

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Taiwan

### Fresh Deciduous Fruit Annual

#### Taiwan's Apple Imports Forecast to Decline Slightly

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**Report Highlights:**

Post forecasts MY2016/17 apple imports at 160,000 MT, down 5 percent from the same period last year. Apples are Taiwan's leading imported fruit, and the United States is the leading supplier with approximately 31 percent of the import market share. Fuji remains the most popular variety accounting for nearly 90 percent of imports. Taiwan's apple production is negligible, and demand is met almost exclusively by imports.

**Commodities:**

Apples, Fresh

**Executive Summary:**

Taiwan depends on imports to meet domestic demand. Post forecasts MY2016/17 apple imports at 160,000 MT, down from last year's record 169,000 MT. A decline in price competitiveness of imported apples, compared with other imported fruit, and weak economic growth, are reasons for the lower import estimate. A strong harvest in the state of Washington will help the United States to remain Taiwan's leading apple supplier according to industry sources.

Domestic apple production continues to decline and currently meets less than 1 percent of domestic demand.

## Production:

In MY2015/16, planted area totaled 172 hectares. Apple production in Taiwan's subtropical climate is limited and possible only in high mountain areas. In addition to the climate, constraints to apple production are high labor and transportation costs, as well as competition from imports. Also, several eco-awareness projects in Taiwan have hindered further exploitation of mountain areas suitable for apple production. Local apple production continues to decline and currently meets less than one percent of domestic demand.

### Apple Production in Taiwan

Fresh Apple 080810	Production Value (US\$ million)	Production Volume (MT)	Area Planted (HA)	Area Harvested (HA)
2006	7.6	5,929	608.2	608.2
2007	8.1	5,952	568.3	568.2
2008	6.2	4,163	467.6	464.9
2009	5.8	3,644	435.9	435.8
2010	3.9	2,186	230.9	230.9
2011	3.5	1,667	175.6	174.5
2012	3.3	1,518	168.9	168.9
2013	3.1	1,292	175.1	175.0
2014	4.7	1,506	174.8	173.7
2015	4.4	1,319	172.2	171.2

*Source: Taiwan Council of Agriculture (COA)*

## Consumption:

According to Euromonitor International, people in Taiwan eat approximately 101.87 kg of fruit per person, which is among the highest annual per capita consumption of fresh fruits in the world. Apples are the most heavily consumed imported fruit but face competition from other imported fruits such as grapes, peaches, and cherries in Taiwan.

The vast majority of people in Taiwan view fruit as an important part of their daily diet. Fruit is frequently consumed as a snack or as a dessert and is the most common food served to visitors at home or in the office.

Fuji, with its sweet taste and firm texture, remains the overwhelmingly favorite variety, accounting for 90 percent of the total import market. Other varieties include: Aurora, Granny Smith, Gala, Pink Lady, Ambrosia, and Red & Golden Delicious. The United States, Chile, and New Zealand continue to focus on supplying the Taiwan market with traditional varieties. On the other hand, Japan is having success in introducing niche varieties into the market such as Toki to maintain a "premium" image and justify higher prices. It is not uncommon to find Japanese fruits, mainly apples and peaches, in the market priced at more than 50-200 percent higher than other competitors.

Taiwan consumers purchase significantly more apples during the autumn and winter months because of the general perception that apples are a “cool weather” fruit. Additionally, fruit is incorporated into several festivals held throughout the year.

People give food 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). Japanese apples continue to dominate the high-end gift-giving market in Taiwan because of the perception of quality among traders and consumers.

**Trade:**

Taiwan is a relatively mature market for fresh apples. In MY2015/16, Taiwan imported 169,057 MT of apples (valued at nearly US\$266 million).

<b>Taiwan’s Total Apple Imports</b>			
Apple, Fresh 080810	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>
	<b>Market Year Begin: July 2013</b>	<b>Market Year Begin: July 2014</b>	<b>Market Year Begin: July 2015</b>
Total imports quantity (MT)	160,756	156,007	169,057
Total imports value (US\$ million)	239.6	238.8	266.1
US Share of total import market by volume	31%	41%	31.87%

*Source: Taiwan Council of Agriculture; Global Trade Atlas*

The United States remained the leading supplier of apples to the Taiwan market with a market share of 31 percent, followed by Chile, New Zealand, and Japan.

<b>Taiwan's Apple Imports Major Supplying Countries</b>			
Apple, Fresh	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
080810	<b>Market Year Begin: July 2013</b>	<b>Market Year Begin: July 2014</b>	<b>Market Year Begin: July 2015</b>
USA	50,132 MT (-12%) US\$65.7 Million	64,264MT (28.9%) US\$79.1 Million	53,883 MT (-16.15%) US\$70.7 million
Chile	62,342 MT (50%) US\$72.3 Million	46,522 MT (-25.4%) US\$58.4 Million	42,622 MT (-8.38%) US\$51.2 million
New Zealand	21, 837 MT (177.2%) US\$40 Million	16,673 MT (-22.8%) US\$27.2 Million	30,524 MT (83.08%) US\$54.3 million
Japan	16,513 MT (24.85) US\$48.8 Million	23,260 MT (40.8%) US\$67.7 Million	27,278 MT (17.27%) US\$72.1 million

Source: Taiwan Council of Agriculture; Global Trade Atlas

However, U.S. apple exports to Taiwan decreased more than 16 percent from the previous year to 53,883 MT (US\$70.8 million) in MY2015/16. The decrease in U.S. apple exports to Taiwan was mainly attributed to bad weather and natural production cycle. Taiwan importers favor U.S. apples due to its high-quality and consistent supply. U.S. apple exports to Taiwan are forecast to recover moderately to 60,000 MT in MY2016/17 due to a better than anticipated harvest in Washington, which typically accounts for 90-95 percent of total U.S. apple exports to Taiwan.

**Taiwan's total fruit imports – by supplying countries  
For the calendar year of 2015 and 2014**

Units: MT	2015	2014
Global	308,011	298,703
U.S.	111,122 (36%)	108,607(36%)
New Zealand	56,718 (18%)	44,533 (15%)
Chile	51,396 (17%)	65,379 (21%)
Japan	28,314 (9%)	21,074 (7%)

Source: GTA

In the calendar year of 2015, Taiwan imported a total of 308,011 MT of fruit globally, and U.S. enjoyed 36 percent total import market share.

The top five U.S. fruit imports were apples (60,473 MT), grapes (13,565 MT), peaches (12,411 MT), oranges (8,200 MT), and cherries (4,657 MT).

Importers have a broad choice of suppliers from which to choose (with the important exception of China due to phytosanitary concerns), so changes in market share will continue to shift year-to-year based on supplier prices, product quality, and availability. In general, while Taiwan buyers do express a continued preference for U.S. Fuji apples, importers are more than willing to shift purchase orders to other competing suppliers when cost factors run against U.S. exporters. Taiwan importers prefer the flexibility to switch their orders to other countries if the primary supplying country is not able to meet their demands or are suspended because of phytosanitary concerns.

## **Policies:**

### **Tariffs**

Taiwan currently applies a 20% tariff on all apple imports. Taiwan Customs assesses tariffs based on a region-specific reference price rather than the actual invoiced value. Import duties on New Zealand apples were eliminated on December 1, 2013, when the Fair Trade Agreement between Taiwan and New Zealand took effect.

## **Import Regulations and Requirements**

### **Import inspection**

The rules concerning border inspection and food import testing are stipulated in the “Regulation of Inspection of Imported Foods and Related Products.” All food imports, including apples, must be inspected by the authority. Every incoming food shipment is subject to import inspection. Under normal circumstance, only randomly-selected shipments are to be lab-tested unless they have already been placed under the batch-by-batch sanction mechanism. The inspection authority checks the product name, specifications and package and runs an analysis by taking samples and sending them to laboratories to conduct sensory, chemical, biological and other related examinations. When all tests are cleared, the commodity will receive a verified certificate to allow it into the market.

### **General Phytosanitary Requirements**

A phytosanitary certificate of origin issued by the Plant Protection & Quarantine (PPQ), Animal & Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture, stating that the fruit has been thoroughly inspected and found free from relevant pests, is required for all apple exports to Taiwan. Export of US apples to Taiwan must comply with the “Quarantine Requirements for the Importation of Fresh Apples from the United States.”

### **Maximum Residue Limit (MRL)**

Imports of fresh fruit and vegetables, including apples, are subject to random inspection for chemical residues at the port of entry by Taiwan's Food and Drug Administration (TFDA)/Ministry of Health and Welfare. A Taiwan importer of highly perishable produce, like apples, may submit an affidavit to the TFDA to move the consignment to its warehouse before the testing is complete. However, the shipment cannot be released into commercial channels until/unless the test results are negative.

Samples of shipments are tested by the inspection authority at the port. If the sample tests positive for any prohibited chemical or at a level that exceeds Taiwan's established MRL for approved chemicals, the shipment will be rejected and future shipments will also be subject to sanctions in the form of enhanced inspection. If there is an initial noncompliance finding on record, future shipments of the same product, e.g. apples, imported by the same Taiwan importer from the same origin, e.g. the United States, the random inspection rate will increase to 20 percent. A second non-compliance finding for the same combination of Taiwan importer, product and origin will result in batch-by-batch inspection for all future shipments under that same three-way combination.

### **Marketing:**

#### **Distribution Channel**

Nearly all fresh fruit imports, including apples, are consumed as fresh produce. Consistent year-round supply helps consumers in Taiwan maintain the habit of eating apples on a regular basis. Retail sales rose steadily and are reaching maturity and only moderate growth in volume is expected in the coming years. Fierce price competition among supplier countries is expected to drive prices down. The only exception is in the gift-giving sector where Japan dominates, and the selling prices remain high.

The Taiwan consumer's emphasis on both convenience and freshness are key to shopping preferences. In Taiwan, apples are sold through importers to wholesalers/traders and then to the general consumers. Traditional wet markets are the main distribution channel for apples accounting for nearly half of total sales.

<b>Taiwan – Apple Distribution Channel</b>	
Traditional/neighborhood wet markets	43%
Supermarkets/hypermarkets	28%
Fruit shops	20%
Street Vendors	2%
Foodservice/TV Shopping/on-line shopping	7%

*Production, Supply and Demand Data*

Apples, Fresh Market Begin Year Taiwan	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	175	175	175	175	0	175
Area Harvested	174	174	175	175	0	175
Bearing Trees	63	63	63	63	0	63
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	63	63	63	63	0	63
Commercial Production	1600	1506	1300	1319	0	1300
Non-Comm. Production	0	0	0	0	0	0
Production	1600	1506	1300	1319	0	1300
Imports	156000	156000	150000	169057	0	160000
Total Supply	157600	157506	151300	170376	0	161300
Fresh Dom. Consumption	157600	157506	151300	170376	0	161300
Exports	0	0	0	0	0	0
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	157600	157506	151300	170376	0	161300
(HA) ,(1000 TREES) ,(MT)						

*Source: Taiwan Council of Agriculture; Global Trade Atlas*

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