

Taiwan's Agriculture: New Business Operations for Overseas Market

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Taiwan, prior to its current status as an industrialized country, is well known as a leading agricultural nation. The production technology is already high enough to fit the global standards. However, the lack of an effective marketing model in correspondence with production mechanism has always caused the problem of excess supply. The disequilibrium of supply and demand also cannot meet the overseas order requirements built upon a stable supply chain management. As a consequence, the international marketing of Taiwanese agricultural products has never seen any improvements, despite their good quality.

President Tsai ran her campaign with three main strategies for agriculture: stabilizing farmers' living; ensuring food safety; and promoting agricultural marketing system. Her dream of re-polishing the advancement of Taiwan's agriculture now converts into the New Southbound Policy, hoping to promote farmers' income by expanding overseas market via exports, as shown during the earlier years of of Taiwanese agriculture.

According to the main policy, Council of Agriculture (COA) is now integrating various resources for agriculture value-enhance mechanism. The national-team brand is organized and solely aiming at exports by enhancing agri-contracting production, output clustering, quality control, and branding for international marketing. It intends to establish the stable supply chain system for overseas product delivery through the national brand in collaboration with overseas multi-lateral partners. The current problem of over-dependency on the single market can then be resolved. Therefore, COA launched Taiwan Agricultural Global Marketing Co., Ltd (TIAD) on Dec. 5, 2016, with an approved capital worth NT\$1 billion. In the first stage, some major agriculture exporting companies and authorities are invited as strategic partners and invested NT\$152 million fund. The prior marketing and sales CEO of Zespri, a company based in New Zealand was appointed as its first President.

The three core missions of TIAD are import-export agricultural products, technology transfer, and overseas investments and agricultural materials exports. COA directed and guided the export expansion to emerging markets as the first main task. TIAD will integrate multiple resources to establish a domestic and international sales and distribution channel in order to build a regular mechanism between farmers' production and consumers' consumption. The stable of contract farming can also be utilized by leasing farmlands from Taiwan Sugar Corporation, after which contracts for growing major products can be forged. The objective is to develop and manage contract farming regions to fulfill the stable supply and quality assurance of products in sustaining agricultural exports system. In addition, the company will further invite strategic partners to join the team to develop the overseas emerging markets, especially those with huge potentials As a national brand, it should obtain a full-year supply deals for expanding agricultural trade volume.

Moreover, in supporting the New Southbound Policy, the company will also enhance the overseas sales of agricultural materials, particularly in the ASEAN, South Asian, and Aussie-New Zealand markets. The development of markets overseas is envisioned to increase farmers' income and help elevate Taiwan's agricultural industry into a higher level.

On the other hand, some of the current exporting companies worry about the competition from TIAD. Therefore, TIAD aims to re-integrate the domestic supply chain of agricultural products, expand exporting channels of overseas countries, and enhance the marketing of Taiwanese agricultural products overseas. In the future, TIAD will position itself to enter less-developed overseas markets, such as the promotion of bananas into the Japanese market.

COA expects to integrate agricultural resources via TIAD. By doing so, it would make the whole Taiwan agricultural value chain more developed in order to attract the young generation to invest in agricultural production. And with this, Taiwan will be able to return to its position as a leading nation in agricultural development.

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