

# Food Products Emphasize Price and Quality



**B**ased on observation and analysis of the development of the global food industry and past trends, technology and innovation are the crucial forces driving the development of the food industry. Nevertheless, consumers' demands for health, pleasure, convenience, environmentally friendly products, and ethical practices are important elements in food industry innovation.

With the expansion of globalization, the interaction between different industries and professions has become closer and closer. Cross-sector business has become popular, and companies are starting to collaborate with others in different industries, such as the medical, IT, networking, and catering industries, to meet the demands of consumers and grasp the opportunities. The focus of Taiwan's food industry is on product innovation and overseas expansion.

## Food Industry Positioned for Internal and External Sales

The food industry in Taiwan has experienced decades of evolution



Spring-Rolls / Bestaste



and shown itself capable of flexibility and a speedy response to the customer's demands. Its dynamic development is closely connected to changes in the global environment. Therefore, Taiwan companies differentiate their products from those of other countries by using local resources and focusing on MIT (Made in Taiwan) value, and strive for brand value and expansion in international markets.

Health and health care are key issues for developing new products, and Taiwan companies are positioning themselves and creating new products with different strategies to increase the value added. For instance, they provide bonus packs to stimulate the consumer's desire to purchase, and provide various health foods to meet the consumer's need for health management. Regarding product value, brand names and low prices seem to be competing with each other. The former emphasize quality and image in advertising, while the latter stress price and discounts.

### Quality Food at an Affordable Price Is Exported Overseas

The 12th five-year plan promulgated by the Chinese government aims to expand domestic demand and increase consumption. With a population of 1.3 billion people, the business opportunities in the food consumption market in

mainland China are tremendous. Products which are made in Taiwan receive high marks in many places, mainly owing to their quality and safety image, which has been established for a long time. Whether in quality management, certification systems, standard procedures, or marketing promotion, Taiwan companies are dedicated to creating excellent products





with brand value. In order to develop and promote products with better quality and to expand in newly emerging markets, the Ministry of Economic Affairs works to integrate companies' marketing promotion, technical innovation, and training environment and to assist them to take advantage of overseas opportunities and enhance their international competitiveness.

Each industry evaluates target products based on quality, reasonable pricing, and market potential. Based on such an assessment, the food industry in Taiwan possesses products with high potential, including health foods, functional feeds, and food machinery. Taiwan manufacturers are able to upgrade their technology and to lower costs; furthermore, products from Taiwan are regarded as high-quality products with market potential from the consumer's point of view.

#### Food GMP, a New Trend in Taiwan

Obesity and other health problems have become a serious issue all over the



Sea Food Snack / Jen Yi

world. Health values thus have become the primary requirement for food innovation, and health-oriented products are on the rise. Consumers have put more and more emphasis on food labels and food safety, and the food GMP (Good Manufacturing Practice) label identifies qualified food OEMs in Taiwan. The Industrial Development Bureau of the Ministry of Economic Affairs launched a food GMP certification system in 1989 to enhance the technical standards of food manufacturing in the country. The system assists manufacturers to establish an independent management system to increase product quality, safety, and purity. In order to offer consumers safe choices, the ICT (Information Communication Technology) traceability system for GMP certification has provided a convenient interface to check products since January 1, 2011. Consumers can check basic food product information like product certification, nutrition facts, and product descriptions through product names or manufacturers on the Taiwan certified quality food ICT service platform, and gain a further understanding of GMP-certified food.



Nut Crunch Series / Hurng Fur



# Intense Food Machinery Cluster

## Contributes to Successful Industrial Transformation

The development of the food industry is closely related to food machinery, and central Taiwan plays a key role as the manufacturing base for food machinery, featuring crushers, mixers, and molding, filling and packing machines. The machinery requires assorted parts and components to be assembled, which involves different professional and technological fields.

Therefore, the food machinery cluster with its extensive satellite system was

established in central Taiwan, with distinctive collaboration between up- and down-stream service providers. The clustered structure is compact as well. The efficiency of divided work and shortened geographic distance can meet clients' demand for proficiency and timeliness. Owing to the competitive advantages of low production cost, high efficiency, and short delivery time in the industrial cluster, 80% of the food machinery is exported overseas currently.

### The Rise of Food Packaging Machinery

With the continuously increasing demand for packaged food and drink, food packaging machinery is on the rise. The ideal packaging demanded by consumers varies over time. In addition to convenience and function, the sustainability of the packaging is also being stressed now. Packaging follows the trends of high-tech and diversity, thereby decreasing packaging flaws and cutting down on the consumption of



Cap Lining Machine (Pull-tab Application) / YNB



energy. According to the statistics of the Taiwan Association of Machinery Industry (TAMI), the export of food and packaging machinery grew dramatically to US\$339.64 million from January to October in 2010, with 29.1% from the export of food machinery and 70.9% from the export of packaging machinery.

### Taiwan's Strong IT Industry Underpins Food and Packaging Machinery

Lots of countries are heading to the new emerging markets. Among these new emerging markets, the immense demand and high potential of Latin America and Asia are remarkable. The highly populated market in mainland China especially has become the target of large-scale enterprises. Taiwan manufacturers not only provide high-quality food and packaging machinery at a reasonable price, but also meet international standards like CE and ISO. As a result, Taiwan products are in favor with international enterprises in the new emerging markets.

Nowadays, consumers want food

safety and variety, resulting in a need for speedy, multi-functional, and smart-controlled production. To meet the market demand, a machine is usually equipped with various functions to manufacture small quantities, numerous flavors of food, and different packaging. Taiwan's renowned IT industry offers technical support for computer-controlled machines to manufacture automatic machinery. Taiwan manufacturers can provide qualified OEM or ODM service based on customers' requirements.

In the face of intense competition in the Asian market, Taiwan food and packaging machinery enterprises still stand out with their creative and quality products. With their integrated service of producing whole factories for export, their customized production, and their differentiation strategies, these enterprises add value to the resulting products, thereby enhancing the profit and ensuring the success of Taiwan's food and packaging machinery.



Sachet Packaging Machine / Chung Shan Machinery

# More Than a Production Industry

## A Green and Service Industry

Taiwan has an agriculture-based economy, and agriculture has been an important industry to support the economic development of the country. Over time, the production-oriented traditional agriculture in Taiwan has transformed into an ecological- and quality-oriented industry. Since 2009, the Executive Yuan has launched a series of action plans for six emerging industries in Taiwan: Bio-tech, Tourism, Green Energy, Medicine and Health Care, Quality Agriculture, and Culture and Creativity. In response to globalization and the development of free trade, the Council of Agriculture of the Executive Yuan has proposed the “Quality Agriculture Development Program” to ensure the sustainable development of agriculture in Taiwan and enhance its technical strength and geographic advantages. Food safety, quality, and creativity have been essential keys

to the industry’s strength not only because there are more and more people opting for a higher quality, environmentally friendly lifestyle, but also because of being confronted by global competition.

Therefore, traditional agriculture is being upgraded, turning into a technology-, information-, business- and development-oriented industry. The Quality Agriculture Development Program has three themes: healthful agriculture, excellent agriculture, and LOHAS (Lifestyles of Health and Sustainability) agriculture, using new technology to create high-value-added and high-quality agricultural products. This new business model is also being introduced





to boost management efficiency, increase marketing channels, and enter new target markets. The goal for the total production value of Quality Agriculture in 2010 was NT\$106.9 billion (around US\$3.624 billion). However, according to the statistics published by the Council of Agriculture of the Executive Yuan, the actual production value was NT\$107.4 billion, equal to US\$3.64 billion—an outstanding accomplishment rate of 100.5%. Moreover, the estimated production value of Quality Agriculture in 2012 is about US\$4.573 billion.

### Agri-Biotechnology in Taiwan Boosts the Branding of Quality Agriculture

Agricultural R&D in Taiwan ranks 12th in the world, resulting in breeding the biggest variety of phalaenopsis

#### Key information about the Quality Agriculture Development Program:

Main Theme	● Healthful Agriculture (Food safety oriented)	● Excellent Agriculture (High-tech oriented)	● LOHAS Agriculture (Recreational tourism oriented)
Vision	Strengthen safety certification to create a healthy and toxin-free island.	Take the lead in technology to create an excellent technical island.	Enhance rural scenery to form a relaxing and joyful island.
Executive Guideline	<ul style="list-style-type: none"> <li>- Organic farming</li> <li>- Good Agriculture Practice, GAP</li> <li>- CAS (Certified Agricultural Standards) premium agricultural products</li> <li>- TAP (Traceability Agricultural Product) traceability system</li> </ul>	<ul style="list-style-type: none"> <li>- Agri-biotechnology</li> <li>- Orchids</li> <li>- Ornamental fish</li> <li>- Groupers</li> <li>- Plant seeds</li> <li>- Seedlings and breeding animals</li> </ul>	<ul style="list-style-type: none"> <li>- In-depth agrotourism</li> <li>- Exquisite agricultural products</li> </ul>

orchids (butterfly orchids). New species of ornamental fish also win international awards regularly, and Taiwan leads the world in the technology for the artificial propagation of groupers.

### Orchids

Orchids have taken the lead among the top four agricultural items exported from Taiwan, followed by mangoes, tilapia, and oolong tea. Taiwan, the kingdom of phalaenopsis, exported US\$149.51 million worth of flowers and seeds in 2010, with orchids accounting for 78%, and phalaenopsis amounting to US\$82.55 million. The city of Tainan is the production base for orchids in Taiwan, and 60% of the 820,000 orchid seedling plants produced daily around the world are from Tainan. Although orchids only take up 4% of the floral area in Taiwan, the country has developed many species of phalaenopsis and the related core production know-how, and has become the world's crucial production base for orchids.

### Ornamental fish

Surrounded by the sea in a subtropical climate, the natural environment of Taiwan is suitable for ornamental fish. With the world's leading aquaculture technology, the artificial propagation of ornamental fish has created more than 300 species, with a total value of US\$68 million in aquarium organisms, feed, lighting facilities, and other peripheral industries. Thus, Taiwan plays a key role in the ornamental fish industry around the world. According to statistics, the value of the international market is over US\$150 billion. Under the support of a national grant



project, the Council of Agriculture of the Executive Yuan announced the first middle-size fluorescent fish in 2010, a rare species with a variety of shapes and high economic value. The ornamental fish from Taiwan are mainly exported to 20 countries, such as the United States, Southeast Asian countries, Japan, and European countries. The innovation of a valuable fluorescent fish proves that Taiwan can integrate aquaculture technology with the biotech industry and lead the world.

### Groupers

Ninety-five percent of the groupers raised in Taiwan are exported overseas, and 5% are sold in the domestic market. The annual production value is around US\$135 million, accounting for 58% of the global value. The major export markets are mainland China, Hong Kong, and Japan. The economy in China has grown swiftly, and the demand for groupers has increased greatly. In addition, groupers are listed in the ECFA (Economic Cooperation Framework Agreement) early harvest list, which enjoys an exemption from Chinese import duties, thereby reducing costs. Minister of the Council of Agriculture Chen Wu-hsiung announced in January 2011 that a vaccine for grouper iridovirus infection had been successfully developed in Taiwan, and will receive a manufacturing license in the same year. Consequently, the survival rate of groupers can be increased to 70%, and the total value might increase to about US\$170 million each year, making it possible for Taiwan to progress speedily in the grouper industry and become the genuine kingdom of groupers.