



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.07

Voluntary Report - public distribution

**Date:** 2004/01/09

**GAIN Report Number:** TW4004

## Taiwan

### Grain and Feed

### January Corn Update

### 2004

**Approved by:**

Jonathan Gressel  
American Institute in Taiwan

**Prepared by:**

Eric Trachtenberg

---

**Report Highlights:**

Taiwan is likely to import only 20,000 tons of corn from the PRC before Taiwan closes the market on January 31. High PRC prices of around \$155 ton, CIF along with Chinese government interference in corn exports helped keep PRC exports very low from during the November 2003 – January 2004 market opening.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Taipei [TW1]  
[TW]

**PRC Corn Shipments Expected to be Very Low**

Corn shipments from Mainland China are unlikely to exceed 20,000 tons in MY03/04. Although Taiwan opened its market to PRC corn on November 18 (see GAIN TW3048), high prices of around \$155 C&F ton have cut demand. PRC corn will be priced at NT\$5,900/ton versus current U.S. corn prices of NT\$ 6,000/ton (Note: \$1=NT\$34). The price difference is likely to shrink. Interest in PRC corn was also reduced by the impending arrival during January of 600,000 tons of corn ordered in 2003 and concerns by Taiwan importers that the Chinese government may prevent the export of contracted for shipments. Taiwan traders were particularly disturbed by China's cancellation of a Panamax shipment to South Korea in November, 2003.

As of January 8, only one group of swine Taiwan producers bought 20,000 tons of PRC corn for arrival around January 13. With Taiwan set to close the market on January 31, further shipments of PRC corn are very unlikely in MY03/04. This 20,000 ton total is a sharp reduction from 71,000 tons imported in MY02/03.

Taiwan's minimal interest in PRC corn will likely make the Taiwan Council of Agriculture (COA) more reluctant to open the market in the near future, despite growing cross-straits business ties and continuing pressure on Taiwan's livestock sector from imports. Low import levels indicate that PRC corn will not be very helpful in boosting the competitiveness of the Taiwan livestock sector in the short-term.

The long-term move to cross-straits liberalization will be slowed further if PRC corn prices stay high or if the PRC government continues interfering with corn exports. These difficulties with PRC corn may strengthen the hand of Taiwan's feed milling sector, which generally opposes PRC corn imports.