USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 8/19/2016
GAIN Report Number: TW16022

Taiwan

Stone Fruit Annual

U.S. Keeps Spot as Top Stone Fruit Exporter Despite Increased Competition

Approved By:
Andrew Anderson-Sprecher

Prepared By:
Cindy Chang

Report Highlights:
Taiwan was the third largest export market for U.S. peaches and nectarines and the fifth largest export market for U.S. cherries in 2015. Imports of fresh U.S. peaches and nectarines increased by 11 percent to 12,411 metric tons (MT) in 2015, with a value of $32.5 million. Post expects U.S. peaches and nectarines exports to Taiwan will increase slightly in 2016 to $35 million based on discussions with industry contacts. The United States continues to be the leading supplier of peaches and nectarines to Taiwan with a 76 percent market share, followed by Chile and Japan.

Taiwan imported 4,657 MT of fresh cherries from the United States in 2015, down 29 percent from the year before due to poor weather conditions in the U.S. and relative weak economic performance in Taiwan. Overall cherry imports fell by 22 percent. The United States maintained its position as the largest supplier of cherries to Taiwan with a 41 percent market share, followed by New Zealand's 24 percent and Chile's 23 percent. Post expects U.S. cherry exports to Taiwan will recover some in 2016 due to improved weather conditions in the United States.

Executive Summary:

Taiwan was the third largest export market for U.S. peaches and nectarines in 2015 and the fifth 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 and variety. Many Taiwan fruit importers purchase fruit not only for Taiwan but also for mainland China and other neighboring countries throughout Asia, and some have set up offices in mainland China.

Peaches and nectarines: Taiwan imported a total of 16,108 MT of peaches and nectarines in 2015 valued at $42.7 million. The United States continues to dominate the market for imported peaches and nectarines, accounting for 76 percent of fresh peach and nectarine imports. Imports of U.S. peaches and nectarines increased 10 percent by volume while total imports increased 24 percent during 2015. Chile ranked as the second largest supplier and its exports to Taiwan increased from $2.5 million to $6.8 million in 2015. The United States currently supplies approximately one third of Taiwan's total consumption (43,130 MT in 2015). The competition for U.S. peaches and nectarines is mainly from local production with an estimated 27,026 tons harvested in 2015.

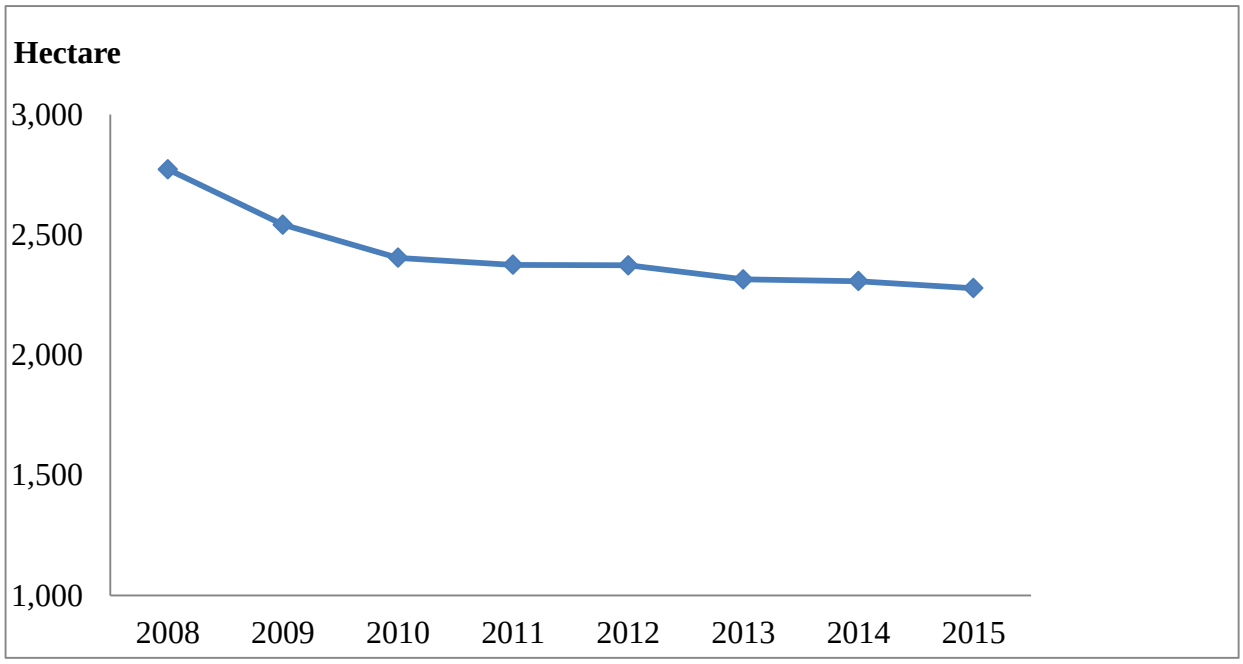
Cherries: Taiwan does not produce cherries. Therefore, all local demand must be met by imports. Total imports of cherries fell by 22 percent in 2015 by volume to 9,252 MT. While the United States continues to be the largest supplier of cherries to Taiwan, U.S. cherry exports dropped 37 percent in 2015 to $31 million due to poor weather conditions in the U.S. and increased competition from southern hemisphere suppliers such as New Zealand and Chile.

Production

Crop Area

Taiwan's Council of Agriculture (COA) projects that domestic production of peaches and nectarines will remain stable, with harvested area estimated at 2,200 hectares for 2016. Nectarines (white flesh) are available in the market in May/June and peaches are harvested in July/August.

Peach and Nectarine Planted Area in Taiwan



Source: Taiwan Council of Agriculture

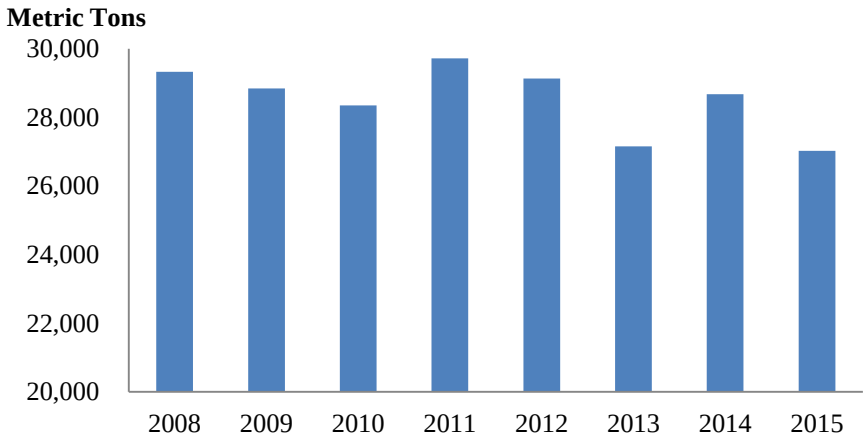
Production:

Peach and nectarine production totaled 27,000 MT in 2015, down 5.8 percent from the year before due in part to typhoon damage. The majority of peaches and nectarines are grown in the northern and central part of Taiwan. The subtropical climate is suitable for production of peaches and nectarines. Typhoons have a strong effect on peach production.

There are two types of peaches produced in Taiwan. The Honey Peach is grown on the high mountains and the harvest season normally is in July to August. Lower and warmer lands produce regular peaches which are less sweet and firmer and are seen in June and July during the Dragon Boat festival. Due to their special flavor and appearance, Honey Peaches are considered a premium fruit used in gift sets in the retail market. They are fragile and bruise easily, requiring proper transportation and handling. The retail price of Honey peaches is more than 10 times higher than that of regular peaches in Taiwan.

Taiwan currently has a minimal amount of nectarine production. The Taiwan Agriculture Research Institute has recently started to cultivate trees for commercial farming. This may have an impact on commercial nectarine production in the future.

Taiwan Peach and Nectarine Production



Source: Taiwan Council of Agriculture

Consumption:
Taiwan's per capita consumption is among the highest in the world. With year-round availability and a wide variety of local fruit, consumers here have developed sophisticated tastes for fresh fruits. Attractive appearance (size, color, shape) and quality image are given significant weight by Taiwan consumers.

Unit: MT	2013	2014	2015
Local Production	27,156	28,677	27,026
Imports	21,553	12,982	16,106
Export	0	0	0
Total Consumption	48,709	41,659	43,130

Total imports in 2015 represented approximately 37 percent of domestic consumption, down from 44 percent in 2013. 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, cherries and apples are among the most popular gift items included in these packages.

Trade:
Taiwan imported 16,108 MT of peaches and nectarines in 2015 valued at $42.68 million, an increase of 24 percent by volume from the year before to make up the shortage of local production caused by typhoons. The United States has the largest import market share (76 percent), followed by Chile (16 percent) and Japan (6 percent). Imports of U.S. peaches and nectarines increased 10 percent by volume in 2015. Locally produced peaches and nectarines (which totaled 27,026 MT in 2015) are the main competitor to imports from the United States. The United States is expected to remain the largest exporter of stone fruit to Taiwan for the foreseeable future. Imports of peaches and nectarines from China are currently prohibited due to phytosanitary concerns.

Peaches and nectarines from the United States are the most important supply when local production is not in season. Japanese peaches and nectarines are perceived as premium fruits which are mainly sold in gift sets. U.S. peaches and nectarines are regarded as high quality and good value. Trade analysts predict that peach and nectarine imports will stay stable at 16,000-17,000 MT in marketing year 2016/17. The increasing value of the U.S. dollar has made imports more expensive, causing Taiwan importers to be more conservative in placing orders with U.S. suppliers.

Marketing:
An estimated 25 percent of fresh fruits in Taiwan (including peaches and nectarines) are 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 wet markets in order to draw consumers into their stores. Nevertheless, traditional wet markets continue to account for 45 percent of total fresh fruit sales, while fruit stores make up 20 percent and street hawkers 2 percent of the market. Non-store retailing has remained stable in recent years, with home shopping and TV/internet sales accounting for the remaining 8 percent of total fruit retail sales.

Consumers in Taiwan have wide access to imports and purchasing decisions are based first on price and country of origin. While Taiwan has sustainable local food production, it relies considerably on imports of fruits due to its inconsistent weather. U.S. peaches and nectarines are popular, but some consumers worry about pesticide residue and chemical treatment of imported produce. However, this concern is not expected to significantly impact imports of U.S. peaches and nectarines.

U.S. Fresh Peach & Nectarine Exports to Taiwan

	Peaches 08093000105		**Nectarines** 08093000203	
Year	Metric Tons	$1,000	Metric Tons	$1,000
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
2014	5,926	21,601	5,343	9,134
2015	7,036	24,011	5,375	8,719

Source: Taiwan Customs Administration, Ministry of Finance (www.trade.gov.tw)

Taiwan: Total Imports of Fresh Peaches & Nectarines
Imports from the U.S. & U.S. Market Share

	Total Imports (MT)	Imports from U.S. (MT)	U.S. Market Share (percent)
2008	33,875	30,252	89 percent
2009	24,312	19,571	81 percent
2010	26,628	21,952	82 percent

2011	21,664	17,258	80 percent
2012	18,629	14,101	76 percent
2013	21,553	16,421	76 percent
2014	12,982	11,270	86 percent
2015	**16,108**	**12,411**	**77 percent**

Source: Customs data

Fresh Cherries, (Sweet & Sour)

Production/Crop Area:
Taiwan does not produce cherries as its subtropical climate and soil are not favorable for cherry production. As a result, it relies on imports to satisfy local demand.

Consumption:
Taiwan was the third largest export market for U.S. Northwest cherries in 2015 and the fourth largest export market for California cherries. This market is particularly important for U.S. growers because Taiwan consumers will pay premium prices for the largest cherries, with 9-10 row cherries preferred by local buyers.

Cherries are perceived as a specialty imported fruit rather than an item of regular consumption. Furthermore, cherries are popular because of attractive appearance and special flavor. Only dark red cherries are imported as consumers in Taiwan feel dark cherries are sweeter and more flavorful than light-colored Rainier types. The most common variety imported to Taiwan is Bing.

Although the bulk of fresh fruit in Taiwan is still sold in traditional wet markets, industry estimates indicate that 25 percent 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 wet markets. TV/Internet home shopping and convenience stores have also experienced significant sales growth in recent years in Taiwan. Online shopping 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:
Taiwan relies on imports for cherries. Total fresh cherry imports fell over 20 percent by volume in 2015, dropping to 9,252MT ($75.4 million). The United States remains the leading supplier with 41 percent of the import market, followed by New Zealand (24 percent), Chile (22 percent), Canada (7 percent) and Australia (6 percent).

Taiwan's accession to the WTO in 2002 opened the market to imports from southern hemisphere suppliers, such as Chile, New Zealand, and Australia. Taiwan has also permitted the importation of fresh cherries from China since 2002. However, imports from China have not yet had a significant impact on the market due to quality and food safety issues as well as importer concerns regarding consumer acceptance of Chinese cherries.

Import demand for cherries varies depending on supplies of other fresh fruits. Consumers in Taiwan have a wide variety of fresh fruits available to them, both locally produced and imported. Consumption of cherries is expected to decrease because of competition from other locally grown fresh fruits such as grapes, banana, watermelons, grapefruit, and oranges. These fruits are available at lower prices than cherries. Importers, therefore, tend to be more conservative in placing orders with U.S. suppliers when the prices of U.S. cherries are perceived to be relatively high by Taiwan consumers.

Taiwan: Total Imports of Fresh Cherries
Imports from the U.S.
U.S. Market Share

	Total Imports	Imports from U.S. (MT)	U.S. Market Share (percent)
2012	14,984 MT ($88 million)	9,718 MT ($53 million)	65 percent
2013	8,284 MT ($67 million)	4,401 MT ($34 million)	53 percent
2014	11,744 MT ($92 million)	6,581 MT ($48 million)	52 percent
2015	**9,252 MT ($75 million)**	**4,657 MT($31 million)**	**50 percent**

Source: Customs data

Marketing:
In Taiwan, an estimated 25 percent of fresh fruits, including cherries, are 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 wet markets in order to draw consumers into their stores. Traditional wet markets still account for 45 percent of total fresh fruit sales, while fruit stores make up 20 percent and street hawkers 2 percent of the market. Non-store retailing has remained stable in recent years, with home shopping and TV/internet sales accounting for the remaining 8 percent of fruit retail sales.

U.S. cherries are popular in Taiwan, but some consumers worry about pesticide residue and chemical treatment of imported produce. However, this concern is not expected to significantly impact imports of U.S. cherries.

Cherries are highly seasonal and are available in Taiwan mostly in summer when cherries ripen in North America. The price can go up by 50 percent when not in season. Consumers in Taiwan are receptive to imported cherries as a special seasonal treat, but their high price does limit consumption frequency and accessibility to people of limited means. With the improving trade relations between Taiwan and countries in the Southern hemisphere such as New Zealand, Chile and Australia, cherries are now available for a longer period of time each year.

Cherries in Taiwan are all imported so importers play a key role in the supply chain. Cherries are delicate, highly perishable, and require cold-chain technology to preserve freshness. As a result, most cherries are brought in by large importers that have the ability to properly handle the fruit.

Policy:

General Phytosanitary Requirements

Stone fruit imports are regulated by the Taiwan Food and Drug Administration (TFDA) under the Ministry of Health and Welfare (MOHW). The main three regulations are 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 concern. Imports of stone fruit from the United States require a phytosanitary certificate of origin issued by the office of Plant Protection & Quarantine of the Animal and Plant Health Inspection Service within the United States Department of Agriculture. The certificate must state that the fruit has been inspected and found free from relevant pests.

Taiwan also monitors MRLs of chemical compounds and the rules are subject to change by Taiwan authorities with no prior public notification requirements. It is important for U.S. stone fruit exporters to note that Taiwan's MRLs are often not the same as those established in the U.S. or by international rule-setting bodies. U.S. exporters need to work closely with Taiwan importers to comply with Taiwan standards or the shipments may be denied entry.

TFDA is the competent authority responsible for border food safety inspection and shipment inspections are conducted on a random basis. MOHW 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 other countries. 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 for agrochemicals on the backlog lists as well as for new agrochemicals that would replace older, less effective compounds.

Pesticide Residue Regulation

Name of Pesticide	Name of Fruit	Maximum Residue (ppm)	Note
2,4-D	Peach	0.05	Herbicides
	Nectarine	0.05	
	Cherry	0.2	
Abamectin	Peach	0.09	Insecticides
	Nectarine	0.09	
	Cherry	0.02	
Acequinocyl	Peach	0.5	Acaricide
	Nectarine	0.5	
	Cherry	0.5	

Acrinathrin	Peach	0.2	Acaricide
	Nectarine	0.2	
Alanycarb	Peach	2	Insecticides
	Nectarine	2	
Aminoethoxyvinylglycine	Peach	0.08	Growth Regulator
	Nectarine	0.08	
Azoxystrobin	Peach	1	Antiseptic
	Nectarine	1	
	Cherry	1	
Bifenazate	Peach	2	Acaricide
	Nectarine	2	
	Cherry	2	
Boscalid	Peach	2.5	Antiseptic
	Nectarine	2.5	
	Cherry	1.7	
Buprofezin	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1.5	
Captan	Peach	20	Acaricide
	Nectarine	3	
	Cherry	25	
Carbaryl	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1	
Carbendazim	Peach	0.01	Antiseptic
	Nectarine	0.01	
	Cherry	5	
Carbofuran	Peach	0.5	Antiseptic
	Nectarine	0.5	
	Cherry	0.5	
Carbosulfan	Peach	0.5	Insecticides
	Nectarine	0.5	
	Cherry	0.5	
Carpropamid	Peach	0.01	Antiseptic
	Nectarine	0.01	
	Cherry	0.01	
Chinomethionat	Peach	0.01	Acaricide
	Nectarine	0.01	
	Cherry	0.01	
Chlorantraniliprole	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1	
Chlorfenapyr	Peach	0.5	Insecticides
	Nectarine	1	
	Cherry	0.5	

Chlorfluazuron	Peach	0.01	Insecticides
	Nectarine	0.01	
	Cherry	0.01	
Chlorothalonil	Peach	1	Antiseptic
	Nectarine	1	
	Cherry	0.5	
Chlorpyrifos	Peach	0.01	Insecticides
	Nectarine	0.01	
	Cherry	0.01	
Chlorpyrifos-methyl	Peach	0.01	Insecticides
	Nectarine	0.01	
	Cherry	0.01	
Cinosulfuron	Peach	0.01	Herbicides
	Nectarine	0.01	
	Cherry	0.01	
Clofentezine	Peach	0.5	Antiseptic
	Nectarine	0.5	
	Cherry	0.5	
Clomazone	Peach	0.01	Herbicides
	Nectarine	0.01	
	Cherry	0.01	
Clothianidin	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1	
Cyazofamid	Peach	0.01	Antiseptic
	Nectarine	0.01	
	Cherry	0.01	
Cyclosulfamuron	Peach	0.01	Herbicides
	Nectarine	0.01	
	Cherry	0.01	
Cycloxydim	Peach	0.09	Herbicides
	Nectarine	0.09	
	Cherry	0.09	
Cyflumetofen	Peach	1	Acaricide
	Nectarine	2	
	Cherry	0.01	
Cyfluthrin	Peach	0.01	Insecticides
	Nectarine	0.01	
	Cherry	0.01	
Cyhalothrin	Peach	0.01	Insecticides
	Nectarine	0.01	
	Cherry	0.01	
Cymoxanil	Peach	0.01	Antiseptic
	Nectarine	0.01	
	Cherry	0.01	

Cypermethrin	Peach	0.01	Insecticides
	Nectarine	0.01	
	Cherry	0.01	
Cyproconazole	Peach	0.01	Acaricide
	Nectarine	0.01	
	Cherry	0.01	
Cyprodinil	Peach	1	Antiseptic
	Nectarine	2	
	Cherry	2	
Deltamethrin	Peach	0.5	Insecticides
	Nectarine	0.2	
	Cherry	0.2	
Diafenthiuron	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1	
Diazinon	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1	
Dichlofluanid	Peach	5	Antiseptic
	Nectarine	0.01	
	Cherry	0.01	
Dicloran	Peach	7	Antiseptic
	Nectarine	7	
	Cherry	5	
Difenoconazole	Peach	0.5	Antiseptic
	Nectarine	0.5	
	Cherry	1	
Diflubenzuron	Peach	0.5	Insecticides
	Nectarine	0.5	
	Cherry	1	
Dimethenamid	Peach	0.01	Herbicides
	Nectarine	0.01	
	Cherry	0.01	
Dimethomorph	Peach	0.01	Antiseptic
	Nectarine	0.01	
	Cherry	0.01	
Dinitramine	Peach	0.01	Herbicides
	Nectarine	0.01	
	Cherry	0.01	
Dinotefuran	Peach	1	Insecticides
	Nectarine	1	
	Cherry	1	

Source: Food and Drug Administration, Ministry of Health and Welfare (http://www.fda.gov.tw/)

Production, Supply and Demand Data Statistics

Fresh peaches/nectarine Taiwan	2014		2015		2016	
	Marketing Year Begin: Jan 2014		Marketing Year Begin: Jan 2015		Marketing Year Begin: Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		2,307		2,278		2,300
Area harvested		2,282		2,254		2,200
Bearing Trees		803		803		803
Non-Bearing Trees		8		8		8
Total Trees		811		811		811
Commercial Production		28,677		27,026		27,000
Non-Commercial Production		0		0		0
Production		28,677		27,026		27,000
Imports		12,982		16,108		16,000
Total Supply		41,659		43,134		
Fresh Domestic Consumption		41,659		43,134		
Exports		0		0		0
For Processing		0		0		0
Withdrawal From Market		0		0		0
Total Distribution		41,659		43,134		43,000
HA, 1000 Trees, MT						

Fresh Cherries Taiwan	2014		2015		2016	
	Marketing Year Begin: Jan 2014		Marketing Year Begin: Jan 2015		Marketing Year Begin: Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		0		0		0
Area harvested		0		0		0
Bearing Trees		0		0		0
Non-Bearing Trees		0		0		0
Total Trees		0		0		0
Commercial Production		0		0		0

Non-Commercial Production		0		0		0
Production		0		0		0
Imports		11,744		9,252		10,000
Total Supply		11,744		9,252		10,000
Fresh Domestic Consumption		11,744		9,252		10,000
Exports		0		0		0
For Processing		0		0		0
Withdrawal From Market		0		0		0
Total Distribution		11,744		9,250		10,000
HA, 1000 Trees, MT						