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## Mission report, Taiwan, September 21-26, 2013

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### 1. Background and purpose of the mission

- The mission was organized in the framework of a project funded by the Dutch ministry of Economics, Agriculture and Innovation.
- The major goal of the project is to promote a sustainable Taiwanese greenhouse horticulture following a public-private approach involving business, research and government from the Netherlands and Taiwan.
- The major purpose of the mission was to present and discuss the major results of the project at a workshop on Modern Sustainable Horticulture at the National Chung Hsing University in Taichung on September 23, 2013. The workshop was focused on Public Private Partnership in greenhouse technology development and vegetable supply chain management.
- In addition, experts from the Netherlands and Taiwan visited farms and companies, provided training and discussed possible follow-up activities.
- This mission report bears on the supply chain management part of the mission.

### 2. Short description of activities during the mission

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|----------------------|--|
| Saturday, Sept. 21:  | ▪ Departure from Amsterdam airport   |
| Sunday, Sept. 22:    | ▪ Arrival at Taipei and travel to Taichung<br>▪ Preparatory meeting NL team  |
| Monday, Sept. 23:    | ▪ PPP workshop at National Chung Hsing University in Taichung, including lectures by: <ul style="list-style-type: none"> <li>- Mr. Ton Snellen van Vollenhoven (NTIO)</li> <li>- Mr. Ben Kamphuis (Wageningen-UR)</li> <li>- Dr Silke Hemming (Wageningen-UR)</li> <li>- Mr. Oscar Niezen (Priva International Beijing)</li> <li>- Prof Hank Chien (National Chung Hsing University)</li> <li>- Ms. Karen Chen (Council of Agriculture, Tainan Dares)</li> </ul> |
| Tuesday, Sept. 24:   | ▪ Meetings with Prof Lee Tzong-Ru (Marketing Department) and Prof Hank Chien (Department of Applied Economics) of the National Chung Hsing University on cooperation, field visits and the coming visit of prof Chien to the Netherlands.  |
| Wednesday, Sept. 25: | ▪ Field visit to <ul style="list-style-type: none"> <li>- Shin Hu Cooperation Farm (Director general: Mr Chen Ching-Chang) Iceberg Lettuce and leaf lettuce (hydroponic)</li> <li>- I Hsin Orchids Inc.</li> <li>- Taiwan Lettuce Village (directors: Ms.Kuo Shu-fen, Mr Kuo Jiang-lung and Mr Kuo Chin-chan) Iceberg lettuce</li> <li>- Yunlin Hou Hu Limited Cooperative Farm; Processing</li> </ul>   |
| Thursday, Sept. 26:  | ▪ Excursion to Sun Moon Lake region, including visit to the memorial site of the earthquake 1999, September 21 and brief visit to a mushroom farm  |
| Sept. 27 - Oct 3:    | ▪ Round tour Taiwan: Taichung, Tainan, Taitung, Hualien, Taipei  |
| Wednesday, Oct 2:    | ▪ Visit to New Taipei City Farmers' Association, meeting on improving web-based marketing; presentation of research results and recommendations by prof Lee Tzong-Ru   |
| Friday, Oct. 4:      | ▪ Departure from Airport Taipei, flight via Guangzhou  |
| Friday, Oct 5:       | ▪ Arrival at Amsterdam airport   |

### 3. Major observations

#### A. PPP conference

- Besides a large number of students from the National Chung Hsing University, the PPP conference was attended by representatives of the Council of Agriculture and Agricultural Research and Extension Institutes.
- The purpose of the workshop was to present the major results of the PPP project so far and to discuss the options and possibilities for follow-up activities, next year.
- It was concluded that the major challenge for the coming period is to expand and strengthen the involvement of private companies in the partnership.



#### B. Supply chain management

The supply chain management part of the PPP project got more slowly off the ground than the technology part, because of the primary interest at farms and research institutes in Taiwan is in technological innovation in horticulture and not in institutional changes.

The field visit on Wednesday, September 25, however, provided a clear view on the importance of modern supply chains as will be illustrated below.

Two of the farmers' cooperatives visited during this mission were also visited in 2012 and the developments on these cooperatives in only one year time showed the dynamics in agricultural development.

- These two cooperatives - Shin Hu Cooperation Farm and Taiwan Lettuce Village - produce more than half of the total iceberg lettuce production in Taiwan.
- Both cooperatives are led by ambitious entrepreneurs, who succeeded in finding a market for the lettuce produced by individual farmers by focusing on product quality and direct relations with the farmers and buyers as well.
- Both cooperatives are actually private companies with long- and short- term contracted farmers.
- The farmers get seedlings, crop management instructions and training of the company and the companies regulates the use of agro-chemicals in order to safeguard the quality of the produce, in particular with view on the high quality standards on foreign markets, in particular the Japanese market.
- Both companies try to establish good relations with their buyers, in Taiwan and overseas as well, in order to become preferred supplier. Last year one important buyer changed his preferences.
- It is interesting to see, that the two companies follow a different strategy for the coming years. One company focuses on one product, iceberg lettuce, and tries to expand its market, in particular overseas, by improving the product quality. The number of contracted lettuce farmers is increasing.
- The other company is trying to expand its market, in particular in Taiwan, through diversification, introducing leaf lettuce varieties, investing in new technologies (hydroponics) and using new marketing tools (social media).

These two companies illustrate clearly the importance of well-maintained connections in the supply chain, benefiting not only the trading companies but also the farmers, the buyers and the consumers. That is the essence of a well-functioning value chain.



*Business strategy: market expansion by product specialisation*



*Business strategy: market expansion by product differentiation*



In contrast to these two well-connected companies, a vegetable processing/cutting company was visited that appeared to be part of a not-connected product chain.

- The vegetables, in this case carrots, arrive at the company in bulk from the farmers and leave the company, after cutting, also in bulk.
- Quality was the most important selling point, was said by the management, but they did not train or instruct the contracted farmers and did not know for what purposes exactly the processed vegetables were used.
- The only people they trained were the (12) people who picked the bad quality carrots from the conveyor belt and cleaned the carrots before they were processed in the cutting machine.

Strengthening the up- and downstream relations in the supply chain, will probably benefit the company itself and its suppliers and customers as well.



*Business strategy: market expansion by product quality?*

### C. Web-based marketing

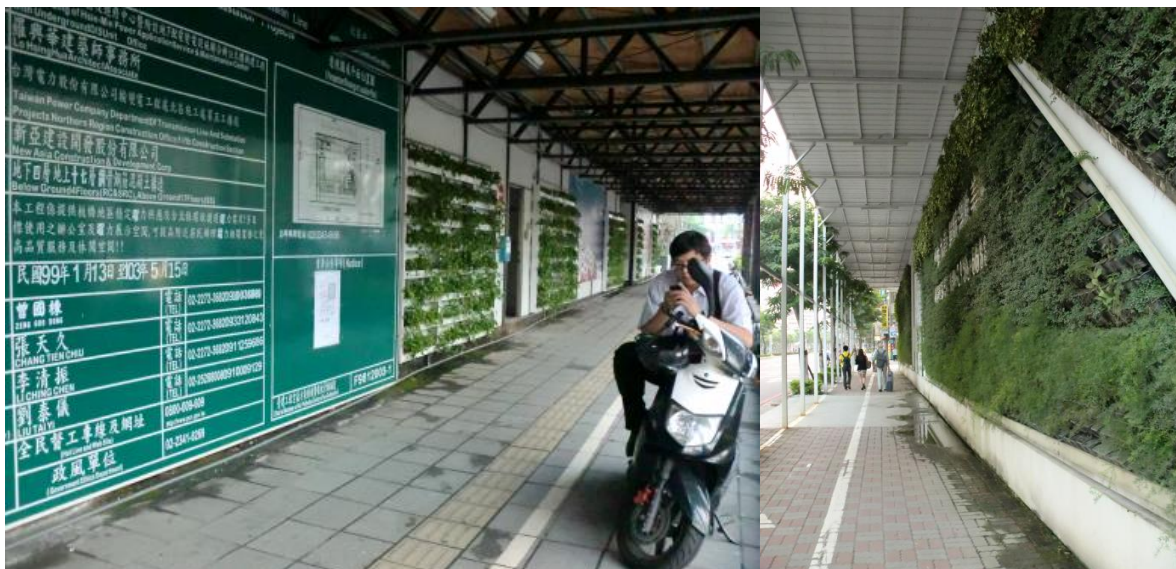
At a special meeting of the New Taipei City Farmers' Association (on October 2), prof Lee Tzong-Ru, head of the Marketing Department of the National Chung Hsing University presented the results of a survey into the differences in marketing approaches used at websites of large fruit and/or vegetable trading companies. Based on this survey, he formulated some recommendations for improving the marketing website of the association.



Meeting of the New Taipei City Farmers' Association on web-based marketing

### D. Greening the city

Walking through Taipei, one can see the results of the city's policy to green the city as illustrated below.



PPP part 3: Greening the city



#### 4. Agreements on follow-up activities

- a. Prof Hank Chien will visit the Netherlands end of November this year, to investigate the lettuce sector in the Netherland.
- b. The major purpose of this visit is to learn about the relations between the different links in the chains and the role of government, research and extension in the sector development.
- c. LEI (Ben Kamphuis) will prepare the visiting programme and guide Prof Chien during his visit.
- d. Prof Chien will bear the international travel costs and the travel and staying costs in the Netherlands.
- e. The costs for preparing the programme and guiding will be paid from the BOCI research budget.



Mushroom farm in Nantou county