The Taiwanese Market
for Organic Food & Drink

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I. Introduction

This report analyzes the Taiwanese market for organic food & drink. The report has been prepared by a combination of primary and secondary research. About 90 percent of the data was derived from primary research, which was in the form of trade interviews with leading producers, wholesalers, importers and retailers of organic products. Interviews were also conducted with industry organizations, academics and government officials. Over 40 organizations were contacted in total. Information was also gathered from secondary sources, which included magazines, trade journals, CD-Roms, company web sites and trade literature.

Only certified products are included in the definition of organic food & drink. Organic products grown according to the Taiwanese National Organic Standard (NOS) that are certified are included, whereas non-certified products or those that do not meet the NOS are excluded. All imported organic products that are certified by recognized bodies are included. Since we are only concerned with organic food & drink, the project scope does not cover non-food products like organic cosmetics and textiles.

Since the NOS is a voluntary standard and significant volumes of organic products are sold as non-certified products, it is difficult to accurately collect data. For this reason, data like market size, growth rates and sales channel breakdown are estimates based on trade interviews. It is also difficult to accurately measure the level of imports into Taiwan since official statistics do not differentiate between organic and conventional agricultural products. Thus, the aforementioned market data should be considered industry estimates and not definitive values.

This report takes the base year as 2006 for all data analysis. Market revenues are based on estimated retail sales of organic food & drink throughout the forecast period, 2007-2013. All years are calendar years, January to December. Revenues are in US dollars with the exchange rates taken as US $1 = NT $32.9 (Source: The Economist, 2nd August 2006).
II. Market Overview & Summary

The market for organic food & drink is showing high growth in Taiwan, albeit from a small base. Revenues have been increasing by over 20 percent a year since 2002, reaching $55 million in 2006. High market growth rates are due to growing consumer awareness of organic production methods. Taiwanese consumers are become more informed about the differences between organic and non-organic farming methods and are opting for organic foods, which are perceived to be healthier and more nutritious than conventional foods.

Industry standards, and government regulations in particular, have not kept pace with consumer demand. As a consequence, organic foods are mostly imported and priced two to three times as much as conventional foods. It is estimated that imports account for 70 percent of organic food sales in Taiwan. Mostly primary crops like rice, fruit & vegetables are grown in the country, with production mainly on a small-scale.

Voluntary organic standards, lack of incentives for farmers to convert to organic practices, and low consumer trust in domestic organic products are factors behind the low amount of organic farmland in Taiwan. The country has just 1,246 hectares of organic farmland, representing less than 1 percent of total agricultural land. The amount of organic farmland is expected to rise as farmers respond to market signals and convert to organic production methods. However, the Taiwanese market is envisaged to remain import-dependent. The declining state of the agricultural sector and low investment are preventing a large take-up rate of organic farming.

Imports are expected to remain important in this market. Although there are opportunities in all organic product categories, most prospects are deemed to be in the beverage and processed food sectors. There is high demand for these products and low competition from domestic producers. There are also opportunities to export organic fresh produce, bakery & cereal products, and ingredients. American companies are advised to tie up with the leading importers listed in the competitive profiles section.
III. Industry Analysis

Industry Development

The first record of organic farming in Taiwan is in the 1980s. The Council of Agriculture, COA (Taiwanese equivalent of the USDA), began organic farming trials in 1986 and started providing organic product extension services to farmers in 1989.\(^1\) Awareness of organic farming increased when a symposium on sustainable agriculture was held in Taipei in 1992.

The first guidelines for organic crops like rice, fruit and vegetables were introduced by the COA in 1996. Revisions to the National Organic Standard (NOS) were made in September 2003. Revisions incorporated aspects of international organic standards, providing stricter guidelines to organic farmers. Livestock and poultry standards were incorporated into the standards the following month.

The NOS has two categories of certified organic crops. “Organic” crops are defined as those that are grown without the use of chemical pesticides, chemical fertilizers or herbicides; farmers must utilize uncontaminated organic materials, apply appropriate crop rotation cycles, and non-chemical techniques to prevent disease and pest damage. “Adjusted organic” crops are produced with the limited use of chemical fertilizers and pesticides, with application restricted to limited periods of time of the year. Certified organic livestock and poultry products must be derived from animals raised on organic feeds.

Certification and inspection of organic farms was initially undertaken by District Agricultural Improvement Stations. Such responsibilities were devolved to four non-profit organizations in 2001.

- Mokich Okada International Association (MOA)
- Tse-Xin Organic Agriculture Foundation (TOAF)
- Taiwan Organic Production Association (TOPA)
- Taiwan Formosa Organic Association (FOA)

These organizations are responsible for inspecting and certifying organic farmland as well as promoting organic farming. Organic products certified by these organizations are given organic logos. Organic products with the TOAF logo are considered the most popular with consumers; TOAF has close links with Buddhist organizations, eliciting strong consumer trust.

Since the COA recognizes certified organic products from other countries, a large number of logos are on organic products in Taiwan. The large numbers of organic logos confuse consumers. To overcome this, the Taiwanese government plans to introduce a national organic seal.\(^2\) The Chinese Agricultural Standard (CAS) will become the uniform logo for organic products that are made according to the NOS. Revisions in the NOS are expected in the coming years so that there is some conformity between imported and Taiwanese organic products.
Organic Farmland

Interest in organic farming is relatively low in Taiwan. The country has about 1,246 hectares of certified organic farmland, representing less than 1 percent of total agricultural land. The amount of organic farmland has increased at a gradual rate since 2000 (1,012 hectares). Most increases were observed in the late 1990s; the amount of organic farmland expanded from 160 hectares in 1996 to 821 hectares in 1999.

Mostly primary crops are grown in Taiwan. There is little, if any, organic arable farming and livestock farming. Figure 1 gives the breakdown of organic farmland by crop type. It is shown that the major organic crops - rice, vegetables and fruit – comprise over 90 percent of organic farmland. Medicinal herbs are the most important crops in the other category.3

Figure 1

The Taiwanese Market for Organic Food & Drink: Breakdown of Organic Farms by Crop, 2004

<table>
<thead>
<tr>
<th>No. of Organic Farms</th>
<th>Farmland (hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>507</td>
</tr>
<tr>
<td>Vegetables</td>
<td>267</td>
</tr>
<tr>
<td>Fruits</td>
<td>92</td>
</tr>
<tr>
<td>Tea</td>
<td>56</td>
</tr>
<tr>
<td>Other</td>
<td>31</td>
</tr>
<tr>
<td>TOTAL</td>
<td>953</td>
</tr>
</tbody>
</table>

Source: COA

There is very little organic food processing in Taiwan. Only a few companies are involved in producing organic products like organic noodles, jams as well as beverages like juices, cereal drinks and drinking vinegars.

The low amount of organic food production is responsible for the high share of imports. Organic Monitor estimates that imports comprise about 70 percent of organic food sales in Taiwan. With the exception of the organic primary crops grown in the country, most other products are imported.
IV. Market Analysis

Market Forecasts

Figure 2 and chart 1 give revenue forecasts for the Taiwanese market for organic food & drink. Market sizes and growth rates are estimates based on trade interviews. The market size of $55 million in 2005 corresponds to $2.43 spend per capita on organic foods. This is compared to about $48 expenditure per year by American consumers.\(^4\)

Figure 2

The Taiwanese Market for Organic Food & Drink: Revenue Forecasts, 2003-2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues ($ million)</th>
<th>Revenue Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>2004</td>
<td>36</td>
<td>28.6</td>
</tr>
<tr>
<td>2005</td>
<td>45</td>
<td>25.0</td>
</tr>
<tr>
<td>2006</td>
<td>55</td>
<td>22.2</td>
</tr>
<tr>
<td>2007</td>
<td>66</td>
<td>20.0</td>
</tr>
<tr>
<td>2008</td>
<td>78</td>
<td>18.2</td>
</tr>
<tr>
<td>2009</td>
<td>91</td>
<td>16.7</td>
</tr>
<tr>
<td>2010</td>
<td>105</td>
<td>15.4</td>
</tr>
<tr>
<td>2011</td>
<td>121</td>
<td>15.2</td>
</tr>
<tr>
<td>2012</td>
<td>138</td>
<td>14.0</td>
</tr>
<tr>
<td>2013</td>
<td>156</td>
<td>13.0</td>
</tr>
<tr>
<td>CAGR:</td>
<td>16.1%</td>
<td></td>
</tr>
</tbody>
</table>

Note: All figures are rounded, Source: Organic Monitor

The Taiwanese market was valued at $28 million in 2003. Revenues have increased by over 20 percent since, because of the following factors:

- Growing consumer awareness of organic products
- Increasing retail distribution of organic foods

Revenues have almost doubled since 2003 when the market was worth $55 million. Much of the high growth has been met by imported organic products. Domestic production is largely restricted to primary crops like rice, fruit and vegetables. Organic foods, especially processed foods, come into the country from a number of continents.
Healthy market growth rates are projected to continue as consumer demand for organic products continues to strengthen. Rising consumer awareness of organic production methods and widening availability are expected to drive market growth.

Organic Monitor projects market revenues to surpass the $100 million mark in 2010 and climb to $156 million in 2013. The compound annual growth rate is 16.1 percent.
Market Drivers

Figure 3 lists the major factors driving growth in the Taiwanese market for organic food & drink.

Figure 3

The Taiwanese Market for Organic Food & Drink: Market Drivers

<table>
<thead>
<tr>
<th>Rank</th>
<th>Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Growing Consumer Awareness of Organic Foods</td>
</tr>
<tr>
<td>2</td>
<td>Widening Availability of Organic Foods</td>
</tr>
<tr>
<td>3</td>
<td>Expanding Organic Food Retail Networks</td>
</tr>
<tr>
<td>4</td>
<td>Increased Investment in Organic Sector</td>
</tr>
<tr>
<td>5</td>
<td>Health Scares Raising Awareness of Food Issues</td>
</tr>
</tbody>
</table>

Source: Organic Monitor

Growing Consumer Awareness of Organic Foods

Organic food sales are rising in Taiwan as consumers become more aware of what organic products are and how they differ from conventional products. Initially, most demand for organic food & drink was from consumers who had health conditions like cancer, however demand has broadened in recent years. Many consumers are purchasing organic foods as they are perceived to be healthier and more nutritious than conventional foods because of their production methods. Some are buying them because they are believed to be safer since they contain minimal amounts of synthetic pesticides and fertilizers. Other consumers are doing so because of lifestyle choices. Indeed, some identify ‘organic’ as a quality brand.

Consumer awareness is increasing partly because of education campaigns of retailers and producers. Organic farmers actively educate consumers on how they grow their crops, inviting them to visit their farms and buy direct. Retailers conduct seminars and workshops on nutrition, yoga and healthy lifestyles. Such campaigns are making consumers more aware of organic foods and stimulating demand.

Widening Availability of Organic Foods

Organic foods are a relatively new phenomena in Taiwan. Until recently, most consumers only had access to organic products in specialist retailers. However, distribution is increasing. Apart from dedicated organic food retailers and health food shops, organic products are becoming increasingly available in mainstream retailers like supermarkets, hypermarkets and department stores.

Supermarkets like Wellcome, hypermarkets like Jasons Market Place and Carrefour, and department stores like Sogo are introducing organic foods. Some retailers are giving large shelf-space or dedicated areas to organic products, raising visibility in their stores. The ‘mainstreaming’ of organic foods is a
major driver since consumers are having access to organic products in retailers where they do their everyday shopping.\(^5\)

**Expanding Organic Food Retail Networks**

The number of dedicated organic food retailers is expanding fast. Leading retail chains like Yogi House, Green Village, and Santa Cruz are rolling out expansion programs. For instance, Uni-President plans to have over 100 Santa Cruz stores by 2010. Yogi House, the leading chain, has plans to double its number of franchised stores within a few years. Mother Nature plans to have about 100 Lohas supermarkets by 2009. New stores are also being set up by private investors. This development is making organic foods more accessible to consumers.

**Increased Investment in Organic Sector**

High market growth rates are attracting investment in the Taiwanese organic food industry. Investment is coming in from large companies as well as private investors. Examples include:

- President Enterprises, the largest food company in Taiwan, investing in Uni-President, which has become the leading organic food distribution company in the country
- Dairy Farm, the largest food retailer in the country, extensively expanding its organic product range in Wellcome supermarkets and Jasons Market Place hypermarkets

There were rumors in the latter part of 2006 that investors were looking to set up an organic food supermarket chain similar to Whole Foods Market in the US. There was also speculation that large food companies were looking at introducing organic foods in the coming years.

Such initiatives strengthen industry confidence. They also benefit consumers by making more organic products available to consumers at possibly lower prices.

**Health Scares Raising Awareness of Food Issues**

The spate of health scares in Asia in recent years has stimulated consumer demand for health foods. Concerns about avian flu, which has killed more than 100 people in Asia since 2003, and Severe Acute Respiratory Syndrome (SARS), which took about 800 lives in 2003, have made Taiwanese consumers more aware of the importance of good health. They are turning to organic foods as they seek healthy and nutritious foods.
Market Restraints

The major factors that are preventing growth in the Taiwanese market for organic food & drink are listed in figure 4.

Figure 4

The Taiwanese Market for Organic Food & Drink: Market Restraints

<table>
<thead>
<tr>
<th>Rank</th>
<th>Restraint</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Low Consumer Awareness of Organic Production Methods</td>
</tr>
<tr>
<td>2</td>
<td>High Retail Prices Deterring Consumer Purchases</td>
</tr>
<tr>
<td>3</td>
<td>Lax Regulations for Organic Products</td>
</tr>
<tr>
<td>4</td>
<td>Low Consumer Trust in Domestic Organic Products</td>
</tr>
<tr>
<td>5</td>
<td>Plethora of Organic Logos Confusing Consumers</td>
</tr>
</tbody>
</table>

Source: Organic Monitor

Low Consumer Awareness of Organic Production Methods

Although awareness of organic production methods is increasing, few Taiwanese consumers appear to have a good understanding of what organic foods are and what the differences are between them and conventional products. Low knowledge of organic production methods is preventing higher sales of organic food & drink.

Retailers and producers stated that most consumers are not informed about organic production methods, causing them to invest considerable time and effort on education campaigns. Organic farmers are inviting consumers to their farms, whereas retailers are organizing seminars and health food sessions to get the message across.

High Retail Prices Deterring Consumer Purchases

Organic foods command an exceptionally high price premium in Taiwan. Organic products are usually priced 40-100 percent more than conventional products in countries like the US, however the price differential is generally over 100 percent in Taiwanese retailers. Some organic products are even priced three or four times as much as conventional products. The reason for exceptionally high prices is that organic products are mostly imported from countries like US, Australia and Germany. The additional transportation and distribution costs inflate retail prices, especially when they are compared with home-grown conventional products. Many organic foods are thus too expensive for most Taiwanese consumers, preventing wider adoption.
Lax Regulations for Organic Products

Although Taiwan has a National Organic Standard (NOS), lax regulations dampen consumer demand for organic products. The voluntary nature of the NOS allows agricultural products to be marketed as organic even if they are not produced according to official standards. Indeed, consumers become confused when they see a large number of products labeled as organic but without organic logos. Further confusion is caused by legitimate organic farmers not certifying their organic products.

A compulsory organic standard is required to prevent non-certified products to be marketed as organic. Revised regulations are also required to provide some consistency between foreign standards and the NOS. Such initiatives would strengthen consumer demand for organic products. They would also encourage more farmers and food processors to consider organic production methods.

Low Consumer Trust in Domestic Organic Products

Taiwanese consumers tend to trust imported organic products more than domestically produced ones. Consumers are not confident that home-grown organic products meet strict production methods and would rather pay higher prices for imported products. Apart from dampening demand for local produce, this distrust discourages Taiwanese growers and producers to adopt organic farming methods.

Although imported organic products are meeting market requirements, greater trust is required in domestic organic foods if the industry is to attract investment and expand.

Plethora of Organic Logos Confusing Consumers

The Taiwanese market has organic products from across the globe. Since there is no unifying organic logo, these products have a plethora of organic logos. Taiwanese consumers become confused by these organic logos, not knowing what they mean or represent.

Confusion is also created by domestic organic logos. Domestically produced organic products are certified by one of four organizations; each placing organic logos on certified products. Most consumers are unable to differentiate between these four organic logos, let alone foreign logos. Although the Taiwanese government has plans to launch a single organic seal, the Chinese Agricultural Standard (CAS), foreign logos will continue to confuse consumers.
### Product Categories

Figure 5 gives the rough breakdown of organic food & beverage sales by product category. These are estimated market sizes based on trade interviews with wholesalers and retailers.

**Figure 5**

The Taiwanese Market for Organic Food & Drink: Estimated Sales Breakdown by Major Product Categories, 2006

<table>
<thead>
<tr>
<th>Sales (USD m)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh Produce</td>
<td>16.5</td>
</tr>
<tr>
<td>Beverages</td>
<td>13.7</td>
</tr>
<tr>
<td>Cereals &amp; Grains</td>
<td>11.0</td>
</tr>
<tr>
<td>Others</td>
<td>13.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>55.0</td>
</tr>
</tbody>
</table>

*Note: All figures are rounded*  
*Source: Organic Monitor*

**Fresh produce** is the leading category in the organic food & beverage market. It is estimated that about 30 percent of revenues are from this sector, representing $16.5m sales. Fruit & vegetables are the most commonly found organic products in Taiwan. They are also some of the few organic products that are grown in the country. Many farms grow fruits like apples, melons, guavas, oranges and pineapples as well as vegetables like tomatoes, sweet potatoes, broccoli, lettuce and cabbage.

**Organic beverage** is the second leading category, valued at about $14m. Organic juices, soy & cereal drinks, tea are the main beverages in this category. Apple cider vinegar, rice vinegar, and enzyme drinks are also popular with Taiwanese consumers. A high level of these organic beverages, especially juices, is imported.

**Organic cereals & grains** are deemed the third most important category, with 20 percent share. Significant volumes of organic wheat, oats, and similar grains are sold in the country as health foods. Nearly all are imported, with Australia, US and Europe the major country sources. Some of these cereals & grains are used to produce noodles, bakery products and cereal drinks.

**Other products** accounted for about 25 percent of organic product revenues. Most sales are from organic processed foods; important products include organic noodles, tofu, pasta, soups, cookies, rice crackers, and jams. Nearly all these products are imported. Products like organic tofu, noodles, and soups that are domestically produced are usually made from imported organic ingredients.

Rice is the most important home-grown organic product in the other category. Organic rice is extensively distributed throughout Taiwan.  

Organic oils like olive oil, sunflower oil, and pumpkin seed oil are also important in the other category. Organic sauces include soy sauce, miso, salad dressing and tomato ketchup.
Few, if any, organic meat & dairy products are sold in Taiwan. Some organic beef is imported from Australia, however the volume is very low. Organic livestock products are not very popular with Taiwanese consumers, some of which are vegetarian because of Buddhist beliefs. Exceptionally high prices of organic meat also deter consumer demand.
V. Sales Analysis

Distribution Structure

The distribution structure for organic products is shown in chart 2. Imported organic foods usually go through a number of intermediaries before they reach consumers, whereas the supply chain for domestic products is usually much shorter. Indeed, many Taiwanese producers supply direct to consumers. Sun Chin, the leading supplier of organic fresh produce, distributes direct to consumer households.

Primary crops like fruit, vegetables, grains and beans are mainly grown in Taiwan. Nearly all processed foods & beverages are imported. The US, Australia and Germany are the main country sources of such products.

Chart 2 The Taiwanese Market for Organic Food & Drink: Distribution Structure, 2006

Source: Organic Monitor
Since organic foods are grown on a small-scale in Taiwan, many producers supply direct to consumers. Some companies operate home delivery schemes, other supply via farm shops or farmer markets. Organic foods for the retail trade usually go via wholesalers.

The leading importers of organic foods are also wholesalers. Important companies are Uni-President, Mother Nature Company and Natural Goods. Some of these wholesalers are vertically integrated in that they also operate retailers. Two of the leading retail chains of organic foods – Yogi House and Santa Cruz - are operated by wholesalers.

Wholesalers supply organic foods to specialist retailers, supermarkets as well as food processors. Most sales of organic foods are from specialist retailers, which refer to organic food shops, health food retailers and similar shops. Some specialist retailers, especially those located near organic food growers, buy direct from producers.

Supermarkets generally source organic products from wholesalers although some do buy direct from producers. Dairy Farm retailers, which operates the Wellcome and Jason Market Place chains, imports organic foods direct. It also sources organic products from wholesalers. Few specialist retailers import direct; Green Village, a leading organic food retail chain, is the leading retailer that imports direct.

Sales Channels

The sales breakdown of organic foods by marketing channels is shown in figure 6 and chart 3.

Figure 6

The Taiwanese Market for Organic Food & Drink: Market Shares by Sales Channels, 2006

<table>
<thead>
<tr>
<th>Sales Channel</th>
<th>2006 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialist Retailers</td>
<td>73%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>18%</td>
</tr>
<tr>
<td>Others</td>
<td>9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: All figures are rounded

Most organic food sales are from specialist retailers, which had about 73 percent market share in 2006. The sector includes organic food shops and health food retailers, which number about 1,200. Although the number of dedicated organic food shops is increasing, the market share is in decline because of increasing sales from mainstream retailers.

The range of organic products in specialist retailers varies between stores. On average, about 30-50 percent of the products sold in these retailers are organic. Many organic food shops, especially the larger supermarket formats, have in-store restaurants or cafeterias where consumers can have freshly made food / beverages.
The number of chained outlets, especially organic food shops, is increasing. The leading retail chains are Yogi House, Green Village, and Santa Cruz.

**Yogi House** is the leading chain with over 100 stores. The franchise chain is set up by Kanty Corporation, a leading importer and distributor of organic foods. **Green Village** has over 50 organic food shops in Taiwan. About 22 are owned by the company; the rest are franchised retailers. **Santa Cruz** is a chain of organic supermarkets set up by Uni-President, the leading organic food importer and wholesaler.

**Mainstream retailers** have about 18 percent market share. Most sales are from supermarkets, which are showing an increase in market share as stores expand their organic product ranges. Supermarkets in Taipei mostly have organic products. The range varies from store to store; large supermarkets can have up to 800 organic products, whereas most have less than 100 items. The leading retailers of organic foods are Wellcome, Jasons Market Place and Carrefour.

**Wellcome** and **Jasons Market Place** are part of the Dairy Farm Group, one of the leading retailers in Asia and the largest in Taiwan. The country has about 168 Wellcome supermarkets and 3 Jasons Market Place hypermarkets. Wellcome stores typically have about 50 organic products, whereas Jasons stores have about 800 organic items. Jasons Market Place specializes in specialty products, with about 80 percent of its products imported. In both retailers, organic foods are mostly imported; Australia and the US are the major sources.

Only 4 of the 43 **Carrefour** hypermarkets in Taiwan have organic products. Less than 100 organic products are sold in the hypermarkets; the products are mostly from the US. Other supermarkets have **City Super** have organic products in select stores. The product range is typically fewer than 50 items.

**Department stores** like Sogo and D’Urban also have organic products in their supermarkets. Although the assortment varies between stores, all have a range of organic fruit & vegetables.
About 9 percent of organic food sales are from other channels, which mainly refer to direct marketing. Many Taiwanese producers supply consumers direct via farm shops, farmers markets and home delivery schemes.

The Catering & Foodservice Sector (CFS) is also in the other category. Some foodservice establishments, especially vegetarian restaurants, serve organic food & beverages. However, not included in this market share are organic food shops with cafeterias and restaurants.
VI. Competitive Profiles

Producer Analysis

Over 30 companies are involved in producing organic food & beverages in Taiwan, however nearly all are small, typically family-owned, enterprises. All companies do less than US $4 million in sales from their organic products. The majority are organic food growers that deal in products like organic fruit and vegetables. Few companies are involved in organic food processing because of the lack of domestically grown organic ingredients. A partial list of the leading organic food companies is given in figure 7.

Figure 7

The Taiwanese Market for Organic Food & Drink: List of Selected Organic Food Companies, 2006

<table>
<thead>
<tr>
<th>Company</th>
<th>Type</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sun Chin</td>
<td>Distributor</td>
<td>The leading supplier of organic fruits &amp; vegetables</td>
</tr>
<tr>
<td>United Kanboo</td>
<td>Processor</td>
<td>Supplies organic grain powders</td>
</tr>
<tr>
<td>Chen Jiah Juang Organic Orchard</td>
<td>Processor</td>
<td>Makes organic fruit products like jams and beverages</td>
</tr>
<tr>
<td>Wei Jiang Food &amp; Industry</td>
<td>Producer</td>
<td>Specialises in organic fermented products</td>
</tr>
<tr>
<td>Hua Lien</td>
<td>Producer</td>
<td>Supplies organic fruit &amp; vegetables</td>
</tr>
<tr>
<td>Fu De Tea Plantation</td>
<td>Producer</td>
<td>Leading organic tea producer</td>
</tr>
<tr>
<td>Kanlung</td>
<td>Producer</td>
<td>Makes organic vinegars &amp; sauces</td>
</tr>
<tr>
<td>Mayushan Foods</td>
<td>Processor</td>
<td>Produces organic cereal drinks</td>
</tr>
</tbody>
</table>

Source: Organic Monitor

Sun Chin is the leading supplier of organic fruit & vegetables in Taiwan. The company was established in 2002 and now operates a delivery scheme that supplies consumer households across the country. All its organic fresh produce is sourced domestically. The company has started to diversify away from organic fruit & vegetables; it has started dealing in related products like vinegars, oils and cosmetics. Many of these products are imported from countries like Australia and the US.

United Kanboo sources organic cereals & grains from across the globe and processes them into organic grain powder for sales to the domestic market. It sources organic grains like wheat and oats from countries like Austria and Finland. It also used to produce organic cereal drinks and biscuits but ceased because of poor sales. Its products are distributed to specialist retailers.

Chen Jiah Juang Organic Orchard owns orchards where it grows organic fruit. The fruit is processed to make products like jams and beverages. Its product range includes passion fruit and mulberry jams, tomato juice, and mulberry vinegar. The organic products are marketed under the Chen Jiah Jiang brand, mostly in specialist retailers.
Wei Jiang Food & Industry is a producer of organic fermented products like miso and soy sauce. The company was established in 1977. Apart from production, it is also involved in distributing organic ingredients like beans and grains. It buys these products from Taiwanese producers, packages and sells them to wholesalers, which supply the retail trade.

HuaLien is an agricultural enterprise that represents farmers in the HuaLien County. It started marketing organic fruit & vegetables in 2004. Less than 10 percent of its total sales are from organic fresh produce, which it supplies to mainstream retailers and specialist retailers.

Mayushan Foods is a new entrant; it started marketing organic rice and cereal drinks in August 2006. The company sources organic grains from Australia to make cereal drinks like oat drink and rice drink. Its organic brown rice is sourced from China. The company’s products are mostly sold in specialist retailers.

Fu De Tea Plantation is the leading producer of organic tea in Taiwan. The company owns plantations on highlands where it grows organic tea. Its organic tea is sold direct to consumers. A small portion is exported to the Japanese market.

Kanlung is an important producer of organic vinegars and sauces. Its products are mainly found in specialist retailers like organic food shops.

There are many small producers of organic products, however most deal in niche products. For instance, Da Ri Organic Farm is a small producer of organic melons. The family-owned farm supplies its organic melons to distributors that supply the retail trade. XinLong Farm is a similar enterprise that grows organic fruit and mushrooms. Another company is Joyful Spring, which produces organic soya sauces. Some of its products are exported to Canada, Singapore and Malaysia.
Importer Analysis

About 20 Taiwanese companies import organic foods, however just 8 deal in significant volume. The leading importers of organic products are listed in figure 8.

Most importers are vertically integrated; they are involved in import and wholesale. Some are also involved in retailing organic foods. A few companies are also involved in producing organic food & beverages.

Figure 8

The Taiwanese Market for Organic Food & Drink: List of Leading Organic Food Importers, 2006

<table>
<thead>
<tr>
<th>Company</th>
<th>Core Business</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uni-President</td>
<td>Various</td>
<td>Owned by The Presidents Enterprise Corporation</td>
</tr>
<tr>
<td>Kanty Corporation</td>
<td>Importer</td>
<td>Specializes in organic beverages</td>
</tr>
<tr>
<td>Mother Nature Company</td>
<td>Importer</td>
<td>Highly established importer of organic products</td>
</tr>
<tr>
<td>United Natural Foods</td>
<td>Importer</td>
<td>Exclusive trade agreement with US-based UNFI</td>
</tr>
<tr>
<td>Natural Goods</td>
<td>Importer</td>
<td>Leading importer of German organic products</td>
</tr>
<tr>
<td>Organic World</td>
<td>Importer</td>
<td>Specializes in organic cereals &amp; grains</td>
</tr>
<tr>
<td>Back to Nature</td>
<td>Importer</td>
<td>Importer and wholesaler of organic products</td>
</tr>
<tr>
<td>Green Life Enterprises</td>
<td>Importer</td>
<td>Importer and distributor of organic &amp; natural products</td>
</tr>
</tbody>
</table>

Source: Organic Monitor

Uni-President is the leading distributor of organic foods in Taiwan. The company was established in 1993 by the Presidents Enterprises Corporation, Taiwan’s largest food company. It started dealing in organic products in 1999 when it acquired Santa Cruz, an organic food retailer / distributor. Uni-President has over 300 SKUs in its product range; it plans to increase the number to 500 SKUs in the coming years. About 70 percent of its organic products are imported, with the US and Australia the major country sources.

Uni-President is unique in that it is involved in all aspects of organic food trade. Its principal business is distribution, supplying supermarkets, specialist retailers and food processors. It operates a chain of organic food supermarkets and a home delivery scheme. Factories in its group company also produce organic bread and noodles.

The company has a chain of about 20 organic food supermarkets that operate under the Santa Cruz banner. It has plans to expand Santa Cruz into a chain of over 100 franchised stores. President Enterprises also owns the chain of over 3,000 7-Eleven convenience stores in Taiwan.

Kanty Corporation is an important importer of organic beverages. The company was established in 1999 and is now a leading importer and retailer of organic products. It specializes in importing organic beverages like juices, tea, coffee and soya drinks. The Biotta brand of organic juices – from Switzerland – represents over a half its total sales.
Kanty Corporation also has a franchised chain of organic food shops; over 100 shops operate under the Yogi House name in Taiwan. Including other countries like Canada, Singapore and Malaysia, there are over 120 Yogi House retailers in the chain.

**Mother Nature Company** is a leading importer of organic foods. The company is highly established in Taiwan; it has been dealing in organic products since the 1980s. It imports a wide range of organic products; some like cereals & grains are imported in bulk, packaged and distributed to the retail trade. Most of its organic products go to specialist retailers; it also supplies food processors. Mother Nature operates a chain of 4 organic food supermarkets under the Lohas Organic name. The US is the main source of its organic products.

**United Natural Foods** has an exclusive trade agreement with United Natural Foods Inc. (UNFI), the leading American distributor of organic & natural products. The company was initially set up as Super Elephant, a producer of vegetarian foods. It changed its name when it partnered with UNFI and started importing and trading organic products in 2004. A wide range of organic products are imported by United Natural Foods and distributed to specialist retailers and supermarkets.

**Natural Goods** imports a wide range of organic foods from Germany. It distributes organic products of leading German brands like Rapunzel and Voelkel. Organic beverages, cereals & grains comprise over half its business. It distributes to specialist retailers.

**Organic World** specializes in importing organic cereals & grains. The company imports from the US and Europe and distributes to specialist retailers in Taiwan. Some products are re-packaged and marketed under its Organic World brand.

**Back to Nature** imports organic products like juices, honey, jams from countries like the US, Canada and Australia. It wholesales to specialist retailers in Taiwan. It also owns three organic food shops in the country.

**Green Life Enterprises** is an importer and distributor of organic & natural products. The company imports organic products like sauces, fruit and oils. Australia is the major country source. It distributes to specialist retailers.

A number of other companies import organic foods and ingredients, however they are relatively small companies. Such companies include **Mesim Trading Company**, an importer and wholesaler of organic foods for specialist retailers. **Konig Food** imports organic products like juices, baby food and biscuits from Germany and distributes to supermarkets, department stores and other retailers. **Yuen Hao Foods** imports organic ingredients like soya beans and wheat, supplying the retail trade. **Why Not? Natural Foods** is an importer and distributor of organic foods to specialist retailers.
VII. Pricing Analysis

Figure 9 gives sample retail prices of organic products in Taiwan. Prices are from various organic food shops in Taipei.

Figure 9

The Taiwanese Market for Organic Food & Drink: Typical Retail Prices of Organic Products, August 2006

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Price (NT $)</th>
<th>Price (US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakewood Cherry Cider (946ml)</td>
<td>320</td>
<td>9.73</td>
</tr>
<tr>
<td>Lakewood Apple Juice (946ml)</td>
<td>220</td>
<td>6.69</td>
</tr>
<tr>
<td>Crofter's Strawberry Jam (10oz)</td>
<td>180</td>
<td>5.47</td>
</tr>
<tr>
<td>Crofter's Blood Orange Jam (10oz)</td>
<td>150</td>
<td>4.56</td>
</tr>
<tr>
<td>Pavich Raisins (15oz)</td>
<td>300</td>
<td>9.12</td>
</tr>
<tr>
<td>Barlean's Flax Oil (350ml)</td>
<td>650</td>
<td>19.76</td>
</tr>
<tr>
<td>Fein-und Naturkost Tomato Ketchup (450ml)</td>
<td>170</td>
<td>5.17</td>
</tr>
<tr>
<td>Organic Tropical Muesli Cereal (500g)</td>
<td>500</td>
<td>15.20</td>
</tr>
<tr>
<td>Ecomil Almond Drink Powder (400g)</td>
<td>640</td>
<td>19.45</td>
</tr>
<tr>
<td>Ecomil Breakfast Cereal (400g)</td>
<td>480</td>
<td>14.59</td>
</tr>
<tr>
<td>Eden Rice &amp; Soy Drink (1l)</td>
<td>150</td>
<td>4.56</td>
</tr>
<tr>
<td>BioLecibran Instant Soymilk Powder (400g)</td>
<td>530</td>
<td>16.11</td>
</tr>
<tr>
<td>Diemilk Soy Drink Powder (400g)</td>
<td>540</td>
<td>16.41</td>
</tr>
<tr>
<td>Nice and Natural Muesli Bar (35g)</td>
<td>50</td>
<td>1.52</td>
</tr>
<tr>
<td>K L Foods Muesli Bar (70g)</td>
<td>70</td>
<td>2.13</td>
</tr>
<tr>
<td>Alce Nero Pasta (500g)</td>
<td>130</td>
<td>3.95</td>
</tr>
<tr>
<td>Alce Nero Honey (400g)</td>
<td>480</td>
<td>14.59</td>
</tr>
<tr>
<td>Noodles (300g)</td>
<td>65</td>
<td>1.98</td>
</tr>
<tr>
<td>Red Tea (300g)</td>
<td>1600</td>
<td>48.63</td>
</tr>
<tr>
<td>Onions (2 large)</td>
<td>45</td>
<td>1.37</td>
</tr>
<tr>
<td>Red &amp; Yellow Peppers (300g)</td>
<td>95</td>
<td>2.89</td>
</tr>
<tr>
<td>Apples (2 quantity)</td>
<td>170</td>
<td>5.17</td>
</tr>
<tr>
<td>Kiwi Fruit (4 quantity)</td>
<td>99</td>
<td>3.00</td>
</tr>
<tr>
<td>Red Grapes (1.8kg)</td>
<td>350</td>
<td>10.64</td>
</tr>
<tr>
<td>White Rice (2kg)</td>
<td>200</td>
<td>6.08</td>
</tr>
<tr>
<td>Ginger (200g)</td>
<td>40</td>
<td>1.22</td>
</tr>
<tr>
<td>Chilies (200g)</td>
<td>60</td>
<td>1.82</td>
</tr>
</tbody>
</table>

Source: Various retailers

If we compare organic products and conventional products, then organic rice and vegetables have the lowest price premium, typically about 80 percent. These organic products have low retail prices since they are domestically produced and in some cases, sold direct to consumers. In contrast, organic
processed foods have the highest price premium, typically between 200-300 percent. High retail prices of organic processed foods are because of additional transportation and distribution costs. Furthermore, these organic products cannot be sold direct to consumers since there are hardly any Taiwanese manufacturers.

Retail prices of organic products are expected to decline as manufacturers and importers increase sales volume. Economies of scale in distribution and marketing are to reduce prices, narrowing the price premium over conventional foods.
IX. Business Recommendations

This section gives recommendations to North American companies looking to export to the Taiwanese market.

Organic Products

Since all types of organic products are imported into Taiwan, there are prospects in nearly all product categories. The most attractive categories for exporters are organic beverages and processed foods.

There are low prospects in the organic meat & dairy categories. Some companies have tried to market organic meats like beef, however they have achieved low success. Exceptionally high prices and perceptions of organic foods are the barriers to products adoption. Some Taiwanese consumers opt for organic foods because of Buddhist beliefs; they are therefore averse to eating meat products. Dairy products hold low potential since Taiwanese consumers are not very keen on products like yoghurts and cheese. The short shelf-life of organic milk also hinders imports.

There are good opportunities in the organic fruit & vegetables sector, however exporters should be mindful of the short shelf-life of these products. Many organic fruits & vegetables are produced in Taiwan so imported products may not be price competitive compared to local produce. Most prospects are for off-season fruit & vegetables, and exotic fruits that are not grown in the country.

Organic beverages is an attractive category since there is high consumer demand for these products and little is produced in the country. Organic juices and cereal drinks are the most popular. There are also prospects for organic soft drinks, drinking vinegars, wine and beer.

There is hardly any organic food processing in Taiwan, resulting in nearly all processed foods to be imported. This category is therefore highly prospective for American exporters. Important products include pasta, cookies, snacks, and soups. All types of organic foods & beverages can be exported to the country, as long as they are perceived as healthy & nutritious.

There are also good opportunities to export organic ingredients like beans, seeds, grains, oils, herbs & spices. Taiwanese organic products like cereal drinks, tofu, noodles and bread are made from imported ingredients.

Certification & Standards

Since the Taiwanese authorities recognize certified organic products from other countries, no re-certification of American organic products is required. Organic products not meeting USDA standards can be sold as organic as long as they are certified by a recognized organization like QAI and OCIA.
Import Partners

Prospective exporters are advised to tie up with the leading importers listed in figure 8. Companies should also target leading retailers of organic foods. Dairy Farm, the largest retail group in Taiwan, imports organic products. Green Village, an important chain of organic food shops, also imports direct. Some organic food producers like United Kanboo also import organic ingredients.

Import Regulations

Imported organic products must meet import regulations for food & beverages; there are no separate import regulations for organic products. Fresh fruit & vegetables must meet Taiwan’s phytosanitary and pesticide residue standards. Meat and seafood products have to meet Taiwan’s quarantine and food health requirements. Processed foods must meet labeling and food additive requirements.

As in the US, companies cannot make medical or biological claims based on their food products, without government approval. The Health Food Control Act states that companies must apply to the Food Sanitation Bureau of the Department of Health (FSB/DOH) for a license for such products.

Trade Shows

There is just one dedicated trade show for organic products in Taiwan. The first LOHAS, Organic Fashion & Lifestyle Expo, was held in Taipei on August 22-27 2006. Organized by Organic Lifestyle magazine, the second trade show is planned for August 2007. It provides an opportunity for American companies to meet wholesalers and buyers of organic & natural products in Taiwan.
X. References

The majority of the report has been prepared from primary research, however here is a list of references for secondary data.


2. USDA Foreign Agricultural Service GAIN Report (2004): Taiwan Organic Products. USDA Foreign Agricultural Service, USA.


## XI. List of Key Companies

### Producers and Importers

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address Details</th>
<th>Phone Numbers</th>
<th>Web Links</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Back to Nature</strong></td>
<td>1FL, No.34, Lane 170, Song-Jiang Road, Taipei 104, Taiwan</td>
<td>(886) 2 2581 0034, (886) 2 2581 0029</td>
<td><a href="http://www.organictaiwan.com.tw">www.organictaiwan.com.tw</a></td>
</tr>
<tr>
<td><strong>Chen Jiah Juang Organic Orchard</strong></td>
<td>(no address available in English)</td>
<td>(886) 7 749 1838, (886) 7 749 1370</td>
<td><a href="http://www.chenfarm.com">www.chenfarm.com</a></td>
</tr>
<tr>
<td><strong>Fu De Tea Plantation</strong></td>
<td>(no address available in English)</td>
<td>(886) 9372 26314</td>
<td></td>
</tr>
<tr>
<td><strong>Green Life Enterprises</strong></td>
<td>10F., No.41 Sector 5, Zhongxiao E. Road, Taipei 110, Taiwan</td>
<td>(886) 6265 1866</td>
<td><a href="http://www.hualien-innocuous.hl.gov.tw">www.hualien-innocuous.hl.gov.tw</a></td>
</tr>
<tr>
<td><strong>Hua Lien</strong></td>
<td>(no address available in English)</td>
<td>(886) 3 856 9032</td>
<td></td>
</tr>
<tr>
<td><strong>Joyful Spring</strong></td>
<td>No. 202, Section 1, Wu Chien West Road, Taichung 407, Taiwan</td>
<td>(886) 4 2208 6165</td>
<td></td>
</tr>
<tr>
<td><strong>Kanty Corporation (Yogi House)</strong></td>
<td>Kanty Corporation 7F-3, No. 508 Sector 5, Chung- Hsiao Road, Taipei, Taiwan</td>
<td>(886) 4 2265 2123, (886) 4 2265 2216</td>
<td><a href="http://www.yogi-house.com">www.yogi-house.com</a></td>
</tr>
<tr>
<td><strong>Konig Food</strong></td>
<td>41 Chunghwa Road, Sector 2, Taipei 100, Taiwan</td>
<td>(886) 2 2361 0909</td>
<td></td>
</tr>
</tbody>
</table>


Mayushan Foods
94, Wan Hsing Street
Sna Ming District
Kaohsiung 807
Taiwan
Tel: (886) 7 3827 878
Fax:(886) 7 3826 669
www.greenmax.com.tw

Mesim Trading Company
359, Fuh Der Street
Taipei 115
Taiwan
Tel: (886) 2 2651 8333
Fax:(886) 2 2651 8341

Mother Nature Company
11 Lane 230 Jeou-Ru 1st Road
San-Ming District Kaohsiung
Taiwan
Tel: (886) 7 385 5910
Fax:(886) 7 385 3581
www.mothernatureking.com

Natural Goods
B1, 16 Alley 4 Lane 27
Jen-Ai Road
Sector 4
Taipei 106
Taiwan
Tel: (886) 2 8773 1929
Fax:(886) 2 8773 1129
www.naturalgoods.com.tw

Organic World Corporation
60, Wukung 5th Road
Wuku Industrial Park
Taipei Hsien 248
Taiwan
Tel: (886) 2 2298 9186
Fax:(886) 2 2298 9315
http://oworld.organic.org.tw

Sun Chin
4F,No.70-1,Sec-1
ChengDe Road
Datong District
Taipei 103
Taiwan
Tel: (886) 2 2552 3838
Fax:(886) 2 2552 1500
www.sunchin.com.tw

Uni-President
15 Ting-Ning Road
Chung Li Taoyuan County
Taiwan
Tel: (886) 3 434 0732
Fax:(886) 3 434 1851
www.unipresident.com

United Kanboo
36F-A1 760
Chung-Ming S. Road
Taichung
Taiwan
Tel: (886) 4 2265 2123
Fax:(886) 4 2265 2216
www.kanboo.com.tw
United Natural Foods
9F-3, No.19-3
San Chong Road
Taipei 115
Taiwan
Tel: (886) 2 2655 2655
Fax:(886) 2 2655 1369
www.unfi.com.tw

Wei Jiang Food & Industry
No. 701, Shi Shih Road
San Tsun Li, Feng Yuan
Taichung 420
Taiwan
Tel: (886) 4 2532 0279
Fax:(886) 4 2531 3288

Retailers

Carrefour
27 Mincyuan Road
Danshuei
Taipei 104
Taiwan
Tel: (886) 2 8809 4965
Fax:(886) 2 2808 3545
www.carrefour.com.tw

City Super
7f, No. 64, Sector 4
Ren-Ai Road, Da-an District
Taipei
Taiwan
Tel: (886) 2 7712 3190
Fax:(886) 2 7711 3289
www.citysuper.com.tw

Green Village
No.75, Lane 6, Cuihua Street
Banqiao City
Taipei County 220
Taiwan
Tel: (886) 2 8964 5317
Fax:(886) 2 8964 5110
www.green-v.com

Jasons Market Place
HanShin Store
B3, No266-1
ChengKung 1st Road
Kaohsiung
Taiwan
Tel: (886) 7 272 8156
Fax:(886) 7 272 8159

Santa Cruz
7F., No.560, Sector 4
Jhongsiao E. Road
Sinyi District
Taipei 110
Taiwan
Tel: (886) 2 2758 2880
Fax:(886) 2 2758 3993
http://organicshop.com.tw

Wellcome
2Fl. #175 Hua Lin Street
Shihlin
Taipei 111
Taiwan
Tel: (886) 2 2883 9489
Fax: (886) 2 2881 7050
www.wellcome.com.tw
Yogi House
7F-3, No. 508 Sector 5
Chung Hsiao E. Road
Taipei
Taiwan
(886) 2 2346 6911
(886) 2 2759 9233
www.yogi-house.com

Industry & Government Organizations

Council of Agriculture
No.70 Muchang
Sinhua Township 712
Tainan County
Taiwan
Tel: (886) 6 5912 901
Fax:(886) 6 5912 933

National Chung Hsing University
Chen, Shih-Shiung
Professor and Dean of General Affairs
250, Kuo Kuang Road
Taichung 402
Taiwan
Tel: (886) 4 2287 3181
www.nchu.edu.tw
Company Profile
Organic Monitor (www.organicmonitor.com) is a business research company that specializes on the global organic & related product industries.

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#7002-40  Global Market for Organic Food & Drink
#5001-40  Asian Market for Organic Food & Drink
#1001-40  European Market for Organic Food & Drink
#3001-40  North American Market for Organic Food & Drink
#3002-44  North American Market for Organic Meat Products
#3001-47  North American Market for Organic Juices

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Contact Details
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