

## **TAIWAN COUNTRY PROFILE**

**Prepared by: Michael Couch  
Agriculture and Food Branch  
November 2007**

Synopsis | Market Overview | Agriculture and Food Trade Overview | Market Sector Structure and Trends | Exporter Business Tips | Market Opportunities | Alberta Advantages and Challenges | Contacts for Albertans

### **Synopsis**

Taiwan is the world's seventeenth largest economy and its economy has been strengthening in recent years. Taiwan is Alberta's twelfth most important agri-food market, purchasing about C\$70 million from our province in 2006. After China, Taiwan is Alberta's second most important export market for raw hides and skins (C\$44 million in 2006) and fourth for crude canola/mustard oil (C\$16 million in 2006).<sup>1</sup> Taiwan holds an agricultural trade deficit as large volumes of imports are needed to supplement its relatively small agricultural sector.<sup>2</sup> Taiwan's affluent consumers are price sensitive but will pay more for quality products produced within tight specifications. The Taiwanese market will continue to provide opportunities for Alberta's agri-good industry due to its growing dependence on agriculture and agri-food imports and interest in North American food and beverage products.

### **Market Overview**

The Taiwanese economy, with a GDP of US\$682 billion (2006 est.), is the world's seventeenth largest. On a per capita basis the country's GDP is comparable to that of Canada (\$29,600 for Taiwan vs. \$35,200 for Canada in 2006).<sup>3</sup>

Taiwan has a dynamic capitalist economy with gradually decreasing guidance of investment and foreign trade by government authorities. In keeping with this trend, some large, government-owned banks and industrial firms are being privatized. Exports have provided the primary impetus for industrialization. The island runs a trade surplus, and foreign reserves are the world's third largest. Despite restrictions on cross-strait links, China has overtaken the US to become Taiwan's largest export market and, in 2006, its second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. The economy suffered from a recession in 2002, its GDP has since recovered strongly, posting growth of 1.9% in 2005, 2.2% in 2006 and is forecast to expand 2.0% in 2007.<sup>4</sup> Consumer confidence will remain rather weak

<sup>1</sup> Alberta Government, *Agri-food trade On-line*.

<sup>2</sup> Agri-Food Trade Service, *Agri-Food Past Present and Future Report Taiwan*, February 2007.

<sup>3</sup> CIA, *World Factbook*.

<sup>4</sup> The Economist Newspaper Limited, *Country Profile*, 2007.

notwithstanding a pickup driven by easing concerns about the soaring consumer debts that were seen in previous years. Economic forecasts suggest Taiwanese inflation is expected to stay around 1.4% for 2007, before accelerating to 1.9% in 2008.<sup>5</sup>

Many economists expect the New Taiwan Dollar to strengthen against the US dollar in 2007 and 2008. This should be welcome news to Canadian exporters because - unless neutralized by the similar strengthening of the Canadian dollar - a stronger NTD would make Canadian exports more affordable to Taiwanese consumers.<sup>6</sup>

Liberalisation has transformed the political landscape since the end of martial law in 1987. After the death of Chiang Ching-kuo in 1988, his successor as President, Lee Teng-hui, continued to democratise the government and hand over more authority to native Taiwanese. The first democratic elections were held in 1992 for the Legislative Yuan and in 1996 for the Presidency. The Nationalist Party (KMT) is now one of three main political parties, albeit with formidable financial assets from its days of ruling alone. In 1986 the Democratic Progressive Party (DPP) was inaugurated as the first opposition party in Taiwan.

Three presidential elections have been held since the lifting of martial law in 1987. The first, on March 23<sup>rd</sup>, 1996, returned KMT incumbent Lee Teng-hui with a convincing 54% majority. The result was as much a personal victory for Lee — popular for promoting democratisation and “Taiwanisation” — as it was for the KMT.

The next election on March 18<sup>th</sup>, 2000 was a watershed, with the KMT unseated for the first time. Chen Shui-bian, a former Taipei Mayor, claimed victory for the DPP with 39.3% of the vote (a candidate only needs a plurality to win). James Soong, a former KMT governor of Taiwan Province, came a close second with 36.8%. Soong had split the KMT vote by running as an independent after losing the KMT presidential nomination to Lee’s successor as KMT Chairman, Lien Chan. After the election, Soong formed the People First Party (FPF) with some support from disaffected KMT members.

Chen narrowly retained office in the 20 March 2004 election with 50.12% of the vote. Only 30,600 votes separated him from Lien, who ran at the head of a KMT-FPF alliance, with Soong his running mate. Voter turnout was about 80%. The outcome of a referendum on cross-Strait issues, held at the same time, was declared invalid because it failed to attract participation by the required 50% of voters.

The next presidential election is scheduled for March 22<sup>nd</sup>, 2008.<sup>7</sup>

Taiwanese Population: 22,858,872 (July 2007 est.)  
0-14 years: 17.8% (male 2,117,051/female 1,954,709)  
15-64 years: 72% (male 8,306,351/female 8,141,268)  
65 years and over: 10.2% (male 1,150,001/female 1,189,492) (2007 est.)

---

<sup>5</sup> Global Insight Inc., *Taiwan Country Monitor*.

<sup>6</sup> The Economist Newspaper Limited, *Forecast*, 2007.

<sup>7</sup> Australian Government, Department of Foreign Affairs and Trade, *Taiwan Brief*, December 2007.

At 77.56 years, Taiwan has a relatively high life expectancy. The median age is almost 36 years. Due to low birth rates, the population is aging rapidly and the number of people over 65 is expected to increase from 9% in 2005, to 11% in 2015. In contrast, the growth rate of Taiwan's total population has remained at about 1% per year. In order to slow down the situation, government is taking consideration to provide tax incentives or subsidies of childbearing and marriage.<sup>8</sup>

Approximately 41% of residents consider themselves to have middle class spending power. Over 10.5 million residents make up the Taiwanese labour force. Almost 60% of these workers are in the service sector. Approximately 42% of women are now employed outside the home.<sup>9</sup> Over the past few decades, people have been adopting a more westernized diet. Obesity is less common than in the West but rates are increasing. Approximately 4% of the population is obese which translates to about 914 thousand people. The adoption of western eating habits is considered the main cause of the rising rate. Increasing rates of diabetes and obesity are supporting the development of the health food industry.<sup>10</sup>

Accounting for 26% of household spending, food purchases are the largest expenditure category in a Taiwanese household. In 2006, Taiwanese households spent an annual average of \$8,840 on retail food purchases and \$5,146 on food-service purchases. Disposable income for the majority of men has decreased slightly; however, disposable income for women increased by 22.7% between 1999 and 2003. Teenagers (10-19 years) on the other hand spend a significant portion of their money on social and leisure activities, including dining out.<sup>11</sup> Although Taiwanese consumers are generally price sensitive, they are willing to pay for quality, convenience, and brand name products.

Taiwan and Canada are both members of the WTO and overall access to the Taiwanese market has been good. Nonetheless, Taiwan has put in place some protectionist barriers affecting Alberta's agri-food exports. Agricultural commodities and food products entering the Taiwanese market must pass quarantine and inspection by both the Bureau of Standards Metrology and Inspection (BSMI) and Taiwan's Bureau of Animal and Plant Health Inspection and Quarantine.

### **Agriculture and Food Trade Overview**

Alberta's agri-food exports to Taiwan were valued at about \$70 million in 2006 and accounted for over 40% of Canada's total exports to that country. Taiwan is Alberta's twelfth largest export market for agri-food products. In 2006, the province's top agri-food exports to Taiwan were raw hides and skins (\$44 million), crude canola/mustard oil (\$16

---

<sup>8</sup> Euromonitor, *Consumer Lifestyle Report*.

<sup>9</sup> CIA, *World Factbook*.

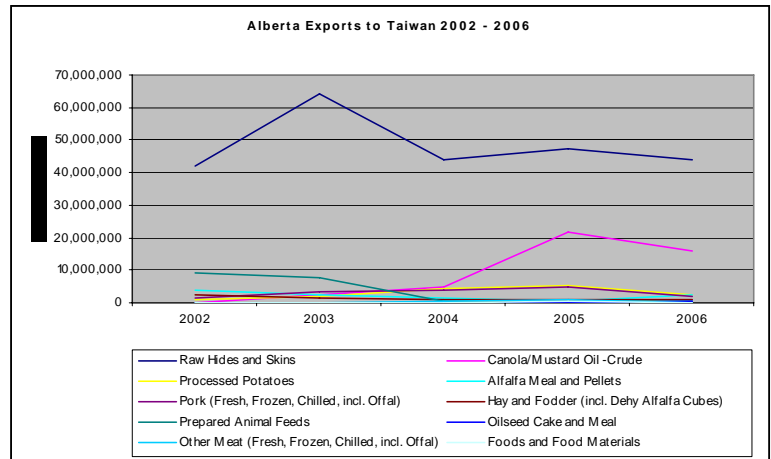
<sup>10</sup> Science Direct, *Prevalence of overweight and obesity and its associated factors: findings from National Nutrition and Health Survey in Taiwan, 1993–1996*, September 2003.

<sup>11</sup> Euromonitor, *Consumer Lifestyle Report*.

million), processed potatoes (\$2.6 million), alfalfa meal and pellets (\$2.4 million), pork (\$1.8 million) and hay and fodder (\$1.1 million).<sup>12</sup>

### Alberta's Top agri-food exports to Taiwan In 2006 in millions of CDN\$

Alberta's Top Exports to Taiwan in 2006	Value in Millions
1-Raw Hides and Skins	44
2-Canola/Mustard Oil - Crude	16
3-Processed Potatoes	2.6
4-Alfalfa Meal and Pellets	2.4
5-Pork	1.8
6-Hay and Fodder	1.1
7-Prepared Animal Feeds	0.6
8-Oilseed Cake and Meal	0.3
9-Other Meat	0.1
10-Foods and Food Materials	0.1



A few changes have taken place over the last five years, the most noteworthy being the phenomenal rise of Alberta's crude canola oil. Taiwan is now the province's fourth most important export market for crude canola oil and at \$16 million in 2006, the value of our crude canola/mustard oil exports to Taiwan is two and a half times that destined for the US market.

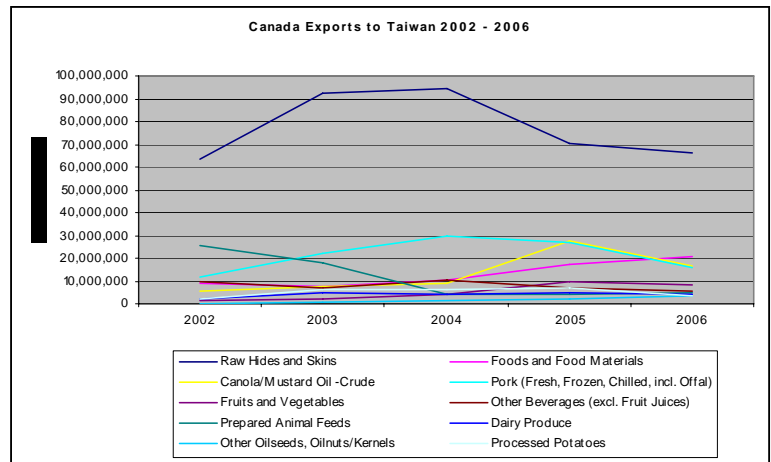
Raw hides and skins have seen some volatility over the past few years, but have consistently remained above the \$40 million mark.

Canada's agri-food exports to Taiwan totalled \$170 million in 2006 making it the country's twenty-fourth largest export market. Alberta accounted for more than one third of Canadian agri-food exports to Taiwan. Canada's exports share some similarities with Alberta's. Raw hides and skins exports are the country's largest (\$66 million) followed by foods and food materials (\$21 million), crude canola/mustard oil (\$17 million), pork (\$16 million), fruits and vegetables (\$8.2 million), other beverages (\$5.8million) and prepared animal feed (\$4.6 million).

<sup>12</sup> Agri-Food Trade On-line.

## Canada's Top agri-food exports to Taiwan In 2006 in millions of CDN\$

Canada's Top Exports to Taiwan in 2006	Value in Millions
1-Raw Hides and Skins	66
2-Foods and Food Materials	21
3-Canola/Mustard Oil - Crude	17
4-Pork	16
5-Fruits and Vegetables	8.2
6-Other Beverages	5.8
7-Prepared Animal Feeds	4.6
8-Dairy Produce	4.2
9-Other Oilseeds, Oilnuts/Kernels	3.7
10-Processed Potatoes	3.3



Competitors gain an advantage through better harvesting weather (which can vary from year to year) freight efficiencies due to location or volume and by the ability to offer products during their competitor's off-season (Australia vs. Canada and the US).<sup>13</sup>

In 2005, Taiwan's top sources for consumer oriented agri-food products included China, United States, Japan, Australia, New Zealand, China, with Canada in 10<sup>th</sup> place.

The United States is Canada's top competitor in the Taiwanese food market. The U.S. is Taiwan's most important source for agriculture and agri-food imports and supplies four out of five of Taiwan's top imported products, which are corn, soybeans, cotton, and food preparations. Japan is a top supplier of tobacco products, which represents Taiwan's third largest import commodity.

Canadian exporters must also compete with Taiwan's growing trade relationship with China. China supplies 11% of Taiwan's imports (not agri-food specific) and China is Taiwan's third most important import partner, behind Japan and the U.S. China and Hong Kong are Taiwan's most important export destinations, comprising almost 40% of all exports (not agri-food specific) in 2006.<sup>14</sup>

### Market Sector Structure and Trends

Taiwan's densely populated consumer market is becoming increasingly attractive to Canadian exporters. Taiwanese consumers are welcoming of North American-style foods, such as ready-made products, with various consumer groups adopting eating habits reflective of North American and European markets. Consumer demands are accommodated through Taiwan's growing modern retail food sector and foodservice industry.

<sup>13</sup> Meat & Livestock Australia.

<sup>14</sup> Agri-Food Trade Service, *Agri-Food Past Present and Future Report Taiwan*, February 2007.

Taiwanese consumers have very busy lifestyles, with many choosing to eat out frequently, or not cook at home at all. Take-away foods are the most popular outside-of-the-home meal choice. According to a 2006 survey, most of the Taiwanese workers have three meals away from the home every day. The results show that 65% of breakfasts, 81% of lunches, 46% of dinners, and even 21% of late night snacks are eaten out of the home among workers aged 25-40 years. Eating out has become a norm in Taiwan and influences the entire food industry.

For lunch in urban areas, people commonly eat takeaway lunch boxes or purchase food from street stalls. Cafés/bars and full service restaurants are more popular for dinner, and self-service cafeterias, convenience stores and fast food restaurants are popular for both mealtimes.

Increasing quantities of ready-meals are purchased from convenience stores and growing demand for international selections represents an opportunity for Canadian exporters. In 2006, Taiwan had over 8,700 chained convenience stores, representing the highest density of convenience stores in the world. President Chain Store (owner of 7-Eleven) is Taiwan's largest convenience chain player in ready-made meals. Ready-to-eat meals are also highly popular in hypermarkets and supermarkets. In 2005, sales of ready-to-eat meals accounted for roughly 30-40% of total food sales in these outlets.

Hypermarkets and supermarkets have become common in Taiwan as they offer excellent variety, affordable prices and welcoming shopping environments. Many consumers (urban and rural) do the majority of shopping in these retail chains. Nonetheless, certain segments of the population prefer to shop at open markets on a daily basis because they believe food to be fresher at these locations. However, changing lifestyles in Taiwan continue to affect consumer shopping preferences.<sup>15</sup>

### **Exporter Business Tips**

Since differences in language, customs and business practices make entering the Taiwanese market a very difficult task, the preferred route is generally to find a Taiwanese partner, who knows the market and understands local requirements and expectations. Taiwan's supermarket, hypermarket, and warehouse store chains purchase from local importers, wholesalers, and manufacturers. However, the current tendency is to increase the volume of direct imports to avoid the higher cost of products purchased from importers and local manufacturers.

The best method to reach Taiwan's retail buyers as well as prospective importers is to initially contact them directly via e-mails or faxes. Product catalogues and price lists are essential. Sample products are very helpful. A visit to Taiwan is an excellent way to start establishing a meaningful relationship with potential Taiwan buyers. It is advisable to bring along samples to meetings with potential buyers while visiting Taiwan as many

---

<sup>15</sup> Agri-Food Trade Service, *Agri-Food Past Present and Future Report Taiwan*, February 2007.

importers and retailers rely heavily upon subjective factors when deciding on new products to represent.

The typical Taiwan businessman usually has several interests rather than a single product line. The Taiwanese consumers' income continues to increase and so is their taste in foods. In order to meet the increasing demand, Taiwan importers keep seeking new products, e.g. new-to-market products and new brands of certain products. On the other hand, many Taiwan importers follow the customary Taiwanese pattern of collecting basic information (samples, catalogues, price, supply schedule, etc) initially for consideration. A trial order to test the market response might then be placed after further contact.

Taiwanese regulations vary according to the nature of the product imported into the country. There are regulations concerning everything from labelling and ingredients as well as pesticide residue limits. Since some ingredients used in Canada may not be allowed in Taiwan, Alberta producers are encouraged to work closely with their Taiwanese partners to make sure that their product conforms to Taiwanese regulations.

An English summary of the regulations involved in exporting food to Taiwan can be found on this website.

<http://www.fas.usda.gov/gainfiles/200510/146131085.pdf>

## **Market Opportunities**

Canadian exporters will find numerous opportunities in the following sectors: beef, pork, poultry products, packaged goods, seafood, alcoholic beverages, bottled water, pulses, animal feeds, canola oil, frozen foods, nutraceuticals, fruits and vegetables, confectionary, livestock genetics, and natural and health food products.

Several brands of Canadian processed meat products are selling well in the Taiwanese market. There are opportunities for sales of processed pork products with proven quality assurance, as well as for frozen poultry. Canadians should note that the market for poultry has opened up given that the quotas on poultry, as well as a ban on British Columbia poultry due to avian flu, were removed earlier in 2005.

Beef has historically been a strong sector for Canadian exports to Taiwan; however, Canadians should note that a ban on Canadian bovine meat was implemented after the BSE scare in 2003. New sales opportunities may arise in 2006 as Taiwan wraps up technical discussions with Canada on food safety with a view to lifting the ban. Prior to the ban, Taiwan was Canada's fifth-largest export market for beef and one of Canada's fastest-growing markets worldwide.

## **Alberta Advantages and Challenges**

Alberta and Canada have some great advantages in their pursuit of market share in Taiwan, one of which is Canada's pristine image with both consumers and the Taiwanese food processing industry. This advantage is not limited to image and Canadian standards for safety and quality are generally perceived as high. Another advantage is Alberta's strategic location in western Canada, which gives it a logistical advantage in servicing the Taiwanese market.

## **Contacts for Albertans**

The Agriculture and Food Branch of International Intergovernmental and Aboriginal Relations, has a trade officer dedicated to the Taiwanese market.

John Larson  
Senior Trade Director, Asia & Emerging Markets  
International, Intergovernmental and Aboriginal Relations  
Agriculture and Food Branch  
Tel: 780-422-7090  
Fax: 780-422-9746

## References:

- Alberta Government, Agri-food trade On-line (Statistical System)
- Agri-Food Trade Service, Agri-Food Past Present and Future Report Taiwan, February 2007 - [http://www.ats.agr.gc.ca/asia/4319\\_e.htm](http://www.ats.agr.gc.ca/asia/4319_e.htm)
- CIA World Factbook - <https://www.cia.gov/library/publications/the-world-factbook/geos/>
- The Economist Newspaper Limited, Country Profile, 2007 - <http://www.economist.com/countries/Taiwan/>
- Taiwan Country Monitor, Global Insight Inc., EBSCO
- The Economist Newspaper Limited, Forecast, 2007 - <http://www.economist.com/countries/Taiwan/profile.cfm?folder=Profile-Forecast>
- Australian Government, Department of Foreign Affairs and Trade, Taiwan Brief, December 2007 - [http://www.dfat.gov.au/geo/taiwan/taiwan\\_brief.html](http://www.dfat.gov.au/geo/taiwan/taiwan_brief.html)
- Euromonitor, Consumer Lifestyle Report.
- Science Direct, Prevalence of overweight and obesity and its associated factors: findings from National Nutrition and Health Survey in Taiwan, 1993–1996, September 2003 - [http://www.sciencedirect.com/science?\\_ob=ArticleURL&\\_udi=B6WPG-492VS48-6&user=10&rdoc=1&fmt=&orig=search&sort=d&view=c&acct=C000050221&version=1&urlVersion=0&userid=10&md5=e36aa519dce953603b2809c325df9fb](http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6WPG-492VS48-6&user=10&rdoc=1&fmt=&orig=search&sort=d&view=c&acct=C000050221&version=1&urlVersion=0&userid=10&md5=e36aa519dce953603b2809c325df9fb)
- Agri-Food Trade On-line.
- Meet & Livestock Australia - <http://www.mla.com.au/default.htm>
- Taiwan Exporter Guide 2005 - <http://www.fas.usda.gov/gainfiles/200510/146131085.pdf>