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Required Report - public distribution

Date: 8/11/2014

GAIN Report Number: TW14031

Taiwan

Stone Fruit Annual

United States Maintains Market Share in Taiwan

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Report Highlights:

In 2013, Taiwan was the third largest export market for U.S. peaches/nectarines, and also the third largest 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, and fragrance. Taiwan wholesalers and retailers also prefer stone fruits because of their profitability. In 2013, Taiwan imported 16,421 metric tons (MT) of fresh peaches/nectarines from the United States. Taiwan's imports of U.S. peaches/nectarines increased 16% by volume while total imports also increased 16% during the 2013 season. Meanwhile, Taiwan's imports of U.S. cherries decreased 55% by volume in 2013. However, the United States is still the largest supplier of cherries to Taiwan, and exported 4,401 MT, or nearly US\$34 million, in 2013.

Executive Summary:

In 2013, Taiwan was the third largest export market for U.S. peaches/nectarines, and also the third largest 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, and fragrance. Taiwan wholesalers and retailers also prefer stone fruits because of their profitability. Many Taiwan fruit importers have set up branch offices in China to handle shipments entering the market through their headquarters in Taiwan. These Taiwan importers import fruit not only for Taiwan but also for China.

At present, however, U.S. fruit exports to China via Taiwan importers are unchanged from the previous year.

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 26% of fresh fruit is purchased in modern retail outlets with hypermarkets being the most popular store format. These retail chains regularly conduct U.S. fruit promotions, offering significantly lower prices than in wet markets in order to draw consumers into their stores. Nevertheless, traditional wet markets continue to account for 50% of total fresh fruit sales while fruit specialty stores (16 %) and street hawkers (6%) account for the rest of the market share. In recent years, non-store retailing remains stable with home shopping and TV/internet sales accounting for the remaining 2% of total fruit retail sales.

Peaches/Nectarines: In 2013, Taiwan imported a total of 21,553 metric tons (MT) of peaches/nectarines, which is valued at approximately US\$48 million. Out of that total, the United States continued to dominate the Taiwan peach/nectarine import market, accounting for 76% of Taiwan's total fresh peach/nectarine imports. Taiwan's imports of U.S. peaches/nectarines increased 16% by volume while total imports also increased 16% during the 2013 season. Currently, the United States supplies 33% of Taiwan's total consumption. The principal competition for U.S. peaches/nectarines is from local production with an estimated 27,156 tons harvested in 2013.

Cherries: Taiwan does not produce cherries, so 100% of local demand must be met by imports. Taiwan's imports of U.S. cherries decreased 55% by volume in 2013. Despite this decrease, the United States continued to supply the largest share of the Taiwan cherry import market in 2013 with 4,401 MT or nearly US\$34 million. However, the entry of major southern hemisphere suppliers (e.g., Australia, Chile, and New Zealand) has shifted some market share away from U.S. suppliers in recent years.

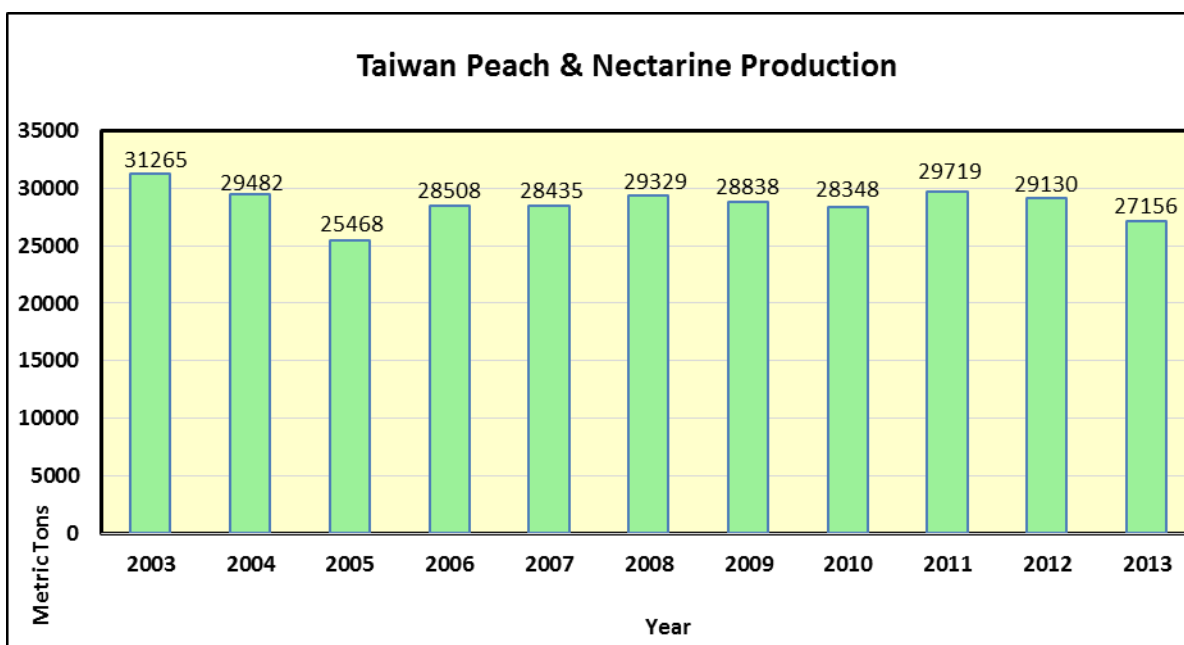
Commodities:

Fresh Peaches & Nectarines

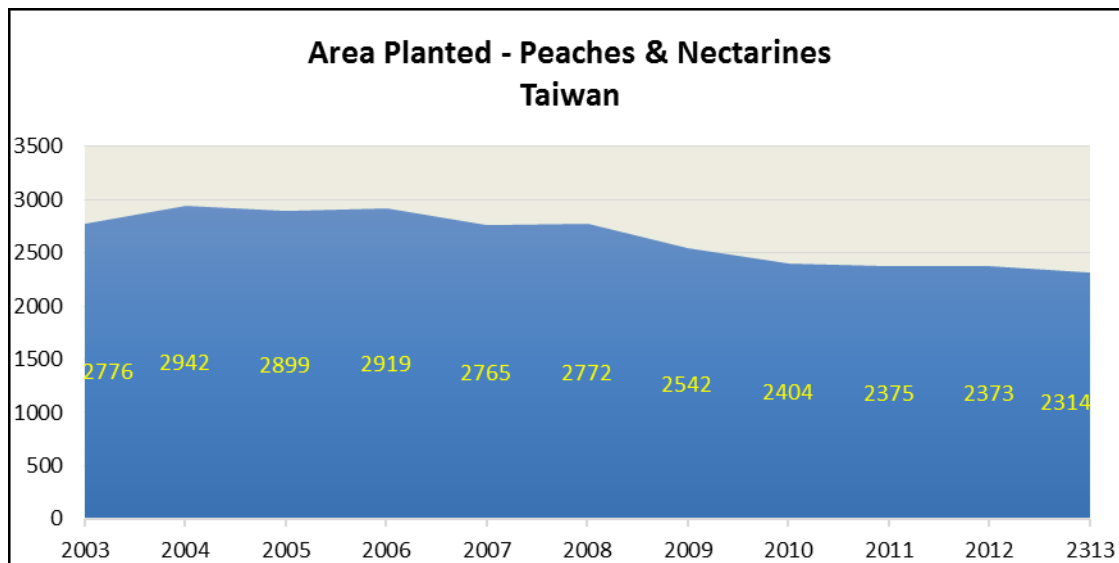
Production:

In 2013, Taiwan peach/nectarine production totaled 27,156 MT, a nearly 7% decrease below the 2012 output, due in part to excessive rain in April and the powerful Typhoon Soulik, which hit central Taiwan in July. The majority of peaches/nectarines are grown in the northern and central part of Taiwan. In 2013, the area planted declined to 2,314 hectares, a 59 hectare decrease from the previous year.

For 2014, Taiwan's Council of Agriculture (COA) initially projected that domestic production of peaches/nectarines would reach 30,821 MT, an increase of nearly 13% from 2013. Area harvested was estimated at 2,328 hectares, a 1% increase from 2013. Nectarines (white flesh) are available in the market in May/June and peaches are harvested in July/August.



Source: Taiwan Council of Agriculture



Source: Taiwan Council of Agriculture

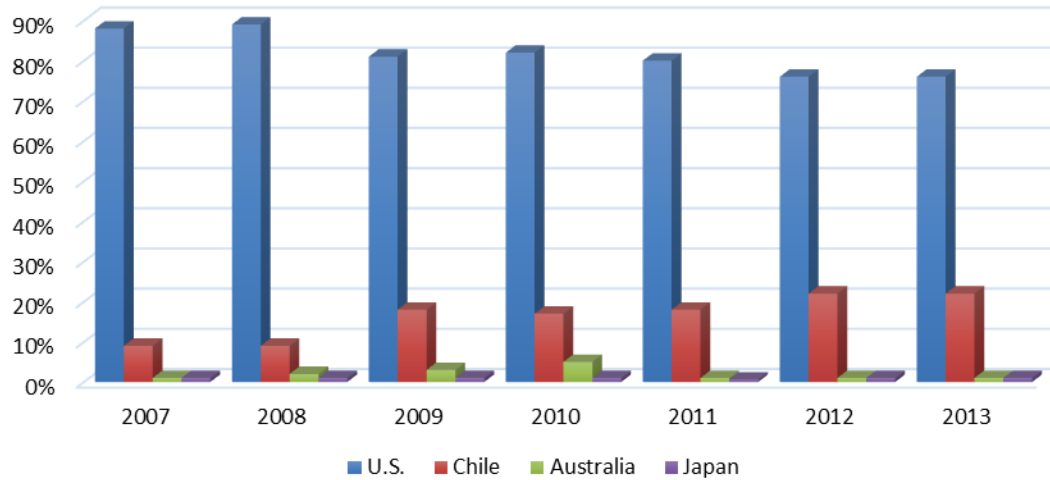
Trade:

In 2013, Taiwan imported a total of 21,553 MT, or US\$48 million, worth of peaches and nectarines, which represents an increase from the previous year of 16% by volume and an 18% increase by value. The United States had the largest market share (76%), followed by Chile (22%), Australia (1.20%), Japan (1.08%), and New Zealand (0.03%). Imports of U.S. peaches/nectarines increased 16% in terms of volume. Imports from major suppliers other than the United States also posted positive growth in volume: Chile (+11%), Australia (+60%), Japan (+25%), and New Zealand (+273%). Imports of peaches from Japan (approximately 200-500 MT/per season) are not a major threat to imports of U.S. peaches. Meanwhile, Chile managed to hold its position as the second largest supplier after the United States by increasing supplies and lowering the cost of production.

However, the major direct competition to imports from the United States comes from locally produced peaches/nectarines; 27,156 MT produced in 2013. The United States is expected to remain the largest supplier of stone fruit varieties to the Taiwan market into the foreseeable future. Currently, imports of peaches/nectarines from China are prohibited due to phytosanitary concerns.

Trade analysts predict that peach/nectarine imports will decline by 10%, falling to 19,398 MT in 2014/15. The reduction in import sales is, in part, due to strong demand and favorable selling prices in the U.S. domestic market. Taiwan importers, therefore, tend to be more conservative in placing orders with U.S. suppliers.

Taiwan: Trends in Market Share by Country Fresh Peaches & Nectarine Imports



Source: Global Trade Atlas

U.S. Fresh Peach & Nectarine Exports to Taiwan

Year	Peaches		Nectarines	
	Metric Tons	US\$1,000	Metric Tons	US\$1,000
2006	10,251	18,303	17,683	16,924
2007	11,929	19,891	21,413	20,642
2008	11,589	23,031	18,663	20,064
2009	9,270	21,047	10,301	13,874
2010	9,392	21,316	12,560	15,576
2011	7,855	18,501	9,402	11,962
2012	6,898	19,798	7,203	11,839
2013	7,452	24,496	8,968	12,244

Source: Taiwan Customs Administration, Ministry of Finance

Taiwan: Total Imports of Fresh Peaches & Nectarines U.S. Market Share (MT)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Imports	38559	40263	39178	33344	37730	33875	24312	26628	21664	18629	21553
Imports from U.S.	32731	34311	31917	27934	33342	30252	19571	21952	17258	14101	16421
U.S. Market Share %	85%	85%	81%	84%	88%	89%	81%	82%	80%	76%	76%

Source: Global Trade Atlas (GTA)

Commodities:

Fresh Cherries, (Sweet & Sour)

Production: Taiwan does not produce cherries.

Consumption:

In 2013, Taiwan was the number five export market for U.S. Northwest cherries and the number four export market for California cherries. 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 in order 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 remain one of the most popular gift pack items for the holidays.

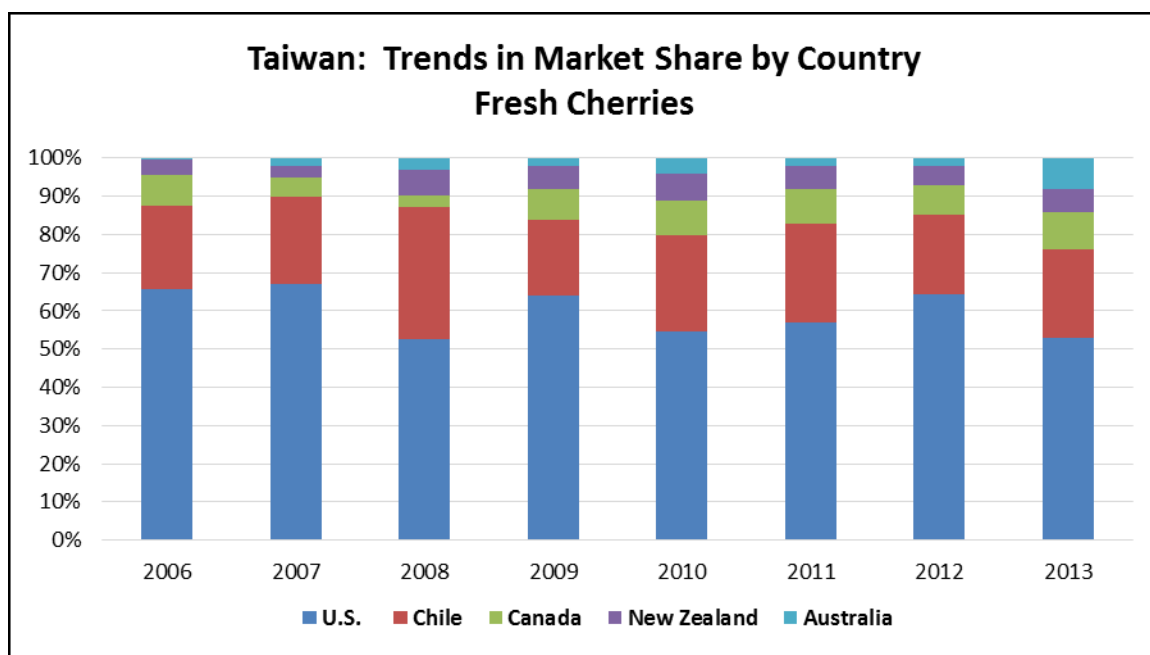
Trade:

During the 2013 season, Taiwan's total fresh cherry imports dropped significantly, nearly 45% by volume and 24 % by value, reaching a total of 8,284 MT or US\$67 million. The United States remained the leading supplier with 53% of the market, followed by Chile (23%), Canada (10%), Australia (8%), and New Zealand (6%). The reduction in imports can be attributed to a decrease in production in the United States. U.S. cherry exports to Taiwan decreased 55% by volume and 36% by value in 2013.

Other major suppliers also posted a negative growth in 2013: Chile (-40%), Canada (-30%), and New Zealand (-22%).

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 continues to decrease since that time. Taiwan has also permitted the import of fresh cherries from China since 2002. However, imports from China 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.

Meanwhile, Taiwan's import demand for cherries continues to grow. It is estimated that cherry imports will increase 67%, reaching 13,800 MT in 2014/15. An important factor is the near-record high production of Washington state cherries in 2014.



Source: Global Trade Atlas

Taiwan: Imports of Fresh Cherries and U.S. Market Share (MT)												
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Imports	8486	11806	9881	10588	11974	10483	10127	12229	8769	12058	14984	8284
Imports from US	6631	9672	7325	7788	7887	6974	5339	7817	4735	6921	9718	4401
US Market Share	78%	82%	74%	74%	66%	67%	53%	64%	54%	58%	65%	53%

Source: Global Trade Atlas

Policy:

General Phytosanitary Requirements

Stone fruit imports are regulated by three basic Taiwan regulations: the Food Sanitation Act, the Food Safety Management Regulations, and the Maximum Residue Level (MRL) standards. Taiwan currently bans imports of stone fruit from some countries due to pests of quarantine concerns. Imports of stone fruit from the United States require a phytosanitary certificate of origin issued by the office of Plant Protection & Quarantine (PPQ) of the Animal and Plant Health Inspection Service (APHIS) within the United States Department of Agriculture (USDA). The certificate must state that the fruit has been inspected and found free from relevant pests.

The China Factor in Competition for the Taiwan Stone Fruit Market

While importers have indicated interest in testing China's supplies of fresh cherries, logistical difficulties and quality control problems have so far prevented any sales except for 300 kilograms of cherries, which were imported into Taiwan in 2013. This is the first time that fruits produced in China have been exported into Taiwan. Cherries, with their unique position as a high-volume, high-value, short sales window item, represent both high-risk and high-profit for Taiwan importers. As such, established suppliers in the United States and other major fruit producing countries are still preferred by the Taiwan consumers due to their reliability and responsiveness. Imports of fresh cherries from China will not make an impact on the Taiwan market in the foreseeable future.

Fresh Peaches & Nectarines Taiwan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: January 2012		Market Year Begin: January 2013		Market Year Begin: January 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,370	2,373		2,314		2,313
Area Harvested	2,332	2,319		2,300		2,328
Bearing Trees	816	811		805		803
Non-Bearing Trees	6	6		6		8
Total Trees	822	817		811		811
Commercial Production	30,000	29,130		27,156		30,821
Non-Comm. Production	0	0		0		0
Production	30,000	29,130		27,156		30,821
Imports	20,000	18,629		21,553		19,398
Total Supply	50,000	47,759		48,709		50,219
Fresh Dom. Consumption	50,000	47,759		48,709		50,219
Exports	0	0		0		0
For Processing	0	0		0		0
Withdrawal From Market	0	0		0		0
Total Distribution	50,000	47,759		48,709		50,219
HA, 1000 TREES, MT						

Fresh Cherries (Sweet&Sour) Taiwan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: January 2012		Market Year Begin: January 2013		Market Year Begin: January 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0		0		0
Area Harvested	0	0		0		0
Bearing Trees	0	0		0		0
Non-Bearing Trees	0	0		0		0
Total Trees	0	0		0		0
Commercial Production	0	0		0		0
Non-Comm. Production	0	0		0		0
Production	0	0		0		0
Imports	15,000	14,984		8,284		13,800
Total Supply	15,000	14,984		8,284		13,800
Fresh Dom. Consumption	15,000	14,984		8,284		13,800
Exports	0	0		0		0
For Processing	0	0		0		0
Withdrawal From Market	0	0		0		0
Total Distribution	15,000	14,984		8,284		13,800
HA, 1000 TREES, MT						