Date: 6/25/2012

GAIN Report Number: TW12018

Taiwan

Food Service - Hotel Restaurant Institutional

Food Service Sector Enjoys Strong Growth

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Report Highlights:
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.

Post:
Taipei ATO

SECTION I. MARKET SUMMARY

A. Macro-economic Situation

Taiwan has a dynamic market economy that has continued to expand despite global economic challenges. Although the economy slumped in 2008 and 2009, Taiwan saw a robust recovery in 2010 with GDP growing by 10.7 percent -- the highest growth rate in 28 years. Taiwan's economy slowed in 2011 but still managed a respectable 4.04 percent expansion. The upward trend continued in the first months of 2012 due to high returns on Central Bank investments, the appreciation of Euro-denominated assets, and the appreciation of the U.S. dollar against other major currencies.

According to Central Bank Statistics, Taiwan's foreign exchange reserves rose from US$348.2 billion in December 2009 to US$385.55 billion in December 2011. Taiwan's reserves further increased to US$389.3 billion as of May 2012, making Taiwan the world's fourth-largest foreign exchange holder.

Overall, Taiwan is the United States' tenth largest trading partner and fifth largest export market in Asia.

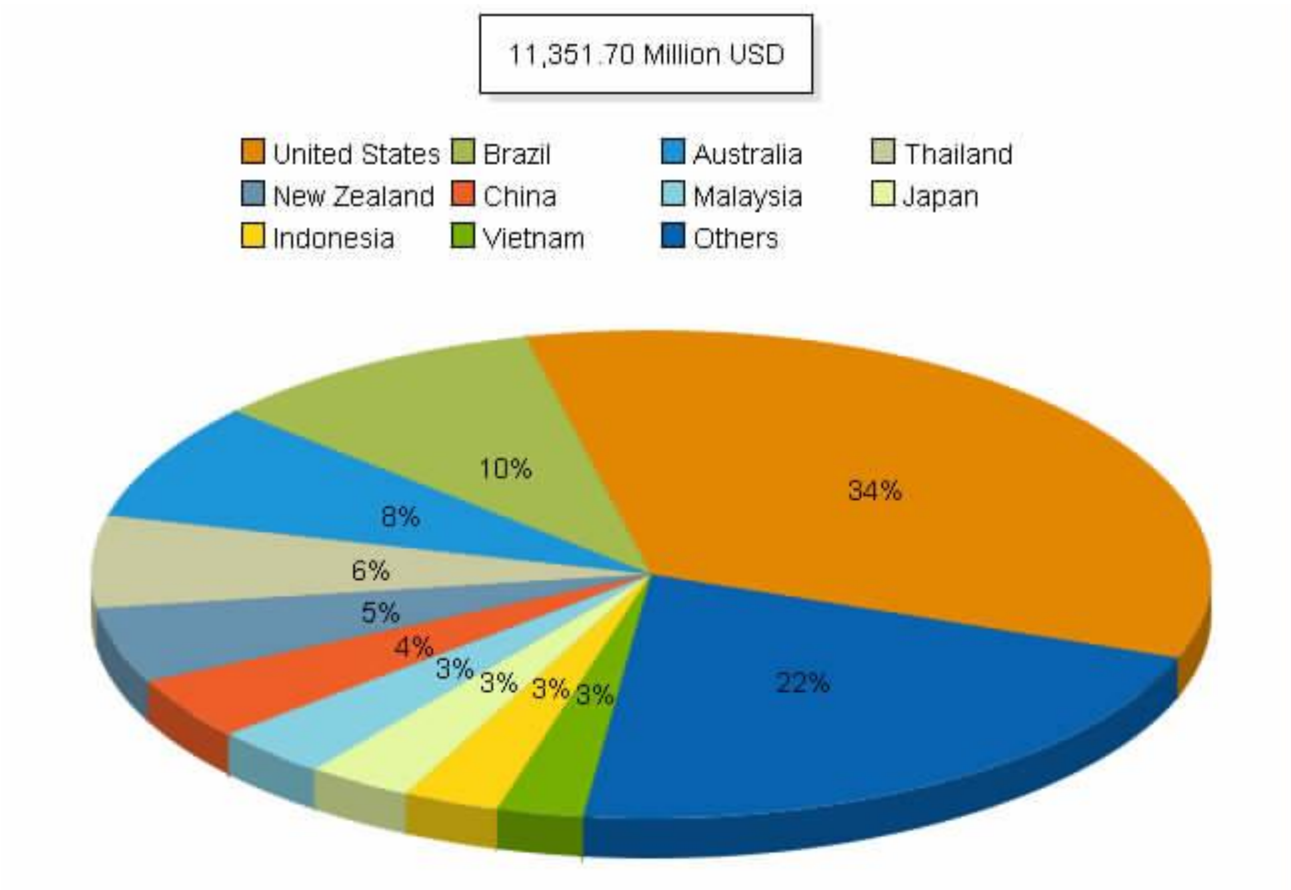
Key Economic and Social Indicators	2009	2010	2011
GDP (Billion US$)	377.4	430.1	466.9
GDP (US$ / per capita)	16,359	18,588	20,139
PPP: US$ (International Monetary Fund est.)	31,840	35,595	37,720
Average Disposable Income (US$ / per Household)	26,857	28,106	N/A
Food & Beverage Total Spending (%)	22.39	22.09	N/A
Average Annual Exchange Rate (1US$= NT$)	32.03	30.37	30.29
Consumer Price Index	-0.87	0.96	1.42
Unemployment Rate (%)	5.85	5.21	4.39
Economic Growth Rate (%)	-1.81	10.72	4.04
Total Agri-Food Imports (billion US$)	10.0	12.8	14.8
Total Agri-Food Exports (billion US$)	3.3	3.6	4.0
Agri-Food Imports as a Share of Total Imports (%)	5.8	5.1	5.3

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

B. 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 2011, Taiwan imported nearly US$4 billion dollars of food and agricultural products (including edible fishery products) from the United States, accounting for about 30% of Taiwan's total agri-food imports. Of the U.S. total, over US$2 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 and Agricultural Product Imports
Calendar Year: 2011



Source: Global Trade Atlas (excludes fishery products)

C. 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$12.3 billion in 2011, a 12.8 percent increase from the previous year. Stronger overall economic performance 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 tourism.

	2008	2009	2010	2011
Taiwan Food Service Sector Market Size	10.2	9.7	10.9	12.3

Source: Taiwan Ministry of Economic Affairs (MOEA)

* Note: On a U.S. dollar basis, 2009 market value declined largely due to the high U.S. vs. Taiwan currency exchange rate that year. On a New Taiwan dollar basis, however, the 2009 market value remained at the 2008 level despite the economic downturn.

Employment History of Married Women Aged 15-64		
Unit: %		
Year	Had a job before marriage	Have a job currently
1990	72.2	46.9
2000	82.1	49.7
2003	80.8	50.5
2006	84.4	52.5
2010	83.8	54.5

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, 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. In a recent survey (November 2011) conducted by EOLembrain (Taiwan), 65 percent of consumers responded that they have heard of (78 percent) and purchased (65 percent) products on Groupon. Many small-operation restaurants have become popular overnight due to their products' wide exposure on these websites.

Another EOLembrain's consumer survey (2010) showed that around 25 percent of online shoppers purchased food 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.

Taiwan Restaurant Sector Statistics (Unit: US$1,000)		
	Number of Outlets	**Total Revenue (US$)**

2008	**Total**	94,708	8,265,371
	Restaurants	68,462	6,810,648
	Beverage stores	13,406	932,833
	Food Vendors	11,839	332,938
	Others	1,001	188,952
2009	**Total**	98,932	7,869,567
	Restaurants	72,050	6,411,640
	Beverage stores	13,864	904,847
	Food Vendors	11,661	307,091
	Others	1,357	245,989
2010	**Total**	102,129	9,176,645
	Restaurants	75,077	7,549,918
	Beverage stores	14,087	963,864
	Food Vendors	11,429	319,247
	Others	1,536	343,616
2011*	**Total**	105,964	9,982,076
	Restaurants	78,822	8,262,503
	Beverage stores	14,328	1,003,171
	Food Vendors	11,106	329,954
	Others	1,708	376,544

Source: Taiwan Ministry of Finance; *ATO Taipei estimate.

** Note: On a U.S. dollar basis, 2009 market value declined largely due to the high U.S. vs. Taiwan currency exchange rate that year. On a New Taiwan dollar basis, however, the 2009 market value remained at the 2008 level despite the economic downturn.

D. 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 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.

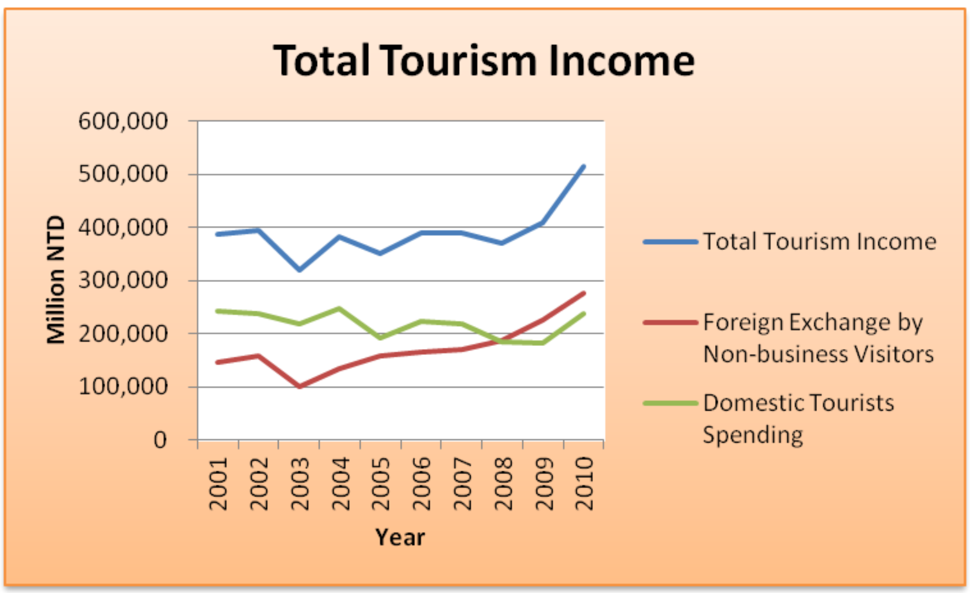
E. Tourism on the rise

Together with Taiwan's high-tech sectors, tourism is regarded as one of the star industries by the Taiwanese 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.

According to statistics released by the MOTC, the number of foreign arrivals to Taiwan increased significantly from 2004 to 2011, more than doubling to over 6 million, including 3.6 million tourists. Cross-Strait air passenger traffic also surged by 23% to 7.16 million persons compared to 2010, 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 Taiwan Tourism Bureau survey indicated that food and beverage costs accounted for 11% of foreign tourists' (non-business visitors) total expenditures in Taiwan, generating over US$1 billion in income for the local food service industry.



Source: Ministry of Transportation and Communications, ROC

F. 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 and fashion in food products and services.	High market fragmentation makes it hard for U.S. 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 6th 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.	

SECTION II. ROAD MAP FOR MARKET ENTRY

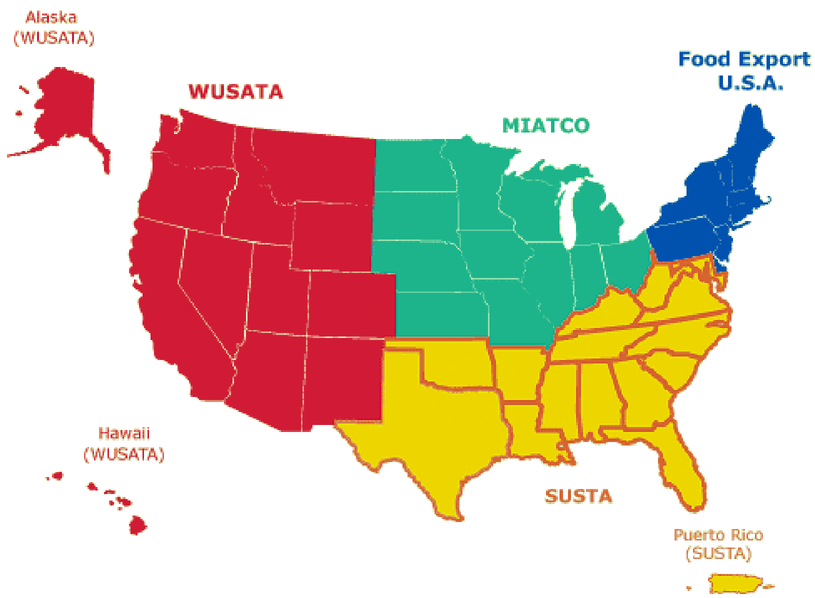
A. Entry Strategy

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)



B. 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.

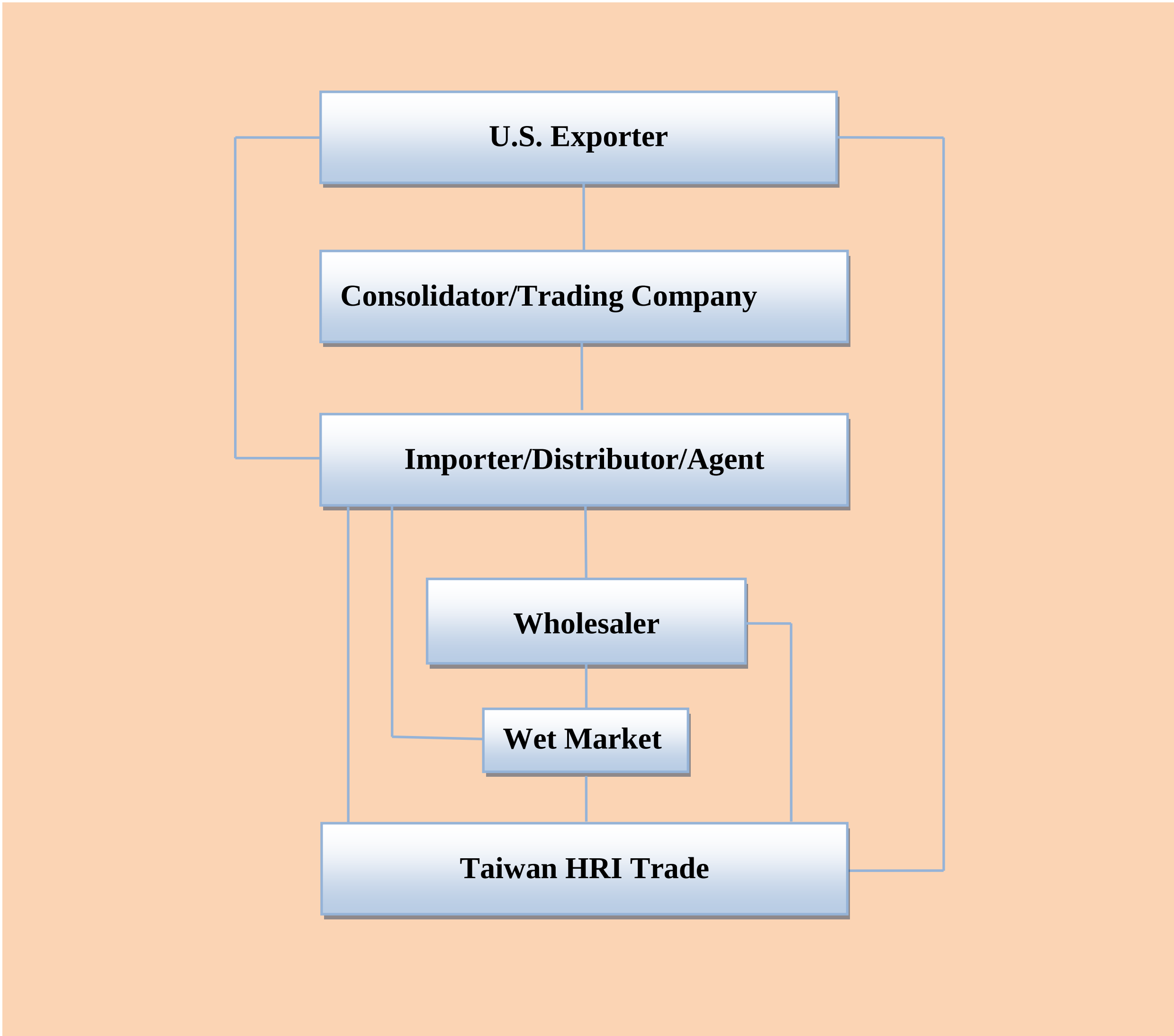
Food and beverage managers and executive chefs at international hotels are the key persons who decide which items are purchased. The purchasing department procures various food ingredients based on the list that F&B section provides. Hotels, especially those that employ foreign chefs or offer authentic 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.

Taiwan HRI Distribution Channel Flow Diagram



C. 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 nearly 46 percent of total operating income (Source: Taiwan Tourism Bureau 2011 data). In 2011, in terms of F & B income generated by hotel restaurants, the "Grand Formosa Regent Hotel Taipei" topped the list with US$47.6 million, closely followed by the "Sheraton Taipei" (US$45.1 million), the "Grand Hyatt Taipei" (US$32.8 million), and the "Ambassador Hotel Taipei" (US$29.6 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) 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 February 2012, eleven resorts and spas with nearly 3,000 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	8/31/2014	37
Shangrila Resort	146	8/31/2013	43
Ocean International Tourist Hotel	99	12/31/2013	27
Sheraton Yilan Resort	193	12/31/2015	59
Papago Resort	402	12/31/2016	40
Naruwan Beach Hotel	272	12/31/2016	79
Grand Green Island Resort	809	12/30/2016	165
Castle Hotel	146	12/31/2015	37
Green Garden Hotel and Spa	218	12/31/2014	33
Huang family hotel	172	12/01/2014	12
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 2011 (US$Mil)	Number of Rooms	Location	Purchasing Agent(s)
The Regent Taipei	http://www.grandformosa.com.tw	47.6	569	Taipei	Direct Importers Distributors
Sheraton Taipei Hotel	http://www.sheraton-taipei.com	45.1	692	Taipei	Importers Distributors
Grand Hyatt Taipei	http://taipei.grand.hyatt.com	32.8	865	Taipei	Direct Importers Distributors
The Ambassador Hotel	http://www.ambassadorhotel.com.tw	29.6	432	Taipei	Direct Importers Distributors
Far Eastern Plaza Hotel (Taipei)	http://www.feph.com.tw	27.0	420	Taipei	Importers Distributors
The Westin Taipei	http://www.westin.com.tw	24.0	288	Taipei	Importers Distributors
Le Meridien Taipei Hotel	http://www.lemeridien-taipei.com/	23.0	160	Taipei	Importers Distributors
The Grand Hotel	http://www.grand-hotel.org	21.0	402	Taipei	Importers Distributors
Howard Plaza Hotel	http://www.howard-hotels.com.tw	18.2	606	Taipei	Importers Distributors
W Taipei	http://www.wtaipei.com/zh	16.3	405	Taipei	Importers Distributors
The Sherwood Hotel Taipei	http://www.sherwood.com.tw	11.3	343	Taipei	Direct Importers Distributors
Palais De Chine Hotel Taipei	http://www.palaisdechinehotel.com/zh-tw/	10.9	286	Taipei	Importers Distributors

Hotel Royal Taipei	http://www.royal-taipei.com.tw	7.5	202	Taipei	Importers Distributors
The Landis Taipei Hotel	http://taipei.landishotelsresorts.com/chinese-trad/	6.9	209	Taipei	Importers Distributors
Imperial Hotel Taipei	http://www.imperialhotel.com.tw	5.9	288	Taipei	Importers Distributors
The Fullon Hotel Taipei	http://www.fullon-hotels.com.tw	5.0	120	Taipei	Importers Distributors
Radium-Kagaya	http://www.kagaya.com.tw	4.1	90	Taipei	Importers Distributors
Fullon Hotel Danshuei Fishermen's Wharf	http://fishermen-wharf.fullon-hotels.com.tw/	3.1	198	Taipei	Importers Distributors
Hotel Landis China Yangmingshan	http://yangmingshan.landishotelsresorts.com	0.9	50	Taipei	Importers Distributors
Hotel Eclat	http://www.eclathotels.com/	n/a	60	Taipei	Importers Distributors
Fulong Bellevue Hotel	http://www.fulongbellevue.com.tw	n/a	54	Taipei	Importers Distributors
Spring Park Urai Spa & Resort	http://www.springparkhotel.com.tw/	n/a	23	Taipei	Importers Distributors
The Ambassador Hotel Hsinchu	http://www.ambassadorhotel.com.tw	12.0	257	Hsinchu	Importers Distributors
Sheraton Hsinchu Hotel	http://www.sheraton-hsinchu.com/	12.0	386	Hsinchu	Importers Distributors
Hotel Royal Hsinchu	http://www.royal-hsinchu.com.tw	4.4	208	Hsinchu	Importers Distributors
Evergreen Laurel Hotel	http://www.evergreen-hotels.com	10.1	354	Taichung	Direct Importers

(Taichung)					Distributors
The Splendor Hotel	http://www.splendor-taichung.com.tw	9.5	222	Taichung	Importers Distributors
Howard Prince Hotel Taichung	http://www.howard-hotels.com.tw	5.6	155	Taichung	Importers Distributors
Hotel One Taichung	http://www.hotelone.com.tw/	n/a	202	Taichung	Importers Distributors
Windsor Hotel	http://www.windsortaiwan.com	n/a	149	Taichung	Importers Distributors
Tayih Landis Tainan	http://www.tayihlandis.com.tw	10.9	315	Tainan	Importers Distributors
Shangri-La's Far Eastern Plaza Hotel, Tainan	http://www.shangri-la.com.tw	9.4	336	Tainan	Importers Distributors
Grand Hi-Lai Hotel	http://www.grand-hilai.com.tw	26.9	540	Kaohsiung	Importers Distributors
The Splendor, Kaohsiung	http://www.thesplendor-khh.com/	14.8	592	Kaohsiung	Importers Distributors
Crowne Plaza Kaohsiung E-DA World	http://www.cp-edaworld.com	13.1	656	Kaohsiung	Direct Importers Distributors
The Ambassador Hotel Kaohsiung	http://www.ambassadorhotel.com.tw	12.7	453	Kaohsiung	Direct Importers Distributors
Grand Hotel Kaohsiung	http://www.grand-hotel.org	12.1	107	Kaohsiung	Importers Distributors
Howard Plaza Hotel Kaohsiung	http://www.howard-hotels.com.tw	7.8	328	Kaohsiung	Importers Distributors
Fullon Hotel Kaohsiung	http://www.fullon-hotels.com.tw	0.8	250	Kaohsiung	Importers Distributors

Hotel Royal Chiao-Hsi	http://www.hrjhotel.com.tw/	7.3	198	Yi-Lan	Importers Distributo rs
Silks Place Yilan	http://www.silksplace-yilan.com.tw	7.0	193	Yi-lan	Direct Importers Distributo rs
Evergreen Resort Hotel (Jiaosi)	http://www.evergreen-hotels.com/branch/jiaosi	6.8	231	Yi-lan	Direct Importers Distributo rs
Novotel Taipei Taoyuan International Airport	http://www.novoteltaipeiairport.com	4.7	361	Taoyuan	Direct Importers Distributo rs
The Lalu Sun Moon Lake	http://www.thelalu.com.tw	3.9	96	Nanto	Importers Distributo rs
Fleur De Chine Hotel	http://www.fleurdechinehotel.com	6.8	211	Nanto	Importers Distributo rs
Caesar Park Hotel Kenting	http://www.caesarpark.com.tw	4.9	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	183	Taitung	Importers Distributo rs
Farglory Hotel, Hualien	http://www.farglory-hotel.com.tw	5.4	381	Hualian	Importers Distributo rs
Parkview Hotel	http://www.parkview-hotel.com	5.4	343	Hualian	Importers Distributo rs
Hualian Chateau de	http://www.chinatrust-hotel.com	4.1	221	Hualian	Importers Distributo

Chine Hotel					rs
Silks Place Hotel, Taroko	http://www.silksplace-taroko.com.tw	2.1	160	Hualian	Importers Distributors
Promisedland Resort & Lagoon	http://www.plcresort.com.tw	n/a	240	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 82.3% of the market (2010). Based on Taiwan Ministry of Finance data, the total revenue for the restaurant sub-sector was estimated at nearly US$8 billion in 2010, while beverage stores generated US$1 billion revenue for a 10.5% market share, and snack and street vendors sector gained US$0.3 billion with a 3.5% share.

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 10,000 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 9,000 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 361 stores 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 17,685 MT in 2011.

Current annual per capita coffee consumption in Taiwan is 100-120 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).

Taiwan Coffee Import Statistics (Raw and Roasted)
Year 2006 - 2011

Rank	Partner/ Country	Unit	Year						
			2006	2007	2008	2009	2010	2011	2010/2011 % Δ
	World	T	10,772	13,872	11,600	13,395	17,887	17,685	-1.13
1	Indonesia	T	4,009	5,285	2,803	5,189	5,694	5,092	- 10.58
2	Brazil	T	1,304	2,319	1,720	2,183	3,265	3,654	11.89
3	Guatemala	T	826	1,412	1,646	690	1,918	1,638	- 14.59
4	Vietnam	T	1,308	1,580	1,186	1,076	1,760	1,644	- 6.60
5	United States	T	535	687	824	875	1,024	1,265	23.51
6	Colombia	T	701	525	683	641	739	1,020	38.02
7	Honduras	T	376	309	375	497	532	363	- 31.73

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) / 2011	Outlet Name, type, Number of Outlet (Taiwan only)	Location	Purchasing Agents
Noble Family Co.,	n/a	Noble Family Steakhouse,	National	Direct

Ltd		(steakhouse) (135)		Importers
Bullfight Group Taiwan Inc.	n/a	Bullfight (steakhouse, family style) (19)	National	Direct Importers
WowPrime Corp.	213.6	Wang Steak (steakhouse) (13)	National	Direct Importers
		Tasty (family style) (33)	National	Direct Importers
		Tokiya (family style) (28)	National	Direct Importers
		Yuanshao (Japanese BBQ) (18)	National	Direct Importers
		Giguo (Hot Pot) (24)	National	Direct Importers
		Ikki (Japanese family style) (6)	National	Direct Importers
		Chamonix (Teppenyaki) (10)	National	Direct Importers
		Pintian Farm (family style) (16)	National	Direct Importers
		12 Sabu (hot pot) (18)	National	Direct Importers
		Su Food (organic/healthy food) (8)	National	Direct Importers
		Famonn Coffee (coffee shop) (2)	Taipei (1st store opened in 2011)	Importers Distributors
Skylark Co.	n/a	Skylark (family style) (13)	North/Central	Importers Distributors
		Grazie (Italian) (18)		Importers Distributors
Shin Yeh Co., Ltd.	n/a	Shin Yeh (Taiwanese / family style) (13)	Taipei	Importers Distributors
Ding Tai Fung	n/a	Ding Tai Feng (Chinese) (7)	North/Central	Importers Distributors
T.G.I. Friday's	n/a	T.G.I. Friday's (American style) (17)	National	Director Importers Distributors
Hasmore Ltd. Co.	n/a	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	Taipei	

		(western/Asian) (1)		
		Pâtisserie Sadaharu Aoki Paris (bakery/cafe) (2)	Taipei	
Royal Host	n/a	Royal Host (western/family style) (14)	National	Importers Distributors
McDonald's Restaurants (Taiwan) Co., Ltd.	n/a	McDonald's (fast food) (361)	National	Direct Importers Distributors
Great Wall Enterprise Co., Ltd.	n/a	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.	n/a	Kentucy Fried Chicken (fast food) (129)	National	Direct Importers Distributors
	n/a	Pizza Hut (Pizza) (159)	National	Direct Importers Distributors
An-Shin Food Service Co., Ltd.	131.5	MOS Burger (fast food) (219)	National	Direct Importers Distributors
Eight Way Food Co., Ltd.	n/a	8 Way Dumplings (Chinese/fast food) (450)	National	Importers Distributors
Long Mao Co., Ltd.	n/a	Oversea Dragon (Chinese /fast food) (190)	National	Importers Distributors
Mercuries & Associates, Ltd.	n/a	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)	n/a	Dominos Pizza (pizza) (140)	National	Direct Importers Distributors
Sushi Express CO., Ltd.	n/a	Sushi Express (Japanese/Sushi) (150)	National	Importers Distributors
	n/a	Sushi Take-out (Japanese /Sushi) (25)	North	Importers Distributors
	n/a	Dingshi 8 (family style) (24)	North	Importers Distributors
	n/a	Sushi Express Hot Pot (family style/hot pot) (7)	North/Central	Importers Distributors

Yoshinoya	n/a	Yoshinoya (Japanese beef rice/fast food) (53)	National	Direct Importers Distributors
Wang Zhang Fa Industry Ltd.	n/a	Gaibom (Chinese) (112)	National	Direct Importers Distributors
Ji-Shang Industry Co., Ltd.	n/a	Wu Tao (Chinese) (232)	National	Importers Distributors
HuMax Taiwan Co, Ltd.	n/a	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.	n/a	YaYan Yakiniku Restaurant (Japanese) (39)	National	Direct Importers Distributors
Top of Form Tonkatsu Co., Ltd.	n/a	Tonkatsu (Japanese) (32)	National	Importers Distributors
Cashcity Foodservice Co., Ltd.	n/a	Cashcity Shabu Shabu (Japanese) (138)	National	Direct Importers Distributors
Shuh Sen Co., Ltd.	n/a	My Home Steak (Steakhouse) (59)	National	Direct Importers Distributors
TTFB Company Limited	22.6	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	n/a	Subway (Western) (118)	National	Direct Importers Distributors

Source: ATO Survey

b. Breakfast shop chains and franchises

Company Name	Sales ($Mil) / 2011	Outlet Name, type, Number of Outlet (Taiwan only)	Location	Purchasing Agents

Hong Ya International Enterprise Co. Ltd.	n/a	Hong Ya Burger (800)	National	Direct Importers Distributors
Sun Spark Group	n/a	Laya Burger (604)	National	Direct Importers Distributors
Super-Mill Group Co. Ltd	n/a	My Warm Day (1509)	National	Direct Importers Distributors
Ju-Lin Food Enterprise Co., Ltd.	n/a	Ju-Lin Mei-Er-Mei (999)	National	Direct Importers Distributors
Good Morning Beauty Castle Enterprise Co., Ltd.	n/a	Good Morning Beauty Castle (1,000)	National	Direct Importers Distributors
Chiao Pei International Co., Ltd.	n/a	Eastern Beauty (950)	National	Direct Importers Distributors
Mei & Mei Foodservice Chain Group	n/a	Mei & Mei (2,915)	National	Direct Importers Distributors

Source: ATO Survey

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

Company Name	Sales ($Mil) / 2011	Outlet Name, type, Number of Outlet (Taiwan only)	Location	Purchasing Agents
Gourmet Master Co., Ltd.	263.8 (2010)	85°C (coffee) (337)	National	Direct Importers Distributors
Uni-President Starbucks Coffee Company	n/a	Starbucks (coffee) (260)	National	Direct Importers Distributors
Dante Coffee and Foods Co., Ltd.	n/a	Dante (coffee) (127)	National	Direct Importers Distributors
ECoffee Co., Ltd.	n/a	ecoffee (coffee) (119)	National	Direct Importers Distributors
Mr. Brown Coffee Shop	n/a	Mr. Brown Coffee (coffee) (58)	North	Direct Importers Distributors

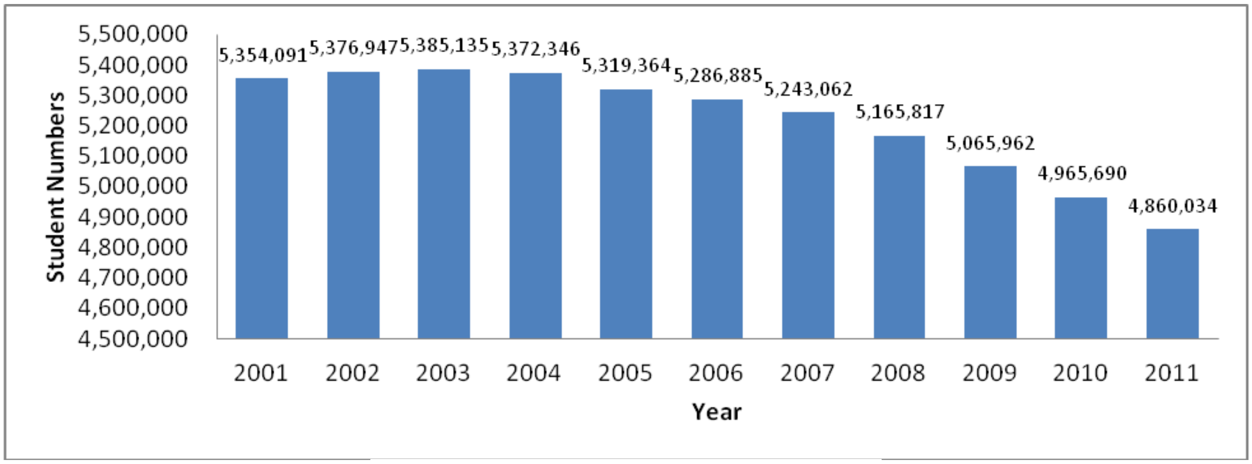
Ding-hao Acme Co., Ltd.	n/a	IS (coffee) (21)	North/Central	Direct Importers Distributors
Kohikan Corporate	n/a	Kohikan (coffee) (17)	North/Central	Direct Importers Distributors
Barista	n/a	Barista Coffee (coffee) (28)	National	Direct Importers Distributors
Ikari Coffee Co., Ltd.	n/a	Ikari (coffee) (71)	North/Central/East	Direct Importers Distributors
Rose Republic International Co., Ltd.	n/a	Rose House (tea and coffee) (24)	National	Direct Importers Distributors
TenRen Group (Ten Ren Co., Ltd.)	n/a	Cha For Tea (Tea) (76--Tea Restaurant:11; Tea Bar: 65)	National	Direct Importers Distributors
Tea Professional Intl Chian Group	n/a	Tea Professional (Tea Bar) (176)	National	Direct Importers Distributors
Chuan Yi Tung Business Co. Ltd.	n/a	Ching Shin Fu Chuan (Tea Bar) (1,070)	National	Direct Importers Distributors
Chatime Co., LTD.	n/a	ChaTime (Tea Bar) (550)	National	Direct Importers Distributors
COMEBUY Intermational Co.,Ltd	n/a	COMEBUY (Tea Bar) (95)	National	Direct Importers Distributors
Lien Fa International Foodservice Enterprise Co., Ltd.	n/a	Sharetea (Tea Bar) (189)	National	Direct Importers Distributors
Ding Tea Co., Ltd.	n/a	Ding Tea (Tea Bar) (118)	National	Direct Importers Distributors
Presotea Co., Ltd.	n/a	Presotea (Tea Bar) (149)	National	Direct Importers Distributors

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

3. Institutional

According to the Ministry of Finance's data, Taiwan's institutional sector accounted for only 3.8 percent of total food service sector revenue in 2011. With air traffic between Taiwan and mainland China increasing significantly, the air catering sector's future is promising. School, hospital, 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.

Total Student Enrollment Statistics in Taiwan



Source: Department of Education, ROC

Air Catering

Currently, Evergreen Sky Catering Corporation, China Pacific Catering Service, and 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 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

There are 2,659 elementary and 742 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 over 2.27 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.

Hospitals

As of 2011, there were 513 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.

SECTION III. COMPETITION

In 2011, Taiwan imported nearly US$11.35 billion of food and agricultural products (not including seafood) from many different sources, of which US$3.87 billion (34%) 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 was the largest supplier of beef while 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 imported bulk commodities such as corn (63.8%), soybeans (55.8%), and wheat (79%), the United States also supplied 89% of imported poultry products, 96% of almonds and 94% of walnuts.

The United States is also the top supplier of imported vegetable and fresh fruits: apples (38% or US$54 million), cherries (56% or US$45 million), fresh and processed potato products (78% or US$40million), peaches (80% or US$30million) and fresh and dried grapes (56% or US$23million).

Taiwan Agricultural Products Import Statistics

Product Category	Total Import Value 2011 (US $Mil)	Major Supply Sources and Market Share	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers

Total Food and Agricultural Imports	11,352.7	**1. USA – 34.0%** 2. Brazil - 9.6% 3. Australia - 7.8% 4. Thailand - 6.2% 5. N. Zealand -5.0% 6. China – 4.0% 7. Malaysia - 3.3% 8. Japan - 2.9% 9. Indonesia - 2.7% 10. Vietnam - 2.5	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	729.6	1. China - 15% 2. Norway - 10% 3. Vietnam - 8.4% 4. Thailand - 6.6% **5. USA – 4.0%**	China supplies shrimp, mollusk, and cuttlefish. Norway is the major supplier of salmon and trout. U.S. is a major supplier of fresh and chilled/frozen lobsters.	Taiwan produces more seafood products than it needs and only imports those products not available in the region.
Bulk Commodity				
Corn	1,385.3	**1. USA - 63.8%** 2. Brazil - 24.1% 3. S. Africa - 5.0% 4. Argentina - 3.7% 5. India - 2.6%	USA is the leading supplier of corn, but Brazil has been an aggressive supplier since 2009.	Taiwan relies heavily on corn imports.

Soybean	1,310.3	**1. USA - 55.8%** 2. Brazil – 41.0% 3. Paraguay - 2.0%	USA is the leading soybean supplier, but Brazil has been more aggressive in recent years.	Taiwan relies heavily on soybean imports to meet both feed and food needs.
Wheat	587.8	**1. USA – 79.0%** 2. Australia - 18.7%	USA is the major supplier of wheat, followed by Australia.	Taiwan has no significant wheat production.
Meat & Poultry				
Beef	546,482	1. Australia - 38.7% **2. USA - 35.4%** 3. N. Zealand - 20.6%	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	103,580	1. Canada - 41.6% **2. USA - 29.5%** 3. Denmark - 11.5% 4. Netherlands - 9.9% 5. Hungary - 5.2%	Imports have occurred only in response to occasional short supplies and high local pork prices.	Local pork dominates the market.
Poultry	143,342	**1. USA - 88.9%** 2. Canada - 10.9%	Taiwan consumer's preference for dark meat provides opportunities for western countries. USA products are generally price competitive.	Local chicken dominates the market.
Fish & Seafood				
Fish fillets and meat, including surimi	79,502	1. India - 33.0% 2. China - 19.0% 3. Vietnam - 17.0% **4. USA - 12.9%**	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 Lobsters and Other Sea Crawfish, Frozen	14,807	**1. USA - 34.3%** 2. Australia - 31.2% 3. Cuba - 20.7%	USA and Australia are the key suppliers of frozen lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Lobsters, Fresh/Chilled	4,921	1. Canada - 59.2% **2. USA - 40.3%**	Canada and USA are the key suppliers of fresh and chilled lobsters.	Lobsters are not often seen along Taiwan's coastlines.
Oysters	4,962	1. S. Korea - 52.4% **2. USA - 26.6%** 3. France - 10.0%	Most imported oysters are sold to buffet restaurants.	Local oyster products meet most of Taiwan's demands.
Dairy Products				
Cheese	109,999	1. N. Zealand - 29.2% **2. USA - 21.1%** 3. Australia – 21.0% 4. Argentina - 10.6%	Southern hemisphere countries dominate the imported cheese market, but USA is becoming more competitive.	Local production is limited.
Whey	15,904	**1. USA - 44.4%** 2. France - 19.3% 3. Poland - 4.6% 4. N. Zealand - 4.6%	USA is the leading supplier of whey products.	Local production is limited.
Butter	66,085	1. N. Zealand - 61.6% 2. Australia - 10.2% 3. France - 10.0% 4. Argentina - 4.8% **5. USA - 4.3%**	New Zealand leads with butter and several other dairy products. France supplies high-end products.	Local production is limited.
Fruits				

Apples, Fresh	145,128	**1. USA - 37.6%** 2. Chile - 27.1% 3. Japan - 18.9% 4. N Zealand - 12.5%	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	81,126	**1. USA - 56.3%** 2. Chile - 22.3% 3. Canada - 9.4% 4. N. Zealand - 9.3%	USA provides high quality products. Southern hemisphere countries gain seasonal advantages.	There is no local production.
Peaches, Fresh	37,914	**1. USA- 80.2%** 2. Chile - 16.0%	USA products are in good quality and price competitive.	Local products meet about half of local demand.
Table Grape, Fresh	23,975	**1. USA - 47.6%** 2. Chile - 32.8% 3. South Africa - 7.7%	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	9,660	**1. USA - 75.7%** 2. Chile - 24.2%	USA is the leading supplier of plums.	Local products are different varieties.
Oranges, Fresh	5,159	**1. USA - 85.5%** 2. South Africa - 6.9% 3. Australia - 6.7%	USA is the dominant supplier of imported fresh oranges.	Local products are different varieties.
Fresh Vegetable				
Broccoli and cauliflower, fresh	9,460	**1. USA - 94.4%** 2. Vietnam - 5.04%	USA is the major supplier of imported broccoli.	Local products dominate the market.

Onions and shallots, fresh	10,082	**1. USA - 79.79%** 2. Vietnam - 10.3% 3. Spain - 4.0% 4. Thailand - 2.0%	USA is the major supplier of imported onions.	Local production fulfills around 60% of local demand.
Lettuce, fresh	4,489	**1. USA - 98.5%**	USA supplies good quality products with competitive prices.	Local products are different varieties and generally of lower quality.
Potatoes, fresh	3,612	**1. USA - 93.9%** 2. Australia - 6.1%	USA is the major supplier of imported potato products, providing good quality products with competitive pricing.	Local products dominate the market.
Alcohol and Other Beverages				
Wine	123,913	1. France - 55.9% **2. USA - 8.7%** 3. Chile - 7.5% 4. Australia - 7.4% 5. Italy - 7.1% 6. Spain - 5.1% 7 Argentina - 2.3%	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	151,858	1. Netherlands - 65.9% 2. China - 14.5% **3. USA - 6.9%** 4. Japan - 4.9%	The Netherlands and China are aggressive suppliers with many promotions in restaurants and bars.	Local beer brands are most popular.

Mixtures of fruit and/or vegetable juices	2,320	**1. USA - 61.3%** 2. S. Africa - 18.7% 3. Switzerland - 7.6%	USA is the major supplier of imported fruit and vegetable juice.	Local products dominate the market.
Orange Juice	10,144	1. Israel - 34.0% 2. Brazil - 32.6% **3. USA - 20.2%** 4. Netherlands - 9.1%	Israel and Brazil supply high quality concentrated orange juice.	Local oranges are of different species. Orange juice derived from locally produced oranges is popular and usually sold in wet markets or by street vendors.
Grape Juice	11,255	1. Spain - 52.8% 2. Italy - 24.2% **3. USA - 11.0%**	Spain and Italy dominate the market and supply price competitive products.	There is little local production available.
Other products				
Coffee, roasted, not decaf	26,368	**1. USA - 55.8%** 2. Italy - 13.8% 3. Malaysia - 6.8% 4. Switzerland - 5.9%	USA supplies over half of roasted coffee while Indonesia, Brazil and other tropical countries supply most of the non-roasted coffee beans.	There is little local production available.
Mixes and Dough	18,401	**1. USA - 49.6%** 2. Thailand - 12.7% 3. Japan - 11.5% 4. Italy - 5.8% 5. South Korea - 5.5%	USA dominates the mixes and dough market.	Taiwan imports most of its bakery ingredients.

Sauces and Preps	71,205	1. Japan - 56.1% **2. USA - 13.0%** 3. China - 8.0% 4. Hong Kong - 4.7%	Taiwan consumers tend to prefer the flavors of Japanese sauces and condiments.	Local products dominate the market.
Almonds, shelled	25,136	**1. USA - 96.4%** 2. China - 3.6%	USA is the dominant supplier of tree nuts.	There is no local production available.
Walnuts, shelled	17,273	**1. USA - 93.6%** 2. China - 5.1%	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	2011 Market size	2011 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	138,177 MT (carcass weight equiv.)	$546	14.35%	Beef: NT$10 per kilogram Beef variety meat: 15%	Lack of import MRL for ractopamine has stymied imports of U.S. beef. Primary competitors are New Zealand / Australia with perceived acceptable quality at lower price.	U.S. industry is able to supply large volumes of “Asian cuts” at prices competitive with New Zealand and Australia. Quality of U.S. chilled beef is recognized by consumers.

Cheese	n/a	$110	18.88%	5%	New Zealand (29%) and Australia (21%) dominate the market. Use in home cooking not yet popular.	U.S. market share is increasing, reflecting growing acceptance of U.S. cheese.
Fish and Seafood Products	$2,239	$730	22.7%	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. product consumed in restaurants rather than purchased for home use. HRI venues with strong Western orientation and up-market positioning offer best opportunities for U.S. exporters.
Fresh Fruit	n/a	$399	n/a	Varies by type	There is growing competition from new suppliers / varieties, domestic and foreign, especially premium fruit from Japan and Korea.	Effective marketing programs emphasizing reliable quality, competitive pricing, and recognized brands have improved market share for U.S. fruit.

Pork	922,688 MT (carcass weight equiv.)	$104	57.6%	12.5 to 40%	Consumption is relatively stable and local producers supply over 90% of market. Greater imports occur only in response to occasional short supplies and high local pork prices. The ractopamine MRL issue has disrupted the market for U.S. pork.	High quality U.S. pork has gained acceptance in restaurants. There are good opportunities for pork for processing.
Poultry Meat	n/a	$143	n/a	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	n/a	$92	n/a	Varies by type	Cashews from Asia have shifted some market share from U.S. tree nuts. Competition to U.S. pistachios comes from Middle East and Australia.	U.S. dominates market for almonds, pecans, and walnuts. Almonds and pecans have great potential growth, but baking industry needs to learn how to use pecans in products.

Whey	n/a	$16	7.3%	4 to 5%	U.S. currently leading supplier of whey.	U.S. whey benefits from competitive pricing and successful promotion efforts into food service and processed food channels by U.S. exporters and the U.S. Dairy Export Council.
Wine	n/a	$124	13%	10% to 20% plus a NT$7 per 1% alcohol content per liter	French wine still dominates the red wine market. Knowledge about wines is generally low throughout wine distribution channels. Wines from new world countries such as Chile and Australia are getting more competitive due to low costs.	Currently, the United States is Taiwan's second largest wine supplier in terms of value. Despite the front-runner position of French wines, U.S. wines continue to gain consumer recognition and acceptance.

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 Agriculture 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 Jeffrey Hesse (Chief) Chris Frederick (Deputy Chief)	**Locally-Employed Staff** Rosemary Kao (Ag Specialist) Chiou Mey Perng (Ag Specialist) Angela Hu * (Admin Assistant)

For Market Promotion Assistance:

Taiwan Agricultural Trade Office - Taipei, ATO, Taipei www.usfoodtaiwan.org **Office Hours:** 8:00 AM – 5:00 PM **Telephone:** (011-886-2) 2162-2000 x2316 **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 Department of State (ATO) 4170 AIT Taipei Place Washington DC 20189-4170	**Physical Location** ATO / American Institute in Taiwan Suite 704 Lotus Mansion 7th fl No. 136 Renai Road Sec. 3 Taipei Taiwan
Foreign Service Personnel Hoa V. Huynh(Director)	**Locally-Employed Staff** Cleo W. Y. Fu (Ag Mktg Specialist) Amy Hsueh (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	Steven Chu & Associates	Steven Chu	(8862) 27261939	(8862) 27261815	10F-3, 508 Chung Hsiao E. Rd., Sec. 5, Taipei	scafms@ms11.hinet.net
California Tree Fruit Agreement						
Pear Bureau North-West						
Raisin Administrative Committee						
Washington Apples						
Food Export Northeast/Midwest						
Wisconsin Ginseng Board						
California Table Grape Committee	PR Consultant Ltd.	Rosaline Chen	(8862) 87898939	(8862) 27252155	7D07, 5 HsinYi Rd., Sec. 5, Taipei	rosalinec@prcon.com
U.S. Dairy Export Council						
USA Rice Federation						
Wine Institute of California						
USA Apple						
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 Petfood Institute	Wise Consulting	Echo Lin	(8862) 25140984	(8862) 27184850	8F., No.201, Fu-Shin N. Rd, Taipei	jean@wisecont.com; joyce@wisecont.com
APA - The Engineered	n/a	Charlie Barnes	(8862) 272016	(8862) 272016	Taipei World	charlie.barnes@apawood.org

Wood Association			24	46	Trade Center, Suite 7C-08, #5 Hsin-yi Road Section 5, Taipei 110	
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
State of Alaska, U.S.A	n/a	Erick Kish	(8862) 87862227	(8862) 87862221	Taipei World Trade Center 7C-01, Taipei 110 Taiwan	evkish@alaska.org.tw

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

| Taiwan Foodservice — Behind the Scenes_Issue 3 | Food Service - Hotel Restaurant Institutional, Livestock and Products, Promotion Opportunities | Taipei ATO | Taiwan | 4/25/2012 "Taiwan Foodservice—Behind the Scenes" is a publication that focuses on trends in Taiwan's foodservice industry. The newsletter features information related to Taiwan's foodservice sector and interviews with key local players so that you, our readers, can obtain more objective view of the potential market for U.S. food products in Taiwan. Taiwan Foodservice — Behind the Scenes_Issue 3_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
| HRI Food Service Sector | Taipei ATO | Taiwan | 2/8/2012 "The Tai-wan Foodservice—Behind the Scenes" is a publication featuring the trends of Taiwan's foodservice industry. This newsletter will feature statistics related to Taiwan's foodservice industry and perspectives from the interviewees so that you, our readers, are able to obtain more objective information. The editor will focus on a different aspect of Taiwan's foodservice and interview hotel and restaurants professionals for their insights on current foodservice trends as well as their busi... Taiwan Foodservice— Behind the Scenes Issue 2_Taipei ATO_Taiwan_2-3-2012
| FAIRS Country Report | FAIRS Country Report | Taipei | Taiwan | 12/28/2011 In 2010, Taiwan was the 6th largest export market for U.S. food and agricultural products. All food and agricultural products, whether domestic or imported, must comply with a range of laws designed to protect human health and prevent the introduction of animal and plant pests or diseases. This report gives an overview of Taiwan's import requirements for food and agricultural products. NOTE: All sections of this report have been reviewed and updated to reflect new or updated laws and regulat... Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-21-2011
| Product Brief | Taipei ATO | Taiwan | 12/28/2011 Taiwan's domestic sales of moon cakes are considerable (about US$100 million this year), but also noteworthy is the fact that Taiwan ships some of its moon cakes to Mainland China (est. 8-10 tons per year). Do you produce or export any of the ingredients identified in this report? If so, you may want to contact the U.S. Agricultural Trade Office in Taipei to receive additional information on export opportunities for your products in Taiwan. Attention U.S. Suppliers! Taiwan is Calling (Moon Cakes)_Taipei ATO_Taiwan_12-15-2011

| Retail Food Sector | Taipei ATO | Taiwan | 12/2/2011
Taiwan's retail food sector is becoming increasingly competitive. Challenges in the middle tier and low-priced markets include decreased sales of premium products due to the recent economic slowdown. Nevertheless, there are great opportunities for U.S. exporters as the growth of premium retail chains continues unabated. Gourmet food importers are increasing imports of premium meats, condiments and health foods, but lower-priced supermarkets will continue to rely on brand recognition and prici...
Market Snapshot - Taiwan's Retail Food Sector _Taipei ATO_Taiwan_11-29-2011

| Fresh Deciduous Fruit | Taipei | Taiwan | 11/23/2011
The apple is, far and away, the most heavily consumed imported fruit in Taiwan. Fuji, with its sweet taste and firm texture, remains the overwhelmingly favored variety - recently accounting for 90% of total retail apple sales. Local apple production is negligible supplying only some____ of domestic demand. The consumption of apples is not expected to reach the highs seen in the late 1990x but should remain in the 120-140 K mt range through the next few years. In MY 2010, the United States f...
Fresh Deciduous Fruit Annual_Taipei_Taiwan_11-4-2011

| Dairy, Milk, Fluid, Dairy, Cheese, Dairy, Dry Whole Milk Powder, Dairy, Butter | 2011 | Dairy and Products | Taipei | Taiwan | 11/1/2011
Taiwan's fluid milk production is forecast to reach about 379,000 metric tons in calendar year (CY) 2012, an increase of 4% above the estimated CY 2011 production level. The projected increase reflects the growth of local dairy cattle without the addition of imported cattle or an accelerated breeding program. However, the cost of raising dairy cattle in Taiwan has increased sharply due to cost hikes for imported feeds. In response to the increased production costs, the Taiwan Council of Agric...
Dairy and Products Annual_Taipei_Taiwan_10-28-2011

| Peaches, Nectarines, and Cherries | Stone Fruit | Taipei | Taiwan | 10/7/2011
Taiwan continued to be an important market for U.S. stone fruit, the number two export market for U.S. peaches/nectarines, and the number five export market for U.S. cherries in 2010. Stone fruit (cherries, peaches/nectarines, plums/prunes, and apricots) is well received in Taiwan, not only do consumers like them due to their attractive appearance, sweetness, juiciness and fragrance, most importantly, wholesale and retail trade also like to handle them simply because they are profitable.
Stone Fruit Annual_Taipei_Taiwan_9-9-2011

| Product Brief | Taipei ATO | Taiwan | 7/19/2011
Traditionally, people in Taiwan send food products in gift packages to their friends and relatives during three major lunar year festivals: Chinese New Year, the Dragon Boat Festival, and the Moon Festival. Of the many kinds of gifts given, imported food products that provide health benefits, either organic or conventional, such as jams, nuts, dried fruits, candies, and cookies, show the good prospects in Taiwan.
Gift Pack Market _Taipei ATO_Taiwan_7-5-2011

| Retail Food Sector | Taipei ATO | Taiwan | 3/10/2011 Taiwan Supermarket Sagas Volume 1-1_Taipei ATO_Taiwan_3-7-2011
| Product Brief | Taipei ATO | Taiwan | 11/3/2010 Taiwan imports of tree nuts are forecast to reach 29,708 tons in CY 2010, up 20% compared to CY 2009. The growth is attributed to the increasing demand from the food processing sector. In CY 2009, total imports of tree nuts reached 24,757 tons. Bulk import accounted for 80% of total imports and the remaining 20% were imported in consumer packages sold as snacks. The key categories for bulk nuts are food processing (snacks as the core) and baking. Tree Nuts Overview_Taipei ATO_Taiwan_10-28-2010

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