



Voluntary Report - public distribution

Date: 4/25/2001

GAIN Report #TW1015

Taiwan

Dried Fruit

Report

2001

Approved by:

Stan Cohen, ATO Director
American Institute in Taiwan

Prepared by:

Strategic Pathfinders Marketing Consultancy

Report Highlights:

Almost all the dried fruits consumed in Taiwan are imported. The imported dried fruit market in Taiwan grew from \$6.8 million in 1994 to \$10.7 million in 2000. Imports from the United States were \$9.2 million in 2000.

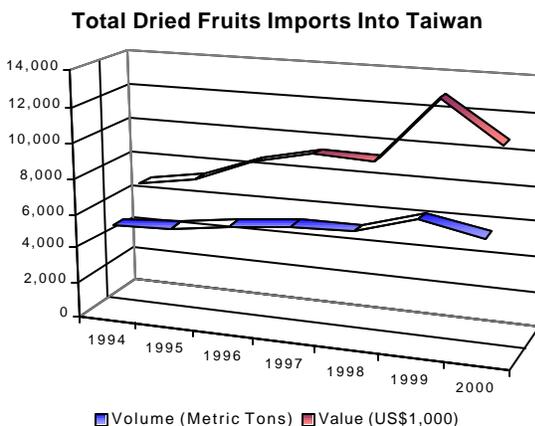
Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei ATO [TW2], TW

Executive Summary

Almost all the dried fruits consumed in Taiwan are imported. The imported dried fruit market in Taiwan grew from \$6.8 million in 1994 to \$10.7 million in 2000. Imports from the United States were \$9.2 million in 2000. The dried fruit market in Taiwan is segmented in terms of product development with raisins and prunes having higher volumes, longer development time in the market, wide spread usage and distribution, and competition based on price. Dried fruits like cranberries, blueberries, and cherries were primarily introduced in the last two years. While volumes are increasing, they are still in the early product development cycle. In addition, higher tariffs and price points limit usage and distribution.

I. Market Overview

Almost all the dried fruits consumed in Taiwan are imported. Taiwan’s total imports of dried fruit imports in 2000 were valued at US\$10.7 million, an increase of 55% since 1994. Raisins, dried prunes, and dried cranberries together represent 95% of the imported dried fruit category. The rapid growth of the import market is attributable to the gaining popularity of dried cranberry snack packs. Strongly influenced by Japan, the Taiwan food market is expected to follow Japan in snacking on dried fruit and nuts; therefore, the dried fruit import market will likely continue to grow over the next few years.



Advantages	Challenges
<ul style="list-style-type: none"> - Importers and wholesalers have an awareness and appreciation for the quality of US dried fruit products. - Most of the dried fruits snack products are currently imported from the US. 	<ul style="list-style-type: none"> - High tariffs resulting in relatively high prices for all imported dried fruit except for raisins and dried prunes create a barrier for trial tests. - Low price competitors from China, Turkey, and Iran are threatening the US in the bulk market. - Low consumer awareness of the product quality and health benefits of dried fruits.

Market Sector Opportunities And Threats

Trade and Competition

In 2000, Taiwan imported 6,509 Metric tons or US\$10.8 million worth of dried fruits¹. The US had the largest market share (86%), followed by China (4%) and Turkey (2%) in terms of value.

Total Taiwan Dried Fruit Imports in Value (US\$1,000)

	1994	1995	1996	1997	1998	1999	2000
Raisins*	\$4,997	\$5,489	\$6,284	\$7,177	\$6,307	\$7,761	\$6,305
Dried prunes*	\$1,599	\$1,712	\$2,026	\$2,028	\$2,339	\$3,083	\$2,062
Dried apples*	\$42	\$14	\$13	\$35	\$58	\$63	\$45
Dried apricots*	\$15	\$90	\$190	\$103	\$105	\$111	\$55
Dried cranberries**	\$0	\$0	\$0	\$0	\$300	\$1,500	\$1,800
Other dried fruits*	\$209	\$120	\$131	\$56	\$186	\$422	\$396
TOTAL	\$6,863	\$7,424	\$8,644	\$9,399	\$9,295	\$12,940	\$10,663

Taiwan Dried Fruit Imports from the United States in Value (US\$1,000)

	1994	1995	1996	1997	1998	1999	2000
Raisins*	\$4,433	\$4,912	\$5,477	\$6,645	\$6,013	\$6,535	\$5,715
Dried prunes*	\$1,423	\$1,365	\$1,705	\$1,763	\$1,843	\$2,533	\$1,515
Dried apples*	\$9	\$14	\$0	\$27	\$47	\$48	\$0
Dried apricots*	\$0	\$3	\$7	\$15	\$1	\$3	\$3
Dried cranberries**	\$0	\$0	\$0	\$0	\$300	\$1,500	\$1,800
Other dried fruits*	\$13	\$27	\$61	\$24	\$115	\$194	\$119
TOTAL	\$5,878	\$6,321	\$7,250	\$8,475	\$8,319	\$10,813	\$9,152
Market Share	86%	85%	84%	90%	89%	84%	86%

¹ This brief focuses on the dried fruits that the US is currently exporting to Taiwan and therefore does not include dried banana, mango, dates, figs, pineapples, guavas, avocados, citrus, melons, lungngans, and medlars.

Total Taiwan Dried Fruit Imports in Volume (MT)

	1994	1995	1996	1997	1998	1999	2000
Raisins*	3,638	3,919	4,372	4,781	4,522	4,690	4,425
Dried prunes*	1,231	1,188	1,199	1,217	1,473	1,884	1,407
Dried apples*	10	2	2	5	11	12	20
Dried apricots*	54	136	167	104	76	155	119
Dried cranberries**	0	0	0	0	50	250	300
Other dried fruits*	238	89	37	15	51	249	237
TOTAL	5,170	5,334	5,777	6,123	6,183	7,241	6,509

Taiwan Dried Fruit Imports from the United States in Volume (MT)

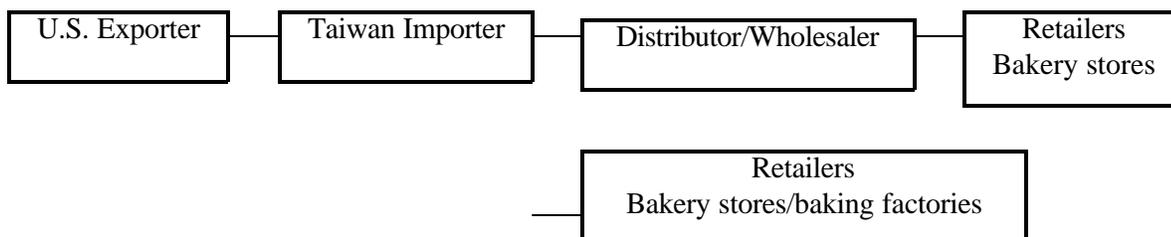
	1994	1995	1996	1997	1998	1999	2000
Raisins*	3,141	3,443	3,714	4,308	4,203	3,550	3,901
Dried prunes*	1,099	812	945	1,017	1,072	1,258	1,024
Dried apples*	2	2	0	3	7	9	0
Dried apricots*	0	0	1	3	0	1	1
Dried cranberries**	0	0	0	0	50	250	300
Other dried fruits*	1	8	6	5	21	37	21
TOTAL	4,243	4,266	4,666	5,336	5,354	5,105	5,248
Market Share	82%	80%	81%	87%	87%	71%	81%

* Data Source: Directorate General of Customs, Ministry of Finance, R.O.C

**Data Source: Industry Estimate

Distribution Channels

Dried fruits are used both as snacks for consumers and ingredients for bakery stores. Snack packaged products are sold through convenience stores and supermarkets/hypermarkets, while snack products in bulk are available in wholesale/retail dried food markets such as Dihwa street and some dried fruit corners at department stores and shopping malls. Raisins are widely used in baking products at all retail price segments in mass consumer offerings. Some innovation in raisin usage is still seen, but it is not a category driver. Dried prunes on the other hand are heavily skewed towards branded consumer purchase at retail outlets for snacking. Industry estimates that currently 60% of the imported raisins, 85% of the imported cranberries, and 90% of the imported dried prunes are consumed as snacks.



Industry Preferences and Trends

The ingredient usage market is divided into three segments:

- Niche market higher-end hotels and department store bakeries, and higher-end chain coffee shops like Starbucks, or restaurants/bakery stores offering differentiated bakery items with western influences/ingredients.
- Middle of the market higher end followers who pick up the trends from the high end, includes higher end bakery chains, and grocery chain bakeries i.e. Carrefour, Geant, and Tesco.
- Low end mass market i.e. 7-Eleven, the other convenience store chains, individual bakery shops, cookie/cracker mass market manufacturers.

There is clear segmentation in the dried fruit market with raisins and dried prunes being well developed. These compose a segment of a maturing mass market with wide spread usage and distribution in both the ingredient usage and branded (import brands, store brands, and private label) products for consumers at retail outlets. This segment is driven by price with the industry primarily motivated in purchasing by the best price (for best/acceptable quality). Medium growth is reported for dried prunes due to some brand development work in the consumer side while raisins are reported to have plateaued in growth over the past few years. Dried cranberries have grown rapidly and will continue to grow in both the consumer and ingredient sides.

In contrast, the other dried fruits like blueberries, apples, and cherries are still in the early market development phase positioned against niche markets with high growth potential. Given the cost/duties coupled with what the average consumer is familiar with in terms of price expectations and their tastes, higher end ingredients are not yet widely available or accepted at the mass-market level. Current opportunities are best targeted at the high end niche market segment. This niche segment of the market drives the trends for ingredient usage. Successful products slowly migrate from the high end into the next middle segment of followers, which leads to the longer term market growth and volume opportunities (as happened with raisins and prunes).

Positioning/Selling Opportunities

The high end niche market segment is motivated by proprietary products. These can either be Western recipes and products without modification, or Western recipes and products customized for local tastes. In either situation the high end outlet is looking to provide differentiation from other similar outlets. These outlets have their own highly skilled/trained/knowledgeable bakery chefs who either create/adopt recipes in their drive for new and differentiated. Dried fruit as a higher cost ingredient, but offering differentiated benefits, can be positioned against this higher end segment. Bakery chefs need to be encouraged to use these high end ingredients in their products. As dried fruit ingredients come into wider acceptance of usage and consumer familiarity/consumption, migration will occur into the larger mass market increasing volume opportunities, but also exerting downwards pressure on price as commoditization takes place. Exporters who can show how the higher end products can be used will be more successful in building long term business.

Points of leverage for high end segment market development:

- Reach the high end bakery chefs who are setting trends.
- Reach those market trend influencers in the distribution channel.

Consumer Preferences and Trends

Consumers have adopted the usage of raisins and prunes for hand to mouth snacking. Ingredient usage by consumers in their homes is limited. Since ovens are not common in homes, ingredients used in baking are more commonly acquired in already baked goods from bakery shops. Hand to mouth snacking for the newer dried berry, apricot, and apple forms is still in the early market development stages. Relatively high tariffs add to shelf price, and put these products at a competitive price disadvantage versus other alternative snack choices. Advertising will speed migration to the mass market as in the case of raisins and more recently for prunes.

Bakery trends and acceptance of products tend to come from the high end hotel and department store bakeries, and high profile western style coffee shops like Starbucks. European baked goods are trend setters and with success in these channels; imitators will make adaptations for mass market acceptance and large volume growth.

Raisins used in natural yeast for baking to capitalize on the European bakery trend will create more demand for raisins. However, it is not widely adopted by bakeries. For newer dried berry forms, new uses include in cake/moon cake, in ice cream, in candy, or in nutrition bars, which either have just appeared in the Taiwan market or are expected in the near future.

Costs And Prices

There are no quotas in effect for dried fruit imports. The following is a list of harmonized system codes and the respective import tariffs for imported dried fruits. The import tariff is levied on a CIF basis, ad valorem, unless it is otherwise indicated. Imports are subject to random inspection upon entry by Taiwan authorities.

Tariff Item #	Description of Products	Rate of Duty (for US)		
		Current	WTO Accession	WTO Final
08062010	Raisins, bulk	NT 3/kg	NT 2.5/kg	NT 2.0/kg
08062020	Raisins, boxed	NT 3/kg	NT 2.5/kg	NT 2.0/kg
08131000	Apricot, dried	20%	20%	20%
08132010	Prunes, dried in boxes	12%	7.5%	7.5%
08132020	Prunes, dried in bulk	12%	7.5%	7.5%
08133000	Apples, dried	34%	29%	26%
08134090	Other dried fruits	34%	29%	26%
08135000	Mixtures of nuts or dried fruits	30%	29%	25%

20060090001	Other dried fruits & nuts preserved by sugar	37%	28%	25%
-------------	--	-----	-----	-----

There are also several miscellaneous fees, as listed below:

Harbor construction fee	0.3% of CIF value (sea shipment only)
Trade promotion fee	0.0425% of CIF value
Customs clearance fee per shipment	NT \$3,500 (Approximately US\$114)

The average wholesale price for the dried fruits in 2000 is as follows:

Raisins	NT\$100/kg
Dried Prunes	NT\$100/kg
Dried cranberries	NT\$350/kg
Dried apples	NT\$450/kg
Dried cherries	NT\$550/kg
Dried wild blueberries	NT\$700/kg

Average exchange rate: US\$1=NT\$32

Market Access

Labeling Requirements

According to Taiwan's Law Governing Food Sanitation, promulgated in 1975 and amended in 1998, pre-packed foods or food additives shall conspicuously indicate in Chinese and common symbols the following material facts on the container or packaging:

- Product name
- Name, weight, volume or quantity of the content or, in the case of a mixture of two or more ingredients, each of the ingredients
- Name of food additive
- Name, telephone number, and address of the manufacturer and importer
- Expiry date; the date of manufacture, shelf life or storage instructions shall also be indicated
- For those, which need change of packages, repackaging or processing otherwise domestically, the Chinese labeling may be completed prior to sale.

Food Additive Regulations

Imported processed food products, which contain artificial food additives, are subject to strict tolerance levels and acceptable use requirements for food additives as prescribed by Taiwan's Department of Health (DOH). The DOH's "Compilation of Food Sanitation Regulations" covers several hundred food additive standards and regulations. DOH has a useful website with the additives listed in English (<http://www.doh.gov.tw>). Imported foods are commissioned to be inspected at the port of entry by the

Bureau of Standards, Metrology, and Inspection (BSMI), Ministry of Economic Affairs (MOEA). The food safety inspection focuses on labeling, food hygiene, and food additives.

Key Contacts: Taiwan Importers of Dried Fruits

To obtain a list of Taiwan importers, please contact:

Agricultural Trade Office
AIT Taipei
54 Nanhai Road
Taipei, Taiwan
Tel: (886-2) 2305-4883 ext. 248
Fax: (886-2) 2305-7073
Email: ato@mail.ait.org.tw

Notes on “Bakery schools”:

- In Taiwan baking schools are also segmented. Department of Baking Technology & Management at Kaohsiung Hospitality College and China Grain Products Research & Development Institute have programs for professional baking training.
- The other baking schools are basically entry-level trade schools for people who are to work in bakeries in entry level positions or short term on-the-job training.
- Reaching those chefs who will want to, and who will use ingredient recipes for differentiated products can be best done through sponsored baking seminars and one on one sessions using proprietary ingredients instead of the bakery schools.