



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 7/12/2000

GAIN Report #TW0027

Taiwan

Livestock and Products

Annual

2000

Approved by:

Larry M. Senger

American Institute in Taiwan

Drafted by:

Rosemary Kao

Report Highlights:

Taiwan's 1999 beef imports totaled 68,681 mt, up 14 percent from 1998. Total 2000 and 2001 beef imports are projected at 70,000 mt and 73,000 mt respectively. The 1999 U.S. share of the Taiwan market was 21 percent. In 1999 Taiwan's high pig prices and the U.S.'s low prices provided a unique opportunity for U.S. pork exports. CY1999 pork imports totaled 55,378 mt. Eighty percent of total pork imports in 1999 came from the US; with most of the rest being supplied by Canada. Pork imports in 2000 are expected to decline to 40,000 mt because Taiwan pork prices are falling.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Taipei [TW1], TW

LIVESTOCK ANNUAL REPORT

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BEEF	1
Production	2
Trade	2
Policy	4
Marketing & Competition	5
SWINE & PORK	6
Production	7
Trade	8
Policy	11
Marketing & Competition	11

EXECUTIVE SUMMARY

Domestic beef, mostly from culled dairy cattle, meets less than 10 percent of Taiwan's total beef demand. Foot-and-mouth disease (FMD) occurred, for the first time in 5 decades, in cattle on Taiwan in June and July 1999, and again in January 2000. CY1999 beef imports totaled 68,681 mt (93,406 mt CWE), up 14 percent from the CY1998 level. Total CY 2000 beef imports are projected to grow by only 2 percent to 70,000 mt (95,000 mt CWE). For the year 2001, beef imports are forecast at 73,000 mt (99,000 mt CWE). The CY1999 U.S. share of the Taiwan beef import market was 21 percent, Australia 51 percent, and New Zealand 22 percent.

Preliminary pig production (fat pigs slaughtered) in 1999 totaled 8,980,000 head, down 9 percent from the 1998 level. Total CY2000 pigs slaughtered is expected to grow 10 percent, reaching 9.9 million head. CY2001 production is forecast at 9.7 million. CY1999 pork imports totaled 55,378 mt (meat basis, not including bones or offal) vs. 12,866 mt in 1998 and zero imports in 1997. In 1999 Taiwan's high pig prices and the U.S.'s low prices provided a unique opportunity for U.S. pork exports. Eighty percent of total pork imports in 1999 came from the US; with most of the rest being supplied by Canada. Pork imports in CY2000 are expected to decline 28 percent to 40,000 mt (57,000 mt CWE) because Taiwan pork prices are falling. Taiwan imported 7,020 mt of frozen pork bones in CY1999, with 99 mt being supplied by Australia, 3,414 mt by Canada, 2,158 mt by Korea and 1,349 mt by the U.S. Pork bones are usually for processing purpose to supplement the short local supply. Total imports of pork bones in 2000 are estimated at 3,000 mt.

All U.S. meat and poultry exports to Taiwan must be accompanied by USDA/FSIS health certificates. A new form of the FSIS Health Certificate will be in place effective October 1, 2000. At the insistence of Taiwan, on the new certificate information regarding the shipping port, vessel name, shipping date, container number and seal number must be supplied by exporters/shippers. Shipments that fail to meet this requirement will be at risk of detention or rejection.

BEEF**Table 1. Taiwan Beef Production, Supply and Distribution**

PSD Table						
Country:	Taiwan			1.36	<-Conversion factor for CWE	
Commodity:	Cattle/Beef					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	32	26	32	26	0	26
Beginning Stocks	0	0	0	0	0	0
Production	5	5	5	5	0	5
Intra EC Imports	0	0	0	0	0	0
Other Imports	95	93	99	95	0	99
TOTAL Imports	95	93	99	95	0	99
TOTAL SUPPLY	100	98	104	100	0	104
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	100	98	104	100	0	104
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	100	98	104	100	0	104
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	100	98	104	100	0	104
Calendar Yr. Imp. from U.S.	21	20	23	21	0	22
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

(The conversion factor used to derive the carcass weight equivalent (CWE) for beef in the above PSD table is 1.36. Beef variety meats imports are not included in the beef PSD table.)

Domestic beef, mostly from culled dairy cattle, covers less than 10 percent of Taiwan's total beef demand. In 1999, domestic beef production totaled 5,168 mt (CWE) from 25,840 head of cattle. Foot-and-mouth disease (FMD) was found, for the first time in 5 decades, in cattle on Taiwan in June and July 1999, and again in January 2000.

FMD cases were reported in Taiwan's caprine herd in February 2000. Compared to the pig sector, Taiwan's cattle and caprine sectors are very small. Total herd size is about 165,000 for cattle and 300,000 for

goats/sheep. In 1997, FMD ravaged Taiwan's pig population, crippling the island's pig industry and bringing an end to its pork exports. FMD vaccination is now required for all cloven-hoofed animals. The vaccination rate is reportedly over 80 percent.

Trade

Per capita beef consumption in CY1999 was about 4.45 kg (CWE). This figure is obtained by dividing Taiwan's total beef consumption of 98,000 mt (CWE) by its population of 2.2 million. Imports cover over 90 percent of Taiwan's total beef demand. CY1999 beef imports totaled 68,681 mt (93,406 mt CWE), up 14 percent from the CY1998 level. The sizeable increase is attributed mainly to consumers' substitution of beef for more expensive domestically produced pork. In 2000, due to a significant decline in Taiwan's pig prices, the price advantage for beef no longer exists. Therefore, total CY 2000 beef imports are projected to grow by only 2 percent to 70,000 mt (95,000 mt CWE). For the year 2001, beef imports are forecast at 73,000 mt (99,000 mt CWE), 4 percent higher than 2000 level.

In 1999, imports of U.S. beef totaled 14,419 mt (19,610 mt CWE). Though total imports from the U.S. grew 5 percent from the CY1998 level, U.S. market share declined slightly (from 23 to 21 percent) because other suppliers made even larger gains. Beef imports from Australia, New Zealand and Canada grew by 5 percent, 32 percent and 39 percent respectively. The CY1999 U.S. share, in value terms, was 30.4 percent because most imports of U.S. beef are high value items, such as special quality beef (SQB) steak cuts. The CY1999 market share for Australia, Taiwan's No. 1 beef supplier, was 50.6 percent in volume and 39.6 percent in value. Those for New Zealand were 22.4 percent and 23.1 percent respectively.

With prices of U.S. high-end beef products, such as ribeye and short ribs, at their highest in years, CY2000 imports of U.S. beef products in those categories are expected to level off or decline slightly from the 1999 level. However, the usage of U.S. non-SQB by Taiwan's processors will grow in 2000 following the initiation of the commercial production of a new beef meat ball product which is made exclusively of U.S. beef. This growth is expected to offset the decline in SQB imports and to increase the US market share in 2000 to 22 percent. It is expected that the U.S. market share will remain at that level in 2001.

Table 2. Taiwan Beef Imports

Import Trade Matrix		Meat			
Country:			Units:	MT, PWE	
Commodity:				Partial Begi	January
				Partial End	April
Exports for	1999	2000	2001	1999	2000
	Full	Full	Full	Partial	Partial
U.S.	14,419	15,300	16,000	5,016	4,390
Others					
Australia	34,814	28,700	32,000	11,735	8,841
Canada	2,099	2,300	2,500	660	735
Japan	16	15	15	5	4
New Zealand	15,389	19,000	17,100	5,192	6,520
Panama	282	350	385	76	90
Argentina	1,664	4,500	5,000	0	1,552
Total for Others	54,264	54,865	57,000	17,668	17,742
Others not listed					
Grand Total	68,683	70,165	73,000	22,684	22,132

Imports of red meat offal (variety meats) are banned entry, except for limited amounts that are allowed entry under quota. U.S. beef variety meats, as agreed to in the US-Taiwan bilateral WTO pre-accession agreement, have been entering Taiwan under a 5,000 mt annual quota since August 1998. On July 1, 1999, Taiwan also opened a 5,000 mt quota for beef offal from countries other than the US. For the year 2000, Taiwan merged the US and non-US quotas for beef variety meats into a global quota open to all WTO members on an MFN basis. The global quota for the first half of 2000 (equal to half of the 10,000 mt combined annual quota) was announced on January 26, 2000. Therefore, unlike the past two years, this year U.S. beef variety meats will compete directly with other suppliers.

In order to export meat to Taiwan, a country's meat quarantine inspection and health certification system must be reviewed and found acceptable by the Taiwan authorities. In some cases, Taiwan may decide not to approve a country's system, in which case meat can only be imported from plants individually approved by Taiwan authorities. Currently, countries whose national meat inspection systems meet Taiwan's quarantine/sanitary requirements for beef and beef offal are the U.S. and Canada. Within a couple of months, Taiwan will also, reportedly, finalize its approval the Australian meat quarantine inspection and health certification system. The New Zealand is also working with Taiwan to have its national system approved. Not having their systems approved by Taiwan is not a major trade barrier for these two countries because most packing plants in Australia

and New Zealand that are interested in exporting product to Taiwan have been individually approved by the Taiwan authorities in the past and are eligible to export. Meat imports from Japan and Korea, which recently reported instances of FMD, were disqualified in March 2000. The meat packing systems of Argentina, Paraguay, Panama and Sweden have not been accepted by Taiwan, but individual plants in these countries, which have been cleared by the Taiwan authorities, may supply beef to this market.

Beef offal imports in 1999 were reported in TW0006. Beef offal imports for the first half of 2000, which totaled 1,437 mt, 29 percent of the quota, are shown on the following table:

Table 3. Taiwan Beef Offal Imports (MT)

Supplying Source	U.S.	Canada	Australia	New Zealand	Total
Imports	576	53	586	222	1,437

Source: Board of Foreign Trade, dated July 12, 2000

The utilization of beef offal quota was low because: 1) suppliers still need to modify their packing and processing methods to meet Taiwan specifications; and 2) the world supply of beef variety meats is limited. Taiwan competes with buyers from Latin America, East Europe, and other Asian countries for these products.

The CY2000 second half-year quota, 5,000 mt, was announced on July 6, 2000. Again, only beef/beef offal supplied by the US or Canada, and products from approved plants in Australia, or New Zealand, Argentina, Paraguay, Panama or Sweden are eligible to be imported into this market. Australian beef variety meats may begin to displace U.S. product in this market. Reportedly, Australian variety meats meet the specifications of Taiwan buyers. If Taiwan accedes to the WTO in 2000, competition will be even stiffer for U.S. beef and beef variety meats.

Policy

Taiwan applies a preferential tariff rate (NT\$ 22.1/kg) to Special Quality Beef (SQB) while most other beef is dutiable at NT\$ 27/kg. Carcasses, primal cuts and steak cuts of both *USDA prime* or *choice* beef and Canadian AAA beef enjoy the preferential tariff rate. *USDA prime* or *choice* shin/shank/intercostal (S/S/I) cuts are dutiable at NT\$ 23.8/kg. Australia dominates the market for S/S/I cuts. New Zealand is the leading supplier of cheaper steak cuts (non-SQB) which are consumed in lower-end steakhouses. (The exchange rate varied slightly during 2000, but was approximately NT\$ 31 = USD 1 in July 2000.)

Taiwan is in the last stages of its WTO bid, with accession expected within a year. Upon Taiwan's WTO accession, the tariff rate for SQB will be lowered to NT\$ 20/kg while that for non-SQB will be cut to NT\$ 24/kg and both will be phased down, in equal annual reductions, to NT\$ 10/kg in 2004. Upon WTO accession Taiwan will lift all quantity restrictions of imports of beef offal which will be assessed a tariff of 25 percent, which will be phased down to 15 percent by 2004.

All U.S. meat and poultry exports to Taiwan must be accompanied by USDA/FSIS health certificates. A new form of the FSIS Health Certificate will be in place effective October 1, 2000. At the request of the Taiwan

authorities, information regarding the shipping port, vessel name, shipping date, container number and seal number must be included by exporters/shippers on the new certificate. Shipments that fail to meet this requirement will risk detention or rejection.

Marketing & Competition

Taiwan's imports of Canadian beef have been increasing in recent years, though from a very low base. The Canadians have marketing strategies similar to those of the United States, but with greater funding flexibility. However, the supply of Canadian beef is reportedly not as stable as the U.S. due to its smaller production scale and less frequent freight transportation to Taiwan. Canadian beef exports to Taiwan are expected to continue to grow in 2000 and 2001. Due to reportedly tighter beef supplies, Australian beef exports to Taiwan are expected to decrease in 2000. With higher U.S. prices and a short Australian supply, beef imports from New Zealand are expected to grow significantly in CY2000, though New Zealand has very limited promotional activities in this market.

In order to export meat to Taiwan, a country's meat quarantine inspection and health certification system must be reviewed and found acceptable by the Taiwan authorities. In some cases, Taiwan may decide not to approve a country's system, in which case meat can only be imported from plants individually approved by Taiwan authorities. Several plants in Panama and Paraguay have been approved to supply beef to Taiwan. Beef imports from these two countries are very limited. Paraguay has been given an annual import quota of 222 mt of beef.

There are currently 13 Argentine packing plants approved to supply beef to Taiwan and a Taiwan inspection team will be visiting Argentina in July 2000, reportedly to approve another two plants. Argentine beef will likely displace muscle meat (shin, shank and intercostal S/S/I) from both Australia and the U.S. and cheaper steak cuts from New Zealand due mainly to its very competitive prices. Industry reported that some Taiwan importer/users sent specialists to Argentina to teach Argentine packers how to trim the shin, shank and rib fingers to comply with Taiwan preferences. Although Argentine beef gained access to this market only in 1999, its beef exports have already exceeded those of Canada. Argentine beef is mainly frozen steer meat. Transport to Taiwan takes about 45 days.

Currently, fewer than 20 plants in Sweden are eligible to supply beef to Taiwan. Sweden has applied for Taiwan's approval of its quarantine inspection and health certification system. Once approved, beef and pork packed in all Swedish plants under that system will be able to be exported to Taiwan. Beef from other European countries can not be imported because the Taiwan authorities have not yet completed any plant clearances. In addition, European beef has limited market potential as it is relatively expensive and shipping costs are high.

SWINE & PORK**Table 4. Taiwan Swine Production, Supply and Distribution**

PSD Table						
Country	Taiwan					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	6539	6539	7242	7243	7000	7500
Sow Beginning Stocks	799	799	772	891	0	800
Production (Pig Crop)	10100	9852	10200	10500	0	10000
Intra EC Imports	0	0	0	0	0	0
Other Imports	9	0	3	1	0	1
TOTAL Imports	9	0	3	1	0	1
TOTAL SUPPLY	16648	16391	17445	17744	7000	17501
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	9000	8980	9500	9900	0	9700
Total Slaughter	9000	8980	9500	9900	0	9700
Loss	406	168	945	344	0	601
Ending Inventories	7242	7243	7000	7500	7000	7200
TOTAL DISTRIBUTION	16648	16391	17445	17744	7000	17501
Calendar Yr. Imp. from U.S.	9	0	3	1	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Table 5. Taiwan Pork Production, Supply and Distribution

PSD Table						
Country	Taiwan					
Commodity	Meat, Swine				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	9000	8980	9500	9900	0	9700
Beginning Stocks	40	40	0	0	0	0
Production	820	822	850	895	0	885
Intra EC Imports	0	0	0	0	0	0
Other Imports	80	86	50	60	0	70
TOTAL Imports	80	86	50	60	0	70
TOTAL SUPPLY	940	948	900	955	0	955
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	940	948	900	955	0	955
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	940	948	900	955	0	955
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	940	948	900	955	0	955
Calendar Yr. Imp. from U.S.	65	65	40	44	0	52
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

(The conversion factor used to derive pork meat to carcass weight equivalent (CWE) is 1.43. Imports of pork bones are also included in the PS&D Table at a conversion factor of 1.0. Imports of pork variety meats (offal) are not included in the PSD table.)

Since the FMD outbreak in March 1997, sporadic and localized FMD cases have continued to occur. The most recent FMD case in pigs occurred on April 29, 1999. The hog census conducted in May 2000 indicated that the population for both standing and breeding pigs was on the rise from six months earlier. The outcome of the survey is shown on the following table.

Table 6. Taiwan Hog Population Data

	A	B	C
	May 1999	Nov. 1999	May 2000
No. of farms	18,739	16,024	15,828
Pigs on farm	7,124,779	7,242,330	7,309,086
Boars	44,699	43,345	43,756
Sows/gilts	820,546	891,633	917,025
Sows	741,983	771,565	801,094
Gilts	78,563	120,068	115,931
Fattening pigs	6,259,534	6,307,349	6,348,305
Piglets	1,018,398	1,082,762	1,104,835
Under 30 kg	1,806,445	1,767,763	1,836,912
30-60 kg	1,697,922	1,724,094	1,731,841
Above 60 kg	1,736,769	1,732,730	1,674,717

Source: Council of Agriculture

Table 7. Taiwan Pig Auction Prices (NT\$/100 kg)

Month	Jul. 1998	Aug. 1999	Sep. 1999	Oct. 1999	Nov. 1999	Dec. 1999	Jan. 2000	Feb. 2000	Mar. 2000	Apr. 2000	May 2000
NT\$	7,204	7,165	5,840	5,283	5,341	5,194	5,036	4,443	4,184	4,466	5,132

Source: Pig Report (average exchange rate was NT\$32.3 = US\$ 1 in 1999 and roughly NT\$31 = US\$1 during the first half year of 2000)

The preliminary pig production (fat pigs slaughtered) figure for 1999 is currently placed at 8,980,000 head, down 9 percent from the 1998 level. On Taiwan, the average direct cost of live weight hog production is estimated at NT\$ 4,200/100 kg. High pig prices and good profits in 1999 encouraged farmers to increase their herds. Total CY2000 pigs slaughtered is expected to grow 10 percent, reaching 9.9 million head. CY2001 production is forecast at 9.7 million.

Trade

CY1999 pork imports totaled 55,378 mt (meat basis, not including bones or offal) as compared with 12,866 mt in 1998 and zero imports in 1997. Imports of most pork cuts are allowed but some items, such as offal or spare ribs, can be imported only under quota which were initiated in August 1998. There were virtually no pork

imports before 1998 even for items permitted entry. The FMD outbreak in 1997 and the increased market access for imports obtained in 1998 have reshaped the supply-demand situation in Taiwan's pork industry. Pork offal and previously banned items will continued to be imported to supplement the smaller, post-FMD domestic pork supply. Imports of permitted items have also made successful inroads into this market since 1998. The most popular item has been pork picnic for processing purposes. Taiwan's high pig prices in 1999 provided a unique opportunity for U.S. pork exports. Pork imports in CY2000 are expected to decline 28 percent to 40,000 mt (57,000 mt CWE) in line with the falling prices of local pigs. However, Taiwan's processors, who now like the quality of U.S. pork, will continue to use U.S. pork to supplement local products. Long-term prospects for pork imports are bright.

Table 8. Taiwan Pork Imports

Import Trade Matrix				
Country	Taiwan			Units:
Commodity	Meat, Swine			Partial Begin
				Partial End
Imports from:	1999	2000	2001	1999
	Full	Full	Full	Partial
U.S.	44,456	29,000	34,500	12,278
Others				
Australia	216	0	0	0
Canada	10,686	11,000	11,500	2,300
Korea	20	0	0	0
Denmark	0	200	1,000	0
Total for Others	10,922	11,200	12,500	2,300
Others not Listed				
Grand Total	55,378	40,200	47,000	14,578

(The above table covers imports of pork meat but not pork bones or pork variety meats.)

Taiwan imported 7,020 mt of frozen pork bones in CY1999, with 99 mt being supplied by Australia, 3,414 mt by Canada, 2,158 mt by Korea and 1,349 mt by the U.S. Pork bones are usually for processing purpose to supplement the short local supply. Pork bone imports in CY2000 are expected to decline to half the 1999 level as a result of a larger pig supply. Total imports of pork meat and pork bones in 2000 are estimated at 40,000 mt and 3,000 mt respectively.

Since August 1998, imports of U.S. pork variety meats, pork bellies and other banned pork cuts entered this market under quotas as agreed to in the US-Taiwan bilateral WTO pre-accession agreement. The 1998 and 1999 annual quota for U.S. pork bellies was 5,000 mt and that for pork offal was 7,500 mt. Quota imports of non-US pork belly, under a 1,160 mt annual quota, and offal, under a 2,500 mt annual quota, were allowed during the second half of 1999. For the year 2000, Taiwan merged the US and non-US quotas into a global quota open to all WTO members on an MFN basis. The global quota for the first half of 2000 (3,080 mt for pork bellies and 5,000 mt for pork offal, which are equal to half of the combined annual quota) was announced on January 26, 2000.

A total of 2,836 mt of pork bellies was imported during the first half of 2000. This represents 92 percent of the quota. Preliminary import statistics for items under the pork belly quota during the first half of 2000 are as follows:

Table 9. 2000 Taiwan Pork Belly Imports (mt)

Supplying Source	U.S.	Canada	Australia	New Zealand	Total
Imports	2,525	289	22	0	2,836

Source: Board of Foreign Trade, dated July 12, 2000

Final half year quota import figures are not yet available. The table above may not capture all imports that arrived during the first six months of 2000. Final data will be available later this month (i.e., July 2000). The second half year quota, 3,080 mt, is expected to be announced within a couple of weeks.

Table 10. 2000 Taiwan Pork Offal Imports (mt)

Supplying Source	U.S.	Canada	Australia	Korea	Sweden	Total
Imports	3,759	255	275	135	24	4,448

Source: Board of Foreign Trade, dated July 12, 2000

Preliminary data for imports of pork offal from January till June 2000 is 4,448 mt, 89 percent of the quota. There is very strong demand in Taiwan for pork offal. If the pork offal quota had been announced earlier, it would have been filled. The second half year quota, 5,000 mt, is expected to be announced within a couple of weeks. The most popular offal items are stomach, intestine, and hanging tendon.

In order to export meat to Taiwan, a country's meat quarantine inspection and health certification system must be reviewed and found acceptable by the Taiwan authorities. In some cases, Taiwan may decide not to approve a country's system, in which case meat can only be imported from plants individually approved by Taiwan authorities. Countries whose meat quarantine inspection and health certification systems meet Taiwan's quarantine/sanitary requirements for beef and beef offal are the U. S. and Canada. Many individual packers in

Australia and New Zealand, which have supplied meat to Taiwan during the past, are currently eligible to ship product to this market. However, Taiwan has not yet approved the national system for either Australia or New Zealand. Taiwan's quarantine/food safety exports have already reportedly approved Australia's system. As soon as a list of Australian packing plants is provided, any plant under that system will be eligible to supply meat to Taiwan. This is expected to be done within a couple of months. A Taiwan inspection team completed an on-site review of the New Zealand quarantine inspection and health certification system in June 2000 and approval is pending. Meat from Japan and Korea, which recently reported instances of FMD, were disqualified in March 2000. Imports from other countries are only be allowed when coming from plants that have been individually inspected and approved by Taiwan authorities. Taiwan authorities did an on-site review of Denmark's quarantine inspection and health certification system in the Spring of 2000. In June Taiwan requested that Denmark make certain minor changes in its system. Taiwan approval of the Denmark system is expected to be in place in 2000. This approval would be for pork products only. Danish pork will provide strong competition for U.S. products in this market. (More details in the *Competition* section below.)

Policy

Taiwan is in the last stages of its WTO accession process with entry expected within a year. Upon accession, Taiwan will lift its import ban on "other pork cuts" and make these cuts dutiable at 15 percent. This tariff will be reduced to 12.5 percent by January 1, 2004. Upon WTO accession, Taiwan will establish a Tariff Rate Quota (TRQ) for 6,160 mt of pork belly. The size of the TRQ will grow in equal annual increments until it reaches 15,400 mt in 2004. The in-quota tariff rate will begin at 15 percent and will be lowered in equal annual reductions to 12.5 percent by January 1, 2004. The out-of-quota rate for pork belly will begin at 60 percent and be lowered in equal annual reductions to 50 percent in 2004. The TRQ will be eliminated on January 1, 2004 after which time all pork belly imports will be assessed a duty of 12.5 percent.

Upon accession to the WTO, Taiwan will establish a TRQ for 10,000 mt of swine hocks, feet, stomach, skirt, intestines, and rectum. The size of the TRQ will be increased in equal annual increments until it reaches 27,500 mt in the year 2004. The in-quota tariff rate will start at 25 percent, and be lowered in equal annual reductions to 15 percent by January 1, 2004. The out-of-quota rate initially will be 310 percent, and phased down to 265 percent in 2004 in equal annual reductions. The TRQ will be eliminated by January 1, 2005, after which time all pork offal will be assessed a duty of 15 percent.

All U.S. meat and poultry exports to Taiwan must be accompanied by USDA/FSIS health certificates. A new form of the FSIS Health Certificate will be in place effective October 1, 2000. At the request of Taiwan, information regarding the shipping port, vessel name, shipping date, container number and seal number must be supplied by exporters/shippers on the new certificate. Shipments that fail to meet this requirement will be at risk of detention or rejection.

Marketing & Competition

Regardless of this year's high U.S. pork prices, U.S. pork will continue to dominate the Taiwan market in 2000. Belly exports may fall but rib items are very popular. At this moment, the only serious competitor is Canada. Imports from Korea were disqualified in March 2000 due to FMD. Final approval of Denmark's pork inspection system is expected to be granted by the end of this year. Danish pork will represent strong competition for U.S. products due to its attractive prices and its specifications which are similar to Taiwan's. Reportedly, 20 years ago, when Taiwan began to explore the possibility of exporting to Japan, it adopted Denmark's pork cut

specifications. Since then, those specifications have become industry standards on Taiwan. Reportedly, Taiwan's pork industry has visited Denmark and has helped Danish packers to put together a guidebook for preparing pork products destined for Taiwan. Danish pork offal prices are reportedly lower than U.S. prices. However, U.S. suppliers that have air-freighted chilled pork kidneys to Taiwan have found acceptance of that product to be very high.

Canadian pork and pork offal should not represent strong competition for US product in this market because US prices are lower and because several US packers are now able to prepare cuts specifically for the Taiwan market. Korea, which provided strong competition for U.S. pork offal, was disqualified from supplying meat to Taiwan after FMD cases were reported in Korea in March 2000. Currently, the only EU country that is eligible to supply pork and pork offal to Taiwan is Sweden, and its exports are limited to a few packing plants that have exported meat products to Taiwan in the past.

Table 11. Feed Demand - Strategic Indicator Tables for Taiwan

FEED DEMAND				
STRATEGIC INDICATOR TABLES FOR TAIWAN				
MEAT PRODUCTION				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Poultry				
Poultry Meat:				
Eggs:				
Pork:	891,776	822,344	895,000	885,000
COMPOUND FEED SECTOR				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Compound Feed Capacity	22,900,000	22,000,000	21,500,000	21,500,000
Total Compound Feed Produced	7,280,773	6,969,291	7,550,000	7,870,000
----- by integrated producers	2,267,100	1,779,001	1,887,500	1,970,000
----- by commercial producers	5,013,673	5,190,290	5,662,500	5,900,000

PROTEIN PRODUCTS TARIFFS AND TAXES	Product	Bound Rate	Applied Rate	Other
	Description	(%)	(%)	Import Taxes/Fees

Report Year: 2000				
0505.90	Feather Meal	0	0	0.3
1501.00.00.60	Yellow Grease	25	25	0.3
1502.00.00.40	Inedible Tallow	1	1	0.3
1511	Palm Oil	2.5	2.5	0.3
1518	Anml/vg Fts &Oils	3.75 to 10.0	3.75 to 10.0	0.3
2301.1	Meat and Bone Meal	0	0	0.3
2301.20	Fish Meal	0	0	0.3

Notes:

1. See annual Feed & Grains, Oilseeds and Poultry reports for other details in the Feed Demand Strategic Indicator Tables
2. The pork production data in the Meat Production Section is for CWE, in metric tons.
3. The feed capacity data in the Compound Feed Sector is based on a 3 shifts per day (24 hours) and 25 days per month basis.
4. The Report Year in the Protein Products Tariffs and Taxes Section is 2000. There is currently a 0.3 percent Harbor Construction Fee imposed on both imports (based on CIF value) and exports (based on FOB value). The fee is scheduled to be changed to be based on trade volume in 2001.
5. The product description for 1501.00 is "Pig fat (including lard) and poultry fat" in Taiwan's Customs Import Tariff Schedule.
6. The tariff rates for animal/vegetable fats & oils varies from 3.75 to 10 percent.