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## Taiwan

### Grain and Feed Annual

#### Wheat, Corn and Rice

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**Report Highlights:**

Taiwan is almost wholly dependent on imports of wheat and corn. Marketing Year (MY) 2011/12 wheat imports are estimated at 1.25 million metric tons (MMT), with the U.S. expected to hold 75 percent of the total. MY 2011/12 corn imports are estimated at 4.16 MMT, with U.S. market share remaining at 65 percent as Taiwan continues to diversify supply sources in response to high U.S. prices. Taiwan imports about 126,000 metric tons (MT) of rice annually under a WTO Country Specific Quota (CSQ); the U.S. CSQ allocation is 56,000 MT.

## Commodities:

Wheat

## Production, Supply and Demand Data Statistics:

Wheat	Taiwan	2010/2011		2011/2012		2012/2013	
		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
		USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested		0	0	0	0		0
Beginning Stocks		398	398	536	475		395
Production		0	0	0	0		0
MY Imports		1,333	1,282	1,250	1,250		1,200
TY Imports		1,333	1,282	1,250	1,250		1,200
TY Imp. from U.S.		968	957	0	900		900
Total Supply		1,731	1,680	1,786	1,725		1,595
MY Exports		35	0	25	0		0
TY Exports		35	0	25	0		0
Feed and Residual		35	55	35	180		50
FSI Consumption		1,125	1,150	1,150	1,150		1,150
Total Consumption		1,160	1,205	1,185	1,330		1,200
Ending Stocks		536	475	576	395		395
Total Distribution		1,731	1,680	1,786	1,725		1,595
Yield		0.	0.	0.	0.		0.
TS=TD			0		0		0

## Wheat Situation and Outlook

### Production:

Taiwan produces less than 1,000 MT of winter wheat, which is used to make a fermentation starter that in turn is used to produce kaoliang, a local distilled spirit made from sorghum. In addition to the wheat grown for kaoliang production, approximately 120 MT of wheat is grown for use by local bakeries that market products made from organic or natural wheat.

**Consumption:**

Taiwan's overall wheat consumption is relatively stable with the estimate for MY 2011/12 and the forecast for MY 2012/13 set at 1.25 and 1.20 MMT, respectively. Wheat imports are used primarily for flour milling with the exception of around 20 TMT for fermentation starter and 50-200 TMT for feed use. Please refer to the "Trade" section (below) for feed wheat import forecasts.

Taiwan's overall food self-sufficiency rate was an estimated 32 percent in 2010, one of the lowest levels in Asia. This has generated some concern about Taiwan's food security situation, especially given global commodity price spikes in recent years. To address these concerns, Taiwan is promoting the idea of substituting rice for wheat in various applications and is developing intermediate products, such as pancake mix with an 80 percent admixture of rice flour, as substitutes for wheat.

Taiwan has a very competitive domestic market for wheat-based food products. There are many promotional events and activities featuring wheat-based food products throughout the year, such as the "Taipei Best Beef Noodle Contest" held during the winter, the annual "International Taipei Bakery Show" in the spring, "Pineapple Cake Contest" in the summer and the "Traditional Moon Cake Contest" in the fall. The Taipei International Bakery Show attracted more than 110,000 visitors in 2011, including professionals and consumers. The "City Breads Championship Contest" was also featured during the 2011 Bakery Show. Gift packages that include flour-based food items are becoming increasingly popular in Taiwan's booming tourism, particularly with the recent influx of mainland Chinese.

**Trade:**

Virtually all of Taiwan's demand for milling wheat is met by imports, and demand is should remain stable for the reporting years. The wheat import estimate for MY 2011/12 and forecast for MY 2012/13 are 1.25 MMT and 1.20 MMT, respectively. According to Taiwan statistics, feed wheat imports in first 8 months of MY 2011/12 amounted to 153 TMT. The feed wheat import estimate for MY 2011/12 is 200 TMT and the forecast for MY 2012/13 is 50 TMT.

In MY 2010/11, the United States had a 75 percent share of imports, while Australia supplied 24 percent of the market, which was split between milling wheat (21 percent) and feed use (3 percent). The remaining one percent was comprised of feed wheat from a variety of sources.

Australian wheat is recognized by Taiwan millers and noodle manufacturers for its quality and is competitive with U.S. hard white wheat. As a result, Australian wheat exports to Taiwan have the potential to increase if there are sufficient supplies of Australian Prime Hard (APH) or Australian Hard (AH). When available and competitively priced, Taiwan also imports Canadian Western Red Spring (CWRS) wheat.

According to the Taiwan Flour Millers' Association (TFMA), in CY 2011, 55 percent of U.S. wheat imports under the collective group purchase was comprised of 14 or 14.5 percent protein and consisted of Hard Red Spring (HRS), Northern Spring (NS) and Dark Northern Spring

(DNS). About 32 percent of imports consisted of medium protein with NS 13 percent and Hard Red Winter (HRW) 12.5 percent or 13 percent protein. Low protein wheat, including Western White and Soft White, made up the remaining 12 percent of wheat imports from the United States. Taiwan did not import any Hard White Wheat during MY 2010/11.

Taiwan wheat importers have indicated that a stable wheat supply with reliable gluten quality is critical for maintaining quality control for flour milling and Chinese noodle making. Taiwan's wheat flour market is sophisticated, and only certain classes of wheat meet domestic milling requirements. The United States is expected to maintain its 75 percent share of the overall wheat market in MY 2011/12 and MY 2012/13, based on the needs of the Taiwan market.

At present, Taiwan has 24 mills operating, with an estimated annual milling capacity of two MMT based on 24-hour and 25-working-day a month operations. The largest (and also the newest) flour mill began operating in October 2007 with daily milling capacity of 1,000 metric tons, while the second largest mill has daily capacity of 720 tons.

**Imports/Exports of Flour** – Taiwan's imports of wheat flour remain low – about two percent of total consumption. In MY 2010/11, Taiwan imported a total of 21 TMT of wheat flour from Japan, Vietnam and Australia. Taiwan also exported nine TMT of flour, mainly to Hong Kong. Taiwan imposes a 17.5% tariff rate on flour under HS 1101 and a 20 percent tariff on flour under HS 1103 while tariffs on wheat are 6.5 percent (see Table #4 – Tariffs).

**Feed Wheat Imports** – Feed wheat imports totaled 55 TMT in MY 2010/11. Taiwan imposes the same tariff of 6.5 percent on milling wheat and feed wheat, compared to zero tariffs for feed corn, soybeans and other feed ingredients. This tends to discourage feed wheat imports except when high corn prices make feed wheat competitive.

### **Stocks:**

According to local milling industry sources, millers usually hold about 1.5 months of stocks on-site to avoid disruptions in operation because of shipping delays. Therefore, the minimal level of Taiwan's wheat ending stocks is estimated at 150 TMT. Actual stocks are adjusted according to world wheat price trends.

### **Policy Developments:**

To combat food price inflation, Taiwan occasionally implements a 50 percent tariff reduction on wheat and flour imports during periods of high world wheat prices. Recent tariff reduction periods include August 6, 2007 through August 5, 2009, and February 10, 2011 through February 9, 2012. Taiwan also temporarily lowered the business tax on wheat, corn, barley and soybeans to zero from usual five percent VAT, effective March 10, 2008 thru June 9, 2010.

During this same period, imports of milk powder under HS 0402.1000 and HS 0402.2100 also received a 25 percent tariff cut to 7.5 percent to help the Taiwan bakery and food industries combat the high price of ingredients.

**Cross-Strait Trade** – On June 29, 2010, Taiwan and mainland China signed an Economic Cooperation and Framework Agreement (ECFA). The ECFA went into effect on September 12, 2010. Taiwan authorities have repeatedly stated that Taiwan will not liberalize imports of 830 agricultural products currently denied entry from China, including wheat products. According to Taiwan wheat millers, any market opening for processed wheat-based products from China would be a potential threat to the Taiwan milling industry.

**Taiwan Buying Practices** – The Taiwan flour milling industry continues to import through its long-standing collective group purchasing system, under which companies pool their import volumes and jointly bring in large grain shipments to cut costs. During periods of high ocean freight costs and given the ready availability of empty backhaul containers, some mills seek opportunities to import wheat individually through containerized shipments. In CY 2011, according to the TFMA, approximately 88 percent of U.S. wheat imports were made by bulk shipment, while the remaining U.S. and Australian wheat imports were shipped via containerized shipments.

## Commodities:

Corn

## Production, Supply and Demand Data Statistics:

Corn	Taiwan		2010/2011		2011/2012		2012/2013	
			Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
			USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested			7	5	9	7		9
Beginning Stocks			498	498	372	447		447
Production			38	27	47	38		47
MY Imports			4,161	4,322	4,300	4,155		4,255
TY Imports			4,161	4,322	4,300	4,155		4,255
TY Imp. from U.S.			2,781	2,828	0	2,700		2,765
Total Supply			4,697	4,847	4,719	4,640		4,749
MY Exports			0	0	0	0		0
TY Exports			0	0	0	0		0
Feed and Residual			4,100	4,180	4,100	3,973		4,082
FSI Consumption			225	220	200	220		220
Total Consumption			4,325	4,400	4,300	4,193		4,302
Ending Stocks			372	447	419	447		447
Total Distribution			4,697	4,847	4,719	4,640		4,749
Yield			5.	5.4	5.	5.4286		5.2222
TS=TD				0		0		0

## **Corn Situation and Outlook**

### **Production:**

Beginning in 2008, while under pressure from high world corn prices, Taiwan's Council of Agriculture (COA) started an initiative to revive farmland use under the rice diversion program to improve Taiwan's food security and self-sufficiency by encouraging farmers to plant feed corn or forage on portions of 220,000 hectares of land that had previously been fallow. Under the 2008 initiative, rice farmers are allowed to grow feed corn on set-aside paddy rice fields and are eligible to receive a direct payment of NT\$45,000 per hectare (HA) for fallow land. Farmers produce corn under contract for a price of NT\$8 per kilogram (kg) but will also receive an additional payment of 90 percent of the price difference between the domestic market price for corn and the contracted price of NT\$8/kg if domestic corn prices are higher than the contracted price. However, total feed corn output in 2011 was only 27 TMT. COA's target production for 2012 is 38 TMT from a planted area of 7,000 hectares. Despite this planned increase, local feed corn production is anticipated to remain insignificant due to unfavorable climate conditions for local corn production and other factors, such as the lack of suitable corn seed and drying and storage facilities.

### **Consumption:**

According to industry sources, corn demand for wet milling for corn syrup manufacturing has increased given that cassava starch prices have been higher than corn prices. High world sugar prices have also pushed up corn demand for wet milling. As a result, corn consumption for wet milling is adjusted upward to 220 TMT for the forecast years.

Total feed demand, including feed for swine, poultry, dairy, fishery and other sectors, is estimated at 7.105 MMT for MY 2011/12 and forecast at 7.180 MMT for MY 2012/13. Corn for feed use for MY 2011/12 and MY 2012/13 is forecast at 4.1 and 4.2 million metric tons, respectively.

## **Situation and Outlook for Taiwan Livestock Sectors**

Swine and poultry production account for about 80 percent of Taiwan's total livestock output. The local swine and poultry sectors have proven to be generally competitive with imports of pork and poultry products since Taiwan liberalized its meat and poultry products import market as part of Taiwan's 2002 WTO accession.

Taiwan producers promote freshness, a smaller carbon footprint with "local consumption from local production", and a traceability system to help compete with imports. Consumers can use a quick response (QR) code to trace back production information on some packaged products to find the producer's name, where the animal was raised and processed, the date of processing, the sanitary quality of the product, and even the kind of feed given to the animal. In addition,

despite some food safety concerns, Taiwan has decided to allow the continued marketing of fresh-kill chicken, mostly the native “tugi” (native bird) variety.

**Hog Sector:** Despite a mandatory FMD vaccination programs, Taiwan still has sporadic "Type-O-Taiwan" FMD incidents. There were four cases in 2010, two cases in 2011, and eleven cases already reported this year. In February 2012, Taiwan reported to the OIE Taiwan's first-ever detection of the new "type O-pan-Asia" strain of FMD incidents on Kinmen island, the same strain that caused outbreaks in Japan and South Korea last year and that can be transmitted to cattle, sheep, pigs and deer. A total of 867 pigs have been culled to date. Cloven-hoofed live animals and products from Kinmen have been barred from export to the Taiwan mainland. According to Taiwan agricultural authorities, the new strain FMD incidents have been confined to Kinmen Island, which accounts for only 0.3 percent of Taiwan's total swine production.

Taiwan conducts a hog census twice a year. According to the most recent November 2011 census, the standing hog population was 6.26 million head s, up by 1.3 percent year-over-year and up by 1.1 percent from the May 2011 survey. The surveys indicated a continued expansion in the hog herd as part of a general recovery from the August 2009 Morakout Typhoon that caused extensive disruptions to the local swine sector. The surveys also indicated that swine farm operations are becoming more concentrated as small-scale and less competitive farms are gradually phased out.

The COA's 2012 swine target production was previously set at 8.7 million heads on slaughtered basis. However, an oversupply situation early in the year caused the per 100 kilo auction prices to decline from the peak last July of NT\$7,514 (about US\$250) to NT\$6,856 (about US\$230) in February 2012. Prices have subsequently declined to NT\$5,286 (about US\$176) due to public food safety concerns over the detection of residues of banned feed additives in local meat products and the reported cases of FMD. Currently, Taiwan bans all beta-agonists in food-animal production. During routine domestic market surveillance, however, Taiwan authorities have found residues of salbutamol, ractopamine and other illegal feed additives. As the result of heightened consumer concerns and reduced demand, 2012 swine production is expected to decline to 8.6 million heads. This will lead to a proportionate reduction in feed demand to 3.17 MMT.

**Poultry Sector:** A movie released in 2011 featured a vendor in a local night market selling deep-fried chicken fillets. The movie was a big hit and spurred consumption of the deep-fried fillets, which helped push Taiwan's broiler production in 2011 to 200 million birds, an eight percent increase from 2010. Consequently, before recent HPAI detections, the COA's 2012 target broiler production was set to remain at 200 million birds (slaughtered), whereas the target production for "tugi" (native chicken) was set at 123 million, reflecting a slight 1.6 percent reduction due in part to a decrease in preparing meals at home. Consumers prefer tugi to broilers for home meal preparation. In March 2012, however, Taiwan detected the first ever case of the high pathogenic H5N2 strain of avian influenza. As of April 10, 2012, Taiwan has reported eight AI incidents to the OIE, of which five chicken farms in central Taiwan , including two layer, one broiler and two tugi farm, tested positive for high pathogenic AI (HPAI) and the other three were low pathogenic (LPAI). Approximately 82, 000 birds on the HPAI farms were culled. Poultry farms located within a three-kilometer radius of the infested farms were under

quarantine monitoring, but additional AI findings are possible in the near term. The somewhat sensationalized media coverage of the current AI situation has dampened consumers' appetites for poultry products and caused a reported 20-30 percent drop in prices. Target broiler and tugi production for 2012 are therefore revised downward by 11 million birds, respectively.

The 2012 duck target production was set at 28.8 million birds, an increase of 0.3 million birds from 2011. Annual production of geese and turkey will remain unchanged at around 5 and 2 million birds, respectively.

The 2012 chicken egg target production was previously set at 6.4 billion eggs, but will be significantly reduced due to current HPAI findings in layer farms. Duck egg target production is set at 485 million eggs, an increase of one million eggs from 2011.

Taking into account the potential impact of the HPAI incidents, total poultry production for 2012 is now predicted at 340 million birds, a 10 percent cut from the earlier target, which is equivalent to an approximately 145 thousand metric ton decrease in poultry feed consumption. Accordingly, poultry feed demand is forecast at 3.22 MMT (see Table #1, #2 and #3).

**Other Feed Grains:** The feed inclusion rate for all other grains combined is estimated at 4.0, 5.7 and 3.8 percent, respectively for MY 2011/12 through MY 2012/13 as reflected in the table below. Consumption of other feed grains is estimated based on imports.

#### **Imports of Other Feed Grains (1,000 MT)**

Marketing Year	MY 2010/11 (preliminary)	MY 2011/12 (estimate)	MY 2012/13 (forecast)
Barley	45 (9)	60	60
Sorghum	97 (6)	75	75
Feed Wheat	55 (3)	180 (5)	50
Feed Rice (CY)	90	90	90
Total feed output (CY)	7,180	7,105	7,180
Est. combined inclusion rate	4.0%	5.7%	3.8%
<i>Source:</i> Taiwan's Council of Agriculture (COA) <b>*Imports from the United States are in the parentheses.</b>			

**Distillers Dried Grain (DDGS):** The Taiwan Feed Industry Association (TFIA) petitioned for and received a permanent zero tariff on DDGS under HS 2303.30 beginning in June 2010 in a bid to assist Taiwan livestock and poultry farmers reduce input costs. Taiwan Customs import data indicates steadily increasing DDGS imports over the past six years, from 19 TMT in CY2006 to 234 TMT in CY2011. Based on a U.S. Grains Council recommended feed formulation with a 10 percent DDGS inclusion rate, 100 metric tons of DDGS could replace with 89 metric tons of corn. DDGS imports are forecast for MY 2011/12 and MY 2012/13 at 290 TMT and 350 TMT, respectively.



### Imports of DDGS and Corn By-Products (1,000 MT), imports from U.S. in parentheses

Product	MY2010/11	CY2007	CY2008	CY2009	CY2010	CY2011
Brewing or distilling dregs & waste (HS 2303.30)	225 (214)	46	57	90	170	234
Maize germ oil residue (HS 2306.9090.10)	8 (8)	0	0	132	34	6
Bran, sharps & residues of maize (corn gluten feed) (HS 2302.10)	13 (5)	98	66	43	32	10
Residues of starch manufacture and similar residues (corn gluten meal) (HS 2303.10 – 2% tariff)	25 (21)	26	12	5	9	28

### Stocks:

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

With diversified import sources from the region and the availability of containerized shipments, Taiwan is able to keep its corn stocks at relatively low levels. In CY2011, about 35 percent of corn was shipped via containers.

### Trade: Corn Import Demand

Total corn imports for MY 2011/12 and MY 2012/13 are forecast at 4.155 and 4.255 MMT, respectively, with U.S. market share expected to remain at about 65 percent. The continuing diversification of supply sources has negatively affected the near monopoly position that U.S. corn held in the past, with U.S. market share declining from 98 percent in MY 2006/07 to 65 percent in MY 2010/11. Taiwan importers' preference for U.S. corn is primarily based on consistent quality and reliable delivery. However, high world corn prices have factored into Taiwan's search for cheaper priced corn from other sources.

**Cross Strait Developments** – Corn imports from mainland China are currently banned. As a follow-up to the Cross-Strait Economic Cooperative Framework Agreement (ECFA), which was signed in September 2010, the Cross Strait Trade Goods Agreement talks are currently ongoing. Commodities like feed corn that do not threaten Taiwan domestic agricultural production or raise food safety concerns may be on the agenda for future trade liberalization with mainland China. Taiwan livestock industry groups may, in fact, welcome the option to purchase feed corn from China, especially during periods of high global commodity prices.

Taiwan has occasionally allowed feed corn from China to be imported to mitigate global price spikes. Below is a list of the time-periods and volumes when corn imports from China were permitted.

- October - December 2002: 71,000 metric tons

- November 2003 - January 2004: 67,502 metric tons
- March - May 2004: 22,946 metric tons
- November 20, 2006 – February 2007: no recorded imports
- October 1, 2007 – March 31, 2008: 8,010 metric tons
- April 1 – December 31, 2008: 129,810 metric tons
- January 1 – December 31, 2009: 6,285 metric tons
- January 1 – December 31, 2010: no recorded imports
- April 18 – June 30, 2011: no recorded imports

### **Biotechnology and Labeling:**

Taiwan's agricultural biotechnology regulations apply only to soybeans, corn and related products. All single event corn and soybean and their stacked products are required to apply to the Taiwan Food and Drug Administration (TFDA) for registration approval. The registrations are valid for five years for food, feed, and processing (FFP) use, but are not valid for environmental release or planting. As of the date of this report, Taiwan has granted registration approvals for a total of 23 single biotech events (16 corn and 7 soybean) and 26 stacked corn products (13 two-way, 7 three-way and 6 four-way).

All food derived from biotech corn or soybeans, such as corn flour or grit, must be labeled as containing GMO ingredients, with a tolerance level of five percent. TFDA authorities conduct domestic market surveillance inspections.

## Commodities:

Rice, Milled

## Production, Supply and Demand Data Statistics:

Rice, Milled Taiwan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	244	254	268	280		280
Beginning Stocks	358	358	333	370		405
Milled Production	1,016	1,186	1,096	1,175		1,161
Rough Production	1,451	1,689	1,566	1,679		1,659
Milling Rate (.9999)	7,000	7,022	7,000	7,000		7,000
MY Imports	125	106	125	142		130
TY Imports	125	106	125	142		130
TY Imp. from U.S.	24	22	0	72		60
Total Supply	1,499	1,650	1,554	1,687		1,696
MY Exports	5	11	2	2		2
TY Exports	5	11	2	2		2
Consumption and Residual	1,161	1,269	1,220	1,280		1,306
Ending Stocks	333	370	332	405		388
Total Distribution	1,499	1,650	1,554	1,687		1,696
Yield (Rough)	6.	6.6496	6.	5.9964		5.925
TS=TD		0		0		0

## Rice Situation and Outlook

### Production and Stocks:

Taiwan's Council of Agriculture (COA) has revised its agricultural production policies to increase food self-sufficiency by gradually adjusting upward its rice security stocks to 400 TMT (352 TMT milled equivalent) from 300 TMT as a result of the world commodity price spikes during 2008. Taiwan's goal is to reach a 40 percent overall food self-sufficiency rate by 2020 from the current level of about 32 percent as reported by the COA.

To increase rice stock, Taiwan's rice production target is expected to expand by eight percent to 280,000 hectares in 2012, producing 1.175 MMT based on normal yields (Taiwan produces two

rice crops a year). In 2011, Taiwan realized higher-than-expected rice production primarily due to higher-than-normal yields of 5,873 kg/ha (brown basis) for the first crop and 4,431 kg/ha for the second crop. This compared to Taiwan's five-year rice yield of 5,343 kg/ha for the first crop and 3,774 kg/ha for the second crop. Given already high stock levels of rice, production target forecasts for 2013 will depend on whether rice consumption expands along with Taiwan government's efforts to increase per capita rice consumption as a substitute for imported wheat.

### **Consumption:**

To aid in the drive for greater food self-sufficiency, Taiwan is promoting rice flour consumption as a substitute for imported wheat. Taiwan looks to Japan as a model for breeding specialty high yield and high amylose rice varieties for flour milling. Currently, two rice flour mixes for bread baking are available in the market. However, since rice flour is priced significantly higher than wheat flour, such substitution efforts may have limited success in encouraging consumers to choose rice flour for their baking needs.

Through the wheat substitution and other efforts, Taiwan hopes per capita rice consumption will increase to 51 kg by the end of 2014 from the current per capita level of 48 kg. Taiwan faces a tough battle to reverse declining per capita rice consumption that once stood at 98 kg. Over the past 30 years, per capita wheat flour consumption has risen from 23 kg to 36 kg according to the COA.

### **Trade:**

Rice Imports: All rice imports are made under a WTO tariff rate quota (TRQ) of 126 TMT annually with country specific quotas (CSQ). According to Taiwan Custom's 2011 arrival data, Taiwan imported 106,252 tons of rice on a milled basis. Other purchases under the 2011 allocation may arrive in 2012, so will not be recorded under the 2011 Taiwan Custom's arrival data. Taiwan's rice imports for Calendar year (CY) 2012 and CY 2013 are forecast at 142 TMT and 130 TMT, respectively. Of these totals, 72 TMT in 2012 and 60 TMT in 2013 are expected to come from the United States. Additionally, Australian rice has returned to the Taiwan market following several years of drought-reduced exports (see Table # 5).

Rice Exports: Taiwan's rice exports in 2011 amounted to 10,549 metric tons, of which 8,700 tons was dedicated to humanitarian food aid while the remaining rice was sold on a commercial basis (see Table #6 and #7). The average export (FOB) sale price was \$1,585/MT (milled basis) and \$2,595/MT (brown basis). In accordance with Taiwan's food security policy, only top quality premium rice is allowed for export, generally in consumer packaging. Export forecasts for CY 2012 and CY 2013 are level at 2,000 metric tons. Taiwan has targeted mainland China for rice exports, especially its Certified Agricultural Standards (CAS) commercial packaged rice. CAS labeled products is traceable, and the quality is guaranteed by the certification system.

### **Policy:**

#### **TRQ Implementation**

Taiwan's rice TRQ of 144,720 tons (brown basis) is divided into two portions – 35 percent or 50,652 MT (44,067 MT milled equivalent) is reserved for private sector imports and 65 percent or 94,068 MT (81,839 MT milled equivalent) is set for public sector imports. Taiwan has used a country specific quota (CSQ) regime for the public sector rice imports since June 2007.

**Private Sector Imports:** The quota for private sector imports is divided among three separate auctions. Bidding is scheduled each year during the months of November, February and April. See the table below for the bidding results for the 2012 quota allocation. 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 tons (brown basis) of its annual private sector import quota rights to local importers since Taiwan's entry to the WTO in 2002.

### 2012 Private Rice Quota Allocation Schedule & Results

Product	Quota Amount (MT)	Quota Validity Duration	Date	Weighted-Avg. Bid Price (per kg)	Max. Bid Price (per kg)	Minimum Bid Price (per kg)	# of Allocations
Rice	15,000	Jan. 1/ Sept. 15	Nov. 24	NT\$7.442	NT\$10.100	NT\$7.061	28
	20,652	Mar 1/Sept. 15	Feb. 24	NT\$9.05	NT\$9.222	NT\$9.010	9
	15,000	May 1/Sept. 15	Apr. 24	TBD	TBD	TBD	TBD
Total	50,652 MT (44,067 MT milled equivalent)						

According to COA's records, Taiwan's fill rate for the 2011 rice TRQ for private sector imports is calculated at 99.93 percent. Only 269 metric tons of U.S. rice was exported to Taiwan under the TRQ for private sector imports.

**Public Sector Imports under Country Specific Quota (CSQ):** The 65 percent quota for public sector imports is divided by both country of origin and tender type: 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 delivery and duty paid (DDP) terms for delivery to designated COA warehouses. In recent years, the COA has built air-conditioned warehouses in the northern, central and southern regions, respectively. The newly built air-conditioned warehouses can accommodate 34,000 tons of public imported rice, a little more than a half of total imports under CSQ normal tendering. The COA plans to build more air-conditioned warehouses to store imported rice to maintain the rice quality.

**2012 Country-Specific Quota (CSQ) Allotments for Public Sector Imports  
(MT brown basis)**

<b>Country</b>	<b>SBS Tender</b>	<b>Traditional Tender</b>	<b>Total CSQ</b>
*Egypt	2,500	0	2,500
Thailand	8,300	0	8,300
Australia	6,500	12,134	18,634
USA	22,600	42,034	64,634
Total	30,200	63,868	94,068
Source: Council of Agriculture (COA) announcements			

\*Egypt has imposed a rice export ban starting from September 2011, so 2,500 tons of the 2012 Egyptian CSQ rice has not yet been delivered to Taiwan.

According to COA records, as of March 31, a total of 25,995 metric tons of the 55,434 tons of the 2011 U.S. rice CSQ under normal tender have yet to be delivered by the June 30, 2012 deadline. For CSQ rice under the SBS scheme, there are 401 tons of U.S. rice and 326 tons of Thai rice that have yet to be delivered by the April 30, 2012 deadline.

AFA refers to the domestic wholesale price as an indicator when they do price comparisons between domestic and U.S. rice prices.

All domestic rice data is sourced from AFA and it is available online from the COA website at [http:// www.coa.gov.tw](http://www.coa.gov.tw).

**Domestic Rice Purchase Programs**

Taiwan established voluntary purchase programs for domestic rice in 1974. On April 29, 2011, the COA announced an NT\$3/kg increase in prices for its domestic paddy rice purchases. As a result, paddy sales to the government under the rice purchase program doubled from 191 TMT in 2010 to 384 TMT in 2011. Domestic rice prices also responded to this announcement with the daily average wholesale price of milled Japonica rice during the May 2011 - April 2012 period increasing to NT\$34.23 compared with a NT\$30.44 /kg average during the May 2010 - April 2011 period.

### Taiwan's Rice Purchase Programs (revised on April 29, 2011)

	<b>Guaranteed Purchase (paddy basis)</b>	<b>Guidance Purchase (paddy basis)</b>	<b>Surplus Purchase (paddy basis)</b>
Variety	Price NT\$/kg	Price NT\$/kg	Price NT\$/kg
Japonica & glutinous**	26 (23)	23 (20)	21.6 (18.6)
Indica & glutinous**	25 (22)	22(19)	20.6 (17.6)
	Quantity kg/ha	Quantity kg/ha	Quantity kg/ha
Spring Crop	2,000 (1,920)	1,200 (unchanged)	3,000 (unchanged)
Fall Crop	1,500 (1,440)	800 (unchanged)	3,000 ( 2,360)
Source: Council of Agriculture (COA) April 29, 2011 Announcement Old purchase price and volume in parentheses **Glutinous rice included for first time in domestic purchase programs			

### Marketing:

Taiwan's domestic rice market is very competitive. To be competitive with imported rice, Taiwan's Agriculture and Food Agency (AFA), COA, has been working with local rice millers/farmers under a voluntary Taiwan Good Rice Program to improve quality in terms of specialty rice varieties with geographical indicators. Market diversity is indicated by retail price differences between high and low end branded rice packages. Rice gift packages to celebrate weddings and other events are becoming increasingly popular.

## Background Statistical Tables

**Table 1 - Pork Imports, Domestic Production and Wholesale Market Auction Price**

Calendar Year	Pork Imports (1,000 MT)		Domestic Hog Production (1,000 head slaughtered)	Auction Price (NT\$/100 kg)
	Meat (HS0203)	Offal (HS0206)		
2006	18	23	9,625	4,918
2007	13	23	9,419	5,146
2008	29	27	8,727	6,566
2009	54	28	8,745	6,343
2010	44	29	8,575	6,899
2011 (prelim)	44	27	8,530	7,157
2012 (forecast)	44	27	8,600*	6,800*
Source: Council of Agriculture (COA) and Taiwan Customs Statistics				

**Table 2 - Poultry Meat Imports, Domestic Production and Farm Prices**

Year	Imports of Poultry Meat & Products (1,000 MT) HS 0207	Domestic Poultry Production (million birds slaughtered)	Farm Price for broilers (NT\$/kg)
2006	105	390	33.71
2007	63	377	36.55
2008	82	353	43.52
2009	83	363	42.28
2010	115	362	41.85
2011 (prelim)	113	380	44.04
2012	115	340	43.00
Source: Council of Agriculture (COA) and Taiwan Customs Statistics			



**Table 3 - Taiwan Feed Production for CY 2008-2012 (1,000 MT)**

<b>PRODUCTION</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011 (prelim)</b>	<b>2012 (forecast)</b>
Total Feed	7,158	7,139	7,182	7,180	7,105
Hog Feed	3,179	3,169	3,160	3,100	3,170
Poultry Feed	3,228	3,189	3,313	3,370	3,225
Other	751	781	708	710	710
<i>Source: Council of Agriculture (COA)</i>					

**Table 4 - Tariffs**

<b>Commodity/HS Code</b>	<b>Current Tariff</b>	<b>Temporary 50% Reduction during 08/06/2007- 08/05/2009 &amp; 02/10/2011-02/09/2012</b>
Barley (HS 1003)	0.0%	--
Maize (HS 1005)	0.0%	--
Sorghum (HS 1007)	0.0%	--
Durum wheat for feeding (HS 1001.1000.10.3)	6.5%	Expired on 02/09/2012
Other durum wheat (HS 1001.1000.90.6)	6.5%	Expired on 02/09/2012
Soft wheat for feeding (HS 1001.9000.10.6)	6.5%	Expired on 02/09/2012
Other wheat and meslin (HS 1001.9000.90.9)	6.5%	Expired on 02/09/2012
Wheat flour (HS 1101.0010.00.4)	17.0%	Expired on 02/09/2012
Maize flour (HS 1102.2000.00.1)	6.0%	During 12/01-05/31/2012
Groats of wheat (HS 1103.1100.10.9)	20.0%	Expired on 02/09/2012
Meal of wheat (HS 1103.1100.20.7)	20.0%	Expired on 02/09/2012
Groats and meal of maize (HS 1103.1300.00.9)	10.0%	0.0% (during 08/06/2008-05/31/2010)
Bran, sharps & residues of maize; (corn gluten feed) (HS 2302.1000.00.9)	0.0%	--
Residues of starch manufacture and similar residues (corn gluten meal) (HS 2302.1000.00.9)	2.0%	Expired on 02/09/2012
Brewing or distilling dregs and wastes (HS 2303.3000.00.4)	0.0%	--
Oil-cake and solid residues of maize germ (HS 2306.9090.10.7)	0.0%	--

**Table 5 - Rice Imports in 2011, milled basis (MT)**

Origin	HS100610 paddy	HS100620 brown (milled basis)*	HS100630 milled	HS100630- 0010-4 milled- glutinous	HS100640 broken-milled	Total/Mkt. Share (milled basis)
U.S.A.	0	16,970 (14,764)	5,827	2,955	1,657	22,248 <b>(21%)</b>
Australia	0	24,327 (21,164)	410	0	0	21,574 <b>(20%)</b>
Cambodia	0	0	0	0	0	0
Egypt	0	0	0	0	300	300
Thailand	0	73 (64)	32,766	13,931	434	33,264 <b>(31%)</b>
Japan	0	5 (4)	175	0	0	179
India	0	0	45	0	0	45
Korea	0	0	0	0	0	0
Vietnam	0	45 (39)	28,425	21,763	122	28,586 <b>(27%)</b>
Italy	0	0	31	0	0	31
Myanmar	0	0	0	0	0	0
Pakistan	0	0	24	0	0	24
Total	0	41,420 (36,035)	67,703	38,649	2,513	<b>106,251</b>
Source: Taiwan Customs Arrival Data						
* Import numbers in the parentheses under HS100620 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 Shipments in 2011(MT)**

Recipient Destination	Tonnage
Haiti	800
Indonesia	5,000
Philippines	1,500
South Africa/ Lesotho	320
Swaziland	1,080
Total	8,700
Source: Council of Agriculture (COA)	

**Table 7- Taiwan Commercial Export Shipments in 2011, milled basis (MT)**

Destination	Tonnage	
	HS100630	HS100620 (milled)*
Australia	334	2 (2)
Hong Kong	392	140 (122)
Canada	0	33(29)
Japan	217	0
Malaysia	211	42(37)
Venezuela	168	0
S. Africa	85	4 (3)
Singapore	0	12(10)
U.S.A.	0	21(18)
Others combined	204	20 (17)
Subtotal	1,611	274 (238)
Grand Total	1,849	
Source: Council of Agriculture (COA)		