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GAIN Report

Global Agricultural Information Network

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Taiwan

Food Processing Ingredients

Taiwan: Food Processing Ingredients 2019

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Report Highlights:

Taiwan's food processing industry produced an estimated \$17.9 billion of processed food and drinks in 2018. Consumer's desire more convenience creates opportunities for U.S. ingredients exporters as local food manufacturers ramp up more frozen, prepared meals, and ready-to-eat products. Products with significant sales potential include cheese, tree nuts, dried and frozen fruits, barley and soybeans

Post:

Taiwan

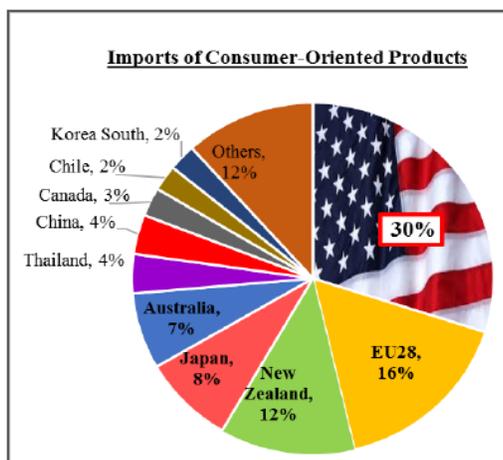
Market Fact Sheet: Taiwan

Executive Summary

Though with only a population of 23.5 million, Taiwan is the United States' 8th largest trading partner in overall goods. It is also the 11th largest U.S. export market overall and the 8th largest export market for agricultural products. In 2018, Taiwan imported US\$4.18 billion of food and agricultural commodities from the United States, which is 36 percent of the total import market share and makes the United States the leading foreign supplier.

Imports of Consumer-Oriented Products

In 2018, Taiwan imported consumer-oriented agricultural products worth nearly US\$6.2 billion. The United States leads with 30 percent of the market share.



Food Processing Industry

The approximately 6,000 food processing companies employed 135,000 people, together producing an estimated US\$17.9 billion of processed food and drinks, accounting for 3.6 percent of the gross domestic product (GDP) in 2018. The top five largest subsectors by value were: animal feed, non-alcohol beverages, edible fat & oil, chill/frozen/processed meat, and dairy, respectively representing 13 percent, eight percent, seven percent, seven percent, and six percent of food processing industry's total production value.

Food Retail Industry

Taiwan's retail sector topped US\$42.7 billion in 2018, a new record high, up 4.1 percent from 2017. The retail food sector is dominated by chain operators like Costco, 7-Eleven, PX Mart, Carrefour, and Wellcome. The density of Taiwan's 10,619 convenience stores is at the highest level in the world, around one convenience store for every 2,304 local residents¹. For more information, check on [GAIN Retail Foods Report](#).

¹Data: 2018, Ministry of Economic Affairs

Quick Facts CY 2018

Imports of Consumer-Oriented Products (USD)
\$6.2 billion

Lists of top 10 Growth Products in Host Market (> USD 1 million)

- | | |
|---|--|
| 1) Strawberries (Prepared or Preserved) | 6) Meat of Sheep |
| 2) Figs (Fresh or Dried) | 7) Casein |
| 3) Cocoa Paste (Not Defatted) | 8) Sago Pitch (Roots & Tubers) |
| 4) Wine (Grape Must) | 9) Yogurt |
| 5) Offal of Bovine Animals | 10) Animal (Not Fish) Guts, Bladders, Stomachs & Parts |

Food Industry by Channel (USD billion) 2018

Food Industry Output	\$17.9
Food Exports	\$3.3
Food Imports	\$8.4
Retail	\$42.7
Food Service	\$15.8

GDP/Population

Population (millions): 23.5
GDP (billions USD): \$573
GDP per capita (USD): \$23,782
2018 Economic Growth Rate (estimate): 2.24%

Sources: GTA; Directorate-General of Budget, Accounting, and Statistics, Executive Yuan of R.O.C.; Department of Statistics, MOEA

SWOT Analysis

Strength	Weakness
America is the market leader in consumer-oriented products, which continue to show robust growth.	Many U.S. companies are unwilling to provide low volume, consolidated shipments of high-value products to importers/end users.
Opportunity	Threat
There is increasing growth of fast food chains and casual dining restaurants, boosting consumption of food ingredients.	The low-tariff advantage from those competitors signing potential FTAs with Taiwan could dampen importers' interest in purchasing U.S. products in the future.

Exchange rate:

1 USD = 30.0 New Taiwan Dollar

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Section I—Market Summary

In 2018, the food processing industry employed 135,000 people and produced an estimated \$17.9 billion of processed food and drinks, accounting for 3.6 percent of the gross domestic product (GDP). Consumer desire for convenience and a growing attention to food safety have influenced the industry to develop not only easy-to-prepare meals and healthier options, but also to embrace clean label initiatives. Currently, the domestic market absorbs 85 percent of overall food production. However, Taiwan processed exports will account for a higher percentage in the future. Many Taiwan food companies are focused outwardly because the domestic (market) population is shrinking so local manufacturers are focusing on exports for further growth, especially to the growing economies of Southeast Asia.

Among 21 sub-sectors across the food processing industry, the top five largest sub-sectors by value are: animal feed, non-alcohol beverages, edible fat & oil, chill/frozen/processed meat, and dairy, representing 13 percent, eight percent, seven percent, seven percent, and six percent of food processing industry’s total production value, respectively. In terms of potential growth, the sub-sectors of prepared meals, condiments/seasonings, processed fruit and vegetables, edible fat & oil, and chill/frozen/processed meat together showed significant growth (eight percent), exceeding overall industry growth of three percent.

Advantages and Challenges for U.S. Food Ingredients

Advantages	Challenges
A perception that U.S. grading systems are transparent and consistent.	The negative perception of GMOs by some consumers may cause some to shy away from products that use U.S. ingredients.
U.S suppliers have better technical support and offer more diversified ingredient specifications than other suppliers.	Some pesticides allowed for use in the United States are not approved for use in Taiwan. Taiwan’s lack of established MRLs for pesticides hinders U.S. exports.
Taiwan food processors already have long-standing relationships with U.S. ingredient suppliers.	Shelf life after import matters; retailers often request that at least 50 percent of the shelf life remains by the time of stocking. Food processors, therefore, would require specific expiration dates of ingredients that could pose a challenge to U.S. suppliers.

Section II—Road Map for Market Entry

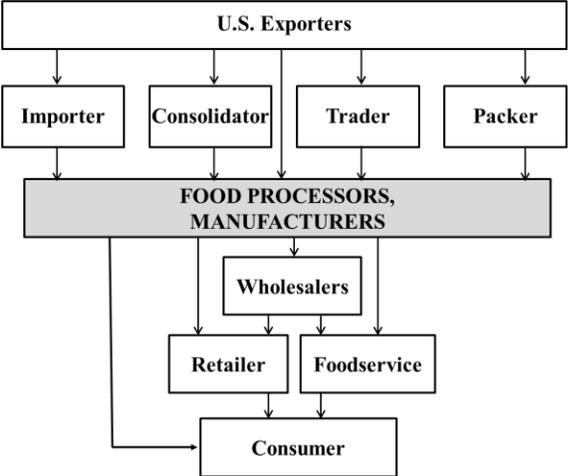
Entry Strategy

U.S. suppliers are advised to evaluate the market and product potential through studying the applicable tariffs, market access restrictions, and regulatory requirements pertinent to the products. Below is the list of useful websites for suppliers to start with:

- [Taiwan’s Tariff Rate Quota \(TRQ\) Implementation](#)
- [Taiwan Customs On-line Tariff Database](#)
- [USDA Food and Agricultural Import Regulations and Standards \(FAIRS\) Report](#)
- [Taiwan’s Bureau of Trade - Statistics](#)
- [The U.S. State Regional Trade Groups \(SRTG\) Support](#)

The Taipei Agricultural Trade Office (ATO) maintains a list of potential importers for the suppliers to approach. It is highly recommended to visit the market and meet in-person with potential buyers. The USA Pavilion at the [Taipei International Food Show](#) every June serves as a platform to promote the overall USA’s image for quality food products and is an efficient way to connect exhibitors to local buyers.

Distribution Channel Flow Diagram



Company Profiles

Although there are approximately 6,200 registered food-processing plants, approximately 30 large-scale firms dominate production. Below is a list of a select group of firms that are publicly listed and have a diversified product portfolio.

Company	Annual Revenues	Official Website/Profile
Uni-President Enterprises Corp.	US\$1.4 billion	http://www.uni-president.com https://www.reuters.com/finance/stocks/companyProfile/1216.TW
Standard Foods	US\$911 million	http://www.sfc.sfworldwide.com/en/ https://www.reuters.com/finance/stocks/company-profile/1227.TW
Namchow Group	US\$609 million	http://www.namchow.com.tw/ https://www.reuters.com/finance/stocks/companyProfile/1702.TW
HeySong Corp.	US\$302 million	http://www.heyson.com.tw/en-US/Index https://www.reuters.com/finance/stocks/overview/1234.TW
Lian Hwa Foods	US\$270 million	http://www.lianhwa.com.tw/ https://www.reuters.com/finance/stocks/companyProfile/1231ta.TW

Sector Trends

- **Sourcing Shifts to Direct Importation**

An increasing number of food manufacturers start to display QR codes on product packaging for consumers to track ingredient sources and product distribution. The manufacturers are inclined to import ingredients on their own, as opposed to sourcing from an importer, to secure product traceability and regulatory compliance.

- **Product Development Aims for Clean Labels**

In response to consumer desire for less artificial additives in food products, the industry offers foods with more straightforward ingredients and promotes this “authenticity.” A certifier, Tze Yue, just launched a clean label certification service starting in 2017. Currently, 66 food processors have received certification.

- **Marketing Highlights Healthy, Functional Benefits**

More and more food manufacturers are adding new twists to traditional products by incorporating wholesome ingredients and promoting health benefits. For example, Standard Foods’s Quaker brand offers a “Chicken Essence Drink,” which promotes energy restoring effects of American ginseng. Namchow’s microwavable rice product incorporates high-beta glucan U.S. barley, appealing to elderly consumers for lipid and blood sugar control.

Section III—Competition

Given Taiwan’s relatively limited agricultural land (less than two million acres), Taiwan is highly dependent on imports of ingredients and feed. For bulk commodities, such as soybeans, corns, and wheat, Australia and Brazil are key competitors with a stable supply that provide trade promotional support. For dairy products, the United States faces significant price competition from New Zealand. New Zealand’s price advantage results from a free-trade pact signed with Taiwan in 2013. The pact eliminates tariffs over a 12-year implementation period.

For more trade statistics information, please visit: <https://cus93.trade.gov.tw/FSCE000F/FSCE000F>

Section IV—Best Product Prospects

Category A: Products Present in the Market That Have Good Sales Potential

Product Category (HS Code)	Total 2018 Market Size (MT)	Total 2018 Imports (US\$ Million)	Key Constraints over Market Development	Market Attractiveness for the USA
Cheese (0406)	31,576	\$150.0	Compliance with allowable levels of preservatives in processed cheese	Expanding consumption driven by ready-to-eat sector of convenience store chains
Tree Nuts (0802/0801.32)	19,731	\$121.5	Price competition from Australia and Iran	Versatile applications in either a snack, beverage, or baking industry

Coffee (not roasted) (090111)	29,093	\$108	Price competition from Central and South America	Expanding consumption driven by coffee shop chains
Coffee Creamer (2106909110)	52,655	\$86.7	Price competition from Southeast Asia	Complementary product to rapidly growing coffee drinks
Non-GMO Soybeans (1201900092)	75,355	\$46.0	Price competition from Canada	Growing demand for plant-based protein (significant vegetarian market)
Dried Fruit (0813/0806.20)	12,755	\$40.4	Compliance with allowable uses/level of pesticides	Growing demand from the baking industry
Malt, roasted (110720)	50,799	\$24.6	Price competition and lack of awareness of U.S. sources	Local craft breweries and distilleries are getting popular and gaining international recognition
Cereal Grains (1104)	23,934	\$14.1	Compliance with allowable MRLs	Increasing health awareness

Category B. Products Not Present in Significant Quantities but Good Sales Potential

Product Category (HS Code)	2018 Market Size (MT)	2018 Imports (US\$ Million)	Key Constraints over Market Development	Market Attractiveness for the USA
Frozen fruit (081190)	3,710	\$7.9	Lack of awareness of U.S. suppliers	Industry pursuing lower ingredient cost for pastry making and dried fruit processing
Whey Protein Concentrate (350290)	546	\$4.0	Lack of awareness about product specs and applications	Increasing nutritional needs of an aging population
Preparations of Soybeans Protein (2106909120)	679	\$1.5	Price competition from China and India	Growing demand for plant-based protein (significant vegetarian market)
Concentrated Fruit Juice (2106907000)	627	\$1.2	Compliance with Taiwan's Chinese National Standards (CNS)'s classification of base fruits for concentrate juice uses	Expanding applications for beverage manufacturers in making not just fruit juices, but flavored sprinkling water

Section V—Post Contact and Further Information

Contact Information for FAS Offices in Taiwan

- *For Trade Policy/Market Access and General Agricultural Issues:*

American Institute in Taiwan, AIT, Taipei	
Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-886-2)2162-2316
Fax:	(011-886-2)2162-2238
Email-FAS:	agtaipei@fas.usda.gov

• *For Market Development Assistance:*

American Institute in Taiwan, ATO, Taipei	
Office Hours:	8:00 AM – 5:00 PM
Telephone:	(011-886-2)2705-6536
Fax:	(011-886-2)2754-4031
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Headquarters Contact Information:

Foreign Agricultural Service (FAS) United States Department of Agriculture (USDA)
1400 Independence Avenue, SW Washington, D.C. 20250 E-mail: info@fas.usda.gov Website: http://www.fas.usda.gov

Contact Information for Local Food-related Organizations & Media:

Name	Official Website
Taiwan Food Industry Development Association	http://www.tfida.org.tw/
Food Association of Taiwan	http://www.foodtw.org.tw/
Taiwan Quality Food Association	http://www.tqf.org.tw/tw/#1
Taiwan Beverages Industry Association	http://www.bia.org.tw/zh-tw/about-10647/English.html
Taiwan Vegetable Oil Manufacturers Association	http://www.tvoa.org.tw/index.php/en/
Taiwan Flour Mills Association	http://tfma.industry.org.tw/
Taiwan Feed Industry Association	http://www.taiwanfeed.org.tw/default/default.asp
Food Industry Research and Development Institute(FIRDI)	http://www.firdi.org.tw/En_Firdi_History.aspx
China Grain Products Research & Development Institute	http://www.cgprdi.org.tw/english/english.htm
Food Next Media	http://www.foodnext.net/

Other relevant USDA FAS GAIN reports:

- [Exporter Guide 2018](#)
- [Food and Agricultural Import Regulations and Standards – Narrative](#)
- [Retail Foods 2018](#)