

Voluntary Report – Voluntary - Public Distribution

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Report Name: Taiwan MOA Comprehensive Upgrade Plan for the Grains Industry

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Report Highlights:

On December 23, 2024, the Taiwan Ministry of Agriculture (MOA) announced the “Comprehensive Upgrade Plan for the Grains Industry”. MOA’s plan calls for raising the guided purchase price for rice (the mid-tier purchase price) by NT\$1.5/kg and increase its procurement volume. The rice procurement price was last raised in 2011. The announcement is expected to incentivize farmers to deliver more to the public procurement program.

MOA's Comprehensive Upgrade Plan for the Grains Industry

On December 23, 2024, Ministry of Agriculture (MOA) announced the "Comprehensive Upgrade Plan for the Grains Industry". MOA states that their new policy would benefit not only the 120,000 rice farmers that deliver to public procurement program but also the 360,000 farmers who produce all staple food crops.

Throughout Taiwan's development history, rice has been the most important staple crop and as a backbone of Taiwan's agricultural policy. In recent years, rice cultivation accounted for 33 percent of crop planting area and accounted for close to 15 percent of Taiwan's crop production value. In 2023, Taiwan produced 1.15 MMT of brown rice harvested from about 222,400 hectares. Rice has remained the main focus of Taiwan's Food Security/Resilience Plan.

MOA's plan calls for raising the guided purchase price for rice (the mid-tier purchase price) by NT\$1.5/kg and increasing its procurement volume. The rice procurement price was last raised in 2011. The plan comes after a resolution passed by Taiwan's Legislative Yuan (LY) seeking to raise the government rice procurement price by NT\$5/kg (~USD\$0.16/kg) in July 2024.

Taiwan has a three-tier price support system. The highest tier, Planned Purchase Price, primarily aims to increase the income of rice farmers. The mid-tier, Guided Purchase Price, focuses on stabilizing market prices and balancing supply & demand. The lowest tier, Surplus Purchase Price, is designed to support market prices and ensure that the selling price of rice does not fall below the production cost.

Domestic rice price is often close to the Guided Purchase Price, farmers tend to choose the option that offers the best price based on market conditions. The Surplus Purchase Price is significantly lower than the market price, which farmers usually under-deliver.

Under the new plan, MOA also increases support for farmers not delivering rice through the public procurement program to include those under contract farming.

Furthermore, MOA is also increasing the subsidy for farmers to plant alternative crops by NT\$10,000 per hectare including for corn, soybean and other alternative grains, specialty crops and land management. The incentive to grow alternative dry crops during the 2nd rice crop season was also increased.

The announcement is expected to incentive farmers to deliver more to the public procurement program which is likely to shift more rice into the government's reserve stock. Currently about 30 percent of Taiwan's total rice production is procured into public reserve programs.

The Plan is estimated to come with a price tag of NT\$5.7 billion (US\$173 million) instead of NT\$9.1 billion (US\$276 million) for an across-the-board NT\$5/kg increase for just rice, which would further incentivize rice production and further imbalance Taiwan's rice supply and demand.

As MOA also increased support for alternative grain crops, it hopes the new Plan can keep rice production area at 240,000 hectares. It's notable that the increase in rice production support (10 percent) is slightly lower than the increase in production support for growing alternative crops like corn (16 percent).

Appendix I: MOA's Comprehensive Upgrade Plan (Summary)

Farmers producing for Public Procurement Program	Farmers producing rice under contract:	Farmers producing alternative grains crops:
<ul style="list-style-type: none"> - Increase in planned and guided purchase quantities without changing the total public grain purchase volume - Raise the guidance purchase price by NT\$1.5/kg, equivalent to an increase of NT\$20,000 per hectare (for two rice crops combined), enhancing farmers' income and supporting grain prices - Inclusion of public grain in the enhanced rice income insurance, providing more comprehensive protection for rice farmers 	<ul style="list-style-type: none"> - Contract Farming Incentive: NT\$10,000 per hectare - Higher-Quality Variety Incentive: NT\$3,200 per hectare - Production Material Subsidy: NT\$3,000 to NT\$5,000 per hectare 	<ul style="list-style-type: none"> - Land Conversion/Fallow Incentive: Increase by NT\$10,000 per hectare - Incentive for Switching from Rice to Other Crops: NT\$15,000 per hectare - Additional NT\$5,000 per hectare for participating in contract farming in group production areas

Appendix II: New Rice Purchase Prices & Volume

Before (2024 Crop)

Type of Purchase	Price (NT\$/kg)	Purchase Quantity (kg/ha)	
		1 st Crop	2 nd Crop
Planned Purchase	26.0	2,000	1,500
Guided Purchase	23.0	1,200	800
Surplus Purchase	21.5	3,000	2,400
Total		6,200	4,700

2025 Crop

Type of Purchase	Price (NT\$/kg)	Purchase Quantity (kg/ha)	
		1 st Crop	2 nd Crop
Planned Purchase	26.0	3,250	2,500
Guided Purchase	24.5	2,550	1,900
Surplus Purchase	21.5	400	300
Total		6,200	4,700

Attachments:

No Attachments.