

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Voluntary - Public

Clearance Office: All - FAS

Date: 4/10/2009

GAIN Report Number: TW9021

Taiwan

Post: Taipei ATO

2009 Leading Agricultural Sectors for US Export and Investment

Report Categories:

Product Brief

Approved By:

Keith Schneller

Prepared By:

Cleo Fu

Report Highlights:

Agricultural marketing specialists compile basic agricultural market information for U.S. exporters about a range of industry and service sectors in Taiwan. The leading agricultural report, updated annually, cover beef, pork, poultry, fresh fruit, dried and frozen fruit, ready-to-use ingredients, cheese, engineered wood, chocolate and other candy, pet food and wine and spirits, fish and seafood products, and ginseng sectors which represent the best prospects for U.S. exporters.

General Information:

- [Beef](#)
- [Pork](#)
- Poultry
- Fresh Fruit

- Dried and Frozen Fruit
- Read-to-Use Ingredients
- Cheese
- Engineered Wood
- Chocolate and Other Candy
- Pet Food
- Wine and Spirits
- Fish and Seafood Products
- Ginseng

Beef

	2006	2007	2008 (Estimated)
Total Market Size	107	104	105
Total Local Production	6	6	6
Total Exports	0	0	0
Total Imports	101	98	99
Imports from the U.S.	26	23	31

Notes: Figures are for bovine meat in 1,000 metric tons (carcass weight equivalent). The statistics are unofficial estimates.

Best Prospects/Services

In 2008, the United States broke another record by replacing Australia to become Taiwan's Number 1 beef supplier, in terms of import value. Trade data for the first 11 months of 2008 indicated that Taiwan imported USD 126 million worth of U.S. beef while Taiwan imported USD 103 million worth of Australian beef. Volume-wise, the U.S. took 31% of the market share while Australia and New Zealand took 36% and 27% respectively. Total beef imports in 2009 might be impacted by the global economic slowdown resulting in decreased purchasing power of Taiwan consumers. However, U.S. beef is expected to remain competitive with hope of expanding its market share further.

Opportunities

The U.S. beef industry is able to supply large volumes of single "Asian cuts" at prices competitive with New Zealand and Australia. These cuts include boneless rib, chuck and thin meats for ethnic cuisines such as Japanese and Korean, and middle meat items for Western restaurants. The quality of U.S. chilled beef is considered much higher than beef from other countries; hence, it is preferred by consumers and dominates sales and retail space. U.S. chilled beef occupied 73% of the market share in the first 10 months of 2008, accounting for US\$48.7 million dollars. Although New Zealand and Australia continue to dominate the lower quality, frozen beef exports to Taiwan which are used mostly for food processing and "traditional" beef noodle soup and stir-fried cuisines, US market share of this category continues to grow and were able to lead in the first few months of 2008.

US bone-in beef trade is still halted due to the BSE issue. Once the market fully opens again for US bone-in beef products, the market gain from certain favorable US bone-in beef cuts will allow the US to further expand its market

share in Taiwan.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Record Beef Imports (TW7005)

<http://www.fas.usda.gov/gainfiles/200702/146280128.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

For Taiwan's agricultural trade statistics:

Council of Agriculture: <http://www.coa.gov.tw>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov

Pork

	2006	2007	2008
Total Market Size	957	934	943
Total Local Production	931	914	900
Total Exports	0	0	0
Total Imports	26	20	43
Imports from the U.S.	16	9	19

Notes: Figures are for porcine meat in 1,000 metric tons (carcass weight equivalent). The statistics are unofficial estimates.

Best Prospects/Services

Taiwan has eliminated its tariff rate quotas on certain pork items including pork bellies and pork variety meats. Under Taiwan's WTO commitments, Special Safeguards (SSG) came into play in 2005. However, they were not triggered in 2007 or 2008. Taiwan's pork consumption is relatively stable and significant imports only occurred to supplement occasional short supply or high prices of local pork. However, in the past decade, U.S. pork had gained acceptance by Taiwan food processors and there remains a very steady demand in pork imports for processing purpose.

Total 2007 pork imports plummeted since the summer of 2007 following Taiwan authority's increased scrutiny over a feed additive, Paylean, which has been commonly used in the production of U.S. pork for many years. Total pork Imports in 2008 recovered, due mainly to high prices of locally produced pork. However, during this period of heightened import scrutiny focused most intensively on U.S. pork Canada replaced the U.S. to be the leading pork supplier in the Taiwan market. U.S. share dropped from 60% to 47% and further to 45% in 2006, 2007 and 2008 while the Canadian share grew from 37%, 47% and 50% in corresponding years. Taiwan importers are still cautious about

bringing in certain cuts of U.S. pork until the uncertainty associated with the testing can be removed.

Opportunities

Although the Taiwan pork market is dominated by local production, certain variety meats are in high demand and are undersupplied. By exporting these less-demanded pork muscle meat and variety meat products in the domestic market, U.S. exporters are able to gain better profits.

U.S. valued-added products such as natural pork and processed pork products are highly recognized and accepted in retail and foodservice operations. Several U.S. pork and processed meat products have recently entered the Taiwan market and found strong demand in niche food sectors.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Hog Producers Squeal Under Cost-Price Squeeze (TW7015)

<http://www.fas.usda.gov/gainfiles/200703/146280614.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

For Taiwan's agricultural trade statistics:

Council of Agriculture: <http://www.coa.gov.tw>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Fresh Fruit

Overview

	2006	2007	2008 (estimated)
Total Market Size	\$2,392	\$2,279	2,270
Total Local Production	2,080	1,997	1,937
Total Exports	33	39	37
Total Imports	333	321	370
Imports from the U.S.	144	141	145

Notes: Figures are in millions of USD.

Source: Global Trade Atlas

Best Products/Services

In 2007, Taiwan imported approximately US\$321 million worth of fresh fruit. The United States was the major supplier, accounting for 44 percent of Taiwan's total fresh fruit imports. The major U.S. export items to Taiwan included peaches (\$40,608,548; 85 percent market share), apples (\$33,768,793; 32 percent), cherries (\$31,872,686; 66 percent), table grapes (\$19,360,186; 62 percent), plums (\$7,783,237; 75 percent), oranges (\$2,765,863; 67 percent), grapefruit (\$737,169; 30 percent), and pears (\$692,152; 5 percent). To take advantage of this leading position, U.S. suppliers are encouraged to focus on deepening market relationships. Responding to importer priorities will also help retain long-term dominance in high-volume fresh fruit categories. Some products such as Fuji apples and cherries have especially strong markets in Taiwan.

Opportunities

U.S. exporters have also been very successful at introducing new fruit types and varieties to the Taiwan market. The best growth opportunities for U.S. suppliers are in "new-to-market" temperate fruits, of which cherries, strawberries, and blueberries provide positive recent examples. Peripheral varieties of established fruit categories (e.g., the "Dinosaur Egg" plum and flat peach) and fresh fruits not previously sold in quantity in Taiwan (e.g., raspberries and blackberries) also have significant growth potential, both in consumer/retail and food service channels. There are strong growth prospects for niche fruit categories (berries, flat peaches, pluots, etc.). As these products become more widely available, they will enter increasingly mainstream consumption and become more attractively priced for the mass market. There is also the potential for more "new" niche fruits to win high-value beachheads in Taiwan as well. The U.S. is the largest (and in some cases only) supplier of fruit in these categories.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Stone Fruit Annual (TW8022)

<http://www.fas.usda.gov/gainfiles/200804/146294454.pdf>

Taiwan Fresh Deciduous Fruit Annual (TW8068)

<http://www.fas.usda.gov/gainfiles/200812/146306758.pdf>

HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Dried and Frozen Fruit

Overview

	2006	2007	2008(Estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	5	5	5
Total Imports	43	44	43
Imports from the U.S.	13	14	14

Notes: Figures are in millions of USD.

Source: Taiwan Council of Agriculture

Best Products/Services

Fruit and berry flavors lead market trends toward new and innovative tastes. Taiwan consumers generally like the taste of dried and frozen fruit and welcome new products. In addition, natural fruit ingredients offer processed food manufacturers new opportunities to tout associated nutrition and health (functional) benefits. Raisins and prunes continue to dominate the dried fruit category, although sales of these products are advancing at a much slower pace than previously because of strong competition from competitors such as China and Argentina.

Opportunities

U.S. exports of snack fruits such as dried cranberries, mixed dried fruits, and ingredient-ready dried and frozen berries (e.g., blueberries, raspberries, and cranberries) continue to enjoy a steadily increasing share of the overall segment. These products promise to maintain bullish growth through the near future as new flavors work their way into the mainstream prepared food market.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

Taiwan Stone Fruit Annual (TW8022)

<http://www.fas.usda.gov/gainfiles/200804/146294454.pdf>

Taiwan Fresh Deciduous Fruit Annual (TW8068)

<http://www.fas.usda.gov/gainfiles/200812/146306758.pdf>

HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Poultry (Ready to cook)

Overview

	2006	2007	2008 (Estimated)
Total Market Size	766.6	705.9	722.2
Total Local Production	669	653	635
Total Exports	7.8	9.8	7.8
Total Imports	105.4	62.7	95
Imports from the U.S.	103.3	56.5	80

Notes: Figures are in thousand metric tons.

Best Prospects/Services

Increased demand of US poultry products pushed up prices in 2008, yet it did not stop the trade. U.S. chicken exports to Taiwan rose 31.79 % in the first ten months of 2008 reaching \$78 million; unit price of imported US poultry products is 70% over 2006 level.

As poultry import volumes decreased in 2007, the 2009 SSG trigger volume for chicken wings and legs is set to decrease from the 2008 level of 84,911mt to 74,725mt. The trigger volume for other chicken cuts will also decrease from 4,593mt to 3,574mt.

In addition, US turkey meat exports to Taiwan increased from the 2007 level of 26 tons to 2008 level of 90 tons, a 247% jump over the year.

Opportunities

U.S. dark meat products still are very competitive with local production. Healthy U.S. export growth is expected to continue for several years as the market adjusts to increasing competition. Significant growth opportunities exist, in particular, for those commercial producers who are able to address importer concerns regarding cut and packaging specifications. Processed food and food service channels are very comfortable using imported poultry, while retailers are less aggressive due to consumer concerns regarding frozen chicken meat taste and performance.

At the present time, the United States is the only significant poultry exporting country with sanitary clearance to import into Taiwan. Canada is becoming a growing threat to the US as Canadian poultry products are considered to have lower level of water added after slaughter. While the U.S. currently has a virtual “monopoly” on imported supply, the strong potential for real competition in the coming few years should encourage U.S. suppliers to increase their service and

responsiveness to Taiwan importers in order to maintain solid relationships that will be less subject to price-based switching when other suppliers are permitted in. Other factors potentially impacting poultry demand and U.S. export opportunities include domestic concern over avian influenza and the potential success (or not) of marketing imported poultry products through fresh/retail channels.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Annual Report 2007 (TW7001):

<http://www.fas.usda.gov/gainfiles/200612/146269873.pdf>

Avian Influenza – An Initial Market Impact Assessment (TW4008):

<http://www.fas.usda.gov/gainfiles/200402/146105548.pdf>

For update of export requirements for Taiwan:

http://www.fsis.usda.gov/regulations_&_policies/Taiwan_Requirements/index.asp

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Ready-to-use-Ingredients

Overview

Ready-to-use industrial ingredients are scattered among various HS Codes. Trade data below shows the most promising categories, including Cheese (next section), Chocolate/ Cocoa for Processing, Sauces/Condiment Preparations, and Coffee.

HS Code 1806: Chocolate/Cocoa for Processing

	2006	2007	2008 (Estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	0.9	0.8	1.2
Total Imports	57.8	59.5	62
Imports from the U.S.	8.8	8.9	12

Notes: Figures are in millions of USD.

HS Code 2103: Sauces/Condiment Preparations

	2006	2007	2008 (Estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	25.2	28.7	30.9
Total Imports	52.1	50.2	61.6
Imports from the U.S.	5.7	6.8	12.4

Notes: Figures are in millions of USD.

HS Code 0901: Coffee

	2006	2007	2008 (Estimated)
Total Market Size	10,840	14,100	12,949
Total Local Production	256	452	550
Total Exports	188	224	101
Total Imports	10,772	13,872	12,500
Imports from the U.S.	535	687	811

Note: Figures are in metric tons.

Best Prospects/Services

Taiwan's recent general economic malaise curtailed consumer spending which hit food processors that once enjoyed strong growth with minimal product variety. Increasingly vigorous competition for consumer attention continues to drive many food processors to innovate their mainstream and traditional food product lines. As a result, importer education along with technical/application support is advised in order to ensure a positive processor experience with a new ingredient product.

Imports of cocoa and cocoa mixes are primarily used for making chocolates or ice cream. Italy, Japan, and the U.S. are the three major suppliers for this category. In 2008, the U.S. has surpassed Italy and become as Taiwan's number one supplier of cocoa mixes in terms of import value.

Another example of ready-to-use ingredients is Sauces/Condiment preparations, especially tomato ketchup/paste/sauces and mustard flour/meal used to meet the demand of the local food service sectors. Japan, the number one supplier for this category, exports four times more than the United States, which ranked number two in 2006. Nonetheless, US market share of this category rises 8% in 2008 year-on-year.

Taiwan's insatiable demand for coffee continues to grow at a rapid pace. In 2007, Taiwan's consumption increased by 24 percent over 2006. Taiwan's coffee consumption rose another 34 percent in 2008. Local coffee production is also on the rise. The total coffee production area increased significantly from 387 harvestable hectares in 2006 to 561 harvestable hectares in 2007. Most of the domestic coffee is consumed locally for tourists visiting coffee farms.

Opportunities

Trends that bode well for this category include: 1) the increase in consumption of ice cream and chocolates, along with numerous Western retail chains selling high-end ice cream products including "Movenpick", "Salt and Bread", "Big Tom", "Cold Stone", "Hagen Daz", etc., 2) the increasing numbers of people dining out on a regular basis, 3) the

continued good growth in demand for coffee and the strong uptick in retail coffee outlets (for example 85°C) and the strong competition of inexpensive coffee in convenient stores have spurred favorable sales of coffee. These chains have contributed to demand for western style food ingredients.

In addition, U.S. suppliers of flavors, nutritional additives, product performance enhancers, and labor saving (pre-processed) industrial ingredients can also expect to find high demand for their products in Taiwan.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Coffee Retail Market (TW8043)

<http://www.fas.usda.gov/gainfiles/200810/146296232.pdf>

Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Cheese

Overview

	2006	2007	2008 (Forecast)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	19	2	5
Total Imports	17,229	19,972	16,839
Imports from the U.S.	1,854	2,135	2,371

Notes: Figures are in tons.

Source: Bureau of Foreign Trade in Taiwan (code:04061000, 04062000, 04063000, 04064000, 04069000)

Best Prospects/Services

The Taiwan imports of cheese are estimated at 16,839mt with total value of \$81 million in 2008, according to the Bureau of Foreign Trade in Taiwan.

Total cheese imports in 2008 are estimated to decline by 19 % due to the slow down in the economy and the impact of the recent melamine food contamination incidents have impacted on the baking industry. Nevertheless, cheese and its derivative products still have excellent potential to gain acceptance among Taiwan consumers through growing direct consumption and innovative applications, especially with baking products.

U.S. cheese exports to Taiwan are expected to continue steaming along at better than 10 percent growth each year. U.S. cheese is expected to capture 14 percent market share in 2008 vs. 11 percent market share in 2007.

Opportunities

Cheese has the potential to grow as an ingredient in western-style dishes. On a per capita basis, cheese consumption in Taiwan (0.74 kg in 2006) is still very small compared to most Western countries and Japan. The key for success factor is to educate consumers/bakers about cheese applications. U.S. cream cheese, mozzarella, and cheddar have gained recognition by Taiwan bakers through long-term marketing programs offered by the [Agricultural Trade Office](#) and the United States Dairy Export Council. Cheddar cheese is the rising star, with its rich varieties appealing to Taiwan consumers' palate successfully. As of October 2008, U.S. cheddar has increased 15% in import values compared to same period in 2007.

Taiwan consumers are more sophisticated in consuming cheese nowadays. In the past, consumers tend to associate cheese with pizza or sandwiches. Nowadays, consumers eat cheese in diversified applications. More and more consumers pair cheese with wine. Cheese is also applied as topping on the baked potatoes to enrich the taste. The continuous retail promotions and samplings in up-scale retail stores will keep improving consumers' awareness of U.S. cheese and reminding them of cheese applications with otherfoods.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Dairy Annual (TW8056)
<http://www.fas.usda.gov/gainfiles/200811/146306378.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Other references:

Engineered Wood

Overview

	2006	2007	2008 (Estimated)
Total Market Size	NA	NA	NA
Total Local Production*	NA	NA	NA
Total Exports**	40	32	33.5
Total Imports	227	238	265
Imports from the U.S.	33	30	37

Notes: Figures are in millions of USD. *No official data for local production of engineered wood is available.

**Wood products defined as engineered wood in this sector are under HS Codes 440320, 440710, and 4408.

Best Prospects/Services

A number of efforts are being undertaken by the Taiwan authorities to demonstrate green building technologies, increase the practice of green building, and to make information on green building more readily available. With the Ministry of Interior's announcement on increasing the use of green building materials used in public buildings from 5 to 30%, the utilization of sustainable energy resources has become a major focus becomes the highlight of the construction industry.

In addition, after many years of negotiations and consultations, the Taiwan Construction and Planning Agency of the Interior Ministry (CPAMI) announced on October 31, 2008 a working set of fire code regulations which should result in a significant increase in the use of U.S. wood products in Taiwan construction/housing projects in the future.

Opportunities

While the bulk of the engineered wood market consists of low-end plywood and fiber/particle board, changes in construction regulations, government procurement priorities, and consumer attitudes promise to spur interest in high-end engineered wood products such as structural glulam and special-application laminated wood -- categories in which U.S. suppliers have particular expertise and competitive advantages.

With the recent U.S. economic downturn, U.S. wood exporters have been offering more attractive prices to buyers with certain specifications for export to Taiwan. Government agencies are also expected to continue encouraging public building projects in order to boost the slow economy.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Announcement of Taiwan Fire Codes for Wood Frame Construction (TW8066)

<http://www.fas.usda.gov/gainfiles/200811/146306360.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Chocolate & Other Candy

Overview

	2006	2007	2008 (Estimated)
Total Market Size	\$241	\$217	194
Total Local Production	183	164	145
Total Exports	19	18	17
Total Imports	77	71	66
Imports from the U.S.	7	6.5	6

Notes: Figures are in millions of USD.

Source: Global Trade Atlas

Best Products/Services

Taiwan imported approximately US\$71 million of chocolate and candy products in 2007, a nearly eight percent decrease compared with the previous year. Chocolate candy products constitute approximately 62 percent of the candy import market. In 2007, Japan was the largest supplier with 22 percent market share, followed by Italy (14 percent), the United States (9 percent), Malaysia (7 percent), Indonesia (3 percent), Argentina (3 percent), and Netherlands (3 percent). Italy and other EU countries mainly supplied chocolate products. Part of the success of imported candy products from EU and the United States is that they compare favorably to domestic products in both price and quality. The United States used to hold a slightly larger market share than its competitors. However, the entry of major European chocolate product manufacturers as well as lower priced candies from other countries has shifted some market share away from U.S. suppliers. Industry sources estimate reduced local production, imports and exports in 2008 due to a relatively sluggish economy and greater emphasis on health foods.

Opportunities

U.S. candy products are considered competitive in terms of both quality and cost. The Taiwan candy market has become more mature and consumers are beginning to demand a wider variety of candies. With the long-term increase in the standard of living and an increasing focus on healthy eating, candies that provide a health benefit or at least do not contribute to weight gains or cavities have the best prospects. Unique flavors and creative packaging are also key to success in the Taiwan market.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Pet Food

Overview

	2006	2007	2008 (Estimated)
Total Market Size	\$76	\$82	79
Total Local Production	13.0	13.5	13
Total Exports	0.1	0.3	0
Total Imports	63	68	66
Imports from the U.S.	26	27	26

Notes: Figures are in millions of USD

Source: Global Trade Atlas

Best Prospects/Services

The United States exported an estimated \$27 million worth of pet food to Taiwan in 2007, a nearly 4-percent increase from 2006. Overall, Taiwan imported approximately US\$68 million worth of pet food in 2007, which is nearly 8 percent more than in 2006.

There is no official data on domestic pet food manufacturing, but it is estimated that domestic production yields less than 20% of total pet food supply. Taiwan's local production is limited to Fwusow and Uni-President brands.

Since 2001 the pet food import market nearly doubled in size. U.S. pet food exports reflected that trend – U.S. market share has increased from 26% in 2000 to 40% in 2007. Although the U.S. currently leads Taiwan pet food imports, Australia is still a major competitor. A recent entry of pet food in significantly large volume with low prices from Thailand and other Southeast Asian countries is anticipated to impact U.S. pet food exports to Taiwan in the near future. These pet foods with local private labels mainly go to local supermarket/hypermarket stores.

The new requirement in 2001 for a Health Certificate for pet food imports eliminated major competitors such as Thailand, Japan, and the EU from the Taiwan market. However, countries gradually re-entered the market as their plants slowly gained approval to supply products to Taiwan. However, the detection of BSE in the U.S. in December 2003 resulted in a Taiwan ban on the entry of U.S. pet foods, except those solely derived from fish, poultry, and dairy.

In 2004, Taiwan relaxed pet food import requirements by allowing pet food products that do not contain U.S. ruminant ingredients. Currently, there are 19 U.S. pet food facilities that have regained market access after Taiwan's plant-by-plant visit and approval, coordinated by the U.S. National Pet Food Institute. Currently, out of the countries with disease concerns to Taiwan, four facilities in Canada, four in Japan, four in Australia, five in Thailand, two in Argentina, three in Brazil, and one plant each in France, the Netherlands, Japan, Philippines, and South Korea are approved to export pet food to Taiwan.

Currently, pet food products must comply with the Taiwan Feed Controls Act. This Act, proposed by the legislature and the Taiwan Pet Association, has required the authorities to hasten the establishment of pet food regulations, but little progress has been made in the past two years.

Opportunities

Despite the temporary disruption to U.S. pet food exports, the long-term trend remains competitive but favorable, with U.S. imports enjoying an approximately 40 percent market share. The growth in the Taiwan pet food market can be attributed mainly to a change in attitude toward animals as household pets and a subsequent shift from feeding table scraps to stray animals to serving specially manufactured pet food to well cared for pets that are increasingly pedigreed breeds. With rising incomes and rising Western influence, dogs are now a symbol of affluence. Imported pet food maintains a market share of approximately 80 percent, even though retail prices for imported pet foods are higher than locally produced products. Currently, the ratio of dried to canned pet food is 65:35; the ratio of dog to cat food sold is 85:15. Pet food is sold in specialty pet shops, supermarkets, convenience stores, animal hospitals, and by veterinarians. It is estimated that Taiwan currently has approximately 2,000 pet specialty stores.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Pet Food Report (TW8041)

<http://www.fas.usda.gov/gainfiles/200807/146295236.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov

Wine & Spirits

Overview

	2006	2007	2008 (Estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	3,904	2,643	3,416
Total Imports	40,898	41,842	38,927
Imports from the U.S.	2,327	2,245	2,073

Note: Figures are in thousand liters.

Source: Bureau of Foreign Trade in Taiwan (code: 2204, 2205, 2206, 2208)

Best Prospects/Services

The Taiwan imports for wine and spirits are estimated at 39 million liters with total value of USD375 million in 2008, according to the Bureau of Foreign Trade in Taiwan.

In terms of product mix, Whisky accounts for the biggest portion with the volume share of 50% and the value share of 72%. The leading player, U.K., has held a 95% market share for consecutive three years. Taiwan is the U.K.'s 10th largest exporting market for whisky, and U.K. has consistently promoted whisky with intensive mass media campaigns. Taiwan consumers have the preference for single malt scotch and are willing to pay for the premium for social gathering or gift-giving occasions as a symbol of status. The market for single malt scotch is expected to grow continuously according to the domestic retailers.

The grape wine import market has been growing at a 30% rate for over past five years but is estimated to decrease in volume by 10% in 2008 compared to 2007 because of a slowing economy. Grape wine accounts for 40% of wine and spirits imports volume. Taiwan consumers are more sophisticated and open-minded in wine tasting compared to five years ago as a result of increased wine education efforts. On the one hand, the low-priced wine choices from Chile and Australia intensify the market competition in the entry-level wine drinking segment and the foodservice sector while consumers are receptive to high-quality wine with premium price. According to Global Trade Atlas data as of October 2008, the per liter price is US\$5.98 on average, representing an increase of 32% over the same period in 2007.

The image of U.S. wine is commonly associated with California wine, which is well recognized by Taiwan consumers and the media. In recent years, there has been more diversity in sourcing from other American states and grape varieties, such as wine from Washington State being sold in Costco retail stores, and the popular Zinfandel being promoted by the media.

Opportunities

U.S. wine has potential to grow if the players can create more consumption opportunities through marketing by

occasion. The market for wine and spirits is maturing in terms of consumer sophistication. According to AC Nieslen Printscape research data (2007 Oct-2008 Mar), grape wine ranks as the second most commonly consumed alcoholic drinks in Taiwan. In terms of the occasion, 22% of people drink grape wine at “Home or friends’ houses,” ranking as the most popular occasion. Besides pulling through from the importers/distributors, the brand maker can adopt the integrative and consistent consumer education to remind consumers of their brand whenever they have social gatherings. The long-term consumer education will cultivate consumers in recognizing U.S. wine and encourage them to purchase it.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Wine and Spirits Market Update (TW7027)

<http://www.fas.usda.gov/gainfiles/200706/146291374.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Fish and Seafood Products

Overview

	2006	2007	2008 (Estimated)
Total Market Size	1,912	2,377	2,181
Total Local Production*	2,763	3,158	3,034
Total Exports**	1,196	1,192	1,400
Total Imports	345	411	547
Imports from the U.S.	27	25	27

Notes: Figures are in millions of USD. *Source: AG Statistics Yearbook, 2007, Council of Agriculture, Republic of China. US\$ to NT\$ = 1: 31. **Products defined in this sector are under HS Codes 03, 1604, and 1605.

Best Prospects/Services

High energy prices in 2008 will result in a 3.92% decrease of local fish and seafood production, according to Council of Agriculture. However, the total market size is expected to grow due to the increase of imports. Imported frozen fish livers and roes under HS 030380 and rock lobster/crawfish under HS 0303 from the U.S. rose 27.5% and 20%, respectively, in the first nine months of 2008.

Starting in 2008, Taiwan has fully liberalized fish and seafood trade. Tariff quotas of mackerel, carangids, and sardines were eliminated upon WTO accession. The average tariff rate on fish and seafood products (including non-tariff measure) decreased from 27.9% to 17.8% during this period. Total imports grew from \$305 million dollars in 2002 to \$411 million dollars in 2007.

Opportunities

Although precise data on fish and seafood per capita consumption is difficult to obtain, Taiwan's Council of Agriculture estimated that each Taiwanese consumers eat more than 30 kilograms fish and seafood per year, three times more than the world average.

Though Taiwan is generally self-sufficient in most fish and seafood products it relies on imports for certain fish and seafood items such as prawns, salmon, mollusks, rock lobster, crawfish and crabs.

The demand for salmon and king crabs is rising. In the past, Taiwan seafood buyers in general have had difficulties sourcing those US seafood products in a sellers' market. Some of them have bought U.S. products via other countries due to the relatively small volume of purchase or lack of procurement channels. ATO Taipei, in conjunction with the four US State Regional Trade Groups, is trying to link the buyers to smaller US traders interested in exporting products to Taiwan. Sponsored by Food Export USA Northeast, three Taiwan seafood importers will visit Boston International Seafood Show from March 15 to 17, 2009.

Resources

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Ginseng

Overview

	2006	2007	2008(Estimated)
Total Market Size	10,271,737	22,153,569	12,716,919.6
Total Local Production	0	0	0
Total Exports	9,186,479	11,894,694	9,459,066
Total Imports	19,458,216	34,048,263	22,175,985.6
Imports from the U.S.	970,713	826,625	346,758

Notes: Figures are in US dollars. The statistics are unofficial estimates.

Best Prospects/Services

Taiwan is one of the top importers of Ginseng. Taiwan, due to its climate, does not cultivate ginseng and all ginseng is

imported mainly from China, Canada, South Korea, the United States, and a small amount from Japan. According to Global Trade Atlas statistics, the total import of ginseng in 2007 increased about 75% by value and 8.3% by volume compared to 2006. However, US ginseng accounted respectively for just 0.98% and 0.61% in volume of Taiwan's total ginseng imports in 2006 and 2007.

Taiwan Import Statistics								
Commodity: 121120, Ginseng Root								
Calendar Year: 2005 - 2007								
Partner Country	Unit	Quantity			% Share			% Change 2007/2006
		2005	2006	2007	2005	2006	2007	
World	T	1750	1741	1886	100.00	100.00	100.00	8.32
China	T	1594	1561	1717	91.06	89.64	91.05	10.02
Canada	T	89	124	100	5.10	7.11	5.28	-19.58
Korea South	T	49	31	50	2.82	1.75	2.66	64.55
United States	T	7	17	11	0.42	0.98	0.61	-32.92
Japan	T	4	5	3	0.22	0.26	0.18	-23.07

Notes: Figures are in metric tons.

Wisconsin Ginseng farmers once dominated the Taiwan import market but now account for less than 1% of the market in terms of volume. The dramatic decline is attributed to three primary factors: 1) market pressure from China, Canada and Korea; 2) lack of marketing efforts in Taiwan by US exporters; 3) problems controlling of the Wisconsin Ginseng Board seal.

Opportunities

Societies throughout Asia place great value on the benefits of ginseng. It has been widely used by Chinese throughout Asian to improve overall energy and vitality, particularly during times of fatigue or stress. Oriental medicine has deemed ginseng a necessary element in all their best prescriptions, and regard it as a treatment for the infirmities of old age. In comparison with other imported ginseng, Wisconsin ginseng is considered to be of superior quality, purity and safety. Toxic substances, such as quintozene and hexachloribebzene, have not yet been found in Wisconsin ginseng.

Wisconsin grown American ginseng was once marketed very aggressively and enjoyed a strong presence in the Taiwan market. It's pure and clean premium quality were well received and recognized by Taiwan consumers. The Hongkong based Ginseng Board of Wisconsin(GBW) representative was able to register more than 30 ginseng importers as certified members of GBW, allowing them to use GBW's licensed seal on their products. However, high sales for Wisconsin ginseng were not maintained for long. GBW lacked effective monitoring and management of their seal in the market, because it did not require importers to renew their membership. All importers registered and paid the license fee for one year only, but they still continue to use the GBW seal on their ginseng root and ginseng products. Taiwan importers are very cost sensitive, and they imported cheaper ginseng from Canada and China while mislabeling the product with the GBW seal.

Wisconsin ginseng has a long trade relationship with Taiwan, but over the past 10 years has lost most of its market

share. Consumers still think of Wisconsin ginseng is the best ginseng in the market. Taiwan ginseng importers also appreciated the value of Ginseng Board of Wisconsin (GBW) seal on the products. Taiwan importers are interested in purchasing ginseng and are willing to become legitimate users of the GBW seal.

Resources

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Market Development Reports Ginseng 2006(TW6006)

<http://www.fas.usda.gov/GainFiles/200602/146176827.pdf>

For general information on U.S. agricultural exports:

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov