

Voluntary Report – Voluntary - Public Distribution

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Report Name: Taiwan Completes First US Rice Tender of 2020

Country: Taiwan

Post: Taipei

Report Category: Trade Policy Monitoring, Grain and Feed

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Report Highlights:

Price volatility and U.S. logistical challenges caused by COVID-19 delayed Taiwan's rice tendering process until the summer. On July 21, 2020, Taiwan awarded the first tender of the 2020 U.S. rice country specific quota (CSQ) for 18,500 metric tons (MT) under the simultaneous-buy and sell (SBS) scheme to nine successful bidders with various tonnages and offered bid price levels. This fulfills 28 percent of the 2020 U.S. rice CSQ.

GENERAL INFORMATION

As of July 21, 2020, Taiwan has completed the first tranche of simultaneous-buy and sell (SBS) tenders for 18,500 MT of U.S.-origin rice. This delay was caused by price volatility after Vietnam temporarily halted rice exports and shipping container availability in the United States – both related to the ongoing COVID-19 pandemic.

In April 2020, Taiwan conducted a tender for 500 MT of U.S. glutinous rice under the normal scheme, but halted tendering after two attempts. The same quota amount will be included into other tenders for medium or long grain U.S. rice under the normal scheme.

Updates on Taiwan's Rice CSQ Tender Results as of 07/21/2020 (units MT)

Country	SBS Tender		Normal Tender	Total CSQ
	1 st Tranche	2 nd Tranche		
Egypt	0	0	2,500	2,500
Thailand	0	0	8,300	8,300
Australia	4,000	2,000	12,634	18,634
USA	18,500 <i>(completed 07/21/2020)</i>	10,300	35,834	64,634
Total Allotment	22,500	12,300	59,268	94,068

Source: Taiwan's Council of Agriculture

Normal Tenders

GF4-109-024 for 500 MT of U.S. origin short grain milled glutinous rice:

The tender was conducted for the first time on April 14, 2020. Only one bidder participated in the bid so the tender failed due to a lack of competition.

Another tender was conducted on April 24, 2020. Two bidders participated, but it still failed because offered bidding prices exceeded Taiwan's Agriculture and Food Agency (AFA) pre-set ceiling price level due to COVID-19 related market price volatility. The offered bidding prices were NT\$37,469/MT (US\$1,246/MT) and NT\$49,620/MT (US\$1,650/MT), which presented a bit of price gap which surprised the traders. In May 2020, AFA canceled the tender and the same quota amount will be combined to other U.S. rice tenders under the normal scheme.

Simultaneous-Buy and Sell (SBS) Tenders

GF4-109-010 for 18,500 tons of U.S. origin rice

The tender was conducted first time on March 10, 2020. It failed with the highest offered bidding price at NT\$3.101/kg or US\$103.00/MT.

The tender failed the second time again on March 23, 2020 with the highest offered bidding price at NT\$2.811/Kg (\$93.00/MT). Industry reported that due to COVID-19 related logistical issues with container shipping lines, U.S. rice handlers were unwilling to engage in significant negotiation.

After two unsuccessful tender processes, AFA has decided to postpone the third tendering process until July 21, 2020 to avoid three failed tenders that would trigger the U.S. CSQ reverting to the global tender. The third tendering process attracted nine successful bidders who were awarded different tonnages at different offered bidding prices.

- 4,000 MT at NT\$2,051/MT (US\$69.55/MT),
- 2,000 MT at NT\$2,009/MT (US\$68.13/MT),
- 2,000 MT at NT\$2,009/MT (US\$68.13/MT),
- 1,150 MT at NT\$1,800/MT (US\$61.04/MT),
- 4,000 MT at NT\$1,633/MT (US\$55.38/MT),
- 4,000 MT at NT\$1,222/MT (US\$41.44/MT),
- 460 MT at NT\$1,001/MT (US\$33.94/MT),
- 500 MT at NT\$1,000/MT(US\$33.91/MT);
- 390 MT at NT\$901/MT (US\$30.55/MT)

Exchange Rate:

US\$ 1 to NT\$ 30.068 on 03/10/2020

US\$ 1 to NT\$ 30.068 on 03/23/2020

US\$ 1 to NT\$ 29.489 on 07/21/2020