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POLICY

Voluntary Internal

Date: 12/18/2015

GAIN Report Number: TW15050

Taiwan

Post: Taipei

School Health Act Amendment Encouraging Non-GE Soybean Imports

Report Categories:

Biotechnology - GE Plants and Animals
Oilseeds and Products

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Report Highlights:

On December 14, Taiwan's Legislative Yuan amended legislation to withdraw genetically engineered (GE) food products from school meals. Parents will likely bear the cost of this policy as will the Ministry of Education with budget dedicated to meal subsidies increasing. The demand for non-GE soybeans is expected to rise, though, currently less than 3% of U.S. soybean exports to Taiwan are non-GE. Post is concerned with the increasing, anti-GE rhetoric.

General Information:

Reference:

[Proposing School Health Act to Withdraw GE Food GE Plants and Animals Grain and Feed Oilseeds and Products](#)

On December 14, Taiwan's Legislative Yuan amended legislation to withdraw genetically engineered (GE) food, raw materials, and primary products in school meals across Taiwan in accordance to Article 23 of the Act, attached at the end of this report. Parents will likely bear the cost of this policy as will the Ministry of Education (MOE) with budget dedicated to meal subsidies increasing. The demand for non-GE soybeans is expected to rise, though, currently less than 3% of U.S. soybean exports to Taiwan are non-GE. Looking forward, anti-GE rhetoric may negatively impact U.S. commodity supplies to Taiwan as there are few moderate voices willing to publically oppose expanded legislation, or labeling and traceability mandates, for instance.

This report will focus specifically on the impact on U.S. soybean exports to Taiwan. While the legislation bans all GE food, raw materials, and primary products, the result of this language will primarily impact soybeans (tofu, soy milk etc.) as corn, for instance, is mainly utilized in "secondary" form, i.e. corn oil, corn starch etc.

Trade Impact

Demand for soybean meal in feed use continues to be the driving force behind Taiwan's overall soybean import demand. Product destined for crushing and for-feed use accounted for 89% of the imports between November 2014/October 2015. The U.S. market share will depend on competitiveness against South American soybeans, especially with strong U.S. currency against depreciation of South American currencies.

It is difficult to accurately assess the amount of U.S. soybeans or products are currently destined for Taiwan's school lunch program. As Taiwan is nearly 100% reliant on foreign sources for soybean supply, including for food use, it is judicious to assume U.S. soybeans eventually end up in Taiwan school meals in the form of tofu, soy milk, etc. Taiwan's consumption of soy foods is high and relatively stable at an estimated 280 TMT annually. During November 2014/October 2015 this accounted for 11% of total soybean imports. This demand is primarily satisfied by locally screened U.S. #2 grade soybeans.

Post anticipates a potential impact of School Health Act to be increased demand for non-GE soybeans in food utilization. According to Taiwan's Council of Agriculture import data, on arrival shipments, during November 2014/October 2015, Taiwan imported 55 TMT of non-GE, or conventional, soybeans, compared to an estimated 30 TMT in CY2014. The United States supplied 25 TMT, next to Canadian's 29 TMT, worth US\$19 million and accounting for 2.66% of Taiwan's total U.S. soybean imports. Several local food makers who supply soy-based products for school meals predict growing demand for non-GE soybeans. They noted that consumption of the most popular soy-based product, tofu, is seasonal with vegetables being the primary substitute, depending on weather and price.

As U.S. non-GE soybean suppliers have visited the island in recent months/years, Taiwan importers

may now have contacts or supplying sources to import non-GE soybeans. Currently, soy-based food makers pay an (approximate) NT\$3/kg premium for non-GE product, NT\$21/kg against GE at NT\$18/kg from the wholesale market, according to trade contacts. This is less than just a year ago when non-GE soybean prices were closer to NT\$25/kg with a NT\$5/kg premium for non-GE.

Local Reaction, Increased Anti-GE Rhetoric

Taiwan's MOE announced that when the new requirements take effect -- expected February 2016, (the start of the new school semester) at the earliest, -- the cost of each school meal could increase by NT\$5 (US\$0.1512). Local media reports note the new legislation may add NT\$235.8 million (US\$7.17 million) to the MOE's budget for subsidizing school meals for 262,000 disadvantaged elementary and junior-high school students.

This comes at a time when local food safety scandals have resulted in anti-GE groups successfully capturing media, LY, and public attention. Unfounded links have been successfully made between improving food safety and increasing regulations for GE food products. Moderate voices, or those who view expanded labeling and regulation for GE food products as unnecessary scientifically and (potentially) harmful economically, are lacking.

The school lunch legislation is only the most recent in a line of expanded legislation for GE food and feed products. In February 2014 Taiwan, in accordance to a new amendment of the Act Governing Food Safety and Sanitation, extended its GE regulatory scope to include all GE products, whereas previously just corn, soybeans, and products were included in GE legislation. Labeling thresholds were reduced to 3% from a previous 5%. A traceability system was also mandated though implementation of that system is yet to be thoroughly detailed to the World Trade Organization for member review and comment. The new labeling requirements will take effect on December 31, 2015 for all GE products in food utilization, including all packaged or unpackaged goods, at all retail outlets including chain stores, restaurants or traditional wet markets, and regardless of merchant.

Article 23, School Health Act:

To implement healthy eating education, school caters should follow the central educational authorities set nutritional benchmarks and content of food, as well as the central health authorities established Chinese Dietary Reference Intakes to provide hygienic, safe and nutritionally balanced meals. And its implementation shall be supervised by nutritionists. School meals should provide a choice of vegetarian meals.

Paragraph 1- Ingredients of school meals should give priority to local excellent agricultural products which are under the central agricultural authority certification programs (over imported) and avoid the utilization of genetically modified raw material food.

