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Grain and Feed

Update on 2007 Public Sector Rice Tender 2008

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Report Highlights:

The March 28th tenders for 11,737 tons of U.S. rice failed, leaving 38,017 tons of 2007 public sector rice quota unfilled. The doubling of world rice prices from last year means that Taiwan's ceiling price mechanism is presenting an even bigger obstacle than it did in the past. We can not say when Taiwan will finish the 2007 tendering process, but we can say that the delay in purchasing rice – due to the ceiling price issue – will be expensive for Taiwan.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Taipei [TW1]
[TW]

2007 Public Rice Tender March 28 Update

The March 28th tenders for 11,737 tons of U.S. rice failed, leaving 38,017 tons of 2007 public sector rice quota unfilled. The doubling of world rice prices from last year means that Taiwan's ceiling price mechanism is presenting an even bigger obstacle than it did in the past. We can not say when Taiwan will finish the 2007 tendering process, but we can say that the delay in purchasing rice – due to the ceiling price issue – will be very expensive for Taiwan.

Tender GF4-960226-2 for 4,000 tons of rice has failed three tender processes and is anticipated to be transferred to a global quota scheme, but the specification will be retained for medium/short grain brown rice. According to the Council of Agriculture (COA), the trade suggested transferring the 4,000 ton quota to the SBS tender from traditional tender on a global basis. We would probably object to such a decision.

Results of the 3rd Normal Tender

*Tender GF4-960226 for 13,000 tons U.S. origin medium/short grain brown rice, with 9,000 tons completed

1st tendering process was held on December 11 and 4,000 tons was awarded at NT\$19,744/mt (\$610.89/mt).

2nd tendering process (GF4-960226-1) was conducted on February 21. Four importers participated in the bids. 5,000 tons was awarded to one U.S. importer at NT\$19,999/mt or \$630/mt.

3rd tendering process (GF4-960226-2) for the remaining 4,000 tons was held on March 28. Unfortunately there was only one importer participated the bid and offered a bid price non-negotiable bid price at \$802.1/mt. As a result, the tender failed due again to the offered bid price exceeded the ceiling price calculated by the Council of Agriculture (COA).

After fails in three tenders, the tender for the 4,000 tons quota is anticipated to be transferred to global quota scheme, but the specification will be retained for medium/short grain brown rice.

Results of the 4th Normal Tender

*GF4-960-245-3 for 1,000 tons medium/short grain milled rice for 6/30 delivery (1,150 tons brown equivalent) – USA

The tender had already failed three tendering processes due partially to an unpopular rice type specification for short glutinous which U.S. does not have supply. Therefore, the specification has been changed to medium/short grain milled rice and is still tendered under U.S. quota for the 4th tendering process (GF4-960245-3) which was held on March 28. However, the tender failed again due to no bidders participated in the bid.

Results of the 5th Normal Tender

*Tender GF4-960268 for 6,587 tons U.S. origin medium/short grain brown rice

The 1st tendering process was held on January 2. The tender failed due to the offered bidding prices exceeded the ceiling price, with lowest price at NT\$20,408/mt or \$627.94/mt (\$1=NT\$32.50).

The 2nd tendering process was held on March 28. Three bidders participated in the bid. The tender failed again due to the same old ceiling price gap, with the lowest and highest offered bid price at NT\$23,392/mt (\$775.1/mt) and NT\$23,962/mt (\$793.96/mt).

(Exchange rate: \$1 = NT\$30.18, quoted 03/28/2008.)

**Table 1 – Summary Tender Schedule & Results for 2007 Import Quota
(04/02/2008 update)**

Tender Type	Tendering Process	Tender Number and Country Origin
SBS-1	March 28 May 9	GF4-960-291 for 9,100 tons-Global
SBS-2 (CSQ)	Completed at the 1 st process held on September 27	GF4-960-102 for 6,347 tons-Thailand
	Completed at the 2 nd process held on October 5	GF4-960-139 for 2,258 tons-Egypt
	Portion of the quota awarded at the 2 nd tendering process held on October 5 and Completed at the 3 rd tendering process held on October 17	GF4-960-140 for 1,795 tons-USA
	40 tons awarded at the 3 rd tendering process held on October 17, see tender NO. GF4-960-141-1 for the remaining 460 tons on global	GF4-960-141 for 500 tons-Australia (40 tons on Australia, 460 tons on global)
	Completed on November 6	*GF4-960-141-1 for 460 tons-Global
Total SBS Quota: 20,000 tons		

Normal-1 (CSQ)	<p>October 19 (Awarded zero tons)</p> <p>November 13 (Awarded 4,000 tons)</p> <p>November 29 (Awarded 2,000 tons and 5,000 tons failed and open for global quota See Tender No.GF4-960-165-3 onwards)</p>	<p>GF4-960-165 for 11,000 tons medium/short brown-USA</p> <p>GF4-960-165-1 for 11,000 tons medium/short brown-USA</p> <p>GF4-960-165-2 for 7,000 tons medium/short brown-USA</p>
	<p>December 20, January 24 and March 12 (awarded zero tons)</p> <p>TBD</p>	<p>* GF4-960-165-5 for 5,000 tons of medium/short grain brown rice for 6/30 delivery –global</p> <p>*GF4-960-165-6 for 5,000 tons of medium/short grain brown rice -global</p>
	<p>Australia withdrew its quota rights after the 2nd tendering process held on November 13 and the quota has been transferred into global quota See tender No. GF4960-234 to GF4-960-237</p>	<p>*GF4-960-166 for 10,000 tons medium/short brown Australia</p>
	<p>December 14, January 15, February 21 and March 19 (Awarded zero tons)</p> <p>TBD</p>	<p>*GF4-960-234-3 for 2,000 tons Long grain milled glutinous rice for 6/10 delivery (2,300 tons on brown)- global</p> <p>*GF4-960-234-3 for 2,000 tons Long grain milled glutinous rice (2,300 tons on brown)- global</p>

	December 14 (completed)	GF4-960-235 for 2,000 tons long grain milled rice (2,300 tons on brown)-global
	December 20 (completed)	GF4-960-236 for 2,000 tons long grain fragrance milled rice (2,300 tons on brown)-global
	December 14 & January 15 (Awarded zero tons)	GF4-960-237 for 3,000 tons medium/short milled rice (3,450 tons on brown)-global
	February 21 (completed)	GF4-960-237-2 for 3,000 tons medium/short milled rice for 6/30 delivery (3,450 tons on brown)-global
Normal-2	November 22 (completed)	GF4-960-180 for 1,000 tons short grain glutinous milled rice (1,150 tons on brown)-USA
	November 22 (completed)	GF4-960-200 for 1,000 tons long grain milled glutinous rice (1,150 tons on brown)-Thai
Normal-3	December 11 (awarded 4,000 tons)	GF4-960-226 for 13,000 tons medium/short brown rice-USA
	February 21 (awarded 5,000 tons-delivered by 07/31/08)	GF4-960-226-1 for 9,000 tons medium/short brown rice-USA.
	March 28: Failed	GF4-960-226-2 for 4,000 tons medium/short brown rice for 7/31 delivery -USA
	December 11, January 24 and March 12 (awarded zero tons)	GF4-960-227-2 for 2,000 tons medium/short milled for 7/31 delivery (2,300 tons on brown)-USA
	TBD	The tender failed three tendering processes already
Normal-4	December 20 & March 19 (Awarded zero tons)	GF4-960-244-1 for 13,000 tons medium/short grain brown rice for 6/30 delivery-USA
	TBD	GF4-960-244-2 for 13,000 tons medium/short grain brown rice -USA

	December 20, January 15 & February 21 (zero ton awarded) March 28: Failed	GF4-960-245 for 1,000 tons short grain milled glutinous rice (1,150 tons brown equivalent) -USA *GF4-960-245-3 for 1,000 tons medium/short grain milled rice for 6/30 delivery (1,150 tons brown equivalent) – USA (Note: The tender failed three tendering processes all because Taiwan specified a rice type that U.S. does not have supply. Therefore, the specification has been changed to medium/short grain milled rice.)
Normal-5		Re-allocated under global quota from Australia withdrawn quota 5,981 tons
	January 2, January 24 and March 12 (awarded zero tons) TBD	*GF4-960-266-2 for 3,200 tons of long grain milled broken glutinous rice for 5/31 delivery (3,680 tons brown equivalent)- global *GF4-960-266-3 for 3,200 tons of long grain milled broken glutinous rice (3,680 tons brown equivalent)- global
	January 2 (completed)	*GF4-960-267 for 2,000 tons long grain milled glutinous rice (2,300 brown equivalent) -global global (Deliver by 04/30/2008.
	January 2 March 28: Failed	GF4-960-268 for 6,587 tons medium/short grain brown rice-USA (Deliver by 07/31/2008) GF4-960-268-1 for 6,587 tons medium/short grain brown rice for 7/31 delivery -USA
	January 2 (completed)	GF4-960-269 for 8,400 tons medium/short grain brown rice for 7/31 delivery - USA
The total Normal Quota: 74,068 tons		
Total Quota for Public Imports: 94,068 tons		