

Required Report: Required - Public Distribution

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Report Highlights:

In MY2022/2023, Taiwan's total cherry consumption, which is based entirely on imports, dropped to just over 12,000 MT due to extremely tight supply of U.S. cherries. Peach and nectarine imports from the United States dropped in MY2022/2023 and are forecast to further decline due to reduced U.S. yields. Chile overtook the United States as the largest supplier of both nectarines and cherries to Taiwan. Taiwan remains an important market for U.S. peach exports. However, overall demand for peaches continue to decline in the face of a competitive and price-sensitive market for fresh fruit while local production faces increasing challenges due to climate change.

Production

Taiwan produces only peaches, not nectarines. Despite the influence of a warm winter on flowering during MY2022/2023, there were no significant weather events during the fruiting period. As a result, commercial production volume was higher than previously forecast, reaching 17,068 MT. While the total production increased compared to the previous two years, this was mainly due to a reduction in the rainy season and fewer typhoons, resulting in increased yield per unit area. Looking at Taiwan's overall peach cultivation area, area planted is still gradually shrinking.

At the end of this year's peach season in Taiwan, a regional typhoon's outer circulation brought astonishing rainfall to mountainous areas in Nantou County and Taichung city, resulting in a significant drop in main high mountain peach production (see Figure 1). As a result, peach production for MY2023/2024 is forecast down to 16,500 MT.

Figure 1: Severe Peach Damage From Typhoon (Taichung City, Taiwan)



Photo credit: Dao-Yuan Xue

Climate change, with rising temperatures and changes in precipitation patterns, is affecting the flowering and fruiting of temperate crops. Besides impacting the fruit set rate, it also reduces the average fruit size and makes pest and disease control more challenging. Taiwan is located in the subtropic region, thus peach production is primarily concentrated in mountainous areas. In recent years, conservation efforts for hillside land and providing disaster compensation have had long-term negative effects on the peach

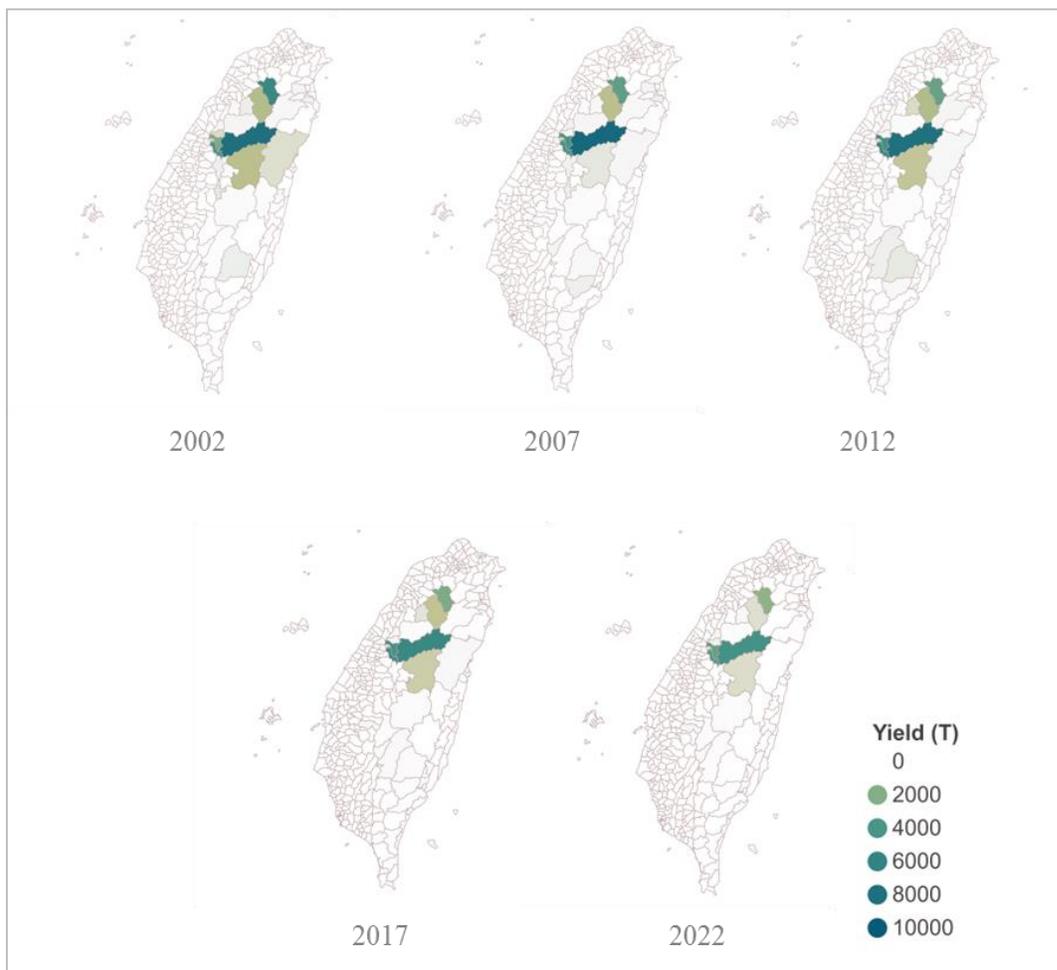
cultivation industry. (Note: some peach orchards are not located on legally recognized “farm and grazing land”, so they are unable to apply for disaster subsidies.)

The main production areas for peaches in Taiwan are Taichung City (Heping District, Dongshi District, and Xinshe District) and Ren'ai Township in Nantou County. Among them, the highest altitude areas, particularly in Heping District and Ren'ai Township, produce the highest-quality peaches. In recent years, due to the substantial profit from highland cabbage, many once-a-year highland orchards have gradually transformed into short-term leafy vegetable cultivation. Mountainous land policy has become a challenging issue for local governments. (Cabbage accounts for about 40 percent of the vegetables consumed by Taiwan.)

Figure 2 shows the distribution of peach production areas in Taiwan over the past 20 years. Cultivation areas are mainly concentrated in the mountainous regions of the Central Mountain Range. However, the production output in the primary peach-growing regions has been gradually declining over the period.

The Taiwan government has invested very little in peach breeding and cultivation technology development in recent years. As a result, Taiwan lacks suitable varieties to replace the existing ones in the face of climate change. Moreover, there is a shortage of grower education resources and a lack of labor force support. Consequently, under multiple internal and external pressures, Taiwan's peach industry is expected to continue to decline.

Figure 2: Taiwan Peach Cultivation Area (2002-2022)



Source: Agriculture and Food Agency, Ministry of Agriculture, Taiwan

Consumption

MY2022/2023 peach and nectarine consumption were 29,761 MT, down more than 2000 MT from the previous forecast.

Taiwan's per capita total fruit consumption remains steady at around 120 kg (± 10 kg) per year. In recent times, due to increased international trade, consumers have a growing array of fresh fruit choices available. Additionally, peaches are not one of the major fruits consumed in Taiwan. Thus, peach consumption is expected to continue to decline. Total peach consumption has steadily decreased from 55,000 MT in 2010 to less than 30,000 MT in 2022. Especially during the summer when Taiwan produces abundant fruits (which has been aided by the lack of typhoons over the past two years), the large supply of cheaper local fruit reduces the demand for pricier imported fruit such as peaches.

However, premium peaches are anticipated to maintain a stable presence in the high-end market, with a forecast peach and nectarine consumption of approximately 28,500 MT in MY2023/2024.

Trade and Marketing

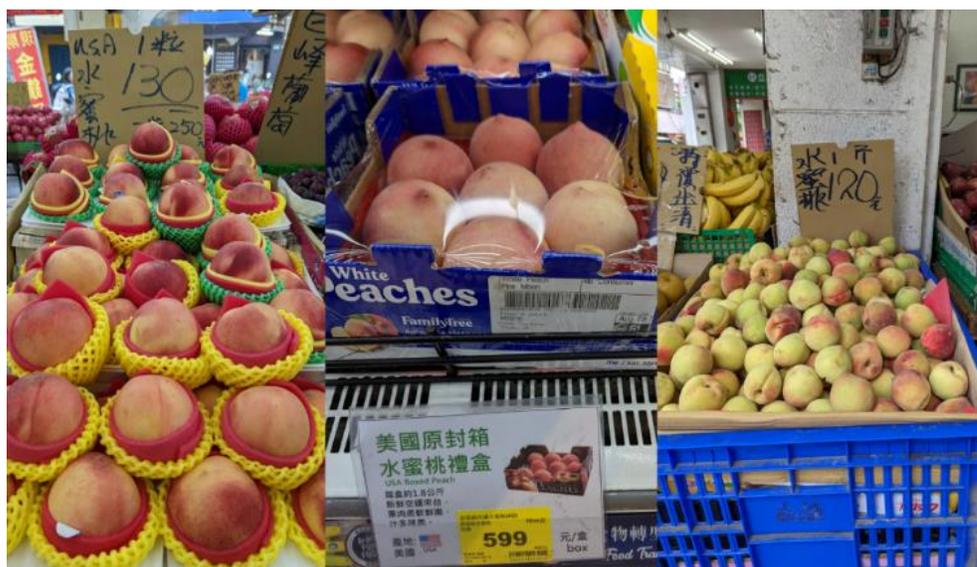
Total imports in MY2022/2023 were 12,693 MT, over 3000 MT less than the previous forecast. This is mainly due to domestic competition with less expensive fruits noted above.

Taiwan is the third largest export destination for U.S. peaches and nectarines. Nectarines are primarily supplied by the United States during the summer and by Chile during the winter. Chile's supply of nectarines in the winter is relatively stable. In 2022, the United States experienced reduced production due to unfavorable weather, resulting in decreased exports. Due to this reduced supply, the market share of U.S. nectarines reached a historic low of only 17 percent. Year-to-date import (YTD) data shows that MY2023/2024 nectarine imports from the United States have decreased about 40 percent compared to the previous year, at about 500 MT. Historically, U.S. nectarine exports to Taiwan could reach as high as 7,000 MT, as they did in 2016. Additionally, the YTD imports of U.S. peaches is less than 2,000 MT. In both cases, the reason for the decline remains lower yields in the United States.

Despite this, U.S. peaches maintain a stable leading position in the Taiwan market with a market share of over 90 percent. They are mainly sold through large fruit vendors, group purchases, and chain supermarkets. The main competitor for peaches is Japan, which also targets the high-end market. However, the market share (by volume) of Japanese peaches was approximately six percent in MY2022/2023.

As a result of the overall decline and diversification away from peach cultivation in Taiwan, this has also impacted the peach supply entering the wholesale market. More and more farms are adopting a strategy of self-production and self-sales, engaging in pre-orders before harvest to reduce risks during the harvest period and to stabilize income. Local governments organize exhibitions or farmers' markets to assist farmers in selling their produce.

Figure 3: Peaches in the Taiwan Market



(Left and middle: U.S. peaches; right: Taiwan peaches)

Photo credit: Author photos

Table 1: Peach Market Share by Volume (Unit: MT); Market Share % Underneath

Country \ Year	2016	2018	2020	2022
United States	7,854 (97%)	7,589 (97%)	7,281 (96%)	6,080 (93%)
Japan	272 (3%)	245 (3%)	285 (3%)	396 (6%)
Chile	2	6	14	26
New Zealand	1	12	11	-
Australia	-	-	6	15
Total	8,129	7,851	7,597	6,517

Source: Ministry of Agriculture, Taiwan

Table 2: Nectarine Market Share by Volume (Unit: MT); Market Share % Underneath

Country \ Year	2016	2018	2020	2022
United States	7,523 (65%)	3,267 (47%)	3,131 (45%)	1048 (17%)
Chile	4048 (35%)	3644 (52%)	2665 (39%)	4857 (79%)
Australia	91	81	91	271
New Zealand	-	6/26	0/1	-
Total	11,632	6,998	6,888	6,176

Source: Ministry of Agriculture, Taiwan

Peaches and Nectarines, Fresh: Production, Supply, and Distribution

Peaches & Nectarines, Fresh Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2021		Jan 2022		Jan 2023	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	1981	1981	1970	1934	0	1900
Area Harvested (HA)	1970	1970	1695	1926	0	1895
Bearing Trees (1000 TREES)	694	694	685	681	0	672
Non-Bearing Trees (1000 TREES)	4	4	4	3	0	3
Total Trees (1000 TREES)	698	698	689	684	0	675
Commercial Production (MT)	16523	16523	16000	17068	0	16500
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	16523	16523	16000	17068	0	16500
Imports (MT)	16300	16300	16000	12693	0	12000
Total Supply (MT)	32823	32823	32000	29761	0	28500
Domestic Consumption (MT)	32823	32823	32000	29761	0	28500
Exports (MT)	0	0	0	0	0	0
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	32823	32823	32000	29761	0	28500
(HA), (1000 TREES), (MT)						

Production

Taiwan does not produce cherries because its subtropical climate is not favorable for cherry production. Local demand relies entirely on imports.

Consumption and Trade

In MY2022/2023, Taiwan cherry consumption was just over 12,000 MT, significantly down from the previous forecast of 20,000 MT due to extremely tight supply from the United States over the previous and current season. According to year-to-date import data, U.S. cherry imports for MY2023/2024 may be the lowest in decades. Taiwan's total cherry consumption is forecast at 13,000 MT with stronger demand and supply in winter.

Taiwan is the third largest export destination for U.S. cherries. In MY2022/2023, Chile surpassed the United States to become the biggest supplier of cherries to Taiwan. Taiwan's demand for cherries is greater in the winter and Chile is the counter-seasonal supplier to the United States. Despite strong challenges of increased border inspection rates and higher shipping costs, Chilean cherry imports still reached the second-highest historical record of 5,678 MT (See Figure 3).

Both Chile and the United States face challenges of increased border inspection due to violations stemming from the lack of import tolerances on newer agrochemicals. As the review process for import tolerance takes about two years, it is expected that the 2024 cherry season will still involve enhanced border inspection.

In June 2021, Turkey gained market access to export fresh cherries to Taiwan. Turkey has the same cherry harvest season as the United States and has the potential to be a strong competitor in the market. To date, Turkey has not exported cherries to Taiwan.

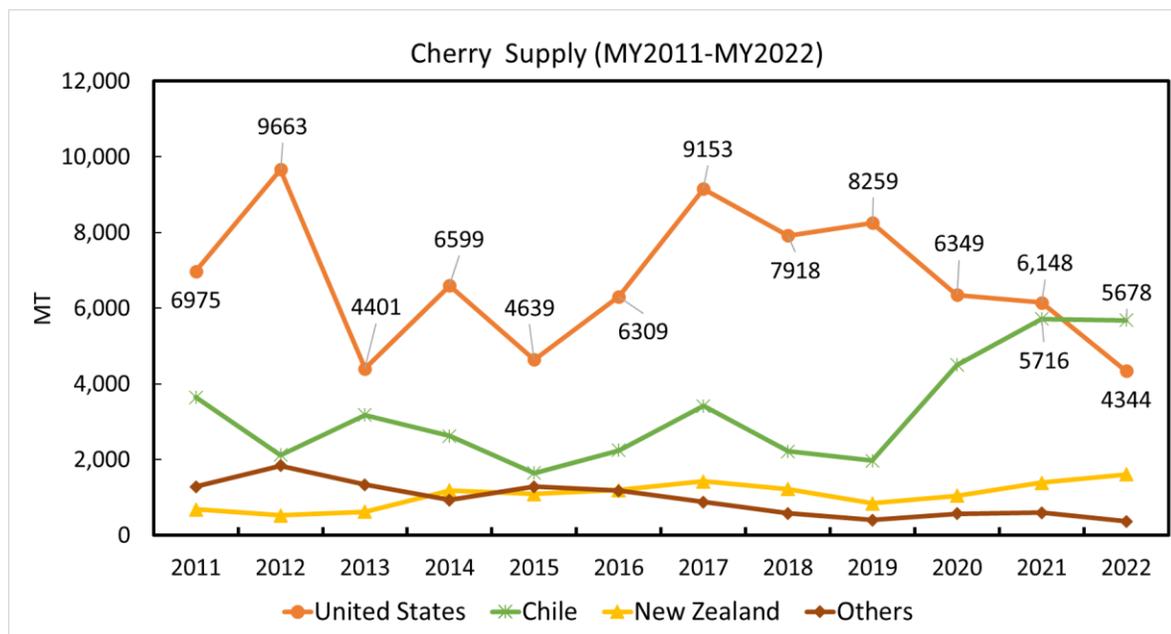
Marketing

According to the Consumer Price Index (CPI) from the Taiwan Directorate-General of Budget, Accounting, and Statistics (DGBAS), Executive Yuan, the CPI for cherries in 2022 was 15 percent higher than in 2021 (see Figure 4) and well above the CPI for all food. Winter cherries are generally more expensive than summer cherries due to the limited domestic fruit supply during that period. Additionally, the demand for cherries increases during the Lunar New Year festival for gifting purposes,

further supporting the higher prices. Last summer, the relatively high cost of U.S. cherries, due to a strong U.S. dollar and reduced supply, led to a slowdown in cherry demand during the summer season.

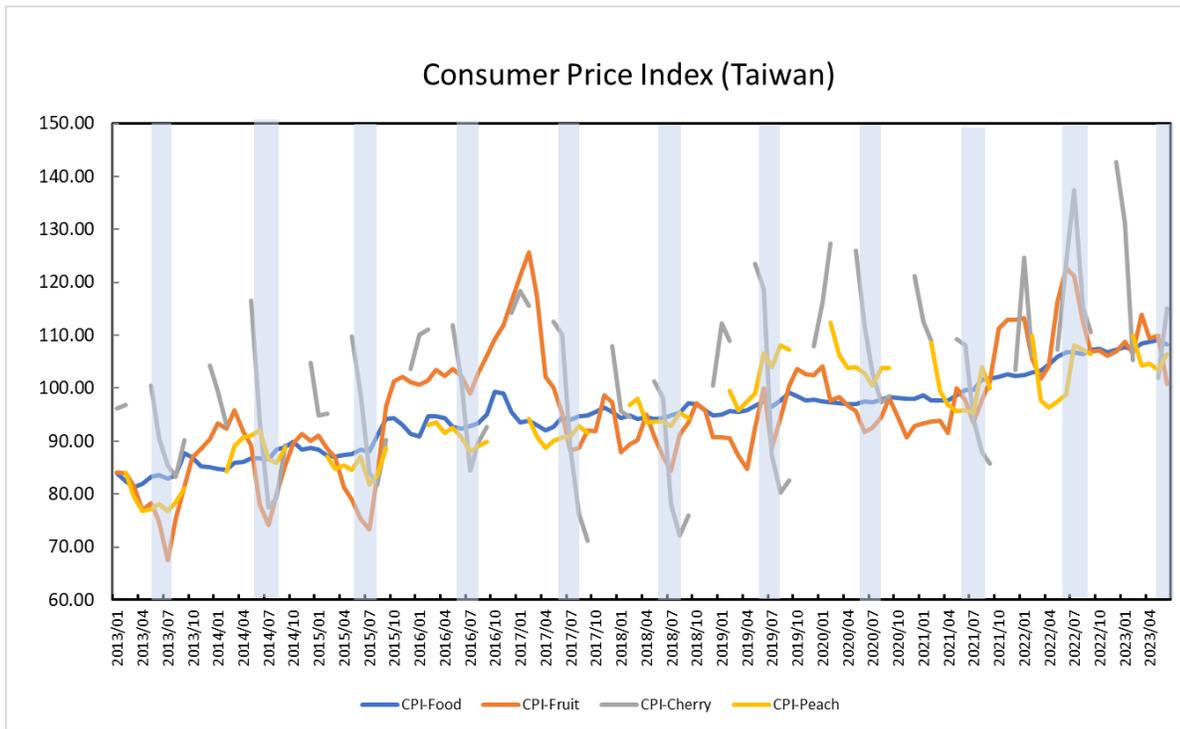
Taiwan consumers prefer to purchase cherries in their original export packaging. Freshness and price are the main factors influencing cherry purchase decisions. Consumers also tend to favor group purchases or direct shipments from importers to obtain the freshest cherries available.

Figure 3: Taiwan Cherry Imports by Volume (MY2011 - MY2022)



Source: Trade Data Monitor

Figure 4: Taiwan Consumer Price Indices for Food (2013-present; 2021 as baseline)



Source: DGBAS, Executive Yuan, Taiwan

Cherries, Sweet and Sour, Fresh: Production, Supply, and Distribution

Cherries (Sweet and Sour), Fresh	2021/2022		2022/2023		2023/2024	
	Apr 2021		Apr 2022		Apr 2023	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	0	0	0	0	0
Area Harvested (HA)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total Trees (1000 TREES)	0	0	0	0	0	0
Commercial Production (MT)	0	0	0	0	0	0
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	0	0	0	0	0	0
Imports (MT)	13900	13851	20000	12005	0	13000
Total Supply (MT)	13900	13851	20000	12005	0	13000
Domestic Consumption (MT)	13900	13851	20000	12005	0	13000
Exports (MT)	0	0	0	0	0	0
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	13900	13851	20000	12005	0	13000

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

Peach, Nectarine, and Cherry Policy

Fruit imports are regulated by the Taiwan Food and Drug Administration (TFDA) under the Ministry of Health and Welfare (MOHW) and the Animal and Plant Health Inspection Agency (APHIA) under the Ministry of Agriculture¹. TFDA is responsible for food safety inspection, while APHIA oversees animal and plant health, pests, diseases, and quarantine.

Fresh fruit exported to Taiwan from the United States must be accompanied by an APHIS-issued phytosanitary certificate (PPQ Form 577). A phytosanitary certificate can be issued by designated APHIS personnel or APHIS-authorized State and County cooperators. Other phytosanitary certificates for shipments of U.S.-origin fresh fruit are no longer accepted by Taiwan plant health regulatory authorities.

TFDA is the competent authority responsible for border food safety inspections. TFDA regularly inspects shipments at the port and closely monitors food products for pesticide and heavy metal residues. TFDA's regulation "[Pesticide Residue Limits in Food](#)" lists allowable residue tolerances in fruit and vegetables. Taiwan adopts a positive MRL list. As cherries and peaches are not major crops in Taiwan, it is recommended that exporters or producer groups address the pesticide application trends and encourage pesticide manufacturers to apply for pesticide import tolerance with TFDA to minimize trade barriers. The application process typically takes two to three years to complete. Since August 15, 2019, the Standard for the Tolerance of Heavy Metals in Plant Origin has been nullified but included in the [Sanitation Standard for Contaminants and Toxins in Food](#). Various standards, including heavy metals, are listed in this regulation.

If a perishable product is selected for testing, the importer can apply for a special dispensation from TFDA to have the products temporarily released to the importer's warehouse. In the event of a detection, clearing quarantine at the importer's warehouse can greatly reduce import costs. The cargo cannot enter commerce until it has cleared quarantine by passing all required tests. Noncompliance with Taiwan standards will result in the product being refused entry, ordered for re-export, or destruction.

HS Code	Item	Major Exporter	General Tariff Rate	Import Regulation*
0809.29.00	Other Cherries, fresh	United States /Chile	7.5 %	B01/F01
0809.30.00.10.5	Fresh peaches	United States	20 %	B01/F01/MW0

¹ As of August 1, 2023, the former Taiwan Council of Agriculture is the Ministry of Agriculture (MOA). Within MOA, the former BAPHIQ is now the Animal and Plant Health Inspection Agency (APHIA).

0809.30.00.20.3	Fresh nectarine	United States/ Chile	20 %	B01/F01/MW0
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- B01: Importation shall be subject to the prescription set forth in the Table of Commodities Subject to Legal Animal & Plant Quarantine compiled by Animal and Plant Health Inspection Agency, Ministry of Agriculture, Executive Yuan.
- F01: Importation of foods shall follow the “Regulations of Inspection of Imported Foods and Related Products”. The importer shall apply for inspection to the Food and Drug Administration, Ministry of Health and Welfare (FDA).
- MW0: Importation of China products is prohibited.

Attachments:

No Attachments