

**Voluntary Report** – Voluntary - Public Distribution

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**Country:** Taiwan

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**Report Category:** Agricultural Situation, Special Certification - Organic/Kosher/Halal, Fresh Fruit, Grain and Feed, Tree Nuts

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**Report Highlights:**

With Taiwan's Organic Agriculture Promotion Act in effect since 2019, the industry has been phasing in an expanded universe of organics. More clean label products and upcoming third-party certified quasi-organics are sharing shelf space with certified organics. The trend reflects a still strong consumer demand, yet the industry's product selections are limited due to stringent regulation. The mismatch between supply and demand presents opportunities for U.S. suppliers to preempt the market's new milestone chapter. The United States is leading the trade, holding nearly 50 percent market share. Grains (43 percent), fresh fruit (23 percent), and tree nuts/seeds (9 percent) are Taiwan's top imported organic products, while there is a huge demand for value-added products to be satisfied, including cooking oil, muesli, juice, spaghetti and pasta sauce, and jam/peanut butter.

## Local Production

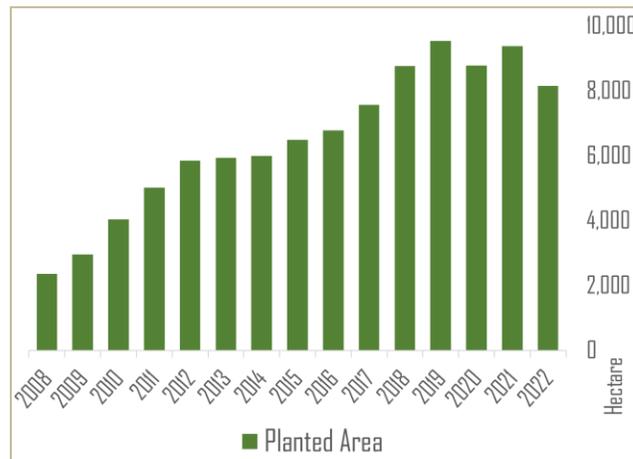
- *Produce*

Organic farming holds a small share of Taiwan’s overall farmland. There were 8,148 certified organic hectares planted in 2023, representing approximately one percent of the 987,026 hectares of total farmland island-wide<sup>1</sup>. Though still small, compared to 2008, when Taiwan started to regulate organic labeling, organic farmland has grown significantly by 246 percent.

To promote organic farming, Taiwan’s Council of Agriculture (COA) promulgated [Organic Agriculture Promotion Act](#) in 2018, part of which includes various incentive programs for farmers, such as generous monetary subsidies. For example, farmers are entitled to apply for the subsidy of US\$2,000 per hectare of organic rice farmland every year, up to three years in a row. In terms of crop breakdowns, vegetables make up the biggest share of 46 percent, followed by rice (25 percent) and tea (23 percent).

**Chart 1. Taiwan Organic Farmland Planted Area  
Year 2008 – Year 2022**

(Source: Taiwan’s Organic Agricultural Production Information Platform)



- *Processed production*

Taiwan has 460 certified domestic organic processed food operators. However, many of the operators are currently in limbo. The industry commented that as Taiwan has to rely on imports for various organic ingredients, the new regulation limits the selection of foreign suppliers, which poses higher costs for organic processed food production. Some of the manufacturers therefore divert to develop another product line featuring clean label, certified by a third party, [Tse-Yue](#). Some manufacturers blaze a new trail by partnering with certifier Tse-Xu to establish “quasi-organic” certification program and seal. These products do not carry organic seals but claim to be made with

<sup>1</sup> Source: Taiwan’s COA database, data in 2021

organic ingredients certified to the international standards, despite not meeting Taiwan standards. The program is still at its infancy stage.

## Regulation

According to Article 17 of [Organic Agriculture Promotion Act](#), Taiwan requires that imported organic agricultural products/ingredients be either certified by a country who has signed an organic equivalence agreement with Taiwan or certified by a Taiwan accredited certifier. So far, the countries who have reached organic equivalence arrangement with Taiwan include Australia, Canada, Japan, New Zealand, the United States, and Paraguay.

The regulation benefits the above-mentioned countries as it allows organic products certified in the foreign country to be sold and marketed as organic in the Taiwan market, avoiding additional certification costs imposed on the organic operators. However, it also hinders the industry's growth in the long run as many ingredients rely on imports, while the sources of foreign suppliers are now limited.

Based on [the U.S. organic equivalence agreement with Taiwan](#), U.S. organic exports to Taiwan are subject to the products certified to USDA organic regulations that are produced or have had their final processing occur within the United States. Allowed product categories cover Crops, Wild Crops, Livestock (without antibiotic uses), and Processed Products.

## Trade

- *Overall*

Imported organic application cases in Taiwan COA's official database<sup>2</sup> show a declining trend from 1,883 in 2018 to 897 in 2022. The trend also shows a more concentrated number of organic food and ingredient importers dominating the trade.

Based on the database, during the period of January – May 23 in 2023, approximately 2,400 tons of imported organic agricultural products landed in Taiwan. The top three imported products by volume were: grains (43 percent), fresh fruit (23 percent), and tree nuts/seeds (9 percent).

The United States is the largest foreign supplier for Taiwan's imported organic agricultural food and ingredients. In 2023, the United States holds 47 percent of market share, leading Canada (16 percent), New Zealand (15 percent), and Australia (13 percent). Note that New Zealand signed a free trade agreement (ANZTEC) with Taiwan in 2013, which provides a cost advantage of zero tariff across many commodities.

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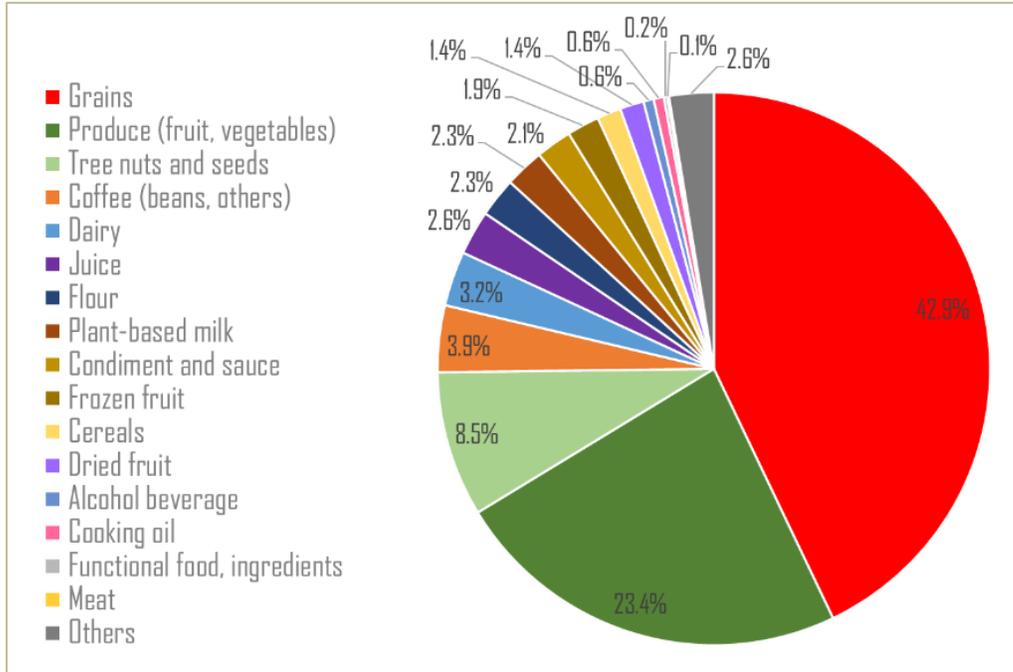
<sup>2</sup> Source: <https://organic.afa.gov.tw/InOrganic/QueryApplyList>; keyword in search: organic

**Chart 2. Taiwan’s Imported Volume of Organic Food Products**

**Product Share**

**Period: Jan. – May 23, 2023**

(Source: COA’s official imported organic application database; keyword search: organic)



- *The U.S. Trade*

According to USDA’s limited organic harmonized tariff (HS) codes for mainly perishable produce, Taiwan is the fourth largest overseas market for U.S. organic agricultural products. In 2022, the United States exported more than US\$24 million<sup>3</sup> worth of organic agricultural products to Taiwan. The top five U.S. organic products exported to Taiwan are apples, lettuce, coffee beans (roasted), cauliflower, and celery.

### Consumption and Trends

- *Fruit and vegetables dominate organic product shelves.*

Varieties of processed organic food products are primarily limited to cereals, plant-based milk (i.e. soymilk), tree nut- and dried fruit-based snacks (i.e. granola bars), muesli, and juice. The trend shows that a growing number of conventional channels, like Carrefour, now even dedicate an organic counter to showcase organic produce.

<sup>3</sup> Source: U.S. Census Bureau Trade Data. The HS code is based on selective organic products established as “organics-selected.”

- *Consumers still associate organic as pesticide-free, healthier, and safe.*

Consumers are willing to pay a premium for organic food products. In general, consumers who shop at the organic channels are highly loyal, usually joining the membership and adopting a healthy lifestyle. Civil service retirees make up a major portion of the hardcore organic consumers. However, more metropolitan, young parents are attracted to make organic purchases for their belief in food safety the organic seal guarantees for their kids.

- *An increasing number of food manufacturers pivot to Clean Label initiatives, appealing to “less additive, less processed” that resonates with young consumers.*

As the current organic regulation poses a challenge for domestic food manufactures to source price-competitive imported organic ingredients, many of them have become conservative about developing organic processed products. On the other hand, they identify a demand from an overlapping group of organic consumers who are conscious about eating “less processed” food. Leveraging the retail channel’s advocacy, manufacturers forge a way to create a new product category. These clean label products share same shelf space with organic ones. They fill the gap for the lack of organic processed food selections, which target a similar group of organic consumers, who tend to be younger in general.

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*A growing number of Taiwan food manufacturers start to introduce “clean label” food products. These products claim fewer additives, transparent ingredient lists, and target consumers who opt for organics. (Photo right: Leezen organic supermarket chain)*

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### **Suggestions for U.S. Organic Suppliers**

- *Fill the gap of long overdue value-added products that once were supplied by European suppliers.*

The market has a strong potential for consuming organic processed food products, yet it is tough for the trade to source them. Before 2019, when the new organic regulations came into place, the top five most popular value-added products, mostly from Europe, were cooking oil, muesli, juice, spaghetti and pasta sauce, and jam/peanut butter. Nowadays, the retail channels have limited varieties of processed organic food products. The timing presents a great opportunity for U.S. suppliers to revamp the shelves.

- *Highlight the USDA Organic seal along with storytelling and ingredient transparency to stand out.*

As consumers grow more conscious of eating healthy in the post-pandemic era, the trend helps broaden organic consumers' reach. However, compared with domestic organic counterparts, U.S. suppliers will have to address the higher cost and larger carbon footprint. Post suggests that suppliers enrich consumers with USDA's stringent world-wide, long-standing organic certification system. In addition, any sustainability stories via packaging, promotional materials, and social media will be compelling to consumers. It is worth noting that in Taiwan, consumers tend to associate "healthy" with "less/no additive." To stand out from increasing competition from popular clean label look-alikes, U.S. suppliers are advised to build transparent relationships with consumers through labels and packaging.

- *Capitalize on USDA's supported export outreaches.*

The USDA Foreign Agricultural Service (FAS) partners with the U.S. [Organic Trade Association](#) (OTA) to promote U.S. organic food and beverage products overseas. To introduce organic commodities to designated export markets, OTA crafts diverse marketing programs, such as trade show exhibitions, educational seminars, buyer missions, etc. Joining OTA acts as an introduction on-ramp to dive into a brand-new market with collective support.



OTA's retail organic promotion with Eslite



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### Attachments:

No Attachments.