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Taiwan

Oilseeds and Products

Soybean Imports Decline

2000

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Report Highlights:

Taiwan soybean imports fell in 1998/99 due to: 1) the 1997 FMD outbreak that resulted in the loss of one-third of Taiwan's pigs, and 2) increased imports of poultry and pork under trade liberalization policies implemented in connection with Taiwan's WTO accession bid. The US share of the 1998/99 soybean market was 91 percent, a rebound from 67 percent a year earlier. US market share is expected to be about 85 percent for 1999/2000 and 2000/01. Soybean demand in 1999/2000 and 2000/2001 may decline further because after Taiwan joins the WTO (which could take place in 2000) it must again increase meat and poultry imports. The dominant cooking oil in the market continues to be soybean oil, but new-to-market oils are gaining ground.

Yes

Includes PSD changes:

Includes Trade Matrix: Yes

Annual Report

Taiwan[TW1], TW

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Executive Summary

Virtually all soybeans consumed on Taiwan are imported. Soybean imports are driven by the livestock, poultry, and aquaculture sectors. About 40 percent of feed goes to pigs; 50 percent to poultry; 6 percent to aquaculture; and 4 percent to cattle (mostly dairy cows). Soybean imports in 1998/99 were 2.1 million mt, 11 percent less than the year before. This decline occurred because hog production dropped after the 1997 Foot-and-Mouth Disease (FMD) outbreak, and because pork and chicken imports grew after implementation of trade liberalization policies that are part of Taiwan's bid to join the WTO. The US share of the 1998/99 soybean market was 91 percent, a rebound from 67 percent a year earlier. US market share is expected to be about 85 percent in 1999/2000 and 2000/01. Taiwan favors US soybeans, and typically buys from the US. Feed demand in 1999/2000 and 2000/01 is expected to remain close to 1998/99 levels. However, demand could show moderate declines because trade liberalization measures that will be implemented when Taiwan joins the WTO (possibly in 2000) will mean additional pork and chicken imports. Nonetheless, crushers remain optimistic about the long-term viability of the Taiwan feed and livestock sectors. In 1998/99 soyoil imports grew almost four fold to 61,000 mt, a record high. Imports were up because the crush dropped for reasons cited above. Imports of other oils totaled 108,000 mt, a 14 percent drop from a year earlier. The drop was almost entirely due to lower imports of palm oil. In 1998/99 soyoil accounted for 75 percent of all vegetable oil consumption. Soyoil is expected to continue to dominate the market, but several new-to-market oils are finding niches and will become more entrenched with time. Oil consumption is expected to show small increases in the next few years because Taiwan appetites for Western-style fast foods, which typically use more oil than Chinese dishes, are growing.

Soybeans

Production

Table 1. Total Soybean Production, Supply and Distribution

PSD Table						
Country:	Taiwan					
Commodity:	Soybean					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	1	1	1	0	0	0
Area Harvested	1	1	1	0	0	0
Beginning Stocks	132	123	109	99	71	84
Production	2	1	2	0	0	0
MY Imports	2200	2124	2300	2100	0	2100
MY Imp. from U.S.	1970	1929	1970	1785	0	1785
MY Imp. from the EU	0	0	0	0	0	0
TOTAL SUPPLY	2334	2248	2411	2199	71	2184
MY Exports	0	0	0	0	0	0
MY Exp. to the EU	0	0	0	0	0	0
Crush Dom. Consumption	1900	1864	2000	1830	0	1830
Food Use Dom. Consump.	310	270	325	270	0	270
Feed Waste Dom.Consum.	15	15	15	15	0	15
Total Dom. Consumption	2225	2149	2340	2115	0	2115
Ending Stocks	109	99	71	84	71	69
TOTAL DISTRIBUTION	2334	2248	2411	2199	71	2184
Calendar Year Imports	2288	2002	2288	2100	0	2100
Calendar Yr Imp. U.S.	2191	1226	2191	2100	0	2100
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Taiwan's soybean production is minuscule. Soybean production in 1998/99 was 1,463 mt from 685 hectares. Production estimates for 1999/2000 are 380 mt from 140 hectares. Taiwan's negligible production is getting smaller because in July 1997 the central authorities implemented a land set aside program called the Paddy Rice Adjustment Program. Soybeans were commonly planted in rotation with rice.

Consumption

Table 2. Soybean Prices at Kaohsiung Port

Prices Table			
Country:	Taiwan		
Commodity:	Soybeans		
Year:	1999		
Prices in (currency)	NTD	per (uom)	100 Kilogram
Year	1998	1999	% Change
Jan	981	817	-16.7%
Feb	972	812	-16.5%
Mar	966	788	-18.4%
Apr	939	755	-19.6%
May	931	739	-20.6%
Jun	930	718	-22.8%
Jul	931	685	-26.4%
Aug	924	694	-24.9%
Sep	905	760	-16.0%
Oct	924	737	-20.2%
Nov	905	731	-19.2%
Dec	844	NA	-100.0%

About 90 percent of soybean imports are crushed to produce soymeal for animal feed, and about 10 percent are used for human consumption. About 40 percent of the soybean crush goes to pigs; 50 percent to poultry; 6 percent to aquaculture; and 4 percent to dairy cows. In 1998/99 soymeal demand from the poultry sector dropped 3 percent due to increased poultry product imports which displaced domestic product. Swine sector meal demand declined after the March 1997 FMD outbreak which resulted in the culling of one-third of Taiwan's hogs. Consequently, the 1998/99 soybean crush fell by 10 percent to 1,864,000 mt, a drop of 209,000 mt as compared with the previous year. Further declines in demand could occur after Taiwan joins the WTO (possibly in the year 2000) at which time trade liberalization measures will be implemented that require Taiwan to increase pork and poultry imports. These imports will likely spell another 2 to 3 percent decline in feed demand. Approximately 270,000 mt of soybeans are consumed annually in the form of tofu and soy milk. Commercially packed organic soymilk and tofu entered the market in 1999. These products are still new-to-market and should grow.

Table 3. Feed Production 1997 and 1998, Estimates for 1999 - 2001 (1,000 mt)

Feed Production	1997 (revised)	1998 (revised)	1999 (estimate)	2000 (Forecast)	2001 (forecast)
Hog	3,285	2,891	2,660	2,660	2,660
Poultry	4,248	3,616	3,510	3,510	3,510
Cattle	187	220	220	220	220
Fishery	530	437	437	437	437
Others	142	117	117	117	117
Total	8,392	7,281	6,944	6,944	6,944
Note: Feed production estimates for 1999, 2000 and 2001 are based on revised data for 1998.					
<i>Source: Data for 1997 & 1998 feed production are official numbers from the Council of Agriculture</i>					

Table 4. Animal & Aquaculture Production 1996 - 1998, Estimates for 1999 - 2001

Production	Pigs (1,000 heads)	Poultry (1,000 birds)	Cattle, Dairy & Beef (1,000 heads)	Aqua- & Marine- culture (1,000 mt)
1996	14,310 (+1%)	394,700 (+6)	163	272
1997	11,400 (-20%)	439,054 (+11%)	166	272
1998	9,800 (-14%)	433,630 (-1%)	165	253
1999 (estimate)	8,990 (-8%)	420,000 (-3%)	165	253
2000 (estimate)	8,990 (+0%)	420,000 (-0%)	165	253
2001 (estimate)	8,990 (+0%)	420,000 (-0%)	165	253
Note: Poultry & Pigs numbers are slaughter figures. Cattle numbers are stock figures.				
<i>Source: 1999 Taiwan Agriculture Book, and official hog and chicken census results</i>				

Table 5. Hog Auction Prices and Chicken Farm Gate Prices

	Hogs		Broilers	
	NT\$/100 kg	NT\$/100 kg	NT\$/kg	NT\$/Kg
Month	1998	1999	1998	1999
Jan	3,119	6,834	33	40
Feb	3,012	6,728	28	43
Mar	3,515	5,997	33	38
April	3,709	5,970	33	39
May	3,763	6,417	33	39
June	3,894	6,981	34	36
July	4,650	7,204	41	38
Aug	6,248	7,165	41	39
Sept	6,970	5,840	44	38
Oct	6,188	5,283	36	37
Nov	5,377	NA	38	NA
Dec	5,419	NA	38	NA

Source: 1999 Taiwan Agriculture Book, and official hog and chicken census results

Trade

Table 6. Soybean Imports for 1998/99 and Import Estimates for 1999/2000

Import Trade Matrix			
Country:	Taiwan	Units:	1,000 MT
Commodity:	Soybeans		
Time period:	10/1998		
Imports for	0		1999
U.S.	1929	U.S.	1785
Others		Others	
Argentina	120	Argentina	90
Brazil	31	Brazil	180
Paraguay	43	Paraguay	44
for MY96/97		for MY97/98	
Total for Others	194		314
Others not listed	1		1
Grand Total	2124		2100

Soybean imports are driven by the hog and poultry sectors. In 1998/99, in comparison with a year earlier, soybean imports decreased 263,000 mt, or 11 percent, to 2,124,000 mt, with a CIF value of NT\$15.73 billion or \$482 million, \$178 million less than the year before. This was the second year in a row in which soybean imports fell by 10 percent or more. Soybean imports are expected to remain at current levels until Taiwan enters the WTO at which point they will likely drop a couple more percentage points for reasons mentioned above.

In September 1998, in order to reassure US suppliers that Taiwan will continue to be a steady customer for US soybeans despite declining domestic feed demand, Taiwan feed importers signed a letter of intent promising that they would purchase between 1.6 and 1.8 million mt of US soybeans in 1999. Between January and September 1999 Taiwan imported 1.6 million mt of US soybeans, valued at \$358 million.

When soybean prices fell to \$5.50 per bushel in late 1998, Taiwan importers purchased enough soybeans for the next ten months. When prices later fell to \$4.20 per bushel, they realized they had made a mistake. As a result, this year they will likely revert to their traditional practice of making purchases on a month-to-month basis. The Taiwan meal and oil markets are cash markets. Taiwan soybean importers buy on a cash basis as well, and do not hedge purchases. After Taiwan enters the WTO, and its feed and livestock sectors are exposed to more global pressure, Taiwan

soybean importers will likely be forced to hedge purchases to remain competitive.

Stocks

On average, soybean stocks equal a month's supply. 1998/99 ending stocks were atypically low because importers wanted to tighten supplies in an attempt to squeeze out higher prices to counteract losses stemming from over-purchasing before soybean prices had bottomed out. (See Table 8 for soymeal prices.)

Policy

Draft GMO Regulations. Taiwan is in the process of drafting regulations to address the issue of GMOs. It is expected to follow trends established by Japan, Australia and New Zealand. This means that at some point Taiwan will likely require the registration of GMO and GMO-derived products. Taiwan would like to put off regulating GMOs until after it becomes a member of the WTO because it does not want the GMO issue to create problems with trading partners whose support it needs to get into the WTO. (See TW9062 for details.)

Tariff

Soybean imports remain tariff-free.

Marketing Channels

PRC Soybeans. Taiwan currently prohibits the importation of PRC soybeans. This prohibition may be eliminated after Taiwan and the PRC become WTO members. Most soybean importers are also crushers and feed manufacturers. The largest importer/feed manufacturers are organized into two alliances, one centered in southern Taiwan, and the other in central Taiwan. They pool imports, and basically control Taiwan's beans, meal and oil markets. Reportedly, the importers/crushers that belong to these alliances are not interested in PRC soybeans because supplies are unstable. However, smaller importers and feed manufacturers may want to buy cheaper PRC soybeans in an attempt to undercut the competition and increase their sales.

US Market Share. In 1998/99 the US held a 91 percent share of the Taiwan soybean market. A year earlier the US share was only 67 percent because Taiwan importers turned to South American soybeans to protest US requirements that Taiwan liberalize meat imports as a condition for its support for Taiwan's bid to enter the WTO. The average CIF price for 1998/99 US soybeans was \$228 per mt; Argentina (6 percent market share) \$212 per mt; Brazil (1 percent market share) \$258 per mt; and Paraguay (2 percent market share) \$205 per mt. About one metric ton of food quality and organic soybeans was also imported

Because Paraguay is one of the handful of countries that maintains diplomatic relations with Taiwan, Taiwan will likely continue to import at least one shipload (approximately 54,000 mt) of Paraguayan soybeans each year. Other purchases of South American beans will be dictated by market conditions and prices. Overall, Taiwan is a dependable purchaser of US soybeans, and US market share is usually around 85 percent. This year, unlike 1998, Taiwan did not sign a commitment to purchase a given quantity of US soybeans. A trip to the US by a delegation of soybean importers for that purpose was canceled due to the September 1999 Taiwan earthquake.

Food Quality/Organic Soybeans. The market for food-quality soybeans on Taiwan is growing. In 1998/99 about 1,200 mt of food quality beans were imported, of which 200 were organic. The US share of the market was 45 percent (200 mt organic and 340 mt food quality beans), with Thailand supplying 339 mt, Canada 314 mt, and Australia 8 mt. Competition comes from Canada and Thailand for food quality soybeans, and from Australia for organic soybeans. Currently tofu manufacturers pay NT\$10 (\$0.316) per kg for screened US #2 soybeans, compared with NT\$7 (\$0.222) to NT\$8 (\$0.253) per kg for feed use soybeans (Table 2). The price for food quality soybeans is NT\$16 (\$0.506) to NT\$18 (\$0.570) per kg, and for organic soybeans it is NT\$35 (\$1.108) per kg. Local sources report that US food quality beans are preferred for tofu, while Australian beans are preferred for soy milk. Both the American Soybean Association and the Missouri State Taipei offices are active in the promotion of food quality US soybeans in this market

Crushing Capacity. On Taiwan there are currently five soybean crushing plants in operation. Taiwan's daily soybean crushing capacity is 9,090 mt. Annual crushing capacity (300 working-day basis) is estimated at 2.75 million mt. The largest crusher, located in southern Taiwan, has a crushing capacity of 4,700 mt per day. The second largest, situated in central Taiwan, has a daily capacity of 3,000 mt. The three other plants have daily crushing capacities of 800 mt, 340 mt, and 250 mt. There has been considerable consolidation of the crushing industry in Taiwan during the past decade.

Soybean Meal

Production/Consumption

Table 7. Soybean Meal Production, Supply and Distribution

PSD Table						
Country:	Taiwan					
Commodity:	Soybean	Meal				
				1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate	0.7947368	0.7800429	0.795	0.7797814	0	0.7797814
Beginning Stocks	37	42	39	14	39	28
Production	1510	1454	1590	1427	0	1427
MY Imports	10	33	110	30	0	30
MY Imp. from US	0	0	0	0	0	0
MY Imp. from the EU	0	0	0	0	0	0
TOTAL SUPPLY	1557	1529	1739	1471	39	1485
MY Exports	0	0	100	0	0	0
MY Exp. to the EU	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	13	13	10	13	0	13
Feed Waste Dom. Consum.	1505	1502	1590	1430	0	1430
Total Dom. Consumption	1518	1515	1600	1443	0	1443
Ending Stocks	39	14	39	28	39	42
TOTAL DISTRIBUTION	1557	1529	1739	1471	39	1485
Calendar Year Imports	11	13	15	10	0	10
Calendar Yr Imp. US	0	1	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to US	0	0	0	0	0	0

Taiwan's soybean meal demand is virtually all met with domestically crushed meal from imported beans. Soybean meal production in 1998/99 fell 12 percent as compared to 1997/98 for the same reasons that soybean imports fell (see above). Soybean meal production/consumption are expected to remain at around 1.4 to 1.5 mmt. After Taiwan accedes to the WTO, production/consumption may fall a couple percentage points.

Trade

Meal imports represent only 2 percent of total consumption. In 1998/99 Taiwan imported about 2,000 mt (NT\$18 million or \$565,000) of food-grade soybean flour/meal (HS 1208.10) and about 31,000 mt (NT\$175 million or \$5.3 million) of solid, ground or pelletized soybean cake (HS 2304.00). In comparison with a year earlier, imported soybean meal (HS 1208) doubled, with India supplying 82 percent, and the US supplying 15 percent. Imports of soybean cake (HS 2304) tripled, with 97 percent coming from India, and the rest from the US.

Stocks

Soymeal stocks generally represent one or two weeks' consumption.

Policy

Imports of soycake, solid, ground or pelletized, i.e., the solid residue resulting from oil extraction, (HS 2304.00) is tariff free. The tariff on soybean flour and meal (HS 1208.10) is 3 percent.

Marketing

Given the size and efficiency of the Taiwan crushing industry, imported soymeal cannot compete in this market. The CIF price of meal imported from India averages NT\$5 (\$0.158) per kg and from the US NT\$11 (\$0.348) per kg. The factory gate price for meal produced on Taiwan averages from NT\$6 (\$0.190) to NT\$7 (\$0.222) per kg. (See Price Table 8.) Meal from India must be bagged and transported inland from the port of arrival, which pushes its price above prices of meal crushed domestically. Furthermore, end-users prefer meal crushed from US beans because they claim that its feed efficiency is higher than South American beans.

Table 8. Soybean Meal Prices at Crushers (NT\$ per 100 kg)

Month	1998	1999	Change
Jan	791	663	-18%
Feb	889	653	-27%
Mar	845	644	-24%
Apr	813	663	-18%
May	776	652	-16%
Jun	772	639	-17%
Jul	782	650	-17%

Month	1998	1999	Change
Sept	745	757	+1%
Aug	771	691	-10%
Oct	738	764	+4%
Nov	714	760	+6%
Dec	678	NA	

Source: The Taiwan Vegetable Oil Manufacturers Association

Fish Meal

Production

Table 9. Fish Meal Production, Supply and Distribution

PSD Table						
Country:	Taiwan					
Commodity:	Fish Meal					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Catch for Reduction	0	0	0	0	0	0
Extr. Rate, 999.9999	n/a	n/a	n/a	n/a	n/a	n/a
Beginning Stocks	0	0	0	0	0	0
Production	17	6	17	17	0	17
MY Imports	225	165	250	290	0	290
MY Imp. from U.S.	30	36	30	25	0	27
MY Imp. from the EU	0	0	0	0	0	0
TOTAL SUPPLY	242	171	267	307	0	307
MY Exports	0	0	0	0	0	0
MY Exp. to the EU	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	242	171	267	307	0	307
Total Dom. Consumption	242	171	267	307	0	307
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	242	171	267	307	0	307
Calendar Year Imports	150	165	300	290	0	290
Calendar Yr Imp. U.S.	30	36	30	25	0	25
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Taiwan fish meal production is small, usually about 17,000 mt. In 1998 production decreased 65 percent to 6,000 mt worth NT\$123 million (\$3.6 million). Production for 1999 and 2000 is expected to return to normal levels, i.e., 17,000

mt.

Consumption

Fish meal prices on the following table are for locally produced fish meal. In 1998, on average, imported fish meal cost NT\$2 (\$0.632) per kg more than domestically produced fish meal, and from January thru October imported fish meal cost NT\$3.5 (\$0.111) per kg more.

Table 10. Wholesale Prices for Domestically Produced Fish Meal

Prices Table			
Country:	Taiwan		
Commodity:	Fishmeal		
Year:	1999		
Prices in (currency)	NTD	per (uom)	100 Kilogram
Year	1998	1999	% Change
Jan	2483	2373	-4.4%
Feb	2525	2372	-6.1%
Mar	2525	2357	-6.7%
Apr	2493	2288	-8.2%
May	2477	2307	-6.9%
Jun	2442	2308	-5.5%
Jul	2467	2308	-6.4%
Aug	2500	2314	-7.4%
Sep	2462	2302	-6.5%
Oct	2477	2370	-4.3%
Nov	2464	NA	-100.0%
Dec	2410	NA	-100.0%

In 1998, consumption of fish meal was 171,000 mt, down 52 percent from the previous year due to high world prices and lower feed demand. It is estimated that consumption in 1999 and 2000 will return to normal levels (about 307,000 mt) Fish meal is used mostly in poultry and aquaculture rations.

Trade

Table 11. Fish Meal Imports for 1998 and Import Estimate for 1999

Import Trade Matrix			
Country:	Taiwan	Units:	1,000 MT
Commodity:	Fish Meal		
Time period:	CY1998		
Imports for	1998		1999
US	36	US	25
Others		Others	
Chile	81	Chile	130
Peru	17	Peru	112
Import for CY1997		Import for CY1996	
Total for Others	98		242
Others not listed	30		23
Grand Total	164		290

In 1998, as in most years, Chile was the top supplier of fish meal with 49 percent of the market. The US share grew to 22 percent from the previous year's 8 percent, replacing Peru as the second largest supplier. Fish meal imports from January to September 1999 were 127,000 mt, up 178 percent compared to the corresponding period in 1998. Total 1999 fish meal imports are currently put at 290,000 mt. Imports have rebounded because world prices returned to normal levels. In 1998, the average CIF price for fish meal was NT\$24 (\$0.73) per kg, compared with the average January thru September 1999 CIF price of NT\$17 (\$0.53) per kg. Imports are expected to remain at traditional levels in 2000.

Policy

The tariff on fish meal (HS 2301.20) is zero.

Soybean Oil

Production

Table 12. Soyoil Production, Supply and Distribution

PSD Table						
Country:	Taiwan					
Commodity:	Soyoil					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	15	15	15	15	0	15
Extr. Rate	20.666667	21.066667	22.6	20.666667	0	20.666667
Beginning Stocks	106	171	89	133	80	97
Production	310	316	339	310	0	310
MY Imports	26	61	26	50	0	50
MY Imp. from U.S.	1	32	1	30	0	30
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	442	548	454	493	80	457
MY Exports	2	1	2	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	15	15	15	15	0	15
Food Use Dom. Consump.	336	379	357	361	0	361
Feed Waste Dom. Consum.	0	20	0	20	0	20
Total Dom. Consumption	351	414	372	396	0	396
Ending Stocks	89	133	80	97	80	61
TOTAL DISTRIBUTION	442	548	454	493	80	457
Calendar Year Imports	22	26	40	50	0	50
Calendar Yr Imp. U.S.	1	13	2	25	0	25
Calendar Year Exports	25	1	25	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean oil production in 1998/99 was 316,000 mt, down 21,000 mt or 6 percent from the previous year. Decreased production is in line with decreased demand for soybean meal. Soybean oil production for 1999/2000 and 2000/2001 will follow soybean production levels for those two years (see above).

Consumption

There are three segments in the Taiwan edible oil market: 1) market leaders: soyoil and palm oil; 2) new-to-market: olive, canola, corn oil, and sun oil; and 3) traditional Chinese: peanut and sesame oil. Increased market share for one oil is generally offset by a decreased share for another oil in the same segment.

In 1998 total vegetable oil consumption was 502,000 mt. Of that total, 379,000 mt was soyoil, which was 22,000 mt more than the year before. Soyoil's gain was palm oil's loss. In 1998 soyoil accounted for 75 percent of total oil consumption, 2 percent more than in 1997. Soyoil consumption projections for 1999 and 2000 are 361,000 mt for both years. It is expected that palm oil consumption will return to 1997 levels because it is unlikely that soyoil prices will continue to be as favorable, vis-a-vis palm oil, as they were in 1998 and early 1999.

Consumption of palm oil, olive oil, canola oil, and sun oil decreased from 126,000 mt in 1997 to 108,000 mt in 1998. Consumption of palm kernel oil remained the same. In 1998, consumption of new-to-market oils remained at 1997 levels, but is expected to increase in the long run because the trend on Taiwan is toward diversification of the diet and food ingredients. Total vegetable oil consumption on Taiwan is growing slightly because consumers are eating more Western-style fried foods (e.g., fried chicken).

Table 13. Taiwan Cooking Oil Consumption

Edible Vegetable Oil	1996 (1,000 mt)	1997 (1,000 mt)	1998 (1,000 mt)	Change (1,000 mt)
Soybean Oil	353	357	379	+22
Peanut Oil	9	9	6	-3
Sesame Oil	8	9	9	+0
Other Oils	109	126	108	-18
Total Oil Consumption	479	501	502	+1
<i>Sources: Council of Agriculture, Taiwan Customs, AIT/AGR estimates</i>				

Trade

Soyoil consumed on Taiwan is typically entirely derived from imported soybeans. However, after the Spring 1997 FMD outbreak and the Summer 1998 implementation of pre-WTO accession meat trade liberalization measures, demand for feed dropped. As a consequence, production of soyoil also fell, creating an opportunity for increased imports of soyoil and new-to-market oils. In 1998/99 Taiwan imported a record 61,000 mt of soy oil worth \$34

million. The US supplied 32,000 mt (52 percent share); Argentina 25,000 mt (41 percent share); Malaysia 3,000 mt (5 percent share); and the remaining 1,000 mt came from other suppliers. In 1998 imports of non-soy edible oils totaled 108,000 mt, down by 18,000 mt from the previous year, which equaled the amount by which palm oil imports fell and by which soyoil imports rose. Imports of all other oils in 1998 remained at about 48,000 mt, with increased olive and canola imports offsetting decreases in corn and sun oil. On the assumption that palm oil imports will revert to traditional levels in 1999/2000 and 2000/01, soyoil imports for those two years are put at 50,000 mt. Increased imports of new-to-market oils in 1999/2000 and 2000/01 are possible, but will require market development.

Table 14. Imports of Non-Traditional Cooking Oils

Type of Edible Oil	1996 Imports (1,000 mt)	1997 Imports (1,000 mt)	1998 Imports (1,000 mt)	Change 1997 to 1998 (1,000 mt)
Palm Kernel Oil	2	2	2	0
Palm Oil	69	78	60	-18
Coconut Oil	8	8	7	-1
Olive Oil	2	3	5	+2
Canola Oil	3	5	11	+6
Corn Oil	3	3	1	-2
Sunflower Oil	22	27	22	-5
Total Imports	109	126	108	-18

Source: Taiwan Customs Statistics

Stocks

Ending stocks for 1999/2000 and 2000/2001 are expected to decrease because the domestic soymeal crush is expected to decline.

Policy

Tariffs for oilseeds and oils remain unchanged (see Table 15). Tariffs on rape seeds, canola oil, sunflower seeds, and sun oil (marked with an asterisk) are temporary rates. The permanent tariffs are included on a 794-item tariff reduction bill which was approved by the Executive Yuan on July 31, 1998, but is still awaiting Legislative Yuan approval. The Ministry of Finance will continue to extend the temporary rates each year until the Legislative Yuan enacts the permanent tariffs into law.

Table 15. Tariff Rates for Edible Oils and Oil Seeds

Oil	Current Tariff (%)
Soybeans	0
Soybean Oil	6
Palm Kernel Oil	1.25
Palm Oil	2.5
Coconut Oil	3
Olive Oil	5
Rape Seeds*	3.5
Rape (Canola) Oil*	6
Corn Oil	7.5
Safflower Seeds	9
Safflower Oil	12.5
Sunflower Seeds*	11
Sunflower Oil (Crude)*	15
Sunflower Oil (Refined)	15
<i>Source: Taiwan Customs Tariff Schedule</i> * temporary tariff rate	

Marketing

Retail outlets where cooking oil for household use is sold in 1 to 3 liter containers, are responsible for about 30 percent of total soyoil sales. The remaining 70 percent is marketed through the HRI and food processing sectors. Soyoil is usually sold in 18 liter containers to hotels and restaurants, and in bulk to food processors such as instant noodle plants. Most palm oil is also consumed by the HRI and food processing sectors. A number of cooking oils, including olive, safflower, sunflower, canola, and corn oils, are providing new sources of competition for household soyoil consumption. Taiwan's soybean crushers have prepared to meet the heightened competition from other oils by increasing the scale and efficiency of their crushing and extraction operations, and by introducing new soyoil brands. In order to compete with imported, commercially packaged oils, soybean crushers have begun importing safflower seed and sunflower seed for local crushing and refining. They have begun importing crude sun oil for local refining, and refined canola oil for local packaging. They have also started mixing competing oils with soyoil to produce vegetable oil blends. These innovations notwithstanding, soyoil's share of the household market will likely decrease slowly as new-to-market oils become more entrenched. In 1999, grape seed oil, one more high-priced, new-to-market, vegetable oil was introduced into the market. It will compete with olive, safflower, sun, canola and corn oils.

Table 16. Vegetable Oil Retail Prices (December 1999)

Type of Cooking Oil	Retail Price per Liter (in Taipei supermarkets)
Soybean Oil	NT\$ 35 (average)
Blended Vegetable Oil	NT\$ 60 to NT\$ 100 (depending on the composition of the mix)
Sunflower Oil	NT\$ 86 (locally extracted from imported seed) NT\$ 60 to NT\$ 70 (locally refined from imported crude sun oil) NT\$ 90 to NT\$ 100 (locally refined; vitamin fortified) NT\$ 90 (average for imported refined oil)
Canola Oil	NT\$ 90 to NT\$ 100 (imported refined oil)
Safflower Oil	NT\$122 (locally extracted from imported seed)
Olive Oil	NT\$230 to NT\$280 (certified organic olive oil is double this price)
Corn Oil	NT\$80 (imported refined oil)
<i>Source: market survey</i>	

In 1998 the average soyoil price at the factory (i.e., crusher) gate was NT\$28 (\$0.83) per kg in 1998 and from January thru September 1999 it was NT\$22 (\$0.66) per kg. Cooking oils in retail outlets were priced much the same in 1999 as in 1998. Taiwan's average CPI for January to October 1999 increased only 0.28 percent in comparison with the average CPI for the corresponding period in 1998.

Fish Oil

Table 17. Fish Oil Production, Supply and Distribution

PSD Table						
Country:	Taiwan					
Commodity:	Fish Oil					
				1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Catch for Reduction	n/a	n/a	n/a	n/a	n/a	n/a
Extr. Rate, 999.9999	n/a	n/a	n/a	n/a	n/a	n/a
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	9	4	9	8	0	8
MY Imp. from US	1	0	1	0	0	0
MY Imp. from the EU	0	0	0	0	0	0
TOTAL SUPPLY	9	4	9	8	0	8
MY Exports	0	0	0	0	0	0
MY Exp. to the EU	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum.	9	4	9	8	0	8
Total Dom. Consumption	9	4	9	8	0	8
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	9	4	9	8	0	8
Calendar Year Imports	8	4	8	8	0	8
Calendar Yr Imp. US	1	1	1	2	0	2
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to US	0	0	0	0	0	0

Fish oil is used in the feed sector. Taiwan produces about 15 mt of fish oil a year, and imports the rest. In 1998 Taiwan consumed 4,000 mt. Chile is typically the top supplier and had a 50 percent import share in 1998. Decreases in 1998 imports were due to high prices. From January thru September 1998 average CIF fish oil prices were NT\$22 (\$0.68) per kg, compared to the corresponding period in 1999 when they averaged NT\$18 (\$0.56) per kg. Imports in 1999 and 2000 are estimated at 8,000 mt. The tariff on fish oil is 2.5 percent.

(The average exchange rates used in this report are: \$1=NT\$33.51 in 1998; \$1=NT\$32.91 in 1997/98; \$1=NT\$32.64 in 1998/99; \$1=NT\$33.59 in Jan/Sept 1998; \$1=NT\$32.52 in Jan/Sept 1999; \$1=NT\$31.60 quoted

on December 14,1999)