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Taiwan

Oilseeds and Products Annual

2018 Taiwan Oilseeds and Product Annual

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Report Highlights:
Taiwan is the United States sixth largest export market for soybeans. Soybean consumption and imports are forecast to remain stable in MY2017/18 and MY2018/19 at 2.525 million tons. Taiwan is a mature market and consumption is not expected to grow significantly in the future.

Soybeans

Production

MY2018/19 production is forecast at 8,000 tons, up 2,000 tons from the year before. Advertisers are increasingly promoting products made with locally grown, non-GE soybeans and demand for these products is increasing. The government is also promoting the planting of soybeans on rice fields as a rotational crop. Despite this growth, Taiwan is expected to continue to rely on imports for the vast majority of its soybean supply due to high production costs and limited land. Forecast MY2017/18 production is lowered 2,000 tons to 6,000 tons based on Council of Agriculture (COA) production targets. Estimated MY2016/17 production is raised to 5,000 tons based on preliminary COA statistics and average yields.

Consumption

Soybean consumption is forecast to stay flat in MY2018/19 at 2.525 million tons. Industry contacts do not expect soybean crushing to increase in MY2018/19. Animal production and soybean meal demand are stable and soybean oil is facing increased competition in the h*otel*, r*estaurant* and institutional (*HRI*) *sector* from lower priced imported palm oil. MY2017/18 total soybean consumption is lowered slightly to 2.525 million tons.

MY2017/18 soybean use for crushing is lowered 130,000 tons to 1.95 million tons based on the slow crush pace for October-January according to Ministry of Economic Affairs (MOEA) statistics. Soybean oil is also under pressure from imported palm oil. According to MOEA, 1.995 million tons of soybeans were used for crushing in MY2016/17 and crushing is not expected to exceed this level in MY2017/18 or MY2018/19.

MY2017/18 feed and waste is raised 105,000 tons in to 285,000 tons based on industry sources of increased use of full fat soybeans (this category includes direct feeding of soybeans). Full fat soybeans are often used in Taiwan to increase weight gain in animals before slaughter. Weak soybean oil demand is also encouraging crushers to produce more full fat soybean meal. MY2016/17 feed and waste is also increased 50,000 tons to 230,000 tons based on industry sources.

Trade

MY2018/19 soybean imports are forecast at 2.525 million tons on stable demand. Taiwan relies on imports for almost all of its soybean consumption. MY2017/18 imports are lowered slightly to 2.525 million tons based on estimated demand. MY2016/17 imports, at 2.566 million tons, were slightly higher than normal due to low beginning stocks that year.

Since November 2014, genetically engineered (GE) and non-GE soybeans exported to Taiwan have been required to enter under separate HS codes. COA issued a draft rule in 2017 to require soybeans for feed and food use to enter under separate HS codes. COA will likely implement this new requirement sometime in 2018. The crushing industry expects to import most soybeans under the food use code. Industry is concerned that there appears to be no legitimate business or consumer information use for this change in tariff code classification policy and that outside groups might use the new HS codes to target or discriminate against GE soybeans for food use.

Imports of non-GE soybean increased 24 percent in MY2016/17 to 82,000 tons, just over three percent of total imports. On average, non-GE soybeans were priced at 1.5 times that of conventional soybeans in MY2016/17, according to trade statistics. Non-GE soybeans are popular for soybean milk and tofu production.

Taiwan prohibits imports of soybeans (including meal and oil) from China. However, since 2008, Taiwan has permitted imports of specialty black skin soybeans under a separate HS code (1201.9000.10.4). Black skin soybeans are primarily used to make specialty soy milk or fermented soy sauce. Taiwan imported 14,000 tons of black skin soybeans from China, the United States, and Canada in MY2016/17, up from 9,000 tons the year before.

Stocks

Ending stocks are forecast to stay stable from MY2016/17 through MY2018/19 at between 370,000 – 390,000 tons. Importers use container shipments to help manage supply and keep stocks low. According to industry sources, 42 percent of soybeans were imported via containerized shipments in 2017, which is up 4 percent from the previous year despite new road transportation regulations that require the use of smaller containers.

Meal, Soybean

Production

MY2018/19 meal production is forecast to remain flat at 1.525 million tons on stable demand. MY2017/18 production is lowered 105,000 tons to 1.525 million tons due to the slow crushing pace in October 2017 - January 2018, as reported in MOEA statistics. According to industry contacts, low palm oil prices have put pressure on soybean oil sales, making it less profitable to crush soybeans. MY2016/17 meal production is lowered slightly to 1.57 million tons based on MOEA statistics.

Both of Taiwan's two main crushers have invested in de-hulling equipment to increase production of high protein de-hulled meal. Crushers also produce full fat meal. In addition to conventional soybean meal, full fat soybeans and de-hulled high protein meal with a crude protein (CP) of 47 percent or above remain popular.

Consumption

Soybean meal consumption is forecast to remain flat in MY2018/19 at 1.535 million tons. Poultry production is forecast to increase two percent in 2018, while pork production is forecast to remain almost unchanged. Swine and poultry production accounts for 90 percent of total feed output, according to COA statistics, with dairy cows and aquaculture accounting for most of the remaining 10 percent. The minor increase in feed demand is expected to be met through higher use of whole fat soybeans.

Forecast MY2017/18 soybean meal consumption is lowered 90,000 tons to 1.535 million tons due to the slow pace of crushing from October 2017 to January 2018. Imported low cost palm oil has hurt demand for soybean oil, which in turn has discouraged increased crushing of soybeans. MY2016/17 soybean meal consumption is estimated at 1.57 million tons based on MOEA statistics.

Feed Production (million tons)

	2014	2015	2016	2017 (estimate)	2018 (forecast)
Total Feed	**7.46**	**7.38**	**7.52**	**7.37**	**7.46**
Hog Feed	3.17	3.26	3.26	3.22	3.24
Poultry Feed	3.44	3.29	3.48	3.37	3.44
Others	0.85	0.83	0.78	0.78	0.78

Sources: Council of Agriculture (2014-2016) and Post estimate and forecasts (2017-2018)

Pork and Poultry Production (Animals Slaughtered)

	Pork (1,000 head)	**Poultry** (million birds)
2013	8,720	347
2014	8,067	370
2015	8,200	357
2016 (revised)	8,144	379
2017 (preliminary)	8050	367
2018 (forecast)	8,100	375

Source: Council of Agriculture

Trade

Most soybean meal in Taiwan is produced and consumed domestically. MY2018/19 imports are forecast to remain flat at 30,000 tons. MY2017/18 imports are lowered to 30,000 tons on import trends and forecast feed demand. Exports are forecast to remain flat at 20,000 tons in MY2017/18 and MY2018/19. Soybean meal is traded according to CNS (Chinese National Standards), with a 43% CP national standard for soybean meal. Locally crushed soybean meal faces some competition from imports of fishmeal and other high protein meals (see below).

Imports of Soybean Meal Substitutes (in 1,000 tons)

Meal/HS Code	MY2015/16	MY2016/17	MY2016/17 (Oct-Jan)	MY2017/18 (Oct-Jan)
2301.20: Fish meal	138	139	43	48
SME (x1.445)	199	201	62	69
2303.10: Corn gluten meal and feed	35	41	14	15
SME (x0.681)	24	19	10	10
2305: Peanut meal	1	3	3	2
SME (x1.124)	1	3	3	3
2306.50 Copra meal	12	12	4	3
SME (x0.4515)	5	5	2	1
2306.41-49 Rapeseed meal	12	9	2	3
SME (x0.7115)	7	6	1	2
2306.60 Palm kernel meal	55	16	15	0.2
SME (x0.3557)	20	6	5	-
Total on a soybean meal equivalent basis	256	240	83	85

(SME)				

Source: Taiwan Customs Statistics

Oil, Soybean

Production

MY2018/19 oil production is forecast to remain flat at 345,000 tons. Forecast MY2017/18 oil production is lowered 25,000 tons to 345,000 tons due to lower forecast soybean crushing. MY2016/17 oil production is lowered 12,000 tons to 353,000 tons based on MOEA soybean oil production statistics. Oil production in Taiwan is primarily driven by demand for soybean meal and is produced as a co-product by crushers.

Consumption

MY2018/19 soybean oil consumption is forecast to remain flat at 334,000 tons. MY2017/18 soybean oil consumption is lowered 25,000 tons to 334,000 tons due to flat demand for vegetable oils and competition from imported palm oil. Estimated MY2016/17 soybean oil consumption is lowered to 332,000 tons due to these same trends. Taiwan's population has stabilized at around 23 million and is not expected to grow, limiting the potential for consumption growth. Per capita annual soybean oil consumption was 13.2 kilograms per person in 2016 according to COA statistics. Taiwan does not produce or use biodiesel.

Primary products made from GE raw materials, such as soybean oil, corn starch and syrup and soy sauce, are required to be labeled as GE. Canola oil has been hurt the most by these labeling requirements, with imports of Australian non-GE rapeseed taking substantial market share from Canadian GE Canola producers. Sales of soybean oil in supermarkets were also hurt by this labeling requirement. However, soybean oil is still commonly found in supermarkets in the form of blended vegetable oils. Soybean oil remains widely used in the HRI sector due to its price competitiveness. Palm oil is also widely used in this sector. More information is available in the 2017 Agricultural Biotechnology Annual GAIN Report.

Trade

Meal demand tends to result in crushers producing slightly more oil than is required for the domestic market, making Taiwan a net-exporter of soy oil. MY2018/19 exports are forecast to remain flat at 10,000 tons. MY2017/18 exports are lowered slightly to 10,000 based on export trends. Taiwan does not import soybean oil, but it does import sizable quantities of palm oil, as well as smaller amounts of other oils (see below).

Net Imports of Non-Soy Vegetable Oils (1,000 tons)

Type of Edible Oil	MY2015/16	MY 2016/17

Palm Oil (HS1511)	196	229
Coconut Oil & Palm Kernel Oil (HS1513)	7	7
Olive Oil (HS1509; HS1510)	7	8
Canola (Rapeseed) Oil (HS1514)	32	32
Sunflower Oil (HS1512)	14	20
Corn and Other Veg. Oils (HS1515)	2	4
Total Non-Soy Oil Imports	**258**	**300**

Oilseed, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	4	0	4	0	5
Area Harvested	4	3	5	4	0	5
Beginning Stocks	317	317	372	373	0	379
Production	4	5	8	6	0	8
MY Imports	2566	2566	2550	2525	0	2525
Total Supply	2887	2888	2930	2904	0	2912
MY Exports	0	0	0	0	0	0
Crush	2045	1995	2080	1950	0	1950
Food Use Dom. Cons.	290	290	290	290	0	290
Feed Waste Dom. Cons.	180	230	180	285	0	285
Total Dom. Cons.	2515	2515	2550	2525	0	2525
Ending Stocks	372	373	380	379	0	387
Total Distribution	2887	2888	2930	2904	0	2912
Yield	1	1.6667	1.6	1.5	0	1.6
(1000 HA) ,(1000 MT) ,(MT/HA)						

Meal, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2045	1995	2080	1950	0	1950
Extr. Rate, 999.9999	0.7824	0.787	0.7837	0.7821	0	0.7821
Beginning Stocks	32	32	45	45	0	45
Production	1600	1570	1630	1525	0	1525
MY Imports	33	33	38	30	0	30
Total Supply	1665	1635	1713	1600	0	1600
MY Exports	20	20	20	20	0	20
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1600	1570	1625	1535	0	1535
Total Dom. Cons.	1600	1570	1625	1535	0	1535
Ending Stocks	45	45	68	45	0	45
Total Distribution	1665	1635	1713	1600	0	1600
(1000 MT) ,(PERCENT)						

Oil, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Crush	2045	1995	2080	1950	0	1950
Extra. Rate, 999.9999	0.1785	0.1769	0.1779	0.1769	0	0.1769
Beginning Stocks	14	14	15	22	0	23
Production	365	353	370	345	0	345
MY Imports	0	0	0	0	0	0
Total Supply	379	367	385	367	0	368
MY Exports	13	13	12	10	0	10
Industrial Dom. Cons.	19	19	19	19	0	19
Food Use Dom. Cons.	332	313	340	315	0	315
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	351	332	359	334	0	334
Ending Stocks	15	22	14	23	0	24
Total Distribution	379	367	385	367	0	368
(1000 MT) ,(PERCENT)						