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Taiwan

Oilseeds and Products Annual

Soybeans and Products Situation and Outlook

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Report Highlights:
Taiwan's demand for soybean meal continues to be the driving force behind Taiwan's demand for imported soybeans. The soybean import forecast for MY2014/15 is 2.28 MMT, about 2% decrease from a year earlier mainly due to highly pathogenic avian influenza (HPAI) outbreaks. Though facing fierce competition from South American soybeans, U.S. share is anticipated to remain at 50%. However, soybean oil demand estimate for forecast year is lagging as oil products face negative external pressure due to genetically engineered (GE) concerns, food safety scandals, and health (i.e. trans fat) issues. Labeling requirements for GE products, including highly processed products, are currently being debated.

General Overview:

Taiwan's demand for soybean meal continues to be the driving force behind Taiwan's demand for soybeans. Taiwan's soybean demand is fully dependent on import supply for crushing for meal and oil and for soy food use. Soybean-based food consumption is high and mature. Soybean import estimate for MY2014/15 is 2.28 MMT, about a 2 % decrease from MY2013/14. However, import forecast for MY205/16 will resume a little higher than the level of MY2013/14 to 2.38 MMT. Though facing fierce competition from South American soybeans, U.S. share is anticipated to remain 50%.

Swine and poultry are the two most important livestock sectors in Taiwan. Swine and poultry feed combined claimed 89% of the total feed output. The local poultry sector is competitive with imports since Taiwan liberalized its market as part of its 2002 WTO accession. Trade barriers prevent significant pork imports, including U.S. product, into the island. There are no significant poultry or pork exports, at this time. Taiwan's hog sector continued recovering from 2013's PEDv outbreaks from record low of 7.99 million head on slaughtered and is anticipated to resume pre-PEDv status at 8.6 million head in MY2015/16. Domestic poultry production affected by the current HPAI outbreaks with an estimate 6% drop from the baseline year 2013 and is anticipated to recover from HPAI in MY2015/16 to a normal level at 360 million birds on slaughtered. These have translated into import demand for 1.90 MMT and 2.00 MMT of soybeans for local meal crushing in MY2014/15 and MY2015/16, respectively.

However, soybean oil demand estimate for forecast year is not expected to increase in line with foreseen growth of soybeans for meal crushing because of emerging trans fats and GE labeling requirements and local food scandals involving mis-labeled and adulterated edible oils. Consumers are distrustful of locally branded vegetable oils. The market reaction to recent edible oil scandals indicated a 39% increase in imports of all other non-soy vegetable oils combined in MY2013/14. Under immerging labeling requirements, this trend is likely to continue and soybean oil market share is not expected to rebound in a short time from current 50% share of total edible vegetable oils. Taiwan may have small surplus soybean oil for exports, though some traditional markets have hedged demand due to these food safety issues.

While certain consumer groups extol the virtues of organic product and claim high demand for non- GE soybeans, the market realities see non-GE soybeans capturing just one percent of total imports. Still, these individuals and groups have managed to encourage Taiwan authorities to implement stringent GE labeling requirements. If implemented as currently written – 3% labeling threshold extended to processed products – these new requirements would impact the vast majority of Taiwan's soybean imports and products.

Commodities:
Oilseed, Soybean

Production, Supply and Demand Data Statistics:

Oilseed, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Taiwan	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	0	1	0	2	0	3
Area Harvested	2	1	3	2	0	3
Beginning Stocks	106	106	139	138	0	142
Production	3	2	4	4	0	6
MY Imports	2,335	2,335	2,350	2,280	0	2,380
MY Imp. from U.S.	1,303	1,303	1,350	1,140	0	1,190
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,444	2,443	2,493	2,422	0	2,528
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	1,925	1,925	1,970	1,900	0	2,000
Food Use Dom. Cons.	280	280	280	280	0	280
Feed Waste Dom. Cons.	100	100	100	100	0	100
Total Dom. Cons.	2,305	2,305	2,350	2,280	0	2,380
Ending Stocks	139	138	143	142	0	148
Total Distribution	2,444	2,443	2,493	2,422	0	2,528
1000 HA, 1000 MT						

Author Defined:

Soybeans Situation & Outlook

General

Aside from some locally produced vegetable soybeans (edamame), Taiwan is fully dependent on soybean imports for soy foods and crushing for meal and oil. In marketing year (MY) 2013/14, Taiwan imported 2.335 MMT of soybeans, a 3% or 49 TMT increase from the previous year. The United States reclaimed its position as the top soybean supplier to the island, with 56% share, or 1.302 MMT, worth USD $680 million. Brazil imports fell into the second place holding 41% market share, Argentina 1% and other 13 countries combined 2%. In 2011/12 when U.S. crops faced severe drought, local crushers deemed Brazilian beans to be a better bargain with 1% higher oil and 0.5% higher protein content on average, generating higher crushing margins. However, this situation has improved in recent years. The U.S. has recaptured lost market share as soy food manufacturers value U.S. beans due to superior protein quality.

Taiwan hog auction price slipped recently to below NT$65/kg for the first time since October 2013 when Porcine Epidemic Diarrhea virus (PEDv) outbreaks resulted in hundreds of thousands of piglets being culled. Due to PEDv outbreaks, the domestic hog production estimate for 2014 is lowered to 7.99 million head slaughtered from Taiwan's Council of Agriculture (COA) previously set a target of 8.5 million head. Hog auction prices surged to over NT$85/kg, though collusion was reported between the producers, warehouses, and processors. High pork prices encouraged hog production beyond COA estimates, which, in part, offset a demand decrease for poultry feed rations affected by current highly

pathogenic avian influenza (HPAI). Hog production for CY2016 is anticipated to rebound to 8.6 million head. Taiwan's soybean import estimate, therefore, is adjusted down to 2.28 MMT in MY2014/15 but rebounding to 2.38 MMT in MY2015/16.

Taiwan's consumption of soy foods, such as tofu and soymilk, is high and relatively stable at an estimated 280 TMT. This demand is primarily satisfied by locally screened U.S. #2 grade soybeans. Of this 280TMT in food use, demand for non-GE soybeans is anticipated to increase gradually because local consumers tend to be misled by media reports and consumers' groups' statements. Still, limited supplies (and expense) of non-GE soybeans hampers any significant growth.

Stocks and Containerized Shipment

Local crushers have historically maintained low stock levels for cost management purposes. The availability of containerized shipping in recent years has provided importers with greater flexibility in their purchasing schedules and reinforced the decision to maintain limited stocks. In addition to U.S. soybeans, there were some soybeans sourced from other countries such as South American soybeans shipped to Taiwan via containerized shipments. Industry source indicates 50% of CY2014 soybeans were imported via containerized shipments, compared to 48% in CY2013.

Biotech Regulations

Registration Approval

As of March 22, 2015, Taiwan's Food and Drug Administration (TFDA) granted registration approvals for nineteen GE soybeans, fourteen single events and five stacked events. TFDA registration approvals are for food, feed and processing use, valid for five years but products are not eligible for environmental release in Taiwan. For the list of approved soybean events, click the link to here

Feed Control Act, Authority Oversight

According to a February 4, 2015 amendment to The Feed Control Act (FCA), COA is now the competent authority for approval registration of GE events in animal feed, with a two year grace period for implementation. This authority previously rested with Taiwan's Food and Drug Administration (TFDA) under the Ministry of Health and Welfare. TFDA will continue to have responsibility for GE events in food products for human consumption.

The FCA amendment mandates that all for feed use GE events register with COA by February, 2017. COA is expected to promulgate feed safety assessment guidelines for GE registration within six months, anticipated July 31, 2015. Thereafter, GE feed materials and feed additives will not be allowed for delivery, marketing, import and/or export, unless the product is registered and granted approval by COA. GE product developers, life science companies, shall register with both agencies (COA and TFDA) if the product is for both food and feed use.

The regulatory process may take longer for the market launch of a new GE soybean event and its stacked products because it requires two agencies' approvals.

GE and Non-GE Separate HS Codes, Traceability Requirements

Effective November 1, 2014, all soybeans and its immediate products are required to clear customs under separate HS codes according to GE or Non-GE designation. New import shipping document for Customs clearance is required to indicate whether the soybean shipment is GE or non-GE. At the same time, relevant handlers of soybean products are required to establish traceability system and keep the record for 5 years.

CCC Code	Description of Goods
1201.90.00.91-6	Other genetically modified soybeans, whether or not broken
1201.90.00.92-5	Other non-genetically modified soybeans, whether or not broken
1208.10.00.00-6	Flours and meals of soya beans
1208.10.00.10-4	Flours and meals of genetically modified soya beans
1208.10.00.20-2	Flours and meals of non-genetically modified soya beans

Revised 3% GE Labeling Threshold, Shortened Implementation Timeline

The GE labeling threshold is to be tightened to 3% from the existing 5% under Taiwan's February 5, 2014 Food Safety and Sanitation Act (FSSA). Taiwan soy food manufacturers report they can abide by a 3% labeling threshold if given enough time to adapt new labeling standards. However, all soy food sectors say that there is no way they can follow the TFDA February 26, 2015 announced proposal to move up effective date to June 1, 2015 from previously proposed January 1, 2016.

Highly Processed Products Included in GE Labeling Requirements

Currently, food products derived from GE soybeans, such as tofu, soy milk, miso, etc., with detectable content must be labeled as "genetically modified (GM)" with a 5% labeling threshold. However, on March 17, 2015, Taiwan authorities put forward a WTO notification (TBT 168 revised) extending the GE 3% labeling threshold to highly processed products where no discernable DNA residues may be detected. Local importers and food groups, AIT, and U.S. exporters and industries are very concerned with this proposal.

Non-GE Soybeans

The change to the FSSA regarding GE-labeling requirements was, in part, driven by a small, but growing, segment of the population seeking "natural" or organic and non-GE products. Thus, the biotech labeling requirements may be a marketing tool for some producers who promote non-GE soy foods. Still, out of the estimated 280 TMT of soybeans designated for food use, Taiwan imports only about 30 TMT of non-GE soybeans, an estimate 10 TMT increase from last year. There is also increasing attention on locally grown food production and discussion of developing non-GE soybeans

on the island. Starting 2013, soybeans were included on the list of the government incentivized rotational crops, encouraging domestic soybean production. According to COA, target production for 2015 is 4 TMT from 3,600 hectares of land, a 50% increase over 2014.

Worth noting, one local soy sauce brand recently launched a non-GE soy sauce. However, given narrow supplies (and expense) of non-GE soybeans, limited oversight by Taiwan food safety authorities, and non-availability of DNA testing equipment or methods, the validity of these marketing statements is undetermined.

TRADE

Cross Strait Trade

Taiwan prohibits imports of commodity soybeans, soybean meal, and oil from China. Since 2008, however, Taiwan has permitted imports of specialty black skin soybeans under a separate HS1201-9000-91-6. Black skin soybeans are primarily used to make specialty soy milk or fermented soy sauce. The demand for China-origin black skin soybeans remains at around 5 TMT a year.

Although no China-origin soybean meal has been imported, Taiwan has historically lifted the import ban on China-origin soybean meal to temporarily appease the local livestock sector. Similar and more frequent openings have occurred for imports of feed-use corn from China. This suggests that Taiwan authorities are willing to lower import restrictions on agricultural or food products from China under certain circumstances. Speculation on future openings for imports of soybeans and intermediate products from mainland China has increased since Taiwan signed the Economic Cooperative Framework Agreement with China in June 2010. President Ma urged to complete cross-strait talks on trade in goods under ECFA by the end of 2014, but the talks yet to complete. Opposition groups have critics saying that ECFA does not benefit Taiwan, quoting trade numbers that indicated Taiwan share of total mainland China's imports in CY2014 in fact dropped by 0.2% from a year earlier. However, there are conflicting reports that import restrictions may be lifted on products on which Taiwan is heavily import dependent, for example, soybeans and immediate products. Post continues to maintain a close watch on this issue.

Commodities:
Meal, Soybean

Production, Supply and Demand Data Statistics:

Meal, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Taiwan	USDA Official	New post	USDA Official	New post	USDA Official	New post

Crush	1,925	1,925	1,970	1,900	0	2,000
Extr. Rate, 999.9999	1	1	1	1	0	1
Beginning Stocks	10	10	10	10	0	15
Production	1,512	1,513	1,550	1,490	0	1,570
MY Imports	22	21	35	30	0	25
MY Imp. from U.S.	7	1	5	2	0	2
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,544	1,544	1,595	1,530	0	1,610
MY Exports	20	20	22	25	0	25
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,514	1,514	1,563	1,490	0	1,570
Total Dom. Cons.	1,514	1,514	1,563	1,490	0	1,570
Ending Stocks	10	10	10	15	0	15
Total Distribution	1,544	1,544	1,595	1,530	0	1,610
1000 MT, PERCENT						

Author Defined:

Soybean Oilmeal Situation and Outlook

General

Soybean meal demand continues to be the driving force behind Taiwan's soybean imports. Taiwan's demand for soybean meal is met by local crushing of imported soybeans and extremely limited soybean meal imports - around 25 TMT, annually. Based almost exclusively on domestic livestock production, Taiwan's annual demand for soybean meal for forecast year will resume to the level of 1,570 TMT from estimated 1,490 TMT for current year due mainly to impact of current HPAI outbreaks in commercial poultry farms.

Locally crushed soybean meal faces minor market challenges from imports of distiller's dried grain soluble (DDGS) and other oilseed or protein meals, especially during periods of high world soybean prices. In general, feed inclusion rate for these other meals combined is stable at 13.8%.

Other Protein Meals Substitute for Soybean Meal, TMT

Meal/HS Code	MY2011/12	MY2012/13	MY2013/14
HS2301.10: Meat and offal meal	56	49	59
HS2301.20: Fish meal	177	145	152
HS2302: Grain bran	51	38	26
(HS2302.10: corn gluten meal)	(10)	(10)	(12)
HS2303.30: DDGS	243	216	213
HS2305: peanut meal	6	9	8
HS2306: other oilseeds meal	184	228	244
HS2309.90: others for animal feeding	83	68	60

HS1214: alfalfa & Lucerne	216	224	219
Total supply (Est. inclusion rate in commercial feed)	1,016 (14.8%)	977 (13.8%)	981 (13.8%)
Sources: Taiwan Customs Statistics Note: According to industry sources, Taiwan uses minimal milk powder or whey products in feed formulation because of the high cost.			

Domestic Livestock Production

The local poultry sector is competitive with imports since Taiwan liberalized its market as part of its 2002 WTO accession. Trade barriers prevent significant pork imports, including U.S. product, into the island. There are no significant poultry or pork exports, at this time.

Hog Sector, Recovery Mode

Porcine epidemic diarrhea virus (PEDv) outbreaks in Taiwan forced the culling of hundreds of thousands of piglets in spring 2014 and lower overall slaughter numbers. According to COA preliminary data, 2014 hog production, slaughtered, was 7.99 million head and target production for 2015 is set at 8.35 million head. As of November 2014, the standing hog population is 5.55 million head, a 4.5% drop from pre-PEDv status in November 2013, but showing continued recovery. Hog feed demand for current year is estimated at 3% lower from CY2013.

Despite disease setbacks, the Taiwan hog sector is very lucrative, with the supply chain highly controlled by (reportedly colluding) producers, processors, and wholesalers. Taiwan 2014 pork prices were near-record high with COA forced to monitor live actions, encourage limited inventories, and increase imports. Reportedly, a local cooking oil scandal also contributed to high domestic pork prices as demand for locally-processed lard increased (due to incorrect perceptions that imports were solely to blame). However, hog auction prices have fallen recently to below NT$65/Kg, compared to record NT$ 85/kg in March 2014.

Pork Imports, Domestic Production, and Wholesale Market Auction Prices

Year	Pork Imports, (TMT)		Domestic pork production, per 1,000 head slaughtered	Auction Price, NT$/kg
	Meat [HS0203]	Offal [HS0206]		
2010	44	29	8,575	$69.36
2011	44	27	8,786	$71.99
2012	24	29	8,965	$63.35
2013	30	27	8,720	$64.50

2014 (preliminary)	48	33	7,990	$78.09
2015 (estimate)	44	29	8,500	NA
2016 (forecast)	24	27	8,600	NA
Source: Council of Agriculture (COA) and Taiwan Customs Statistics				

Poultry Sector, HPAI Outbreaks

Starting January 8, 2015, there have been continuing outbreaks of HPAI in Taiwan commercial poultry farms. Subtypes of HPAI H5N2, H5N3 and H5N8 strains were all detected. Waterfowl, goose and duck farms are the most impacted. As of March 16, COA's Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) confirmed that 873 poultry farms were infected with a total of 6.4 million birds lost. The HPAI situation seems to be slowing as the temperature becomes warmer; there have been no new outbreak reported for a couple of days.

Total Taiwan 2013 poultry production was 347 million birds, slaughtered, of which broiler 186 million, native Tugi bird 103 million, ducks 34 million and geese 5 million and 19 million made by other birds. While official 2014 numbers are unavailable as of reporting date, the HPAI impact is estimated to be a 6% decrease in total poultry production, slaughtered. According to BAPHIQ, approximately all Taiwan goose farms and goose breeder operations are infected. Taiwan authorities are worried about a short supply of goose meat and have started looking for import supply.

Poultry feed demand for current year is estimated at a 6% decrease from CY 2013, accordingly.

Poultry HPAI Incidences

	Broilers	Colored Broiler	Duck	Geese
Production(slaughtered) in 1,000 bird in 2013	185,650	102,947	32,460	5,160
Birds on farm in 1,000 at end of CY2013	21,486	28,647	5,988	1,953
Number of birds infected HPAI	1,159	2,357	218	1,912
Percentage of infection per farming scale	5%	8%	4%	98%

Poultry Meat Imports, Domestic Production and Farm Prices

Year	Imports of poultry meat and products, 1,000 MT [HS0207]	Domestic poultry production, million birds slaughtered	Farm Price, NT$/kg (Broiler)
2010	115	370	$41.85
2011	113	386	$44.04
2012	130	359	$42.99
2013	115	347	$44.70
2014 (Preliminary)	143	356	$47.80
2015 (estimate)	130	327	NA
2016 (forecast)	110	360	NA
Source: Council of Agriculture (COA) and Taiwan Customs Statistics			

Total Feed Demand Estimates and Soybean Meal Consumption in Feed Rations

In line with the domestic hog and poultry situations, total feed demand for MY2014/15 and MY2015/16 are estimated at 7.0 MMT and 7.3 MMT. Soybean meal inclusion in feed are 1,490 TMT and 1,570 TMT, estimated at the same inclusion rate at 21.3%.

Taiwan Feed Production for CY2013-2016 in TMT

	2013	2014 (Estimate)	2015 (Forecast)	2016 (Forecast)
Total Feed	**7,288**	**7,100**	**7,020**	**7,375**
Hog Feed	3,191	2,920	3,110	3,150
Poultry Feed	3,269	3,350	3,080	3,390
Others	828	830	830	835

Trade

In MY2013/14, Taiwan imported a total of 21 TMT of soybean meal, 14 TMT under HS-2304 and 7 TMT under HS-1208, of which only 1,000 MT were imported from the United States and others mostly from India and Brazil. Soybean meal imports for upcoming years are anticipated to remain at the current low levels.

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

according to CNS (Chinese National Standards), with a 43% CP national standard for soybean meal. For this reason, Taiwan crushers typically complain about lower protein content in U.S. soybeans.

Commodities:
Oil, Soybean

Production, Supply and Demand Data Statistics:

Oil, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Taiwan	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	1,925	1,925	1,970	1,900	0	2,000
Extr. Rate, 999.9999					0	
Beginning Stocks	1	1	12	12	0	12
Production	355	355	362	350	0	365
MY Imports	3	3	0	3	0	3
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	359	359	374	365	0	380
MY Exports	7	7	15	12	0	20
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	16	16	17	17	0	18
Food Use Dom. Cons.	324	324	325	324	0	324
Feed Waste Dom. Cons.	0	0	0	0	0	0
-	0	0	0	0	0	0
Total Dom. Cons.	340	340	342	341	0	342
Ending Stocks	12	12	17	12	0	18
Total Distribution	359	359	374	365	0	380
1000 MT, PERCENT						

Author Defined:

Oil Situation and Outlook

General

Taiwan's demand for soybean oil is primarily met by local crushing of imported soybeans with limited soybean oil trade. Domestic consumption (cooking oils and industrial uses) largely meets production, with minimal soybean oil exported.

Over the past year, there have been a number of scandals in Taiwan, focused on locally produced cooking oils, including soy oil. Additionally, local consumer groups have raised concerns about GE safety and trans-fats. As a result, Taiwan's total "other", i.e. non-soy vegetable oil consumption estimate for MY2013/14 increased significantly, by 86 TMT or 39% increase from the previous year. The increase of imports of other non-soy vegetable oils lowered demand for soy oil which had an estimated 50% share. Soybean oil market share may continue to slip due to additional labeling requirements for trans fats and GE-origin products.

Total soybean oil imports in MY2013/14 remained at 3 TMT, while exports of locally crushed oil, mainly to Japan or within the region, totaled 7 TMT, with a 19 TMT decrease from a year earlier. The decrease was likely because of Taiwan's widely publicized cooking oil scandals, a result of which many foreign trading partners questioned Taiwan-origin products. Taiwan will likely try to reclaim lost export markets in neighboring countries to balance surplus domestic crushed soybean oil in the forecast year.

Impact of Food Safety Scandals

A variety of local cooking oil scandals may have dampened consumer demand for Taiwan produced soybean oil, domestically and abroad. In October 2013, a domestic vegetable oil manufacturer was discovered to have been blending lower-quality, cheaper vegetable oils, such as cottonseed and soybean, but marketing the product as higher-end olive oil. The involved oil crusher was sentenced to 30 years in jail and the operation was forced to close. For blended vegetable oil products, labels are now to include each ingredient with the highest content oil on the top and so on. Blended oils are only allowed to include the specific name – i.e. olive oil – of an input when that input accounts for more than 50% of total volume. For instance "Olive Blended Oil" must contain at least 50% of olive oil.

Changes for Import Declarations

Following the September 2014 tainted lard scandal, fats and oils imports are required to clear Customs under separate HS codes, separate from feed use. Thereafter importers are required to declare to Customs whether the goods are for "fit for human consumption" or for industry or feed use. While lard and tallow exports may already be accompanied by suitable language on the USDA export certificate, Taiwan has also indicated it will accept an FDA Certificate of Free Sale for U.S. shipment of fats and oils.

Trans-Fat and GE Labeling Requirements

Trans fat and GE labeling requirements may dampen soy oil's competitiveness relative to other vegetable cooking oils. Under the auspices of increased attention to food safety and consumer health, Taiwan authorities frequently amend food production and food safety related regulations. New regulations specifically target labeling of trans fats will be effective July 1, 2015. All food products are required to include a trans fat content label, with a 0.3% labeling threshold. Only food products containing less than one gram of fat and oil per 100 grams are exempt. Taiwan crushers plan to lower oil refining temperatures or use higher quality raw material (fewer split beans) to control soybean oil quality. Still, Taiwan crushers report technique to blend soybean oil with other vegetable oils to bottle "blended oil" with, allegedly, higher health benefits.

Highly processed products, such as soybean oil which contains no detectable DNA or protein residues, will be required to be label GE, according to WTO notification G/TBT/N/TPKM/168 Rev. 1 on March 17, 2015 on "Guidelines for Labeling of Packaged Foods Containing Genetically Modified Food Material". The new requirement might further depress soy oil market share of total vegetable oils.

Local Scandals Create Opportunity for Non-soy Vegetable Oils

Despite post-WTO accession tariff reductions for non-soy vegetable oils (such as olive oil, sunflower oil, etc.), soybean oil and palm oil are expected to retain their market leading positions because of their widespread use in hotels, restaurants and food processing sectors. On the other hand, despite the relatively high prices for non-soy vegetable oils, there is now significant growth potential due to increased health concerns about trans fats. According to fatty acids profiles and different processes to make oils, soybean oil seems to contain a higher level of trans fats among all vegetable oils.

Soybean oil holds a majority 50% market share, followed by palm oil (38%), other imported vegetable oils combined (10%) and the rest, or 2%, made by traditional Chinese oils such as sesame oil, peanut oil and tea seed oil. Traditional tea seed oil pressed directly from roasted tea seed has potential to increase due to increase health consciousness. Tea seed oil is recognized as the Chinese equivalent of olive oil with similar health benefits and oil characteristics. Still, in MY2013/14, imports of palm oil and other vegetable oils increased considerably as consumers sought alternatives to locally produced cooking oils, negatively impacted by food safety and labeling scandals.

Tariff Rates for Oilseeds and Edible Oils

HS Code	Seed/Oil	Tariff before WTO accession	Current Tariff
1201.00	Soybeans	0	0
1507	Soybean Oil	6	5
1513.21.10 & 1513.29.10	Palm Kernel Oil	1.25	0
1511	Palm Oil	2.5	0
1513.11 & 1513.19	Coconut Oil	3	0
1509 & 1510	Olive Oil	5	0
1205.00.10	Rapeseed	3.5	0
1514	Rapeseed (Canola) Oil	6	4
1515.21 & 1515.29	Corn Oil	7.5	5
1207.60.00	Safflower Seed	9	0
1512.11.20 & 1512.19.20	Safflower Oil	12.5	5
1206.00.00	Sunflower Seed	11	0
1512.11.10 & 1512.19.10	Sunflower Oil	15	5
Source: Taiwan Customs Tariff Schedule			

Oil Prices, CIF Taiwan, US$/KG

Type of Edible Oil	MY 2011/12	MY 2012/13	MY 2013/14
Palm Oil (HS1511)	$1.099	$0.895	$0.872
Canola Oil (HS1514)	$1.270	$1.283	$1.037
Sunflower Oil, Crude (HS1512.1110)	$1.302	$1.300	$1.075
Soybean Oil (HS150710, Crude)	$1.357	NA	$1.030

Vegetable Oil Consumption, Estimated by Net Oil Imports & Production, TMT

Type of Edible Oil	MY 2012/13	MY 2013/14

Palm Oil (HS1511)	177.1 (imports 182.7-exports 5.6)	239.9 (imports 240.9-exports 1.0)
Coconut Oil & Palm Kernel Oil (HS1513)	9.8	9.2
Olive Oil (HS1509)	4.8	8.2
Canola Oil (HS1514)	16.0	27.9
Sunflower Oil (HS1512)	11.3	19.3
Corn and Other Veg. Oils (HS1515)	-0.6	-0.7
Total Non-Soy Oil Imports	**218.4**	**304.2**
Domestic Soybean Oil Food Use consumption	300.0 (net 273.5)	324.0
Chinese traditional oil: Peanut Oil (Domestic crush - CY)	7.0	7.0
Chinese traditional oil: Sesame Oil (domestic crush - CY)	6.0	6.0
Other Veg. Oils (domestic crush - CY)	3.3	3.3
Est. consumption/ total supply	508.2 = (218.4 + 273.5 + 16.3)	636

No Soy Oil for Biodiesel:

No soy oil is used for B100 biodiesel production. Taiwan uses recycled cooking oils for B100 biodiesel production to meet Taiwan's B2 biodiesel mandate, which was implemented in June 2010 with an estimated demand of 100 million liters of B100. Taiwan has approximately 130 million liters of local B100 biodiesel production capacity using recycled cooking oil.