New Jersey, and Oregon at the International Wine Promotion which was hosted by the Imports and Exporters Association of Taipei (IEAT). The event successfully attracted over 300 wine lovers from the foodservice sector and the general public. This is the third year that the IEAT has organized this wine event, and it provides an opportunity for wine exporters to test the Taiwan mar... Taiwan Wine Market Grows More Diverse_Taipei ATO_Taiwan_10-30-2013
U.S. Beef Gains Access to Taiwan Market|Livestock and Products Trade Policy Monitoring Market Development Reports|Taipei ATO|Taiwan|9/11/2013 In September 2012, Taiwan authorities implemented a maximum residue limit (MRL) for ractopamine in beef, expanding market access for U.S. products. Since then, U.S. beef exports to Taiwan have recovered well and currently on pace to exceed the 2010 record year. Still, high prices and increasingly limited supplies may constrain exports. U.S. Beef Gains Access to Taiwan Market_Taipei ATO_Taiwan_9-6-2013
Asian Chefs Highlight U.S. Ingredients at GBI Chef Competition|Agricultural Trade Office Activities Export Promotion Programs Food Service - Hotel Restaurant Institutional Market Promotion/Competition|Taipei ATO|Taiwan|8/22/2013 On June 27, 2013, the inaugural United Tastes of America - Asian Chef Challenge at the Taipei International Food Show's USA Pavilion successfully drew a crowd of over 300 potential buyers, producers and media representatives. Throughout the final competition, chefs from Hong Kong, Shanghai, Taipei and Tokyo created 16 diversified dishes highlighting the use of over 20 different U.S. ingredients. Not only did the competition highlight the use of U.S. ingredients, but it created a buzz around va... Asian Chefs Highlight U.S. Ingredients at GBI Chef Competition_Taipei ATO_Taiwan_8-16-2013
Taipei International Food Show 2013|Trade Show Evaluation Export Promotion Programs|Taipei ATO|Taiwan|7/31/2013 At the Taipei International Food Show (TIFS), 33 USA Pavilion exhibitors reported on-site sales of approximately US$660,000 and 12-month projected sales of nearly US$19 million, up 375% over 2012! The U.S. exhibitors introduced about 250 new-to-market products and reported making over 200 new business contacts. U.S. products drawing the most interest at the show were beef, chicken leg quarters, sauces, snacks and potatoes. In addition, the inaugural USDA-supported United Tastes of America - Asi... Taipei International Food Show 2013_Taipei ATO_Taiwan_7-26-2013
United Tastes of America – Asian Chef Challenge Pits Taiwan's Top Ch|Agricultural Trade Office Activities Export Promotion Programs Food Service - Hotel Restaurant Institutional

Market Development Reports|Taipei ATO|Taiwan|5/1/2013

On March 26, the team from Kaohsiung's "Bite 2 Eat" stood out from a star-studded field of 16 competing teams of chefs at the Taipei preliminary competition of the United Tastes of America - Asian Chef Challenge. The preliminary competition successfully engaged thirty-two competitive chefs to create over sixty unique dishes by utilizing fifteen mandatory U.S. ingredients. The related media coverage is estimated to reach hundreds of thousands of consumers.
United Tastes of America – Asian Chef Challenge Pits Taiwan's Top Ch_Taipei ATO_Taiwan_4-26-2013

Taiwan Tree Nuts Market Overview 2013|Tree Nuts Promotion Opportunities|Taipei ATO|Taiwan|4/29/2013

Taiwan imports of tree nuts jumped 14% to an all-time high of US$103 million with 21,581 tons of volume in CY 2012. The increase is partly the result of higher prices but also reflects growing demand from the food processing sector, particularly for powdered drinks production. It is noted that as the supply of walnuts is unstable, the industry starts to look out for other substitutes, which creates opportunities for a wide variety of tree nuts.
Taiwan Tree Nuts Market Overview 2013_Taipei ATO_Taiwan_4-25-2013

United Tastes of America – Asian Chef Challenge Kick-Off|Agricultural Trade Office Activities Export Promotion Programs Food Service - Hotel Restaurant Institutional Market Development Reports|Taipei ATO|Taiwan|2/7/2013

Pre-competition seminars for the planned first-ever United Tastes of America – Asian Chef Challenge generated strong interest in Taiwan, drawing more than 100 professional chefs. The seminars also helped build excitement about the upcoming Taiwan preliminary competition scheduled for March 26, 2013 and the regional grand finale set for June 27, 2013 at the Taipei International Food Show, where the winners from competitions in China, Japan and Hong Kong will go head-to-head.
United Tastes of America – Asian Chef Challenge Kick-Off_Taipei ATO_Taiwan_2-5-2013

ATO Taipei Help Facilitate U.S. Chicken Export|Export Accomplishments - Trade Leads Livestock and Products|Taipei ATO|Taiwan|1/18/2013

ATO Taipei helped a local chicken importer verify several U.S. based food trading companies' existence and legitimacy. The company placed orders of 18 containers of chicken leg quarter after ATO staff verified one company based in Virginia and briefed the company regarding the import procedures and health and import certificates for poultry products export to Taiwan.
ATO Taipei Help Facilitate U.S. Chicken Export_Taipei ATO_Taiwan_1-16-2013

Taiwan: Top Ten Market & Springboard to Asia|Exporter Guide|Taipei ATO|Taiwan|12/25/2012

In 2011, Taiwan was the sixth largest market for U.S. food and agricultural products with imports of US$3.7 billion. While economic growth slowed in 2012, the economy is forecast to recover in 2013, so Taiwan will continue to offer good opportunities for a wide range of U.S. products. In addition, U.S. exporters have successfully used Taiwan as a springboard into China and other Asian markets, taking advantage of close cultural, language and business ties.
Exporter Guide_Taipei ATO_Taiwan_12-20-2012

U.S. Eastern Red Cedar Seminars Result in Immediate Sales|Export Accomplishments - Events Wood Products Market Promotion/Competition|Taipei ATO|Taiwan|11/9/2012 ATO Taipei and the Missouri State Department of Agriculture co-organized wood seminars in Taiwan's three major cities to promote U.S. Eastern Red Cedar in July and August 2012. Three importers placed orders right after the seminars with the first two shipments arrived in Taiwan in September 2012. U.S. Eastern Red Cedar Seminars Result in Immediate Sales_Taipei ATO_Taiwan_11-6-2012
Taiwan's Food Service Enjoy Strong Growth|Food Service - Hotel Restaurant Institutional|Taipei ATO|Taiwan|6/29/2012 Despite the recent economic slowdown, Taiwan's food service sector has enjoyed strong growth, expanding by nearly 13 percent to US$12.3 billion in 2011. The rise of Taiwan's tourism market has also played a critical role in creating new opportunities. As further confirmation of the sector's success, several food service companies filed for successful initial public offerings during the past year. Food Service - Hotel Restaurant Institutional_Taipei ATO_Taiwan_6-25-2012
Taiwan Architect Magazine Promotes U.S. Wood Products|Export Promotion Programs Wood Products|Taipei ATO|Taiwan|4/25/2012 ATO Taipei worked closely with the Taiwan Architect Magazine to promote U.S. wood products and wood frame construction. As a result of this collaboration, the magazine published a total of six articles about U.S. wood products in the December 2011 edition of the magazine, which has a readership of 50,000 construction and design professionals in Taiwan. Taiwan Architect Magazine Promotes U.S. Wood Products_Taipei ATO_Taiwan_4-20-2012
Taiwan Baking Industry 2012|Product Brief|Taipei ATO|Taiwan|4/3/2012 In 2011, the Taiwan baking sector was valued at an estimated US$900 million based on the market value of domestic production and imported baked goods. Though the market is maturing, it is progressing toward diversified operations that offer more healthy and sophisticated products. Consumers are becoming more and more health-conscious, increasing the demand for healthy ingredients, such as whole grains, whole-wheat flour, tree nuts, dried/fresh fruits, natural butter, natural sweeteners and che... Taiwan Baking Industry 2012_Taipei ATO_Taiwan_3-26-2012

Videos:
"Doing Business in Taiwan" - A Day in Taipei
Part I: http://www.youtube.com/watch?v=wyIlsMjIEWg
Part II: http://www.youtube.com/watch?v=4SH3c5EiJm4&feature=related

ATO Taipei marketing program video clippings:
http://www.youtube.com/user/USFoodTaiwan?ob=0&feature=results_main