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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. It is the third largest importer of U.S. peaches/nectarines and the fourth largest export market for U.S. cherries. Local peach/nectarine production is estimated to expand 11 percent reaching 32,461 metric tons (MT) in 2013. Taiwan does not produce cherries, so 100% of local demand must be met by imports.

## Executive Summary

In 2012, Taiwan was the third largest export market for U.S. peaches/nectarines, and the fourth 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 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 2012, Taiwan imported a total of 18,629 metric tons (MT) or nearly U.S. \$41 million worth of fresh peach/nectarines. The United States continued to dominate the Taiwan peach/nectarine import market, accounting for 76% of Taiwan's total fresh peach/nectarine imports. However, Taiwan's imports of U.S. peaches/nectarines decreased 18% by volume while total imports declined by 14% during the 2012 season. Currently, the United States supplies nearly 30% of Taiwan's total consumption. The principal competition for U.S. peaches/nectarines is from local production with 29,130 tons harvested in 2012.

**Cherries:** Taiwan does not produce cherries, so 100% of local demand must be met by imports. Taiwan's imports of U.S. cherries increased 40% by volume while total imports expanded by about 24% in 2012. The United States continued to supply the largest share of Taiwan's cherry import market in 2012 with 9,718 MT or nearly U.S. \$53 million, accounting for 65% 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.

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 regularly 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 20% retail 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.

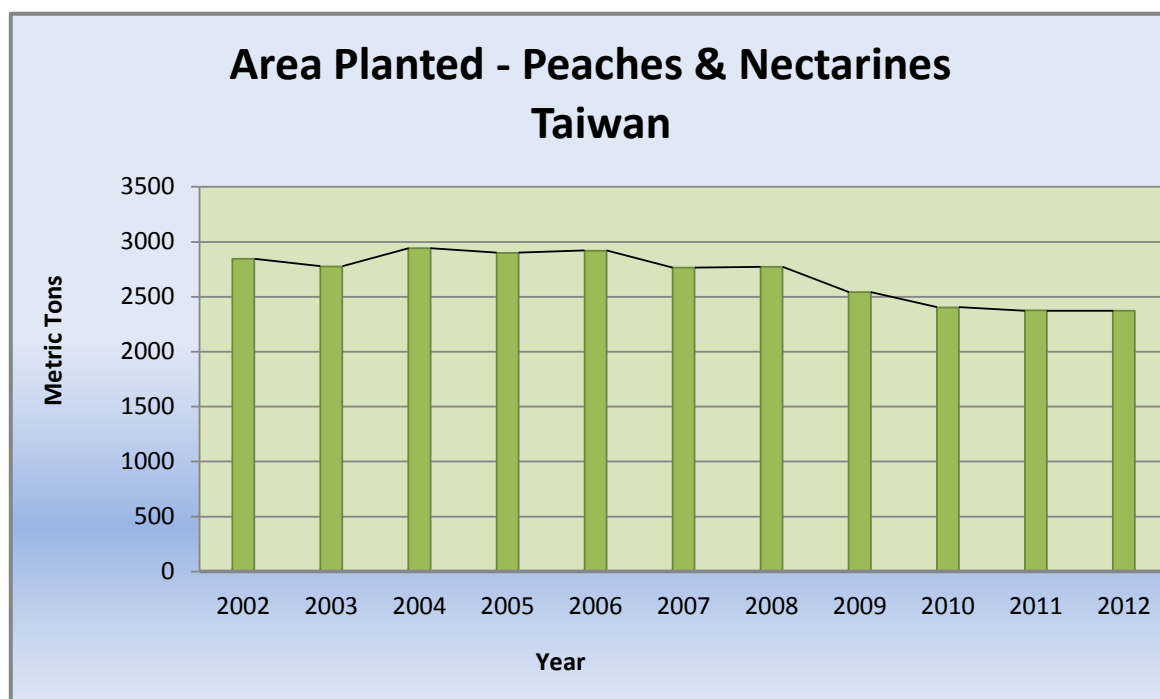
## Commodities:

### Fresh Peaches & Nectarines

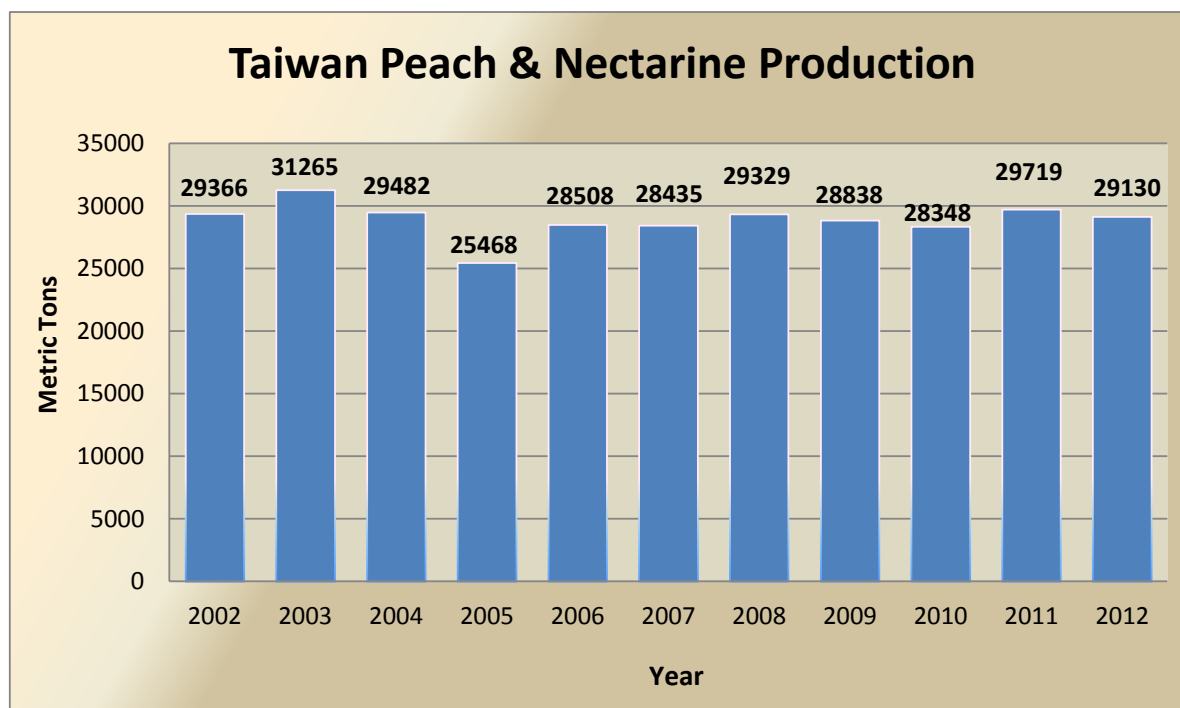
## Production

In 2012, Taiwan peach/nectarine production totaled 29,130 MT, a nearly 2% decrease below the 2011 output. Area planted declined to 2,373 hectares, a two hectare decrease from the previous year. For 2013, Taiwan's Council of Agriculture (COA) initially projected that domestic production of peach/nectarines would reach 32,461 MT, an increase of over 11% from 2012. Area harvested was estimated at 2,323 hectares, a 0.2% increase from 2012. Unlike previous years, no natural disaster occurred in the production area in 2013.

The majority of peaches/nectarines are grown in the mountain areas of northern and central Taiwan. 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 2012, Taiwan imported a total of 18,629 MT or nearly U.S. \$41 million worth of peaches and nectarines, a decrease from the previous year of 14% by volume and a nearly 8% increase by value. The United States had the largest market share (76%), followed by Chile (22%), Japan (1%), and Australia (nearly 1%). Imports of U.S. peaches/nectarines declined 18% in terms of volume. Imports from major suppliers other than the United States posted a growth in volume: Japan (+54%) and Chile (+4). Imports of peaches from Japan (approximately 200-500 MT/per season) are not a major threat to imports of U.S. peaches. 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 United States comes from locally produced peaches/nectarines; nearly 29,130 MT produced in 2012. 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. For 2013/14, trade contacts predict that peach/nectarine imports will increase approximately 15%, reaching 21,400 MT.

<b>Taiwan: Imports of Fresh Peach &amp; Nectarine and U.S. Market Share (MT and %)</b>											
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Imports	45928	38559	40263	39178	33344	37730	33875	24312	26628	21664	18629

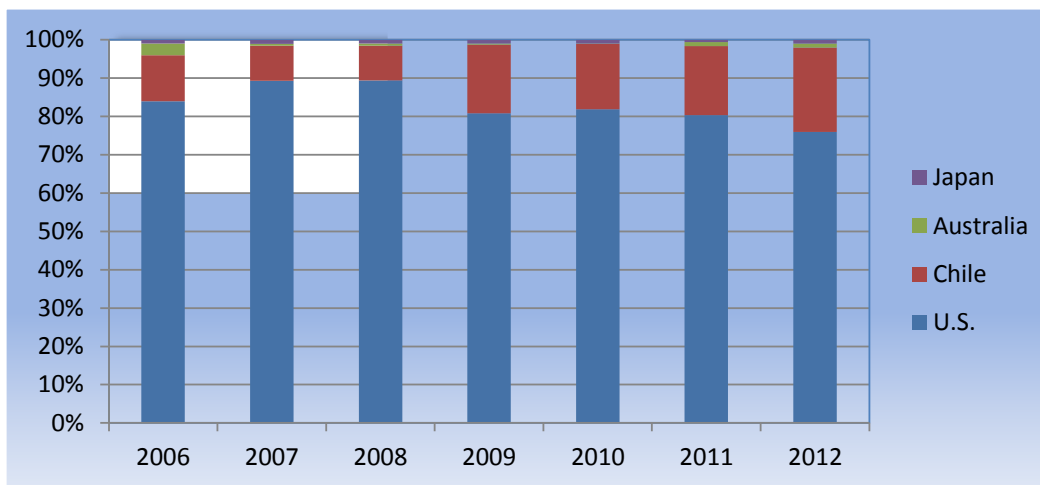
Imports from U.S.	39147	32731	34311	31917	27934	33342	30252	19571	21952	17258	14101
U.S. Market Share %	85%	85%	85%	81%	84%	88%	89%	81%	82%	80%	76%

Source: Global Trade Atlas (GTA)

U.S. Fresh Peach & Nectarine Imports into Taiwan				
	Peaches		Nectarines	
Year	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
2008	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

Source: Taiwan Customs Directorate General

### Taiwan: Trends in Market Share by Country Fresh Peaches & Nectarines



Source: GTA

### 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. 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 24% by volume and 8 % by value during the 2012 season to reach 14,984 MT, or U.S. \$88 million. The United States remained the leading supplier with 65% of the market, followed by Chile (21%), Canada (8%), New Zealand (5%), and Australia (2%). U.S. cherry exports to Taiwan increased 40% by volume and 16% by value in 2012.

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 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.

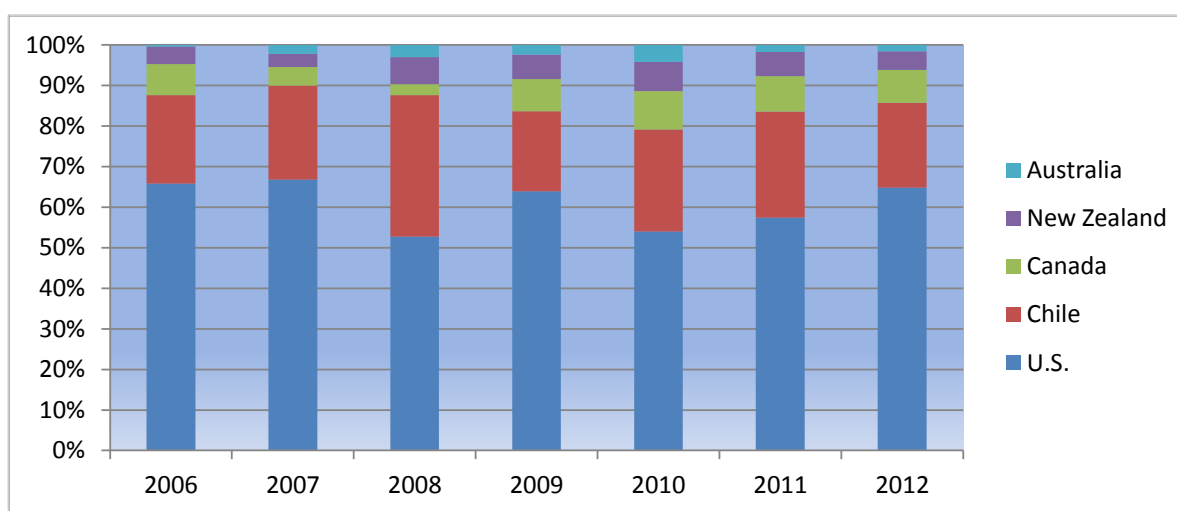
Industry sources indicate that Taiwan's total imports of cherries will decline 10% in 2013/14, reaching 13,500 MT. Industry sources indicate that the unsatisfactory cherry shipments imported into Taiwan in 2012 have made many leading importers more conservative about placing their orders for 2013.

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

Source: GTA

## Taiwan: Trends in Market Share by Country

### Fresh Cherries



Source: GTA

## 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 other producer countries especially for the MRLs that have not yet been established in Taiwan. The Agricultural Affairs Office (AAO) 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 would replace older, less effective compounds. These discussions are ongoing.

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

Taiwan has opened 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. 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.

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 that were recently imported into Taiwan. 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 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. Imports of fresh cherries from China will not make an impact on the Taiwan market in the foreseeable future.

## Production, Supply and Demand Data Statistics

Fresh Peaches & Nectarines Taiwan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,375	2,375	2,370	2,373		2,331
Area Harvested	2,345	2,345	2,332	2,319		2,323
Bearing Trees	821	821	816	811		812
Non-Bearing Trees	8	8	6	6		4
Total Trees	829	829	822	817		816
Commercial Production	29,719	29,719	30,000	29,130		32,461
Non-Comm. Production	0	0	0	0		0
Production	29,719	29,719	30,000	29,130		32,461
Imports	21,664	21,664	20,000	18,629		21,400
Total Supply	51,383	51,383	50,000	47,759		53,861
Fresh Dom. Consumption	51,383	51,383	50,000	47,759		53,861
Exports	0	0	0	0		0
For Processing	0	0	0	0		0
Withdrawal From Market	0	0	0	0		0
Total Distribution	51,383	51,383	50,000	47,759		53,861

HA, 1000 TREES, MT

Fresh Cherries,(Sweet&Sour) Taiwan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post



