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Fresh Deciduous Fruit
General Summary

During much of MY1995/96, domestic political events as well as tension with mainland China caused an unfavorable economic environment on Taiwan, which lead to decreased sales in many industry sectors. Although apples remain the number one imported fruit on Taiwan, total Apple imports decreased by 16 percent in MY1995/96 over the previous year and U.S. apple imports decreased by 23 percent.

On July 31, 1996, typhoon Herb hit Taiwan causing major destruction including agricultural losses of more than NT\$19.7 billion (US\$1=NT\$26.51). Sources say that although Taiwan's apple crop was not badly affected by the typhoon, damage to other fruit crops could lead to an increase in fruit imports for the two months immediately following the typhoon.

U.S. apple imports are expected to increase substantially in MY1996/97 for two reasons: 1) to meet the demand for fruit as a result of crop damage from typhoon Herb and; 2) the U.S. apple crop is especially abundant this season.

Apple import quotas in CY1995 remained the same as in CY1994. A total of 25,800 MT of apples may be imported from South Korea, Japan, New Zealand, Australia, Chile, South Africa and France. Imports from the United States and Canada are not subject to quotas.

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 Production

 According to the Provincial Department of Agriculture and Forestry (PDAF), in MY1995/96, the area planted totaled 1,109 ha., down from 1,157 ha., the area harvested totaled 1,023 ha., down from 1,070 ha., the number of trees planted totaled 432,000 down from 458,000 and the number of bearing trees totaled 393,000 down from 418,000. Despite these reductions, due to favorable weather conditions, apple production for MY1995/96 increased 12 percent over MY1994/95 for a total of 9,482 metric tons (MT).

On July 31, 1996 typhoon Herb hit Taiwan causing major destruction. The worst typhoon to hit Taiwan in thirty years, typhoon Herb caused agricultural losses of more than NT\$19.7 billion (US\$1=NT\$26.51). According to news reports, more than 4,000 hectares of farmland was flooded or damaged, which drove up the produce prices despite the low quality of most of the stock.

Typhoon Herb hit just as Taiwan's apples were being harvested. For this reason, sources say that damage to this season's apple crop was minimal. However, as other fruit crops were severely damaged by the typhoon, sources say that fruit imports are expected to peak in August and September to meet the local demand for fruit.

Consumption:

Apple sales decreased in MY1995/96 largely due to Taiwan's sluggish economy, which was adversely affected by domestic and cross-strait political tension.

It is estimated that Taiwan's per capita apple consumption in MY1995/96 totaled approximately 12.5 pounds.

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 Trade

 Taiwan continues to have import restrictions on apples. Only the United States and Canada are not subject to quotas. The apple import quotas did not change in CY1996. The apple import quotas for CY1994, CY1995 and CY1996 are listed below:

Country	1994 Quota	1995 Quota	1996 Quota
USA	open	open	open
Canada	open	open	open

South Korea	4,000	9,500	9,500
Japan	600	600	600
New Zealand	4,000	4,000	4,000
Australia	1,200	1,200	1,200
Chile	9,000	9,000	9,000
South Africa	1,200	1,200	1,200
France	0	300	300
Total	20,000	25,800	25,800

Note: South Korea's import quota for 1995 and 1996 is based on a barter trade agreement. Please refer to TW5032 for more information on this agreement.

The ad valorem import tariff for imported apples remains at 50% based on the CIF price set by the Taiwan Customs Department. According to local sources, the CIF reference price set by Taiwan's Customs Department for all apple imports in the MY1995/96 season were US\$19.50 per carton for Fuji apples, US\$17.60 per carton for Gala and US\$13.20 per carton for Red Delicious and other varieties.

Imports

General Situation:

Apples continue to be the number one imported fruit on Taiwan. In MY1995/96 apple imports totaled 110,432 MT, a 16 percent decrease from MY1994/95. This decrease was largely attributed to the U.S.'s short apple crop in MY1995/96, sources report. In addition, the 12 percent increase in Taiwan's local apple production in MY1995/96 reduced the need for apple imports.

According to local sources, apple imports are expected to increase significantly in MY1996/97 for two reasons: 1) to meet the demand for fruit as a result of crop damage from typhoon Herb and; 2) the U.S. apple crop is especially large this season.

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Local sources report that in general, Taiwan consumers tend to believe that Southern Hemisphere apple imports are fresher than their Northern Hemisphere counterparts. The sources say that this is because whereas U.S. apple varieties are available on Taiwan year-round, Southern Hemisphere apple imports are only available from March through August. In March, when the Southern Hemisphere imports first arrive, consumers and traders alike are eager to purchase this "new" product.

U.S. Market Position:

The volume of U.S. apple exports to Taiwan totaled 90,244 MT in MY1995/96, a 23 percent decrease from the previous year. The value of U.S. apple imports totaled US\$61,881 in MY1995/96, a 17 percent decrease from MY1994/95. Local sources attribute the decrease in U.S. apple imports to Taiwan's overall sluggish economy, and to the fact that the U.S. apple crop in MY1995/96 was especially short, which lead to higher apple prices, which in turn lead to a reduction in sales. According to the Washington Apple Commission, the apple crop in MY1996/97 is especially

abundant and the prices are more competitive than during MY1995/96. Therefore, sources estimate that U.S. apple exports to Taiwan will total approximately 120,000 MT in MY1996/97.

According to the Washington Apple Commission, for more than ten years, Washington Red Delicious apple exports were Washington State's top export variety to Taiwan. Beginning with the 1994/95 season however, Washington Fuji apple exports exceeded Washington Red Delicious apple exports to Taiwan. Sources report that approximately 50 percent of the Taiwan import volume of Fuji apples come from Washington State, with the remaining 50 percent coming from California, New Zealand, Korea, Japan, Chile and South Africa. The Fuji variety has become so popular on Taiwan, that other varieties have a tough time competing in the market. According to sources, this trend is expected to continue in the next few years.

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 Imports

 Below is the market share for apples exported into Taiwan over the past five years: (percentages are rounded off)

	1991	1992	1993	1994	1995
USA-Washington	72	68	51	68	57
USA-Others	5	16	38	24	28
Canada	2	1	2	1	1
South Korea	8	6	0	0	2
Japan	1	0	0	0	0
Chile	8	5	6	3	6
New Zealand	3	2	2	2	5
South Africa	0	0	0	0	0
Australia	0	0	0	0	1
France	N/A	N/A	N/A	N/A	0
Total Import	78,167	115,902	106,916	122,498	118,625

Source: Washington Apple Commission

The Competition:

New Zealand

New Zealand apple exports to Taiwan totaled 4,885 MT for a total value of US\$3,770 in MY1995/96, down 5 percent and 9 percent, respectively, from the previous year. According to local sources, bruising caused by using thinner packing boxes lead to reduced sales of New Zealand apple imports.

In MY1995/96, New Zealand introduced two new varieties, Southern Snap and Pacific Rose, to the market, neither of which was particularly well received. Both varieties are medium-sized red apples which sold for NT\$1,400/box on the wholesale market. Sources report that these two new varieties were unable to compete on the market with the Fuji variety, which continues to be the most popular apple variety on Taiwan.

In MY1995/96, New Zealand aggressively promoted its apple imports by advertising in the newspapers and by airing TV commercials. In addition, wholesalers who purchased New Zealand apple imports were given aprons and hats with a New Zealand logo.

According to local experts, with New Zealand imports limited to 4,000 MT, promoting New Zealand products in the Taiwan market is not necessary. Rather, these experts are

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of the opinion that New Zealand aggressively promotes its fruit imports in the Taiwan market in anticipation of the day when the Taiwan authorities will liberalize the market. By testing its products in the Taiwan market in advance of market liberalization, New Zealand is striving to strengthen its market position once liberalization takes place.

Australia

Australian apple exports to Taiwan decreased by 42 percent in MY1995/96 from the previous year. In CY1994 the Taiwan authorities raised the import quota on Australian apple imports from 500 MT to 1,200 MT. Anxious to take advantage of this quota increase, local traders imported a total of 1,118 MT of Australian apples in MY1994/95. In MY1995/96, Australia's import quota was again 1,200 MT, but traders were less eager to purchase the Australian Pink Lady variety, which Australian exporters have been aggressively trying to sell in the Taiwan market.

The Pink Lady variety has yet to take hold in the Taiwan market, which sources say is due to the variety's tart taste. In MY1995/96, the Pink Lady variety sold for NT\$99 for 5 apples. According to a local source, the relatively high price of the Pink Lady variety was because the Wellcome supermarket chain was the exclusive importer of the variety in MY1995/96.

South Korea

South Korean apple exports to Taiwan increased by 33 percent in quantity, but reduced prices lead to a 27 percent decrease in value in MY1995/96.

According to local sources, South Korean Fuji apples imports sold especially well on the Taiwan market in MY1995/96 for the following reasons: 1) to be more competitive with U.S. Fuji apple imports, South Korean Fuji imports sold for one-third less on the wholesale market than they did the previous season; 2) packed in poly sock, they were unbruised and fresh looking; 3) they sold in 10 kg packages, which were convenient for traders to sell.

At the beginning of each season, importers of South Korean apples typically announce the arrival of these imports in the local newspapers.

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Chile

Chilean apple exports to Taiwan increased by 84 percent in

quantity and by 88 percent in value in MY1995/96. Nearly reaching its apple import quota of 9,000 MT, Chilean apple imports to Taiwan totaled 8,396 MT in MY1995/96.

According to local experts, Chilean apple imports, most of which were Fuji variety, greatly increased in MY1995/96 as a result of the decrease in the U.S. Fuji apple supply during that year. Sources report that while the taste of the Fuji variety is fairly constant, the appearance varies from country to country. According to these sources, the Chilean Fuji variety is more attractive than the New Zealand Fuji variety to the Taiwan consumer, but not as appealing as the U.S. Fuji variety.

Chile does not promote its apples in the Taiwan market.

Others

Canadian apple imports increased substantially in both quantity and value in MY1995/96. However, even with this substantial increase, the total quantity of Canadian apple imports to Taiwan is minute compared to some of the United States' other apple competitors. For a detailed explanation of the reasons for low Canadian apple exports to Taiwan, please refer to TW5028. Sources say that Canadian apple imports increased in MY1995/96 due to the decrease of U.S. Fuji apple imports to the Taiwan market.

The quantity of Japanese apple exports to Taiwan increased by 41%, but decreased in value by 40 percent in MY1995/96. In order to compete with U.S. Fuji imports, Japanese exporters were forced to lower the price of their Fuji apples, thereby causing a decrease in the value of its imports.

Exports:

There were no apple exports in MY1995/96.

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 Prices

 The following price table lists the wholesale prices for imported apples for January and June 1994, 1995 and 1996. Prices are in New Taiwan dollars and are per box unless otherwise noted. The exchange rates are given below:

Varieties and Sources	Jan. 1994	Jan.1995	Jan.1996
WA Red Delicious	750-800	700-950	800-950
WA Fuji	1000-2200	1100-2500	1100-2800
WA Gold Delicious	700-800	800-850	800-900
CA Fuji	900-1900	1100-2100	800-2400
Canadian Fuji	N/A	1200-2200	1150-2300
French Fuji	N/A	N/A	1000-1300
Korean Fuji	N/A	1500-2000	1100-1400
Japanese No.1 (5kg)	2700-2800	3000-3100	2300-2600

Varieties and Source	June 1994	June 1995	June 1996
WA Red Delicious	700-850	700-900	800-900

WA Gold Delicious	900-1000	700-1000	800-950
WA Fuji	1700-2100	1200-2800	1700-2200
Chilean Fuji	2800-3000	1300-2000	1700-2200
New Zealand Fuji	2000-2300	1800-2200	1700-1900
Japanese No.1 (5kg)	N/A	3000-3100	2200-2400
Japanese Mutsu (10kg)	N/A	4200-4300	3350-3700

Source: Steven Chu & Associates--Washington State Apple Commission Taiwan Representative

Average Exchange Rates: US\$1=NT\$26.53 for Jan.1994
 US\$1=NT\$26.29 for Jan. 1995
 US\$1=NT\$27.40 for Jan. 1996
 US\$1=NT\$26.50 for June 1994
 US\$1=NT\$25.50 for June 1995
 US\$1=NT\$27.40 for June 1996

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 Fresh Apples

Global Economic Data Exchange System

Commodity: Fresh Apples (0574000) (HA) (K TREES) (MT)

Beg. Month/Year of Marketing Year:	07 / 94		07 / 95		07 / 96	
CHINA (TAIWAN)	Revised 1994		Prelim 1995		Forecast 1996	
	Old	New	Old	New	Old	New
Area Planted	1157	1157	1108	1109	0	1070
Area Harvested	1070	1070	1022	1023	0	1000
Bearing Trees	418	418	393	393	0	370
Non-Bearing Trees	40	40	39	39	0	30
Total Trees	458	458	432	432	0	400
Commercial Production	8469	8469	9482	9482	0	8000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	8469	8469	9482	9482	0	8000
TOTAL Imports	127894	131744	128000	110432	0	134000
TOTAL SUPPLY	136363	140213	137482	119914	0	142000
Domestic Fresh Consump	136340	140190	137482	119914	0	142000
Exports, Fresh Only	23	23	0	0	0	0
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	136363	140213	137482	119914	0	142000

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Trade Matrix
 Fresh Apples Units: Metric Tons

Exports for 1994 to:		Imports for 1994 from:	
-U.S.		-U.S.	116,767
-Other		-Other	
Vietnam	23	New Zealand	5,148
		Chile	4,572
		South Korea	2,475
		Canada	1,168
		Australia	1,118
		Japan	451
		France	36
		South Africa	9
Total of Others	23	Total of Others	14,977

Others not listed

Grand Total 23

Others not listed

Grand Total 131,744

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Fresh Apples

Trade Matrix
Fresh Apples

Units: Metric Tons

Exports for 1995 to:
-U.S.
-Other

Imports for 1995 from:
-U.S. 90,244
-Other
Chile 8,396
New Zealand 4,885
South Korea 3,292
Canada 1,476
Australia 653
South Africa 648
Japan 635
France 203

Total of Others

Others not listed

Total of Others 20,188

Others not listed

Grand Total

Grand Total 110,432

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