Investment Opportunities in the Food Industry in Taiwan

I. Introduction

Food is essential to our daily lives. After decades of development, the food industry in Taiwan has transformed from one covering only basic food processing operations and an export oriented secondary industry focused on supporting other industries and agriculture policies to a modern industry aiming to satisfy food demands in the domestic markets and raising the quality of life for all residents in Taiwan. In recent years, consumers have placed a greater emphasis on healthcare enhancement and convenience that food will bring to our life and hence, the food industry has also changed its development goals to provide quality health and convenient food to satisfy the domestic demands of dietary health. As cross strait exchanges have increased by the day, qualities of food made in Taiwan (MIT) are gradually accepted and preferred by consumers in the Chinese market, the food industry in Taiwan also starts their development in China. This will undoubtedly expand market territories for the food industry. The excessive population growth has increased the demand for food, and China, facing the crisis of population over-growth, will sooner or later be plagued by the issues of food supply. This is a great opportunity for Taiwan which is a country that shares similar dietary cultures and is in close proximity to China. Therefore, investing in Taiwan now not only means direct access to the China market, but also preparation for the next wave of foreseeable growth.
II. Investment Opportunities in the Food Industry in Taiwan

Top 10 reasons to invest in the food industry in Taiwan

(1) The food industry in Taiwan has solid technology strengths and possesses superior management ability

(2) The food related education is universal in Taiwan, abundant supplies and high quality talents in the field of technologies and management are also available

(3) High availability of related industries such as food processing machinery, packaging and distribution industries

(4) The size of the domestic market exceeds NTDS1 trillion and demands for high quality food are on the rise

(5) The industrial supply chain is very flexible and can collaborate based on different requirements: task division by specialization, flexible collaboration between large and small enterprises, OEM, small batch with high diversity or mass product production is possible

(6) Diverse dietary cultures in Taiwan, making it an ideal choice to develop different cuisines and conduct product sampling before distributing products worldwide

(7) The food industry in Taiwan has started their deployment effort in China. With investment in Taiwan, foreign enterprises can maximize their returns by capitalizing on the China networks developed by Taiwan companies

(8) The Taiwan government and private enterprises are aggressively expanding international markets with food as the cultural carriers and capital is available and continuously infused into the food industry

(9) The market demands in China are enormous and are still growing along with rising production costs and prices. Food products produced in Taiwan are stable in terms of cost and quality, and if they are exported to China to fill the market demands, then sizeable profits are expected.
Competitive and complementary relationships exist between food industries in Taiwan and China. The upstream and downstream value chains are fairly complete and foreign enterprises can capitalize on these relationships and cross-strait exchanges to gain bargaining chips for their business operations.

III. Introduction of Major Manufacturers in the Food Industry in Taiwan

In terms of size of operations, Taiwan Tobacco & Liquor Corp, Uni-President and Taiwan Sugar Corp are the top three in the industry. As the largest one, Taiwan Tobacco & Liquor Corp achieved a net profit ratio of 12.3%. As its name implies, Taiwan Tobacco & Liquor Corp supplies addictive products – tobacco and liquor as its primary products and it has entered the field of biotech and health food and product distribution. The sales territory covers the US, Japan and China. Taiwan Tobacco & Liquor Corp has in-house professional RD teams behind all its major products and possesses competitive advantages over national boundaries. The second largest manufacturer is Uni-President. As a publicly listed company, Uni-President is a regular champion in corporate revenue in the entire industry. Its net profit ratio even exceeded 18.22% in 2011, and its scopes of products cover all fields in the food industry. Uni-President also extends its operations in other related fields in addition to its core business, establishes compete support networks and enters into strategic and outsourcing partnership to enhance operational efficiency and establish a complete industrial value chain covering from the upstream to the downstream. Uni-President also invests in its operations in China, Thailand, Indonesia and Vietnam and has development potential found in international brands. Following Uni-President is Taiwan Sugar Corp., or the third largest manufacturer in the industry. Taiwan Sugar Corp owns large land resources, controls agricultural breeding and production technologies. For the fields of sugar, swine breeding and orchids, Taiwan Sugar Corp has established complete RD, production and marketing systems. It holds a dominant position in the fields of several core technologies and its businesses range from livestock breeding, organic produce, sugar, cooking oil, wholesale, merchandise marketing and biotech and healthcare. (please refer to Table 1)
<table>
<thead>
<tr>
<th>Company Name</th>
<th>2011 Revenue (in NTD$1 million)</th>
<th>2011 Net profit ratio (%)</th>
<th>2010 Revenue (in NTD$1 million)</th>
<th>2010 Net profit ratio (%)</th>
<th>2009 Revenue (in NTD$1 million)</th>
<th>2009 Net profit ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan Tobacco &amp; Liquor Corporation</td>
<td>64,436</td>
<td>12.30</td>
<td>57,293</td>
<td>15.15</td>
<td>59,009</td>
<td>13.74</td>
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<td>Uni-President</td>
<td>51,829</td>
<td>18.22</td>
<td>48,962</td>
<td>22.32</td>
<td>44,784</td>
<td>17.55</td>
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<tr>
<td>Taiwan Sugar Corp</td>
<td>41,606</td>
<td>12.63</td>
<td>32,769</td>
<td>33.15</td>
<td>38,217</td>
<td>16.19</td>
</tr>
<tr>
<td>Dachan</td>
<td>23,083</td>
<td>4.64</td>
<td>21,033</td>
<td>5.13</td>
<td>20,175</td>
<td>5.67</td>
</tr>
<tr>
<td>Datongy</td>
<td>16,631</td>
<td>3.52</td>
<td>15,629</td>
<td>4.28</td>
<td>14,672</td>
<td>4.01</td>
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<td>Charoen Pokphand Enterprise</td>
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<td>0.90</td>
<td>14,039</td>
<td>2.45</td>
<td>12,866</td>
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<td>Wei Chuan</td>
<td>13,833</td>
<td>4.95</td>
<td>13,237</td>
<td>12.32</td>
<td>12,454</td>
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<td>Standard Food</td>
<td>12,544</td>
<td>19.59</td>
<td>11,423</td>
<td>18.65</td>
<td>9,729</td>
<td>13.26</td>
</tr>
<tr>
<td>Fwusow Industry</td>
<td>10,219</td>
<td>5.39</td>
<td>9,002</td>
<td>2.52</td>
<td>9,231</td>
<td>2.69</td>
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<tr>
<td>Fopco</td>
<td>9,818</td>
<td>0.43</td>
<td>8,453</td>
<td>2.12</td>
<td>7,764</td>
<td>1.96</td>
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<tr>
<td>Taisun Enterprise</td>
<td>7,754</td>
<td>2.58</td>
<td>7,274</td>
<td>3.27</td>
<td>7,092</td>
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<td>Central Union Oil Corp</td>
<td>6,940</td>
<td>0.90</td>
<td>6,332</td>
<td>0.93</td>
<td>6,981</td>
<td>0.83</td>
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<td>Lianhwa Foods Corp</td>
<td>5,320</td>
<td>6.73</td>
<td>4,433</td>
<td>6.89</td>
<td>3,647</td>
<td>3.24</td>
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<td>HeySong</td>
<td>5,416</td>
<td>7.24</td>
<td>4,414</td>
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<td>A.G.V. Products Corp</td>
<td>3,312</td>
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<td>3,923</td>
<td>4.05</td>
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<td>HSIN TUNG YANG Corp</td>
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<td>3.89</td>
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<td>3,186</td>
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<td>Lianhwa Foods Corp</td>
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<td>37.42</td>
<td>3,288</td>
<td>60.37</td>
<td>3,088</td>
<td>42.19</td>
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<td>Tairoun</td>
<td>3,116</td>
<td>4.61</td>
<td>2,776</td>
<td>4.04</td>
<td>2,257</td>
<td>-1.9</td>
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<td>TAIYEN CO. INC</td>
<td>2,296</td>
<td>8.44</td>
<td>2,151</td>
<td>8.43</td>
<td>1,980</td>
<td>10.59</td>
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<td>Grape King Inc.</td>
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<td>2,143</td>
<td>20.17</td>
<td>1,880</td>
<td>19.95</td>
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<td>Hunya Foods</td>
<td>2,480</td>
<td>7.27</td>
<td>2,069</td>
<td>7</td>
<td>1,747</td>
<td>9.91</td>
</tr>
<tr>
<td>Namchow</td>
<td>2,333</td>
<td>14.91</td>
<td>2,016</td>
<td>25.68</td>
<td>1,847</td>
<td>20.31</td>
</tr>
<tr>
<td>VE WONG CORP</td>
<td>1,963</td>
<td>2.10</td>
<td>1,936</td>
<td>5.96</td>
<td>2,726</td>
<td>16.52</td>
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<tr>
<td>TenRen</td>
<td>2,040</td>
<td>11.48</td>
<td>1,870</td>
<td>11.22</td>
<td>1,760</td>
<td>9.93</td>
</tr>
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<td>Chang Cuann</td>
<td>1,612</td>
<td>3.92</td>
<td>1,407</td>
<td>6.24</td>
<td>1,348</td>
<td>6.6</td>
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<tr>
<td>Taiwan Fructose</td>
<td>1,417</td>
<td>2.61</td>
<td>1,380</td>
<td>4.53</td>
<td>1,178</td>
<td>4.44</td>
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<td>Herngyih</td>
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<td>10.53</td>
<td>1,185</td>
<td>13.2</td>
<td>1,139</td>
<td>13.03</td>
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</tbody>
</table>

Source: Market Observation Post System, Food Industry Research and Development Institute
IV. Competitiveness of the Food Industry in Taiwan

(I) Status of the food industry in Taiwan and its development trends

Over the years, industrial size has remained around 5,800 ~ 6,200 companies and by the end of 2011, the number had reached 5,900, the employed population in the industry grew to 115,000 and the average work hours and average monthly salary per employee has not changed much since previous years, indicating that the industry remains relatively stable. As for the size distribution, 99% of the manufacturers are small to medium enterprises (SMEs) and largest enterprises will tend to lead new developments in the industry.

According to the Department of Statistics, Ministry of Economic Affairs, the 2011 industrial production of the food industry reached NTD$493.8 billion, making up 3.42% of the entire manufacturing industry. The food industry is one of important industries in Taiwan and is constantly ranked among the top 10 industries in Taiwan. It is forecasted that the industrial production will continue to grow (please refer to Figure 1).

Source: Department of Statistics, Ministry of Economic Affair; Industrial Production Statistics Monthly, Food Industry Research and Development Institute

Figure 1 2001 – 2015 Trend and Forecast of Industrial Production of the Food Industry
(II) Wide industrial breath for all investment types

Among 23 sectors in the food industry in Taiwan, the top seven sectors are: Prepared Animal Feeds Manufacturing (industrial production: NTD$85.2 billions, 13.5% industrial total); Other Food Manufacturing (industrial production: NTD$71.2 billions, 11.2% industrial total); Slaughtering (industrial production: NTD$61.3 billions, 9.7% industrial total); Non-Alcoholic Beverages Manufacturing (industrial production: NTD$51.2 billions, 8.1% industrial total), Tobacco Manufacturing (industrial production: NTD$50.2 billions, 7.9% industrial total); Grain Mill Products and Starches and Starch Products Manufacturing (industrial production: NTD$39.9 billions, 6.3% industrial total); and Grain Husking Manufacturing (industrial production: NTD$33.8 billions, 5.3% industrial total.) The main material sources are produces and other material related industrials (please refer to Table 2) and include deep processing industries such as dairy products manufacturing industries. As for the industrial growth, they vary from year to year, and the price inflation for bulk feed ingredients in the last three years also causes both product prices and industrial production to rise.
### Table 2  Industrial Production of the Food Industry in Taiwan
(Broken down by Sectors)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slaughtering</td>
<td>45,423</td>
<td>46,681</td>
<td>56,102</td>
<td>53,789</td>
<td>58,443</td>
<td>61,300</td>
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<tr>
<td>Manufacture of Frozen Meat</td>
<td>18,080</td>
<td>21,230</td>
<td>20,725</td>
<td>20,559</td>
<td>21,104</td>
<td>24,600</td>
</tr>
<tr>
<td>Manufacture of Meat Products</td>
<td>4,049</td>
<td>4,202</td>
<td>4,748</td>
<td>5,056</td>
<td>5,399</td>
<td>5,600</td>
</tr>
<tr>
<td>Manufacture of Frozen Fish, Crustaceans and Molluscs</td>
<td>4,671</td>
<td>4,990</td>
<td>5,238</td>
<td>5,488</td>
<td>6,934</td>
<td>7,200</td>
</tr>
<tr>
<td>Manufacture of Frozen Fruit and Vegetables</td>
<td>2,213</td>
<td>1,819</td>
<td>1,786</td>
<td>2,011</td>
<td>2,707</td>
<td>2,600</td>
</tr>
<tr>
<td>Manufacture of Fruit and Vegetables Products</td>
<td>2,094</td>
<td>2,250</td>
<td>3,246</td>
<td>3,529</td>
<td>3,892</td>
<td>3,800</td>
</tr>
<tr>
<td>Manufacture of Edible Oils and Fats</td>
<td>17,030</td>
<td>22,267</td>
<td>26,175</td>
<td>24,678</td>
<td>27,963</td>
<td>30,600</td>
</tr>
<tr>
<td>Manufacture of Dairy Products</td>
<td>22,942</td>
<td>22,107</td>
<td>22,384</td>
<td>24,091</td>
<td>27,000</td>
<td></td>
</tr>
<tr>
<td>Grain Husking</td>
<td>31,687</td>
<td>34,646</td>
<td>39,250</td>
<td>36,566</td>
<td>28,368</td>
<td>33,800</td>
</tr>
<tr>
<td>Manufacture of Grain Mill Products</td>
<td>25,395</td>
<td>30,898</td>
<td>40,290</td>
<td>37,262</td>
<td>38,043</td>
<td>39,900</td>
</tr>
<tr>
<td>Manufacture of Prepared Animal Feeds</td>
<td>53,924</td>
<td>64,233</td>
<td>79,771</td>
<td>73,587</td>
<td>76,900</td>
<td>85,200</td>
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<tr>
<td>Manufacture of Bakery Products</td>
<td>22,418</td>
<td>23,093</td>
<td>23,836</td>
<td>22,056</td>
<td>23,618</td>
<td>23,900</td>
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<tr>
<td>Manufacture of Macaroni, Noodles, Couscous and Similar Farinaceous Products</td>
<td>11,647</td>
<td>12,178</td>
<td>14,223</td>
<td>12,799</td>
<td>13,436</td>
<td>14,400</td>
</tr>
<tr>
<td>Manufacture of Sugar</td>
<td>6,462</td>
<td>5,656</td>
<td>5,932</td>
<td>6,875</td>
<td>9,691</td>
<td>9,600</td>
</tr>
<tr>
<td>Manufacture of Cocoa, Chocolate and Sugar Confectionery</td>
<td>6,120</td>
<td>5,402</td>
<td>5,524</td>
<td>5,125</td>
<td>6,102</td>
<td>6,300</td>
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<tr>
<td>Manufacture of Tea</td>
<td>4,227</td>
<td>4,682</td>
<td>4,593</td>
<td>4,273</td>
<td>4,636</td>
<td>4,800</td>
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<td>Manufacture of Seasoning</td>
<td>13,928</td>
<td>14,401</td>
<td>15,847</td>
<td>16,410</td>
<td>18,267</td>
<td>17,600</td>
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<td>Manufacture of Prepared Meals and Dishes</td>
<td>20,865</td>
<td>21,741</td>
<td>23,196</td>
<td>23,909</td>
<td>24,878</td>
<td>25,500</td>
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<tr>
<td>Manufacture of Other Food Products Not Elsewhere Classified</td>
<td>53,897</td>
<td>56,073</td>
<td>56,590</td>
<td>55,968</td>
<td>66,342</td>
<td>71,200</td>
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<td>Manufacture of Beer</td>
<td>26,212</td>
<td>25,309</td>
<td>24,089</td>
<td>25,755</td>
<td>24,555</td>
<td>23,900</td>
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<tr>
<td>Manufacture of Other Alcoholic Beverages</td>
<td>9,444</td>
<td>9,775</td>
<td>9,463</td>
<td>10,217</td>
<td>9,909</td>
<td>10,200</td>
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<tr>
<td>Manufacture of Non-alcoholic Beverages</td>
<td>41,521</td>
<td>42,417</td>
<td>45,035</td>
<td>46,480</td>
<td>49,333</td>
<td>51,200</td>
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<tr>
<td>Manufacture of Tobacco Products</td>
<td>26,263</td>
<td>27,998</td>
<td>27,825</td>
<td>40,466</td>
<td>46,793</td>
<td>50,200</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>470,515</strong></td>
<td><strong>504,049</strong></td>
<td><strong>555,866</strong></td>
<td><strong>556,950</strong></td>
<td><strong>593,958</strong></td>
<td><strong>630,400</strong></td>
</tr>
</tbody>
</table>

Source: April 2012 Statistics by Food Industry Research and Development Institute

The fastest growing sector in 2011 is Grain Husking, and others, in the order of their growth rate, are: Manufacture of Frozen Meat, Manufacture of Prepared Animal Feeds, Manufacture of Edible Oils and Fats, Manufacture of Other Food Products Not Elsewhere Classified, Manufacture of Beer, Manufacture of Other Alcoholic Beverages, Manufacture of Non-alcoholic Beverages, Manufacture of Tobacco Products.
Products Not Elsewhere Classified, Manufacture of Tobacco Products, Manufacture of Macaroni, Noodles, Couscous and Similar Farinaceous Products, Slaughtering, Manufacture of Grain Mill Products, Manufacture of Frozen Fish, Crustaceans and Molluscs, Manufacture of Cocoa, Chocolate and Sugar Confectionery, Manufacture of Tea, Manufacture of Non-alcoholic Beverages, Manufacture of Meat Products, Manufacture of Other Alcoholic Beverages, Manufacture of Prepared Meals and Dishes, Manufacture of Bakery Products, Manufacture of Dairy Products. Among these sectors, although Slaughtering, Manufacture of Grain Mill Products, Manufacture of Frozen Fish, Crustaceans and Molluscs, Manufacture of Cocoa, Chocolate and Sugar Confectionery, Manufacture of Tea, Manufacture of Non-alcoholic Beverages, Manufacture of Meat Products, Manufacture of Other Alcoholic Beverages, Manufacture of Prepared Meals and Dishes, Manufacture of Bakery Products, Manufacture of Dairy Products are still growing, their industrial production declines, whereas the industrial production for the remaining sectors is increasing.

Table 3 2011 Export of the Food Industry in Taiwan

<table>
<thead>
<tr>
<th></th>
<th>Export (kg)</th>
<th>Export (NTD$1,000)</th>
<th>Export Growth Rate</th>
<th>Export Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slaughtered meat</td>
<td>34,697</td>
<td>1,166</td>
<td>-90.36%</td>
<td>-92.26%</td>
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<tr>
<td>Dairy Food</td>
<td>6,643,692</td>
<td>725,020</td>
<td>61.86%</td>
<td>78.71%</td>
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<tr>
<td>Canned Food</td>
<td>7,681,564</td>
<td>876,292</td>
<td>-8.96%</td>
<td>8.16%</td>
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<tr>
<td>Frozen Food</td>
<td>593,822,901</td>
<td>39,647,511</td>
<td>8.71%</td>
<td>14.7%</td>
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<tr>
<td>Dehydrated food</td>
<td>15,149,965</td>
<td>1,227,882</td>
<td>11.6%</td>
<td>-5.02%</td>
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<tr>
<td>Preserved Food</td>
<td>12,390,517</td>
<td>1,819,830</td>
<td>7.98%</td>
<td>20.55%</td>
</tr>
<tr>
<td>Grain and Bakery Food</td>
<td>11,742,824</td>
<td>1,289,035</td>
<td>-0.2%</td>
<td>-3.14%</td>
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<tr>
<td>Sugar Confectionery and Chocolate</td>
<td>6,734,224</td>
<td>894,197</td>
<td>-5.82%</td>
<td>11.03%</td>
</tr>
<tr>
<td>Cocoa Products</td>
<td>171,025</td>
<td>26,990</td>
<td>1.88%</td>
<td>17.12%</td>
</tr>
<tr>
<td>Coffee and Substitutes</td>
<td>15,668,740</td>
<td>683,669</td>
<td>10.9%</td>
<td>7.05%</td>
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<tr>
<td>animal and vegetable fats and oils</td>
<td>40,861,338</td>
<td>2,281,602</td>
<td>18%</td>
<td>26.05%</td>
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<tr>
<td>Grain Husking products</td>
<td>35,492,451</td>
<td>1,170,702</td>
<td>28.69%</td>
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<td>Sugar Confectionery and molasses</td>
<td>7,643,724</td>
<td>307,708</td>
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<td>Export Growth Rate</td>
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<tr>
<td>Condiment</td>
<td>71,189,312</td>
<td>3,686,968</td>
<td>-2.71%</td>
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<tr>
<td>Alcoholic Beverages</td>
<td>10,802,735</td>
<td>1,256,754</td>
<td>-13.39%</td>
<td>18.43%</td>
</tr>
<tr>
<td>None Alcoholic Beverages</td>
<td>192,268,943</td>
<td>4,724,324</td>
<td>12.68%</td>
<td>7.75%</td>
</tr>
<tr>
<td>Feed</td>
<td>66,333,239</td>
<td>2,731,368</td>
<td>-25.84%</td>
<td>-4.32%</td>
</tr>
<tr>
<td>Tea</td>
<td>5,848,674</td>
<td>1,059,400</td>
<td>-45.09%</td>
<td>9.52%</td>
</tr>
<tr>
<td>Other Food Products</td>
<td>100,488,639</td>
<td>10,654,056</td>
<td>1.95%</td>
<td>15.39%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>4,558,356</td>
<td>1,492,398</td>
<td>37.9%</td>
<td>40.47%</td>
</tr>
<tr>
<td>Residues and waste</td>
<td>237,268,578</td>
<td>378,026</td>
<td>11.33%</td>
<td>43.22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,442,796,138</strong></td>
<td><strong>76,934,894</strong></td>
<td><strong>6.29%</strong></td>
<td><strong>12.96%</strong></td>
</tr>
</tbody>
</table>

Source: April 2012 Statistics from Food Industry Database by Food Industry Research and Development Institute

The 2011 export growth rate of the food industry exceeds the average export growth rate of the food processing industry (12.96%). The sectors, in the order of their growth rates, are Dairy Food, Residues and waste, Tobacco, animal and vegetable fats and oils, Grain Husking products, Preserved Food, Alcoholic Beverages, Sugar Confectionery and molasses, Cocoa Products, Other Food Products, Frozen Food. The average selling price for the industry is NTD$53.3 per kg, or 6.28% higher than that 2010, and the sectors, as listed by the rate of price increase, are Tea, Alcoholic Beverages, Feed, Residues and waste, Canned Food, Sugar Confectionery and Chocolate, Cocoa Products, Other Food Products, Preserved Food, Dairy Food, Animal and vegetable fats and oils, Frozen Food, Tobacco.
Table 4  2011 Import of the Food Industry in Taiwan

<table>
<thead>
<tr>
<th></th>
<th>Import (kg) - (1)</th>
<th>Import (NTD$1,000) - (2)</th>
<th>Import Growth Rate (for (1))</th>
<th>Import Growth Rate (for (2))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slaughtered meat</td>
<td>22,873,462</td>
<td>4,643,359</td>
<td>11.64%</td>
<td>15.04%</td>
</tr>
<tr>
<td>Dairy Food</td>
<td>155,662,596</td>
<td>18,406,434</td>
<td>8.24%</td>
<td>15.51%</td>
</tr>
<tr>
<td>Canned Food</td>
<td>46,475,702</td>
<td>2,114,949</td>
<td>4.44%</td>
<td>-8.54%</td>
</tr>
<tr>
<td>Frozen Food</td>
<td>575,676,567</td>
<td>40,905,172</td>
<td>-0.08%</td>
<td>5.35%</td>
</tr>
<tr>
<td>Dehydrated food</td>
<td>107,878,160</td>
<td>6,005,526</td>
<td>9.32%</td>
<td>14.23%</td>
</tr>
<tr>
<td>Preserved Food</td>
<td>64,666,283</td>
<td>3,087,869</td>
<td>-2.69%</td>
<td>5.17%</td>
</tr>
<tr>
<td>Grain and Bakery Food</td>
<td>19,363,715</td>
<td>1,875,805</td>
<td>3.46%</td>
<td>3.28%</td>
</tr>
<tr>
<td>Sugar Confectionery and Chocolate</td>
<td>21,508,072</td>
<td>3,444,161</td>
<td>4.41%</td>
<td>11.03%</td>
</tr>
<tr>
<td>Cocoa Products</td>
<td>5,202,416</td>
<td>758,168</td>
<td>-5.44%</td>
<td>3.42%</td>
</tr>
<tr>
<td>Coffee and Substitutes</td>
<td>25,977,637</td>
<td>4,594,627</td>
<td>3.43%</td>
<td>32.167%</td>
</tr>
<tr>
<td>Animal and vegetable fats and oils</td>
<td>314,985,242</td>
<td>12,057,912</td>
<td>-2.99%</td>
<td>23%</td>
</tr>
<tr>
<td>Grain Husking products</td>
<td>626,415,014</td>
<td>11,029,430</td>
<td>-1.60%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Sugar Confectionery and molasses</td>
<td>844,304,504</td>
<td>13,493,233</td>
<td>6.72%</td>
<td>16.10%</td>
</tr>
<tr>
<td>Condiment</td>
<td>50,698,366</td>
<td>3,376,747</td>
<td>8.39%</td>
<td>4.64%</td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>186,283,914</td>
<td>20,398,949</td>
<td>10.85%</td>
<td>19.19%</td>
</tr>
<tr>
<td>None Alcoholic Beverages</td>
<td>74,683,681</td>
<td>3,005,656</td>
<td>5.84%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Feed</td>
<td>352,832,805</td>
<td>7,480,187</td>
<td>6.85%</td>
<td>8.51%</td>
</tr>
<tr>
<td>Tea</td>
<td>30,514,959</td>
<td>1,786,470</td>
<td>-5.8%</td>
<td>-3.82%</td>
</tr>
<tr>
<td>Other Food Products</td>
<td>228,043,779</td>
<td>17,252,358</td>
<td>3.79%</td>
<td>-2.54%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>19,058,104</td>
<td>15,286,209</td>
<td>-9.81%</td>
<td>-3.39%</td>
</tr>
<tr>
<td>Residues and waste</td>
<td>768,256,585</td>
<td>11,625,107</td>
<td>15.28%</td>
<td>5.96%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,541,361,563</strong></td>
<td><strong>202,628,326</strong></td>
<td><strong>4.94%</strong></td>
<td><strong>8.44%</strong></td>
</tr>
</tbody>
</table>

Source: April 2012 Statistics from Food Industry Database by Food Industry Research and Development Institute

For sectors whose 2011 import growth rate exceeds the average growth rate (8.44%), they are listed as follows (in the order of their growth rates): Coffee and Substitutes, Animal and vegetable fats and oils, Alcoholic Beverages, Sugar Confectionery and molasses, Dairy Food, Slaughtered meat, Dehydrated food, None Alcoholic Beverages, Sugar Confectionery and Chocolate, Feed. The average import price for the industry is NTD$44.6 per kg, or 3.34% higher than 2010, and the sectors whose import price growth rate is higher than the industrial average include
(listed by the order of the rate): Coffee and Substitutes, Animal and vegetable fats and oils, Cocoa Products, Sugar Confectionery and molasses, Preserved Food, Alcoholic Beverages, Tobacco, Dairy Food, Sugar Confectionery and Chocolate, None Alcoholic Beverages, Frozen Food, Dehydrated food, Grain Husking products.

(III) Major Exporting Countries for the Food Industry in Taiwan

In 2011, the major export countries and regions for the food industry are listed below. The largest exporting country is Japan, which is then followed by USA, China, Thailand, Hong Kong, Vietnam and Korea, and the export from these countries combined is about 80% of the entire industrial export. (please refer to Table 5)

**Table 5  2010 Top 12 Exporting Countries for Food Industry in Taiwan**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Export (NTD$100 millions)</th>
<th>% Total Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Japan</td>
<td>172</td>
<td>22.8</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>101</td>
<td>13.4</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>79</td>
<td>10.5</td>
</tr>
<tr>
<td>4</td>
<td>Thailand</td>
<td>70</td>
<td>9.3</td>
</tr>
<tr>
<td>5</td>
<td>Hong Kong</td>
<td>61</td>
<td>8.1</td>
</tr>
<tr>
<td>6</td>
<td>Vietnam</td>
<td>32</td>
<td>4.2</td>
</tr>
<tr>
<td>7</td>
<td>Korea</td>
<td>26</td>
<td>3.4</td>
</tr>
<tr>
<td>8</td>
<td>Singapore</td>
<td>26</td>
<td>3.4</td>
</tr>
<tr>
<td>9</td>
<td>Malaysia</td>
<td>22</td>
<td>2.9</td>
</tr>
<tr>
<td>10</td>
<td>Australia</td>
<td>21</td>
<td>2.8</td>
</tr>
<tr>
<td>11</td>
<td>Canada</td>
<td>17</td>
<td>2.3</td>
</tr>
<tr>
<td>12</td>
<td>Philippines</td>
<td>13</td>
<td>1.7</td>
</tr>
<tr>
<td>Other</td>
<td>Other</td>
<td>114</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
<td><strong>754</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: March 2012 Statistics from Food Industry Database by Food Industry Research and Development Institute
Frozen Food, Other Food Products and Preserved Food are primary product exported to Japan and they together make up more than 90% of the total export for Japan; for the US, the major export categories are Frozen Food, Other Food Products and None Alcoholic Beverages and they together make up 72% of the total export to the US; for China, the major export categories are Other Food Products, None Alcoholic Beverages and Alcoholic Beverages.

(IV) Major Importing Countries for the Food Industry in Taiwan

In terms of importing regions, the US is the number one importing source, then followed by Australia, Thailand, New Zealand, China, UK and France, and the exports from these countries combined are about 70% of the entire industrial export. (please refer to Table 6)

Table 6  2011 Top 12 Importing Countries for Food Industry in Taiwan

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Import (NTD$100 millions)</th>
<th>% Total Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>323</td>
<td>17.5</td>
</tr>
<tr>
<td>2</td>
<td>Australia</td>
<td>179</td>
<td>9.7</td>
</tr>
<tr>
<td>3</td>
<td>Thailand</td>
<td>155</td>
<td>8.4</td>
</tr>
<tr>
<td>4</td>
<td>New Zealand</td>
<td>145</td>
<td>7.9</td>
</tr>
<tr>
<td>5</td>
<td>China</td>
<td>95</td>
<td>5.2</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>94</td>
<td>5.1</td>
</tr>
<tr>
<td>7</td>
<td>France</td>
<td>90</td>
<td>4.9</td>
</tr>
<tr>
<td>8</td>
<td>Malaysia</td>
<td>81</td>
<td>4.4</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>79</td>
<td>4.3</td>
</tr>
<tr>
<td>10</td>
<td>Netherlands</td>
<td>63</td>
<td>3.4</td>
</tr>
<tr>
<td>11</td>
<td>Canada</td>
<td>54</td>
<td>2.9</td>
</tr>
<tr>
<td>12</td>
<td>Vietnam</td>
<td>35</td>
<td>1.9</td>
</tr>
<tr>
<td>Other</td>
<td>Other</td>
<td>450</td>
<td>24.4</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>1,843</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: March 2012 Statistics from Food Industry Database by Food Industry Research and Development Institute
Frozen Food, Other Food Products and Residues and waste are primary product imported from the US, and for Australia, the major import categories Feed, Other Food Products and Frozen Food they together make up 61% of the total import; for Thailand, the major import categories Dairy Food, Residues and waste, and Coffee and Substitutes. (please refer to Table 7)

<table>
<thead>
<tr>
<th>Importing Country</th>
<th>Importing Category</th>
<th>Import (NTD$1 millions)</th>
<th>% Total Import from the Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Frozen Food</td>
<td>11,191</td>
<td>34.6</td>
</tr>
<tr>
<td></td>
<td>Other Food Products</td>
<td>4,721</td>
<td>14.6</td>
</tr>
<tr>
<td></td>
<td>Residues and waste</td>
<td>3,083</td>
<td>9.5</td>
</tr>
<tr>
<td>Australia</td>
<td>Feed</td>
<td>6,199</td>
<td>34.7</td>
</tr>
<tr>
<td></td>
<td>Other Food Products</td>
<td>2,817</td>
<td>15.8</td>
</tr>
<tr>
<td></td>
<td>Frozen Food</td>
<td>1,911</td>
<td>10.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>Dairy Food</td>
<td>4,819</td>
<td>31.0</td>
</tr>
<tr>
<td></td>
<td>Residues and waste</td>
<td>4,787</td>
<td>30.8</td>
</tr>
<tr>
<td></td>
<td>Coffee and Substitutes</td>
<td>1,227</td>
<td>7.9</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Other Food Products</td>
<td>8,600</td>
<td>59.3</td>
</tr>
<tr>
<td></td>
<td>Coffee and Substitutes</td>
<td>4,732</td>
<td>32.7</td>
</tr>
<tr>
<td></td>
<td>Feed</td>
<td>344</td>
<td>2.3</td>
</tr>
<tr>
<td>China</td>
<td>Coffee and Substitutes</td>
<td>2,962</td>
<td>31.3</td>
</tr>
<tr>
<td></td>
<td>Condiment</td>
<td>1,176</td>
<td>12.4</td>
</tr>
<tr>
<td></td>
<td>Sugar Confectionery and molasses</td>
<td>1,021</td>
<td>10.8</td>
</tr>
</tbody>
</table>

Source: March 2012 Statistics from Food Industry Database by Food Industry Research and Development Institute