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Canada



## THE MARKET FOR HEALTH FOOD, VITAMINS, AND NUTRACEUTICALS IN TAIWAN

June 2000

*(Également disponible en français sous le titre,  
Le marché des aliments de santé, des vitamines,  
et des nutraceutiques à Taïwan)*

Prepared by the  
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and the  
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## THE MARKET FOR HEALTH FOOD, VITAMINS, AND NUTRACEUTICALS IN TAIWAN

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### EXECUTIVE SUMMARY

The health food market in Taiwan is undergoing a period of change, following the August 3, 1999 introduction of the Taiwan Health Food Control Act (THFCA). The THFCA legally defined "health food" as a drug, requiring goods entering the market to clinically prove claims of promoting overall health. High-dosage vitamins were also categorized as pharmaceuticals, while lower-dosage vitamins fall into the classification of food. Other dietary supplements also gained the classification as food, allowing for lighter regulation on health-benefit claims.

Due to the recent change in the definition of health food, the implementation of more strict standards of proof for manufacturers of health foods, and a clearer classification of vitamins and dietary supplements, sales of these products can be expected to decrease in the short term. Manufacturers, importers and retailers will be subject to close government regulation, and tighter controls over the sale of products claiming to improve health. Although Canada currently does not have similar controls over the manufacture and sale of these products, exporters must be aware of the regulations and associated penalties that exist in Taiwan.

The market for health foods and dietary supplements in Taiwan has increased about 20% per year since 1997, which was one of the reasons that the THFCA was created. Dietary supplement sales alone reached \$1.1 billion in 1998, increasing 21% over the previous year's sales. The import market for dietary supplements in 1998 represented nearly 62% of the market total, reaching \$676.6 million. The United States leads exporting countries in this market, due to the perception that its exports are of higher quality than either domestic products or imports from other countries.

Products or raw materials with good potential for sales growth over the next three years include weight-loss meals and supplements, calcium, herbal products, and multivitamins. As the Taiwanese population continues to develop as an aging society, health foods and dietary supplements targeted toward the middle-aged and elderly consumers will be in high demand. However, younger consumers are also beginning to recognize the benefits of increased energy in their daily lives.

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**THE MARKET FOR HEALTH FOOD,  
VITAMINS, AND NUTRACEUTICALS IN  
TAIWAN**



**MARKET OVERVIEW**

The passage of the Taiwan Health Food Control Act (THFCA) in August 1999 legally categorized health food as a drug, and categorized dietary supplements as food. The Act officially defined "health foods" as those food products that provide certain nutrients, or that are clinically proven to promote overall health. Manufacturers can no longer simply claim their products to be therapeutic or preventive in nature. High-dosage vitamins are categorized as pharmaceuticals, requiring importers to obtain import licences and local manufacturers to obtain product registration. However, lower-dose vitamins fall under the category of food.

The law was designed to protect consumers' rights and health, and also to regulate the local health food

industry. Exaggerated or untrue claims of medicinal value were frequently made by manufacturers, in an effort to secure greater product sales. As a defined, special legal term, violators of the law risk fines of up to \$45 000<sup>(1)</sup> (NT\$1 million), or up to three years in prison.

In order for a food to qualify as health food, it must fit into one of the following categories, and be accompanied with proof of its achievement: liver protection, anti-oxidation, blood-sugar control, immune-system control, blood-lipid adjustment, gastric-intestinal palliatives, osteoporosis prevention, or dental-health control. Essentially, health food in Taiwan is equivalent to the loose North American definition of "functional food."<sup>(2)</sup> All health food products, locally produced or imported, must subsequently gain approval from the Bureau of Food Sanitation (BFS) before they may be marketed in Taiwan.

The health food and dietary supplement market in Taiwan has experienced robust growth in recent years, which was the initial reason that the THFCA was established. Total sales have expanded by about 20% per year since 1997, but were expected to peak with the release of the THFCA, because fewer manufacturers will be able to market their products as health foods. Domestic sales of dietary supplements reached \$816.9 million in 1997, and increased 21% to \$1.1 billion in 1998. New products are regularly being introduced into the market, creating a wide diversity of products from which the consumer may choose. Most high-quality products enjoy rapid market growth as a result of consumer acceptance.

**Table 1. Taiwan Health Food Market: Top-selling Products, 1998**

Rank	Product	NT\$ billion	C\$ million
1	Ling Chih <sup>(3)</sup>	2.0	88.9
2	Weight reducing & related products	1.8	77.7
3	Chicken extract	1.3	57.7
4	Protein products (incl. fish protein)	1.3	55.5
5	Multivitamins, minerals & amino acid	1.2	53.3
6	Immuno-globin/powdered milk	0.8	35.5
7	Fish oil/ salmon oil	0.8	35.5
8	Herbal products	0.8	35.5
9	Calcium	0.6	26.6
10	Vitamin C	0.6	26.6
	<b>TOTAL MARKET VALUE</b>	<b>22.1</b>	<b>976.8</b>

Source: Food Industry Research and Development Institute (translated by Canadian Trade Office in Taipei), December 15, 1999.

Vitamin dosages that are less than, or equal to, the standard outlined in Table 2 are classified as food, while dosages in excess are classified as pharmaceuticals. Some of the guideline increases which are under review (vitamins A, D, and E), will be finalized in August 2000, barring unforeseen challenges. Table 2 shows the vitamin guidelines at their revised levels. The market regulations for vitamins B and C are expected to be relaxed at a later date, however those levels have yet to be decided upon.

In determining its guidelines for vitamin E consumption, the Taiwan government took into account the level recommended in the U.S., Canada, Japan, Australia, Germany, and the U.K.. It is hoped that these regulatory changes will result in lower prices for these vitamins.

**Table 2. Health Food Control Act Vitamin Standard**

Calcium: 1200 mg	Vitamin B1 (Thiamine Hydrochloride): 1.8 mg
Folic Acid: 600 mg	Vitamin B2 (Riboflavin): 2.25 mg
Iron: 22.5 mg	Vitamin B6 (Pyridoxine Hydrochloride): 3.15 mg
Iodine: 202.5 mg	Vitamin B12 (Cyanocobalamin): 4.5 mg
Niacin: 27mg N.E.	Vitamin C (Ascorbic Acid): 82.5 mg
Phosphorus: 1200 mg	Vitamin D (Cholecalciferol): 1000 I.U.
Vitamin A: 10 000 I.U.	Vitamin E (Dlalphatocopherol): 400 I.U.

Note: R.E.= Retinal Equivalent; I.U.= International Unit; 1 mg. R.E.= 1mg.

Source: Angeli Chou, *Dietary Supplements*, United States Department of Commerce, 19 November 1999, downloaded 9 February 2000.

According to the Taiwan Department of Health (DOH)<sup>(4)</sup> 1997 national health investigation, the most popular dietary supplement products were low-dosage multi-vitamins (16.5% of sales); dietary supplement pollen and others (14.6%); vitamin E (13.9%); vitamin C (13.2%); Chinese medicines (11.4); and vitamin B complex (5.1%).

### Key Factors Shaping Market Growth

According to the latest statistics from the Food Industry Research Development Institute (FIRDI), health food consumption in Taiwan last year grew by over 10%. In particular, edible vitamin and mineral products reached at least \$227 million (NT\$5 billion). However, research analysts warn that future growth of the market might contract to around 4% to 5% for the next few years because of tighter restrictions under new health food regulations. On the other hand, when Taiwan enters the World Trade Organization (WTO), reductions of import tariffs may contribute to a reduction of retail prices for health food, and may lead to an increase in purchases of imported food products.

Taiwan's continuing economic growth, coupled with simultaneous increases in disposable income and standards of living, will offer good potential for the further development of the health food and dietary supplement market. However, with the legislation that created strict definitions for health food and dietary supplements, the growth of the market will be equally dependent upon the ability of manufacturers to prove that their products provide the health benefits previously claimed, within the guidelines of the law. It is expected that market sales totals will decline in 2000 from 1999 totals. However, that will largely be the result of the number of products forced off the health food market by the new legislation.

While the demographic trend in Taiwan is toward smaller families, longer lives, and a higher education of the island's population, the desire to enjoy better health and quality of life is also increasing. In 1998, 8.2% of the 22.1 million inhabitants of the island were over 65 years of age. Thus, in the midst of an aging population, Taiwan's doctors and nutritionists are increasingly placing emphasis on the prevention of illness, rather than on remedies, leading to a wider acceptance of dietary supplements.

In addition, the structure of society in Taiwan is changing. More people are aware of medical advancements, and medical reports are increasing consumers' awareness of their health. Besides, multinational companies are extending into health food research and development through the assistance of either government or academics. Advertisements and promotions are the major channels for campaigns of a certain product, however, this must be accomplished without contravening regulations with regard to health food advertising.

### Opportunities

Products or raw materials identified as having potential for sales growth in the next three years include:

weight-loss supplements  
natural anti-oxidants  
cordyceps  
calcium  
herbal products

immuno-proteins  
edible fibre  
multivitamins  
weight-loss meals  
lactobaccillus

Other imported products highlighted for good sales prospects include lecithin, beta carotene, chitosan, fish oil (EPA/DHA), shark cartilage, and collagen albumen.

Consumers purchasing health foods and dietary supplements are seeking aid with a number of concerns. These concerns include weight loss; skin care and related products; a reduction of cholesterol; improving the immune system; anti-oxidants; improving liver functions; improving sexual virility; breast enhancement; and the prevention of cancer, the effects aging, osteoporosis, and memory loss in the elderly. Products targeting these concerns may be able to thrive in the market among consumers who are eager to find new ways to live longer, healthier lives.

## COMPETITIVE ENVIRONMENT

### Local Capabilities

Domestic manufacturers compete successfully in the low-dosage vitamins and Chinese medicine dietary supplement markets, but are somewhat limited to these markets. Domestic firms supplied about \$338.3 million of the local market for dietary supplements in 1998, representing about 30% of the market. The main goods produced by these companies include Germoderma (linzhi), chlorella, spirulina and bee pollen.

Over 150 companies are registered in Taiwan for the production of dietary supplements, 70% of which have operating capital of less than \$1.5 million. In several cases, manufacturers have moved part of their production facilities to mainland China to take advantage of lower production costs and the proximity to that market. Major dietary supplement manufacturers on the island include Double Crane Linghi Ltd., Jeou-Shou Group, Taiwan Chlorella Manufacturer Co., Ltd., Tun Hai Chlorella Corp., and Taiwan Sugar Corp.

### International Competition

Imported health foods and dietary supplements are generally perceived to be of higher quality than their domestically produced counterparts. Therefore, while the market as a whole is expected to increase over the next few years, imports are projected to increase at a faster rate. Japanese firms, which have traditionally targeted Taiwanese consumers, are expected to experience the fastest growth among imported product brands. Among the products expected to continue rapid growth in market demand are lecithin, beta-carotene, calcium, chitosan, fish oil, herbal preparations, and multivitamins. Over 85% of imports of vitamins are multivitamins, according to the Taiwan Directorate General of Customs.

Imports of dietary supplements in 1998 were valued at \$676.6 million. The United States dominated the market with a 63.8% share, followed by Japan (12.8%), Switzerland (11.3%), and Germany (3.2%). Chitosan of Japan Bio-Strath and Dr. Dunner from Switzerland, Zumla of Germany, and Flogencyl of France are all well-known brands to local consumers.

Dietary supplements from the United States dominate the market for several reasons. The competitive pricing strategies, and clear labelling of ingredients and product expiry dates appeal to consumers, but more importantly, consumers perceive products from the U.S. to be the result of advanced technology, and to have undergone superior quality-control checks with the U.S. Food and Drug Administration (FDA). In addition, Taiwanese tourists to the U.S. frequently purchase large amounts of vitamins, which are much less expensive there than in Taiwan, to take back home as gifts.

### Canadian Position

Canada exported \$2.3 million of ginseng in 1999 to Taiwan, in addition to bee propolis, fish oil, maple syrup, and vitamin supplements.

Canada does not currently differentiate between health foods, dietary supplements, and high-dosage vitamins in the manner that Taiwan does. As a result, Canadian manufacturers and exporters of these goods must understand Taiwan's regulations regarding the definition of health food and pharmaceuticals, and must be aware of the penalties associated with contravening the law.

Should a Canadian manufacturer decide to export a product that is traditionally considered as a health food, but not marketed as such in Taiwan, the THFCA would not apply, nor would any of the Act's restrictions. The law is in place to regulate those products which make claims to be beneficial to health, but do not have any proof to support the claims.

Ginseng and other products in similar situations, should be able to continue being marketed without any changes, so long as no health claims are made. Typically, the sales success of ginseng, as well as certain other products, relies upon consumer perception of a product's benefits, not the product claims, so these sales should not be affected by the legislation.

## **Competitive Advantage Through Canadian Government Policies and Initiatives**

### ***Export Development Corporation (EDC)***

The Export Development Corporation (EDC) offers export financing and insurance to Canadian exporters. Additionally, insurance can be provided for larger transactions that are subject to the terms and conditions established by the buyer. EDC prefers to work through letters of credit, bank credits or bank guarantees. Approval for financing is considered on a case-by-case basis.

### ***Canadian Commercial Corporation (CCC)***

The Canadian Commercial Corporation (CCC) gives Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and the CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. The CCC will also act as a prime contractor on behalf of Canadian small and medium-sized enterprises, giving those businesses increased credibility and competitive advantage.

### ***Program for Export Market Development (PEMD)***

The Program for Export Market Development (PEMD) helps Canadian companies enter new markets by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. Eligible activities include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for international marketing agreements, transportation costs of offshore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute a market development plan. Activity costs are shared on a pre-approved, 50/50 basis.

The PEMD refundable contribution ranges from \$5,000 to a maximum of \$50,000. Preference is given to companies with less than 100 employees for a firm in the manufacturing sector and 50 in the service industry, or with annual sales between \$250,000 and \$10 million. Other components of the program include international bid preparation (Capital Project Bidding) and, for trade associations, developing international marketing activities for their membership. For additional information visit <http://www.infoexport.gc.ca/pemd-e.asp> or call 1-888-811-1119.

### ***WIN Exports***

WIN Exports, a database of Canadian exporters and their capabilities, is used by trade commissioners around the world and by Team Canada Inc partners in Canada to match Canadian suppliers with foreign business leads, and to share information on trade events. To register your company in WIN Exports or for more information, visit <http://www.infoexport.gc.ca/winexports/menu-e.asp> or call 1-888-811-1119.

### ***Agri-Food Trade Program (AFTP)***

The Agri-Food Trade Program (AFTP) is a cost-shared contribution program designed to support Canadian agri-food industry activities in areas of market readiness, market access and market development. The objective of the AFTP is to increase sales of agriculture, food, and beverage products in domestic and foreign markets.

AFTP's priority is to encourage Canadian agri-food associations and alliances to develop and implement sectoral export market development strategies to improve global competitiveness. For more information, please visit <http://www.agr.ca/progser/>.

## **CONSUMERS**

Taiwan's economy in 1999 had not fully recovered from the effects of the Asian economic crisis and the earthquakes that hit the island in September 1999, resulting in conservative consumer spending.

Previously, levels of household disposable income had reached \$40,000 in 1998, resulting in increased purchasing power for the island's inhabitants. As the economy recovers, higher disposable income will allow consumers to purchase increasing amounts of imported food products, which are frequently more expensive than domestic alternatives. Taiwan's consumers generally believe that foreign firms offer far superior point-of-sale service to that of local companies, and that imported products are of better quality than domestic varieties.

The main purchasers of dietary supplements are middle-aged and elderly people, since they are generally interested in enhancing their energy levels and maintaining good health. However, the market among young professionals in their 20s and 30s is growing, as they see supplements as increasing energy levels, and helping to release stress from work and life. Parents are also buying more vitamins and dietary supplements in an effort to improve their children's health.

## **PUBLIC SECTOR CUSTOMERS**

### **Government Organizations**

The government operates 500 retail outlets that offer a product range similar to that of hypermarkets. Access to these public co-ops is limited to government employees, military personnel and teachers. Prices are generally discounted by 25% over supermarket or hypermarket prices. Public co-ops do not import directly or purchase from foreign exporters, but instead purchase both domestic and imported products from local distributors. Therefore, if exporters wish to access this market segment, they will have to use local distributors in Taiwan.

### **Government Procurement Regulations**

The Central Trust of China (CTC) is the government procurement and distribution organization in Taiwan. However, most government purchases are administered by local purchasing entities without the aid or direction of the CTC. The CTC is simply informed of any procurement purchase.

Under Taiwanese law, most public enterprises and agencies must procure locally when products are available. While most tenders are open to international companies, local firms are heavily favoured. However, as an element of its accession to the WTO, Taiwan agreed to join the *Agreement on Government Procurement* (GPA). This should aid in improving the transparency of the bid process on major government procurement contracts in the future.

## **MARKET LOGISTICS**

According to the THFCA, health foods and high-dosage vitamins will be subject to the same regulations that apply to pharmaceuticals, while dietary supplements and low-dosage vitamins will be subject to the regulations that are applicable to food. It is imperative that exporters are aware of the difference in regulations, not only when trying to get their products through customs, but also when marketing and retailing the products. The Canadian Trade Office in Taipei can assist Canadian exporters in these matters, by providing information beyond the scope of this report.

Taiwan is one of the largest cargo handlers in the world, and the distribution infrastructure is among the best in the world. Because the island is relatively small, most of the main markets are easily accessible. Nevertheless, although the market is concentrated, some rural regions remain under-supplied.

### **Channels of Distribution**

Distribution channels include direct and indirect marketing (75%); pharmacies or drugstores (8.4%); regular food outlets such as supermarkets, hypermarkets, convenience stores, etc.(7.8%); cosmetics and drug shops (2.8%); TV/Cable TV shopping /mail orders (1.9%); health food stores (1.5%), and; hospitals and clinics (1%).



Taiwan has a very modern retail market, with over 1000 supermarkets and 4000 convenience stores. Convenience stores are slowly gaining market share from supermarkets by offering more product choice and longer hours, in an effort to provide more retail services to customers and encourage repeat business. The 24-hour convenience of stores such as 7-Eleven, Circle-K, Family Mart, AM PM, Nikomart, and Hi-Life benefit from many late-hour sales. Although the country's distribution system is well-developed, it is undergoing changes that will ease market access for imported products.

A good partner, agent, distributor or joint-venture partner is as essential in Taiwan as it is in any other export destination. To simplify the process, some importing firms will also act as distributors. This system is not always preferred by exporters, but in Taiwan, fears exist that companies searching for distributors are not serious about entering and committing to the Taiwanese market. When distributors are enlisted to take ownership of product, companies can maintain involvement in the market at arms-length, since extra costs of distribution, marketing and product servicing, among others, are not incurred. If a company insists on working with a distributor, the company should also spend extra time and money to demonstrate its commitment to the market.

### ***Direct Sales***

It is now possible to make direct sales in Taiwan, since many retailers are looking for ways to reduce costs and to be more competitive. One strategy adopted by retailers is to deal with manufacturers directly, in order to decrease the number of wholesalers used in getting the product to the customer. This strategy is most common among large retailers, who are more likely than smaller retailers to have the means and resources to provide their own distribution network. Company-owned convenience chain stores frequently purchase directly from manufacturers and often operate affiliated distribution companies.

From 1994 to 1997, direct sales of dietary supplement products experienced significant growth, with sales reaching \$65 million. In 1998, 164 companies were involved in direct sales of dietary supplements, representing approximately 68% of registered direct sales companies in Taiwan. However, since health foods now require permits from the DOH, direct sales of health foods have declined between 10% and 30%.

### ***Distributors and Wholesalers***

Both distributors and wholesalers are employed in Taiwan, but small and medium-sized exporters generally rely exclusively on distributors. Distributors in Taiwan act as sales agents, and, in the case of small transactions, may also act as product promoters. Wholesalers purchase imported goods for sale to numerous outlets, generally in rural regions.

According to the World Economic Society, Taiwan has approximately 6000 wholesalers that handle processed food and beverages. There is expected to be a consolidation of these wholesalers, which will have the effect of decreasing the number of operators and their scope of operations. Meanwhile, distribution firms are expanding their operations.

### ***Retail Distributors***

Between 15% and 20% of products sold in Taiwan's supermarkets, hypermarkets, and warehouse stores, plus 15% of convenience store sales, are imported, and the trend is increasing. Hypermarkets and warehouse stores were the fastest-growing segment of the retail industry in 1998, increasing sales by 20.5% to reach \$4.14 billion. The opening of 20 new stores was a significant contributing factor to the increase in sales. Expansion of the segment by 15 to 20 stores annually is expected to continue for a few more years.

Some large food retailers have successfully developed independent distribution networks, while smaller retailers have found it more cost-effective to contract with large distribution companies. Exporters should note that many Taiwanese retailers charge standard listing or shelving fees, and expect manufacturers to cover the costs of in-store promotions and product demonstrations.

### ***Agents and Sales Representatives***

Agents have the advantage of superior market intelligence and improved communication for customer servicing. Sales representatives play an important role in the direct sale of products. Generally speaking,

foreign firms are better served by agents with whom they have close ties.

Canadian suppliers are encouraged to establish relations with those individuals and companies that have a solid understanding of Taiwan's retail sector. It is also important that potential sales partners have well-established industry contacts.

### **Market-entry Considerations**

Distinct and unique packaging is a key to establishing brand recognition in Taiwan, as consumers rely on brand logos and colours to identify their favourite products. However, as mentioned earlier, while adhering to Taiwanese labelling laws, an English brand name will enhance the consumer's perception of the product being of higher quality. As always, product price and quality are significant considerations for the consumer. However, it is important to note that promoting the therapeutic ability of products, such as improving digestion or clearing the blood, is prohibited, even if the product has been approved by the DOH.

Exporters considering Taiwan as a market should keep in mind the changes in tariff and non-tariff barriers that are ongoing as a result of the country's WTO application. Both processed and non-processed agricultural products have seen major -- and often confusing -- changes in tariff rates and product classification. Some exporters have seen decades-old product classifications changed without notice when their goods arrived at port, only to have them reversed upon arrival of the next shipment.

Taiwan maintains a number of strict standards for the importation of agricultural and agri-food goods, and many products require the approval of a number of government agencies before they may be imported. Once Taiwan gains membership in the WTO, many of the strict standards and non-tariff barriers will be removed, and some tariffs will be lowered. However, several barriers will continue to exist, restricting market access for some agricultural goods.

### **Suggested Business Practices**

Conducting business in a country with cultural and economic differences can be both challenging and rewarding. Personal relations and trust are very important in Taiwan, making the initial stages of a business relationship vital. Exporters should be wary of "opportunities" that promise to expedite the export process through facilitation money or alternative avenues of market entry. Companies are advised to establish relations with reputable and trustworthy local business partners or representatives.

Since it is difficult to make appointments in Taiwan on short notice, it is wise to plan commercial itineraries before arriving. Having business cards printed in both English and Mandarin (the official language of Taiwan) is greatly appreciated. Presenting small gifts during business functions is a common and highly regarded practice.

### **Import Regulations**

The average import tariff for health food is 50%, which results in higher prices for imported products. Tariffs for imported dietary supplements range from 0% to 50%, while tariffs ranging from 0% to 10% are applied to vitamins, depending upon the dosage. All imported dietary supplements must comply with all applicable laws, the most important of which is Article 17 of the *Control of Food Sanitation and Pharmaceutical Law*, which requires dietary supplements to be reviewed and approved before they can be sold.

Currently, all imports entering Taiwan through one of its five ports are required to pay a 0.4% harbour-construction tax and a 5% value-added tax. Goods entering Taiwan by air freight or parcel post are exempt from harbour tariffs. Highly processed foods are generally subject to high import tariffs, which can hinder their competitiveness against locally produced goods. Please contact the Canadian Trade Office in Taipei for current import duty rates.

All processed foods must adhere to similar import regulations. Packaging may be written in English, or any other language of origin, but must include an additional comprehensive label written in Mandarin. Labels must be affixed before customs clearance, and must bear the following information:<sup>(5)</sup>

- brand names;

- quantitative analysis of contents: weight, volume or number;
- the approved health-care effects;
- names of food additives;
- reference number of the permit, the legend of "health food" and standard logo;
- quantity per serving and any necessary warnings;
- nutrient and content information;
- net weight in metric units;
- manufacturer's and importer's name, address and phone number;
- date of manufacture; and
- expiration date.

All food shipments must be accompanied by the proper import licences and permits, food registration certificates, and shipping documents. All documentation must be in English or be accompanied by an English translation.

*Import licence:* Where licences are required, the importer may first be required to obtain the authorization of numerous agencies. Import licences are valid for six months. An extension may be granted for justifiable reasons. Goods must be shipped within the validity period of the licence. Licences are not transferable. Most agricultural products require licensing, and some also require approval from the Council of Agriculture before importation.

*Import permit:* A foreign supplier's *pro-forma* invoice (quotation) is required for an application of an import permit from Taiwan's Board of Foreign Trade. Most import permits are valid for six months from the date of issue. The health food import permit is valid for five years.

*Shipping documents:* Documents required for shipments to or from Taiwan include a commercial invoice signed by the exporter (in triplicate) that includes the following:

- import licence number;
- f.o.b., c&f or c.i.f. value;
- insurance charges;
- freight charges; and
- notice of any discounts or commissions that have been made.

The commodity description and value shown on the commercial invoices must agree with those on the import licence.

*Bill of lading or waybill:* This must include all marks and case numbers that appear on the packages. Customs does not permit the grouping of marks or numbers on shipments of mixed commodities. The bill of lading must show both the number of packages and the number of pieces inside the packages.

*Pro-forma invoice:* This invoice (quotation) is required by the importer to obtain an import licence and to establish a letter of credit. It must include a full description of goods, including:

- brand name;
- method of packing;
- quantity;
- unit price, total cost, freight, insurance and other charges;
- method of shipment;
- date and port of shipment;
- port of destination;
- terms of payment;
- validity of offer;
- name and address of letter of credit beneficiary; and
- other details required by the importer.

*Packing list:* at least two copies are required.

*Certificate of Origin:* This may be requested by an importer or bank or through a letter of clause. It must be issued by the government of the country of origin or by the authorized issuing offices.

### **Local Standards, Certificates or Registrations**

Taiwan has very strict standards for imported agricultural goods. These standards are outlined in the publication *Chinese National Standards (CNS)*, produced by the National Bureau of Standards of the Ministry of Economic Affairs. Many of Taiwan's standards for processed foods far exceed internationally accepted standards, and in some cases, standards and food quality are established through unorthodox means. Imported agricultural goods are regularly tested for compliance with national standards, while domestic products are seldom tested.

In order to export food items, an exporter must obtain approval and registration from Taiwan's National Laboratories of Food and Drug, Department of Health.

The DOH often requires that the first shipment of a product be tested for content and possible health risks. This test is at the exporter's expense, with the cost based on the shipment's value. After the initial test, the DOH tests products at random. Experience has shown that roughly every twentieth shipment is tested.

### **Authentication of Documents**

Documents that need to be authenticated, such as certificates of sale and letters authorizing an exporter's local agent or importer to act on their behalf, must first be notarized in Canada. Exporters can have the notarized documents authenticated, at no cost, by sending them to the Department of Foreign Affairs and International Trade.

### **Export Credit Risks, Restrictions on Letters of Credit or Currency Controls**

Taiwan has a highly developed banking sector that can provide letters of credit for most import transactions. Most sales to Taiwan are conducted on bank-to-bank letters of credit. Credit terms last 60 to 90 days.

There are few barriers to full and immediate repatriation of capital and remittances of profit for registered foreign investment, or trade transactions. There are reports of foreign exchange delays of up to two months, although delays are rare on smaller transactions.

## **PROMOTIONAL EVENTS**

<b>Event/Description</b>	<b>Organizer</b>
<b>Foodtech Taipei</b> 22-26 June 2000 (Annual) Taipei World Trade Centre Taipei, Taiwan Food & beverage processing and equipment.	China External Trade Development Council (CETRA) CETRA Exhibition Department 5 Hsin-yi Rd., Section 5 Taipei, Taiwan 10548 Contact: Mr. C.N. Hsu Tel.: (886-2) 2725-1111 ext. 611 Fax: (886-2) 2725-1314 E-mail: <a href="mailto:foodtech@cetra.org.tw">foodtech@cetra.org.tw</a> Internet: <a href="http://www.taipeitradeshows.com.tw">http://www.taipeitradeshows.com.tw</a>

**2000 Taipei International Food Show**

15-18 June 2000 (Annual)  
 Taipei World Trade Centre  
 Taipei, Taiwan

Beverages, condiments, meat products, frozen foods, food ingredients and additives, biscuits and confections, dairy products and cereals, diet foods, vegetarian products, fruit and vegetables

China External Trade Development Council (CETRA)

CETRA Exhibition Department  
 5 Hsin-yi Rd., Section 5  
 Taipei, Taiwan 10548

Contact: Ms. Christie Huang  
 Tel.: (886-2) 2725-1111 ext. 615  
 Fax: (886-2) 2725-1314  
 E-mail: [foodshow@cetra.org.tw](mailto:foodshow@cetra.org.tw)  
 Internet: <http://www.taipeitradeshows.com.tw>

**Taiwan International Best Food Products**

20-23 September 2000 (Annual)  
 Taipei World Trade Centre  
 Taipei, Taiwan

The best national & international fair for meeting producers and distribution at one place of food, aliments, beverage products. Jointly exhibit newest food processing, packaging machinery and manufacturing technology.

China External Trade Development Council (CETRA)

CETRA Exhibition Department  
 5 Hsin-yi Rd., Section 5  
 Taipei, Taiwan 10548

Tel.: (886-2) 2725-1111  
 Fax: (886-2) 2725-1314  
 E-mail: [foodshow@cetra.org.tw](mailto:foodshow@cetra.org.tw)  
 Internet: <http://www.taipeitradeshows.com.tw>

**Foodex**

27 September - 1 October 2000  
 Taipei World Trade Centre  
 Taipei, Taiwan

Food products manufacturers, food processing equipment suppliers, supermarkets, catering, wines and liquors, dairy products, beverage and health drinks, frozen prepared foods, meat and seafood products, canned food, edible oil, cereal products, importers, exporters and distributors.

China External Trade Development Council (CETRA)

CETRA Exhibition Department  
 5 Hsin-yi Rd., Section 5  
 Taipei, Taiwan 10548

Contact: Ms. Christie Huang  
 Tel.: (886-2) 2725-1111 ext. 615  
 Fax: (886-2) 2725-1314  
 E-mail: [foodshow@cetra.org.tw](mailto:foodshow@cetra.org.tw)  
 Internet: <http://www.taipeitradeshows.com.tw>

**Taipei Health Promotion Show 2000**

2-5 November 2000  
 Taipei World Trade Centre  
 Taipei, Taiwan

China External Trade Development Council (CETRA)

CETRA Exhibition Department  
 5 Hsin-yi Rd., Section 5  
 Taipei, Taiwan 10548

Tel.: (886-2) 2725-1111  
 Fax: (886-2) 2725-1314  
 Internet: <http://www.taipeitradeshows.com.tw>

**KEY CONTACTS AND SUPPORT SERVICES****Canadian Government Contacts****Agriculture and Agri-Food Canada**

Sir John Carling Building  
 930 Carling Ave.  
 Ottawa, ON K1A 0C5  
 Contact: John Smiley  
 Tel.: (613) 759-7632

**Canadian Trade Office**

365 Fu Hsing North Rd., 13th Floor  
 Taipei 10483, Taiwan  
 Tel.: (886-2) 2547-9500  
 Fax: (886-2) 2712-7244  
 Internet: <http://www.ctot.org.tw>

Fax: (613) 759-7506  
 Internet: <http://www.agr.ca>  
 (See also regional listings)

**Business Development Bank of Canada (BDBC)**

#400, 5 Place Ville Marie  
 Montreal, QC H3B 2G2  
 Tel.: 1-888-463-6232  
 Fax: (514) 283-0617  
 Internet: <http://www.bdc.ca>

**Canadian Commercial Corporation (CCC)**

50 O'Connor St., 11th Floor  
 Ottawa, ON K1A 0S6  
 Tel.: 1-800-748-8191 or (613) 996-0034  
 Fax: (613) 995-2121  
 Internet: <http://www.ccc.ca>  
 E-mail: [info@ccc.ca](mailto:info@ccc.ca)

**Canadian Food Inspection Agency (CFIA)**

59 Camelot Dr.  
 Nepean, Ontario K1A 0Y9  
 Tel.: (613) 225-2342  
 Fax: (613) 228-6653  
 Internet: <http://www.cfia-acia.agr.ca>  
 E-mail: [cfiamaster@em.agr.ca](mailto:cfiamaster@em.agr.ca)

**Department of Foreign Affairs and International Trade (DFAIT)**

125 Sussex Dr.  
 Ottawa, ON K1A 0G2

*Korea and Oceania Division (PKE)*

Tel.: (613) 995-1183  
 Fax: (613) 996-1248

*Market Support Division (TCM)*

Tel.: 1-800-267-8376 or (613) 995-1773  
 Fax: (613) 944-0050

*Authentication and Service of Documents (JLAC)*

Tel.: (613) 992-6602  
 Fax: (613) 992-2467

**Export Development Corporation (EDC)**

151 O'Connor St.  
 Ottawa, ON K1A 1K3  
 Tel.: (613) 598-2500  
 Fax: (613) 237-2690  
 E-mail: [export@edc4.edc.ca](mailto:export@edc4.edc.ca)  
 Internet: <http://www.edc.ca>

**Agriculture and Agri-Food Canada**

The Agri-Food Trade Service regional contacts are as follows:

Al McIsaac  
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 E-mail: [mannings@em.agr.ca](mailto:mannings@em.agr.ca)

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*New Westminster, BC*  
 Tel.: (604) 666-9353  
 E-mail: [xiaom@em.agr.ca](mailto:xiaom@em.agr.ca)

**Taiwan Government Offices**

**Board of Foreign Trade**

1 Hu Kou St.  
Taipei, Taiwan  
Tel.: (886-2) 351-0271  
Fax: (886-2) 331-5387

**Department of Health**

100 Ai Kuo E. Rd.  
Taipei, Taiwan  
Contact: Dr. Chi-Shean Chan, Director-General  
Tel.: (886-2) 2321-0151  
Fax: (886-2) 2312-2907

**Bureau of Standards, Metrology and Inspections**

Ministry of Economic Affairs  
4 Chi Nan Rd., Section 1  
Taipei, Taiwan  
Tel.: (886-2) 2343-1700  
Fax: (886-2) 2356-0998

**National Laboratories of Food and Drugs, Department of Health**

161-2 Kun Yang St.  
Nanking District  
Taipei, Taiwan  
Tel.: (886-2) 785-6283  
Fax: (886-2) 389-9860

**Customs Authority**

Director General, Directorate General of Customs  
13 Ta Cheng Street  
Taipei, Taiwan  
Tel: (886-2) 2550-5500  
Fax: (886-2) 2550-8111

**Commercial Banks in Taiwan****Asia Pacific Bank**

66 Min Chuan Rd.  
Taichung, Taiwan  
Tel.: (886-4) 227-1799  
Fax: (886-4) 220-4297

**Chinatrust Commercial Bank**

Head Office (Banking Department)  
3, Sungshou Rd., Taipei, Taiwan  
Tel.: (02) 2722-2002  
Internet:  
<http://www.chinatrust.com.tw/english/english.html>

**Bankers Association of the R.O.C.**

46 Kuanchien Rd., 8F  
Taipei, Taiwan  
Tel.: (02) 361-6019  
Fax: (02) 383-1783

**Export-Import Bank**

3 Nan Hai Rd., 8th Floor  
Taipei, Taiwan 10728  
Tel.: (886-2) 321-0511  
Fax: (886-2) 394-0630

**Bank of Taiwan**

1120 Chungking South Rd.  
Section 1  
Taipei, Taiwan 10036  
Tel.: (886-2) 349-3456  
Fax: (886-2) 311-5145

**International Commercial Bank of China**

100 Chi Lin Rd.  
Taipei, Taiwan 10424  
Tel.: (886-2) 563-3156  
Fax: (886-2) 563-2614

**Chang Hwa Commercial Bank Ltd.**

38 Tsuyu Rd.  
Section 2  
Taichung, Taiwan 40010  
Tel.: (886-4) 222-2001  
Fax: (886-2) 223-1170

**Taipei Bank**

50 Chungshan North Rd.  
Section 2  
Taipei, Taiwan 104  
Tel.: (886-2) 542-5656  
Fax: (886-2) 542-8870

## Industry Associations in Taiwan

### R.O.C. National Association of Shipping Agencies

6F-2, 15, Lane 3 Chienkuo N. Rd.  
Sec. 1  
Taipei, Taiwan  
Tel.: (02) 508-0106  
Fax: (02) 508-0129

### Taiwan Nutritional Food Association

5F-1, No. 42 Ming Sheng E. Rd.  
Sec. 1  
Taipei, Taiwan  
Contact: Jimmy Wong, Board Chairman  
Tel.: (886-2) 2567-3456  
Fax: (886-2) 2531-9231

### Taipei Import-Export Association

350 Sunkiang Rd.  
Taipei, Taiwan  
Tel.: (02) 581-3521  
Fax: (02) 542-3704

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(1) All monetary amounts are expressed in Canadian dollars, unless otherwise indicated. The conversion rate to Canadian dollars is based on IDD Information Services, Tradeline, January-March 2000.

(2) Functional foods, also known as nutraceuticals, probiotics, pharma-foods, and value-added foods, fall into a territory somewhere between conventional foods and medicines. They contain additional components, which provide them with specific medical or physiological benefits beyond the traditional nutrients they contain. These benefits distinguish them from foods simply fortified with vitamins and minerals to enhance their usual nutritional benefits, and from nutritional supplements, which are aids to ensure an increase in intake of nutrients.

(3) Ling chih is the fruitful portion of the Reishi mushroom, and is a member of the Polyporaceae family. It is thought of as one of the most precious and rare wild plants in China.

(4) For contact information regarding key organizations mentioned in this report, see Key Contacts.

(5) According to the Taiwan Health Food Control Act, available at [http://www.doh.gov.tw/english/ch5\\_2\\_5.html](http://www.doh.gov.tw/english/ch5_2_5.html)

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Chou, Angeli. *Taiwan: Dietary Supplements Market*, United States Department of Commerce, August 24, 1999.

Food Industry Research and Development Institute. *Trend of the Health Food Market in Taiwan* (translated from Chinese, courtesy of the Canadian Trade Office in Taipei), December 15, 1999.

*Taiwan's Health Food Control Act*, Taiwan Department of Health, August 3, 1999. Downloaded from <http://www.tradeport.org/ts/countries/taiwan/mrr/mark0048.html>, March 15, 2000.

*Taiwan Trade Regulations and Standards*, United States Department of Commerce, September 3, 1999. Downloaded from <http://www.tradeport.org/ts/countries/taiwan/regs.html>, February 9, 2000.

*Taiwan Economic News*, "Viva obtains first health food permit under new rules," December 8, 1999.

United States Department of Commerce, *International Market Insight Reports*, "Taiwan: Amendment of Importation of Vitamins," 28 March 2000.



## OTHER REFERENCE MATERIAL

### Print

Curry, Jeffrey. *Passport Taiwan*. World Trade Press, San Rafael, CA, 1998. [WorldPress@aol.com](mailto:WorldPress@aol.com)

Harris, Gregory. *Taiwan: Food Processing & Packaging Equipment Market*. American Consulate in Kaohsiung, September 5, 1997.

### Useful Internet Sites

Agriculture and Agri-Food Canada: <http://www.agr.ca>

Agri-Food Trade Service: <http://ats.agr.ca>

Canada Business Service Centres: <http://www.cbsc.org>

Canadian-Taiwan Business Association: <http://www.ctot.org.tw/e/ctba.html>

China External Trade Development Council (CETRA): <http://www.tptaiwan.org.tw>

Department of Foreign Affairs and International Trade: <http://www.dfait-maeci.gc.ca>

Economic Development Corporation: <http://www.edc.ca>

ExportSource: <http://exportsource.gc.ca>

Governments on the WWW: Taiwan: <http://www.gksoft.com/govt/en/tw.html>

InfoExport: <http://www.infoexport.gc.ca>

Montgomery Network (International trade show organization): <http://www.montnet.com>

Political and Economic Risk Consultancy: <http://www.asiarisk.com>

Search engine for Taiwan and Southeast Asia: <http://www.sinica.edu.tw>

Strategis: <http://strategis.ic.gc.ca>

Taiwan Department of Health (DOH): <http://www.doh.gov.tw/english>

Taiwan Health Food Control Act: [http://www.doh.gov.tw/english/ch5\\_2\\_5.html](http://www.doh.gov.tw/english/ch5_2_5.html)

Tradeport: <http://www.tradeport.org>

Trade Show Central: <http://www.tscentral.com>

U.S. Department of Agriculture - Foreign Agricultural Service: <http://www.fas.usda.gov>

World Bank: <http://www.worldbank.org>

### Table 3. Currency Conversion Rates for the Canadian dollar, the Taiwan dollar and the U.S. dollar

(using average annual rates)

Currencies	1994	1995	1996	1997	1998	1999
Canadian dollar to Taiwan dollar	19.3711	19.3124	20.1371	20.7318	22.5825	21.7173
Taiwan dollar to Canadian dollar	0.0516	0.0519	0.0497	0.0483	0.0444	0.0461
Canadian dollar to US dollar	0.7322	0.7289	0.7334	0.7224	0.6747	0.6732
US dollar to Canadian dollar	1.3661	1.3724	1.3635	1.3846	1.4837	1.4857
US dollar to Taiwan dollar	26.4568	26.4919	27.4562	28.7191	33.471	32.2615
Taiwan dollar to US dollar	0.0378	0.0378	0.0364	0.0349	0.0299	0.0310

Source: IDD Information Services, *Tradeline*, January-March 2000.

**READER EVALUATION**

Please help the Team Canada Market Research Centre to produce market reports which meet your information needs by completing this evaluation form and returning it by fax (613) 943-1103. Thank you for your valuable input.

**1. How did you obtain a copy of this market report?**

- InfoCentre FaxLink system
- InfoCentre help line
- Local government office
- Government worldwide web site
- InfoCentre bulletin board system
- Other: \_\_\_\_\_

**2. How would you describe this market report?**

	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Complete	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Well organized	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Well written	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ideal length	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**3. In what form do you prefer to obtain these reports?**

- Print
- Electronic

**4. Based on the information in this report, what specific action(s) does your organization plan to take in this market? Check all that apply.**

- Seek an agent/distributor
- Visit the market
- Do more research
- Other: \_\_\_\_\_
- Contact Canadian trade office abroad
- Participate in a trade show abroad
- Nothing

**5. What other market reports would be of benefit to your organization? Please identify specific products and countries.**

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└─

**6. Which of the following categories best describes your organization? Check one only.**

- Processor/manufacturer     Government
- Trading house                 Student/academia
- Export service provider     Consultant
- Industry/trade association    Other: \_\_\_\_\_

**7. What were your organization's total sales last year, in Canadian dollars?**

- Less than 10 million     10 million to 50 million
- More than 50 million     Not applicable

**Additional comments/suggestions for improvement:**

└─
└─
└─

**OPTIONAL** — The name of your organization is: \_\_\_\_\_