

TAIWAN

Market Overview

USDA's Agricultural Trade Office (ATO) in Taipei, hereinafter referred to as "Post," reports that in 2022, the total value of U.S. agricultural and related products exported to Taiwan reached a record US\$4.4 billion, an increase of 13% compared to the previous year. Taiwan successfully remains the 6th largest market for U.S. agricultural and related exports, while Taiwan is also one of the highest per capita consumers of U.S. ag products. The record year surpassed the previous record set in 2018 of US\$4.1 billion. Taiwan relies on imports of various food products that are not locally produced or not produced in sufficient volumes, which makes it a land full of opportunities for U.S. food and agricultural suppliers. Top products exported from the U.S. to Taiwan include high-valued consumer-oriented agricultural commodities such as beef, fresh fruit, poultry and eggs, dairy, processed foods and pet foods, chocolate and cocoa products, wine and beer, and condiments and sauces. The Taiwan authority released its list of imported food and agricultural products undergoing enhanced border inspection for 2023: no U.S. products were included on the list.

Taiwan is a sophisticated consumer market in which customers closely follow global trends, particularly those in the U.S., South Korea, and Japan. Taiwan consumers are among the most well-traveled people in the world. U.S. products are well represented in the market, as are products from across the region, especially China and other lower-cost producers. Taiwan is a good target market for high-quality, differentiated products and commodities.

The United States is set to remain the largest exporter of consumer-oriented products to Taiwan in 2022 with trade values expected to be more than twice that of the next highest exporter, New Zealand. In recent years, the consumer-oriented category has accounted for 40% to 50% of total U.S. agricultural exports to Taiwan. U.S. products have benefited from Taiwan's maturing consumer base, which demands high value and quality imported consumer products. Taiwan consumers generally associate U.S. origin products with premium quality.

Top product prospects include beef, milk and cheese, tree nuts, seafood, plant protein, poultry, fresh fruit and vegetables, and pet food.

Market Opportunities and Challenges for U.S. Exporters in Taiwan

Opportunities:

- U.S. food products enjoy an excellent reputation among consumers.
- The growing modern retail industry is looking for new imported food products.
- Consumers are becoming more health-conscious, and some are willing to pay a premium for products with perceived health benefits.

- Growing numbers of fast food and casual dining restaurants provide easier access for U.S. exporters.
- The popularity of U.S. holidays, culture and lifestyle leads to promotional events organized around these themes by restaurants and hotels throughout the year.

Challenges:

- Price competitiveness is a challenge for some U.S. food products.
- Consumers maintain a preference for "fresh" food products over "frozen," although this has slightly shifted post-pandemic.
- Numerous food regulations and standards are not in line with U.S. or international standards.
- Competition from agricultural and food exporters originates from countries with an economic/free trade agreement with Taiwan.

Retail Sector

When the COVID-19 pandemic hit the world, Taiwan immediately implemented border controls and mask mandates. Although a total lockdown was never issued by the local authorities, citizens voluntarily stayed home, avoided crowds and restaurants, and increased their health awareness. As a result, e-commerce sales surged more than 20% in 2021 to reach US\$13.9 billion. Unlike during the pandemic when people were more inclined to cook at home, now consumers are again looking for quick and convenient food and beverage options. Aside from convenience, products with additional health benefits are also becoming more and more attractive. Moreover, inflation is another factor causing people to look for innovation.

Due to the COVID-19 pandemic, popular items included canned foods, oil, rice, noodle, and snack foods, or those products which could be easily shipped and stored. Dairy, desserts, and ultra-high temperature milk sales also increased and are forecasted to continue growing. According to Kantar Group, a data analytics company based in London, Taiwan consumers went to supermarkets less but spent more per trip during the pandemic. Sales of fast-moving consumer goods (FMCG) grew 8%, which was mostly supported by food and beverages. People were cooking more frozen meats, seafood, and vegetables because they could be stored longer.

Foodservice Sector

Foodservice revenue in Taiwan dropped by 6.4% in 2022 due to the temporary dine-in ban caused by the COVID pandemic. Sales spiked in December by 7.1% and continued to rise in 2023. The U.S. is only a minor exporter to Taiwan in the Agricultural Related category. The leader in this category, seafood products, was valued at US\$32 million. The largest individual components are lobster (US\$8 million) and livers, roes and milt (US\$5 million). Among the consumer-oriented category, beef and dairy have seen the biggest growth in the past 10 years. U.S. beef exports continued to set new export records with year-over-year trade value gaining 13% to reach US\$747 million; poultry exports also set a record at US\$287 million, a gain of 74% versus 2021; while dairy has gradually grown to US\$138 million.

The trend of opting for convenience throughout the COVID-19 pandemic forced food manufacturers to expand new product lines in developing more frozen food. The HRI sector has also become more open-minded to source various quality frozen seafood as a way to complement the cost and supply fluctuations from fresh seafood. In addition, beef and dairy have seen the biggest growth in the past 10 years.

Food Processing Sector

The food processing industry is composed of 7,369 manufacturers that produced almost US\$23 billion of processed food and beverages in 2022. This production accounts for approximately 3.4% of gross domestic product (GDP).

U.S. bulk commodities face strong competition from other exporters, and as a result can see wide fluctuations from year to year. In AMS's Grain Transportation Report published in February 2023, covering a period from January-November 2022, Taiwan remained the largest export destination for U.S. containerized grain shipments, accounting for 17% of exports. Container shipping has been an advantage for U.S. exporters, allowing Taiwan to import regular shipments while using the free time provided at port as a temporary storage option. However, the viability of this trade flow is dependent on container logistics and supply.

Consumers' preference for convenience and a growing interest in food health and safety have influenced the industry to develop easy-to-prepare meals, healthier options, clean labels, and other initiatives.