

Voluntary Report – Voluntary - Public Distribution

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Report Name: Record High US Exports to Taiwan Confirm Potential in Premium Wine

Country: Taiwan

Post: Taipei ATO

Report Category: Wine

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Report Highlights:

Taiwan is going through an unprecedented phase of high-end wine consumption growth, placing the United States as the second largest foreign supplier by value. Being the U.S. wine's sixth largest valuable Asian market, Taiwan achieved its outsized impact for purchasing high-end U.S. wine. The unit price of the U.S. wine that Taiwan imported reached US\$8.09 per liter in 2021. In 2021, Taiwan imported a record-high volume and value of wine, amounting to nearly 23 million liters and USD264 million. Among all foreign suppliers, the United States posted the most robust growth rate of thirty-two percent, hitting its record high of 1.8 million liters valued at USD27 million. Though the entire market by value plateaued for the first half of 2022, the United States maintained a steady growth at five percent.

Overall Market

In 2021, Taiwan’s wine market amounted to nearly 24 million liters. Ninety-seven percent of wine demand relied on imports, as Taiwan’s sub-tropical climate constrains wine grape cultivation. (Table 1)

The higher sugar level of local wine grape varieties – Black Queen, Golden Muscat, Muscat Bailey A, and Musann Blanc – drives local wine makers to produce white wine, sparkling wine, and fortified wine, which shined on the world stage in recent years. One of the notable wineries, Hung Estate, received gold medal at the 2020 Vinalies Internationales Wine Competition and expanded its distribution overseas. Other remarkable local winery’s international recognition includes WE by WEIGHTSTONE’s sparkling wine that received gold medal at 2021 New York International Wine Competition.

Table 1. Taiwan Wine Market Size
(Source: Trade Data Monitor, Taiwan’s Ministry of Finance; Unit: Liter)

Category	Y2020	Y2021	Change (%)
Local Production	1,157,593	1,075,027	-7
Imports	18,967,701	22,767,737	20
Exports	162,325	278,197	71
Total Market Size*	19,962,969	23,564,567	18

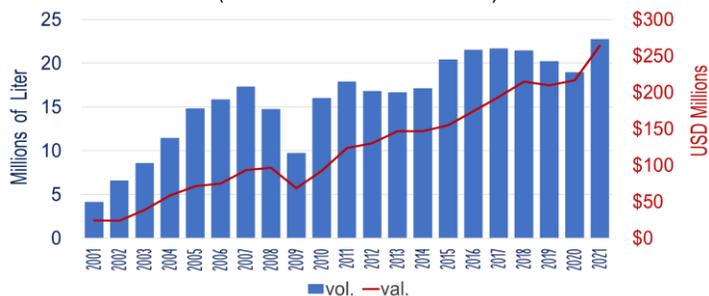
*Local Production + Imports – Exports

Trade

Taiwan’s market was a monopoly, governed by the Taiwan Tobacco and Wine Monopoly Bureau until Taiwan acceded to the World Trade Organization (WTO) in 2002. Since then, an increasing number of importers join the market, introducing wine from a wide variety of appellations to Taiwan.

In 2021, Taiwan imported a record high volume and value of wine, reaching nearly 23 million liters and USD264 million (Chart 1). The United States outpaced all other foreign suppliers, increasing thirty-two percent in volume to 1.8 million liters valued at USD27 million, hitting its record high in two decades. Though the entire market by value plateaued for the first half of 2022, the United States maintained a steady growth at five percent.

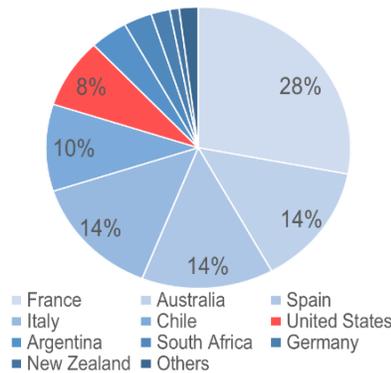
Chart 1. Taiwan Imports of Wine
Year 2001 – Year 2021
(Source: Trade Data Monitor)



In terms of country breakdowns (Chart 2), France retained its longstanding largest market share in the rankings of Taiwan’s imported volume of wine (28%) and value of wine (54%).

In 2021, thanks in part to surging transshipments of wine boycotted by China to Taiwan, Australia (14%) pushed Spain (14%) out of exclusive second place, together tying with Italy (14%). Another key attributor of Australia’s growth is the aggressive new brand introduction of Halliday.

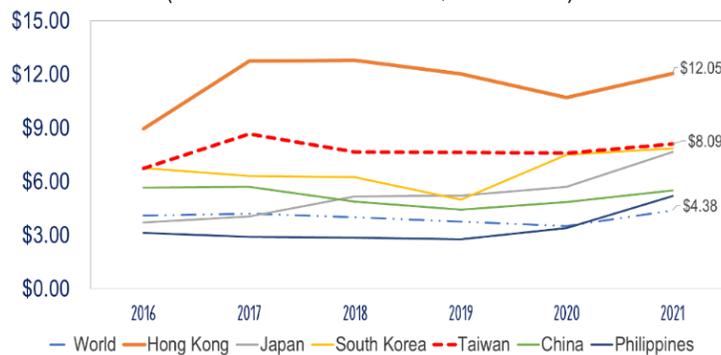
Chart 2. Taiwan's Imported Volume of Wine
Market Share by Foreign Supplier
Year 2021
(Source: Trade Data Monitor)



Although the United States (8%) ranked sixth largest supplier of wine by volume, it outperformed competitors in the premium wine segment, leading itself to the second largest wine supplier (10%) by value, following France (54%). Eighty-five percent of U.S. wines in Taiwan are from California. Other available state sources of U.S. wine include Washington, Oregon, Idaho, New York, New Jersey, Louisiana, and Texas.

It is worth noting that Taiwan, as the U.S. wine’s sixth largest Asian market, bodes well for premium wine segment. Among the U.S. Top Six Asian markets, the unit price that Taiwan imports has stayed topped two highest for past five years, reaching US\$8.09 per liter in 2021 (Chart 3).

Chart 3. Unit Price of U.S. Wine Exports
Top Six Asian Markets by Value
Year 2016 – Year 2021
(Source: Trade Data Monitor; Unit: USD/L)



Consumption

Pandemic contributed to increasing demand for higher-priced, better-quality wine.

The pandemic upended the consumption behavior and is reshaping the market. As the pandemic hit Taiwan severely in May 2021, restaurants were forced to close business, devastating the on-trade demand severely. However, stay-at-home measures prompted consumers to place orders via off-trade channels for home delivery, which not just offset losing on-trade consumption but grow overall revenues unexpectedly. One trade contact commented, “since consumers do not need to pay open bottle fees from restaurants, they become more generous to purchase more expensive, better-quality wine,” for at home consumption.

White wines are growing in popularity.

As the state-at-home advisory was extended into summer, consumers were enticed to opt for white wine. Other than the pandemic factor, the trade commented that given more female consumers start to drink wine, these entry-level drinkers prefer white wine and sparkling wine, for its less tannic and fruitier. Additionally white wine blends well with the local cuisine with strong Japanese influences. The trend showed the ratio of white wine to red wine has pivoted from 1:9 to 3:7 between 2011 and 2022. White wines will be a focus for ATO Taipei in 2022/23.

Semi-sweet palate still dominates.

In general, Taiwan consumers prefer fruity and semi-sweet wines to dry and tannic. Despite robust growth of red blends and lesser-known white wines in recent years, the most popular varieties in white wine are still Sauvignon Blanc and Chardonnay while in red wine, Cabernet Sauvignon always tops the chart but with even Moscato having an outsized presence on retail shelves. Note the market is enthusiastic to try something novel—wines of new varietals, of new appellations, and with new farming or state-of-the-art packaging designs. Even though it is a niche market, consumers are receptive to natural wine, organic wine, and recently popular orange wine.

Distribution

As for imported wine, distribution is 30 percent through on-trade channels and 70 percent through disperse off-trade channels, including traditional retailers, liquor and wine shops, on-line distributors, and directly from importers.

Compared to key traditional retailers like Carrefour, PX Mart, and Costco, liquor and wine shops, like Drinks and My9, offer more diversified options with various price ranges. However, the trend shows that the increasing digital channels catering to young consumers are eclipsing the market share of liquor and wine shops. Note, online wine sales are prohibited but these channels leverage popular private messaging groups, like LINE, to cultivate the new business as their VIP customers who they offer home delivery. The pandemic has been accelerating such switch of shopping pattern from physical to digital.

Promotion

Wine educators play early-adopter influence on trade.

Taiwan culture respects certified professionals and teachers. Trade contacts invest themselves in receiving systemic certified wine education, like Wine and Spirit Education Trust (WSET), or attending educational tastings hosted by recognized wine educators. A handful of wine educators deliberately curate their fan pages and successfully attract loyal students from the trade and consumers. These influencers play an instrumental role shaping the wine drinking culture in Taiwan.

Rating matters.

Taiwan culture recognize “points” and international accolades. Consumers look to wine ratings like Robert Parker points, Wine Spectator Top 100, Jancis Robinson reviews, etc., for quality assurance. Retail channels also highlight these ratings alongside merchandising.

Social media propels wine-drinking to become a pursuit of fine lifestyle.

Taiwan has one of the world's highest per-capita Facebook penetration rates, with nearly eighty percent of the population using Facebook, and thirty-seven percent using Instagram. Importers are adapting their marketing strategies by crafting “Insta-worthy” events. Wine-drinking nowadays is positioned as a fun, delicate lifestyle to pursue. Notable events include a fine wine tasting at the art gallery that featured artistic wine labels, a cheerful picnic that promoted wine as an indulging company, an animated night market tour that enriched consumers with snack food and wine pairing, etc.

Suggestions for U.S. Wine Suppliers

Leverage luxury brand collaboration to branch out distribution.

Premium wine is the most prosperous segment for the United States. Thanks to the successes of high-end U.S. steakhouses in Taiwan, like Smith & Wollensky, Ruth’s Chris, Morton’s, etc., U.S. wine has gained traction with gourmards. It is advised for wine suppliers to share the trade their successful U.S. culinary collaborations, which helps boost the branding quickly and piques the interest for the trade.

Enrich the trade with stories of the winery and terroir.

The market appreciates quality and knowledge. To promote premium wine, the trade hosts formal wine tastings targeting VIPs. The stories behind bottles will help guide consumers’ perception towards good value of U.S. wine. The trade also comments that as old-world wine enjoys long-term recognition, the U.S. wine that has old-world winemaking influence, either reflecting in its style or embedded in heritage, is effective to market.

Tap into USDA’s supported export outreaches.

The USDA Foreign Agricultural Service (FAS) partners with U.S. agricultural producers’ organizations (called Cooperators) to promote U.S. food and beverage products overseas. To introduce representative

commodities to designated export markets, the Cooperators craft diverse marketing programs, such as trade show exhibitions, grand wine trade tastings, buyer missions, etc. Joining Cooperators acts as an introduction on-ramp to dive in a brand-new market with collective support. The wine-related Cooperators that received federal funding include California [Wine Institute](#) and [Northwest Wine Coalition](#).

Tariff and Tax

Wine (HS code: 2204)

- Tariff:
 - 10% for still wine
 - 20% for sparkling wine
 - 10% for Champaign (starting from April 26, 2022)
- Alcohol tax: NT\$7 (≈US\$0.23) per liter per degree of alcohol content
- Business value-added tax: 5%

Regulation

- Hygiene Standards: [Hygiene Standards for Alcohol Products](#)
- Labeling: [Labeling Rules for the Alcohol Products](#). Note Certificate of Country of Origin is required for every shipment.
- Tax: [Tabaco and Alcohol Tax Act](#)
- [Tobacco and Alcohol Administration Act](#)



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Attachments:

No Attachments.