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Report Highlights:
Taiwan's ban on imports of U.S. beef due to BSE concerns remains in place and continues to impact Taiwan's red meat market. In 2005, Taiwan's imports of beef are forecast at 80,000 metric tons (CWE), the same level as 2004, but down significantly from the 98,000 mt imported in 2003. Taiwan's pork import increase in 2004 partially offset the reduced supply of beef, and pork imports are forecast to grown an additional 11 percent in 2005, to 68,000 mt (CWE). Taiwan's ongoing disease problems continue to depress local swine production, limiting producers' opportunity to take advantage of the strong market demand. The demand for imported variety meats, both beef and pork, is expected to remain strong.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Executive Summary

Taiwan's ban on imports of U.S. beef due to the detection of a single cow infected with Bovine Spongiform Encephalopathy in December 2003 remains in place and continues to impact Taiwan's red meat market. In 2005, Taiwan's imports of beef are forecast at 80,000 metric tons (CWE), the same level as 2004, but down significantly from the 98,000 metric tons imported in 2003. Taiwan's pork import increase in 2004 partially offset the reduced volume of beef in the market, and pork imports are forecast to grow an additional 11 percent in 2005, to 68,000 metric tons (CWE). Taiwan's ongoing problems with Porcine Circovirus (PCV) continue to depress local swine production, limiting producers' opportunity to take advantage of the strong market demand and high prices. The demand for imported variety meats, both beef and pork, is expected to remain strong for the foreseeable future.
Taiwan is essentially dependent on imports for its beef supply, so the ban on U.S. beef is having a significant impact on consumers. An increase in pork imports in 2004 partially offset the reduced volume of beef in the market, and pork imports are forecast to grow an additional 11 percent in 2005, to 68,000 metric tons (CWE). Stagnant hog slaughter levels and pork production keep domestic prices high and encourage higher import volumes. Taiwan's pork imports in 2005 will be further bolstered by the lifting of tariff-rate quotas (TRQ) for pork bellies and pork variety meat. Still, the overall supply of red meat in Taiwan is down due to the beef import ban, thereby reducing per capita consumption of red meat by Taiwan's consumers.

Taiwan's ongoing problems with Porcine Circovirus (PCV) continue to depress local swine production, limiting producers' opportunity to take advantage of the strong market demand and high prices. Despite the production constraints, more than 95 percent of Taiwan's pork demand is fulfilled by domestic production. Over the long term, Taiwan's relatively efficient swine sector will likely contract slowly, continuing to produce pork for the local market, while imported pork is used for processing or enters the market during periods of high prices.

The demand for imported variety meats, both beef and pork, is expected to remain strong for the foreseeable future. Market liberalization for variety meats, following Taiwan's WTO accession and the lifting of TRQ's for pork variety meats in 2005 helps keep prices competitive. While the United States is likely to be the primary supplier of imported pork variety meats, the BSE-related ban on beef variety meats helps boost the already strong position of suppliers from Australia and New Zealand.

Beef

PSD Table

Country	Taiwan					
Commodity	Meat, Beef and Veal			(1000 MT CWE)(1000 HEAD)		
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	6	6	5	5	5	5
Intra EC Imports	0	0	0	0	0	0
Total Imports	98	98	81	80	83	80
TOTAL Imports	98	98	81	80	83	80
TOTAL SUPPLY	104	104	86	85	88	85
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	104	104	86	85	88	85
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	104	104	86	85	88	85
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	104	104	86	85	88	85
Calendar Yr. Imp. from U.S.	22	22	4	1	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

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.

Consumption

Taiwan's beef consumption in 2004 is estimated at 85,000 mt and is forecast at the same level in 2005. This level is a significant decrease from the 104,000 mt consumed in 2003 and is primarily due to Taiwan's continued import ban on U.S. beef. On a per capita basis, Taiwan beef consumption declined by 0.8 kg. This drop was only partially offset by a slight increase in pork consumption; overall red meat per capita consumption has fallen since 2003.

Trade

Preliminary data for 2004 show Taiwan's beef imports totaled 58,662 mt (80,000 mt CWE). This represents a 19 percent decrease, due to the import ban on U.S. beef following the detection of Bovine Spongiform Encephalopathy (BSE) in the United States in December 2003. CY2005 total imports are forecast to remain at 80,000 mt. For forecasting purposes, this report assumes that there will be no changes in Taiwan's ban on imports of U.S. beef and products.

Comparison of beef imports in 2003 and 2004 is as follows: (in metric tons, PWE)

Supplying Source	U.S.	Australia	New Zealand	Panama	Nicaragua	Canada	Total Imports
2003	16,119	31,713	21,854	320	9	2,050	72,065
2004	645	27,056	29,804	791	366	0	58,662

Source: Customs data for 2003 imports; Council of Agriculture for 2004 imports

Before BSE, Taiwan's demand for upper-end steak cuts was met mainly by U.S. beef. As a result of the market closure to U.S. products, New Zealand became the largest beef supplier to Taiwan in 2004. Its market share rose to a record high 51% from the 30% level in 2003. Australian beef, especially its grain-fed beef, became too expensive for Taiwan due to competition with buyers from other markets, such as Japan and Korea. Total beef imports from Australia declined in 2004, although its market share rose marginally. In 2005, Australia is likely to make additional gains.

Taiwan's FTA with Panama, its only FTA partner, allows free imports (no quantity limit, zero tariff) of beef beginning January 1, 2004. Although Taiwan has only approved two packing plants, beef imports from Panama more than doubled in 2004, although this is starting from a very low base. In July 2003, Nicaragua was approved to supply beef and products to Taiwan but only 3 packing plants were qualified. Two establishments in Honduras and certain establishments in Sweden were also qualified for supplying beef and variety meats to Taiwan but no imports have been recorded in recent years.

Imports of beef and products from Canada were banned entry on May 21, 2003 in response to the detection of BSE in Canada.

Beef offal imports were liberalized on Jan. 1, 2002 upon WTO accession. Offal imports are not taken into account in the PS&D table. U.S. beef offal is also covered by the BSE-related import ban.

Preliminary CY2004 Beef Offal Imports (mt)

Supplying Source	U.S.	Panama	Australia	New Zealand	Nicaragua	Total Imports
2004	65	83	1,343	1,028	44	2,563

Source: Council of Agriculture

Swine

PSD Table

Country	Taiwan					
Commodity	Animal Numbers, Swine			(1000 HEAD)		
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
TOTAL Beginning Stocks	6794	6794	6779	6779	6800	6819
Sow Beginning Stocks	795	795	812	812	820	828
Production (Pig Crop)	10273	10273	10300	10300	10500	10500
Intra EC Imports	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	17067	17067	17079	17079	17300	17319
Intra EC Exports	0	0	0	0	0	0
Total 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	9460	9460	9500	9500	9500	9500
Total Slaughter	9460	9460	9500	9500	9500	9500
Loss	828	828	779	760	900	919
Ending Inventories	6779	6779	6800	6819	6900	6900
TOTAL DISTRIBUTION	17067	17067	17079	17079	17300	17319
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

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.

PSD Table

Country Taiwan
Commodity Meat, Swine

(1000 MT CWE)(1000 HEAD)

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Slaughter (Reference)	9460	9460	9500	9500	9500	9500
Beginning Stocks	0	0	0	0	0	0
Production	893	893	895	895	895	895
Intra EC Imports	0	0	0	0	0	0
Total Imports	47	54	78	61	70	68
TOTAL Imports	47	54	78	61	70	68
TOTAL SUPPLY	940	947	973	956	965	963
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	940	947	973	956	965	963
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	940	947	973	956	965	963
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	940	947	973	956	965	963
Calendar Yr. Imp. from U.S.	22	22	33	29	28	30
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Pig production in 2005 will continue to be hampered by the persistent outbreak of Porcine Circovirus Infection (PCV), which has high mortality in pigs weighing between 15 to 30 kg. A recent pig inventory survey conducted in November 2004 showed that, comparing to previous surveys done in November 2003 and May 2004, most population categories did not exhibit much change, suggesting similar pig production for CY2005.

Hog slaughter for both CY2004 and 2005 is estimated/forecast at 9.5 million head. Pork demand was stronger 2004, due, at least in part, to the absence of U.S. beef in the market.

Taiwan Hog Population Data

	Nov. 2003	May 2004	Nov. 2004
No. of farms	13,154	13,025	13,360
Pigs on farm	6,778,799	6,732,991	6,818,970
Boars	36,697	36,901	35,410
Sows/gilts	811,909	826,834	827,639
Sows	720,055	740,168	738,429
Gilts	91,854	86,666	89,210
Fattening pigs	5,930,193	5,869,256	5,955,921
Piglets	987,312	1,014,746	1,023,580
Under 30 kg	1,710,097	1,728,205	1,687,222
30-60 kg	1,610,840	1,596,617	1,640,160
Above 60 kg	1,621,944	1,529,688	1,604,959

Source: Council of Agriculture

Very high pig prices in 2004 did not encourage farmers to expand their herd mainly because of the disease (Porcine Circovirus Infection) and fear about Taiwan's liberalization, in 2005, of the pork Tariff Rate Quota (TRQ), which means unlimited imports of pork bellies and pork variety meats. Under Taiwan's WTO commitments, Special Safeguards (SSG) comes into play following TRQ liberalization on January 1, 2005. Please see TW4055 and TW5002 for details of Taiwan's TRQ and SSG status.

Taiwan Pig Auction Prices (NT$/100 kg)

Year/ Month	CY2002	CY2003	CY2004 (preliminary)	Mar. 2004	Jun. 2004	Jul. 2004	Aug. 2004	Sept. 2004	Dec. 2004
Prices	4,336	5,298	5,912	5,810	5,994	6,302	6,664	6,334	5,613

Source: Council of Agriculture

Exchange rate: approximately NT$34.5=US$1 in 2002 and 2003, roughly NT$33.6=US$1 in 2004.

Trade

CY2004 total pork meat imports were up 22% to 39,981 mt, PWE (57,000 mt CWE), with U.S. taking nearly half of the market. CY2004 pork bone imports are estimated at about 4,000 mt. This makes the total CY2004 pork import level, as shown in the PS&D table, 61,000 mt CWE. With continued strong consumer demand, pork imports in 2005 are forecast to grow by 11% to 68,000 mt, CWE. U.S. pork picnics, for processing purpose, will continue to be the cut with the highest market potential in Taiwan. Pork trimming supplied by Canada seems to be more competitive, in quality and specification, than U.S. products.

Preliminary CY2004 Taiwan Pork Meat Imports (mt, PWE)

Supplying Source	U.S.	Canada	Australia	Denmark	Sweden	Hungary	Netherlands	Total Imports
2004	19,787	18,209	154	728	483	548	72	39,981

Source: Council of Agriculture

In first half 2004, high Taiwan pig prices and low U.S. prices made U.S. pork very competitive. In the latter half of 2004, Taiwan pig prices remained high but U.S. pig prices also strengthened, and pork imports slowed accordingly.

Import statistics for pork bone are available only through November 2004. Pork bone imports totaled 3,422 mt for the first eleven months of 2004. They were 1,312 mt from Canada; 902 mt from US; 323 mt Denmark; 79 mt Sweden; 257 Australia and 549 mt from Hungary.

CY2004 import statistics for items under the pork belly and offal quota (TRQ) are as follows:

Preliminary CY2004 Pork Belly & Pork Offal Imported under TRQ

	U.S.	Canada	Australia	Denmark	Sweden	Hungary	Netherlands	Finland	Total Imports	2004 TRQ Size
Belly	7,077	4,594	142	434	458	554	72	0	13,331	15,400
Offal	14,358	6,280	505	1,623	320	1,419	807	47	25,359	27,500

Source: Directorate General of Customs, Ministry of Finance

Pork belly fill rate was 87% in 2004, with the US taking 53% of market share. Filled rate of pork offal was 92% in 2004, with the U.S. taking 57% of the market.

Pork offal imports are not taken into account in the PS&D table. Taiwan's demand for pork offal is strong and stable. With imports being liberalized and the TRQ removed in 2005, pork offal imports are expected to continue to increase.

Taiwan recognizes the pork meat inspection and food safety system of the United States, Canada, Australia, New Zealand, Denmark and the Netherlands. Any pork or pork variety meats supplied by government-approved establishments from these countries may be allowed entry into Taiwan. On the other hand, only certain establishments in Sweden, Hungary, Finland and Japan are qualified to supply pork and products to Taiwan. Panama, as Taiwan's sole FTA partner, enjoys preferential tariffs for pork and products. However, no establishment has been approved to supply pork and products to Taiwan yet.