Intralink

Department for International Trade

Food & Beverage

Taiwan

Market Report

Prepared for British Office Taipei
by Intralink Limited

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Foreword

I am delighted to introduce this report on opportunities in Taiwan for the UK food & beverage market. If you are a British food or beverage company, I hope this report will support your journey into the region and the unique environment and features of the Taiwanese market.

Taiwan presents significant opportunities for British food & beverage companies with its high median income level, robust economy, strong dine-out culture and dense concentration of food service outlets. The market has continued to grow, expanding by 2% in 2020 and 6.4% in 2021, according to Taiwan's Ministry of Economic Affairs.

British food & beverage companies looking to enter the market should find a warm reception, as UK brands are generally considered to have longstanding history, instilling consumer confidence and trust.

The pandemic accelerated the growing trend of online F&B sales in Taiwan, with online e-commerce platforms such as Momo, PChome, ET Mall and Shopee expanding into the food & beverage sector. More recently, large food manufacturers and retailers such as DaChan, CP Food, 7-Eleven and Family Mart have also started to offer fresh food products online.

In the alcoholic beverage sector, foreign brands are major players in the spirits market, particularly Scotch whisky where Taiwan is the UK's third biggest whisky export market.

In the snacks & confectionary sector, foreign brands account for roughly 25% of the market, with convenience stores being a major sales channel in Taiwan.

The key opportunity areas this report has identified for British businesses in Taiwan include whisky & other alcoholic beverages, pork products, salmon & other seafood, health foods, supplements & vitamins, tea, snacks & confectionary, dairy products and pet food.

If you are planning to grow your food and beverage business, exporting to Taiwan presents great promise. My team and I look forward to supporting you.

About Intralink

Intralink is an international business development and innovation consultancy specialising in East Asia. The firm's mission is to make commercial success in new global markets fast, easy and cost effective.

Intralink has over 100 multilingual employees, a 30-year track record and offices in Mainland China, South Korea, Japan, Taiwan, Singapore, the United Kingdom, the United States, France, Israel, Poland and Australia. The company helps western businesses to expand in East Asia, Asian companies to collaborate with western innovators, and governments from around the world to grow their exports and attract foreign direct investment.

Intralink doesn't just develop its clients' strategies but plays a hands-on role in building their businesses. Its teams in Asia – immersed in the cultures and business practices of their local markets – identify opportunities, negotiate deals and generate revenues. And when the client is ready, they will help set up an in-country presence through a local subsidiary, partnership or acquisition.

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Intralink is the proud winner of the UK's Queen's Award for Enterprise and the US's President's E Award for Export Service for helping companies develop their international business growth.

For more information, visit www.intralinkgroup.com or email contact@intralinkgroup.com

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Exchange rates used in the report: 1 GBP=37.75 NTD, 1 GBP=1.35 USD

1. Executive Summary

Taiwan presents significant opportunities for British food & beverage companies, with its high median income level, robust economy, strong dine-out culture and dense concentration of food service outlets making it an attractive market for UK products.

Taiwan's economy proved to be relatively resilient to the Covid-19 pandemic. Taiwan avoided lockdowns and the major suspension of pandemic-induced economic activity until May 2021, and the government was widely praised for its initial handling of the outbreak. While the Taiwanese food & beverage (F&B) sector faced numerous challenges during the pandemic – most notably soaring transportation costs, rising raw material prices, and changes in consumer behaviour – the market has continued to grow, expanding by 2% in 2020 and 6.4% in 2021, according to Taiwan's Ministry of Economic Affairs. The pandemic accelerated the growing trend of online F&B sales in Taiwan, with online e-commerce platforms such as Momo, PChome, ET Mall and Shopee expanding into the F&B space. More recently, large food manufacturers and retailers such as DaChan, CP Food, 7-Eleven and Family Mart have also started to offer fresh food products online. While online F&B sales in Taiwan still account for a relatively low share of total sales compared to neighbouring countries, it shows a promising growth trajectory.

The F&B industry in Taiwan is mature, with many foreign brands having a long-standing presence in the market across most major product categories. In the alcoholic beverage space, foreign brands compete head-on with dominant local brands, such as Taiwan Beer, while foreign brands are major players in the spirits market. Scotch whisky is particularly popular, with Taiwan being one of the top consumers of whisky per capita globally. In the snacks & confectionary space, foreign brands account for roughly 25% of the market, with convenience stores being a major sales channel in Taiwan. In the seafood category, Taiwan is a net exporter of seafood products with a strong local production capacity. However, it still imports a significant amount of seafood, including salmon, crab, mackerel and lobster. In the meat products category, pork is the most consumed item in Taiwan, with the government allowing imports from 19 countries, including the UK. In addition to these areas, foreign brands are also very active in the supplements & health foods space, which has been spurred on by rising health-consciousness and Taiwan's aging society.

British F&B companies looking to enter the market should find a warm reception, as UK brands are generally considered to have longstanding history, instilling consumer confidence and trust. Johnnie Walker, the world's largest Scotch whisky producer, has a firm commitment to the Taiwanese market, often engaging in product localization campaigns specifically for Taiwan. Twinings, a British tea company, established a direct presence in Taiwan in 2005. The company has established itself as the go-to premium tea brand in the market, working in close partnership with its local distributor. Walkers, a Scottish shortbread company, has been active in Taiwan for over 20 years through a local distributor, with its products featuring on the shelves of most major supermarkets. Other UK F&B brands active in the market include Singleton, Macallan, Fullers, Holland & Barrett, McVities, Fisherman's Friend, Whittard, and Lipton, among others.

The key opportunity areas for British businesses in Taiwan include whisky & other alcoholic beverages, pork products, salmon & other seafood, health foods, supplements & vitamins, tea, snacks & confectionary, dairy products and pet food. While these opportunities are attractive, British companies looking to enter the market need to understand the Taiwanese market environment, assess import regulations and ensure they work with the right partners to have the best chance of success.

In addition, Taiwan can also be leveraged as a springboard into Mainland China. Common language and strong historical links between these two markets, alongside Taiwan's developed legal system and a business environment that functions closer to western practices, makes Taiwan a strong candidate for a British company's first venture into Asia.

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Intralink Taipei
April 2022

2. Taiwan: An Overview

Taiwan is an island with a total land area of 36,193 square kilometres, which is roughly half the size of Ireland. It is located southeast of Mainland China and is separated by the 180-kilometre Formosa Strait. With a population of 23.3 million people, its population density is 2.5 times that of the UK. Its economy is driven by industrial manufacturing, especially exports of electronics, machinery, and petrochemicals.

With a GDP of USD 689bn (GBP 510bn) and GDP per capita of USD 32,123 (GBP 23,795) in 2021, Taiwan is the 7th largest economy in Asia and the 20th largest in the world as measured by purchasing power parity. Taiwan is classified as a high-income economy by the World Bank. The island is the UK's 8th trading partner in the Asia-Pacific region, with UK-Taiwan bilateral trade exceeding GBP 6bn in 2021. UK exports to Taiwan rose 86% in the three years from 2016 to 2019.

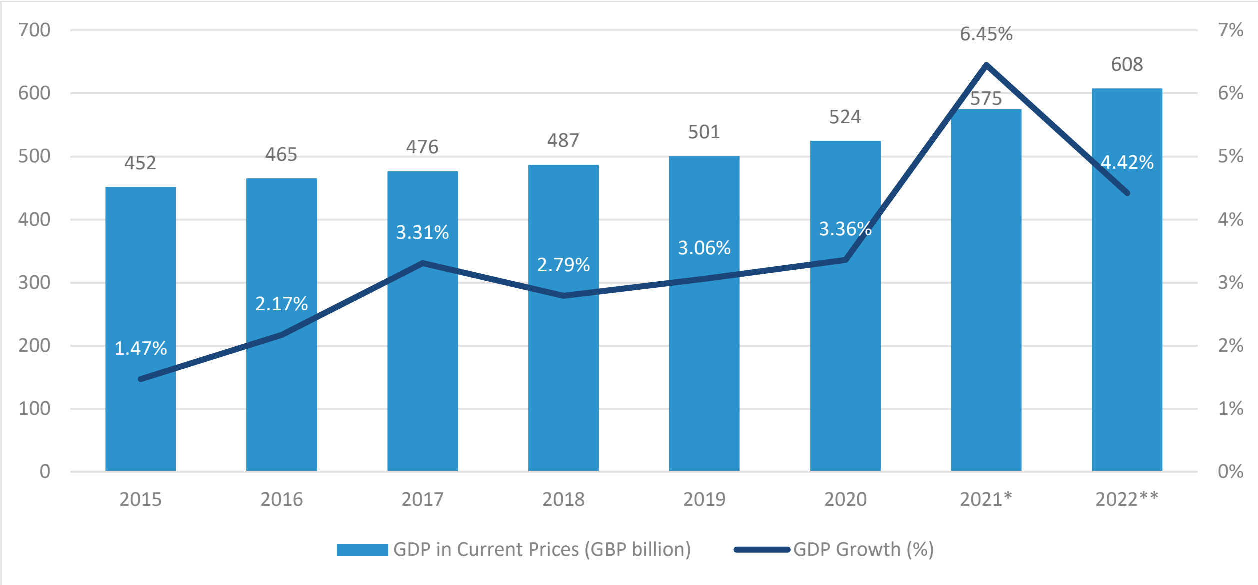
Taiwan is a global powerhouse in technology and has a significant lead as the world's most sophisticated producer of semiconductors. Taiwan Semiconductor Manufacturing Company (TSMC) is the world's most valuable semiconductor company, producing some of the most advanced chips on the market. Taiwan is also active in renewable industries, producing solar panel batteries and LED panels. The island is also a front runner in Asia for offshore wind power in terms of installed capacity, which is expected to reach 15 GW by 2035. Global brands originating from Taiwan include; Acer (personal computers), Asus (personal computers), Giant (bicycles), Evergreen (shipping), Foxconn (electronics and EV), Gogoro (electric scooters), Merida (bicycles), Yangming Marine (shipping), Trend Micro (security software) and Uni-President (food).

Taiwan's population reached its peak in 2020, marginally declining from the previous year. The island's population density is roughly 2.5 times that of the UK, with 78.9% of the population living in urban areas. The median age is 42.5 years, and the average life expectancy at birth is 81 years. The most widely spoken language is Mandarin Chinese, written in traditional characters. Taiwanese (also known as Hokkien), Hakka dialects and approximately 16 indigenous languages are also spoken and recognised as national languages, although proficiency varies across the country.

Taiwan is a member of the World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC), and it also plans to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Taiwan's economy proved to be relatively resilient to the Covid-19 pandemic – it avoided lockdowns and the suspension of major pandemic-induced economic activity until May 2021, and the government was widely praised for its initial handling of the outbreak. During 2020 – the first year of the pandemic – Taiwan's GDP grew 2.98%, primarily due to an increase in exports. In particular, demand for semiconductors, personal computers and laptops reached new highs as people around the world switched to working from home.

Figure 1: Taiwan GDP and Growth Rate (2015 - 2022)



Source: Statista, Intralink research

*Note: * preliminary figure, ** forecast*

In recent years, Taiwan has seen the repatriation of businesses from Mainland China following the US-China trade war, culminating in an increase of USD 42bn (GBP 31.1bn) in investment by Taiwanese companies returning from Mainland China between 2019 and February 2021. The local economy also benefited from greenfield investments by foreign companies (particularly in offshore wind), and from foreign companies reconfiguring their global supply chains to avoid US sanctions on doing business in Mainland China and/or with Chinese companies.

3. Taiwan's Food & Beverage Market

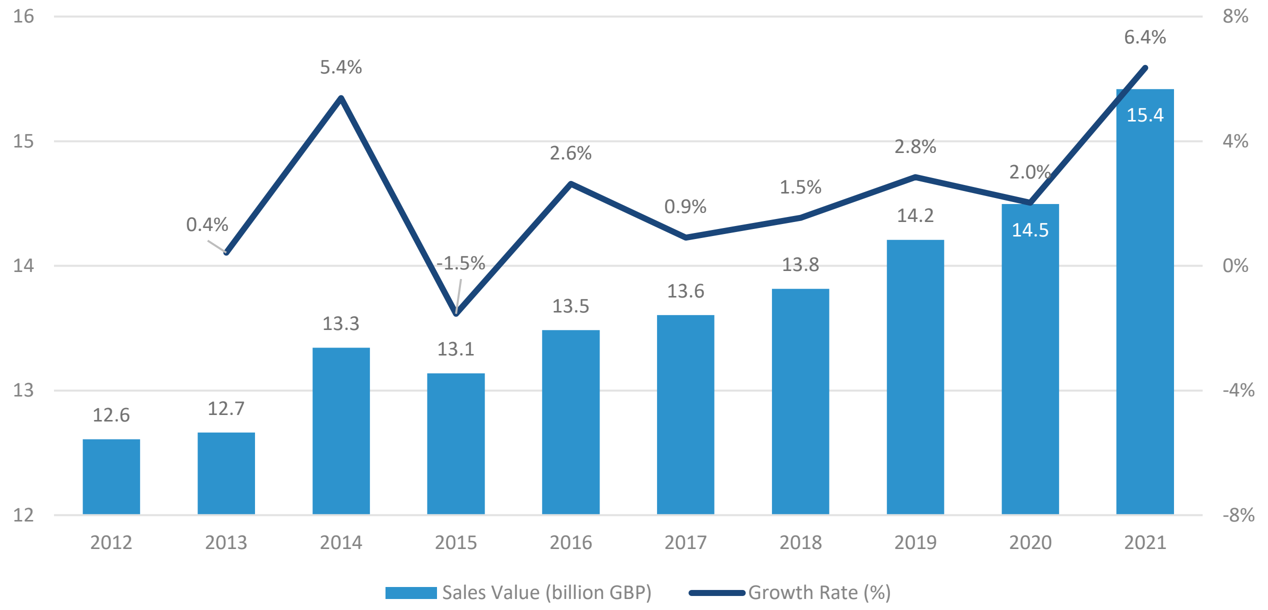
Key Points

- High median income levels, a strong 'dine out' culture and a dense concentration of food service outlets characterize the market
- The top F&B imports from the UK are whisky, salmon, supplements and snacks & confectionary
- Convenience stores are particularly prominent in Taiwan, with a total of nearly 12k
- Online F&B sales present a promising growth trajectory in response to the pandemic impact

3.1. Market Overview

According to the Ministry of Economic Affairs, the total sales value of Taiwan's F&B industry exceeded NTD 547.3 billion (GBP 14.5bn) in 2020, accounting for a 2% growth on the previous year. In 2021, the market increased to NTD 582bn (GBP 15.4bn) at a growth rate of 6.4%. This data shows that, while the Covid-19 pandemic hit the global F&B industry harder than most others, Taiwan has proven notably resilient in terms of responding to the challenges of rising raw material prices, soaring transportation costs, and changes in consumer behaviour. Figure 2 provides an overview of Taiwan's F&B market size and growth.

Figure 2: Market Size of Taiwan's Food and Beverage

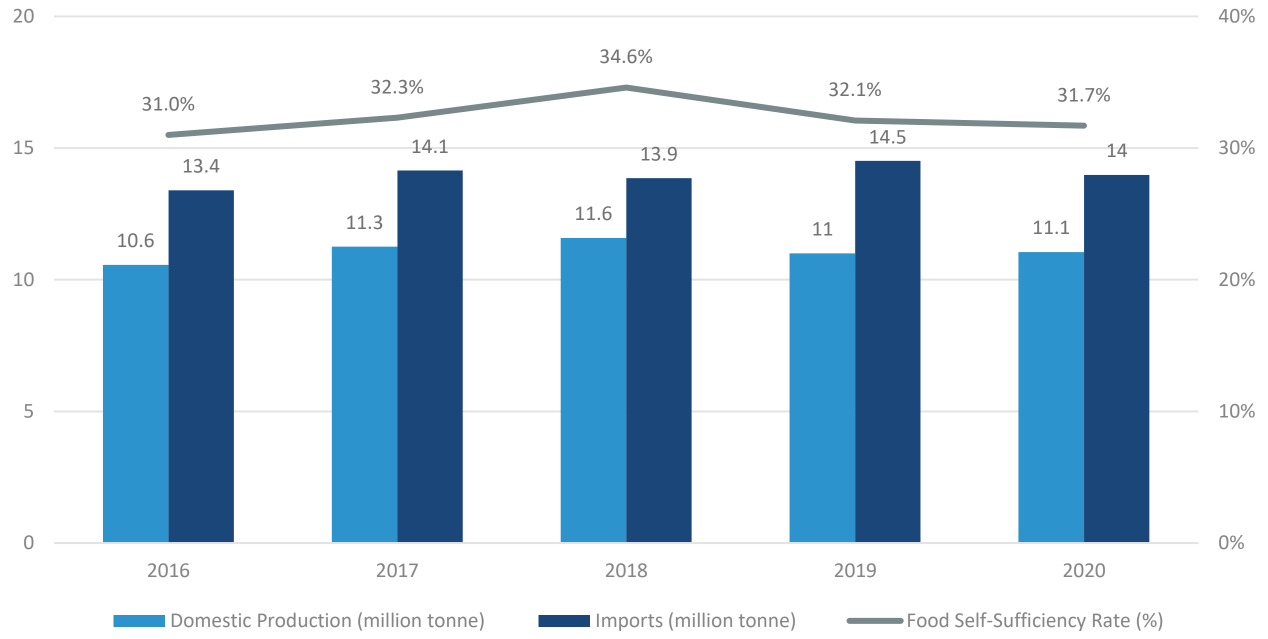


Source: Department of Statistics of the Ministry of Economic Affairs, Intralink research

In the past few decades, Taiwan has developed a complete and diversified F&B supply chain, covering upstream raw materials, midstream manufacturing and processing, to downstream sales and food services. Currently, Taiwan has more than 7k food manufacturers, employing 150k employees. The food manufacturing industry accounts for about 4.8% of Taiwan's total manufacturing output value, making it the 8th largest manufacturing industry in Taiwan. Major local food producers include Uni-President, Dachan and Standard Food, some of which have successfully expanded to overseas markets – particularly to mainland China.

Although Taiwan's local food manufacturing industry is well-established, it still relies heavily on food imports. According to the Council of Agriculture, Taiwan imported 14m tonnes of food in 2020, while its domestic food production amounted to 11.1m tonnes. Figure 3 below provides a graphical representation of domestic food production, food imports, and food self-sufficiency rate in Taiwan.

Figure 3: Domestic Food Production, Food Imports, and Food Self-Sufficiency Rate in Taiwan



Source: Council of Agriculture, Intralink research

According to the UK Food & Drink Federation, the UK exported USD 577m (GBP 427.4m) in F&B products to Taiwan in 2021, which makes Taiwan the UK's 17th largest export market. The top three F&B exports were whisky (GBP 381.9m), salmon (GBP 11.1m), snacks & confectionary (GBP 5.1m), and supplements (GBP 4.6m).

3.2. Market Trends

The most substantial trends in the Taiwanese F&B market are as follows:

Increasing variety of frozen foods set to gain popularity

Frozen processed food is gaining popularity among many consumers in Taiwan due to increasingly demanding work schedules, coupled with a higher need for cooking at home during the pandemic – as opposed to eating out. In recent years, improvements in frozen food production technology have made it possible to improve and sustain the flavour/taste of frozen food while still ensuring its convenience, which has improved consumer acceptance in Taiwan. In addition, improvements in cold chain transportation and warehouse management systems have also optimised the industry. Besides food manufacturers, more and more restaurants in Taiwan are also actively developing frozen processed foods, including some five-star restaurants and Michelin restaurants.

Growing demand for fortified beverages

Sales of fortified beverages – drinks with added nutrients, vitamins or minerals that don't naturally occur in the beverage – are growing substantially in Taiwan. Key drivers behind this demand are ageing population and rising health-consciousness, the latter of which has been accelerated by the pandemic. These products also attract younger consumers who are seeking convenient ways to supplement their nutritional intake. Fortified beverages are also popular among people attempting to lose weight, and office workers seeking to boost energy levels during the day.

Product development aims for Clean Label

The concept of 'Clean Label' originated in the EU and was first issued in the UK in 2011. It was initiated by processed food distributors to promote the elimination of additives, the usage of straightforward ingredients, the adoption of the most simplified processing, and the provision of transparent and digestible information. Clean Label was first adopted in Taiwan in 2018, when Family Mart cooperated with a local certification body Tse-Yue to encourage Family Mart's suppliers to adopt the practice. Today, as consumers in Taiwan become more concerned with food safety, health and wellness, and sustainability, they are more inclined to opt for no-additive foods. For food manufacturers and retailers, Clean Label products can not only help establish a positive brand image, but also increase exposure and expand sales channels.

3.3. Ecosystem

Taiwan has a complete and mature F&B industry, spanning from raw materials, food manufacturing, food retailing, to food service companies. The major players in the food manufacturing sector are local companies, some of which have expanded their business to East Asia and even the global market, including Uni-President, DaChan and Standard Food. Taiwan's offline food retailing sector is mainly composed of convenience stores, supermarkets and hypermarkets. Convenience stores are particularly prominent in Taiwan, with a total of nearly 12k stores across the island in 2020. In the food service sector, there is a wide variety of both local and international brands, giving Taiwanese consumers a plethora of choices when dining out.

E-commerce platforms have also grown rapidly in recent years, stocking a growing variety of domestic and imported foods. In 2021, F&B online shops accounted for 12% of the total number of online shops in Taiwan. According to Shopline, F&B was the fastest growing sector in online sales in 2021, with an annual sales growth rate of 106%. For food e-commerce platforms, in addition to the well-known general platforms Momo, PChome, ET Mall and Shopee, specialist food delivery platforms Uber Eats and Foodpanda have also built their own online stores. Furthermore, large food manufacturers and retailers such as DaChan, CP Food, 7-Eleven and Family Mart also operate online fresh food sales. Figure 4 provides a graphical overview of Taiwan's F&B industry ecosystem.

Figure 4: Taiwan's F&B Industry Ecosystem – Major Players (Local & Foreign)

Source: Commercial Times, Intralink research

3.4. Regulatory Bodies

The major regulatory bodies for the management and inspection of imported F&B in Taiwan are the Taiwan Food and Drug Administration (TFBA) and the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ). The Customs Administration is responsible for import and export affairs. Table 1 provides an overview of Taiwan's regulatory bodies for the F&B industry.

Table 1: Taiwan's Regulatory Bodies for F&B Industry

Regulatory Bodies	Description
Taiwan Food and Drug Administration (TFDA)	• Oversees food safety and quality • Deals with risk assessment, inspections, and market approvals for food
The Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ)	• Responsible for all affairs pertaining to plant and animal inspection and quarantine to safeguard and ensure the quality and sanitation of all agriculture products entering Taiwan
Customs Administration	• Responsible for import and export management, tariff consultation

Source: Intralink research

4. Key Subsectors

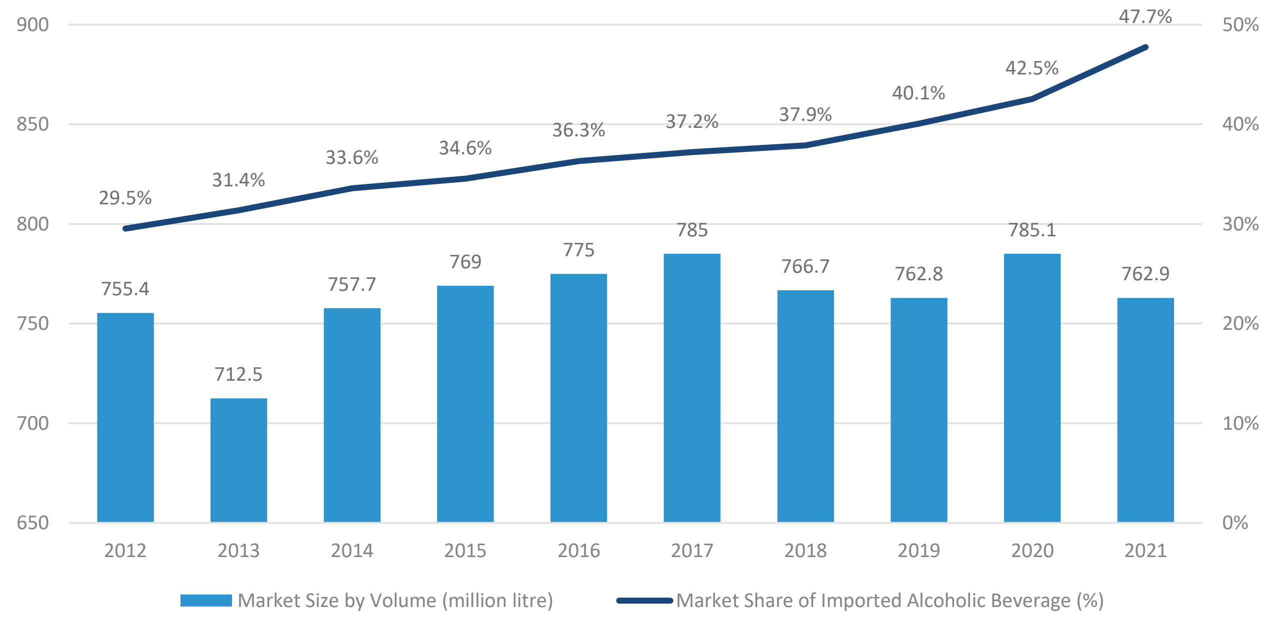
4.1. Whisky & Other Alcoholic Beverages

4.1.1. Market Overview

The Taiwanese has one of the top per capita consumption levels for alcoholic beverages in Asia, with a population of 23.7 million. The annual market volume has remained relatively stable over the past 7 years, fluctuating between roughly 760m to 790m litres. According to the National Treasury Bureau, Taiwan's alcoholic beverage consumption reached 762.9m litres in 2021, with physical retailers and food service providers accounting for most of the sales. Due to strict restrictions against online alcoholic beverages sales in Taiwan, online sales were negligible.

Taiwan is also a fast-growing consumer market for imported alcohol and a magnet for new brands, making it an excellent option for UK SMEs seeking expansion opportunities. Following Taiwan's rapid economic recovery from the Covid-19 pandemic, the import value of alcoholic beverages increased to USD 1.25bn (GBP 925.4m) in 2021, a YoY growth rate of 13.4%. The market share of imported alcohol has steadily increased over the past decade, accounting for 47.7% of the total volume in 2021. Figure 5 provides an overview of Taiwan's alcoholic beverage market size by volume, and the share of imported products.

Figure 5: Taiwan's Alcoholic Beverages Market Size & Share of Imported Products

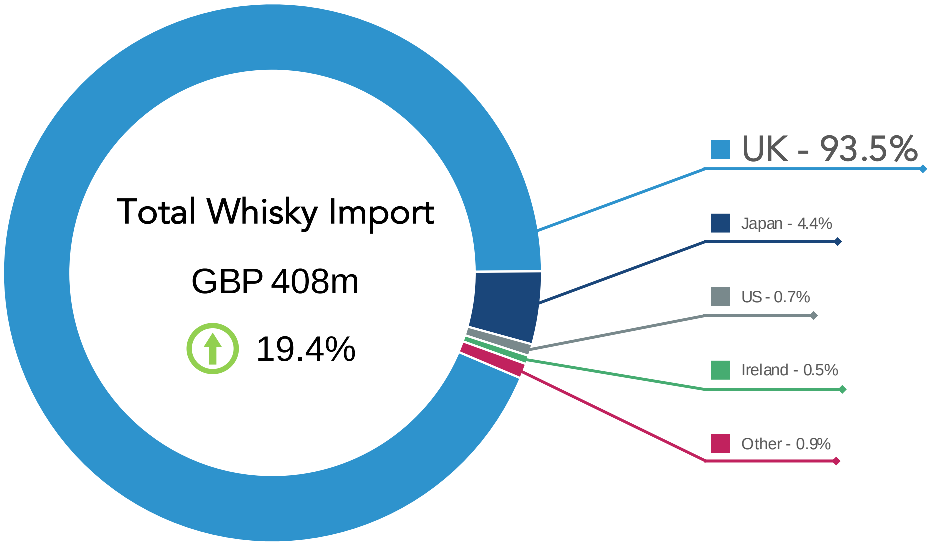


Source: National Treasury Bureau, Bureau of Foreign Trade, Intralink research

The consumption of spirits in Taiwan had been in decline prior to the Covid-19 pandemic, mainly due to increasing health awareness. The pandemic accelerated this trend and had a more severe impact on on-trade sales. According to the National Treasury Administration of Taiwan, the total volume of spirits sold in Taiwan slipped between 2016 to 2020, reaching 57.3m litres in 2020. However, it is expected to face a minor increase to reach 60.4m litres by 2022 due to economic recovery.

Unlike most spirits, Taiwan's whisky market was generally less impacted. Taiwan is one of the top consumers of whisky per capita in the world. According to the Taiwan Alcohol Beverage Association, in 2021, domestic whisky only accounted for 7% of Taiwan's overall whisky consumption market by volume, with imported whisky making up the rest. The UK is the largest whisky supplier to Taiwan by both value and volume, accounting for 93.5% of total imports by value in 2021 – a total of GBP 381.9m. Taiwan is the third-largest market for UK whisky exports, behind the US and France. Figure 6 provides an overview of the origin of Taiwan's imported whisky.

Figure 6: Market Share of Taiwan's Whisky Imports by Country



Source: Bureau of Foreign Trade, Intralink research

According to industry stakeholders, UK whisky has dominated the Taiwanese market partly due to the fact that Scottish brands were among the first market entrants. Whisky producers, especially Scottish brands and their Taiwanese distribution partners, have spent a long time fostering a habit of whisky drinking in Taiwan. Coupled with a relatively attractive price brought by zero import tariffs, Taiwan has gradually formed its own whisky culture and consumer preferences. Whisky has become a common drink for social business events, where 12-year-old or older, sherry-cask, and single malt whiskies have become the most popular types among Taiwanese consumers. Today, even though the pandemic has caused Taiwanese to eat out less, they still buy whisky for home consumption.

> *"One of the main reasons behind whisky's popularity in Taiwan is because imported whiskies are relatively cheap here. Taiwan has a zero-tariff policy on imported whisky, while Mainland China and Hong Kong impose fairly high tariffs. Coupled with the relatively low excise tax on whisky, therefore, many foreign tourists often buy high-end imported whiskies as souvenirs from Taiwan."* **– Wai-Ching Chiang, Founder, JIO Group**

Taiwan is a brand and image conscious market, with consumers generally seeing Scotland as the global leader in whisky. Some whisky brands from other countries have also gained popularity, including Japan, the US, Ireland, Canada and France. Among them, Japanese whisky has grown significantly in recent years – some well-known brands include Suntory, Nikka and Kirin. Figure 7 provides an overview of the major whisky brands in Taiwan.

Figure 7: Overview of Major Whisky Brands in Taiwan

Source: Intralink research

Beer

Beer is the most consumed alcohol in Taiwan by volume, accounting for 67% of total alcoholic beverage consumption in 2021. Thanks to relatively high spending power and a long beer drinking culture, Taiwan's beer market is open, accessible, and well-regulated – with both strong local breweries and imports competing in the market. While local brands still dominate, foreign beer brands continue to gain popularity. According to the National Treasury Bureau, Taiwan imported 225.7m litres of beer in 2021, accounting for 44.1% of the total beer consumption. While China and Netherland dominate Taiwan's imported beer market with a combined share of 75.57%, the UK only accounted for 1.64% in 2021.

Taiwan Beer is the best-seller in Taiwan, accounting for more than 50% of total market share, according to various stakeholders interviewed during this initiative. Although imported beer and emerging local brands are gradually carving up Taiwan Beer's market share, it remains the largest and the most recognized brand in Taiwan.

While mainstream lagers are still the go-to choice for most Taiwanese, craft beer is slowly gaining popularity. Craft beer has appealed to some Taiwanese consumers who are seeking out new experiences. That said, the craft beer market is still relatively small and emerging, requiring substantial market development and consumer education, according to several interviewees.

Compared with Taiwan's position as the 3rd largest whisky market for UK producers, the share of UK imports in the Taiwanese beer market still has substantial room for growth. However, despite these opportunities, several industry stakeholders emphasised that the Taiwanese beer market is a highly competitive one – often posing challenges for new entrants.

Wine

After experiencing years of continuous decline, Taiwan's wine market grew rapidly in 2021, with annual consumption growing from 22.3m litres in 2016 to 22.5m litres in 2021. One of the factors driving this growth is increased product promotion for drinking wine at home, which has received good results during the pandemic.

Taiwan's wine market is highly dependent on imports, with import volume accounting for 96.3% of total consumption in 2021, reaching 21.7m litres. France, the US, Italy and Australia dominate Taiwan's imported wine market, accounting for 83.7% of imports. According to the UK Food & Drink Federation, the import value of UK wine to Taiwan reached GBP 7.7m in 2021, making wine the UK's 3rd highest F&B export product by value to Taiwan.

Sparkling wine

Taiwan is a fast-growing sparkling wine market in Asia. Sparkling wines have performed well in recent years, partly due to their similarity to champagne, but at significantly lower prices. Sparkling wine imports into Taiwan continue to increase, valued at USD 31.5m (GBP 23.3m) in 2021, a YoY growth rate of 12.6%. The main factor driving growth is higher consumption among young urbanites and white-collar workers, plus increased popularity for weddings, end year-end banquets and other celebratory gatherings. Sparkling wine is expected to continue to perform well in the post-pandemic environment, with total consumption volume to grow at a CAGR of 4% between 2020 to 2025, according to Euromonitor.

The UK is currently not a leading sparkling wine exporter to Taiwan – it was the 12th largest import source in 2021. While UK sparkling wines have great potential in the Taiwan market, industry stakeholders emphasize that further consumer education is required in this market.

4.1.2. Market Trends

Shift from on-trade to off-trade

The on-trade channel of alcoholic beverages was hit by the Covid-19 pandemic due to a reduction in dining out, which impacted sales. As a result, a shift from food service towards retail outlets slowly took place. More and more Taiwanese chose to drink at home and buy alcoholic beverages from convenience stores, while many consumers avoided larger and potentially crowded supermarkets or hypermarkets for health concerns. Taiwan has the second highest density of convenience stores in the world, counting nearly 12k stores – a number that continues to increase. Because there are no restrictions on the hours of sale for alcoholic beverages in Taiwan and convenience stores are open 24 hours a day, alcohol can be purchased at any time.

Young people increasingly eager for unique tastes

Young Taiwanese consumers increasingly seek to enjoy the taste of different drinks, rather than simply seeking intoxication. Craft beers, RTDs (Ready-to-Drinks), and on-tap cocktails have quickly scaled up and expanded their market presence in Taiwan. On the other hand, DIY cocktails at home have also become increasingly popular among young consumers. Spirits companies have paid attention to this consumer group and introduced new products with more attractive package designs and flavours, aiming to reshape the image of spirits to win over young consumers. This has increased their willingness to try various new flavours of cocktails.

Low-sugar alcoholic beverage trend

The trend towards health and wellness was already evident in Taiwan before the pandemic, and the global health crisis has only enhanced consumers' desire to lead healthier lives. The higher risk of serious infection from the virus in obese or overweight patients has increased the desire among many Taiwanese to reduce their sugar intake. Low-sugar alcoholic beverages have received more attention than prior to the pandemic. Heineken, Asahi and Kirin have already introduced low-sugar products to Taiwan to benefit from this trend.

4.1.3. Distributors

According to the Taiwan Alcohol Beverage Association, there are roughly 50 to 70 alcoholic beverage distributors in Taiwan, including around 15 large-scale distributors. Table 2 provides an overview of the major alcoholic beverage distributors in Taiwan.

Table 2: Major Alcoholic Beverage Distributors in Taiwan

Name	Type	Description
Cascadia	• Distributor	• Resell foreign craft beers including Mikkeller, Magic Rock (UK) and Thornbridge (UK)
Cottingham	• Distributor	• Resells foreign spirits including Gordon & MacPhail (UK), Benromach (UK) and Jack Daniel's
Country House	• Distributor	• Sunkist's general distributor in Taiwan, also resells foreign alcoholic beverage brands
Dong Hsun Hsin	• Distributor	• Resells foreign alcoholic beverages including Sir Edward's (UK), Maison Castel and Yebisu
Drinks	• Distributor	• Resells foreign alcoholic beverages including Isle of Raasay (UK), Lauders (UK) and Ohshukubai
Guo Tai	• Distributor	• Resells a wide range of local and foreign brands of alcoholic beverages, including Scotch whiskies
Importer (Yingbote)	• Distributor	• Resells foreign alcoholic beverages including Hayman (UK), Admiral Rodney (UK) and Citadelle
JIO Group	• Distributor & retailer	• Resells many foreign alcoholic beverage brands, mainly Scotch whiskies
Mastercraft	• Distributor	• Resells foreign alcoholic beverages, including Fuller's (UK), A.D. Rattray (UK), and Anchor
MY9	• Distributor	• Resells a wide range of local and foreign brands of alcoholic beverages, including Scotch whiskies
PICT	• Distributor & Exporter	• Provides multiple spirits related services, has offices in Taiwan and UK
Tong Hsing	• Distributor	• Resells foreign alcoholic beverages, including many Scotch whisky brands, i.e., Dalmore

Source: Intralink research

4.1.4. Barriers and Risks

The minimum age for purchasing and drinking alcoholic beverages in Taiwan is 18 years. On-trade and off-trade outlets are prohibited from selling to teenagers and children. The sale of alcoholic beverages via e-commerce is also prohibited in Taiwan, due to the difficulty of determining the age of a prospective consumer.

A new drink driving legislation became effective in Taiwan in July 2019. Besides paying a fine, both car drivers and motorcyclists face a 1-2 year license suspension for a first offence. Those reoffending within 5 years and causing serious injury or death face an imprisonment term of 3 years to life. Furthermore, non-motorised vehicle drivers also face fines for drink driving or refusing an alcohol test.

Manufacturers and retailers in Taiwan must also display health warnings at the point of advertising and sale of alcoholic beverages, or they will face a fine. Alcoholic beverage packaging is also required to carry health warnings. For advertising on television or radio, there is a restriction on broadcasts from 9.00pm to 6.00am.

Taiwan levies a special excise tax on both domestically produced and imported alcoholic beverages. However, Taiwan has a zero-tariff treatment for imported beer, spirits, and RTDs. Table 3 provides an overview of the taxation and tariff for imported alcoholic beverage.

Table 3: Taxation and Tariff Rate for Imported Alcoholic Beverage

Categories	Excise Tax	Tariff Rate
Beer	NTD 26 per litre of pure alcohol	0%
Still Wine	NTD 7 per 1% ABV per litre	10%
Sparkling Wine	NTD 7 per 1% ABV per litre	20%
Spirits	NTD 2.5 per 1% ABV per litre	0%
RTDs	NTD 7 per 1% ABV per litre (<20%)	0%
Cider/Perry	NTD 7 per 1% ABV per litre	20%

Source: Bureau of Foreign Trade, Intralink research

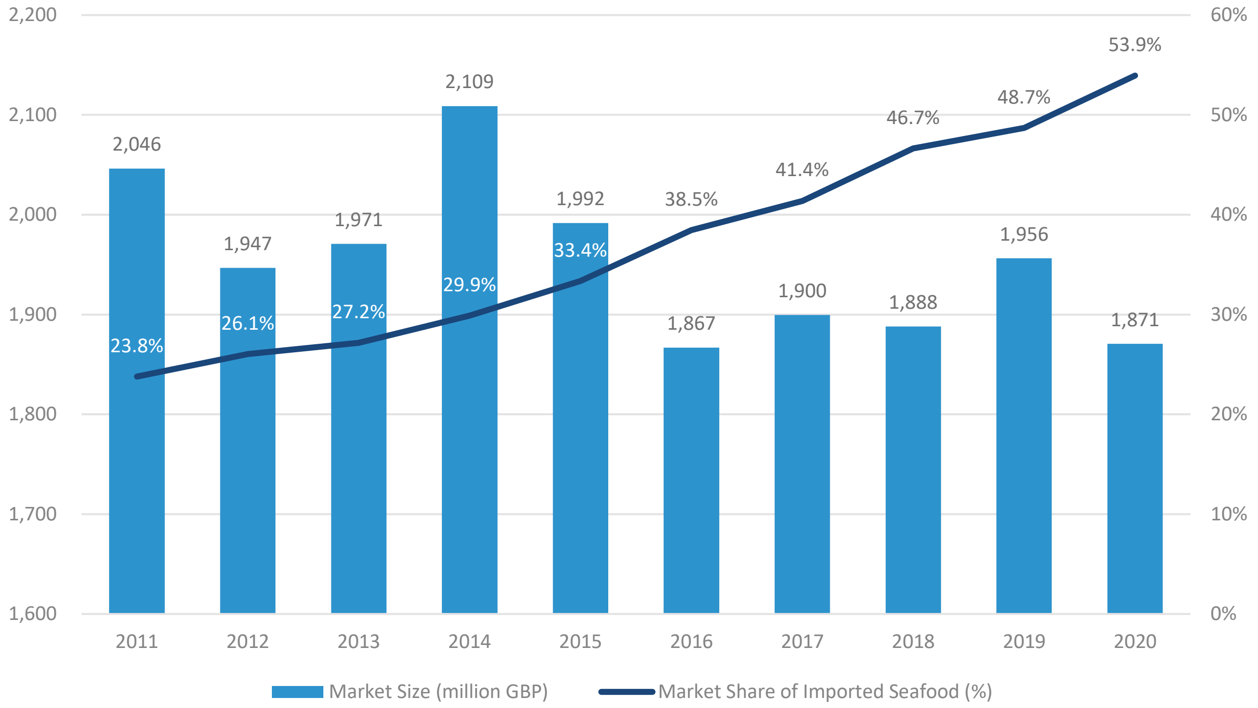
4.2. Salmon & Other Seafoods

4.2.1. Market Overview

As an island, Taiwan is a net exporter of seafood products with a strong local production capacity. Its major seafood products include skipjack tuna, tilapias/cichlids, saury/sanma, albacore, and milkfish. Following the global impact of the Covid-19 pandemic, Taiwan's fishery production and exports have been negatively affected by labour shortage, transportation limitations, and increasing shipping costs. In 2020, the market size decreased to GBP 1.87bn, a YoY drop of 4.38%, according to the Fisheries Agency of the Council of Agriculture and the Bureau of Foreign Trade. Although 2021 overall figures have not been publicly released, the market is seeing signs of recovery, including a YoY export growth in 2021 of 12.98%.

Compared with domestic production and exports, Taiwan's seafood imports have withstood the impact of the pandemic. Due to the increasing demand for imported seafoods brought by the decreasing domestic production, the value of imports grew by 5.2% between 2019 and 2020, amounted to GBP 1.01bn. However, in 2021, growth in total imports was only marginal (0.18%%). This is primarily due to the continued impact of the pandemic on seafood production in the entire world, and the fact that people are gradually reducing eating out. Figure 8 provides an overview of the market size of Taiwan's seafood consumption and the market share of imported seafood.

Figure 8: Market Size of Taiwan's Seafood



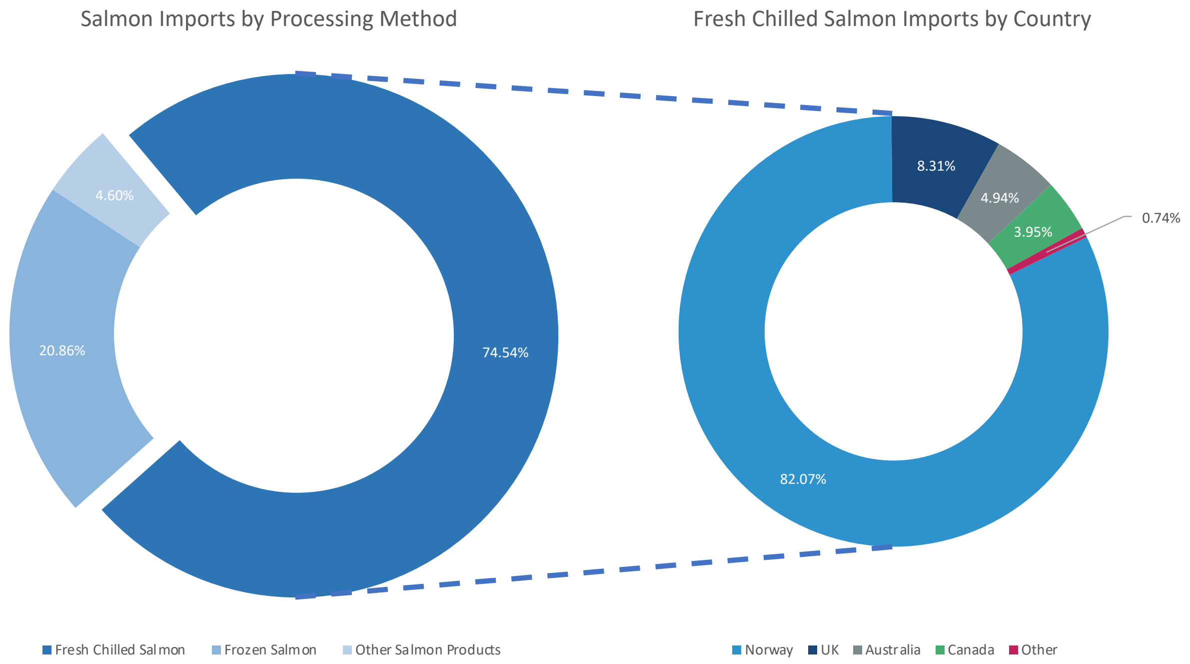
Source: Fisheries Agency of the Council of Agriculture, Bureau of Foreign Trade, Intralink research

According to Taiwan's Bureau of Foreign Trade, the total value of seafood products imported from the UK in 2020 decreased from USD 31.3m (GBP 23.2m) in 2019 to USD 18.2m (GBP 13.5m) in 2020, a nearly 42% decline, with the number continuing to drop to USD 17.9m (GBP 13.3m) in 2021. Based on the general industry sentiment, industry stakeholders believe the overall import volume and UK trade are very likely to return to pre-pandemic levels and regain the upward momentum of pre-pandemic days.

In 2021, the key species that Taiwan imported from the UK were Atlantic salmon, crab, mackerel, and lobster. Despite gaining market share, the UK is not a leading supplier of seafood to Taiwan. Mainland China, Japan, and Indonesia take advantage of regional proximity and lower production costs (in most instances) to export substantially more than the UK. Together, these countries plus Norway and Honduras, are the top five suppliers to Taiwan – dominating a combined 50% of Taiwan's total import market by value.

Due to the influence of Japanese food culture, Taiwanese consumers' fondness for salmon sushi and sashimi has stimulated a substantial demand for salmon imports. Salmon is the most imported fish in Taiwan, with a total import value of USD 240.3m (GBP 178m) in 2021, of which fresh chilled salmon accounts for 74.54% and frozen salmon accounts for 20.86%. Norway dominates the fresh chilled salmon import market, accounting for a whopping 82.07% market share in 2021, followed by the UK, which accounted for 8.31% at a value of USD 15m (GBP 11.1m). Figure 9 provides a breakdown of imported salmon by processing method and country.

Figure 9: Market Share of Taiwan's Salmon Imports by Processing Method and Country



Source: Bureau of Foreign Trade, Intralink research

Several factors contribute to salmon's success in the Taiwan market. On the consumer side, its taste is widely accepted and its colour is seen as attractive. As an ingredient purchased by restaurants, imported salmon generally satisfies the price stability, availability stability and quality stability, thanks to the mature breeding and distribution technology of global salmon producers – according to industry stakeholders. On the other hand, as a large editable fish, salmon provides more meat and fewer bones, which makes it easy to process and reduces the labour cost of the restaurant.

The UK exports a wide variety of seafood products, with most usually marketed as high-end foods. However, UK seafood is still not found in large quantities in the Taiwanese market. Strengthening the promotion of UK seafood food culture through social media or cultural activities can raise awareness among Taiwanese consumers about seafood produced in the UK. In addition, promoting exchanges between UK exporters and Taiwanese distributors can also strengthen bilateral trade connections and help to expand the trade volume.

> *"Compared with other countries, the UK's salmon market is not overly accessible to Taiwan's importers. In our experience, British exporters are passive in sharing product information, resulting in not many orders so far. We assume this is because the UK's main salmon export market is Europe, prompting exporters to focus on more exchanges with European traders. On the other hand, after the outbreak of the pandemic, air transportation to Asia has also become more challenging. We'd be very interested to cooperate with British exporters looking to enter the Taiwan market."* **– Tsung-Han Chen, Sales Manager, Johnson Seafood**

4.2.2. Market Trends

Increasing product variety of frozen processed seafood

The growing demand for frozen processed seafood has been further strengthened by the pandemic, as more consumers opted to prepare meals at home. Frozen processed seafood's convenience in preparation, cooking and storage appeals to Taiwan consumers with busy lifestyles. Additionally, many restaurants that suffered significant business declines due to the pandemic also launched frozen processed seafood products in order to maintain brand awareness and offset some losses. This trend has increased the variety of frozen processed seafood in the Taiwan market.

Growing interest and demand for sustainable seafood products

Well-managed wild capture fisheries and environmentally responsible marine aquaculture play an increasingly important role in food supply, people's health, and environmental sustainability. In Taiwan, environmental awareness levels among consumers are rising, prompting a growing demand for seafood varieties that are not endangered or sourced using sustainable practices. Suppliers providing seafood from sustainable sources have also promoted their sustainability credentials to improve visibility and increase sales.

Rising air transportation costs increasingly affecting both the supply and demand side

While the decline in international air transportation capacity due to the pandemic has not recovered, the Russian-Ukrainian war has made seafood transportation from Europe to Taiwan even more challenging. Industry stakeholders in Taiwan expect to face increasingly expensive shipping costs when importing seafood products from Europe, with the higher cost ultimately being borne by consumers. Once consumers cannot afford it, they will reduce their consumption of European seafood and instead choose cheaper products from other countries, such as Japan, Australia, Chile or the US.

4.2.3. Distributors

The distribution ecosystem of imported seafood in Taiwan is mainly composed of importers, distributors, wholesalers, restaurant procurement departments, and supermarket procurement departments. Importers and distributors usually cooperate with foreign seafood producers directly to import seafood to the Taiwan market. Table 4 provides an overview of imported seafood distributors in Taiwan.

Table 4: Major Seafood Distributors in Taiwan

Name	Nature	Description
YENS	• Distributor	• Large distributor selling imported seafood and providing multiple distribution and retail services (currently no UK products)
A-Gain	• Distributor	• Provides imported seafood, including salmon, halibut and shrimps (currently no UK products)
Fu Foong	• Distributor & food manufacturer	• Provides processed food, including smoked salmon sourced from UK and Norway
Hi-Rich Seafood	• Distributor	• Provides a variety of seafood from global sources (currently no UK products)
Johnson Seafood	• Distributor	• Provides frozen, chilled and live seafood sourced from many countries, including British salmon, halibut and mackerel
Mas Bloom	• Distributor	• Provides a variety of fresh and live seafood from global sources (currently no UK products)
Ming Sheng	• Distributor	• Provides processed food, including fish, shellfish, crabs and shrimps (currently no UK products)
Pescadores	• Distributor	• Provides imported seafood, including Atlantic salmon, Atlantic mackerel and Greenland halibut and Canadian hokkigai (currently no UK products)
Sunpower	• Distributor	• Provides imported live and frozen shellfish (currently no UK products)
Transocean	• Distributor	• Provides a variety of local and imported seafood (currently no UK products)

Source: Intralink research

4.2.4. Barriers and Risks

Taiwan Customs sometimes conducts spot checks on imported seafood products for food safety reasons. According to stakeholders interviewed during this initiative, a heavy metal test usually takes two days, while a microbial test usually takes five days. During the testing period, seafood products will be held up in customs without receiving additional preservation measures. This will lead to a decrease in the life span of live seafood and even the risk of animal death. Since tests are conducted at random, there is currently no way to avoid it. Table 5 provides an overview of the taxation and tariffs for imported seafood.

Table 5: Tariff Rate for Imported Seafood in Taiwan

Categories	Tariff Rate	Description
Atlantic Salmon	• 10%	• Import tariff from WTO membership nations (including UK), more details: link
Crabs (Live, Fresh or Chilled)	• 25%	• Import tariff from WTO membership nations (including UK), more details: link
Crabs (Frozen)	• 15%	• Import tariff from WTO membership nations (including UK), more details: link
Mackerel (Fresh or Chilled)	• NTD 9.3 per kg, or 30%	• The imposed tariff equates to the higher result of the two calculations. Import tariff from WTO membership nations (including UK), more details: link
Mackerel (Frozen)	• NTD 7.3 per kg, or 25%	• The imposed tariff equates to the higher result of the two calculations. Import tariff from WTO membership nations (including UK), more details: link
Lobster	• NTD 33.7 per kg, or 15%	• The imposed tariff equates to the higher result of the two calculations. Import tariff from WTO membership nation (including UK), more details: link

Source: Bureau of Foreign Trade, Intralink research

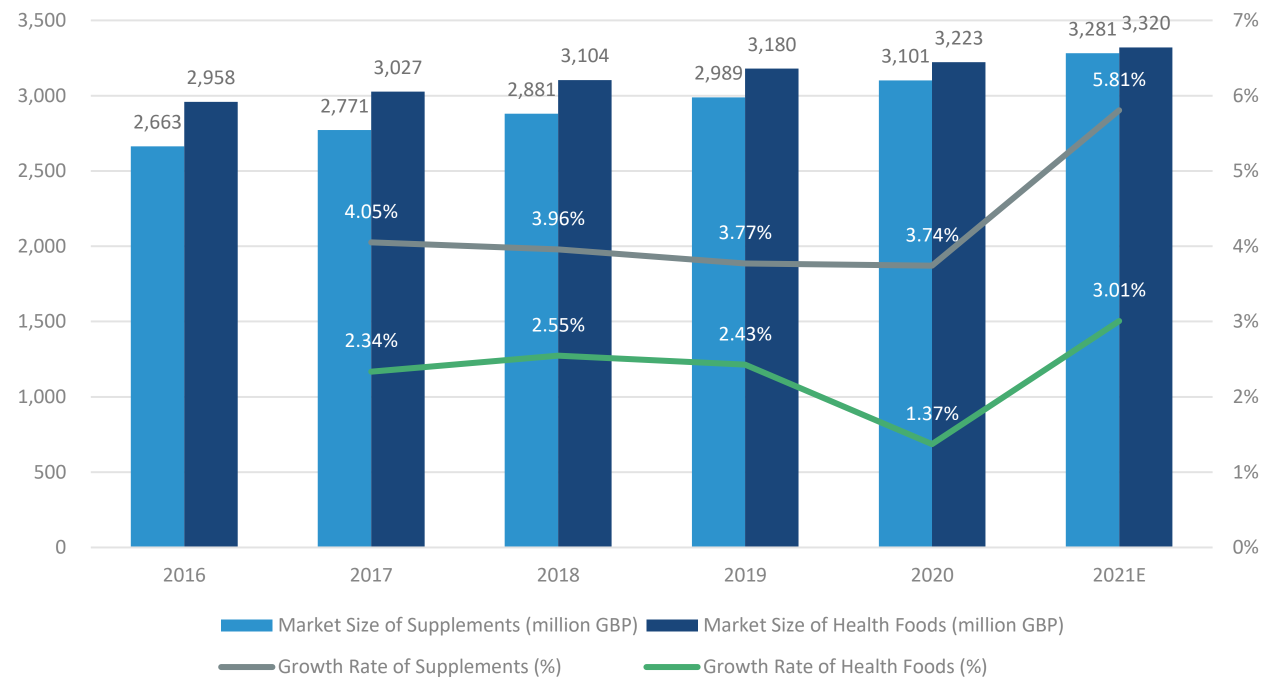
4.3. Supplements & Health Food

4.3.1. Market Overview

There is a long-standing cultural tradition in East Asia of using herbs and natural supplements to tackle deficiencies in the body. As a result, Taiwanese consumers generally pay more attention to maintaining their health and spend more money on supplements and health foods than consumers in other regions. Although the market growth rate of supplements and health foods in Taiwan was slowing down prior to the pandemic, the market still continued to grow. With the rising threat to public health, the pandemic has been a boon for supplements and health foods.

Supplements containing nutrients such as vitamins, minerals, fatty acids, and proteins are drawing more and more attention in Taiwan. In daily life, consumers are also more inclined to purchase foods and beverages that have health benefits, i.e 'health foods'. Some of these health foods are foods produced by using healthy ingredients, including sunflower seed oil, herbal beverages, fibre bread, organic fruits/vegetables, and plant-based meat; while others are based on modifications to ordinary foods, such as reducing sugar/fat content or enhancing vitamin/protein content, and products such as low/no-sugar drinks, low-fat snacks, cereal energy bars, and high-protein dairies. According to Euromonitor, the total market size of Taiwan's health foods and supplements was expected to reach GBP 6.6bn in 2021, a YoY growth of 4.38%. Figure 10 provides an overview of the market size of health foods and supplements in Taiwan.

Figure 10: Taiwan's Supplements and Health Food Market Size & Growth Rate



Source: Euromonitor, Intralink research

According to Euromonitor, the largest categories in supplements are vitamins and dietary supplements, followed by herbal/traditional medicine. The retail value of vitamins and dietary supplements in 2021 was expected to reach NTD 82.2bn (GBP 2.18bn), registering a CAGR of 4.7% between 2016 to 2021. To strengthen natural defences against the pandemic, vitamin C products and dietary supplements are in high demand. Sports nutrition products are also expected to perform well, growing at a CAGR of 5.6% between 2021 to 2026. That is because the pandemic has been comparatively well-controlled in Taiwan, with the lifestyle of most Taiwanese gradually returning to pre-pandemic levels.

The pandemic also had a positive impact on health foods, especially healthy packaged food. As consumers began cooking at home more frequently and became more inclined to adopt healthier eating habits, health food categories including breakfast cereals, frozen packaged food, edible oils, and snacks are showing improved performances in sales value. The increasing demand ensured the growth of the market.

The UK is the second largest vitamin products exporter to Taiwan. According to the Bureau of Foreign Trade, in 2021, the import value of vitamins reached USD 3.21m (GBP 2.38m), accounting for 8.55% of overall imports. The UK is also Taiwan's largest trading partner in sunflower-seed oil by value, with a total import value of USD 3.29m (GBP 2.4m3) in 2021, accounting for 29.6% of the total import value[1]. UK supplement and health food brands have also gained in popularity in recent years for their high quality. Brands including Holland & Barrett, Novisyn, MyProtein, Kent Oils, and Go Ahead are all available on Taiwan's e-commerce platforms, although prevalence varies between brands. According to several interviewees, some brands are imported by small, unofficial agents. Figure 11 provides an overview of the supplement and health food brands in Taiwan.

[1] While the UK tops the list based on import value, Ukraine is the largest import source of sunflower oil by volume.

Figure 11: Overview of Supplement and Health Food Brands in Taiwan

Source: Intralink research

Taiwan also has a wide range of OEMs, which import ingredients from other countries and manufacture products under various brand names. These companies look for suppliers of high-quality ingredients for manufacturing products including vitamins and fish oils, of which the UK is a source.

4.3.2. Market Trends

Growing number of health and wellness products for elderly consumers

Taiwan will become a super-aged society by 2026, when at least 20% of the population will be at least 65 years-old. As a result, a growing number of elderly consumers are looking for health and wellness products to maintain good health. They and their families are willing to spend more money on health foods and supplements. Coupled with the fact that Taiwan has a traditional custom of gift giving during festivals, supplements such as vitamins and proteins have become popular gifts. Therefore, health and wellness brands in Taiwan are launching more health products for the elderly.

> *"Unlike Japan, which is already classed as a 'super aging society', the Taiwanese supplements and health food market still has vast room for growth. Taiwanese consumers have started paying increased attention to certain elderly health problems, especially joint health. In addition, Taiwanese consumers are relatively susceptible to advertising, with a trend towards buying more health products during festivals."* **– Amily Yu, Commercial & Strategic Manager, Novisyn**

Naturally healthy products on trend

Taiwan has a tradition of using medicines containing herbs and natural ingredients to keep healthy, and there is a trend in health and wellness towards more naturally healthy products. The increasing health risk of the pandemic and rising health consciousness also led consumers to shift towards supplements and health food that they consider to be natural and pure. As the scientific community increasingly embraces the benefits of more natural products, this will lead to even greater acceptance and more trust among consumers. Therefore, Taiwanese consumers are more inclined to seek and choose more natural foods that are minimally processed and contain fewer or no artificial additives and preservatives.

Shift towards e-commerce sales

E-commerce is expected to continue to grow, as consumers have come to appreciate the convenience of the channel. Supplements and health foods perform well in the online space because, as for most of the categories, the usage and benefits of the products are clearly communicated on the packaging. As a result, consumers can purchase directly without having to consult a sales assistant. In addition, weight management products are also suited to online channels because many consumers feel more comfortable purchasing such products online from the privacy of their own homes, as opposed to in physical stores.

4.3.3. Distributors

There are many distributors of different sizes in Taiwan, and usually foreign brands have only one local distributor. A local business partner can help handle import procedures and registration, and sell products through diverse sales channels such as direct selling, pharmacies, e-commerce platforms, and TV shopping channels. Table 6 provides an overview of the major supplements and health food distributors in Taiwan.

Table 6: Major Supplement and Health Food Distributors in Taiwan

Name	Type	Description
Ambrosia	• Distributor	• Resells a variety of western health food brands, including Baxters (UK)
Botanic Garden	• Distributor	• Resells foreign plant-based healthy food and supplements, including KIKI Health (UK)
Buena Suerte	• Distributor	• Resells foreign organic and healthy food and beverages, including Minor Figures (UK), Bottle Green (UK), Bett'r and Jealous Sweets
Genuine Biomedicine	• Distributor	• Resells foreign supplements, mainly from Japan, Germany and US (currently no UK products)
Lead Pacific	• Distributor	• Resells foreign health food, including Seabrook (UK), Giving Tree (UK) and the Bridge
Material World	• Distributor	• Provides imported ingredients of supplements and health foods, including vitamins, amino acids, animal/botanical extract, and enzyme (currently no UK products)
Sanyi Meji	• Distributor	• Meji Ice Cream's general distributor in Taiwan, also resells other brands, including UK health food brand Moma Oat

Source: Intralink research

4.3.4. Barriers and Risks

All vitamins and dietary supplements are classified as 'health food' in Taiwan – referring to a food product that provides specific nutrients or has specific health care effects based on the Health Food Control Act. In order to sell products labelled and advertised as 'health food' in Taiwan, foreign brands must obtain a health food permit. The permit aims to ensure that any claimed health effects are supported by scientific assessment and that products do not pose a potential threat to human health. An importer must apply and submit relevant materials to the TFDA for review and test, and the TFDA then grants a 'health food permit' for products meeting the requirements.

Table 6 provides an overview of the taxation and tariff for imported supplements. British companies should also note that healthy packaged foods, although these usually contain some nutritious ingredients, such as vitamins and proteins, Tawain Customs still classifies these as ordinary packaged foods. UK producers of healthy packaged food must therefore check the tariff rate of the individual food categories, such as biscuits, nuts etc.

Table 7: Tariff Rate for Imported Supplements

Categories	Tariff Rate	Description
Vitamins	• 0%	• This category includes dietary supplements which contain vitamins • Import tariff from WTO membership nation (including UK), more details: link
Proteins	• 5%	• This category includes sport nutrition products which contain proteins • Import tariff from WTO membership nation (including UK), more details: link
Fish Oil	• 0%	• Import tariff from WTO membership nation (including UK), more details: link

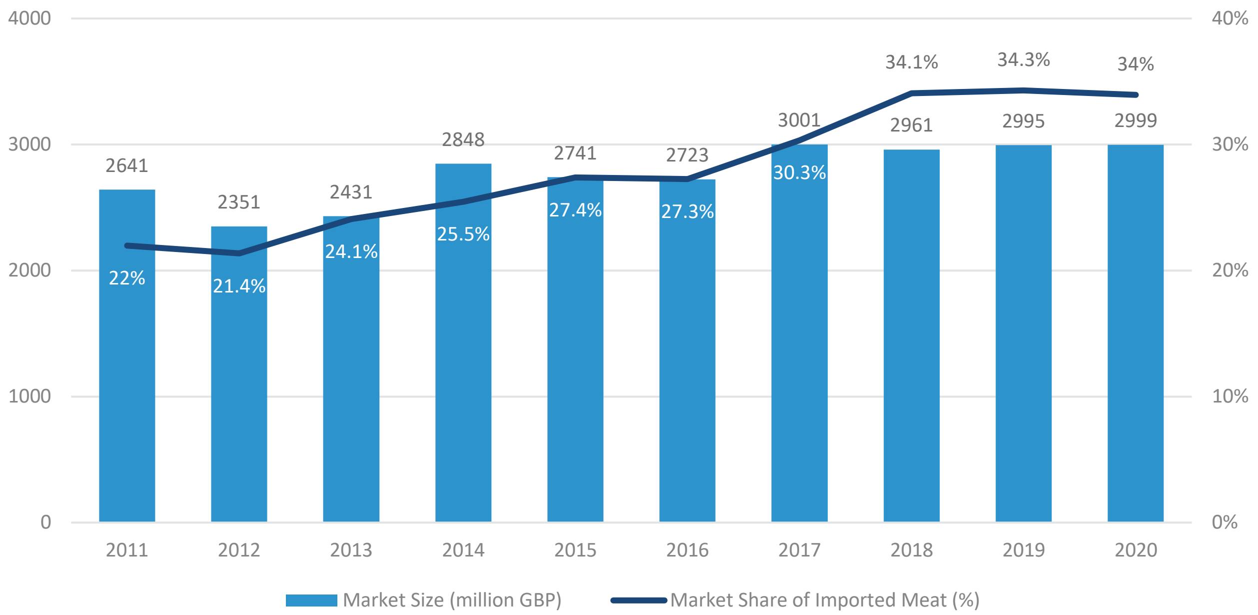
Source: Bureau of Foreign Trade, Intralink research

4.4. Meat

4.4.1. Market Overview

With a comparatively wealthy population of 23.7m people, Taiwanese are among the highest per capita meat consumers in Asia. The total value of Taiwan's meat consumption market reached nearly GBP 3bn in 2020, with the market share of imported meat accounting for 34.3%, maintaining roughly the same level as 2019. Taiwan's meat consumption market was not greatly affected by the Covid-19 pandemic and the African Swine Fever, with the former actually contributing to increased meat consumption in Taiwan. This is partly because Taiwanese consumers commonly regard meat as a source of high-quality protein, which is perceived as strengthening immunity. Figure 12 provides an overview of Taiwan's meat consumption market size and the market share of imported meat.

Figure 12: Market Size of Taiwan's Meat Consumption

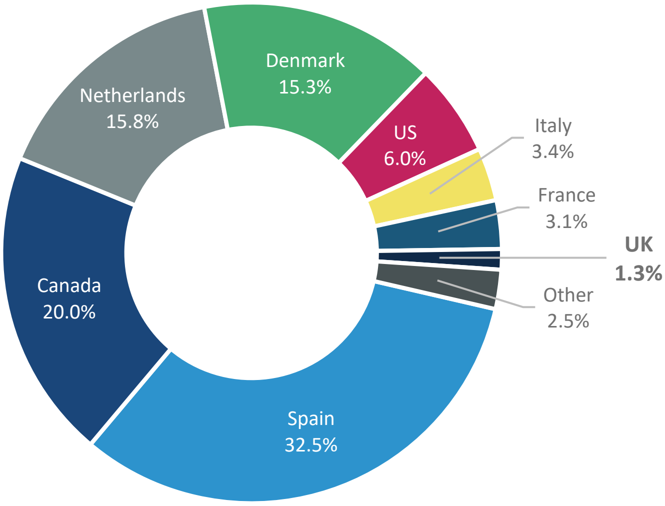


Source: Bureau of Foreign Trade, Intralink research

Pork accounts for the largest proportion of total meat consumption in Taiwan, with a market volume of 961k metric tons in 2021. Most of the pork supply is served by domestic production, with a relatively high and stable self-sufficiency rate of 86% to 92% in recent years, because most Taiwanese are more accustomed to eating fresh pork without any preservatives.

By the end of 2021, 19 countries were allowed to export pork products to Taiwan. Spain, Canada and the Netherlands are the leading exporters, with combined imports from these three countries accounting for 68.3% of the total imported pork value in 2021. The UK started exporting pork products to Taiwan in 2018 and became the 8th largest pork supplier in 2021, with an export value of USD 3.3m (GBP 2.4m). However, it only accounted for 1.3% of Taiwan's total pork imports. Figure 13 provides an overview of Taiwan's pork imports by country.

Figure 13: Market Share of Taiwan's Pork Imports by Country



Source: Bureau of Foreign Trade, Intralink research

Although it has been four years since Taiwan opened to UK pork imports, raw pork can rarely be found in Taiwan's supermarkets. According to the Bureau of Foreign Trade, among the 1,405 tons of pork products imported from the UK in 2021, offal accounted for 81.1%, reaching 1,140 tons. According to our research, the vast majority of pork products imported from the UK do not directly enter the consumer market but are used instead as ingredients and prepared by food processing companies, sold to Taiwanese consumers through supermarkets or restaurants. For example, Carrefour uses UK ingredients in one of its cooked food products; stewed chitterlings.

Taiwan began allowing the importation of US pork containing ractopamine beginning on January 1, 2021. Since many Taiwanese believe that ractopamine is poisonous to humans, thousands of people marched in Taipei's streets demanding the reversal of a decision to allow US pork imports and alleging food safety issues. Furthermore, nearly 150 pork importers in Taiwan promised never to import US pork products from ractopamine-fed pigs. Public opposition to US pork will prompt Taiwan's food processing and catering sector to reduce purchases, resulting in a potential drop in US pork imports. This presents a good opportunity for UK pork products to gain market share.

Competition from Europe and North America for imported pork is expected to continue. Although the Taiwan pork market will still be dominated by abundant local production, we expect the contraction in domestic production will result in increased demand for imported pork meat and offal.

In addition to imported pork, there is still a large market space for imported beef and lamb, with total import value reaching USD 538.1m (GBP 398.6m) and USD 111.8 million (GBP 82.8m) respectively in 2021. Taiwan relies heavily on beef and lamb imports from other countries because the size and terrain of its land is not suitable for large-scale farming of cattle and sheep. Currently, Taiwan's imported beef market is dominated by the US, Australia and Japan, while the imported lamb market is dominated by Australia and New Zealand.

UK beef and lamb products are currently not approved for import to Taiwan. However, the UK and Taiwan governments have announced intentions to work together on the UK's application to export British lamb to Taiwan – potentially providing future opportunities for British exporters.

4.4.2. Market Trends

Increased interest in wider range of frozen processed meat

Frozen processed meat is gaining popularity among many consumers in Taiwan due to increasingly demanding work schedules, coupled with a higher need for cooking at home during the pandemic – as opposed to eating out. Popular products include frozen seasoned pork chops, pork meat balls, and hamburger patty products. Moreover, the increasing popularity of air fryers has also boosted the demand for frozen meat products.

Rising popularity of imported pork

Although the opening to imported ractopamine pork has made Taiwanese consumers concerned about food safety, the demand for imported pork has continued to rise over recent years. Iberico pork from Spain has become a high-end food on Taiwanese dining tables; frozen pork imported from the Netherlands is also becoming popular among Taiwanese consumers due to its high cost-performance ratio. In addition, with the increase in the demand for frozen packaged food in Taiwan, food manufacturers are more inclined to choose imported frozen pork as a raw material, due to its generally lower price.

> *"Demand for Spanish pork in Taiwan has been growing rapidly in recent years. This is partly because Spanish pig breeds are smaller, and the taste and texture are more acceptable to many Taiwanese consumers. The import value of Spanish pork surpassed that of Canada in 2021, making Spain Taiwan's largest trading partner of imported pork."* **– Hsiao-Feng Chen, Chairman, Chinese Meat Association**

Shift towards e-commerce channels

The pandemic has driven more and more consumers to use e-commerce platforms. A significant part of e-commerce meat sales come from processed meat. According to industry stakeholders, e-commerce provides many small and local players with advantages, with unlimited virtual shelf space offering stock and sales opportunities. In addition, e-commerce platforms such as Momo and PChome plan to extend their product categories to groceries, offering another channel for meat sales.

4.4.3. Distributors

It is generally recommended to cooperate with local importers and distributors to enter the Taiwan meat market, since the meat trade involves quarantine requirements during transportation and border inspection. A local distributor can also help expand sales into meat processing plants, food services providers, retail stores, and e-commerce platforms. Table 8 provides an overview of some of the major meat distributors in Taiwan.

Table 8: Major Meat Distributors in Taiwan

Name	Nature	Description
Mayfull	• Distributor	• The biggest importer in Taiwan market which provides imported beef, lamb, pork, seafood and poultry meat products (currently no UK products)
Emporium	• Distributor	• Provides imported pork products sourced from Italy and Spain (currently no UK products)
Game Meat	• Distributor	• Provides imported beef, lamb, pork, and turkey meat (currently no UK products)
Hwahan	• Distributor	• Provides a variety of imported meat, pork products sourced from North America and Europe (currently no UK products)
Keerper	• Distributor	• Provides imported beef, lamb, and pork meat products (currently no UK products)
Puhui	• Distributor	• Provides local and imported meat, pork products sourced from Taiwan, North America and Europe (currently no UK products)

Source: Intralink research

4.4.4. Barriers and Risks

Taiwan's Ministry of Health and Welfare (MHW) is responsible for managing food safety and all associated laws, regulations and standards. All imported food items are inspected at the point of entry in Taiwan for correct labelling, food hygiene and food additives. The importation of food additives is prohibited without prior authorisation from the MHW. Table 9 provides an overview of the taxation and tariffs for imported meat.

Table 9: Tariff Rate for Imported Meat

Categories	Tariff Rate	Description
Pork	• 12.5%	• Import tariff from WTO membership nation (including UK), more details: link
Pork offal	• 15%	• Import tariff from WTO membership nation (including UK), more details: link
Lamb	• NTD 11.3 per kg, or 15%	• The imposed tariff equates to the higher result of the two calculations. Import tariff from WTO membership nation (including UK), more details: link
Lamb offal	• 42.5%	• Import tariff from WTO membership nation (including UK), more details: link
Beef	• NTD 10 per kg	• Import tariff from WTO membership nation (including UK), more details: link
Beef offal	• 15%	• Import tariff from WTO membership nation (including UK), more details: link

Source: Bureau of Foreign Trade, Intralink research

4.5. Additional Subsectors

4.5.1. Snacks & Confectionery

Recovering from a hit during the Covid-19 pandemic, the snacks and confectionery market has returned to growth. The total market size in Taiwan was expected to reach NTD 77.1bn (GBP 2.04b) in 2021, marking a YoY growth of 8.58%.

Convenience stores account for a major share of snacks and confectionery sales in Taiwan – they have also become increasingly popular locations for driving new trends in snacks. Taiwanese consumers often first visit convenience stores when they want to find the newest products, particularly imported snacks and confectionery. On the other hand, more and more consumers buy snacks through e-commerce due to the convenience of home delivery, competitive prices and a wider range of imported brands.

At the same time, increasing health and wellness trends resulted in a gradual switch towards products with healthy ingredients and natural positioning, driving up demand for snacks and confectionery with reduced-sugar and low-calorie, including nuts, trail mixes, rice snacks, vegetables, bread chips and energy bars.

Taiwan's snacks and confectionery imports reached GBP 471.8m in 2021, accounting for only 23% of the total market. Taiwan's local brands dominate the market, with the majority of imported brands from Japan, Malaysia and the US. UK brands currently active in the market include Cadbury's (chocolate), Kit Kat (chocolate bar), Walkers (shortbread) and McVities (biscuits), among others.

4.5.2. Tea

Taiwan has a long tradition of producing and drinking tea. According to Euromonitor, the market size of tea in Taiwan reached NTD 7.71bn (GBP 204.2m) in 2020, and was expected to show negligible retail value growth in 2021. This slower market growth was attributed to the fact that tea sales in Taiwan rely heavily on the travel industry and foodservice sales. Sales to domestic and overseas tourists, who purchase teas as souvenirs and novelties, were severely impacted by the Covid-19 outbreak. Furthermore, night markets, which are also a primary trade channel for tea, were also hindered, placing further downwards pressure on the sales of tea.

The Taiwanese market for black tea is mature, while the green tea market has strong potential for ongoing growth. Black tea is a very common breakfast tea in Taiwan's restaurants, mainly due to its low unit price and ease of preparation, which suits both the consumer and the restaurant/vendor. Green tea, on the other hand, in increasingly rising in popularity, partly due to its health benefits. One recent trend is the rise in popularity of green tea in hand-shaken beverage stores in Taiwan, where it is mixed together with fruits or other ingredients. For example, Yakult green tea drinks have become especially popular with female consumers, being marketed as improving the digestive system and also supporting weight loss.

With local tea production serving the bulk of local demand, imports only accounts for a small share of overall consumption. UK brands active in the market include Twinings, Lipton, Yorkshire and Whittard, among others.

5. Case Studies

5.1. Whisky – Johnnie Walker

Johnnie Walker is a Scotch whisky brand with roughly 200 years of history, originally from Kilmarnock. It is owned by multinational spirits and beer company Diageo, which is headquartered in London and owns over 200 brands. In addition to Johnnie Walker, the company's other Scotch whisky brands include Buchanan's, Talisker, Bell's and The Singleton. Diageo officially entered Taiwan in 1989, establishing a direct presence in the market. It currently has roughly 140 employees in the Taiwan, spread across three offices in the north (Taipei), middle (Taichung) and south (Kaohsiung) of Taiwan respectively.

According to industry stakeholders, Johnnie Walker has been available in Taiwan for roughly 50 years, and is the leading blended Scotch whisky brand in Taiwan by import volume. The brand in omnipresent in Taiwan, both in on-trade and off-trade channels. In the off-trade space, most major supermarkets, convenience stores, and hypermarkets stock the brand. The brand is also widely available in specialist tobacco and liquor stores, of which there are 2,000 in Taiwan. In the on-trade space, Johnnie Walker is often a mainstay at bars, restaurants, nightclubs, and hotels across the island.

Unlike smaller whisky brands, which generally operate through a distribution partner, Diageo fully controls the operations, sales and marketing of Johnnie Walker in Taiwan. The brand also invests significantly in localised marketing and promotion, regularly engaging high-profile local brand ambassadors – including Wang Jianmin, a former Major League Baseball star. Such engagements have helped the brand attract younger consumers.

According to industry stakeholders, Johnnie Walker owes its success in Taiwan to its early market entry, its strong promotion campaigns and localisation efforts, and its parent company's substantial financial resources. On the market entry side, the company's early leap into Taiwan allowed it to establish a foothold and gain a brand following ahead of the competition. On the localisation side, Johnnie Walker has invested significantly in Taiwan – in addition to engaging local brand ambassadors, the company often tweaks product packaging and branding for the local market. For example, in 2019 it launched a 'Blue Label Year of the Pig Collection', which featured a commemorative Taiwanese logo. Last year, Johnnie Walker launched a collector's edition of its XR23 blend, including a package featuring orchids – an homage to Taiwan, which counts 'orchid kingdom' as one of its nicknames. The company is also very much in-tune with local seasonal demand in Taiwan, increasing the

Image 1: Blue Label – Year of the Pig Edition

Source: Johnnie Walker

intensity of its advertising campaigns around peak seasons such as February/March (Chinese New Year) and October (popular wedding season).

> *"In Taiwan, Diageo has accounted for the largest share of imported whisky by volume in recent years, with its Johnnie Walker consistently brand topping the list."* **– Vivien Lin, Executive Director, Taiwan Alcohol Beverage Association (TABA)**

5.2. Snacks & Confectionary – Walkers

Walkers, a Scottish shortbread producer established in Speyside in 1898, initially entered the Taiwanese market roughly 20 years ago through working with multiple importers. Babi International, a local F&B distributor, became the exclusive distributor to Walkers in 2005. Babi has roughly 50 employees, with offices in Taiwan, Thailand, the US and Mainland China. Besides Walkers, the company also distributes for Pepperidge Farm (US), Stash Tea (US), Treetop Juices (US), Koh Coconut Water (Thailand), Bessie Byer Juices (US) and Kona Coffee (US), among others.

Walkers markets itself as a higher end brand in Taiwan. The company's products are available through both on-trade and off-trade channels, with the latter being more prevalent. In the off-trade space, Walkers is available in most large supermarkets in Taiwan, including premium supermarkets such as Jasons. In the on-trade space, Walkers individually packed biscuits are available at high end hotels, such as Silks Place Hotel, and also at some smaller coffee shop chains, such as Cama Café. In addition, Walkers also sells online in Taiwan via e-commerce platforms such as Momo. However, according to industry stakeholders, offline still accounts for the majority (80%) of Walkers' sales in Taiwan. Like many other British brands surveyed during this initiative, Walkers' sales are also geographical skewed. The northern region/Greater Taipei area accounts for roughly 50-60% of sales, followed by central, southern and eastern Taiwan. Sales are also subject to seasonal variations, with demand for biscuits increasing by up to 30% during winter months, according to some industry stakeholders.

The company does not have a direct presence in the local market, with its distribution partner Babi handling the bulk of sales, promotion and marketing activities in Taiwan. In general, foreign brands without staff in Taiwan support distributors by providing marketing materials and, in some instances, offering marketing fund support. Distributors then handle the localisation of marketing material, and the execution of all promotional activities.

According to industry stakeholders, Walkers owes its success in the market to its strong brand image, the company's longstanding history, and its consistent product quality. On the brand image side, Babi actively highlights Walkers' UK origins and its 100+ year history – marketing it as a 'Century-old British brand'. The brand's long heritage resonates particularly well with Taiwanese consumers, who generally value longstanding brands quite highly. Walkers' Scottish origins are also echoed by the packaging – the product's tartan package design features prominently in Taiwan. On the product quality side, Walkers has managed to maintain both consistency in quality and continuity in supply. This provides its distributor with an additional selling point, helping put customers and additional channel partners at ease.

Image 2: Walkers in Taiwan

Source: Shopee Taiwan

> *"Consumers in Taiwan have a lot of choice, with a high number of snacks and confectionary brands having a presence in the market. Brand owners and distributors must therefore find a way to differentiate their brand, and to stand out from the crowd. Taiwanese distributors need to constantly communicate brand values, product quality and value proposition to consumers. Walkers, as an iconic longstanding British brand, is well-placed for the market."* **– Brain Ti, Brand Manager, Babi International**

5.3. Tea – Twinings

Twinings' products initially entered the Taiwanese market roughly 20 years ago through imports by a handful of small importers. The company officially entered the market in 2005 though its parent company Associated British Foods (ABF), which established a presence in Taipei. Since its official market entry, Twinings has served the Taiwanese market through local distributor THL, one of the largest food and consumer good distributors in Taiwan. In addition to Twinings, THL represents roughly 40 other brands, including, McVities, Fisherman's Friend, Lipton and Ovaltine. THL employs roughly 500 people.

Twinings markets itself as a premium tea brand in Taiwan. THL has developed the brand in both on-trade and off-trade channels. In the on-trade space, it focuses mainly on high-end hotels, restaurants and boutique coffee shops. In the off-trade space, it focuses primarily on supermarkets and department stores, with customers including RT-Mart, Costo, Carrefour and Jasons. THL often highlights the brands' UK heritage in its marketing efforts. While it is also active in e-commerce, with its own localized flagship online shop and a presence on e-commerce platforms such as Momo, online sales only account for a minority of Twinings' overall sales in the market.

Image 3: Twinings – Family Mart Collaboration in Taiwan

Source: Family Mart Taiwan

While the bulk of Twinings' Taiwan operations are handled by THL, the brand's parent company ABF is closely involved in the business. ABF has a team of roughly five people in Taipei – it handles product importation, and also takes the lead on major brand building and marketing activities in Taiwan. THL, on the other hand, manages sales, operations and everyday marketing and promotion activities. The two companies work in close partnership, and THL receives ample support from ABF.

According to industry stakeholders, Twinings owes its success in the market to successful local marketing campaigns, the brand's strong heritage, the close partnership between THL and ABF, and ABF's long-term commitment to maintaining brand stability. On the marketing side, Twinings has successfully localised its activities. For example, in a recent collaboration with convenience store chain Family Mart, the company released Twinings-branded ready-to-go cups of fruit tea at select stores in Taiwan, which appealed to young consumers. On the partnership side, ABF's presence in Taiwan and dedication to the market, combined with THL's local knowledge, has helped develop the local business. For example, there exists a difference in preferences and tea drinking habits between consumers in the north and south of the island – the former preferring fruitier teas, and the latter preferring sweet teas with milk. This is also bolstered by the fact that Twinings is a well-established brand across the world, which helped spur consumer acceptance in Taiwan. Finally, ABF seems to prioritize the long-term stability of its brand strength over short-term returns. This is highlighted by Twinings' stable price point, and the fact that the company does not engage in heavily discounted promotion campaigns, unlike many other brands in the market.

> *"ABF's confidence in the strength of its brands, including Twinings, combined with the company's long-term vision for maintaining Twinings' brand status, is a key factor behind its success in Taiwan. These factors have enabled Twinings to maintain its position as the leading premium tea brand in Taiwan."* – **Nelly Tsai, Marketing Director, THL**

6. Market Opportunities

Taiwan presents significant opportunities for British food & beverage companies, with its high median income level, robust economy, strong 'eat out' culture and dense concentration of food service outlets making it an attractive market for UK products.

The key areas where we see opportunities for UK businesses are below, ranked loosely with most attractive opportunities on top:

Table 10: Market Opportunities – Taiwan

Category	Taiwan's Import Value from UK in 2021
• Whisky & other alcoholic beverages – Whisky – Gin & other spirits – Beer – Wine & sparkling wine	GBP 390.5m
• Salmon & other seafood – Salmon – Crabs – Mackerel – Lobster – Shrimps – Oyster – Mussel	GBP 13.3m
• Snacks & confectionary	GBP 5.1m
• Supplements & health food – Vitamins and dietary supplements – Fish oil – Sports nutrition products – Weight management products – Herbal/traditional medicines – Healthy packaged food	GBP 4.6m
• Meat	GBP 2.4m

Category	Taiwan's Import Value from UK in 2021
– Pork – Pork offal – Lamb (pending government approval) – Lamb offal (pending government approval)	
• Dairy products	GBP 2.4m
• Pet food	GBP 911k
• Tea	GBP 484.7k

Note: the import value of 'Supplements & Health Food' does not contain the data of health foods, because Taiwan Customs classifies health foods as ordinary foods – the import value of which therefore cannot be calculated.

Source: Intralink Research

7. Market Entry Strategies

Key Points

- Partnering with distributors, resellers and e-shop managers is generally advised for UK SMEs
- Using a sales team based outside of Taiwan is difficult due to language and cultural barriers, along with high expectations of after-sales support
- Working with a partner provides brands with valuable support and local knowledge on import regulations and product approval process

Taiwan presents opportunities for UK F&B companies. British businesses can approach the Taiwanese market through direct sales from the UK, by appointing a local partner, or by setting up an office in Taiwan.

7.1. Market Entry Models

Direct Sales from the UK

The simplest option is direct sales of a particular product from the UK into Taiwan. The main downside of this model is the lack of local time-zone representation, which often results in less efficient operations. This can be mitigated by using a local distributor or reseller, capable of bridging time-zone, language and cultural gaps without the long-term commitment of local incorporation and hiring.

Market-specific factors to consider when selling directly include:

- Do we have a strong differentiator – something that sets us apart from our competitors in the market?
- Do we have a strong track record in other major markets?
- Are we willing to localise the product for the market and/or for local regulations, if necessary?
- Are we ready to invest in promotion and marketing campaign to build our brand in the market, and are we able to manage these remotely?
- How do we provide after-sales support, if required?
- Do we understand the local regulations, particularly in relation to importing? Do we need to adjust our business model to adapt?

Appointing a Reseller or Distributor

A more common way to approach the market is to seek a partnership with an established local company that complements your product, has experience in the target sector and can help navigate the legal environment. A local channel partner can provide services such as certification, registration, sales and distribution, marketing and after-sales support in the Taiwanese market. Even large multinationals take this route in the early stages of market entry.

Market specific factors to consider when seeking a partner include:

- Does the partner already serve the type of customer that we do?
- Does the partner have a good understanding of the market in general and our target segment?
- Does the partner already offer solutions similar or complementary to our offering?
- Is the partner focused on short-term wins or will they be able to drive our business in the long run?
- Does the partner have specific experience with UK brands?
- Are we comfortable communicating with the local partner and are they transparent with us?
- Can the partner produce strong endorsements from other foreign brands?

Establishing a Local Presence

There are broadly three ways of establishing a local presence: (1) a liaison office, (2) a branch office or (3) a local corporation through foreign direct investment (FDI). Setting up a liaison office is a simple process; but a liaison office can only perform non-profit generating activities in Taiwan such as market surveys, research and development and quality assurance. Setting up a branch office can be a complicated process that requires documentation to be translated, but it allows for sales activities and the exchange of revenues with the head office. The most common process for an overseas company to open a branch office in Taiwan is through FDI, where an initial investment is made by the head office, which in return owns stock in the branch. The local corporation leads independent activities and is authorised to perform direct transactions.

Market-specific factors to consider when establishing a local presence in Taiwan include:

- Is our business generating enough revenue in Taiwan to consider a local presence? Businesses usually consider establishing a local presence after several years of sales (either direct or through a partner)
- Is Taiwan a strategic market for us, either in terms of securing market share or securing further funding?
- Do we need to engage in profit generating activities in Taiwan?
- Will we continue working with current partners in Taiwan after establishing a local presence? If so, how will we divide roles & responsibilities?
- Will we transfer staff from our head office or hire local staff?
- What location shall we pick for our local presence? Scouting, negotiating, and conclusion of contracts are time-intensive processes that often are hard to conclude without local support.

7.2. Regional Strategy

In addition, Taiwan can also be leveraged as a springboard into Mainland China. With common language and culture, Taiwanese businesses were among the first to invest and expand into China when the market opened its doors. These strong historical links, alongside Taiwan's developed legal system and a business environment that functions closer to western practices, makes Taiwan a strong candidate for a UK company's first venture into the Asia region.

8. Exhibitions

Table 11: Food & Beverage Related Trade Shows and Expos in Taiwan (2022)

Event Name	Data	Location	Category	Description
Taipei Wine & Spirits Festival 2022	April 08-11, 2022	Taipei World Trade Center	Whisky & other alcoholic beverages	Largest wine and spirits festival in Taiwan, held bi-annually. Exhibition sections: wine, sake, whiskey & spirits and beer
2022 International Food and Catering Expo	April 29 - May 2, 2022	Taipei World Trade Center	General F&B	Exhibitor categories: coffee & tea, soft drinks, desserts
Wine & Gourmet Taipei 2022	May 27-29, 2022	Taipei World Trade Center	Whisky & other alcoholic beverages	Covers entire wine industry supply chain; both local and international wine agents, wineries, wine cellarets and accessories
International Sweets & Snacks Fair (ISF) 2022	May 27-29, 2022	Taipei World Trade Center	Snacks & confectionary	Only trade fair in Taiwan solely focused on snacks. Attended by Taiwan snack agents, brands and distributors
Food Taipei 2022	June 22-25, 2022	Taipei Nangang Exhibition Center	General F&B	Claims to be Asia's largest platform for quality food procurement, covering both local and international food
Taichung Wine & Spirits Festival 2022	July 08-11, 2022	Greater Taichung International Expo Center	Whisky & other alcoholic beverages	Wine & spirit products and services including wine, whiskey, sake, white wine, fruit wine and beer
Taichung International Tea, Coffee and Bakery Show 2022	July 08-11, 2022	Greater Taichung International Expo Center	General F&B	Held concurrently with Taichung Wine & Spirits Festival Exhibitor categories: tea, processed tea & tea products,

Event Name	Data	Location	Category	Description
				coffee product, tea & coffee refreshment
Asia Healthcare & Medical Cosmetology Expo 2022	July 28-31, 2022	Taipei Nangang Exhibition Center	Supplements & health foods	Healthcare products on show: supplements, natural products, nutrition Organic & Medicinal foods on show: drinks and foods products for senior citizens and nutrition consultants
Taiwan Smart Agriweek 2022	September 01-03	Taipei Nangang Exhibition Center	General F&B	Combines Taiwan International Livestock Tech Expo, Taiwan International Agri & Horti Technology Expo, AgriFoods 2022 and Agriplus 2022
Kaohsiung Food Show 2022	October 27-30, 2022	Kaohsiung Exhibition Center	General F&B	Showcases the vast food and factory production of central and southern Taiwan
Kaohsiung Wine & Spirits Festival 2022	October 27-30, 2022	Koahsiung Exhibition Center	Whisky & other alcoholic beverages	Products on show: wine, whiskey, sake, fruit wine, sparkling wine
World's Leading Wines Taipei 2022	November 02	Hotel Regent, Taipei	Whisky & other alcoholic beverages	Focuses on a selection of internationally acclaimed wine producers, presenting to a select delegation of senior buyers in a private setting
Asia Agri-Tech Expo & Forum 2022	November 10-12, 2022	Taipei Nangang Exhibition Center	Seafood & meat	Exhibitor categories: agricultural products, vegetable, fruit, flower seeds, ornamental plant & related technology
Aquaculture Taiwan Expo & Forum 2022	November 10-12, 2022	Taipei Nangang Exhibition Center	Seafood & meat	Exhibitor categories: fish and other aquatic fry, feeds and feed ingredients, aquatic products

Event Name	Data	Location	Category	Description
Livestock Taiwan Expo & Forum 2022	November 10-12, 2022	Taipei Nangang Exhibition Center	Seafood & meat	Exhibitor categories: husbandry breeds, breeding, artificial insemination technology, meat & dairy products
Taipei Wine & Spirits Festival 2022	November 18-21, 2022	Taipei World Trade Center	Whisky & other alcoholic beverages	Largest wine and spirits festival in Taiwan, held bi-annually. Exhibition sections: wine, sake, whiskey & spirits and beer
Taiwan International Food Industry Show 2022	November 18-21, 2022	Taipei Nangang Exhibition Center	General F&B	Products on show: meats, seafood, baking goods, snacks, instant foods, fruits
Taiwan International Tea Show 2022 Taiwan	November 18-21, 2022	Taipei Nangang Exhibition Center	General F&B	Products on show: tea technology, tea raw material, different kinds of tea
Taiwan International Coffee Show 2022	November 18-21, 2022	Taipei Nangang Exhibition Center	General F&B	Products on show: bag coffee, coffee-based material, black tea, fruit tea
Taiwan Fishery and Seafood Show 2022	December 02-04, 2022	Taipei Nangang Exhibition Center	Seafood	Covers various levels in the fishery industry supply chain

Source: Intralink research

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