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Taiwan

Grain and Feed Annual

Wheat, Corn and Rice Situation and Outlook

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Report Highlights:

Taiwan imports nearly all of its wheat and corn supply. Taiwan's wheat import forecast is 1.135 million metric tons for MY09/10 and MY10/11. The U.S. wheat import share is anticipated at 69% due to increases of Australian wheat imports in the past couple years. Taiwan's corn import forecast is 4.650 million metric tons for MY09/10 and MY10/11. The U.S. corn import share is anticipated at 75%. Imports of both commodities show a slight increase largely driven by an economy moving out of recession.

Taiwan's rice import forecast will record a 10,000 metric ton increase to 136,000 tons during the 2010 trading year because of a completion of a 2008 re-specified tender.

Executive Summary:

Wheat

Since Taiwan does not produce wheat, all demand is met by imports. Wheat import forecast is 1.135 million metric tons for MY09/10 and MY10/11. The United States is expected to capture 69% share of the overall wheat market during the forecast period. In MY08/09, the U.S. had a 71% share (down by 13% from previous year) while Australia supplied 23% followed by Canada at 3%; and Ukraine and others at a combined 3%. Australian wheat has been recognized by Taiwan millers and noodle manufacturers for its quality and is competitive with U.S. hard white. Australian wheat exports to Taiwan have potential to increase as long as Australia has supplies. The Australian exports were either Australian Prime Hard or Australian Hard. This mix varies each year mostly depending on crop quality and price levels for the different classes of wheat and because of the wheat-food consumption patterns in Taiwan.

Corn

U.S. corn import forecasts for MY09/10 and MY10/11 are 4.65 million metric tons with U.S. market share forecast at 75% and 80%, respectively. Taiwan importers' show preference for U.S. corn is based on quality considerations.

Continuing diversification of the corn import market has dented the near monopoly position of U.S. supply in the Taiwan market of recent years. During the first six months of the MY09/10, Taiwan has imported 2.0 million metric tons of corn, according to COA statistics. The United States accounted for 74% of these shipments followed by Brazil at 25%, with the remaining share supplied by other countries. Corn imports from China and South Asia are anticipated to remain insignificant. However, Asian suppliers are offering smaller cargoes with 6,000 ton, 10,000 ton, and 20,000 ton options that can be shipped by container if requested. This can provide Taiwan importers with a flexible importation schedule and also provide another option if high ocean freight rates return.

Rice

Taiwan produces two rice crops a year. In each year, there are only minor variations in production areas and yields. The primary variable is weather, because typhoons are likely to damage the second crop each year.

Although target production for 2010 is 1.1 million metric tons from 268,000 hectares of land, forecast production is only 1.018 million metric tons due to concerns of irrigation water supply in the south, where Typhoon Morakot damaged reservoirs last August. Taiwan has decided to stop irrigating approximately 22,000 hectares of paddy lands in the southern region during the first 2010 planting.

Commodities:

Wheat

Production, Supply and Demand Data Statistics:

Wheat		Taiwan		2008			2009			2010		
				2008/2009			2009/2010			2010/2011		
				Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
				USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
						Data			Data			Data
Area Harvested		0	0	0	0	0	0			0		
Beginning Stocks		403	400	403	366	350	364			363		
Production		0	0	0	0	0	0			0		
MY Imports		1,074	1,000	1,074	1,100	1,000	1,135			1,135		
TY Imports		1,074	1,000	1,074	1,100	1,000	1,135			1,135		
TY Imp. from U.S.		767	850	764	0	850	788			788		
Total Supply		1,477	1,400	1,477	1,466	1,350	1,499			1,498		
MY Exports		26	0	26	25	0	30			30		
TY Exports		26	0	26	25	0	30			30		
Feed and Residual		10	0	12	10	0	26			26		
FSI Consumption		1,075	1,050	1,075	1,075	1,050	1,080			1,080		
Total Consumption		1,085	1,050	1,087	1,085	1,050	1,106			1,106		
Ending Stocks		366	350	364	356	300	363			362		
Total Distribution		1,477	1,400	1,477	1,466	1,350	1,499			1,498		
Yield		0.	0.	0.	0.	0.	0.			0.		
TS=TD				0			0			0		

Author Defined:

Wheat Situation and Outlook

Production:

Taiwan's wheat production is negligible. All demand is met by imports.

Consumption:

Taiwan's overall wheat demand is stable. Its wheat demand forecasts for MY09/10 and MY10/11 are 1.135 million metric tons, an increase of 6% from previous year spurred by a recovering economy. With exception of about 20,000 metric tons for fermentation or brewing uses and a similar amount used for feed, the wheat is used for flour milling.

Taiwan is a dynamic market for wheat-based food products. There are many events and activities featuring wheat food products year-round, such as the “International Bakery Show,” showcases trendy new bakery products that use wheat as a core ingredient. U.S. Wheat Associates Taiwan (USW-T) Office has conducted milling programs for years aiming to improve Taiwan’s wheat milling and flour blending technologies. USW-T is currently working with local mills to make U.S. standard whole wheat flour products to meet the increasing demands from increasingly health conscious consumers.

Trade:

Wheat Imports – Stable

Since Taiwan does not produce wheat, all demand is met by imports. The Wheat import forecast is 1.135 million metric tons for MY09/10 and MY10/11. The United States is expected to capture 69% of the overall wheat market during the forecast period. In MY08/09, the U.S. had a 71% share (down by 13% from previous year) while Australia supplied 23% followed by Canada at 3%; and Ukraine and others combined 3%. Australian wheat has been recognized by Taiwan millers and noodle manufacturers for its quality and is competitive with U.S. hard white. Australian wheat imports to Taiwan have potential to increase as long as Australian has supplies. The Australian imports were either Australian Prime Hard or Australian Hard. This mix varies each year depending for the most part on crop quality and price levels for the different classes of wheat and because of the wheat-food consumption patterns in Taiwan.

Taiwan imports mostly U.S. #1 wheat. According to the Taiwan Flour Millers’ Association (TFMA), in CY2009 based on TFMA import data, 53% of U.S. imports were Hard Red Spring (HRS) or Dark Northern Spring (DNS), while 35% was Hard Red Winter (HRW), and 12% was Soft or Western White Wheat. However, all U.S. hard white was imported via containers by individual mills and was not included the above TFMA calculation. The superior milling characteristics and price competitiveness of U.S. Hard White Wheat are expected to cut Taiwan imports of Australian hard wheat. A supply constraint has limited Taiwan imports of U.S. Hard White to only 5,000 metric tons in 2005, 10,000 metric tons in 2006, 22,000 metric tons in 2007, 15,000 metric tons in 2008 and 22,000 metric tons in 2009.

Taiwan wheat importers have mentioned that a stable wheat supply with reliable gluten quality is critical for maintaining quality control of flour milling and Chinese noodle making.

Feed Wheat Imports – Insignificant

Taiwan imposes the same tariffs on milling wheat and feed wheat, which discourages feed wheat imports, compared to zero tariffs for feed corn, soybeans and other feed ingredients. Importers sometimes experiment with small imports of feed wheat to offset high corn prices but this practice is not common in Taiwan.

Taiwan imported 12,000 metric tons of feed wheat in MY08/09 and feed wheat imports are forecast to rise to 20,000 metric tons in the coming years.

Imports/Exports of Flour, Pasta, and Other Products

Flour import forecast remains low. In MY08/09, imports of flour and pasta and other products totaled 27,000 metric tons (36,000 metric tons wheat equivalent) and accounted for 3% of the total Taiwan wheat and wheat products imported. Imports of these wheat-based products were primarily from non-U.S. suppliers. The U.S. wheat-based products amounted to less than one thousand metric tons and were not competitive in this market. Taiwan exported about the same quantity of wheat-based products.

Stocks:

Taiwan ending stocks usually remain stable along with stable imports and consumption. In general, physical stocks remain at about two months of consumption, or five months if contracted wheat is included. The stale stocks level is attributable to group purchasing of wheat to help reduce costs and risk.

Policy Developments:

Taiwan reported no Malathion MRL non-compliant wheat import shipments since Taiwan established a MRL of 1.5 ppm for wheat in December 2008. Taiwan set a new Ochratoxin A MRL of 5 ppb for wheat in December 2009, which led to postponement of one TFMA tender in early 2010.

Cross-Straits Trade

A potential threat to U.S. wheat exports would be a market opening for flour, wheat, or processed products imported from China. Improving cross-strait relations has been the centerpiece of Taiwan's economic and trade policy under the administration of President Ma Ying-jeou. However, Taiwan authorities have repeatedly stated that Taiwan will not liberalize trade of 834 agricultural items currently banned for entry from China even if a proposed Economic Cooperation Framework Agreement (ECFA) can be reached.

Taiwan Buying Practices and Investment Plans

The Taiwan flour milling industry continues to import through its long-standing collective group purchasing system under which companies pool their funds and jointly bring in large grain shipments to cut costs. During periods of high ocean freight prices and ready availability of empty backhaul containers, provide some mills seek opportunities to import wheat individually through containerized shipments.

At present, Taiwan has 26 milling operations with an annual milling capacity of 2 million metric tons based on 24-hour and 25-working-day a month operations. The largest and also the newest mill began operations in October 2007 with daily milling capacity 1,000 metric tons, while the second largest mill has daily capacity of 720 tons.

Commodities:

Corn

Production, Supply and Demand Data Statistics:

Corn Taiwan		2008			2009			2010		
		2008/2009			2009/2010			2010/2011		
		Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
		USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
				Data			Data			Data
Area Harvested	7	6	6	16	5	5		10	10	
Beginning Stocks	736	736	736	655	706	706		678	678	
Production	37	32	32	79	27	27		53	53	
MY Imports	4,53 2	4,59 8	4,59 8	4,60 0	4,65 0	4,65 0		4,65 0	4,65 0	
TY Imports	4,53 2	4,59 8	4,59 8	4,60 0	4,65 0	4,65 0		4,65 0	4,65 0	
TY Imp. from U.S.	3,71 9	2,74 3	3,74 3	0	3,48 5	3,48 5		3,72 0	3,72 0	
Total Supply	5,30 5	5,36 6	5,36 6	5,33 4	5,38 3	5,38 3		5,38 1	5,38 1	
MY Exports	0	0	0	0	0	0		0	0	
TY Exports	0	0	0	0	0	0		0	0	
Feed and Residual	4,50 0	4,50 0	4,50 0	4,55 0	4,53 5	4,53 5		4,53 5	4,53 5	
FSI Consumption	150	160	160	150	170	170		170	170	
Total Consumption	4,65 0	4,66 0	4,66 0	4,70 0	4,70 5	4,70 5		4,70 5	4,70 5	
Ending Stocks	655	706	706	634	678	678		676	676	
Total Distribution	5,30 5	5,36 6	5,36 6	5,33 4	5,38 3	5,38 3		5,38 1	5,38 1	
Yield	5.	5.	5.33 33	5.	5.	5.4		5.	5.3	
TS=TD			0			0			0	

Author Defined:

Corn Situation and Outlook

Production:

Nearly all demand for feed corn is met by imports. Domestically produced corn is not competitive without a significant production subsidy or guaranteed purchase program. Taiwan, with its high input costs, is not a cost-efficient producer of most agricultural products.

Beginning in 2008 under pressure from high world corn prices, Taiwan's Council of Agriculture (COA) started an initiative to revive farm land under the rice diversion program to improve Taiwan's food security and self-sufficiency by encouraging farmers to plant feed corn on portions of 220,000 hectares of set aside rice paddy fields. Under the 2008 initiative, rice farmers are allowed to grow feed corn on set aside paddy rice fields and also are eligible to receive a direct payment of NT\$45,000/HA for fallowing land. Farmers produced under contract for a price of NT\$8/kg. Total feed corn output in 2009 was only 32,000 metric tons, a decrease of 5,000 metric tons from the previous year. However, the 2010 feed corn production target is 53,000 metric tons from 10,000 hectares of land.

Despite this planned increase, local feed corn production is anticipated to remain miniscule due to unfavorable climate conditions for corn crops, and other factors, such as the lack of availability of corn seed and drying and storage facilities. However, with the exception of a period of pricing at NT\$7.89/kg seen last August, the local feed corn price for the previous twelve months all reached above NT\$8/kg. It seems likely that production targets for local contract farming will be met in the coming year.

Consumption:

According to industry sources, corn demand for wet milling in corn syrup manufacturing increased in recent months to forecast demand of 170,000 metric tons in 2010. The demand for Cassava starch that serves as a substitute for corn in wet milling is expected to decline. The remaining corn all goes to feed manufacturing. Approximately 90% of Taiwan's feed production is used for swine and poultry production, while the remaining feed production is used in cattle and fishery production.

The local swine sector has demonstrated it can compete with imported pork products. An increase in 2009 of pork imports was due primarily to the decrease in domestic production following Typhoon Morakot that damaged local production facilities in August 2009. However, imports still represent a small portion of the local market. Approximately, 100 thousand sows were lost in the typhoon and resulted in a smaller herd of piglets for MY2009/2010 production. The hog sector has been an important and profitable agricultural sector for Taiwan. The Council of Agriculture (COA) conducts a hog census twice a year in order to monitor the domestic pork market situation. According to COA's November 2009 census, standing hog population was down by 4.6% year-on-year and down by 1.9% to 6.15 million head from the numbers reported in the May 2009 survey. The decrease in hog production was also attributable in part to the exit of less competitive farmers, with 5% and 2% decreases in hog farm numbers in corresponding time periods, respectively. Meanwhile, the production scale of efficient hog farmers scales trended upward. Under the current commodity and meat market situation, the local hog production break-even point is approximately NT\$5,600/100kg per head.

Recently, COA announced its policy to continue allowing live bird markets to remain in operation. In 2008, COA announced AI prevention measures that called for the prohibition of live bird markets by April, 2010, but later rescinded the plan after public outcry. Imported poultry products would have likely gained market share if the live bird market prohibition measures remained. Imports of poultry products are forecast to remain at the current levels of around 80 thousand metric tons. Local poultry production remains stable. The COA target production of poultry for 2010 has been adjusted upward by 1.3% to 368 million birds, due primarily to a 2.8% increase in the broiler sector.

On the marketing side, in addition to promoting the freshness of locally produced poultry and pork products, the local poultry and swine sectors are trying to increase their competitiveness with imported red meat and poultry products by introducing a traceability system. Consumers can use an identification code to trace production information about the packaged products to find out the producer's name, where the animal was raised and processed, the date of processing, the sanitary quality of the product, and what kind of feed was used, etc. However, the traceability system is now only available for value-added and specially handled production.

Trade:

The import forecasts of U.S. corn for MY09/10 and MY10/11 are 4.65 million metric tons with U.S. market share forecast at 75% and 80%, respectively, Taiwan importers' show preference for U.S. corn is based on quality considerations. based on Taiwan importers' preference over U.S. corn.

Continuing diversification of the corn import market has dented the near monopoly position of U.S. supply in the Taiwan market of recent years. During the first six months of the MY09/10, Taiwan has imported 2.0 million metric tons of corn, according to COA statistics. The United States accounted for 74% of these shipments followed by Brazil at 25%, with the remaining share supplied by several other countries.

Corn imports from China and South Asia are anticipated to remain insignificant. However, Asian suppliers are offering smaller cargoes with 6,000 ton, 10,000 ton, and 20,000 ton options that can be shipped by container if requested. This can provide Taiwan importers with a flexible importation schedule and provides another option if high ocean freight rates return.

As long as there is ample availability of shipping containers; shipments of U.S. corn are able to compete with Asian and South American corn which are usually supplied in small bulk shipments. According to local industry, approximately 35% of corn was shipped to Taiwan in containers in 2009, a 50% decrease from 2008. In first three months of 2010, the share of corn container shipments further dropped to 30%.

Stocks:

Taiwan is a stable corn import market with stock levels around two and a half months of consumption, including landed stocks and stocks still on the water.

With diversified import sources from the region, and availability of containerized shipments, Taiwan is able to keep its stocks at a relatively low level.

Policy Developments:

Import Ban for Corn Imports from China Temporarily Lifted

Taiwan allowed, for the first time, the temporary entry of corn from China in October 2002. Since then the current market opening from April 2008 through the end of 2009, the periods of opening were of relatively short duration and supply volumes relatively modest. With improving cross-strait relations and industry's desire for more imported corn sources after they experienced extreme price fluctuations in 2008, Taiwan authorities have been encouraged to continue providing access to corn from China. Below is list of time periods when the entry of corn from China has been permitted:

- October - December 2002, with imports of 71,000 metric tons.
- November 2003 - January 2004, with imports of 67,502 metric tons.
- March - May 2004, with imports of 22,946 metric tons.
- November 20, 2006 – February 2007, with zero imports.
- October 1, 2007 – March 31, 2008, with imports of 8,010 metric tons.
- April 1 – December 31, 2008, with imports of 129,810 metric tons.
- January 1 – December 31, 2009, with imports of 6,285 metric tons.
- January 1 – December 31, 2010, with no imports as of reporting date.

Biotechnology and Labeling

The current Taiwan agricultural biotechnology regulations are only applied to soybeans, corn and products. No bioengineered soybeans or corn may be produced, processed, prepared, packed, and imported or exported unless they are registered. All bioengineered varieties of soybeans and corn must be registered and approved by the Department of Health's Food and Drug Administration (DOH/FDA). Taiwan has granted registration approvals for 14 corn biotech events. The registrations are valid for five years for food, feed, and processing (FFP) use, but not for environmental release or plantation. As of reporting date, Taiwan has granted registration approvals for a total of 18 single biotech events, including the aforementioned 14 corn events and 4 soybean events. For those discontinued commercialized biotech events, Taiwan no longer requires re-registration after the expiration of their previously granted approval.

Taiwan implemented a new approval system for stacked events starting in May 2008. As of reporting date, there are 16 stacked corn events registered and approved, of which 11 are two-way, 3 are three-way, and 2 are four-way.

Corn Substitutes

The feed inclusion rate for corn in MY08/09 was estimated at 62.5%, based on estimated annual feed production at 7.20 million metric tons. This marked a recovery from a year earlier, when the rate was estimated at 58.6%. Corn consumption was encouraged by less volatile world corn prices during MY08/09 and the upcoming year. Imports of DDGS, barley, sorghum in MY08/09 all dropped from a year earlier despite temporary tariff reductions by the Taiwan authorities for these commodities.

Other Feed Grains and Cassava

The feed inclusion rate for other grains was estimated at 1.7%, which fell below the normal range of 3% to 4% in recent years. This was a 1.4% decrease from last year, due to decreases in barley and sorghum imports.

In MY08/09, Taiwan imported 56,000 metric tons of barley (down by 4,000 metric tons from a year earlier), 72,000 metric tons of sorghum (up by 11,000 metric tons), and 12,000 metric tons of feed wheat. COA stopped releasing old rice from the reserve stocks for feed use in 2009 following high world commodity prices. Cassava imports totaled 342,000 metric tons (same as a year earlier), of which 4,000 metric tons entered under the HS2303-1000 and 338,000 metric tons under HS1108.14. As cassava starch has multiple uses, it is difficult to estimate how much of the total imports were used as feed.

Distillers Dried Grain (DDGS) and Corn Gluten Meal (CGM):

In MY08/09, Taiwan imported a total of 165 thousand metric tons of DDGS, compared to 281 thousand metric tons in MY07/08. DDGS imports are forecast to remain at MY08/09 levels due to reduced price competitiveness with soybean meal and feed grains. Among the combined total DDGS imports, 82 thousand metric tons were imported under HS2303.30 with tariff rates that varied from 3% to 1.5%, and currently at zero duty reflecting Taiwan's decision to cut tariffs for key commodities to address concerns about food and feed cost inflation (see TW9006). Additionally, 34 thousand metric tons were imported under HS2306.70 and 50 thousand metric tons under HS2302.10, both at a 0% tariff rate. The Taiwan Feed Industry Association (TFIA) has petitioned for a permanent zero tariff on DDGS under HS2303.30, and it is anticipated that Taiwan authorities will eventually grant this request for DDGS imports to help boost the competitiveness of domestic livestock industries vs. pork and poultry meat imports.

Commodities:

Rice

Production, Supply and Demand Data Statistics:

Milled Rice, Taiwan	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Harvested	252	268	252	255		255		248	
Beginning Stocks	272	272	272	202		221		334	
Milled Production	1,042	1,130	1,025	1,020		1,111		1,018	
Rough Production	1,457	1,614	1,456	1,447		1,578		1,454	
Milling Rate (.9999)	7,151	7,000	7,040	7,050		7,040		7,000	
MY Imports	60	126	99	73		85		136	
TY Imports	73	126	85	126		136		126	
TY Imp. from U.S.	31	60	16	0		66		56	
Total Supply	1,374	1,528	1,396	1,295		1,417		1,488	
MY Exports	53	20	34	20		1		1	
TY Exports	20	20	1	20		1		1	
Consumption and Residual	1,119	1,208	1,141	1,075		1,082		1,154	
Ending Stocks	202	300	221	200		334		333	
Total Distribution	1,374	1,528	1,396	1,295		1,417		1,488	
Yield (Rough)	6.	6.	5.7778	6.		6.1882		5.8629	
TS=TD			0			0		0	

Author Defined:

Rice Situation and Outlook

Production:

Taiwan produces two rice crops a year. In each year, there are only minor variations in production areas and yields. The primary variable is weather, because typhoons are likely to damage the second crop each year.

Although target production for 2010 is 1.1 million metric tons harvested from 268,000 hectares of land, the production forecast is only 1.018 million metric tons due to concerns of irrigation water supply in the south, where Typhoon Morakot damaged reservoirs last August. Taiwan has decided to stop irrigating approximately 22,000 hectares of paddy lands in the southern region during the first 2010 planting.

Under the current WTO agreement, the rice TRQ quota amount is 144,720 metric tons on brown basis (126,000 metric tons milled equivalent). Out-of-quota imports do not occur because of the very high out-quota-tariff rates of NT\$45/kg for rice

grain and NT\$49/kg for processed rice products. Therefore, Taiwan rice production target aims only to balance domestic rice supply and demand and to follow its policy of maintaining reserve stocks 30% in excess of demand.

The increased production target follows a policy of adjusting upward the level of Taiwan's rice security stocks to 400,000 metric tons (on brown basis) from the previous target stocks level of 300,000 metric tons. This change was attributable to worries about high world grains prices in 2008. As a major grain importer, Taiwan's concerns about food security increased after suffering disruptive food price inflation caused by high world grain prices and export bans for grains instituted by a few key exporting countries.

Consumption:

According to Taiwan's Council of Agriculture (COA) Food Balance Sheet, per capita consumption of rice continues declining from 50.10 kg in 2001 to 47.48 in 2007. In contrast, wheat consumption is slowly increasing from 33.18 kg in 2001 to 36.0kg in 2007.

Taiwan is over 90% self-sufficient in rice production with and generally stable rice market. On the contrary, Taiwan is entirely dependent on wheat imports. During MY07/08 when wheat world prices were generally high, Taiwan's flour and wheat food markets, the bakery sector in particular, were severely impacted. Taiwan was promoting rice consumption to replace wheat/flour during that period.

Traditionally, when Taiwan promotes domestically grown agricultural products, rice has been one of the important items. In general, local consumers recognize significant differences between varieties, origins, and crop years. The Taiwan livestock and feed industries usually petition the Taiwan agricultural authorities to release three-year-old or older rice for feed use whenever corn prices surge.

Trade:

Trade-Import Regime: TRQ Implementation

In June 2007, Taiwan started implementing a country specific quota (CSQ) regime for its public sector rice imports.

The Taiwan rice Tariff Rate Quota (TRQ) of 144,720 metric tons (on a brown basis) is divided into two portions: 35% for private sector imports and 65% for public sector imports.

The quota for private sector imports is divided into three auctions. The auctions to bid for the 2010 quota were scheduled for November 2009, February 2010, and April 2010, respectively. This was earlier the schedule in recent years, reflecting a tighter rice supply.

As for the 65% quota for public sector imports, it is divided by both country of origin and tender type (i.e., Simultaneous-Buy-Sell (SBS) and normal tender). SBS tendering is subject to a markup price (a floor price); and normal tendering is subject to a pre-set ceiling price calculated on a basis of DDP (delivery, duty paid) terms and rice is delivered to designated COA warehouses in accordance to contract term. In recent years, COA has built air-conditioned warehouses in the northern, central and southern regions, respectively. The newly built air-conditioned warehouses can accommodate 34,000 metric tons of public imported rice, a little more than a half of total imports under CSQ normal tendering. COA plans to build more air-conditioned warehouses to store imported rice to maintain the rice quality.

Table: 2010 Private Rice Quota Allocation Schedule & Results

Product Name	Quota Amount	Quota Validity Duration	Date	Weighted-average Bid Price	Max. Bid Price	Min. Bid Price	# of Allocations
Rice	15,000 metric tons	Jan. 1/ Sept. 15	Nov. 28	NT\$6.796/kg	NT\$13.500/kg	NT\$6.179/kg	14
	20,652 metric tons	March 1/ Sept. 15	Feb. 25	NT\$7.450/kg	NT\$7.900/kg	NT\$7.180/kg	40
	15,000 metric tons	May 1/ Sept. 15	Apr. 28	NT\$8.062/kg	NT\$8.713/kg	NT\$7.868/kg	22
Total	50,652 metric tons (44,067 metric tons milled equivalent)						

Under the TRQ system, importers bid for quota rights that are sold to the bidder(s) with highest offered bid price. Using the so-called “System Three” quota bidding system, Taiwan has successfully allocated all 50,652 metric tons (brown basis) of its annual private sector import quota rights to local importers since Taiwan’s entry into the WTO in 2002.

On April 28, Taiwan allocated all of its 2010 quotas to 76 importers, with the offered bid prices ranging from NT\$6.179/kg to NT\$13.500/kg (brown basis). This private rice quota tender, unlike the public rice tenders, attracts a large number of participants in the bidding so Taiwan has no problems allocating import quota rights to interested rice importers through competitive tendering. The cost for quota rights reflects conditions in the local and international rice markets –with higher local relative prices making import rights more valuable than vice versa.

Table: 2010 Public Rice Quota Tender Schedule & Results

Tender Type	Tender Schedule	Tender Quota
SBS - Batch One	Completed on February 11, 2010	16,500 tons
SBS – Batch Two	In progress	16,000 tons
Total SBS Quota: 30,200 tons		
Traditional Tender divided into three batches	Batch One for 20,000 tons completed on April 20, 2010	64,068 tons
Total Traditional Tender Quota: 64,068 tons		
Total TRQs for Public Import: 94,068 metric tons or 81,839 metric tons milled equivalent (65% of the total TRQs)		
CSQs: The United States: 64,634 tons Australia: 18,634 tons Thailand: 8,300 tons Egypt: 2,500 tons		

As of April 20, Taiwan has completed tenders for 44,460 metric tons of the 2010 rice CSQ, with a tender completion rate of 47%, SBS and Normal tenders combined. The U.S. CSQ tender completion rate stands at 45 %.

SBS Tender:

Taiwan completed the first tranche of 16,500 metric tons of SBS tenders on 2/11/2010 for importation by 12/31/2010, and 7,960 metric tons of the second tranche of 13,700 metric tons of SBS tenders on 04/20/2010 for importation by 04/30/2011.

According to Taiwan preliminary statistics, as of April 30, 2010 all imports under the 2009 rice SBS CSQ, except for 1,500 metric tons of Egyptian rice, have been imported into Taiwan.

Rice imported under the SBS tender is released to the market directly, instead of being deposited to the public stocks. The import quota under the SBS tendering for previous years was 30,000 metric tons in 2009; 25,000 metric tons in 2008; and 20,000 metric tons 2007.

Taiwan implemented the Country Specific Quota (CSQ) regime in June 2007 after completing its TRQ Head Note notification to the WTO. Taiwan schedules its SBS tenders in two tranches; the first tranche is scheduled for the beginning months with delivery term by year end, and a second tranche in August for delivery by the end of April in the following year.

Traditional Tender:

The 55,434 metric tons of U.S. rice CSQ will be divided into three tender tranches. The first tranche of 20,000 metric tons completed on 04/20/2010 is for delivery by 08/31/2010. The second tranche for 20,000 tons and the third tender is for 15,434 tons have not been scheduled as of reporting date.

Total Import Quantity in 2009

According to Taiwan Customs arrival data, Taiwan imported 85,000 metric tons of rice in 2009, on a milled basis. Of this total (private and public sector imports combined), the United States had a 28% share, Thailand had 40% share, and Vietnam had 31% share. Egypt implemented rice export bans in 2009 while Australia has been facing years of drought and short supply.

The import forecast is 136,000 metric tons in 2010. The additional 10,000 metric ton increase is a result of a re-specified tender from 2008. This also revises Taiwan's unfilled rice CSQ imports for 2008 downward to 46,634 metric tons, whereas the unfilled rice CSQ for 2007 remains at 32,037 metric tons (on a brown basis).

Rice Exports in 2009

Taiwan's rice exports in 2009 decreased to only one thousand metric tons. In order to control domestic rice prices and maintain domestic reserves following the world rice price spike, Taiwan set a minimum export price (MEP). Only premium rice graded CNS#1 (CNS refers to Chinese National Standard) that is priced above \$1,200/metric ton FOB in 2009 and \$1,100/metric ton FOB in 2010 is allowed for export.

Food aid shipments amounted to 600 tons in 2009.

Cross-Straits Trade

Taiwan bans importation of mainland Chinese rice. However, Taiwan recently permitted a request for 25 tons of rice from China for processing and re-export.

Stocks:

Taiwan doesn't have a specific rice market price stabilization program. COA tries to "stabilize" most markets for staple foods, including rice, sensitive fruits and/or vegetables, feed and fertilizer, etc. As for the domestic rice market, COA releases rice onto the market from the public stocks whenever public complaints put pressure on elected officials to act, based on a perception that rice prices are too high. The reserve stock level is forecast to increase to 334,000 metric tons in 2010.

Government public stocks are sourced from public sector imports under the CSQ and existing pre-set price purchase programs for domestically-produced paddy rice.

Policy Developments:

Stringent Import Inspection

In July 2007, Taiwan implemented its revised food import inspection regulation. However, this did not impact rice imports. Taiwan's implementation of stringent rice import inspection has continued since Taiwan opened its markets to rice imports in January 2002. Imported rice continues to be inspected on a lot-by-lot basis for pesticide residues, heavy metal and aflatoxin by the Bureau of Standards, Metrology and Inspection (BSMI) based on policies set by COA and DOH.

Rice Purchase Programs

To offset increasing farm input costs in 2008, COA increased support by NT\$2/Kg for three rice purchase programs: guaranteed purchase program, guidance purchase program and surplus purchase program. Sales under these programs are limited to certain quantities per hectare (refer to statistical tables in TW8024 for details).

According to COA data, total paddy sales to the government under these purchase programs totaled 182,000 metric tons, which accounted for 13% of Taiwan's total rice production of 1.578 million metric tons in 2009. Of these paddy sales to the government, 174,000 metric tons was purchased under the guarantee purchase program, 8,000 metric tons was purchased under the guidance program, and 119 metric tons was procured under the surplus purchase program.

Marketing:

To be competitive with imported rice, Taiwan's Agriculture and Food Agency (AFA) under the Council of Agriculture (COA), has been working with local rice millers/farmers under a voluntary Taiwan Good Rice Program to improve quality in terms of specialty rice variety and freshness with a township geographical indication. Market diversity is indicated by retail price differences between high and low end branded rice packages. For example, the price in 2009 for small packaged polished Japonica rice varied between NT\$43.33/kg and NT\$326.66/kg.

All domestic rice data is sourced from AFA and is available online at the link below.

http://eng.coa.gov.tw/content.php?catid=9601&hot_new=8821

Background Statistical Tables

Table 1- Pork Imports vs. Domestic Production and Wholesale Market (on a calendar year basis)

Year	Pork Imports in 1,000 metric tons (tmt)		Domestic Pork Production in 1,000 head slaughtered	Auction Price in NTS/100kg-head
	Meat (HS0203)	Offal (HS0206)		
2005	26	28	9,500	5,352
2006	18	23	9,625	4,918
2007	13	23	9,447	5,193
2008	29	27	8,727	6,619
2009	54	28	8,600 (preliminary)	6,300 (preliminary)
2010 (forecast)	54	28	8,600 (COA target)	6,200

Source: Council of Agriculture (COA) and Taiwan Customs Statistics.
Hog target production for 2009 is adjusted down by 2.1% from 2008 due to volatile commodity market and recent global economic downturn.

Table 2- Total Poultry Meat Imports vs. Domestic Production

Year	Poultry Meat Imports in (tmt) (HS0207)	Domestic Poultry Production in 1,000,000 birds slaughtered	Farm Price in NT\$/kg
2005	88	378	36.81
2006	105	390	33.71
2007	63	377	36.55
2008	82	353	43.52
2009	83	363	42.28 (pre.)
2010 (forecast)	83	368	43.00

Source: Council of Agriculture (COA) and Taiwan Customs Statistics.

Table 3- Feed Production for 2007-2010 (in thousand metric tons)

Feed Production	2007	2008	2009 (Preliminary)	2010 (forecast)
Total Feed Produced	7,484	7,159	7,139	7,245
Hog Feed	3,363	3,179	3,131	3,131
Poultry Feed	3,364	3,228	3,317	3,362
Others	758	752	752	752

Source: Council of Agriculture (COA).

Table 4- Tariff Rate Reductions Table (for details refer to TW9006)

Commodity/HS Code	Current Rate	Temporary Rate: Temporary 50% Reduction during 08/06/2007 – 08/05/2008	Temporary Rate: Temporary 50% cut or zero rate starting 08/06/2008 thru 05/31/2010
Drum wheat for feeding/1001-1000-10-3	6.50%	3.25%	3.25%
Other drum wheat/1001-1000-90-6	6.50%	3.25%	3.25%
Soft wheat for feeding/1001-9000-10-6	6.50%	3.25%	3.25%
Other wheat and meslin/1001-9000-90-9	6.50%	3.25%	3.25%
Wheat flour/1101-0010-00-4	17.50%	8.75%	8.75%
Maize flour/1102-2000-00-1	6.00%	3.00%	Zero
Groats of wheat/1103-1100-10-9	20.00%	10.00%	10.00%
Meal of wheat/1103-1100-20-7	20.00%	10.00%	10.00%
Groats and meal of meiz/1103-1300-009	10.00%	5.00%	Zero
Flour and meal of soy beans/1208-1000-00-6	3.00%	1.50%	1.50%
Brewing or distilling dregs and wastes/2303-3000-00-4	3.00%	1.50%	Zero

Table 5- Rice Imports in 2009 (in Metric Tons)

Origin	HS100610 (paddy)	HS100620 (brown)	HS100630 (milled-total)	HS100630-0010-4 (milled-glutinous)	HS100640 (broken-milled)	Total/Share (on a milled basis)
U.S.A.	0	7,780 (6,769)	8,347	410	531	15,647/18.3%
Australia	0	228 (198)	0	0	0	204
China	0	0	25	0	0	25
Egypt	0	0	0	0	0	0
Thailand	0	38 (33)	37,508	17,224	2,282	39,823/46.6%
Japan	0	4 (3)	347	1	0	350
India	0	0	59	0	0	59
Indonesia	0	222 (193)	0	0	0	193
Vietnam	0	68 (59)	26,195	7,505	120	26,374/30.8%
Italy	0	0	14	0	0	14
Myanmar	0	0	2,808	0	0	2,808/3.3%
Pakistan	0	0	1	0	0	1
Total	0	8,340 (7,255)*	75,310	25,140	2,933	85,498

Source: Taiwan Customs Arrival Data

* Import numbers in the parentheses are on a milled basis. Conversion factor is 0.87 to milled rice from brown based on Taiwan's official conversion factors in its WTO rice TRQ calculation.

Table 6- Taiwan Food Aid in 2009

Recipient Destination	Tonnage
Haiti, Rep. of	400
Philippines	200
Total	600

Source: Council of Agriculture (COA)