

Cross-Party Group on Taiwan

25rd September 2024 6pm

Minute

Present

MSPs

Jamie Greene MSP: *Chair*

Rhoda Grant MSP

Karen Adam MSP

Invited guests

Hsiao-Chen Shen

Non-MSP Group Members

Chi-hua Ding

Penny Ho

Peter Chu

Chih-Jen Lin

Thomas Tan

Apologies

Jeremy Balfour MSP

Sarah Boyack MSP

Miles Briggs MSP

Jackson Carlaw MSP

Ian Mckee

Wingsie Ng

Paul Behrens

Rohsienlin

Introduction and Apologies

Jamie Greene MSP warmly welcomed all attendees to the online meeting conveyed gratitude for all presence. This year CPG meeting focused on the AGM of the cross-party group and the

review of the previous year. Key points included the re-election of co-conveners (Speaker 1 and Rhoda) and the appointment of new members Karen Adam (SNP) and Beatrice Wishart (SLD). The presentation is presented by Hsiao-Chen Shen on Scotch whisky opportunities and challenges in Taiwan. Taiwan ranks fourth globally in Scotch malt whisky consumption, with over 760 million US dollars spent in 2023. Key factors include low import duty, high disposable income, and a growing interest in premium and ultra-premium whiskies. Challenges include e-commerce restrictions, aging population, and health concerns.

Guest Presentation

Scottish Whisky in Taiwan market

An introduction to Scottish whisky business development in Taiwan and business opportunities
Delivered by **Ms. Hsiao-Chen Shen** Commercial & Strategy Development Manager of The Artisanal Spirits Company

Key points

- Introducing the main business of the meeting, a presentation on Scotch whisky opportunities and challenges in Taiwan.
- Ms Shen provides an overview of the Artisanal Spirits Company and its subsidiary, the Scotch Malt Whiskey Society.
- The importance of Scotch whisky to the UK and internationally is highlighted, including its economic impact and cultural significance
- Ms Shen discusses the Scotch whisky market in Taiwan, noting its significant consumption and growth.
- The history of Scotch whisky in Taiwan, including its introduction and rise in popularity, is outlined. The presentation includes data on Scotch whisky consumption in Taiwan, its growth, and the market's potential.
- The cultural and economic factors contributing to the popularity of Scotch whisky in Taiwan are explored.
- Opportunities and Challenges in the Taiwanese Market:
 - Ms Shen identifies key opportunities in the Taiwanese market, including premiumization, diversification, sustainability, and tourism.
 - Challenges such as the impact of China's weak demand, e-commerce restrictions, aging population, and health concerns are discussed.
 - The importance of direct-to-consumer sales and focusing on quality rather than volume is emphasized.
 - Hsiao Chen concludes with recommendations for Scotch whisky producers to adapt to the market dynamics and consumer behavior.

Discussion

The discussion focused on the high per capita consumption of whiskey in Taiwan, with 12.8 million bottles consumed annually. Taiwanese consumers, particularly the affluent class, enjoy Scotch whiskey as a luxury. Regulations in Taiwan are less stringent, allowing direct importation and sales without a work permit. This has led to an increase in liquor stores and convenience stores selling alcohol. The conversation also highlighted the ease of importing and selling alcohol in Taiwan compared to the UK, where multiple layers of retail and high taxes

drive up prices. The meeting concluded with a discussion on the growing popularity of gin in Taiwan and the challenges faced by Scotch whiskey from other spirits. Shen also explores the opportunities for smaller Scottish producers to export their premium whiskey products to the Taiwanese market. Shen believes that by providing information to Scottish distilleries and producers on the process of exporting their products to Taiwan and connecting with the right distribution partners.

Questions regarding Taiwan's Alcohol Consumption and Cultural Context.

- **Jamie Greene MSP** mentions Taiwan's high per capita consumption of whiskey, comparing it to China's larger overall consumption. Jamie is interested in understanding the typical consumer behavior of a middle-aged, middle-class Taiwanese man who enjoys whiskey.
- **Jamie Greene MSP** inquires about the common places to buy whiskey in Taiwan, such as supermarkets, liquor stores, or bars.
- **Ms Shen** says Taiwan's high per capita consumption of alcohol, particularly Scotch whiskey, which is seen as a luxury and sophisticated drink.
- **Ms Shen** explains that cognac is also popular but that Scotch whiskey has a special cultural significance due to its introduction in the early 2000s after WTO.
- **Ms Shen** highlights the loose regulations in Taiwan, allowing direct importation and sale of alcohol without a work permit or license. Contrasts Taiwan's relaxed regulations with stricter rules in countries like New Zealand and the UK, such as serving times and permit requirements.

Questions regarding consumer behavior and retail options.

- **Jamie Greene MSP** asks if it is normal for Taiwanese consumers to buy whiskey from shops or if they prefer clubs, restaurants, or bars.
- **Ms Shen** explains that before 2005, Scotch whiskey was sold mainly through nightclubs and karaoke bars, but after 2005, direct importation led to an increase in liquor stores and convenience stores.
- **Ms Shen** also notes that there are no time restrictions on buying alcohol in Taiwan, unlike in other countries.

Questions regarding challenges and opportunities in exporting alcohol.

- **Jamie Greene MSP** shares his past experiences in exporting wine, highlighting the complexities and high markups in certain markets. He finds Taiwan's market attractive for small producers with high-premium products that struggle in the UK.
- **Ms Shen** suggests that finding the right partner, like the drinks.com, can simplify the import and distribution process in Taiwan.
- **Ms Shen** mentions that many new trends in Taiwan involve direct importation from small producers, especially in boutique and fusion restaurants.

Questions regarding Gin's popularity and Scotch Whiskey's dominance.

- **Rhoda Grant MSP** asks about the popularity of gin in Taiwan, noting that many new distilleries are producing gin for cash flow while waiting for whiskey to mature.
- **Ms Shen** claims that gin has become popular in Taiwan, with two gin festivals and its presence in corner shops.
- **Ms Shen** believes that Taiwan is a good market for small producers if the price is right, as consumers are willing to try new products.

- **Mr Thomas Tan** inquires about the challenges to Scotch whiskey's dominance, with other spirits like cognac and gin also gaining popularity.
- **Ms Shen** acknowledges that Scotch whiskey still leads in Taiwan but is facing challenges from Japanese whiskey, American whiskey, and gin. She emphasizes that while other spirits are gaining popularity, consumers often return to Scotch whiskey due to its quality and reputation.
- **Ms Shen** emphasizes the need for Scotch whiskey producers to focus on innovation and sustainability to maintain their market share.
- **Ms Shen** concludes by expressing confidence in the future of Scotch whiskey, despite the competition from other spirits.

Closing Remarks

Jamie Greene MSP expressed gratitude to all the guests and attendees for their participation in the meeting. He then extended an invitation to Director General Chi-hua Ding to deliver the closing remarks.

Remarks by **Chi-hua Ding**, *Director General of the Taipei representative Office in the UK Edinburgh Office.*

Key points

- The Director General thanked the guest speaker, **Hsiao-Chen Shen** for his insightful talk, and the attendees and guests for their attendance.
- **Rhoda Grant MSP** expresses excitement about the upcoming National Day celebrations in Edinburgh and looks forward to meeting attendees in person.
- **Rhoda Grant MSP** closes the meeting, indicating that the ownership of the meeting will be passed to Rhoda for the final business.
- **Rhoda Grant MSP** mentions the possibility of continuing the conversation in another meeting, acknowledging the interest in exporting to Taiwan.
- Next meeting date to be confirmed.