

USDA Foreign Agricultural Service

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Global Agricultural Information Network

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Taiwan

Fresh Deciduous Fruit Annual

Outlook for Third Largest U.S. Apple Export Market Remains Upbeat

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Report Highlights:

Post forecasts MY2017/18 apple imports at 169,000 MT, up one percent from the same period last year. The United States is the leading supplier with approximately 36 percent of the import market share. Apples are Taiwan's leading imported fruit, and Fuji remains the most popular variety accounting for nearly 85 percent of imports.

Commodity: Apples

Production:

Taiwan's apple production is negligible, and demand is met almost exclusively by imports. Taiwan's 2017 domestic production of apples is projected to reach 1,500 metric tons, up slightly from the previous year because of favorable growing conditions. In MY2016/17, planted area totaled 204 hectares. Apple production in Taiwan's subtropical climate is limited and possible only in high mountain areas. In addition to the climate, constraints to apple production are high labor and transportation costs, as well as competition from imports. Local apple production currently meets less than one percent of domestic demand.

Apple Production in Taiwan

| Fresh Apple (HS Code 080810) | Production Value (US\$ million) | Production Volume (MT) | Area Planted (HA) |
|------------------------------|---------------------------------|------------------------|-------------------|
| 2012 | 3.3 | 1,518 | 168.9 |
| 2013 | 3.1 | 1,292 | 175.1 |
| 2014 | 4.7 | 1,506 | 174.8 |
| 2015 | 4.4 | 1,319 | 172.2 |
| 2016 | 5.3 | 1,482 | 204.1 |

Source: Taiwan Council of Agriculture (COA)

Consumption:

Fuji is the most popular apple variety and accounts for over 85 percent of the total apple imports. In general, most importers still prefer Fuji apples and will likely continue to buy Fuji until a new variety with better quality and competitive export quotation comes up to replace Fuji's position. The United States, Chile, and New Zealand continue to focus on supplying the Taiwan market with Fuji and other traditional varieties. However, many supplying countries including Chile, Japan, New Zealand and the United States have exported other apple varieties in recent years, including Aurora, Granny Smith, Gala, Pink Lady, Ambrosia, and Red and Golden Delicious.

Production, Supply and Demand Data:

| Apples, Fresh | 2015/2016 | | 2016/2017 | | 2017/2018 | |
|-----------------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| Market Begin Year | Jul 2015 | | Jul 2016 | | Jul 2017 | |
| Taiwan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | | 172 | | 204 | | 200 |
| Area Harvested | | 172 | | 204 | | 200 |
| Bearing Trees | | 63 | | 63 | | 63 |
| Non-Bearing Trees | | 0 | | 0 | | 0 |
| Total Trees | | 63 | | 63 | | 63 |
| Commercial Production | | 1,319 | | 1,483 | | 1,500 |
| Non-Comm. Production | | 0 | | 0 | | 0 |
| Production | | 1,319 | | 1,483 | | 1,500 |
| Imports | | 169,057 | | 168,109 | | 169,000 |
| Total Supply | | 170,376 | | 169,592 | | 170,500 |
| Fresh Dom. Consumption | | 170,376 | | 169,592 | | 170,500 |
| Exports | | 0 | | 0 | | 0 |
| For Processing | | 0 | | 0 | | 0 |
| Withdrawal from Market | | 0 | | 0 | | 0 |
| Total Distribution | | 170,376 | | 169,592 | | 170,500 |
| | | | | | | |

(HA), (1000 TREES), (MT)

Source: Taiwan Council of Agriculture; Global Trade Atlas

Trade:

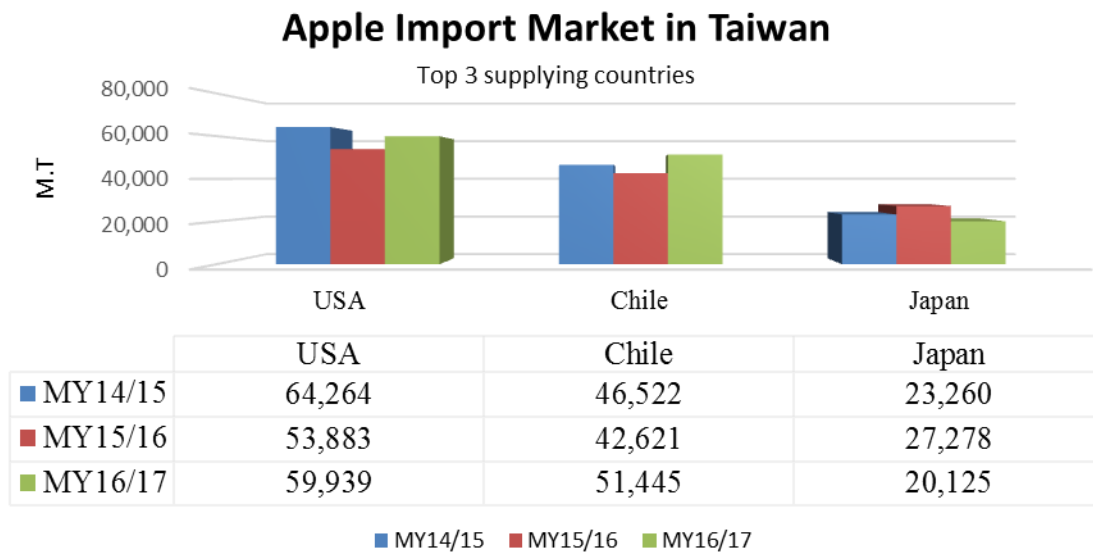
Taiwan was the third largest export market for U.S. apples in MY16/17. In MY2016/17, Taiwan imported more than 168,000 MT of apples, an increase of 12 percent. The United States remained the leading supplier of apples to the Taiwan market with a market share of 36 percent, followed by Chile (31 percent), New Zealand (14.6 percent), Japan (12 percent), and South Africa (6 percent). U.S. apple exports to Taiwan are forecast at 60,000 MT in MY2017/18 due to a stable supply of Washington apples

that account for 90-95 percent of total U.S. apple exports to Taiwan. Post forecasts apple imports at 169,000 MT in marketing year 2017/18.

| Taiwan: Imports of Fresh Apples | | | | | |
|---------------------------------|----------------|--------------|-------------------|--------------|-------------------|
| | Total Imports | | Imports from U.S. | | U.S. Market Share |
| | M.T. | \$US million | M.T. | \$US million | Percentage |
| MY14/15 | 156,007 | 238 | 64,264 | 78 | 41 |
| MY15/16 | 169,054 | 265 | 53,883 | 70 | 31 |
| MY16/17 | 168,109 | 265 | 59,939 | 85 | 36 |

Source: Global Trade Atlas

Importers have a broad choice of suppliers from which to choose (with the notable exception of China due to phytosanitary concerns). Given the fact that every supplying country has ambitious marketing promotional plans and budgets to attract more consumers, changes in market share will continue to shift year-to-year mainly based on supplier prices, product quality, and availability. Chile, the second largest supplier, is gradually gaining import market share (from 26 percent in MY15/16 to 31 percent in MY16/17) due mainly to price competitiveness and increasing familiarity among importers on how to handle Chilean fruit imports. On the other hand, Japan is having success in introducing niche varieties into the market, such as Toki, to maintain a “premium” image and justify higher prices. However, Japan’s import volume declined 27 percent from MY15/16 to MY 16/17, most likely due to general concern over food items imported from areas that may have had radiation contamination from the Fukushima disaster.



Marketing:

Wet markets, fruit shops, hypermarkets, and supermarkets are the primary retail outlets for fresh apple sales in recent years. These retail chains regularly conduct U.S. fruit promotions and offer significantly lower prices than wet markets to draw in consumers. Nevertheless, wet markets remain popular with older shoppers and those with lower incomes, and they continue to play a vital role in fresh fruit sales. Non-store retailing, such as home shopping, e-commerce, and TV/internet sales, has gained popularity and vendors are investing more resources in developing TV/internet shopping, websites and other eCommerce platforms.



As in other markets, Taiwan's e-commerce plays a role in fruit distribution. Here, popular shopping website PChome is promoting Japanese Mutsu (Crispin) apples for NT\$1750, six pieces, 2.2 kg.



Also on PChome, organic Fuji apples from New Zealand are being offered at NT\$1350 per 4.3-4.5 kg per box

Distribution Channel:

Nearly all fresh fruit imports, including apples, are consumed as fresh produce. Consistent year-round supply helps consumers in Taiwan maintain the habit of eating apples on a regular basis. Retail sales rose steadily and are reaching maturity, though only moderate growth in volume is expected in the coming years. Fierce price competition among supplier countries is expected to drive prices down. The only exception is in the gift-giving sector, where Japan dominates, and the selling prices remain high. For general apple consumption, consumers are price sensitive, so to maintain or increase U.S. market share, continuous promotional activities are needed to reinforce consumer's familiarity with U.S. apples and nutritional values.



Consumers are willing to pay a premium for quality. Pictured is a high-end supermarket selling Japanese Toki apples for NT\$288 for a package of two.



Japanese apples are also a popular office and holiday gift box item.

General Phytosanitary Requirements:

A phytosanitary certificate issued by USDA's Animal and Plant Health Inspection Service (APHIS), stating that the fruit has been thoroughly inspected and found free from relevant plant pests and diseases is required for all U.S. fresh apple shipments to Taiwan. Additionally, Taiwan regulatory authorities must confirm compliance with Taiwan's "Quarantine Requirements for the Importation of Fresh Apples from the United States" before imported shipments of U.S.-origin apples can be released from Taiwan ports-of-entry and enter commercial commerce on Taiwan.