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Report Highlights:

Taiwan's soybean imports are projected to reach 2.66 million metric tons (MMT) in marketing year (MY) 2021/22 after an expected decline in MY 2020/21 to 2.56 MMT. Stocks are trending downward to 112,000 MT and 87,000 MT in MY 2020/21 and 2021/22, respectively, as a result of reduced imports. With Taiwan's success in controlling the COVID pandemic, most normal economic activity resumed from Q2 2020 onward. Soybean crush, meal, and oil consumption levels were all balanced by higher domestic consumption resulting from the lack of international travel but also the lack of foreign visitors to Taiwan. Food use and feed remains stable, as livestock expansion is constrained by overall economic growth. With COVID-19's impact on logistics, containerized shipping from the United States faces additional challenges during the U.S. harvest season in MY 2020/21, likely leading to a decrease in U.S. soybean market share.

Sources and Common Terms

Acronyms and Abbreviations Used in this Report Include:

AIT – American Institute in Taiwan

ASF – African Swine Fever

BOFT – Bureau of Foreign Trade, Taiwan

BAPHIQ – Bureau of Animal and Plant Health Inspection and Quarantine, Taiwan

COA – Council of Agriculture, Taiwan

CY – Calendar Year

FMD – Foot and Mouth Disease

GE – Genetically Engineered

HA – Hectare

HRI – Hotel, Restaurant, Institutional

HS – Harmonized Commodity Description and Coding System (i.e. tariff codes)

MOEA – Ministry of Economic Affairs, Taiwan

MT – Metric Tons

MMT – Million Metric Tons

MY – Marketing Year

OIE – World Organization for Animal Health

PSD – Production, Supply, and Distribution

SBM – Soybean Meal

TVOA – Taiwan Vegetable and Oil Manufacturers Association

USDA – U.S. Department of Agriculture

All COA data in this report is from year 2019 unless otherwise noted. COA national oilseed data lags one year behind and is updated annually from August to September. All import data is taken from BOFT, MOEA unless otherwise noted. The PSD extraction rate is derived from MOEA oil production statistics and the TVOA soybean crush number. Other data sources in the report are referenced, as necessary.

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SOYBEANS

Production

For MY 2021/22 the planted area for soybeans is forecast unchanged at 4,000 HA, with MY 2021/22 production forecast at 5,000 MT, consistent with MY 2020/2021.

There is minimal soybean production in Taiwan because of the predominance of rice and other crops, lack of available farmland, and the competitiveness of imports. Since 2013, COA has offered subsidies for planting import-dependent crops in rotation with rice as a way to simultaneously decrease excess rice production and slightly reduce import dependence. COA has pushed for annual production above 6,000 MT. In response, soybean production grew from 879 MT in 2013 to 4,766 MT in 2019 (CY basis). However, expansion seems to have reached a barrier as lower yields and a lack of competitiveness with imported alternatives limiting market opportunities for domestically produced soybeans.

Taiwan has experienced several years of dry conditions that have led to a serious drought in 2020. Current forecasts suggest a return to normal rainfall patterns via a normal typhoon season in 2021. However, FAS Taipei will continue to monitor the current drought situation in Taiwan to see if it will impact production for MY 2021/22. Current projections suggest the situation will be alleviated toward mid-2021.

Consumption

Total domestic soybean consumption is forecast to decline by 1.1 percent to 2.66 MMT in MY 2020/21, based on tighter supply, before recovering to 2.69 MMT in MY 2021/22. Delayed U.S. container exports in Q4 2020 pushed the pace of crushing behind last year while, higher replacement costs will likely place further constraint on demand.

MY 2020/21 soybean crush is forecast to decline slightly to 2.05 MMT, based on the latest MOEA production statistics for October to January, while recovering to 2.08 MMT in MY 2021/22.

Limited growth in soybean oil demand has been the constraining factor on growth in soybean crush, while the remaining animal feed demand is being met by higher use of full fat soy.

MY 2021/22 feed and residual use is forecast at 300,000 MT, up slightly from 290,000 MT for MY 2020/21 due largely to increased use of full fat soy. Full fat soy, which falls in this category, gives feed millers the flexibility to import soybeans directly versus buying domestic soy meal, while contributing to the protein supply not fulfilled by domestic or imported soybean meal.

MY 2021/22 food use is forecast stable with MY 2020/21 at 310,000 MT. Due to Taiwan’s success controlling the COVID pandemic’s impact in MY 2020/21, normal life and economic activity was able to resume from Q2 onward as the initial scare subsided and substantial changes in consumer habits did not occur.

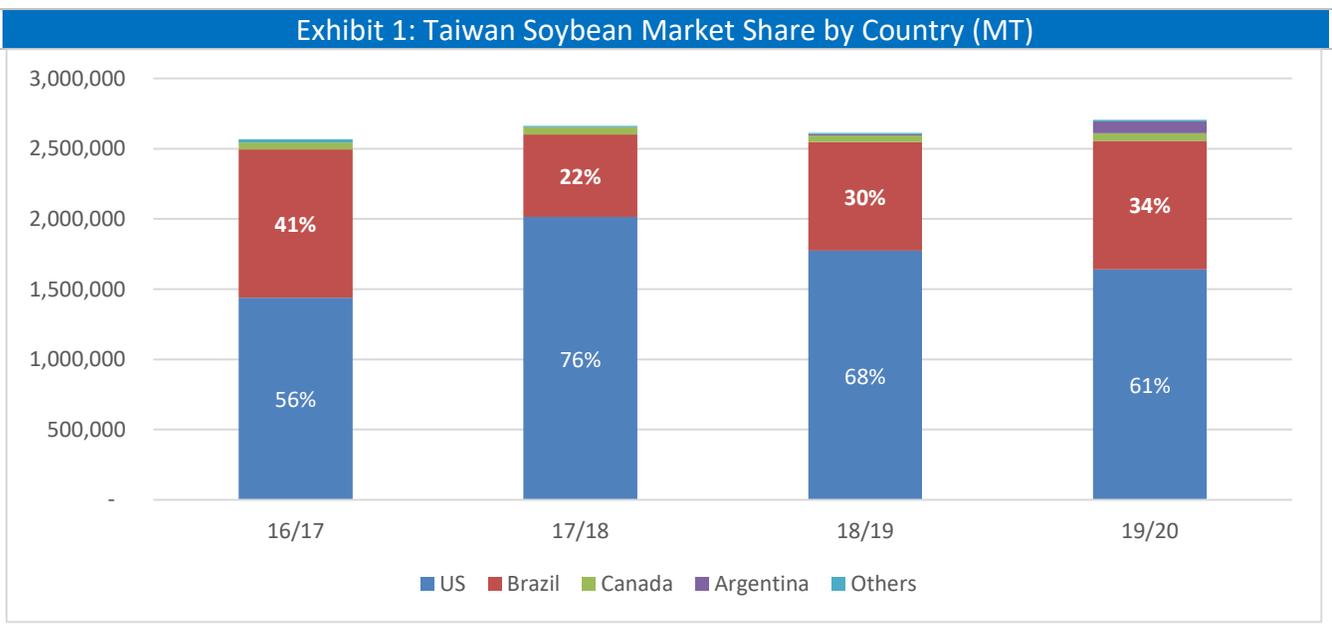
Trade

Taiwan relies on imports to meet 96 percent of its soybean demand. MY 2020/21 soybean imports are forecast to decline slightly to 2.56 MMT due to over-importing in MY 2019/20 as well as logistical challenges for shipping containers from the United States in Q4 2020 (see next section for details).

U.S. soybean market share in Taiwan is expected to continue to decline from recent highs of over 60 percent (See Exhibit 1). MY 2020/21 U.S. export sales are currently 250,000 MT behind MY 2019/20 as the export season switches to South America (See Exhibit 2).

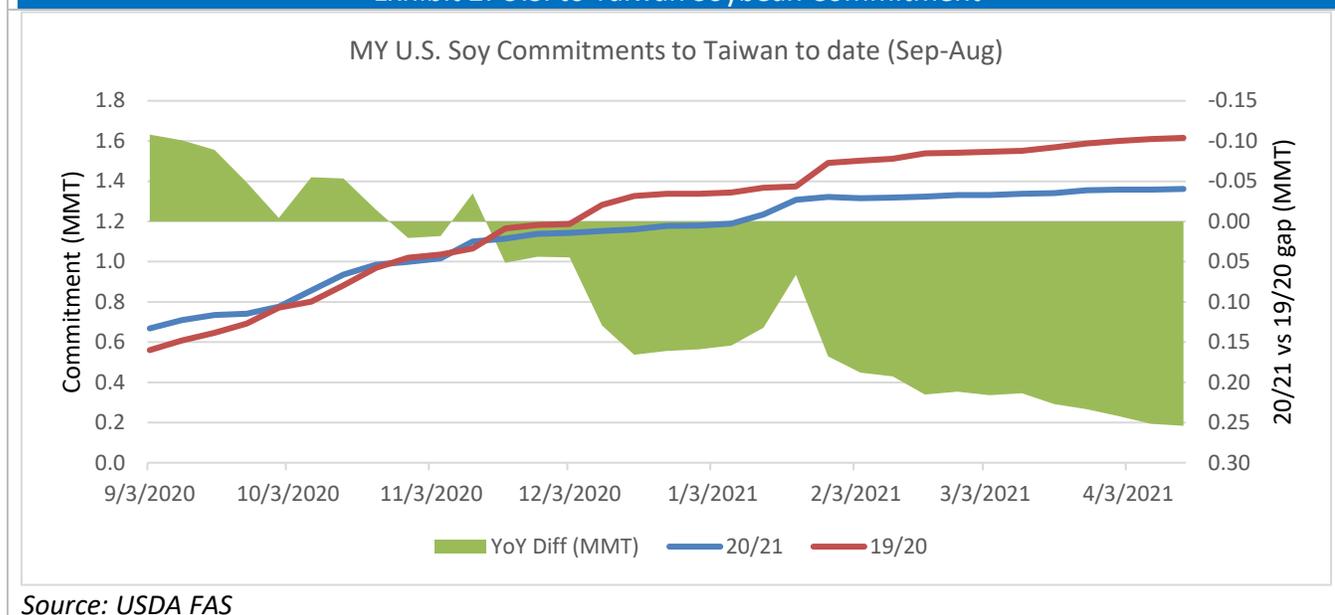
With tighter U.S. ending inventory in MY 2020/21 ([see April 2021 WASDE](#)) and an inverse market (where nearby July 2021 futures prices are higher than next crop November 2021 futures prices), Taiwan buyers are expected to buy only as needed. It is likely buyers will rely on bulk or parcels from Brazil for the remainder of MY 2020/21 while buying U.S. containers as a supplement.

MY 2021/22 soybean imports are forecast to recover to 2.66 MMT on sustained demand and restocking.



Source: Taiwan Customs Statistics

Exhibit 2: U.S. to Taiwan Soybean Commitment



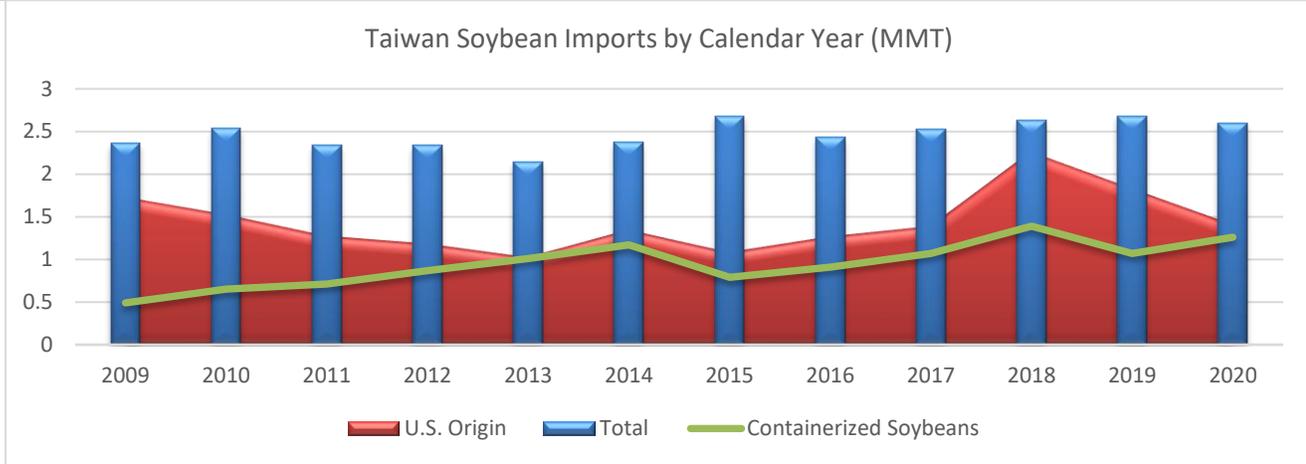
Containerized Soybean Exports

From January to December 2020, 20 percent of all U.S. containerized grain exports went to Taiwan, which was the top destination market. (See USDA [Agricultural Marketing Service report](#), p.21) Containers offer flexibility and discretion versus bulk shipment. With limited grain storage facilities in Taiwan, buyers also value the free time and detention provided. Containers are also preferred for importing food grade and non-GE soybeans.

In CY 2020, Taiwan imported 1.26 MMT, or 48 percent, of its soybeans through containers, out of 2.6 MMT of total imports. Containers accounted for 85 percent of U.S. origin soybeans (See Exhibit 3).

However, container shortages and logistics issues in Q4 2020 (see the feature article in the 12/03/2021 [Grain Transportation Report](#)) will likely impact the containerized share of soybean imports for CY 2021. The report notes, "Since early October, many agricultural exporters have experienced a decline in ocean container shipping service as carriers have given priority to the surging Asia-to-U.S. import cargo. This triage has left many would-be agricultural exports from the United States stranded. Exporters are facing a shortage of empty containers, difficulties making booking on ocean carriers, and unexpected transfers of containers to other vessels with later departures—in some cases, with little-to-no notice.

Exhibit 3: Taiwan Soybean Imports

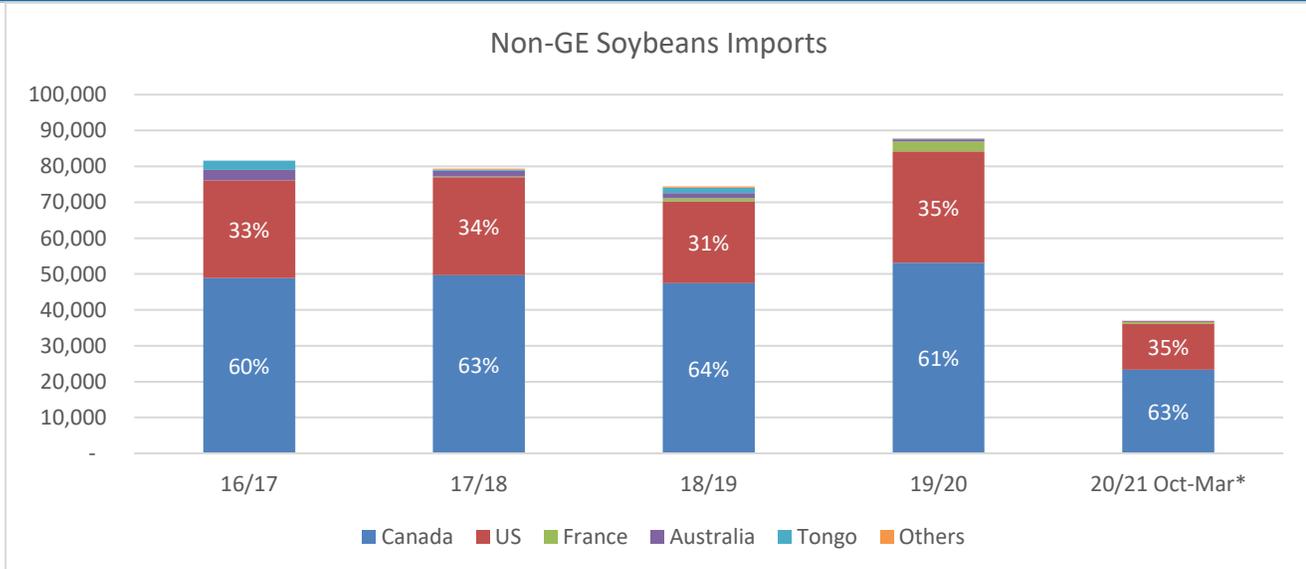


Source: Taiwan Customs Statistics

Non-GE Imports

MY 2019/20 imports of non-GE soybeans were 88,000 MT. This represents a 14,000 MT increase from the previous MY. In MY 2019/20, Canada took 60 percent of the non-GE soy market share, followed by the United States (35 percent) and France (3 percent) (See Exhibit 4).

Exhibit 4: Non-GE Soybean Imports by Origin (MT)



Source: Taiwan Customs Statistics

New HS Codes Divide Feed or Other Use

Since November 2014, Taiwan has required that GE and non-GE soybean shipments enter under separate HS codes. In May 2019, Taiwan further divided the codes for “other” or feed use. Soybeans are still imported mostly under “other” use, which has the flexibility to go into food or feed.

In MY 2019/20, there were 3,000 MT of U.S. imports filed under the GE feed code, while 500 MT of Indian soybeans were filed under non-GE feed code. FAS Taipei expects the majority of imports will continue to be under the “other” use category (See Exhibit 5) because it does not decrease the flexibility of end use.

Exhibit 5: MY 2019/20 Imports Breakdown by Customs Code (MT)

12019000916	GE Imports	Other Use	2,604,000
12019000925	Non-GE Imports	Other Use	88,000
12019000211	GE Imports	Feed Use	3,000
12019000220	Non-GE Imports	Feed Use	500

Source: Taiwan Customs Statistics

Stocks

MY 2020/21 ending stocks are forecast to decline to 112,000 MT as declining imports mean that existing demand and use further draws down stock. With limited commercial storage options in Taiwan as well as the flexibility of containers to supplement demand, crushers usually don’t need to keep excess stock levels.

The supply disruption in Q4 2020 due to delayed containers was dire enough that, in January 2021, COA asked the government-owned Tai-Sugar Corporation to lend 8,000 MT to crushers.

MY 2019/20 stocks are adjusted down 36,000 MT to 197,000 MT based on realized imports and consumption estimates.

Production, Supply, and Distribution						
Oilseed, Soybean	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3	4	4	4		4
Area Harvested	3	3	4	4		4
Beginning Stocks	290	174	233	197		112
Production	5	5	5	5		5
MY Imports	2708	2708	2800	2560		2660
Total Supply	3003	2887	3038	2762		2777
MY Exports	0	0	0	0		0
Crush	2275	2080	2300	2050		2080
Food Use Dom. Cons.	315	310	315	310		310
Feed Waste Dom. Cons.	180	300	180	290		300
Total Dom. Cons.	2770	2690	2795	2650		2690
Ending Stocks	233	197	243	112		87
Total Distribution	3003	2887	3038	2762		2777
Yield	1.67	1.40	1.25	1.43		1.43
(1000 HA), (1000 MT), (MT/HA)						

SOYBEAN MEAL

Production

MY 2020/21 soybean meal production from crushing is forecast at 1.61 MMT, while MY 2021/22 is projected to increase slightly to 1.64 MMT. According to industry sources, Taiwan's annual crush has fluctuated between 2.0 to 2.1 MMT in recent years. Flat soybean oil demand has been the constraining factor for soybean crush, while the remaining soybean meal demand is fulfilled either by imports or full fat soybeans.

Crushers have consolidated operations with two large (Central Union & TTET) and two smaller crushing plants (Everlight & Tai-Sugar). Daily combined crushing capacity is 9,000 MT with annual total capacity at 3 MMT. Average capacity utilization rate is around 65 percent. Industry sources report that crushers have reduced their operating rate during April 2021, partly due to water restrictions as well as slower demand for soybean meal. Post does not expect Taiwan's drought to have a major impact on yearly crush.

Consumption

MY 2020/21 soybean meal consumption is expected to decline slightly to 1.67 MMT. For MY 2021/22, consumption is forecast to increase to 1.68 MMT.

Soybean meal consumption closely tracks annual feed production in Taiwan. After the 12 percent year-over-year growth in feed production in CY 2019, feed production is expected to stabilize. Feed production is forecast at 8.5 MMT in CY 2021, a slight increase from 8.3 MMT in CY 2020 (Exhibit 6).

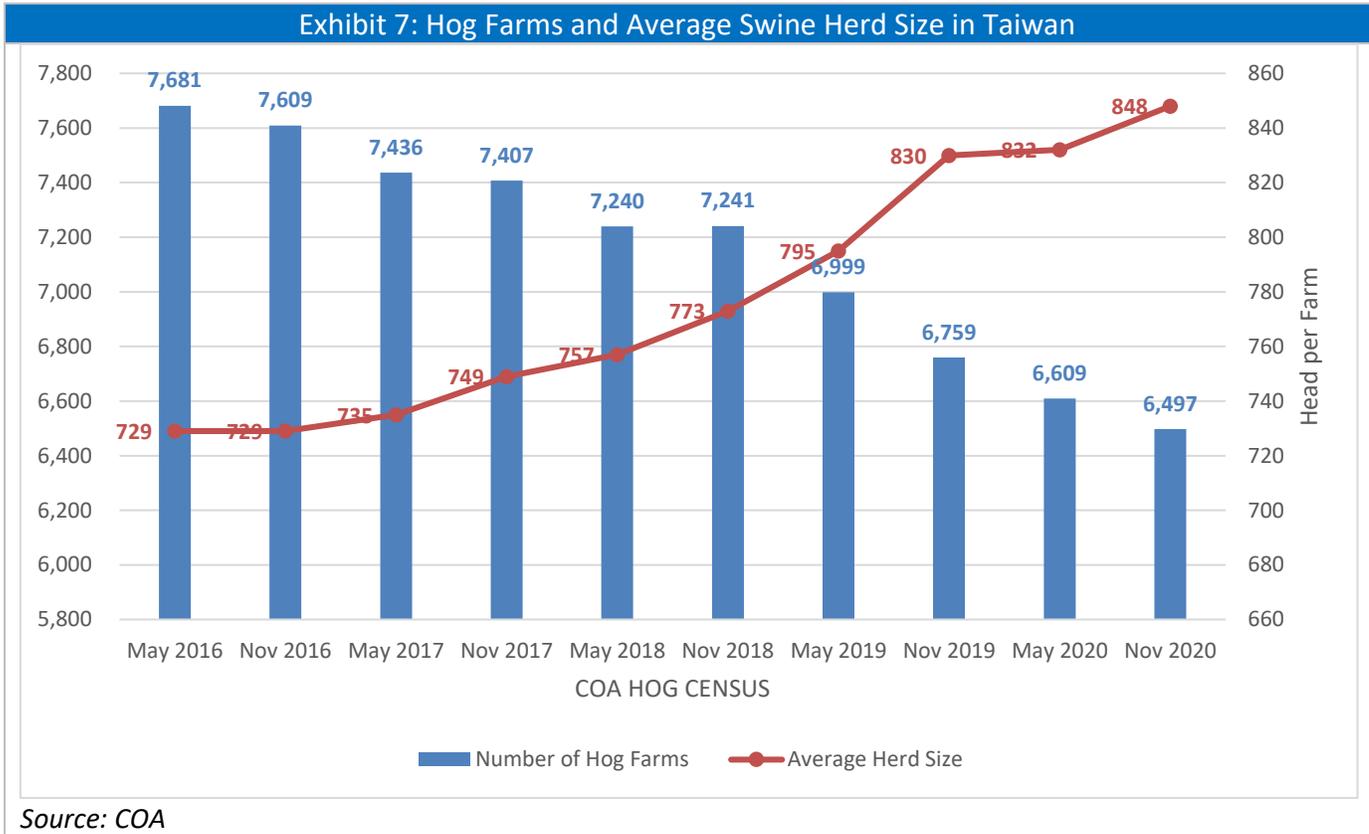
Exhibit 6: Feed Production (MMT)

	2016	2017	2018	2019	2020*	2021*
Total Feed	7.52	7.62	7.71	8.63	8.30	8.50
Hog Feed	3.26	3.21	3.20	3.74	3.85	3.95
Poultry Feed	3.48	3.66	3.76	4.10	3.70	3.80
Others	0.78	0.75	0.75	0.79	0.75	0.75

Sources: Council of Agriculture (2016 - 2019). * Post estimates (2020 and 2021)

For 2019, hog feed production was 3.74 MMT. The increase was due to a slightly larger pig herd and COA's requirement that all farms must stop the use of untreated food waste in animal feed to prevent the transmission of African Swine Fever (ASF). Since 2019, manufactured feed use increased because only farms with certified heating facilities can use treated food scraps as pig feed. In part based on the

new feed requirement and overall increased regulatory compliance costs, swine herds are expected to continue to consolidate (See Exhibit 7).



Taiwan has escaped the devastation of ASF, which ravages nearby countries, though it has remained a persistent threat. In early April 2021, Taiwan authorities found a floating pig carcass in New Taipei City which tested positive for ASF. This was the first incidence of an ASF-infected dead pig reaching the main island of Taiwan. Further tests around the area have not found traces of ASF. COA remains on high alert as it protects Taiwan from this disease. Below is an example of an ASF warning sign from BAPHIQ which can be seen at airport arrival.

防範口蹄疫、非洲豬瘟入侵!!!
旅客違規攜帶肉類產品入境
最高將處以
新臺幣100萬元罰鍰

發現/獲得來路不明肉品
 請撥打:0800-039131

火腿臘肉 香腸 肉乾肉鬆 生鮮肉

行政院農業委員會
 動植物防疫檢疫局

真空包裝
 也躲不過我的鼻子

On June 16, 2020, Taiwan was recognized by the OIE as free from foot and mouth disease (FMD) without vaccinations for the first time since a 1997 outbreak. COA is working to reopen pork export markets. However, classical swine fever (CSF) still poses challenges for fresh pork market access, thus the prospect of returning to the pork export market is limited in the short term.

Hog production is forecast to increase slightly to 8.22 million head in 2021. Hog production is increased by 198,000 head to 8.178 million head in 2020 based on preliminary COA statistics.

Poultry production is forecast to increase to 395 million birds in 2021. Poultry production was decreased to 383 million birds in CY 2020 based on preliminary COA statistics. Taiwan poultry meat imports jumped 19 percent in CY 2020 which competed directly with domestic production (See Exhibit 8).

With the limited growth prospect of poultry feed (48 percent) and hog feed (43 percent) in total feed production, soybean meal consumption is expected to remain stable.

Exhibit 8: Pork and Poultry Production (Animals Slaughtered)		
Year	Pork (1,000 heads)	Poultry (million birds)
2014	8,067	370
2015	8,200	357
2016	8,144	379
2017	7,947	376
2018	8,073	393
2019 (revised)	7,980	412
2020 (preliminary)	8,178	383
2021 (target)	8,220	395

Source: COA

Trade

Most soybean meal in Taiwan is produced and consumed domestically. Due to the limited competition in the domestic crush industry, Taiwan only sees imported soybean meal from the United States and India depending on short-term market dynamics. However, crushers are usually able to keep imported value uncompetitive for arbitrage.

In MY 2019/20, Taiwan imported 80,000 MT of soybean meal under HS code 2304, which converts to 100,000 MT equivalent of soybeans. For comparison, MY 2018/19 soybean meal imports were only at 20,000 metric tons. Overall, imports of other soybean meal substitutes are stable (Exhibit 9).

For MY 2020/21, imported soybean meal is expected to decline to 50,000 MT due to container logistics issues starting in Q4 2020, as well as less availability of soybean meal for purchase.

Exhibit 9: Imports of Soybean Meal Substitutes (in 1,000 MT)

Meal/HS Code	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 (Oct-Jan)	MY 2020/21 (Oct-Jan)
2301.20: Fish meal	147	140	141	43	47
SME (x1.445)	212	202	204	62	68
2305: Peanut meal	3	2	2	-	-
SME (x1.124)	3	2	2	-	-
2306.49 Rapeseed meal	10	8	13	3	3
SME (x0.7115)	7	6	9	1	1
2306.50 Copra meal	11	13	13	3	3
SME (x0.4515)	5	6	6	1	1
2306.60 Palm kernel meal	0	0	1	-	-
SME (x0.3557)	0	0	0	-	-
Total in SME	227	216	221	64	70

Source: Taiwan Customs Statistics

Stocks

With limited storage space for soybean meal, as well as limited shelf life (typically three months), crushers will usually adjust their crush programs to reflect market demand.

MY 2020/21 soybean meal stocks are expected much lower at 33,000 MT due to smaller crush and decrease in import volume. MY 2021/22 stock is forecast to recover slightly to 36,000 MT. In recent years, soybean meal stocks usually fluctuate between 10,000 to 70,000 MT, and stocks tend to be lower when supply is tight and prices are high.

Production, Supply, and Distribution						
Meal, Soybean	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2275	2080	2300	2050		2080
Extr. Rate, 999.9999	0.79	0.79	0.79	0.79		0.79
Beginning Stocks	74	47	93	43		33
Production	1790	1638	1810	1614		1638
MY Imports	87	87	85	50		50
Total Supply	1951	1772	1988	1708		1721
MY Exports	8	8	10	5		5
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1850	1720	1900	1670		1680
Total Dom. Cons.	1850	1720	1900	1670		1680
Ending Stocks	93	43	78	33		36
Total Distribution	1955	1772	1970	1708		1721
(1000 MT), (PERCENT)						

SOYBEAN OIL

Production

In recent years, Taiwan's soybean crush has been driven by soybean meal demand while soybean oil stocks have usually acted as a constraint. MY 2020/21 soybean oil production is expected at 369,000 MT based on smaller crush. MY 2021/22 is forecast to increase to 374,000 MT with expected increase in crush.

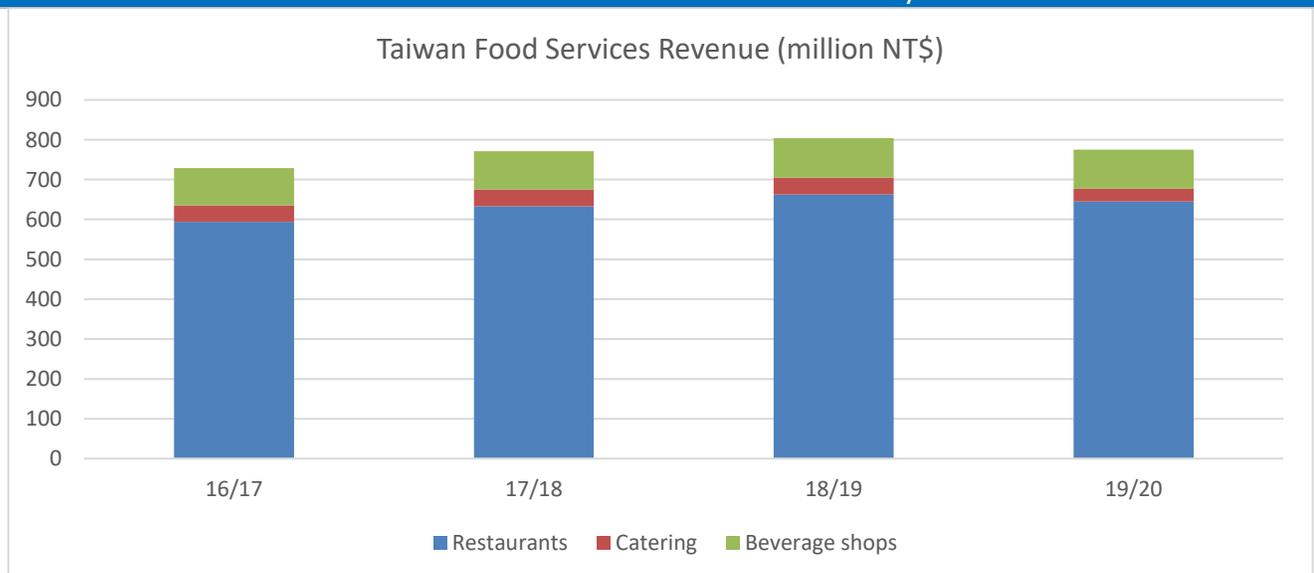
Consumption

MY 2020/21 soybean oil consumption for food use is slightly reduced to 338,000 MT, while MY 2021/22 consumption is forecast to recover to 340,000 MT. Lack of population growth and an aging population provides limited room for demand growth.

Taiwan has experienced relatively minor impacts from the COVID-19 pandemic, with normal life mostly resuming after Q2 of 2020. The lack of international travel options has also boosted internal tourism and consumption, while cutting off external tourism.

The majority of soybean oil for food consumption is in the HRI sector which mainly reflects restaurants, public cafeterias, and catering. The main competition in this space is from palm oil due to its competitive price. Based on MOEA data, MY 2019/20 food service revenue is below MY 2018/19 but is slightly higher than MY 2017/18 (Exhibit 10).

Exhibit 10: Taiwan Food Service Activity



Source: MOEA

For household consumption, soybean oil is commonly used in blended vegetable oil products while health-conscious consumers prefer non-soy, single oil products.

Taiwan currently does not use soybean oil for biodiesel or other transportation fuels.

Trade

Taiwan exports a small amount of surplus production soy oil. MY 2020/21 soybean oil exports are forecast to decrease to 10,000 MT.

In MY 2019/20 soybean oil exports were at 18,000 MT. Increased exports of surplus soybean oil allowed crushers to sustain a higher level of crush without building excess inventory due to constrained demand for soybean oil. Palm oil remains the main substitute for soybean oil, though there are a number of other options. (See Exhibit 11).

Exhibit 11: Taiwan Other Oil Imports (per 1,000 MT)

Type of Edible Oil	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 (Oct-Jan)	MY 2019/20 (Oct-Jan)
Palm Oil (HS1511)	219	234	234	66	77
Canola (Rapeseed) Oil (HS1514)	32	27	35	13	11
Sunflower Oil (HS1512)	19	19	20	6	6
Olive Oil (HS1509; HS1510)	8	9	10	3	3
Coconut Oil & Palm Kernel Oil (HS1513)	7	7	7	2	2
Corn and Other Veg. Oils (HS1515)	9	8	10	3	4
Total Non-Soy Oil Imports	294	304	316	93	103

Source: Taiwan Customs Statistics

Stocks

Because it is derived from crush, soybean crushers do not usually retain a large soybean oil inventory, especially with limited capacity and high storage cost. Crushers may decide to sell or export oil at a discount if there is excess inventory in order to maintain crushing operation rates if soybean meal demand is unfulfilled.

MY 2020/21 ending stocks are expected to decline to 10,000 MT, while MY 2021/22 ending stocks are forecast at 9,000 MT.

Production, Supply, and Distribution						
Oil, Soybean	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2275	2080	2300	2050		2080
Extr. Rate, 999.9999	0.18	0.18	0.18	0.18		0.18
Beginning Stocks	18	15	20	10		10
Production	405	374	409	369		374
MY Imports	0		0			
Total Supply	423	389	429	379		385
MY Exports	18	18	15	10		15
Industrial Dom. Cons.	25	21	25	21		21
Food Use Dom. Cons.	360	340	368	338		340
Feed Waste Dom. Cons.	0		0			
Total Dom. Cons.	385	361	393	359		361
Ending Stocks	20	10	21	10		9
Total Distribution	423	389	429	379		385

(1000 MT), (PERCENT)

PALM OIL

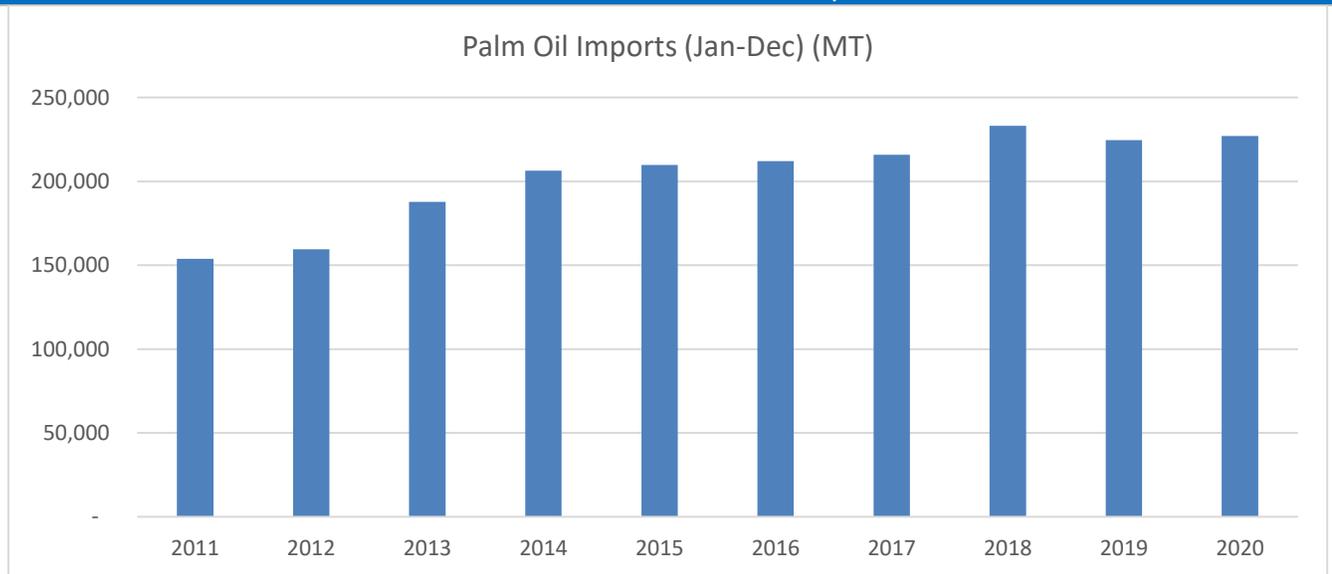
Summary on Production, Trade, Consumption, and Stocks

MY 2019/20 palm oil imports were 227,000 MT according to Taiwan customs data. MY 2019/20 and MY 2020/21 palm oil imports are forecast flat at 225,000 MT. Ending stocks are unchanged at 5,000 MT.

All of Taiwan's palm oil demand is met through imports. Palm oil serves as a cheap alternative to locally produced soybean oil from crush and benefits from zero percent import tariff. Palm oil imports have been relatively stable in recent years (See Exhibit 12).

In MY 2019/20 Indonesia and Malaysia accounted for 54 percent and 36 percent, respectively, of global palm exports (April 2021 [Oilseeds: World Markets and Trade](#)). 97 percent of Taiwan's palm oil imports originated from Malaysia due to existing joint ventures with Taiwan companies in Malaysia and are expected to continue at a similar volume.

Exhibit 12: Taiwan Palm Oil Imports



Source: Taiwan Custom Statistics

Production, Supply, and Distribution						
Oil, Palm	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Trees	0	0	0	0		0
Beginning Stocks	5	5	5	5		5
Production	0	0	0	0		0
MY Imports	227	227	230	225		225
Total Supply	232	232	235	230		230
MY Exports	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	227	227	230	225		225
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	227	227	230	225		225
Ending Stocks	5	5	5	5		5
Total Distribution	232	232	235	230		230
Yield	0	0	0	0		0
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						

Attachments:

No Attachments