Required Report: Required - Public Distribution **Date:** November 03, 2021

Report Number: TW2021-0051

Report Name: Fresh Deciduous Fruit Annual

Country: Taiwan

Post: Taipei

Report Category: Fresh Deciduous Fruit

Prepared By: Hungju Chen

Approved By: Erik Syngle

Report Highlights:

MY 2020/2021 estimates show Taiwan's apple consumption contracting to 130,378 MT on reduced supply of imports. For MY 2021/2022, apple imports are forecast to decline another 9,000 MT to 120,000 MT. Taiwan's apple demand remains strong. The combination of delayed shipments, due to the Covid pandemic, and lower yields in the United States and Chile, due to labor shortages also stemming from Covid, have tightened import supplies. The United States remains the largest supplier of apples by volume, while Japan dominates by value. Demand for organic apples continues to grow and the United States dominates this share of the market.

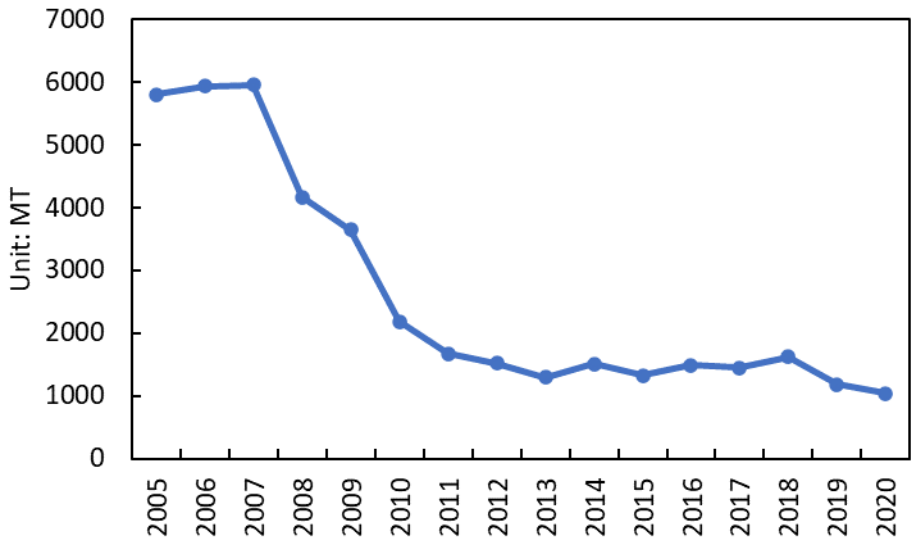
Commodity: Apples

Production:

The MY 2020/2021 apple production estimate is revised down to 1,041 MT. The effects of climate change, with higher average temperatures and reduced dormancy period, makes for a shorter growing season resulting in declining yields. Assuming no other significant climate stresses on apple development in the remainder of 2021, MY 2021/2022 production is forecast down to 1,000 MT. Apple production areas will continue to transfer to tourist self-pick orchards away from commercial cultivation.

Taiwan's deciduous fruit cultivation history can be traced back to 1960. Following World War II, large numbers of mainland Chinese military moved to Taiwan. To occupy retired military personnel and enhance quality of life in mountain regions, Taiwan's central government started to promote temperate crop production. The primary apple cropping areas are in Taichung and Nantou City, at altitudes over 1500 meters. In 1990, at the peak of the industry's success and profitability, apple production area reached a record high of 2,509 HA. Currently it is less than 200 HA.

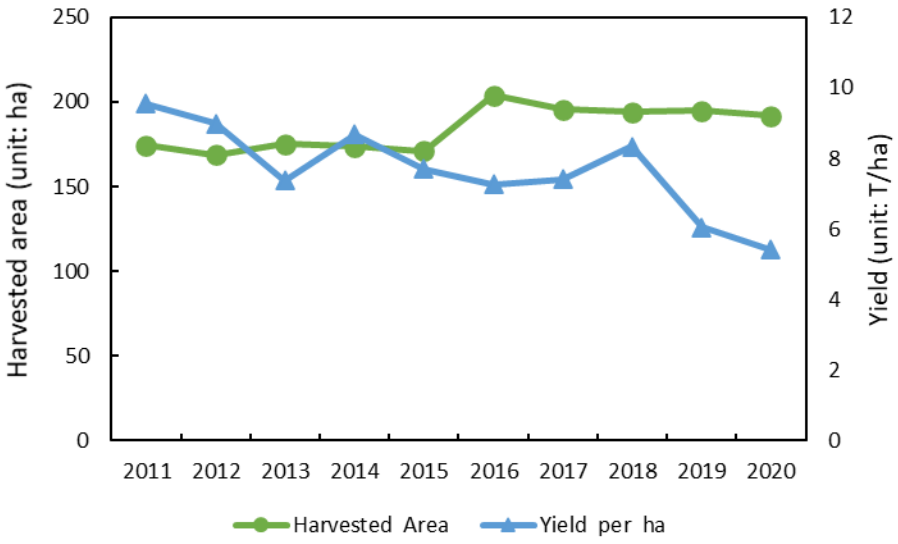
Figure 1: Taiwan Apple Production, Volume



Source: COA

Over time, the central government ceased extension of high-altitude deciduous fruit cultivation and started to ban illegal slope area cultivation. This was due to concerns over slope land conservation and water pollution, as well as lack of competitiveness with imported apples. Unlike peach and oriental pear varieties, low-chill apple varieties did not develop well in Taiwan; production area dramatically decreased due to low yields and poor quality.

Figure 2: Taiwan Apple Production, Area and Yield



Source: COA

Apple orchard and self-pick activities

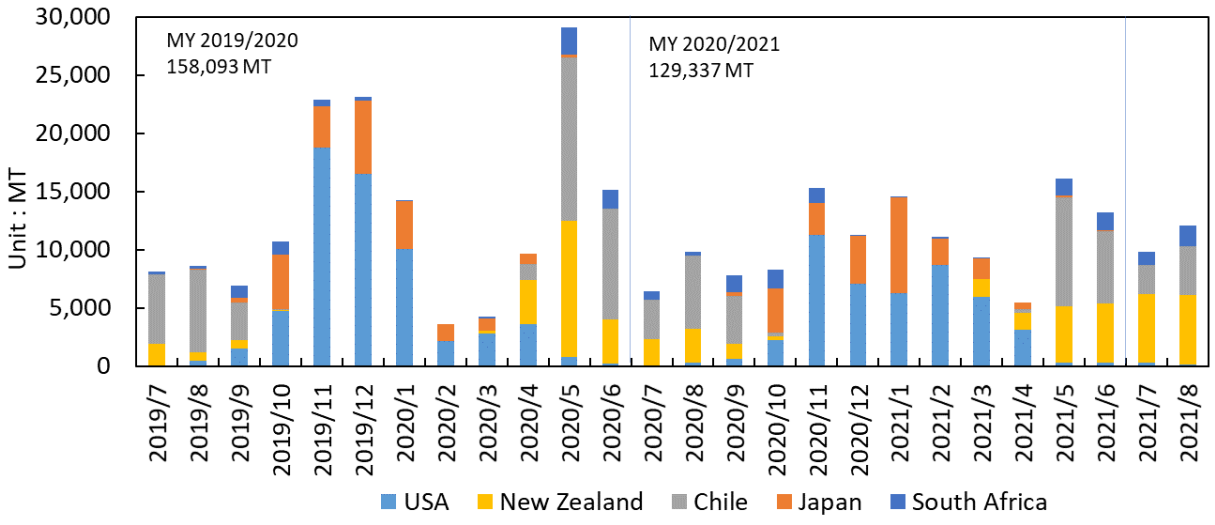
Trade and Consumption:

Taiwan's apple consumption is heavily import dependent. Local production supplies no more than one percent of total consumption. MY 2020/2021 estimates have consumption contracted to 130,378 MT on reduced supply of imports. For MY 2021/2022, apple imports are forecast to decline another 9,000 MT to 120,000 MT. Taiwan's apple demand remains strong. However, the combination of delayed shipments, due to the Covid pandemic, and lower yields in the United States and Chile, due to labor shortages also stemming from Covid, have tightened the import supply significantly.

Taiwan's retail fruit sector is abundantly supplied with both domestic production and imports while Taiwan's per capita fruit consumption is among the highest in the world. These factors, combined with a highly price-sensitive market with numerous ready substitutions on hand, means that the missing apple consumption is likely being redistributed to other fruits as available.

Chilean imports declined almost 40 percent in MY 2020/2021 to 30,024 MT, stemming from logistical issues and losses from rainfall in January 2021. Although MY 2020/2021 U.S. imports rose 4,000 MT up to 46,209 MT, the total was still lower than MY 2018/2019. In MY 2020/2021, the United States remains Taiwan's biggest apple supplier by volume while Japan has the biggest market share by value. Although New Zealand has duty-free access for apples under the Agreement between New Zealand and the Separate Customs Territory of Taiwan (ANZTEC), it does not export significantly higher volumes than before the agreement, facing strong competition in the same seasonal segment from Chile.

Figure 3: Taiwan Apple Imports (July 2019 – August 2021)



Source: COA

Fuji and Gala remain the dominant apple varieties in Taiwan, popular due to their red color epidermis, sweet taste, and long shelf-life. Importers are also trying to introduce several new varieties such as Cosmic Crisp. The premium apple market belongs to Japan. Its high-value varieties are favored in Taiwan's fruit gift boxes exchanged at holiday times, with varieties like Fuji, Toki, and Wang-Lin. Some Taiwan and Japanese varieties are marketed as "honey apple" (蜜蘋果).

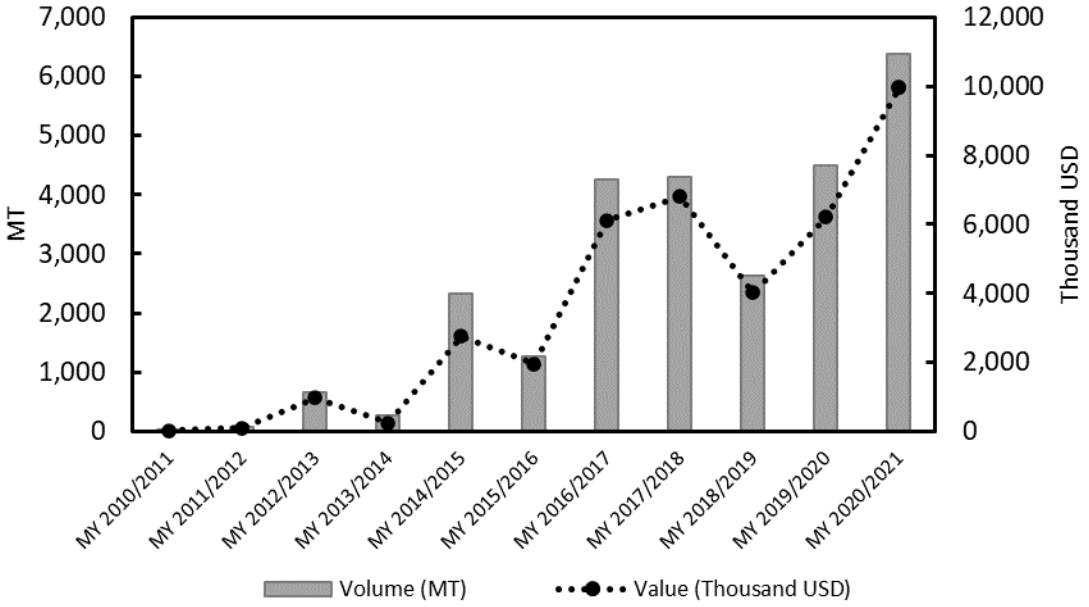
Taiwan's fruit retail sector is highly segmented by price, from open air street stalls at the low end to glossy air-conditioned import markets and organic food shops at the high end. Demand for organic apples continues to grow quickly. Under the 2020 U.S.-Taiwan Organic Equivalence Agreement, all produce USDA-certified as organic is recognized as organic in Taiwan (and vice versa). Taiwan does not have specific HS codes for organic apples and does not record or report the volume of total organic apple imports. USDA export data shows that U.S. organic apple exports to Taiwan have increased from near zero (in MY 2010/2011) to 6,371 MT (in MY 2020/21) within a decade, worth approximately USD $10 million. This represents about 5 percent of Taiwan's total apple imports by volume. Based on these trends, Post forecasts U.S. organic apples' market share will increase to seven percent of total apple import in MY 2021/2022.

Figure 4: Taiwan Apple Imports, Market Share by Country

	MY 2018/2019		MY 2019/2020		MY2020 /2021			
(T/ MILLION USD)	**Volume**	**Value**	**Volume**	**Value**	**Volume**		**Value**	
UNITED STATES	59,938	54	42,303	75	46,209	*(36%)*	59	*(27%)*
CHILE	51,445	67	49,408	50	30,024	*(23%)*	37	*(17%)*
JAPAN	20,125	60	21,396	64	23,917	*(18%)*	72	*(33%)*
NEW ZEALAND	24,551	32	20,075	40	19,711	*(15%)*	40	*(18%)*
SOUTH AFRICA	9,436	7	7,047	8	8,842	*(7%)*	8	*(4%)*
TOTAL	142,356	225	158,093	239	129,337		217	

Source: Trade Data Monitor

Figure 5: Taiwan Organic Apple Imports from United States, Value and Volume



Source: USDA GATS

Policy

Import Tariff: (HS 080810 / fresh apple)

Most major apple exporters to Taiwan face a 20 percent tariff, except for New Zealand which has duty free access under ANZTEC since 2013.

Figure 6: Taiwan Apple Tariffs, by Exporting Country

Country	Tariff
U.S., Chile, Japan, South Africa	20%
New Zealand	0%

Import Phytosanitary Regulations:

Fresh food is regulated by TFDA and BAPHIQ. Fresh apples from the United States are regulated under BAPHIQ's Quarantine Requirements for the importation of Fresh apples from The United States and must be accompanied by an APHIS-issued phytosanitary certificate (PPQ form 577). A phytosanitary certificate can be issued by designated APHIS personnel or APHIS-authorized State and County authorities. Other phytosanitary certificates for shipments of U.S.-origin fresh fruit are no longer accepted by Taiwan plant health regulatory authorities. According to Article 5.6, if the pest list for quarantine requirement has changed, the updated list can be found on the website.

TFDA is the competent authority responsible for border inspection. Taiwan uses the positive list system Pesticide Residue Limit in Food. The latest version is here (updated August 18, 2021; or on the integrated website). According to the most recent update, the MRL for Cyantraniliprole/Apple is established at 0.5 ppm and Penthiopyrad/Apple is set at 0.4 ppm. Standards for heavy metals are listed in TFDA's Sanitation Standard for Contaminants and Toxins in Food.

Production, Supply and Distribution

Apples, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	195	195	196	193	0	191
Area Harvested (HA)	195	195	196	192	0	191
Bearing Trees (1000 TREES)	70	69	0	68	0	69
Non-Bearing Trees (1000 TREES)	0	0	0	1	0	0
Total Trees (1000 TREES)	70	69	0	69	0	69
Commercial Production (MT)	1200	1179	1400	1041	0	1000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	1200	1179	1400	1041	0	1000
Imports (MT)	158100	158093	150000	129337	0	120000
Total Supply (MT)	159300	159272	151400	130378	0	121000
Domestic Consumption (MT)	159300	159272	151400	130378	0	121000
Exports (MT)	0	0	0	0	0	0
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	159300	159272	151400	130378	0	121000
(HA) ,(1000 TREES) ,(MT)						

Appendix

Figure 7: Selected Agrichemicals for Apple, U.S. MRL (PPM) and Taiwan MRL (PPM)

	United States	**Taiwan**
Cyprodinil	1.7	1
Difenoconazole	5	1
Penthiopyrad	0.5	0.4
Pyrimethanil	15	7
Buprofezin	3	1
Chlorantraniliprole	1.5	0.5
Fenbutatin-oxide	15	2
Fenpropathrin	5	0.5
Flutriafol	0.4	0.3

Attachments:

No Attachments