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## Taiwan

**Post:** Taipei

### Update on Rice Tender Results for 2008 Country Specific Quota (CSQ) Implementation

#### Report Categories:

Grain and Feed

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#### Report Highlights:

As of April 29, 2009, with the exception of a pending 10,000-ton (11,500 tons brown equivalent) long grain tender, the remaining 48,934 tons of U.S. CSQ divided into five tenders has failed all three tendering processes. As a result, this volume has been globalized with the same specifications, of which 1,150 tons was awarded to one Vietnamese rice importer at NT\$33,500/mt or \$991/mt (\$1= NT\$33.80). To date, 63 percent of Taiwan's 2008 CSQ (or 59,284 tons) remains unfilled, all of this originally allocated under the U.S. CSQ for normal public sector tender.

#### Executive Summary:

On April 29, Taiwan awarded 1,150 tons of globalized quota that was previously designated under the U.S. country specific quota (CSQ) to an importer offering Vietnam-origin rice at NT\$33,500/mt or \$991/mt. As a result, 63 percent (or 59,284 tons) of Taiwan's 2008 CSQ remains unfilled, down one point from Post's previous report. There are no changes to report on the 2007 CSQ, of which 34 percent remains unfilled (32,037 tons).

As for the 2009 CSQ, Taiwan authorities recently restated they will conduct all of tendering processes within the calendar year. To date, Taiwan has completed just 18,000 tons or 19 percent of the CSQ quota. All of this volume came under the simultaneous-buy-sell (SBS) system, including 6,000 tons of U.S. CSQ.

## **General Information:**

### **Upcoming May 13 Tender Announcements**

On April 29, Taiwan rescheduled four globalized U.S. CSQ quota tenders with specifications unchanged for May 13.

1. GF4-970-278 for 9,000 tons of medium/short grain milled rice for September 30 delivery – on a global basis (Previously U.S. CSQ)
2. GF4-970-279 for 1,000 tons short grain glutinous for November 30 delivery - on a global basis (Previously U.S. CSQ)
3. GF4-970-280 for 10,000 medium/short grain brown rice for September 30 delivery – on a global basis (previously U.S. CSQ)
4. GF4-970-301 for 5,934 tons medium/short grain brown rice for September 30 delivery – on a global basis (previously U.S. CSQ)

### **Tender Results:**

#### **-April 7 Tender Results: All Failed**

1. GF4-970-301 for 5,934 tons U.S. origin medium/short grain brown rice -- 2<sup>nd</sup> tendering process: the tender failed because no bidders participated in the bidding.
2. GF4-970-244 for 10,000 tons U.S. origin medium/short grain milled rice (11,500 tons brown equivalent) -- 3<sup>rd</sup> tendering process: the tender failed because no bidders participated in the bidding.
3. GF4-970-245 for 10,000 tons U.S. origin medium/short grain brown rice -- 3<sup>rd</sup> tendering process: the tender failed due to offered bid price exceeded the ceiling price, with the lowest offered bid price of NT\$42,334/mt or \$1,273.20/mt for 2,000 tons. The two other bidders (among the total of three) offered higher prices of NT\$42,478/mt (\$1,277.53/mt) for 1,000 tons and NT\$43,052/mt (\$1,294.79/mt) for 2,000 tons, respectively. (Exchange rate is \$1 = NT\$33.25.)

#### **-April 21 Tender Results: All Failed**

All three tenders held on April 27 for 2008 unfilled quota failed. Since these three tenders failed three consecutive tendering processes, it is anticipated they will be tendered under global quota next time.

1. GF4-970278 for 9,000 tons U.S. origin medium/short milled Rice (10,350 tons brown equivalent) -- 3<sup>rd</sup> tendering process: the tender failed because no bidders participated in the bidding.
2. GF4-970279 for 1,000 tons U.S. origin medium/short grain milled glutinous rice -- 3<sup>rd</sup> tendering process: the tender

failed because no bidders participated in the bidding.

3. GF4-970280 for 10,000 tons U.S. origin medium/short grain brown rice -- 3<sup>rd</sup> tendering process: the tender failed because the offered bid price exceeded the ceiling price. The lowest offered bid price was NT\$41,810/mt or \$1,235.88 for 2,000 tons. The other bids offered were NT\$42,228/mt or \$1,248.24/mt for 2,000 tons and NT\$43,362/mt or US\$1,281.76/mt for 1,000 tons. (Exchange rate = US\$1: NT\$33.83)

**-April 27& 29 Tender Results: Awarded 1,150 tons to Vietnam**

1. GF4-970-301 for 5,934 tons U.S. origin medium/short grain brown rice -- 3<sup>rd</sup> tendering process: Only one bidder participated in the bidding, with offered bid price of NT\$41,114/mt or \$1,219.63/mt for 5,934 tons. The tender failed because the offered bid price exceeded the ceiling price. (Exchange rate is \$1= NT\$33.71, quoted 04/27/2009)

2. GF4-970-244 for 10,000 tons medium/short grain milled rice (11,500 tons brown equivalent) tendered under a global quota basis (previously U.S. CSQ):

Two bidders participated in the bidding: one handling Vietnamese short grain rice and the other handling U.S. medium grain rice. The U.S. rice didn't meet the tender specification and was disqualified for price bid, whereas, the Vietnamese rice was awarded at NT\$33,500/mt or \$991/mt. (Exchange rate is \$1 = NT\$33.80, quoted 04/29/2009.)

3. GF4-970-245-2 for 10,000 tons medium/short grain brown rice tendered under a global quota basis (previously U.S. CSQ): Three bidders participated in the bidding. One offered a much lower bid of NT\$38,790/mt (\$1,150/mt) for 10,000 tons. The other two were bidding for 2,000 tons only, with offered bid prices of NT\$41,114/mt (\$1,219.63/mt) and NT\$41,512/mt (\$1,231.44/mt), respectively. The tender still failed due to the offered bid price exceeding the ceiling price. (Exchange rate is \$1 = NT\$33.71, quoted 04/27/2009.)

**Summary Tables for CSQ Implementation**

Table 1 - CSQ Quota for Public Sector Imports in 2009

Country	SBS System	Traditional Tender System	Total
Egypt	2,500	0	2,500
Thailand	8,300	0	8,300
Australia	10,000	8,634	18,634
USA	9,200	55,434	64,634
2009 Total	30,000	64,068	94,068

Note: as of 03/11/2009, the first tranche of 18,000 tons SBS tender completed (19% of CSQ quota filled rate):

1. The 6,000 tons of U.S. CSQ under SBS was awarded to 5 importers at the range of NT\$0.6/kg to NT\$0.581/kg.

2. The 6,000 tons of Thai CSQ under SBS was awarded to 4 importers at NT\$8.8/kg (\$266.67/mt).

3. 190 tons out of the 6,000 Australian CSQ under SBS was awarded at either NT\$2.0/kg (\$60.61/mt) or NT\$2.5/kg (\$75.76/mt). The remaining 5,820 tons was

switched on a global basis. On 02/11/2009, 2,500 tons was awarded to six bidders at the price range: NT\$8.2/kg to NT\$9.0/kg. On 03/11/2009, the remaining 3,310 tons was awarded to three bidders at the same price NT\$6.022/kg.

As of April 27, 2009, Taiwan has yet to announce its schedule for normal tenders.

Table 2 - CSQ Quota for Public Sector Imports in 2008

Country	SBS System	Traditional Tender System	Total
Egypt	2,500	0	2,500
Thailand	8,300	0	8,300
Australia*	10,000	8,634	18,634
USA**	4,200	60,434 (11,500 is long-grain; 48,934 globalized)	64,634
Total	25,000	69,068	94,068

Note: (quota filled rate is 36%, as of 03/26/2009):

1\*: Only 290 tons of the Australia CSQ was awarded to Australian rice importers and the remaining 18,344 tons Australia CSQ was awarded on a global basis. The industry believes that Thai rice suppliers are gaining the 18,344 tons of Australia-relinquished CSQ quota.

2\*\*: As of 04/29/2009, with an exception of a pending 10,000 ton (11,500 tons brown equivalent) long grain tender, the remaining 48,934 tons divided into five tenders have all failed three tendering processes and are globalized, of which 1,150 tons was awarded to Vietnam at NT\$33,500/mt or \$991/mt (\$1= NT\$33.80). The unfilled rate for 2008 CSQ is now 63 percent (59,284 tons).

Table 3 - CSQ Quota for the Public Sector Imports in 2007

Country	SBS System	Traditional Tender System	Total
Global (pre-CSQ)	9,100	NA	9,100
Egypt	2,258	0	2,258
Thailand	6,347	1,150	7,497
Australia	500 (460**)	16,331(16,331**)	16,831
USA	1,795	56,587 (32,037**)	58,382
2007 Total	20,000	74,068	94,068

Note (quota filled rate 66%):

Of this 32,037 tons of unfilled 2007 quota, 1,150 tons is relinquished Australia CSQ and 30,887 tons are unfilled U.S. CSQ. The entire amount of unfilled 2007 U.S. CSQ has already failed at least three tendering processes and was switched for tendering under a global basis with the same rice specifications for medium/short grain purchasing.

\*\* Represents quota amounts that have been switched on to a global basis as of

December 30, 2008.

As of 12/30/2008, the U.S. gained 3,450 tons from the relinquished Australia CSQ and lost 1,150 tons of CSQ to Vietnam for purchasing of short grain glutinous rice, with a net gain of 2,300 tons.