

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Taiwan

Exporter Guide

2017

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Report Highlights:

Taiwan is the seventh largest market for U.S. food and agricultural products. In 2016, Taiwan imported US\$3.33 billion of food and agricultural commodities (including edible fishery products) from the United States. Despite the success already achieved in the market by U.S. exporters, Taiwan still offers growth potential for U.S. food and agricultural suppliers. This report is a practical guide for U.S. food exporters interested in marketing and shipping products to Taiwan.

General Information:

I. Market Overview

Macroeconomic Situation

With a population of 23.5 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market, especially for U.S. firms. In 2016, Taiwan was ranked as the United States' 9th largest trading partner in goods, placing it ahead of markets such as India and Brazil. It was also the 12th largest U.S. export market overall and the 7th largest export market for agricultural and livestock products.

Agricultural Trade

Given Taiwan's relatively small agricultural sector, its dependence on food and feed imports is expected to continue to grow. According to Taiwan's Council of Agriculture, Taiwan imported US\$3.33 billion of food and agricultural products (including edible fishery and forestry products) from the United States in 2016, representing 26.5 percent of the total import market share. The United States also exports many high-valued consumer-oriented agricultural products, including beef, poultry, fresh fruit and vegetables, dairy, tree nuts and processed foods and beverages.

2016 Taiwan Consumer Oriented Products Imports and Exports

Ranking	Countries Exporting to Taiwan			
		Amount (US\$ million)	Total Import Market Share (%)	Top 5 Imported Consumer Oriented Products
1	U.S.	1,566	29.82	Beef, chicken, apples, frozen potato products, pet food
2	New Zealand	660	12.18	Beef, kiwi, milk & cream, apples, cheese
3	Japan	441	8.15	Apples, pastry products, cookies/biscuits, beer, non-alcohol beverages
4	Australia	397	7.32	Beef, milk and cream, lamb and goat meat, wine; pet food
5	China	241	4.45	Beer, ginseng roots, vegetables, dried fruits, condiments, and seasonings

Ranking	Countries Importing from Taiwan
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	Country	Amount (US\$ million)	Share of Total Taiwan Exports (%)	Top Five Exported Consumer Oriented Products
1	China	487	27.79	Bread, pastry, cakes, and puddings; non-alcohol beverages, pineapples, other fresh fruits, pasta
2	U.S.	297	16.92	Live plants (cuttings and slips), non-alcohol beverages; tapioca; sauces and condiments; pasta
3	Japan	202	11.5	Leguminous veg raw (soybean for human food use), live plants (cuttings and slips), fresh/dried guavas, mangoes, and mangosteens, pastry products, other fruit products
4	Hong Kong	183	10.41	Non-alcohol beverage, pastry products, pasta, ginseng roots, waters
5	South Korea	70	3.98	Live plants (cuttings and slips), pastry products, juices, fresh/dried guavas, mangoes, and mangosteens, cookies

Sources: Taiwan Directorate General of Customs

Bilateral and Multilateral Agreements

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

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

Demographics

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

Taiwan Demographics 2011 – 2016

	2012	2013	2014	2015	2016
Birth Rates /1000	9.86	8.53	8.99	9.10	8.86

Fertility Rate	1.27	1.07	1.17	1.18	1.17
Death Rate /1000	6.63	6.68	7.0	6.98	7.33
Age 0 – 14 years (%)	14.6	14.3	14.0	13.6	13.3
Age 15 – 64 years (%)	74.2	74.2	74.0	73.9	73.5
Age 65+ years (%)	11.2	11.5	12.0	12.5	13.2

Source: Directorate General of Budget, Accounting and Statistics

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

II. Exporter Business Tips

Market Entry Strategy

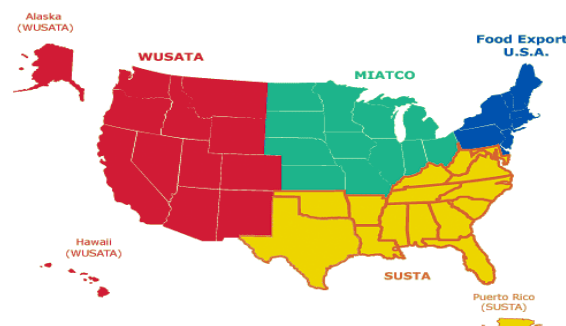
Except for large exporting companies that maintain their representative offices in Taiwan, the

appointment of an import agent is a critical decision for most exporters. Importers prefer to see product samples whenever possible and will often place small initial shipments to test the market response.

Imported goods must conform to local standards and labeling regulations required for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits needed for importation.

Small to medium size exporters should work with the appropriate U.S. State Regional Trade Groups (SRTG) to take advantage of the SRTG's resources for marketing and promotion support in major export markets. The four SRTGs are non-profit trade development organizations that help U.S. food producers, processors and exporters sell their products overseas. They are funded by USDA's Foreign Agricultural Service (FAS), individual state departments of agriculture, and private industry. The SRTGs provide export assistance to companies located in their geographic region through a variety of export programs and integrated marketing services. To learn more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

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



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

2017~2018 Taiwan Trade Show Schedule

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

Foods Standards and Regulations

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

U.S. companies are advised to keep in mind the strict product labeling requirements enforced in Taiwan. The label must also be translated into Mandarin. For more information regarding Taiwan's labeling requirements and food standard, please contact our Agricultural Trade Office or see our latest Food and Agricultural Import Regulations and Standards (FAIRS) report:

- <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Tariffs and Import Controls

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

[Directorate General of Customs Tariff Database](#)

Trade statistics can be found at Bureau of Trade's website:

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

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

Rice

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

The U.S. country specific quota (CSQ) allocation is 56 TMT (64,634 MT brown equivalent). A shift to

increasing CSQ purchases of U.S. rice under the Simultaneous-Buy-Sell (SBS) regime has led to opportunities to direct marketing U.S. rice to retail. By contrast, U.S. rice imported under the normal CSQ tender regime is included in public reservoir stocks and is released to the market per COA approval and oversight.

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

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

III. Market Sector Structure and Trends

Sales and Marketing

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

Business to consumer (B2C) online shopping is expanding robustly and reached US\$18.56 billion in 2015, which 15 percent more than 2014. Group buying, online shopping apps, and several new types of e-commerce shopping business models enjoy massive growth in the recent years. B2C business continues to account for the most significant proportion of direct marketing sales. Young people aged 20-39 are the primary customers for online shopping, while senior/retired people are catching up as smartphone ownership among older adults has risen modestly in the past years.

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

- [Food Service - Hotel Restaurant Institutional Taipei ATO Taiwan 12-23-2016](#)
- [Food Processing Ingredients Taipei ATO Taiwan 12-21-2016](#)
- [Retail Foods Taipei ATO Taiwan 12-19-2016](#)

Organic Foods Sector

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

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

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

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

For more information regarding organic products labeling and applications, please refer to FAS' annual Taiwan organic product report:

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

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

Fish and Seafood products

Fish and seafood play a significant role in the Taiwan diet. Consumers eat an estimated 23.8 kilograms of fish and seafood annually. However, Taiwan is a net seafood exporter. Domestic fishery and seafood production reached US\$2.6 billion in 2016. The top five seafood products Taiwan imports include cuttlefish, squid, shrimp, prawns, and salmon. U.S. is a major supplier of Pollock, Rock lobsters, and oysters to Taiwan.

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

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

IV. Best Consumer Oriented Product Prospects

The growth of U.S. food and agricultural exports to Taiwan are mostly high-value consumer-oriented products. While U.S. bulk commodity products exports to Taiwan are facing more competition from developing countries with cheaper costs, U.S. exports of consumer-oriented products, such as meat, poultry, and fresh fruits, enjoyed 42 percent growth from 2010 to 2016.

Product Category	Imports From U.S. In 2016 (US\$	U.S. Market Share (% of total	Key Constraints over Market Development	Market Attractiveness for the USA
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	million)	import market)		
Beef	364	46.92%	U.S. does not have full market access for its beef products to Taiwan due to lingering BSE and ractopamine concerns.	Taiwan consumers have high regards for U.S. beef regarding quality and safety.
Chicken	130	91.94%	Special safeguards (SSG) raise the tariff from 20 percent to about 26.6 percent.	U.S. is one of a few countries certified to export poultry meat to Taiwan.
Fresh Fruits	229.9	31.74%	Taiwan is an important producer of fresh tropical fruits with high quality. U.S. exports are sometimes facing SPS trade barriers.	Taiwan consumers enjoy a great variety of fresh fruits. U.S. offers different varieties of fresh fruits which Taiwan does not produce locally. Top U.S. fresh fruit exports to Taiwan are apples, cherries, peaches, and grapes.
Fresh Vegetables	76	37.53%	Local production meets most of the vegetable demand.	U.S. continues to be the leading supplier of broccoli, onions, lettuce, and potatoes.
Tree Nuts	63	52.63%	The growth of this sector may slow down due to limited supplies and strong demand competition from the mainland market.	Tree nuts are used for snack foods and as food ingredients and are promoted as healthy food.
Pet Food	45	31.60%	The most significant barrier to entry for U.S. pet food is the ban on pet food containing beef byproducts.	Taiwan pet food imports are expected to grow moderately over the next few years as pet ownership increases.
Cheese	32	24.28%	New Zealand enjoys duty-free access as a result of a free trade agreement signed with Taiwan in 2013.	Consumption of cheese products continues to grow.

Source: Global Trade Atlas

Section V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Taiwan

For Trade Policy/Market Access and General Agricultural Issues:

American Institute In Taiwan, AIT, Taipei	
Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-886-2)2162-2316

Fax:	(011-886-2)2162-2238
Email-FAS:	agtaipei@fas.usda.gov

For Market Development Assistance:

American Institute In Taiwan, ATO, Taipei	
Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-886-2)2705-6536
Fax:	(011-886-2)2754-4031
Email-FAS:	atotaipei@fas.usda.gov

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