



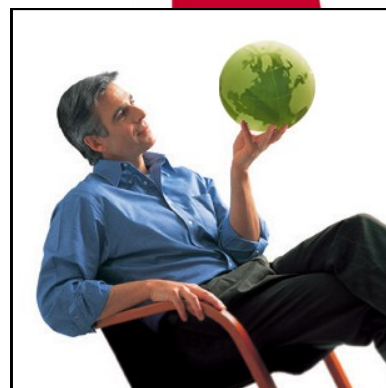
Agriculture and
Agri-Food Canada

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**International
Markets
Bureau**

MARKET INDICATOR REPORT | JUNE 2011

Cooking Oils in Taiwan





► EXECUTIVE SUMMARY

Today's Taiwanese consumer tends to be concerned with purchasing healthy products that taste good, rather than simply purchasing the cheapest product. Within the past five years there has been appreciable movement towards the purchase of oils perceived as healthier, such as sunflower, canola, olive, grapeseed and blends. Palm, soybean, corn, peanut, and sesame oils have subsequently declined within the total vegetable and seed cooking oil market.

Although palm oil is constantly cited as being one of the most used oils in Taiwan, it is more often used in restaurant and fast food production and as an ingredient in many food items, as well as non-food items. Palm oil (and palm kernel oil) are not widely used as a consumer cooking oil compared to other vegetable and seed oils. Although the hotel, restaurant and institutional (HRI) sector in Taiwan will generally purchase the cheapest oils on the market, such as palm oil, consumers are increasingly purchasing more expensive and higher quality/healthy oils such as sunflower, grapeseed, canola, and olive. However, high prices among these new-to-market oils may be hindering their market share gains. Consumer perceptions about the quality level of private label products will need to change for these oils to become available at a cheaper price. Carrefour has recently introduced a product containing a blend of healthy oils shown in the new products section of this report. Whether or not this will be a trend to follow in the Taiwanese market is yet to be seen.

Canadian canola oil is gaining a distinctive advantage over oils such as soy, as it is portrayed as the healthier alternative. Product labels among top Taiwanese brands that use Canadian canola oil as an ingredient proclaim Canadian oil as healthy and of good quality. Mustard oil, of which Taiwan imported US\$2.7 million worth from Canada in 2010, is often blended with other oils and is promoted via healthy label claims. Soybeans are sourced mostly from the United States and Brazil, and some are crushed in Taiwan for domestic oil consumption and exports.

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CANADA EXPORTED 16.5 MILLION
KILOGRAMS OF CRUDE AND
REFINED CANOLA OIL AND ITS
FRACTIONS TO TAIWAN IN 2010

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Olive and sunflower oil
Source: Mintel



▶ MARKET OVERVIEW

- ▶ All types of oils and fats are expected to achieve similar value growth rates from 2011 to 2015, however, vegetable and seed oils dominate the market. According to Euromonitor, cooking fats are virtually non-existent products in the Taiwanese market.

Oils and Fats Retail Market Size and Forecasted Growth in Taiwan by Type US\$ Millions — Current Prices — Fixed 2010 Exchange Rates

Types of Oils and Fats	2005	2006	2007	2008	2009	2010	2011-15 CAGR %
Cooking Fats	-	-	-	-	-	-	-
Vegetable and Seed Oil	208.1	216.5	233.8	258.3	255.7	259.6	4.3
Olive Oil	45.1	49.6	53.6	60.5	61.1	61.6	4.9
Butter	32.5	34.1	34.9	37.0	37.8	38.9	4.3
Spreadable Oils and Fats	7.8	7.7	9.1	9.8	11.0	12.0	4.3
Total Oils and Fats	293.5	307.9	331.4	365.6	365.6	372.1	4.3

Source: Euromonitor 2011.

- ▶ In terms of volume, butter sales are set to decline from 2011 to 2015, and olive oil is expected to achieve the highest volume growth rate of the oils and fats category, during the same period. Olive oil is seen by consumers to be a healthy choice. Butter will decline as many consumers are concerned over its high fat content. Sales of spreadable oils and fats are expected to increase as more consumers purchase breakfast foods. The spreadable oils and fats category mostly consists of margarine. Even though margarine has been portrayed negatively by the media for potential harmful effects on consumers, it is still preferred as a substitute for butter, hence the decline in butter volume sales and the slight increase in spreadable oil volume sales.

Oils and Fats Retail Market Size and Forecasted Growth in Taiwan by Type — '000 Tonnes

Types of Oils and Fats	2005	2006	2007	2008	2009	2010	2011-15 CAGR %
Cooking Fats	-	-	-	-	-	-	-
Vegetable and Seed Oil	94.0	96.8	99.2	101.2	102.2	103.5	2.1
Olive Oil	6.3	6.5	6.8	7.0	7.1	7.2	2.9
Butter	4.5	4.5	4.4	4.2	4.0	3.8	-0.9
Spreadable Oils and Fats	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Total Oils and Fats	105.7	108.7	111.2	113.2	114.1	115.4	2.1

Source: Euromonitor 2011.

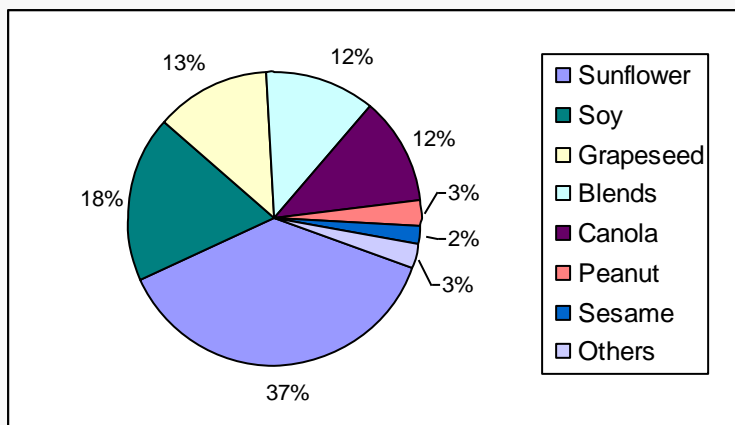
- ▶ In 2010, around 81% of all oils and fats products were sold at hypermarkets/supermarkets, 16.5% were sold at independent small grocers, another 1.5% at convenience stores and 0.8% from homeshopping and internet retailing. The amount of oils and fats being sold in hypermarkets/supermarkets is rising, while sales from convenience stores and independents have declined. The top grocery retailers and their total market shares in Taiwan according to Planet Retail are as follows: President Chain Store (3.1%), PXmart (2.8%), Carrefour (2%), FamilyMart (1.8%) and Auchan (1.3%).



▶ MARKET OVERVIEW (CONTINUED)

- ▶ The most popular type of vegetable and seed oil is sunflower oil, which controlled 37.5% of the market in 2010. Canola oil (or low erucic rapeseed in trade data), of which Canada is the main supplier, reached a 12% share of the market in 2010, up from 10% in 2005. Canola is often blended with other oils such as soybean, and sunflower. It is generally seen as a healthier oil than soybean oil, which is particularly important for Taiwanese consumers as they tend to look for healthy and quality products. Some lesser used and new types of oils include corn, camellia seed, rice bran, peanut, almond and walnut blend, pumpkin seed, wheat germ oil, brown rice, and black sesame.

Vegetable and Seed Cooking Oil Types in Taiwan — 2010



Source: Euromonitor, 2011.



- ▶ Standard Foods Corporation, which is owed by Quaker, had the strongest hold on the Taiwanese oils and fats market with 27.6%. Its main brand, Great Day, is present in the olive oil and vegetable/seed oil categories. Most of the vegetable and seed oil products are sold by domestic companies with almost all imported oils. International companies hold stronger positions in the market for margarine, butter, and olive oils than domestic players. Canadian canola oil has achieved significant presence in the Taiwan market, with its canola oil being featured in one of Standard Food Corporation's main cooking oils called Five Treasures Health Oil blended variety (under the Great Day brand*). Wei Chuan also promotes Canadian canola oil under the Wei Chuan brand in unblended and blended 2 litre and 3 litre formats on their website*. The Wei Chuan canola oil is described as "the oriental olive oil" on its label and is also described as having strict Canadian quality.

**Company Shares (by Global Brand Owner) of the Taiwan Oils and Fats Market
Historic — Retail Value — % Breakdown**

Companies	2005	2006	2007	2008	2009
Standard Foods Corp.	24.1	26.6	27.0	26.9	27.6
Tai Sun Enterprise Co Ltd.	12.1	12.3	13.0	13.1	13.1
Uni-President Enterprises Corp.	10.4	10.8	11.2	12.3	12.3
Fonterra Co-operative Group	7.7	8.1	7.9	7.7	7.9
Wei Chuan (BVI)	-	-	-	7.1	7.0
Taiwan Sugar Corp.	5.7	4.9	4.6	4.2	4.1
Aceites Borges Pont SA	2.8	3.1	3.4	3.5	3.8
Food So Inc.	6.4	4.6	3.5	3.7	3.6
Fwusow Industry Products Co Ltd.	2.5	2.1	1.8	2.0	1.9
Snow Brand Milk Products Co Ltd.	0.9	0.9	1.1	1.1	1.0
Others	27.4	26.6	26.5	18.4	17.7

Source: Euromonitor, 2011.

Note: 2010 data not yet available

* <http://www.quaker.com.tw/> (Chinese only)

* <http://www.weichuan.com.tw/products/index.asp> (Chinese only)



► TRADE ANALYSIS

- ▶ Although Taiwanese consumers purchase a small amount of margarine at the retail level, a large amount is imported and re-exported to Hong Kong and China. Imported products like grapeseed oil, olive oil, canola oil, mustard oil, and sunflower oil are refined and packaged, when necessary, and used domestically.
- ▶ Even though palm oil is the largest edible oil import category for Taiwan, it is not necessarily the most used cooking oil for the average consumer. As mentioned before, sunflower, followed by soy, grapeseed, blended oils, and canola, are the most used cooking oils by consumers. Refined palm oil and its products are more often used in the production of products such as margarine, shortening, ice cream, condensed milk, soap and even biodiesel. It can also be reduced to palm olein for use as consumer and fast food cooking oil, and is used in baked goods and snacks (palm stearin is also used). Palm kernel oil is most widely used as cooking oil, and can also be used in baked goods, coffee creamer, peanut butter, etc. Hydrogenated palm kernel oils, with import values of US\$6.9 million in 2010, are imported mostly from Malaysia and Indonesia. Other hydrogenated fats and oils are imported from the United States with a value of US\$1.0 million in 2010. Hydrogenated palm kernel oil is often used as an ingredient in baked goods, chocolate, and crackers.
- ▶ If the general oils and fats market is being analyzed, rendered and raw fats (from bovine, sheep and goats) are also imported into Taiwan, mostly from Australia and New Zealand, with import values of US\$44 million in 2010.
- ▶ Canada's competitiveness in the cooking oil/fat market lies within the crude canola and the crude and refined mustard oil markets. Canada holds around 26% of the crude mustard oil market and 12% of the refined. In the general oils and fats market, smaller amounts of rendered bovine fats and fish oils are also exported from Canada to Taiwan.
- ▶ Much like palm oil, Canadian canola oil is not necessarily used only for cooking purposes. According to Mintel's new product database, canola oil was found as an ingredient in a sesame spread, four different varieties of baby milk powder, dark chocolate puff cookies, salad dressing, a rice, mushroom and chicken frozen dinner, coconut spread, and a vegetarian lard product, all in the past five years. When used as a cooking oil, canola is often blended. It can also be used for biofuel, lipsticks, candles, and industrial lubricants.
- ▶ As shown below, the U.S. dominates the sunflower oil market, which is the most widely used consumer cooking oil. The U.S. also dominates the Taiwanese market for imported soybeans. Grapeseed oil is dominated by Italian imports, as well as olive oil. Due to its proximity, Australia dominates the market for mustard oils, which are often used in vegetable oil blends.

Selected Top Taiwan Imports of Cooking Oils/Fats From World in \$US Millions– 2009 to 2010

Cooking Oil/Fat Type	2009	2010	Top Exporter	% Share of Imports for Top Exporter in 2010
Palm oil, refined	106.0	142.4	Malaysia	96.2
Butter	22.7	49.8	New Zealand	63.7
Olive oil, virgin and refined	15.0	15.6	Italy	66.2
Sunflower seed oil, crude	4.5	12.1	United States	94.3
Canola oil, crude	7.7	11.2	Canada	99.9
Mustard oil, crude	7.3	10.6	Australia	74.1
Coconut oil, crude	5.9	8.0	Philippines	80.4
Fixed Vegetable oils (mostly grapeseed)	5.2	6.8	Italy	34.4
Mixtures or preps. of vegetable/animal fats/oils	4.6	5.9	Singapore	29.1
Margarine	3.1	4.0	Singapore	52.1
Mustard oil, refined	0.6	2.1	Australia	87.7
Palm kernel oil, refined	1.4	1.6	Malaysia	82.3
Sunflower seed oil, refined	1.9	1.1	Malaysia	26.2
Sesame oil, whether or not refined	0.0	0.9	Bangladesh	66.9

Source: Global Trade Atlas, 2011



► TRADE ANALYSIS (CONTINUED)

- Taiwan imports the vast majority of the cooking oils that it consumes, and has a growing crushing industry for domestic consumption and exports of finished goods to other markets. The country has imported some low erucic acid rape (canola) seeds for crushing, mostly from the Australian market. Other seeds that were imported into the Taiwanese market that could potentially be used for crushing include US\$2.3 million worth of sunflower seeds and US\$44.4 million worth of sesame seeds in 2010.
- Taiwan re-exports certain oils to Asian markets such as mainland China, and also crushes oilseeds and refines oils for its export markets. In particular, Taiwan re-exports some olive oil, sunflower seed oil, and palm oil, but does not re-export any significant amount of mustard and canola oil. The country also imports whole soybeans for use in food products, and to crush for both animal feed meal and oil for cooking/food ingredient purposes. In 2010, Taiwan imported US\$1.2 billion in soybeans (US\$2.8 million from Canada) and exported US\$11.2 million worth of soybean oil, mostly to other Asian countries (and surprisingly, some back to the U.S).
- Soybean oil was not imported into Taiwan in significant quantities in 2010, however, it was imported from the U.S. in 2008 with a value of US\$21.7 million. Soybean (not including soybean oil) imports mostly from the U.S. and Brazil remained stable at US\$1.2 billion in 2010. The use of soybean oil for cooking and frying is on the decline, as sunflower oil is seen as healthier and of better quality. The popularity of soybean oil was due to its economy pricing, however, increases in soybean oil prices have forced consumers to look for other cooking oils with a higher value for their price such as sunflower, grapeseed and canola.
- According to the Department of Health in Taiwan, GM (Genetically Modified) foods are acceptable in the marketplace. Currently, GM corn, soybeans and small amounts of their by-products are being shipped to Taiwan, mostly from the United States. Around 50% of imported soybeans into Taiwan from the U.S. are GM, and 30% of corn is GM. The National Science Council, the Council of Agriculture, and the Department of Health are responsible for GM food regulation in Taiwan. All GM foods must meet safety criteria set out by these governing bodies before the food can be sold. Although the government and Taiwanese consumers have no aversion to GM foods that are deemed safe for consumption, the general Taiwanese public would prefer that GM products be labelled as such. The Department of Health started implementing regulations in 2001 requiring labeling for products with over 5% GM ingredients.

► NEW PRODUCT ANALYSIS

- Taisun Enterprise introduced the most products into the Taiwanese market from 2006 to 2010, followed by Uni-President. Many oils do not contain any specific claims, but those that do, use the low/no/reduced cholesterol claim and no additives/preservatives claims the most. However, it is mostly the new sesame oils that do not contain any product claims. All of the new blended products entering the Taiwan market claim some sort of health or taste benefit.

New Cooking Oil Product Introductions in Taiwan by Top 10 Companies – 2006 to 2010

Company	Number of Products
1. Taisun Enterprise	14
2. Uni-President Enterprises	13
3. Jia Ge Food	8
4. Wei Chuan Food	7
5. Chang Chi Foodstuff Factory	5
6. Hsin-Fu Enterprise Co	5
7. Da Tong Chang Chi Foods	3
8. God Bene Enterprise	3
9. Flavor Full Food	3
10. Fwusow Industry	3
Other	81
Total # of New Products	145

Top 10 Label Claims from New Cooking Oil Product Introductions in Taiwan – 2006-2010

Claims	Number of Claims
1. Not Specified	92
2. Low/No/Reduced Cholesterol	14
3. No Additives/Preservatives	11
4. Vegetarian	8
5. All Natural Product	8
6. Stanols/Sterols	7
7. Premium	7
8. Functional - Other	7
9. Antioxidant	6
10. Functional - Beauty Benefits	4
Other	12
Total Number of Claims	176

Source: Mintel, 2011.



► NEW PRODUCT ANALYSIS (CONTINUED)

- According to Euromonitor, blended oils have gained the most market share moving from 6% of the vegetable and seed oil market in 2005, to 12.2% in 2010. There were also more vegetable and seed oil blends entering the Taiwanese market from 2006 to 2010, according to Mintel. Of the 145 new cooking oil products that entered the market from January 2005 to December 2010, 6 had canola oil as an ingredient, 4 of which were blends. A total of 28 products had mustard seed oil as an ingredient, all of them being vegetable/seed oil blends. Soybean oil was found in 9 new products out of 145, olive oil in 32 products, sesame seed oil (all types) in 31 products, sunflower seed oil in 23 products, grapeseed oil in 13 products, and palm kernel oil in 2 products. Some other types of oils in in blended and/or non-blended formats included, corn, peanut, walnut, almond, tea seed, pumpkin seed, and safflower seed.
- The following are new cooking oil products introduced into the Taiwanese market in 2007, 2009 and 2010 from the Mintel new product database. The first product is a vegetable oil sold by Taisun Enterprises that has canola included in the mixture. The second product is a private label brand by Carrefour which mixes soybean, mustard and sunflower oils. It is important to note that there are not very many private label cooking oils in Taiwan, because many Taiwanese consumers are keen on purchasing quality brand name products. The third product shown on page 8 is a non-mixed canola oil sold in Carrefour with garlic extract added for flavour. Canola oils are generally labelled as healthy, even when blended with other oils. The final product shown blends 8 grains and oilseeds into a “multi-grain” oil.

Vegetable Oil

Company: Taisun Enterprise
6 Hsing-Gong Rd., Tien-Chung, Changhua, Taiwan
Brand: Taisun
Date Published: November 2007
Pack Size: 2 litre
Price in local currency: TWD109.00
Major Currencies: US\$3.38

Product Description

Taisun Vegetable Oil is made from various plants such as canola, sunflower, soybean and other vegetables. It is claimed to be nutritious, of good quality and high-temperature stable. This product is suitable to fry all kinds of dishes. Taisun also offers a Phytosterols Mustard Oil that has proven in animal testing to lower cholesterol.



Blended Vegetable Oil

Company: Carrefour
2F-1 27 Min-Chuan Rd, Dan-Shui, Taipei, Taiwan
Brand: Carrefour(Private Label)
Date Published: January 2009
Pack Size: 2 litre
Price in local currency: TWD180.00
Major Currencies: US\$5.45

Product Description

Carrefour Blended Vegetable Oil is a blended cooking oil made with soybean oil, mustard oil and sunflower oil. This oil is free from cholesterol and suitable for vegans.





► NEW PRODUCT ANALYSIS (CONTINUED)

Spicer Garlic Flavour Oil

Company: Tomax Enterprise
7F-1 70 Kong-Yei 1st Rd, Taichung Industrial Park, Taichung, Taiwan
Brand: Tomax Spicer
Store Name: Carrefour
Date Published: September 2010
Pack Size: 260 ml
Price in local currency: TWD149.00
Major Currencies: US\$4.65

Product Description

Tomax Spicer Garlic Flavour Oil is made from Canadian canola oil and Taiwanese fresh garlic extract. It is claimed to maintain natural oil nutrition and garlic aroma by a low-temperature frying process. The product is free from artificial colours and flavours and is said to be healthy and delicious. It is suitable for dressing and relishing. Also available under this range is Green Onion Flavour Oil.



Multi Grains Oil

Company
Chang Chi Foodstuff Factory
6, 22nd Rd., Taichung Industrial Park, Taichung, Taiwan
Brand: Ta-Tong
Date Published: May 2009
Pack Size: 2 litre
Price in local currency: TWD158.00
Major Currencies: US\$4.72

Product Description

Ta-Tong Multi Grains Oil is said to be rich in natural vitamin E. It is also said to be heat-stable and produces minimal smoke. The product is a mix of wheat germ oil, soybean germ oil, corn germ oil, grape seed oil, mustard oil, peanut oil, soybean oil, sesame oil, and low temperature extracted black sesame oil



► KEY RESOURCES

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The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

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