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## **Taiwan**

### **Stone Fruit Annual**

### **Fresh Peaches/Nectarines, Cherries**

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**Report Highlights:**

Taiwan remains an important market for U.S. stone fruit – the third largest importer of U.S. peaches/nectarines and fourth largest export market for U.S. cherries. Local peach/nectarine production had been expected to expand this year, but a typhoon in early August left 2012 output virtually unchanged at 29,939 metric tons. Taiwan does not produce cherries, so 100% of local demand must be met by imports.

**Executive Summary:**

In 2011, Taiwan was the number three export market for U.S. peaches/nectarines and the number four export market for U.S. cherries. Stone fruits are well received by Taiwan consumers, who like peaches, nectarines and cherries due to their attractive appearance, sweetness, juiciness and fragrance. Taiwan wholesalers and retailers like to handle stone fruits because they are profitable. Many Taiwan fruit importers have set up branch offices in China to handle shipments entering the market through their headquarter offices in Taiwan. These Taiwan importers now import fruit not only for Taiwan but also for the China market. At present, however, U.S. fruit exports to China via Taiwan importers are virtually unchanged from the previous year.

**Peaches/Nectarines:** In 2011, Taiwan imported a total of 21,664 metric tons (MT) or US\$38 million worth of fresh peach/nectarines. The United States continued to dominate the Taiwan peach/nectarine import market, accounting for 80% of Taiwan's total fresh peach/nectarine imports. However, Taiwan's imports of U.S. peaches/nectarine decreased 21% by volume while total imports declined by 19% during the 2011 season. Currently, the United States supplies nearly 34% of Taiwan's total consumption. The principal competition for U.S. peaches/nectarines is from local production with 29,719 tons harvested in 2011.

**Cherries:** Taiwan does not produce cherries, so 100% of local demand must be met by imports. Taiwan's imports of U.S. cherries increased 46% by volume while total imports expanded by about 38% in 2011. The United States continued to supply the largest share of Taiwan's cherry import market in 2011 with 12,058 MT or US\$81 million, accounting for 58% of Taiwan's total imports. However, the entry of major southern hemisphere suppliers, i.e. Chile, Australia, and New Zealand, has shifted some market share away from U.S. suppliers in recent years.

The United States is expected to remain the largest supplier of these stone fruit varieties to the Taiwan market into the foreseeable future. Currently, imports of peaches and nectarines from China are prohibited due to phytosanitary concerns.

Given Taiwan's year-round availability and wide variety of local fruit, Taiwan consumers have developed sophisticated tastes for fresh fruits, with the result that Taiwan's per capita consumption is among the highest in the world. Attractive appearance (size, color, shape) and quality image are given significant weight by Taiwan consumers. People in Taiwan commonly send food products in gift packages to their friends and relatives during three major lunar year festivals: Chinese New Year (usually in February); the Dragon Boat Festival (usually in June); and the Moon Festival (usually in September). Imported peaches and cherries are among the most popular gift items included in these packages.

In Taiwan, an estimated 20-25% of fresh fruit is purchased in modern retail outlets with hypermarkets being the most popular store format. These retail chains often conduct U.S. fruit promotions, offering even lower prices than available in wet markets to draw consumers into their stores. Nevertheless, traditional wet markets continue to account for 50-60% of total fresh fruit sales, while fruit specialty stores have around a 20% market share. In recent years, non-store retailing has begun to expand with home shopping and TV/internet shopping accounting for approximately 5% of total fruit retail sales. This segment is expected to continue to grow.



*AIT Taipei Director Stanton points at Northwest cherries poster during supermarket promotion*



*Promotion for California peaches in Taiwan retail store*

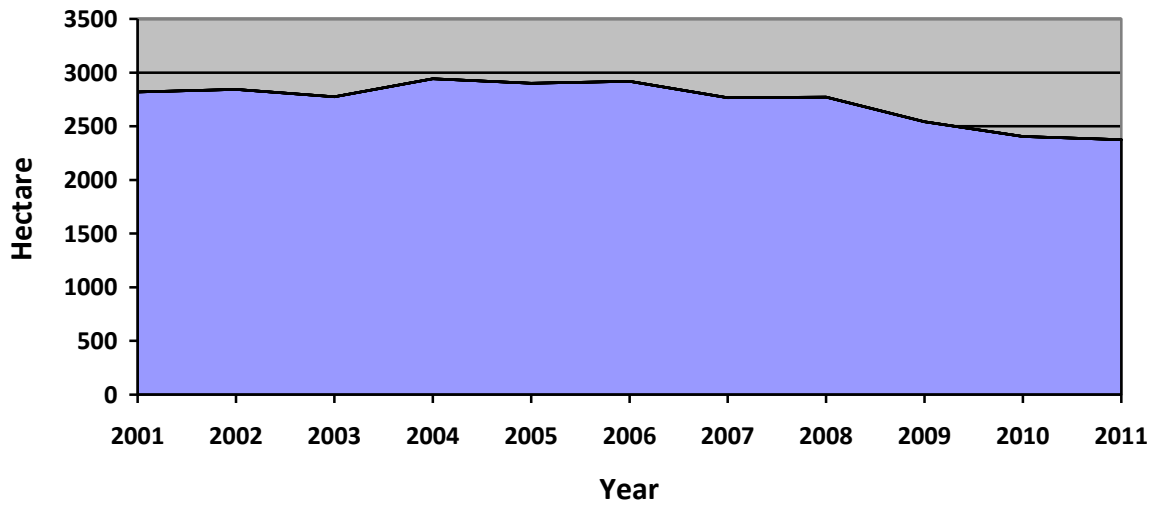
## **Fresh Peaches & Nectarines**

### **Production**

In 2011, Taiwan peach & nectarine production totaled 29,719 metric tons, a nearly 5% increase above 2010 output. Area planted declined to 2,375 hectares, about a 1% decrease from the previous year. For 2012, Taiwan's Council of Agriculture (COA) initially projected that domestic production of peaches and nectarines would reach 32,542 metric tons, an increase of nearly 9% from 2011. However, the COA recently adjusted downward its production estimate due to the impact of tropical storm Saola, which brought fierce winds and torrential rains to Taiwan in early August 2012. As a result, peach/nectarine production is now estimated to have declined to 29,939 metric tons for the 2011/2012 marketing year. Area harvested was estimated at 2,332 hectares, a 1% decline from 2011.

The majority of peaches/nectarines are grown in the mountain areas of northern and central part of Taiwan. Nectarines (white flesh) are available in the market in May/June and peaches are harvested in July/August.

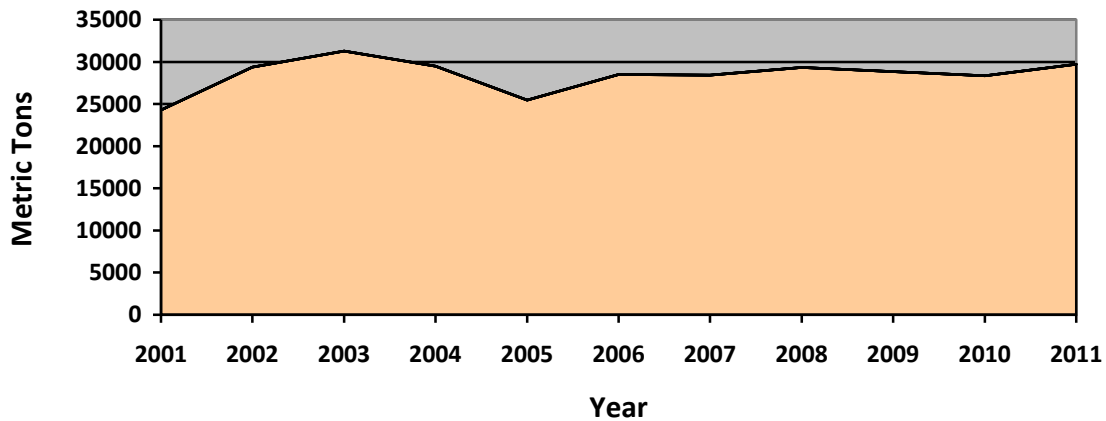
### AREA PLANTED - Peaches & Nectarines



Area Planted – Peaches & Nectarines

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Hectare	2,821	2,845	2,776	2,942	2,899	2,919	2,765	2,772	2,542	2,404	2,375

### PRODUCTION - Peaches & Nectarines



Production - Peaches & Nectarines

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
MT	24,267	29,366	31,265	29,482	25,468	28,508	28,435	29,329	28,838	28,348	29,719

## Trade

In 2011, Taiwan imported a total of 21,664 metric tons or nearly US\$38 million worth of peaches and nectarines, a decrease from the previous year of 19% by volume and nearly 16% by value. The United States had the largest market share (80%), followed by Chile (18%), Australia (1%) and Japan (1%). Imports of U.S. peaches and nectarines declined 21%, while the other major suppliers, Chile and Japan, also posted negative growth. Imports of peaches from Japan at 200-500 metric tons per season are not a major threat to imports of U.S. peaches. Southern hemisphere supplier Chile gained some advantage with increasing supplies and lower costs of production, managing to hold its position as the second largest supplier after the United States. However, the major direct competition to imports from the U.S. comes from locally produced peaches and nectarines. For 2012/13, trade contacts predict that peach/nectarine imports will decline by around 13%, falling to 18,800 MT. The decline is mainly the result of smaller exportable supplies among the leading exporters to the Taiwan market.

U.S. Market Share - Taiwan <b>Fresh Peach &amp; Nectarine Imports</b>										Unit: MT
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total Imports</b>	45928	38559	40263	39178	33344	37730	33875	24312	26628	21664
<b>US Imports</b>	39147	32731	34311	31917	27934	33342	30252	19571	21952	17258
<b>US Market Share %</b>	85%	85%	85%	81%	84%	88%	89%	81%	82%	80%

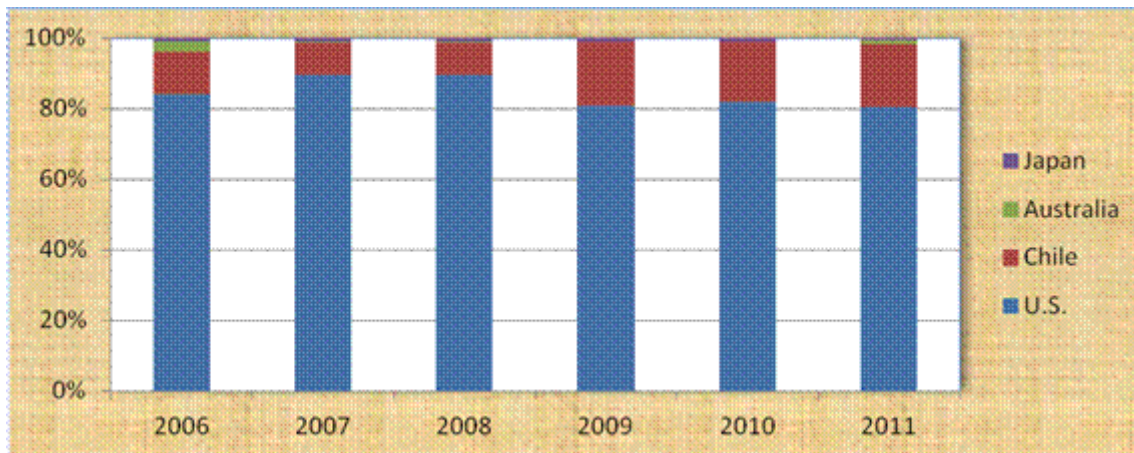
Source: Global Trade Atlas

U.S. Fresh Peach & Nectarine Exports to Taiwan				
	<b>Peaches</b>		<b>Nectarines</b>	
<b>Year</b>	<b>Metric Tons</b>	<b>US\$1,000</b>	<b>Metric Tons</b>	<b>US\$1,000</b>
<b>2006</b>	10,251	18,491	17,683	17,068
<b>2007</b>	11,929	19,945	21,413	20,719
<b>2008</b>	11,589	23,008	18,663	19,945
<b>2008</b>	9,270	20,921	10,301	13,759
<b>2010</b>	9,392	21,473	12,560	15,708
<b>2011</b>	7,855	18,387	9,402	11,905

Source: Taiwan Customs Directorate General

## Taiwan: Trends in Market Share by Country

### Fresh Peaches & Nectarines



### Fresh Cherries (Sweet & Sour)

#### Production

Taiwan does not produce cherries.

#### Consumption

In recent years, Taiwan has been the number three export market for U.S. Northwest cherries and the number six export market for cherries from California. This market is particularly important for U.S. growers because they know that Taiwan consumers will pay premium prices for the largest cherries, with 9-10 row cherries preferred by local buyers.

Although the bulk of fresh fruit in Taiwan is still sold in traditional wet markets, industry estimates indicate that 20-25 % of cherries are now sold in supermarkets/hypermarkets. During the summer season, these chains often conduct U.S. cherry promotions with prices set below wet market prices as a loss-leader program to attract more consumers. As a result, these modern retail stores are taking market share from the wet markets. TV/Internet home shopping and convenience stores have also experienced significant sales growth in recent years in Taiwan. Online shopping, with home delivery service, is expected to continue to expand in the coming years. U.S. cherries are one of the most popular gift pack items.

#### Trade

Taiwan's total fresh cherry imports increased 38 % by volume and 43 % by value during the 2011 season to reach 12,058 MT or US\$81 million. The United States remained the leading supplier with 57% of the market, followed by Chile (26%), Canada (9%), New Zealand (6%), and Australia (2%). U.S. cherry exports to Taiwan increased 46% by volume and 56% by value in 2011.

Taiwan's accession to the WTO in 2002 opened the market to imports from southern hemisphere suppliers -- Chile, New Zealand and Australia. As shown in the table below, U.S. market share has trended downward

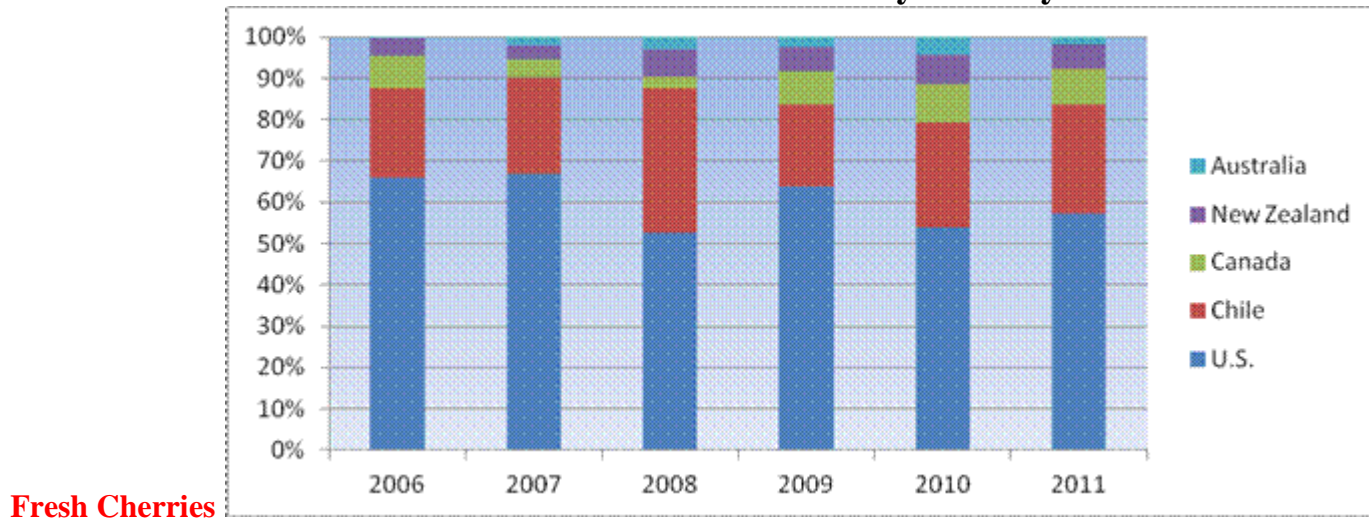
since that time. Taiwan has permitted the import of fresh cherries from China since 2002. However, imports from the mainland have not yet had a significant impact on the market due to quality/food safety issues and importer concerns regarding consumer acceptance of Chinese cherries.

Industry sources indicate that Taiwan's total imports of cherries will expand by 15% in 2012/13, reaching 13,860 MT. This increase in imports is due mainly to the larger harvest in the United States, which is currently the largest supplier for the Taiwan market.

Taiwan: Imports of Fresh Cherries and U.S. Market Share (MT and %)										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total Imports</b>	8486	11806	9881	10588	11974	10483	10127	12229	8769	12058
<b>Imports From U.S.</b>	6631	9672	7325	7788	7887	6974	5339	7817	4735	6921
<b>U.S. Market Share</b>	78%	82%	74%	74%	66%	67%	53%	64%	54%	58%

Source: Global Trade Atlas

**Taiwan: Trends in Market Share by Country**



## Policy

### General Phytosanitary Requirements

Stone fruit imports are regulated by three basic Taiwan regulations: the Act Governing Food Sanitation; the Food Safety Management Regulations; and the Maximum Residue Level standards. Taiwan currently bans imports of stone fruit from some countries with pests of quarantine concern. Imports of stone fruit from the



United States require a phytosanitary certificate of origin issued by the office of Plant Protection & Quarantine (PPQ)/Animal & Plant Health Inspection Service/USDA stating that the fruit has been inspected and found free from relevant pests.

Taiwan also monitors maximum residue levels (MRLs) for around 330 chemical compounds, checking shipments on a random basis. Taiwan's Department of Health (DOH) is in the process of reviewing a backlog of MRL applications for agrochemicals that are internationally-approved and commonly used in the United States and in other producer countries but for which MRLs have not yet been established in Taiwan. The Agricultural Affairs Office at the American Institute in Taiwan, along with U.S. industry representatives, have been working with Taiwan authorities to develop a review process that will allow for the timely establishment of MRLs not only for agrochemicals on the backlog lists but also for new agrochemicals that in many cases would replace older, less effective compounds. These discussions are ongoing.

### The China Factor in Competition for the Taiwan Stone Fruit Market

Taiwan has opened the two stone fruit categories of fresh apricots (January 2007) and fresh cherries (February 2002) to import from China. To date, however, Taiwan has recorded no imports under either category. While importers have indicated interest in testing China's supplies of fresh cherries, logistical difficulties and continuing quality control problems have so far prevented any sales. Cherries, with their unique position as a high volume, high value, short sales window item, represent both high risk and high profit for Taiwanese importers. As such, established suppliers in the United States and other major fruit producing countries are still preferred due to their reliability and responsiveness. The import of stone fruit from China, while still a long-term threat to U.S. market share, is not considered a factor in current market competition.

### Production, Supply and Demand Data Statistics

Fresh Peaches & Nectarines Taiwan	2010/2011		2011/2012		2012/2013		
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	2,404	2,404	2,450	2,375		2,370	(HA)
Area Harvested	2,359	2,359	2,414	2,345		2,332	(HA)
Bearing Trees	829	829	845	821		816	(1000 TREES)
Non-Bearing Trees	14	14	10	8		6	(1000 TREES)
Total Trees	843	843	855	830		822	(1000 TREES)
Commercial Production	28,348	28,348	32,759	29,719		29,939	(MT)
Non-Comm. Production	0	0	0	0		0	(MT)
Production	28,348	28,348	32,759	29,719		29,939	(MT)
Imports	26,628	26,628	24,500	21,664		18,800	(MT)
Total Supply	54,976	54,976	57,259	51,383		48,739	(MT)
Fresh Dom Consumption	54,976	54,976	57,259	51,383		48,739	(MT)



Exports	0	0	0	0		0	(MT)
For Processing	0	0	0	0		0	(MT)
Withdrawal From Market	0	0	0	0		0	(MT)
Total Distribution	54,976	54,976	57,259	51,383		48,739	(MT)
TS=TD		0		0		0	
Comments							
AGR Number	TW12025						

Comments To Post

Fresh Cherries,(Sweet&Sour) Taiwan	2010/2011		2011/2012		2012/2013		
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	0	0	0		0	(HA)
Area Harvested	0	0	0	0		0	(HA)
Bearing Trees	0	0	0	0		0	(1000 TREES)
Non-Bearing Trees	0	0	0	0		0	(1000 TREES)
Total Trees	0	0	0	0		0	(1000 TREES)
Commercial Production	0	0	0	0		0	(MT)
Non-Comm. Production	0	0	0	0		0	(MT)
Production	0	0	0	0		0	(MT)
Imports	8,769	8,769	11,500	12,058		13,860	(MT)
Total Supply	8,769	8,769	11,500	12,058		13,860	(MT)
Fresh Dom. Consumption	8,769	8,769	11,500	12,058		13,860	(MT)
Exports	0	0	0	0		0	(MT)
For Processing	0	0	0	0		0	(MT)
Withdrawal From Market	0	0	0	0		0	(MT)
Total Distribution	12,229	0	8,600	8,769		9,500	(MT)
TS=TD		0		0		0	
Comments							
AGR Number	TW12025						

Comments To Post

