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Report Highlights:

In MY2024/2025, Taiwan's wheat imports are forecast at 1.4 MMT. The United States is expected to recover market share from Australia due to better competitiveness and availability. MY2023/2024 and MY2024/2025 corn imports are forecast to recover to 4.55 MMT due to improved feed demand outlook, with restocking in both the hog and poultry sectors. In MY2023/2024, the United States is expected to regain some market share as U.S. bulk prices from the west coast are more competitive as a result of logistics challenges impacting both the Panama Canal and near the Red Sea. MY2023/2024 rice production is estimated to increase to 1.2 MMT on greater planting area and water availability. Since 2022, Taiwan has temporarily removed the import tariff for wheat and waived business taxes on imported wheat, corn, and soybeans. These measures have relieved some inflationary pressures and are currently set to expire on June 30, 2024.

Wheat

Production

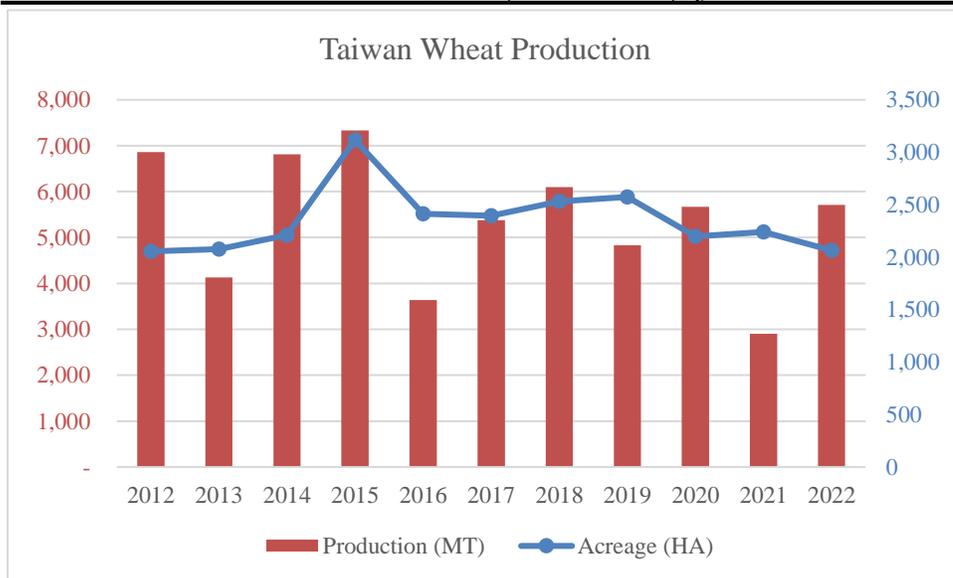
Taiwan produces a small amount of wheat with planting in November and harvest in March of the following year. Currently, 80 percent of planted area is in Kinmen County which is contracted for use in producing sorghum liquor. The remainder of planted area on Taiwan's main island mostly supplies the seeds to Kinmen's production.

MY2023/2024 and MY2024/2025 wheat production are forecast stable at 6,000 MT, barring any extreme weather events. Kinmen suffered from two consecutive years of drought in MY2019/2020 and MY2020/2021, resulting in reduced yields. With adequate rainfall in MY2022/2023, production in Kinmen recovered to 6,000 MT, the highest since MY 2018/2019.

In recent years, Taiwan Ministry of Agriculture's* (MOA) policy has been to encourage farmers to grow alternative grains instead of rice, including promoting domestic wheat production. Due to the distinctive challenges for growing wheat in Taiwan, the focus has shifted toward other grains including feed corn and sorghum. Planting area has been below 3,000 HA over the last seven years; production varies due to fluctuations in yield.

(*Note: In August 2023, Taiwan's Council of Agriculture (COA) was upgraded to the Ministry of Agriculture (MOA))

Exhibit 1: Taiwan Wheat Production, 2012-2022 (by Volume and Area)



Source: MOA

Taichung Choice #2, a medium protein hard red wheat variety, initially bred nearly four decades ago, remains the dominant variety cultivated in Taiwan. MOA’s Taichung District Agricultural Research and Extension Station (DARES) has continued to develop newer varieties including low gluten Taichung #35 (2017) and medium gluten white Taichung #36 (2019).

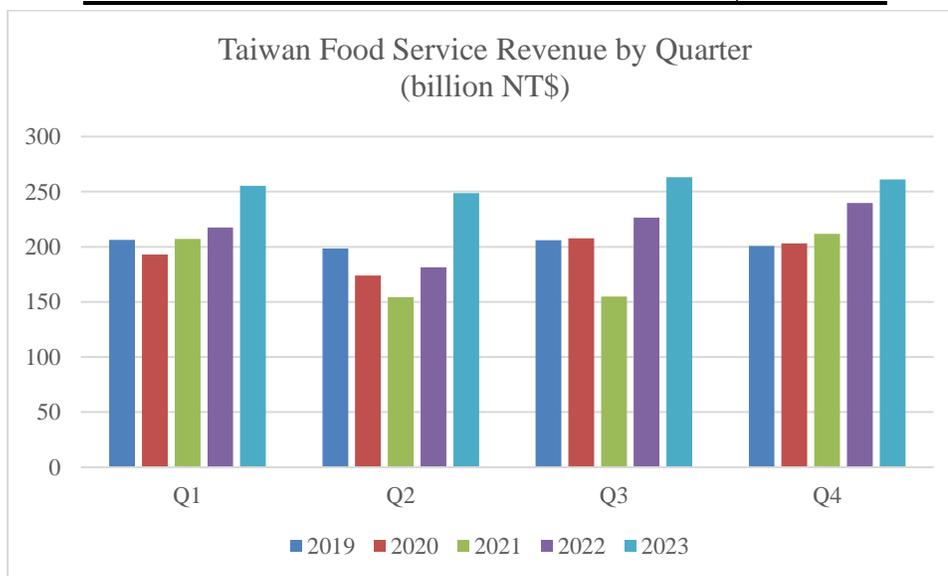
Consumption

MY2023/2024 and MY2024/2025 total wheat consumption are both forecast at 1.33 MMT, an increase from MY2022/2023 due to projected higher consumption in both Food, Seed, and Industrial (FSI) and Feed and Residual.

MY2022/2023 was the first year since the COVID-19 pandemic when travel to and from Taiwan had fully reopened (with restrictions fully dropped in October 2022). According to data from the Tourism Bureau, Ministry of Transportation and Communications (MOTC), Taiwan outbound departures totaled 11.8 million persons in CY2023, up from 1.5 million in CY2022. Inbound visitors totaled 6.5 million in CY2023 versus 1.0 million in CY2022. This shows a strong demand for traveling abroad, whereas for the better part of the previous three years Taiwan’s consumers had been constrained to consume domestically. However, outbound travels still have not surpassed the numbers in pre-pandemic CY2019.

On the other hand, according to statistics from the Ministry of Economic Affairs (MOEA), food services sales (which includes restaurant, catering, and beverage shops) grew 19 percent in CY2023 versus CY2022. Market sources indicated this increase in sales is driven more by increasing ingredient and labor costs rather than real increases in consumption.

Exhibit 2: Taiwan Food Service Sector Revenue, 2019-2023



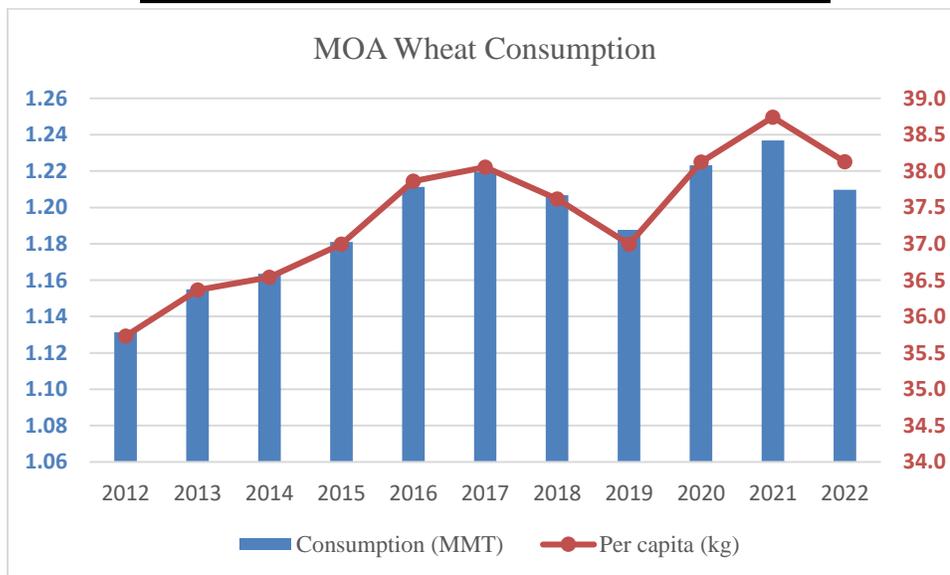
Source: MOEA

In recent years, per capita wheat consumption has increased as Taiwan’s high-income and sophisticated consumers demand more diverse offerings. Taiwan has a vibrant baking industry including some high-profile award-winning bakers. Besides western style wheat products, Taiwan’s consumers also have access to a diverse range of traditional wheat products including noodles, buns, and dumplings.

According to the National Development Council’s (NDC) projection, Taiwan’s population has plateaued and will start to trend lower during the 2030s due to an aging population and low birth rate. This demographic trend will likely offset some of the long-term gains in consumption. Health-conscious consumers are also exploring gluten-free options influenced by consumers in the west.

According to MOA’s Food Balance Sheet, in CY2022, per capita annual wheat consumption declined slightly from 38.7 kg to 38.1kg (still the second-highest on record). Per capita rice consumption was almost unchanged at 42.98 kg versus 43.0kg for CY2021, the lowest recorded consumption for rice.

Exhibit 3: Taiwan Wheat Consumption, 2012-2022



Source: MOA

MY2023/2024 and MY2024/2025 FSI consumption are forecast to recover to 1.25 MMT, a slight increase over the previous MY as lower global wheat prices and stable supply boost consumption.

MY2022/2023 FSI consumption is adjusted downward to 1.2 MMT due to tighter margins and existing flour stocks from the previous MY. According to MOEA industrial statistics, flour production recorded a decline of four percent during the same period.

Taiwan’s milling capacity is estimated at 2.0 MMT on an annual operating basis. In recent years, capacity utilization has been estimated at around 60 percent.

Other Wheat Uses

Taiwan's small amount of domestic-grown wheat is primarily contracted for Kinmen Kaoliang and almost exclusively utilized in liquor production. A minimal amount is used in flour production and marketed separately to promote its Taiwan-specific identity.

While the vast majority of wheat is milled into flour, about 12,000 MT of wheat annually is used for food fermentation including for soy sauce production.

Feed and residual consumption in MY2024/2025 and MY2023/2024 are forecast at 75,000 MT, an increase from 50,000 MT in MY2022/2023 as Taiwan's feed demand recovers. Taiwan utilizes separate custom codes for wheat imported for feed to better track import wheat uses. Taiwan's animal feed production utilizes mainly corn and soybean meal with a limited amount of other grains including wheat, sorghum, and barley. Wheat inclusion is heavily dependent on price competitiveness against other grain alternatives.

Flour Uses

According to China Grain Products Research and Development Institute's (CGPRDI) 2022 survey on domestic flour uses on behalf of Taiwan Flour Millers' Association (TFMA) and U.S. Wheat Associates, it is estimated that 36 percent of flour was used for baking and bakery products (with bread taking 26 percent). Another 36 percent was for noodles of all kinds (prepared/instant), while ten percent was used for traditional steamed buns, eight percent for prepared foods (i.e. pizza crust, frozen dumplings) and four percent for seitan and fried breadsticks. Another four percent of flour was used in feed.

For the breakdown of flour types, 53 percent was medium gluten grade (all-purpose flour), followed by high gluten (bread flour) at 30 percent, low gluten (cake flour) at ten percent and high gluten flour at seven percent.

The report notes that, compared to the Taiwan market in the 1990s, the biggest change is the increase in bakery products (bread, cookies, and cake) and the decrease in traditional steam buns.

Trade

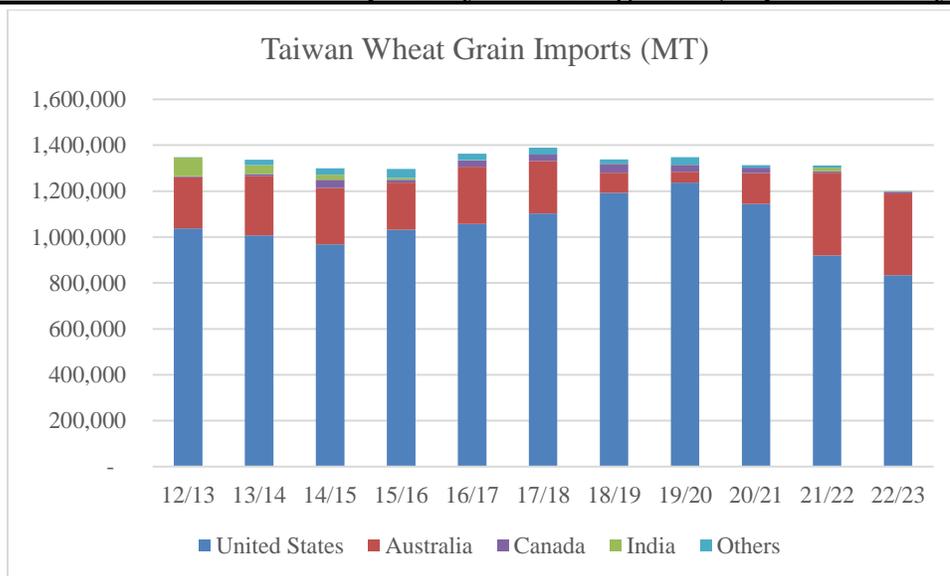
MY2023/2024 and MY2024/2025 wheat imports are forecast at around 1.3 MMT, while all wheat (including flour and wheat products) imports are forecast at 1.4 MMT.

MY2022/2023 all wheat imports were 1.27 MMT based on customs statistics. Of that, 1.2 MMT were wheat grain including 50,000 MT imported as feed. Another 27,600 MT (Wheat Grain Equivalent, WGE) were wheat flour, while the rest were instant noodles and uncooked pasta.

Taiwan imports 99 percent of its wheat demand while annual import volumes have fluctuated between 1.3-1.4 MMT over the last ten years.

The United States has historically been the major wheat supplier to Taiwan. However, since MY2020/2021, Australia has taken market share from the United States due to competitive pricing and better crop availability. U.S. wheat is expected to regain market share in MY2023/2024 from the low in MY2022/2023 and MY2021/2022 of about 70 percent. In recent years, imports from Australia were almost exclusively transported by containerized shipments. Australian wheat varieties are most competitive against U.S. Hard Red Winter (HRW).

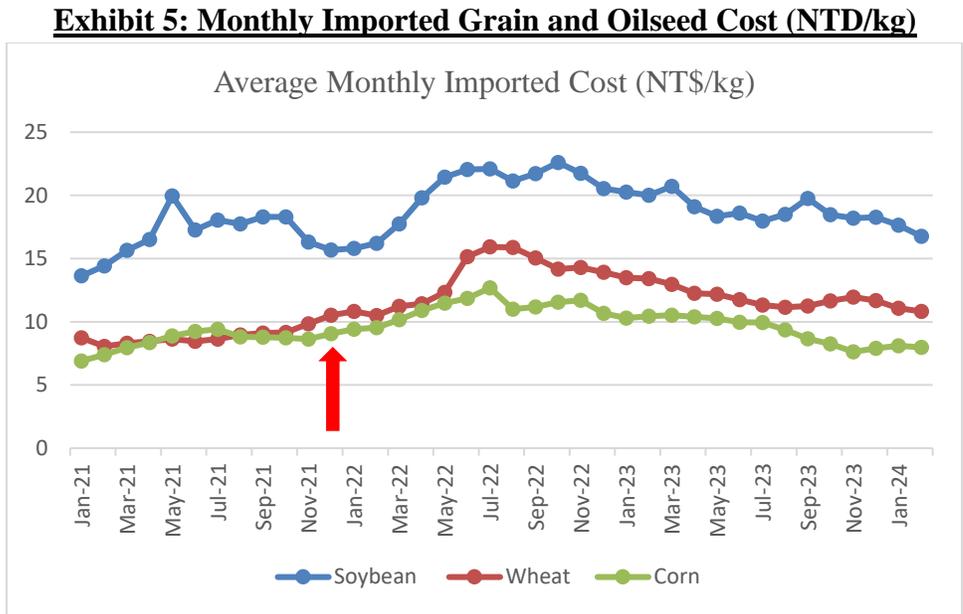
Exhibit 4: Taiwan Wheat Grain Imports by Marketing Year (Export Share by Country)



Source: Taiwan Customs; Trade Data Monitor, LLC

Since December 2021, Taiwan's import tariff on wheat has been temporarily reduced from 6.5 percent to zero in order to address inflationary pressures on food prices. The global wheat market was further impacted following the February 2022 Russian invasion of Ukraine. Taiwan's business tax on imported wheat (normally five percent) was waived starting in February 2022 along with imported corn and soybeans. These measures provided some relief on domestic prices but were not enough to offset the

global price increase, squeezing flour millers' margins in the beginning. Global wheat prices have since come down. Both the tariff and the business tax measures have been extended numerous times with the latest round set to expire at the end of June 2024. (See Exhibit 5; the red arrow represents when tariff waiver on wheat started)



Source: Ministry of Finance

Historically, the 6.5 percent tariff on wheat existed because of Taiwan's policy to protect its domestic rice industry. Imports of soybeans and corn, of which the majority are destined for feed use, are tariff free.

TFMA uses joint purchase tenders to import U.S. wheat in bulk vessels. In CY2023, these purchases accounted for approximately 70 percent of all imports. 64 percent of U.S. wheat imported through group purchases was Dark Northern Spring (DNS), 23 percent was Hard Red Winter (HRW), and 13 percent was Soft White (SW) wheat.

Wheat flours (HS1101), on the other hand, have a higher tariff rate at 17.5 percent to encourage the domestic milling industry. Flour and other processed wheat products including instant noodles and pasta accounted for less than 6 percent of total wheat imports after conversion.

Imports and exports of wheat flour and products were almost the same magnitude. In MY2022/23, imports were 5,000 MT (WGE) higher than exports. Taiwan's wheat products exports are split in the forms of wheat flour and pasta/instant noodles. The volume has fluctuated between 70,000 to 80,000 MT (WGE) in recent years with Hong Kong being the main destination.

Stocks

MY2023/2024 ending stocks are estimated at 160,000 MT and MY2024/2025 stocks are forecast at 161,000 MT.

Due to limited storage capacity and regular monthly shipments, Taiwan millers typically will not hold more than one to two months of stock, just enough to avoid production disruptions due to shipment delays. Some individual millers also purchase containerized wheat from Australia and Canada to further optimize inventory. Barring major disruptions in supply, stock levels generally do not differ much year-on-year.

Wheat: Production, Supply, and Distribution

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jul 2022		Jul 2023		Jul 2024	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2	2	2	2	0	2
Beginning Stocks (1000 MT)	199	199	109	159	0	160
Production (1000 MT)	6	6	5	6	0	6
MY Imports (1000 MT)	1273	1273	1400	1400	0	1400
Total Supply (1000 MT)	1478	1478	1514	1565	0	1566
MY Exports (1000 MT)	69	69	80	80	0	80
Feed and Residual (1000 MT)	100	50	75	75	0	75
FSI Consumption (1000 MT)	1200	1200	1200	1250	0	1250
Total Consumption (1000 MT)	1300	1250	1275	1325	0	1325
Ending Stocks (1000 MT)	109	159	159	160	0	161
Total Distribution (1000 MT)	1478	1478	1514	1565	0	1566
Yield (MT/HA)	3	3	2.5	3	0	3

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2024/2025 = July 2024 - June 2025

Corn

Production

MY2023/2024 and MY2024/2025 corn production is forecast at 100,000 MT, unchanged from MY2022/2023.

As global grains prices stabilize from the initial shock of the Russian invasion of Ukraine, the margins on domestically produced feed corn will also be impacted unless Taiwan further incentivizes production.

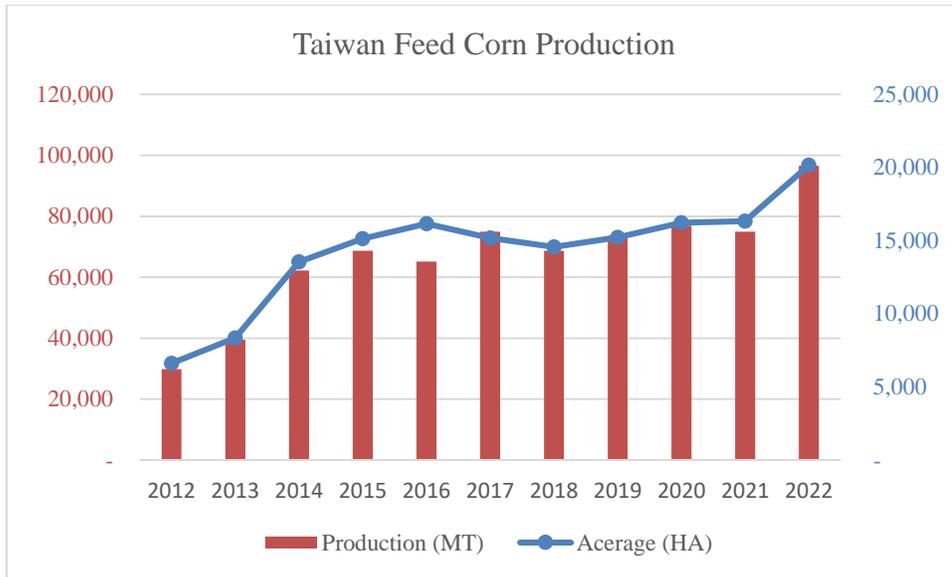
For the MY2023/2024 crop season, the water availability situation has improved from last year, which favors rice. However, local observers also fear that if the rainfall is inadequate during the summer typhoon season, Taiwan may again consider a water-conserving policy during the second crop, which would favor corn.

MY2022/2023 corn production was 100,000 MT from final production data. MOA reached its stated target of increasing field (feed) corn planting by 4,000 HA to 20,000 HA. As a result, feed corn production increased by 20,000 MT; this increase was mainly in Taiwan's second crop season.

MOA's Agriculture and Food Agency (AFA) has continued to encourage domestic field corn production switching from rice through various support schemes, especially when water may be scarce, as part of the effort to manage Taiwan's rice supply and demand imbalance. The doubling of domestic feed corn production over the last decades can be considered a successful effort in this regard. Most field corn is planted as second crop which will be harvested from December through April.

In July 2023, AFA stated it is aiming to increase corn planted area an additional 160,000 HA over the next five years. Should the plan come to fruition, domestic corn expansion would still make up only five percent of the total corn demand.

Exhibit 6: Taiwan Feed Corn Production, 2012-2022 (by Volume and Area)



Source: MOA

Consumption

MY2023/2024 total corn consumption is estimated at 4.65 MMT. MY2024/2025 total consumption is forecast to recover to 4.7 MMT due to livestock restocking as well as lower grain prices boosting demand.

MY2022/2023 corn consumption was 4.4 MMT, as corn use was reduced due to weak feed demand as well as increased imports of eggs and meat.

Taiwan has a limited corn processing industry, therefore corn FSI consumption tends to be very stable. Taiwan’s corn consumption closely tracks feed demand as well as feed production. Due to Taiwan’s more conservative-leaning feed formulation, which often favors availability over short-term substitution, corn has remained the major source in feed to provide energy. Other grains including sorghum, barley, and wheat are also utilized in feed but to a much lesser extent and mainly depending on their respective price competitiveness against corn.

According to MOA’s 2022 Compound Feed Survey, Taiwan feed production was 8.6 MMT, of which poultry feed accounted for 49 percent and hog feed 42 percent.

Taiwan’s on-farm production is concentrated in hog feed (86 percent). Non-integrated hog farmers still prefer buying corn and soy meal separately versus commercially produced feed. As a result, commercial poultry feed production is higher than hog feed. As consolidation in the livestock industry continues, commercial (compound) feed is expected to gain against on-farm feed. (See Exhibit 7.)

Exhibit 7: Taiwan Feed Production (MMT)						
	Total Feed	Feed type	Hog feed		Poultry feed	
2017	7.62	Commercial	3.21	1.23	3.66	3.52
		On Farm		1.98		0.14
2018	7.71	Commercial	3.20	1.25	3.76	3.61
		On Farm		1.96		0.15
2019	8.63	Commercial	3.74	1.30	4.10	3.82
		On Farm		2.43		0.28
2020	8.64	Commercial	3.83	1.34	4.05	3.82
		On Farm		2.48		0.23
2021	8.59	Commercial	3.75	1.40	4.09	3.91
		On Farm		2.35		0.18
2022	8.60	Commercial	3.62	1.47	4.20	3.97
		On Farm		2.15		0.22

Sources: MOA

Feed demand in MY 2022/2023 was hit by weakness in both the hog and poultry industry. MOEA feed production industrial statistics during MY2022/2023 showed that feed production declined by three percent to 6.0 MMT. Commercial feed production demonstrated its resilience despite the challenges facing the sectors in MY 2022/23. The larger impact was likely for on-farm feed production, for which data is less accessible.

Overall feed demand in 2024 is expected to recover as Highly Pathogenic Avian Influenza (HPAI) as well as hog diseases including Porcine epidemic diarrhea (PED) and Porcine Reproductive and Respiratory Syndrome (PRRS) become less of an issue.

According to MOA's latest twice-annual hog survey from November 2023, hog inventory had reversed its decline from the previous surveys as the industry recovers from the aforementioned diseases. For the first half 2024, 92 percent of hog producers intend to keep their herd sizes. Producers above 1000 head (currently accounting for 72 percent of total head) are expected to increase in proportion as small and less efficient operations close. The remainder were split almost evenly between expansion and contraction.

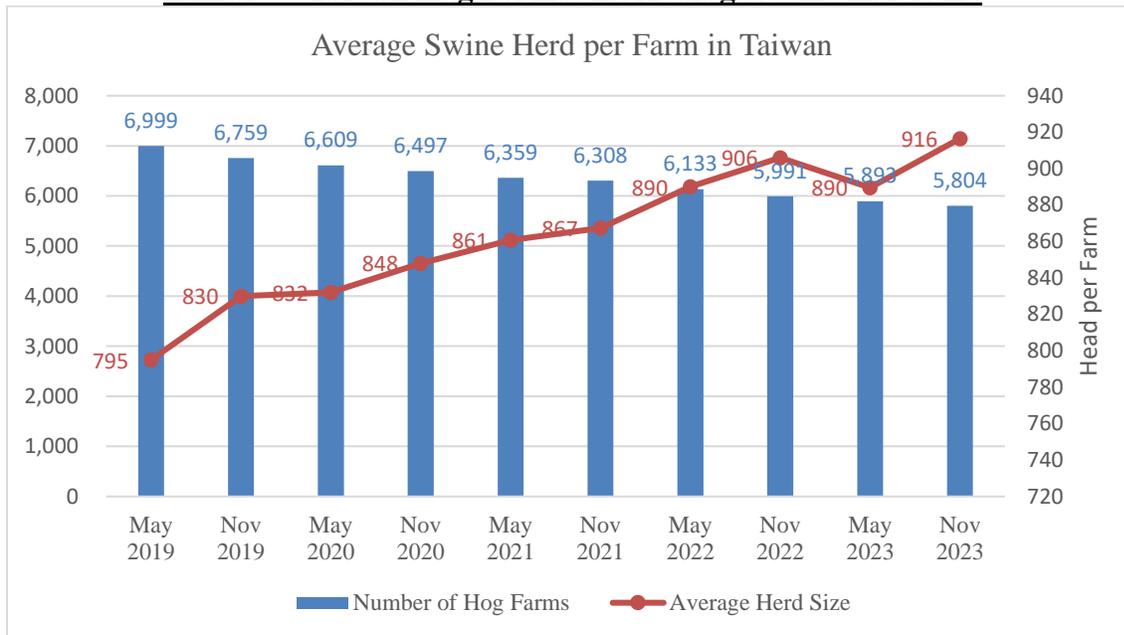
As global grains and oilseed prices continue to stabilize, feed cost is expected to become less of a factor in MY2023/2024. Consolidation in the industry is expected to continue as economies of scale benefit larger producers, as producers of less than 200 head continue to exit the industry (see Exhibits 8 and 9).

Exhibit 8: Taiwan Hog Producers Breakdown by Size

Producers by head	Number of producers	% of total head
<199 head	115	2%
>199 & < 999	2,263	25%
>999	1,561	72%

Sources: MOA

Exhibit 9: Taiwan Hog Farms and Average Swine Herd Size



Source: MOA

Taiwan’s continued vigilance in preventing African swine fever (ASF) makes it, along with Japan, one of the only two producers within the region free from domestic ASF cases. Since June 2020, the World Organization for Animal Health (OIE) has recognized Taiwan as foot and mouth disease-free without vaccination. MOA continues to prioritize the effort certify Taiwan’s classical swine fever-free status to pave the way for an eventual reopening of fresh pork exports. However, the potential export opportunities are expected to be limited as Taiwan is unlikely to be competitive due to high production costs.

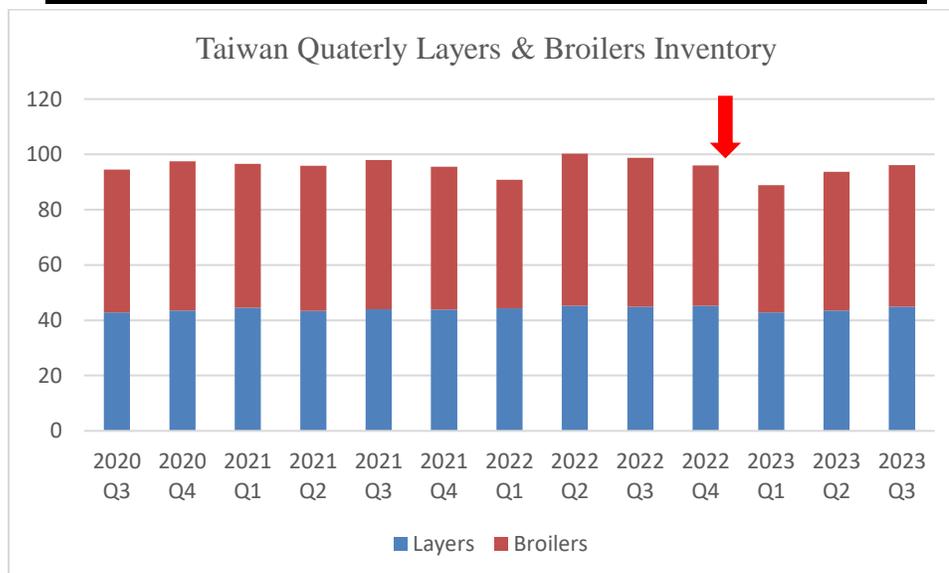
For poultry, Taiwan has been dealing with the lingering impact of an HPAI outbreak since the second half of CY2022. The island was desperately in need of imported breeder chickens to rebuild and replenish both meat and egg poultry stocks. The situation was alleviated in the second half of 2023. (See Exhibit 10, which shows the lowest inventory was in 2023 Q1.)

In CY2023, the supply shortage of eggs had become an even larger issue than the previous year.

To resolve the shortage, MOA encouraged egg imports to fill the gap, as well as importing egg-laying hens for replacement. In CY2023, Taiwan imported eggs from Brazil, Turkey, and Thailand, with imports reaching 15,770 MT, up from the 4,586 MT in CY2022.

Despite the short-term pressure on poultry feed demand, the longer-term impact should be minimal as replacement and restocking boost demand. The industry continues to consolidate while the better-managed operations benefit from scale.

Exhibit 10: Taiwan Layers and Broilers Inventory (million head)



Source: MOA

Demand for animal products was buoyed by domestic consumption as well as visitors from abroad. Foreign visitors to Taiwan started to reappear in Q4 CY2022. That quarter was also the first time that total meat consumption per capita was higher than total grain consumption per capita.

The government continued its effort in CY2023 to relive food inflationary pressures for consumers. This included several supportive measures on food production and manufacturing, including business tax deductions on imported feed corn and soybeans.

MOA’s Animal and Plant Health Inspection Agency (APHIA*) statistics also further show that both hog and poultry slaughter rates declined in CY2023 with the rest of demand filled by meat imports.

(*APHIA, previously known as the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ), was upgraded at the same time as MOA in August 2023.)

**Exhibit 11: Hog and Poultry Supply
(Number of Animals Slaughtered)**

Year	Hog (1,000 heads)	Poultry (Million birds)
2015	8,200	357
2016	8,144	379
2017	7,947	376
2018	8,073	393
2019	7,980	412
2020	8,184	420
2021	8,034	400
2022	7,845	399
2023	7,290	379

Source: APHIA

Trade

MY2023/2024 and MY2024/2025 corn imports are forecast to increase to 4.55 MMT due to recovering feed demand. Further growth in corn imports is likely to be marginal as demand is constrained by Taiwan’s limited opportunity for livestock expansion.

MY2022/2023 corn imports were 4.2 MMT based on customs statistics. Imported meat and egg products substituted for domestic production thereby reducing demand for feed ingredients.

In MY2022/2023, U.S. bulk corn offers continued to be uncompetitive against other origins, with most bulk vessels coming from alternatives including Brazil and South Africa.

U.S. market share recovered slightly to be above 17 percent, while Brazil almost doubled its market share to 54 percent and South Africa took 18 percent.

In Q1 of 2024, logistics issues in both the Panama and Suez Canals, which force vessels from South America to divert around the Cape of Good Hope, have made bulk shipments from the west coast of the United States more competitive. For MY2023/2024, the United States is expected to gain back some market share due to more competitive pricing.

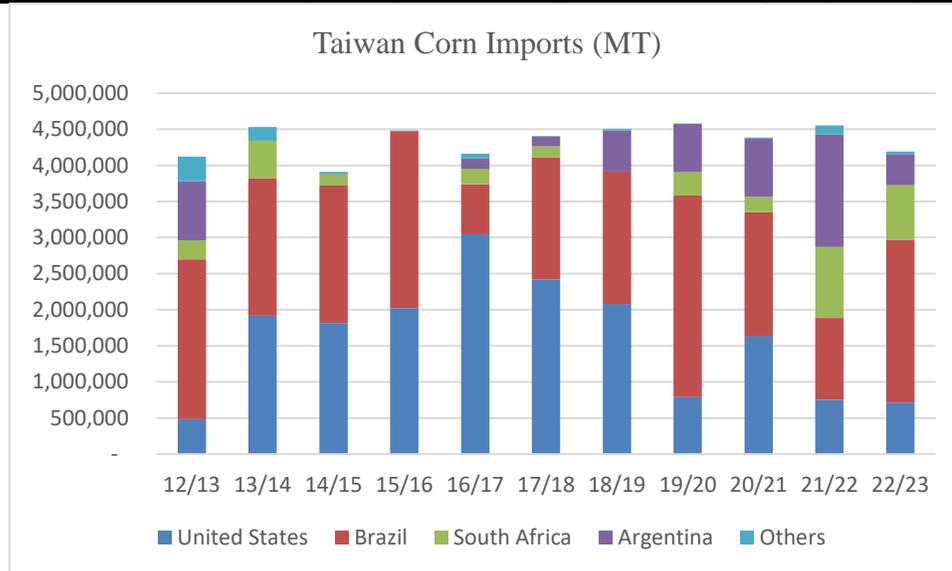
Taiwan’s feed industry relies heavily on imports to produce feed. In February 2022, the government announced policies to waive the five percent business tax on corn and soybean imports as a measure to lessen the inflationary pressure from imports and stabilize feed prices. However, the reduction has been insufficient to offset the increased costs and the effects of a stronger U.S. dollar. However, inflationary pressures have since decreased as grain prices stabilized. The measure has been extended many times and is currently set to expire on June 30, 2024.

Rumors that the business tax waiver would end before January 2023 front-loaded some corn bulk imports, creating a temporary excess of stock. But with global grain supply less tight, similar a phenomenon has not materialized in MY 2023/2024.

Containerized Shipments

In CY2023, Taiwan imported 858,733MT of U.S. corn, 54 percent of which was by containerized shipment (versus 62 percent in CY2022). When U.S. bulk offers are not competitive, U.S. containerized shipments usually account for more. Containerized shipments can accommodate smaller corn purchasers with limited storage and remains one of the primary competitive advantages for U.S. corn in the Taiwan market.

Exhibit 12: Taiwan Corn Imports by Marketing Year (Share by Exporting Country)



Source: Taiwan Customs; Trade Data Monitor, LLC

Other Coarse Grains and Products Imports

Apart from corn, Taiwan also imports other grains and feed ingredients including DDGS and corn gluten meal, depending on the formulation's needs. These import volumes closely track availability and price competitiveness against corn.

In MY2022/2023, Taiwan imported 242,000 MT of DDGS (\$82 million) with 99 percent from the United States. This was the highest import value on record.

Taiwan's imported sorghum and barley volume were dominated by Australia. In MY2022/2023, Taiwan imported about 47,000 MT of sorghum of which 44,000 MT was from Australia. Sorghum imports are mainly utilized for liquor production (Kinmen *kaoliang*). Despite the Taiwan government's efforts of recent years to grow contracted sorghum to substitute for rice production, imports are still essential.

For barley, Taiwan imported about 26,000 MT in MY2022/2023 of which 24,000 MT were from Australia. U.S. imports were 2,000 MT and solely for food use.

Taiwan imported negligible quantities of other coarse grains in MY2022/2023 including 117 MT of rye (HS1002) and 943 MT of millet (HS100829). There was no record of oat imports under HS 1004; most oat imports came in de-husked (HS 110422).

Exhibit 13: Imports of Coarse Grains and Products (1,000 MT)				
Feed Ingredient/HS Code	MY 2020/21	MY 2021/22	MY 2022/23	Note
1003: Barley	30	36	26	
1007: Sorghum	56	53	47	
2302.10: Bran, sharps & residues of maize	24	21	23	Corn Gluten Feed
2303.10: Residues Of Starch Manufacture	44	42	41	Corn Gluten Meal
2303.30: Brewing Or Distilling Dregs & Waste	204	210	242	DDGS

Source: Taiwan Customs

Stocks

Feed millers and corn processors generally hold no more than one to two months of stocks. Containerized shipments are utilized to supplement bulk purchases to optimize stock levels and minimize inventory costs. Market sources expect stocks to remain flat as importers will continue to be conservative with future prices uncertain relative to current prices.

MY2024/2025 corn ending stocks are forecast to be 496,000 MT. MY2023/2024 ending stocks are estimated at 546,000 MT, unchanged from MY2022/2023. Ending stocks had been adjusted lower due to lower-than-expected imports in MY2022/2023.

Corn: Production, Supply, and Distribution

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	16	20	16	20	0	20
Beginning Stocks (1000 MT)	653	653	516	546	0	546
Production (1000 MT)	70	100	80	100	0	100
MY Imports (1000 MT)	4193	4193	4600	4550	0	4550
Total Supply (1000 MT)	4916	4946	5196	5196	0	5196
MY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	4200	4200	4500	4450	0	4500
FSI Consumption (1000 MT)	200	200	200	200	0	200
Total Consumption (1000 MT)	4400	4400	4700	4650	0	4700
Ending Stocks (1000 MT)	516	546	496	546	0	496
Total Distribution (1000 MT)	4916	4946	5196	5196	0	5196
Yield (MT/HA)	4.375	5	5	5	0	5

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Corn begins in October for all countries. TY 2024/2025 = October 2024 - September 2025

Rice

Production

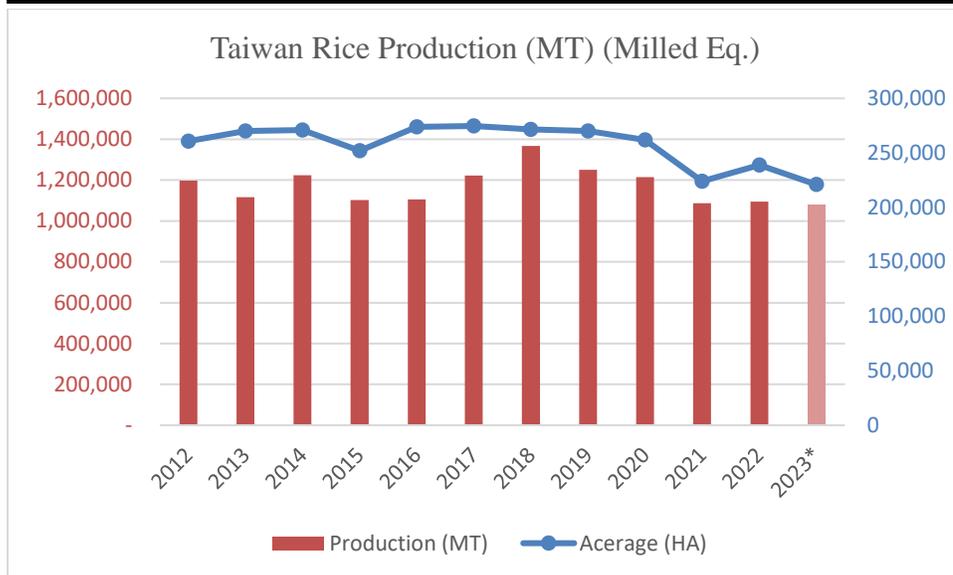
MY2024/2025 rice production is forecast at 1.1 MMT (Milled Rice Equivalent, MRE) as MOA continues its efforts to manage rice production to better match with consumption trends.

MOA has been using two set of policies to manage Taiwan's rice production. First, since 2021, it has implemented a policy which restricts farmers to growing rice not more than three of out four crop cycles (per two years) for delivery to reserve and receive direct subsidies. During the non-rice crop cycle, farmers can choose to maintain the land, grow rice under contract, grow non-rice crops, or receive a fallow subsidy. Rice fields which are certified organic, environmentally sustainable, or with traceability are exempted from this policy. Second, in six water-competitive areas relying on Taiwan's reservoirs for irrigation, these will rotate production in a two-year cycle. With these policies, Taiwan rice production has fluctuated within a tight range in recent years.

MY2023/2024, rice production is estimated to increase to 1.2 MMT as planted area increased. After almost three years of intermittent availability due less than normal rainfalls, there is less concern for the first crop of 2024. Production is expected to increase due to the relaxation of the aforementioned policies for the lands that have been heavily impacted in previous years. However, without further rainfalls during the summer typhoon season, the second crop planted area may again be impacted.

In recent history, Taiwan experienced a serious drought from late 2020 through the first half of 2021. A record of 74,000 HA of first crop rice had irrigation stopped to conserve water. In 2022, MOA announced that irrigation would stop for 19,000 HA of first crop rice in southern Taiwan (Chiayi & Tainan) as a preventive measure to conserve water. The measure was further applied to 28,000 HA for second crop rice.

Exhibit 14: Taiwan Rice Production, 2012-2023 (by Volume and Area)



Source: MOA; *2023 number is not yet final

Consumption

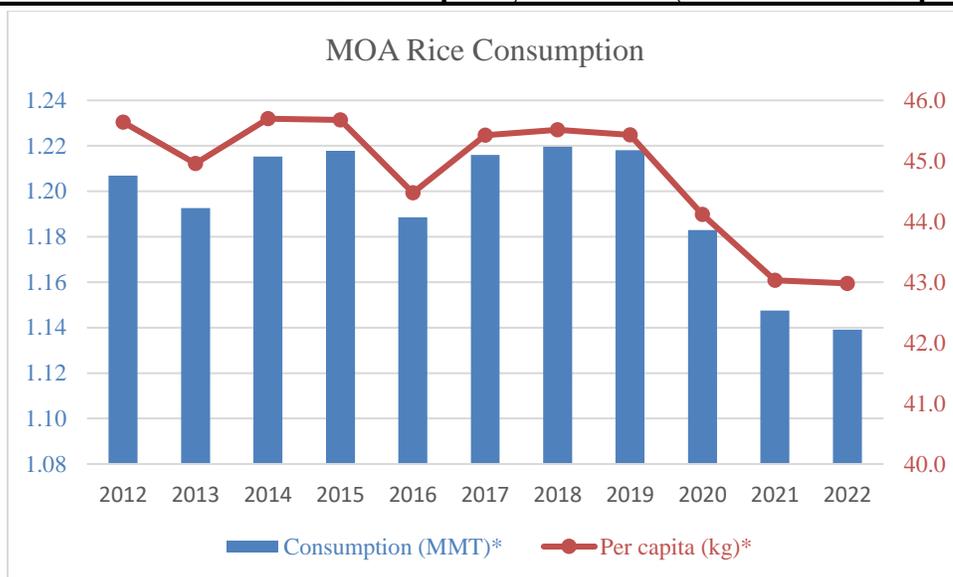
MY2024/2025 and MY2023/2024 rice consumption are forecast at 1.1 MMT, unchanged from MY2022/2023.

Taiwan's aging population and low birth rate limits any potential consumption growth. As its economy matures, Taiwan consumers continue to value varieties in staple food consumption and in essence substituting for rice.

According to MOA's Food Balance Sheet, in 2022 Taiwan's annual per capita rice consumption decreased further to 42.98 kg from the previous 43.0 kg. 2022 is also notable for the first time that meat per capita consumption (87.5kg) surpassed total grain per capita consumption (87.4kg).

Faced with gradually declining rice consumption but sustained production due to support policies, MOA is under pressure to reduce publicly held rice stocks through exports, food aid, and feed and processing use. MOA also continues to promote increased rice consumption and alternative uses directly to Taiwan's population, including promoting rice-derived products including rice flour as a substitute for other flours. It remains to be seen how successful these efforts will be.

Exhibit 15: Taiwan Rice Consumption, 2012-2022 (Total and Per Capita)



Source: MOA; * MOA uses brown rice basis to calculate per capita consumption

Trade

Imports

Based on WTO commitments, Taiwan’s negotiated worldwide Tariff Rate Quota (TRQ) for rice is 144,720 MT (brown basis). The TRQ is divided into private sector imports (35 percent) and public sector imports (65 percent). The public sector quota is divided by country of origin and tender type with U.S. Country Specific Quota (CSQ) set at 64,634 MT (brown basis).

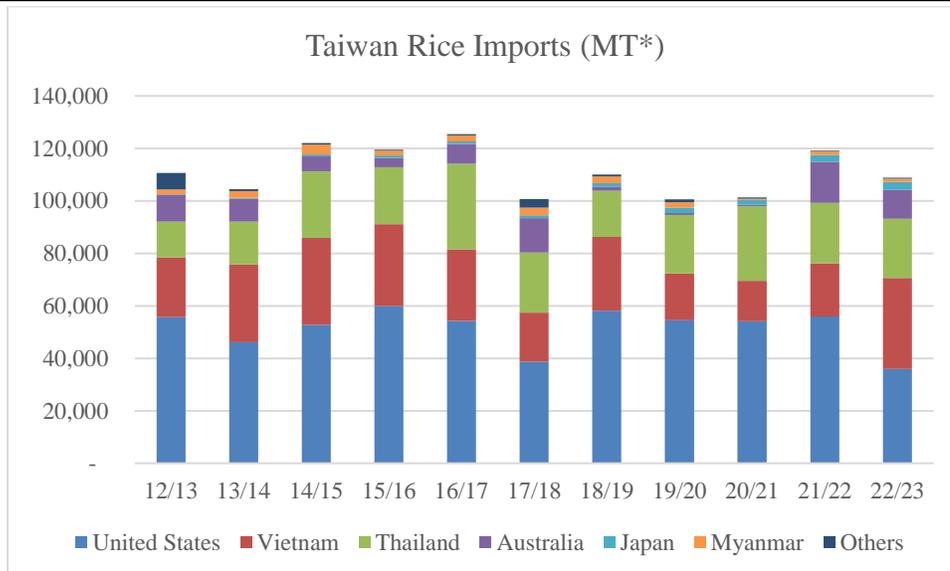
Generally, out-of-quota imports are not commercially viable due to prohibitively high tariffs. The tariff rates are NT\$45/kg (\$1.58/kg) for brown rice and milled rice and NT\$49/kg (\$1.73/kg) for processed rice products.

Imports for MY2024/2025 and MY2023/2024 are forecast at 110,000 MT (MRE), consistent with imports in recent years.

MY2022/2023 imports were 108,841 MT (MRE) based on customs data, a decrease of nine percent. Imports from the United States declined 36 percent from 55,902 MT to 35,898 MT. This was mainly caused by a tender shortfall which took place in 2022 as Taiwan only managed to fulfill 61 percent of the U.S. CSQ. Partly due to higher prices and limited supply, many U.S. tenders were not successful. Vietnamese rice was the main benefactor for the unfilled portions as they eventually turned into global tenders.

However, in 2023 the U.S. rice CSQ was filled at 100 percent due to better crop conditions and supply in the United States.

Exhibit 16: Taiwan Rice Imports by Marketing Year (Export Share by Country)



Source: Trade Data Monitor, LLC; Taiwan Customs *Milled Rice Equivalent

Exports

Exports in MY2024/2025, including food aid, are forecast to decline to 120,000 MT based on the expectation of MOA’s continued efforts to optimize production to better match consumption. Taiwan has exported rice in recent years to relieve some of the pressure of rising rice stocks. MOA will regularly auction out old reserve rice to qualified exporters. Exports in MY2023/2024 are estimated to increase to 150,000 MT, with exports as the expected outlet for the increase in production.

MY2022/2023 rice exports were 128,658 MT (MRE) based on customs data. Papua New Guinea (31,506 MT) and the Solomon Islands (12,536 MT) are the two largest destinations for Taiwan’s non-food aid exports. Due to worsening cross-strait relations, exports to China decreased to only 1,500 MT in MY2022/2023, down from a high of 99,342 MT in MY2019/2020.

MOA is also promoting higher quality fresh rice for export to target markets in the United States, Australia, and the Middle East. In MY2022/2023, Taiwan exported 9,657 MT to Australia and 5,854 MT to the United States. According to AFA, about 19,000 MT were exports in the form of food aid, with Haiti as the largest recipient (accounting for 52 percent).

Stocks

MY2023/2024 ending stocks are estimated at 504,000 MT, while MY2024/2025 stocks are forecast at 494,000 MT. MY2022/2023 ending stocks were 444,000 MT based on preliminary MOA production data and consumption estimates.

In November 2023 (after the conclusion of first crop rice), AFA stated in news reports that Taiwan's rice stock stand around 595,000 MT (MRE).

Most stocks are government held and acquired through the domestic government purchase program or TRQ public tenders. In accordance with [Article 5](#) of the Food Administration Act, the Domestic Rice Safety-Stock Standard (in [Chinese](#)) stipulates the government should keep at least three months stock by consumption in reserve. During the COVID-19 pandemic and the subsequent Russian invasion of Ukraine, MOA frequently pointed out that Taiwan's rice stock was ample whenever food security or supply chain disruptions captured public attention. Stock levels were at least two to three times of that required by the Act at the time.

As global grain prices stabilize in MY2023/2024, food security has shifted to a lower order of concern. MOA will likely continue to maintain a modest amount of rice stocks for food security purposes as rice remains the only grain commodity for which Taiwan can claim a high self-sufficiency rate.

MOA has utilized multiple approaches to manage its stock level, such as disincentivizing farmers to grow rice, incentivizing rotation with other crops, providing rice as food aid, expanding export markets, promoting diverse processing use, and using aging stocks for animal feed. MOA will also occasionally release mashed brown rice to livestock farmers from its reserve to be used in feed.

Rice, Milled: Production, Supply, and Distribution

Rice, Milled	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	239	221	230	250	0	230
Beginning Stocks (1000 MT)	487	487	420	444	0	504
Milled Production (1000 MT)	1103	1077	1100	1200	0	1100
Rough Production (1000 MT)	1576	1539	1571	1714	0	1571
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	0	7000
MY Imports (1000 MT)	109	109	100	110	0	110
Total Supply (1000 MT)	1699	1673	1620	1754	0	1714
MY Exports (1000 MT)	129	129	150	150	0	120
Consumption and Residual (1000 MT)	1150	1100	1100	1100	0	1100
Ending Stocks (1000 MT)	420	444	370	504	0	494
Total Distribution (1000 MT)	1699	1673	1620	1754	0	1714
Yield (Rough) (MT/HA)	6.5941	6.9638	6.8304	6.856	0	6.8304
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2024/2025 = January 2025 - December 2025						

Attachments:

No Attachments