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Report Highlights:

Taiwan continues to be an important market for U.S. beef, and a market of growing importance for U.S. pork. Isolated cases of foot and mouth disease continue to appear sporadically in pigs, but there has not been a repeat of the 1997 epidemic. The first case of FMD in cattle in 50 years occurred in June on a Taiwan island situated just off the PRC coast.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Domestic beef accounts for less than 10 percent of Taiwan's total beef supply. In 1998 beef imports totaled 60,251 mt, down 3.6 percent from the 1997. Beef imports were higher than usual in 1997 because consumers substituted beef for pork after the FMD outbreak in Taiwan's pig herd in March of that year. In 1998, pork consumption reverted to more typical levels. In value and volume terms, U.S. beef accounted for 33 and 23 percent of imports respectively. The greater relative share of the market in value terms reflects the fact that Taiwan tends to import greater quantities of high quality meat from the U.S. Competitors were Australia with 55 percent market share, New Zealand with 19 percent, and Canada with 3 percent (volume terms). In 1998 Taiwan established a small quota for imports of U.S. beef offal. A quota for imports of beef offal from other countries was established in 1999. In June 1999, foot-and-mouth disease (FMD) was found in cattle farms in Kinmen, a small island only a few kilometers off shore from China. All the 164 cattle in the 4 Kinmen farms were depopulated. This is Taiwan's first FMD case in the cattle in 5 decades.

A pig inventory survey conducted in May 1999 indicated that the number of on-farm pigs was 6.8 million, down from 7.1 million a year earlier. Pig numbers declined because in October 1998 Taiwan authorities started a pig farm buyout program to encourage smaller producers to get out of the pig business before they are forced out by greater competition from imported pork that will follow Taiwan's accession to the WTO. The target of the buyout program is to reduce pig production by 24 percent. This policy has resulted in short pork supplies and very high pork prices in the later half of 1998 and in 1999. Farmers, encouraged by strong profits, are expected to increase herd sizes. As a result of lower domestic supplies, pork imports grew rapidly in 1998 and 1999, but volumes were not sufficient to completely offset decreased production because imports of many pork cuts are limited by quotas. In 1998 Taiwan established small quotas for imports of U.S. pork bellies and offal. Quotas for imports of pork bellies and offal from other countries were established in 1999. Taiwan lost its pork export market, virtually all to Japan, after the FMD outbreak in 1997. Currently, only one packing plant has been approved to export cooked pork to Japan. 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 when 12 pigs, found deserted in a mountain area in northern Taiwan, tested positive for the FMD virus and were killed.

Beef

PSD Table						
Country:	Taiwan			1.36	<-Conversion factor for CWE	
Commodity:	Cattle					
		1998		1999		2000
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	34	29	34	32	0	32
Beginning Stocks	0	0	0	0	0	0
Production	6	5	6	6	0	6
Intra EC Imports	0	0	0	0	0	0
Other Imports	72	82	68	88	0	88
TOTAL Imports	72	82	68	88	0	88
TOTAL SUPPLY	78	87	74	94	0	94
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	78	87	74	94	0	94
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	78	87	74	94	0	94
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	78	87	74	94	0	94
Calendar Yr. Imp. from U.S.	0	19	0	22	0	23
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

There is virtually no beef cattle industry on Taiwan. Most of the domestic beef comes from culled dairy cattle. Taiwan's total cattle inventory, as of December 31, 1998, is as follows:

Dairy Cattle (head)	Buffaloes (head)	Yellow Cattle & Hybrid Cattle (head)	Total (head)
134,037	8,556	22,806	165,399

Source: Taiwan Agricultural Yearbook

Domestic beef covers less than 10 percent of Taiwan's total beef demand. In 1998, domestic beef production totaled 5,298 mt (carcass weight) from 29,377 head of cattle. (Beginning with this report, the carcass weight equivalent (CWE) conversion factor will be 1.36.) In former reports the CWE was 1.2, and this is the CWE used in the "old" columns of the PSD table in this report. The CWE was changed because, recently, most imports have been boneless. In 1998, only 6 percent of Taiwan's total beef imports were bone-in products.

In June 1999, foot-and-mouth disease (FMD) was found in cattle farms in Kinmen, a small island only a few kilometers off shore from China. All the 164 cattle in the 4 Kinmen farms were depopulated. This is Taiwan's first FMD case in cattle in 5 decades. FMD ravaged Taiwan's swine population in 1997, crippling the island's pig industry and totally wiping out its pork exports.

The authorities have identified farms that bought animals from, or were somehow linked to, the cattle farms in Kinmen. On June 19, 1999, Taiwan's quarantine authorities announced that cattle in 3 ranches in southern Taiwan tested positive for the FMD virus. All 315 cattle in these 3 farms were depopulated and rendered. DNA sequence comparison indicated that the virus isolated was 99% identical to the virus found on Kinmen. In July 1999, cattle in 2 other farms, one in central Taiwan and one in southern Taiwan, were found to have high FMD antibody counts. The 158 cattle from these 2 farms were depopulated.

Trade

Import Trade Matrix		Meat		
Country: Taiwan			Units:	1000 MT CWE
Commodity:			Partial Begin:	January
			Partial End:	April
Exports for	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	14,316	13,766	3,983	5,016
Others				
Australia	33,369	33,216	9,573	11,735
Canada	1,298	1,507	467	660
Japan	21	18	5	5
New Zealand	13,464	11,690	4,512	5,192
Panama	0	53	15	76
Total for Others	48,152	46,484	14,572	17,668
Others not listed				
Grand Total	62,468	60,250	18,555	22,684

Imports cover over 90 percent of Taiwan's total beef demand. CY1998 beef imports totaled 60,251 mt, down 3.6 percent from the CY1997 import level. Taiwan's beef imports grew significantly in 1997 because consumers substituted beef for pork after the FMD outbreak in Taiwan's pig herd in March 1997. The negative growth of beef imports in 1998 was due mainly to a return to normal pork consumption levels which led to a decline in the consumption of beef.

CY1998 imports of U.S. beef totaled 13,766 mt, down 4 percent from the CY1997 level, due mainly to Taiwan's decreased demand for beef. The U.S. share of total 1998 imports by volume remained at 23 percent. U.S. imports accounted for 33 percent by value, up slightly from 32 percent in 1997. In 1998, the market share for Australian beef grew to 55 percent in volume terms, up from 53 percent in 1997, while that for New Zealand dropped to 19 percent from 22 percent in 1997. The market share for Canadian beef grew 16 percent in 1998, totaling 1,507 mt. However, this growth was from a small base, and Canada's current market share is only 3 percent.

Beef imports during the first four months of 1999 grew 22 percent from the corresponding period in 1998. This

represents both an increased demand for beef, and the industry's business decision to build up stocks. Total beef imports in 1999 are expected to grow 8 percent to 88,000 mt CWE. This growth is in line with Taiwan's extremely high prices for pork, for which beef serves as a substitute (see Swine & Pork Section). Total beef imports in 2000 are forecast to level off or decline slightly from the 1999 level.

Imports of beef offal (variety meats) are banned entry, except for certain amounts that are allowed entry under quota. Imports of U.S. variety meats, as agreed to in the U.S.-Taiwan bilateral WTO pre-accession agreement, have been entering Taiwan under quota since August 1998. The 1998 imports of beef variety meats, all from the U.S., totaled 1,882 mt, meaning that only 37 percent of the 5,000 mt annual quota was filled. In addition to high U.S. prices, Taiwan's specific requirements for the cutting, preparing and packaging of variety meats, were also responsible for the failure to fill the quota. Taiwan's 1999 import quota for U.S. beef offal is 8,118 mt, which includes the 5,000 mt annual quota and 3,118 mt of the un-used 1998 quota. Almost all the 1999 quota (8,114 mt) has already been allocated, but whether or not it will be filled depends on prices and U.S. packers' success in modifying their current packing practices to satisfy Taiwan's specific requirements. (Beef variety meat imports are not included in the PSD table.)

Beginning July 1, 1999, Taiwan opened a 5,000 mt global quota for beef offal from countries other than the U.S. Applications for this quota (4,500 mt for traders and 500 mt for Taiwan's cattle farmers) were open between July 12 and 15, 1999. This quota for traders was fully allocated to 90 applicants (each receiving 50 mt) but whether or not the quota will be filled depends on price and quality. The 500 mt quota for farmers was not allocated because all applicants failed to qualify as cattle farmers. Whether or not this quota (500 mt) will be re-opened later is undecided.

Marketing & Competition

Taiwan applies a preferential tariff rate (NTD 22.1/kg) to Special Quality Beef (SQB) while most other beef is dutiable at NTD 27/kg. Carcasses, primal cuts and steak cuts of both *USDA prime* or *choice* beef and Canadian AAA beef enjoy preferential tariffs. *USDA prime* or *choice* shin/shank/intercostal (S/S/I) cuts are dutiable at NTD 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 1999, but was approximately NTD 33 = USD 1 in July 1999.)

The Canadians have marketing strategies similar to those of the United States, but with greater funding flexibility. Their prices are loosely pegged to U.S. prices, but are generally slightly cheaper. The perception of Taiwan importers is that the quality of *USDA choice* is better than Canadian AAA beef, but some Canadian bone-in products, such as spare ribs, are quite competitive with U.S. products. Canadian beef exports to Taiwan are expected to continue to grow in 1999 and 2000.

In 1997 the Australian Meat & Livestock Council (AMLC) was transformed into a consulting and PR company. Its marketing activities are similar to those formerly undertaken by the AMLC, but the new company has greater flexibility than the AMLC. It sponsors an annual Taiwan trade team visit to Australia in the spring and marketing programs for Taiwan retailers in the summer.

New Zealand has very limited marketing activities. However, several meat seminars, jointly sponsored by the

New Zealand Meat Board and the New Zealand Trade Office in Taipei, were held in June 1999.

Taiwan quarantine authorities have recently approved two abattoirs in Panama and 17 plants in Argentina to supply beef to Taiwan. In 1998, Taiwan imported 53 mt of beef from Panama but not many people noticed the presence of Panamanian beef in the market. On the other hand, beef from Argentina has drawn a lot of attention from the industry. Reportedly, Taiwan traders purchased over 50 containers of Argentine beef in the past 3 months. Industry representatives rated the quality of Argentine beef as fairly good and say that prices are roughly 5 percent below those of Australian or New Zealand beef. Argentine beef poses a substantial threat to cheaper steak cuts imports mainly supplied by New Zealand, and to spareribs supplied by most foreign suppliers including the U.S. Industry reported that some Taiwan importer/users have sent specialists to Argentina to teach Argentine packers how to trim the shin shank and rib fingers to meet Taiwan preferences. Argentine beef is mainly steer meat, and is frozen, because transportation to Taiwan takes about 45 days.

Exclusive market access, granted in 1998, for several, formerly banned, U.S. products (see the *Trade* section) has greatly complicated Taiwan's quarantine requirements for meat imports. The countries/areas which are free of animal diseases of concern to Taiwan are: Japan, Korea, Australia, New Zealand, Austria, Finland, Denmark, Iceland, Norway Sweden, Canada, the United States, Mexico, Argentina and Panama. However, products from countries which have never supplied meat to Taiwan may have to come from plants individually approved by Taiwan authorities, or the country's meat packing system must be reviewed. Imports from Panama and Argentina come from plants approved by Taiwan authorities. Beef from Europe 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.

The most popular beef offal item is honeycomb while omasum, tendon, aorta and tongue are also well accepted. In 1998, Taiwan importers were not satisfied with the quality of U.S. beef variety meats but had to buy from the U.S. because the import quota was exclusively for U.S. product. Consequently, U.S. products, which enjoyed early market access, are gaining acceptance and U.S. suppliers are improving quality to meet Taiwan's specifications. However, because Taiwan established a second quota for variety meats from non-U.S. sources on July 1, 1999, Australian beef variety meats may begin to displace U.S. product in this market. Reportedly, Australian variety meats already meet the specifications of Taiwan buyers, and may have been smuggled into Taiwan in the past.

Imports of beef variety meats will be completely liberalized after Taiwan accedes to the World Trade Organization (WTO). Out of the 26 WTO members that requested pre-accession bilateral negotiations with Taiwan, 25 have signed agreements. Only Hong Kong remains. If Taiwan accedes to the WTO in 2000, competition will be even stiffer for U.S. beef and beef variety meats.

Policy

In December 1999, Taiwan quarantine authorities began closely checking exporting country sanitary certificates accompanying imported meat and red meat offal for accuracy. Some shipments were rejected entry because of discrepancies on the certificates and many certificates had to be re-issued. U.S. exporters are reminded to closely examine certificates for accuracy prior to shipments to avoid prolonged Customs clearance time or possible rejection of products.

Effective July 18, 1999, the harbor construction fee was reduced from 0.4 percent to 0.3 percent for cargoes

being imported or exported via Taiwan's sea ports. The fee is levied on the CIF value of imported cargoes and on the FOB value of exported cargoes.

Swine & Pork

PSD Table						
Country:	Taiwan					
Commodity:	Pork					
		1998		1999		2000
	Old	New	Old	New	Old	New
Calendar Year Begin						
TOTAL Beginning Stocks	7967	7967	6539	6539	0	6600
Sow Beginning Stocks	998	998	799	799	0	900
Production (Pig Crop)	11500	9154	11000	10000	0	10300
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	3	0	0	1
TOTAL Imports	0	0	3	0	0	1
TOTAL SUPPLY	19467	17121	17542	16539	0	16901
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	9900	9800	9800	9600	0	9800
Total Slaughter	9900	9800	9800	9600	0	9800
Loss	3028	782	1242	339	0	601
Ending Inventories	6539	6539	6500	6600	0	6500
TOTAL DISTRIBUTION	19467	17121	17542	16539	0	16901
Calendar Yr. Imp. from U.S.	0	0	0	0	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:	Taiwan			1.43	<-Conversion factor for CWE	
Commodity:	Swine					
		1998		1999		2000
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	9900	9800	9800	9600	0	9800
Beginning Stocks	100	100	40	40	0	0
Production	890	892	885	870	0	890
Intra EC Imports	0	0	0	0	0	0
Other Imports	22	22	25	60	0	65
TOTAL Imports	22	22	25	60	0	65
TOTAL SUPPLY	1012	1014	950	970	0	955
Intra EC Exports	0	0	0	0	0	0
Other Exports	3	3	5	5	0	5
TOTAL Exports	3	3	5	5	0	5
Human Dom. Consumption	969	971	945	965	0	950
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	969	971	945	965	0	950
Ending Stocks	40	40	0	0	0	0
TOTAL DISTRIBUTION	1012	1014	950	970	0	955
Calendar Yr. Imp. from U.S.	18	18	20	40	0	43
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 pork in the above PSD table is 1.43. The CWE used for pork bone imports is 1.0. (Offal imports are not included in the pork 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 when 12 pigs, found deserted in a mountain area in northern Taiwan, tested positive for the FMD virus and were killed.

A pig inventory survey conducted in May 1999 indicated that the population for both standing and breeding pigs was up from the survey done six months earlier, but still smaller than the survey done a year ago. This indicates that pork will continue to be in short supply, and that pig prices will remain high for the time being. The outcome of the survey was as follows:

	A	B	C
	May 1999	November 1998	May 1998
Number of farms	15,825	17,072	18,739
Pigs on farm	6,792,510	6,538,596	7,124,779
Boars	41,558	40,830	44,699
Sows/gilts	831,309	799,220	820,546
Sows	726,356	712,219	741,983
Gilts	104,953	87,001	78,563
Fattening pigs	5,919,643	5,698,546	6,259,534
Piglets	1,078,889	956,142	1,018,398
Under 30 kg	1,739,402	1,601,547	1,806,445
30-60 kg	1,609,549	1,561,011	1,697,922
Above 60 kg	1,491,803	1,579,846	1,736,769

In October 1998, the Taiwan authorities launched a farm buyout program to help livestock farmers cope with the negative impact from meat imports after WTO accession. The target of the buyout program was to cut pig production by 24 percent, i.e., 3 million head with 1998 production of 9.8 million head serving as the base year. The authorities have allocated NTD 17.5 billion for the buyout program and per farm compensation reportedly averages several million NTD. (See the price table below for exchange rates.) As of December 31, 1998, 6,745 pig farmers, mostly smaller ones, applied for buyouts. This resulted in a short supply of pigs in the later half of 1998 and in 1999. The average pig auction price exceeded NTD 6,000 per 100 kg in May 1999, continued high in June, and skyrocketed to over NTD 7,000 in July. Pig production cost is estimated at about NTD 4,200/100 kg. Farmers, encouraged by good profits, are expected to increase herd sizes, and the shortage of Taiwan's pig supply is expected to abate in the later half year of 1999. Total 1999 production of fattened

pigs is estimated at 9.6 million head.

Pig auction prices for 1999 are as follows: (NTD/100 kg)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul (est)
NTD/100 kg	6,795	6,728	5,997	5,970	6,417	6,981	7,000
NTD/USD	32.21	32.29	33.11	33.02	32.74	32.61	33

Trade

Import Trade Matrix		Meat		
Country:			Units:	1000 MT CWE
Commodity:			Partial Begin:	Jan
			Partial End:	Apr
Exports for	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	12	0	12
Others				
Canada	0	1	0	2
Total for Others	0	1	0	2
Others not listed				
Grand Total	0	13	0	14

Pork imports grew rapidly in 1998 and 1999, but have not been enough to offset decreased production because imports are limited by quotas. In 1998, Taiwan imported 12,866 mt of pork (meat basis, not including offal or bones), with 11,504 mt supplied by the United States, 1,336 mt by Canada and 26 mt by Australia. Taiwan also imported 3,445 mt of frozen pork bones in 1998. Taiwan allows imports of prime cuts of pork, such as loin or tender loin, while banning imports of belly, variety meats, bones containing over 5 percent of meat, and other popular cuts. Currently, the only imports of these banned items are U.S. products that have been entering since

August 1998 under quotas, as agreed to in the U.S.-Taiwan bilateral WTO pre-accession agreement. Offal imports are not included in the PSD table.

The annual U.S. quota is 5,000 mt for pork bellies and 7,500 mt for pork offal. See TW9029 for 1998 quota performance. The 1999 quota and actual imports as of July 3, 1999 are as follows:

	Quota* (mt)	Quota Allocated (mt)	Quota Left (mt)	Import (mt)	% Quota Filled
Pork Bellies	5,856	5,450	406	2,191	40.2
Pork Offal	8,062	7,850	212	3,549	45.2

Source: Board of Foreign Trade

* Includes the 1999 annual quota and un-used 1998 quota.

The quotas have been almost entirely allocated. Unallocated quota will be allocated through an open application process later in the year. Taiwan's current attractive pig prices will guarantee strong profits for importers. All 1999 quota for U.S. pork belly and offal is expected to be filled.

Beginning July 1, 1999, Taiwan established a global quota for 1,160 mt of pork bellies and 2,500 mt of pork offal for countries other than the U.S. Over 7,000 applicants applied for these quotas during the application period July 12-15, 1999. The authorities conducted a lottery to award pork belly quota to 46 of the applicants and to award pork offal quota to 100 of the applicants (each receiving 25 mt). Reportedly, quota, which is tradable, now costs NTD 10,000 per mt.

Taiwan lost its pork export market, virtually all to Japan, after the 1997 FMD outbreak. Currently, only one packing plant has been approved to export cooked pork to Japan. The reviewing process for another two plants is reportedly slowed by the recent FMD outbreak in the cattle herd. Nevertheless, Taiwan's annual exports of pork will be limited to only several thousand metric tons for the time being.

Marketing and Competition

Attractive domestic pig prices and low U.S. prices ensured strong profits for importers in 1998. These price factors continue in 1999 and imports of non-quota items have grown significantly in 1999. Imports of non-quota items are mainly frozen picnics used in food processing. Reportedly, end-users who tried U.S. pork picnics in 1998 were satisfied with their quality. The U.S. Meat Export Federation (USMEF) will continue its activities to promote U.S. beef and pork in this market.

Australia and New Zealand, major competitors for U.S. beef on Taiwan, are said to have a limited supply of pork. Canada, on the other hand, may be a serious competitor for U.S. pork. Canadian pork is reportedly 5 to 6 percent cheaper than U.S. product. It is especially competitive in bone-in items, such as short ribs. Industry observers also report that Korean pork, which is new to this market, is very competitive with U. S. backribs, backbones and variety meats.

Taiwan's quarantine requirements for meat imports have been complicated by the establishment of exclusive market access to U.S. products for several banned items in 1998 (see Trade). The countries/areas which are

free of animal diseases of concern to Taiwan are: Japan, Korea, Australia, New Zealand, Austria, Denmark, Finland, Iceland, Norway Sweden, Canada, Mexico and the United States. Argentina and Panama, which are approved to supply beef to Taiwan, are not yet approved to supply pork to this market. Products from countries which have never supplied meat to Taiwan may have to obtain plant approvals or meat inspection system approvals before they can begin exporting product to Taiwan. Pork from Europe will not be able to enter this market in the short run because the Taiwan authorities have not completed any plant clearances as of yet.

Policy

In December 1999, Taiwan quarantine authorities began closely checking exporting country sanitary certificates accompanying imported meat and red meat offal for accuracy. Some shipments were rejected entry because of discrepancies on the certificates and many certificates had to be re-issued. U.S. exporters are reminded to closely examine certificates for accuracy prior to shipments to avoid prolonged Customs clearance time or possible rejection of products.

Effective July 18, 1999, the harbor construction fee for cargoes being imported or exported via Taiwan's sea ports was reduced from 0.4 percent to 0.3 percent. The fee is levied on the CIF value of imported cargoes and on the FOB value of exported cargoes.

Hides & Skins, Bovine

PSD Table						
Country:	Taiwan				<MT piece conversion	
Commodity:	Hides & Skins, Bovine					
		1998		1999		2000
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	0	0	0	0	0	0
Production In MT	0	0	0	0	0	0
Production In Pieces	10	11	12	12	0	12
Intra EC Imports	0	0	0	0	0	0
Other Imports	140	139	142	142	0	142
TOTAL Imports	140	139	142	142	0	142
TOTAL SUPPLY	140	139	142	142	0	142
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
Domestic Consumption	140	139	142	142	0	142
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	140	139	142	142	0	142
Calendar Yr. Imp. from U.S.	105	101	105	105	0	105
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Trade

CY1998 hide imports totaled 138,949 mt, about the same amount as in 1997. U.S. market share rose to 73 percent from 72 percent in 1997. Canada, the major competitor for the U.S., also gained 1 percentage point of market share (from 25 to 26 percent) at the expense of other suppliers. Australia, the third largest supplier, supplied only 1,913 mt in 1998, far below the 5,175 mt it exported in 1997. Industry representatives reported that hide prices have remained at low levels in 1999 and that Taiwan's 1999 total imports are expected to at least equal 1998 levels.

Effective July 18, 1999, the harbor construction fee for cargoes being imported or exported via Taiwan's sea ports was reduced from 0.4 percent to 0.3 percent. The fee is levied on the CIF value of imported cargoes and on the FOB value of exported cargoes.

Import Trade Matrix			
Country:	Taiwan	Units:	mt
Commodity:	Hides/Skins Bovine		
Time period:	CY1998 & Jan-Apr 1999		
Imports for	1998		1999
U.S.	101,043	U.S.	32,384
Others		Others	
Australia	1,913		508
Canada	35,679		12,600
Ireland	76		38
New Zealand	40		261
U.K.	129		0
Japan	0		130
Total for Others	37,837		13,537
Others not listed	69		20
Grand Total	138,949		45,941

Tallow

PSD Table						
Country:	Taiwan					
Commodity:	By-Products, Tallow & Grease					
		1998		1999		2000
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	75	76	75	85	0	82
TOTAL Imports	75	76	75	85	0	82
TOTAL SUPPLY	75	76	75	85	0	82
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
Domestic Consumption	75	76	75	85	0	82
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	75	76	75	85	0	82
Calendar Yr. Imp. from U.S.	3	6	3	15	0	10
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Trade

About half of Taiwan's demand for tallow is from the feed industry while the remaining half is from the food and industrial sectors. Consumption by the latter is stable while consumption by the former varies along with the relative prosperity of the livestock industry. CY1998 tallow imports totaled 76,274 mt, down 11 percent from the 1997 level, due mainly to the decreased demand from the feed industry. Taiwan's livestock buy-out program, launched to help farmers cope with the negative impact of increased imports after WTO accession, is targeted to cut pig production by 24 percent, and broiler production by 12 percent. Feed demand remains low in 1999 but may grow slightly due to increased pig production, which is encouraged by high pig and pork prices. Traders reported that the C&F price for first grade tallow has recently dropped from USD 480/mt, to USD 350/mt. Because international tallow prices were very low in the first half of 1999, importers built up stocks. Therefore, in 1999 imports are expected to grow 18 percent to 90,000 mt.

In 1995, Taiwan began to classify yellow grease (third grade tallow) from the U.S. as *other fats or oils* instead of as *tallow*. The tariff rate for *other fats or oils* is 10 percent while that for *tallow* is 1 percent. This reclassification has undermined U.S. market share in recent years. U.S. share in 1998 was 7 percent but may increase significantly in 1999 to reflect lower U.S. prices.

Effective July 18, 1999, the harbor construction fee for cargoes being imported or exported via Taiwan's sea ports was reduced from 0.4 percent to 0.3 percent. The fee is levied on the CIF value of imported cargoes and on the FOB value of exported cargoes.

Import Trade Matrix			
Country:	Taiwan	Units:	mt
Commodity:	Tallow		
Time period:	CY1998 & Jan-Apr 1999		
Imports for	1998		1999
U.S.	5,672	U.S.	8,947
Others		Others	
Australia	49,807		18,900
Argentina	0		0
Japan	1		1
New Zealand	19,298		9,886
Canada	1,496		2,003
Total for Others	70602		30790
Others not listed			
Grand Total	76274		39737