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# GAIN Report

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## Taiwan

**Post:** Taipei

### Taiwan 2014 U.S. Rice Country Specific Quota Tender Update

**Report Categories:**

Grain and Feed

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**Report Highlights:**

Taiwan recently completed two long-lingering 2013 normal tenders, thus fulfilling 2013 U.S. Country Specific Quota (CSQ) obligations. As of reporting date, Taiwan has completed 30,150 MT of the 2014 U.S. CSQ. A tender for 9,000 MT of U.S.-origin medium/short grain brown rice is scheduled for November 27.

**General Information:**

Taiwan’s Council of Agriculture (COA) recently fulfilled 2013 U.S. Country Specific Quota (CSQ) purchase commitments by completing two normal tenders; one for 1,000 MT of U.S. medium/short grain milled rice and a second tender for 1,850 MT of U.S. medium/short grain brown rice. Regarding 2014 commitments, as of reporting date, Taiwan has completed 30,150 MT of the 2014 U.S. rice CSQ tender – 10,000 MT under the 1<sup>st</sup> tranche of simultaneous-buy-sell (SBS) tender; 16,000 MT under a 2<sup>nd</sup> tranche of SBS tender; and 4,150 MT under a normal tender scheme. In sum, 25,484 MT of the 2014 U.S. rice CSQ left to be scheduled for normal tender. A tender for 9,000 MT of U.S.-origin medium/short grain brown rice is scheduled for November 27. This tender was partially completed on November 7 when 3,000 MT were awarded for delivery March 1-April 30, 2015. The 2015 CSQ tender schedule is yet to be released.

**2013 Country Specific Quota Purchase Commitments Finally Fulfilled**

Last year, one company was found to have mislabeled foreign product as domestically produced. Under public criticism, COA revoked the company’s registration. As a result, the company failed to fulfill purchase commitments including 3,000 MT of U.S. rice under the 2013 U.S. rice CSQ normal tender.

- GF4-103-081 for 1,000 MT (equivalent to 1,150 MT on a brown rice basis) of U.S.-origin medium/short grain milled rice for delivery by February 28, 2015. The tender was initially reoffered on September 30 with two bidders participating. Both bidders failed due to alleged quality deficiencies. The tender succeeded on October 21 and was awarded to one successful bidder out of two bidding participants with the lowest offered price of NT\$25,349/MT or US\$834.75/MT.
- GF4-103-082 for 1,850 MT of U.S.-origin medium/short grain brown rice for delivery February 28, 2015. The tender initially failed on September 30 due to offered prices allegedly exceeding the pre-set ceiling price. The second tender was successfully held on October 21 and was awarded to one of three participants at a price of NT\$24,699/MT of U.S.\$813.35/MT. (Exchange rate: US\$1 = NT\$30.367, quoted on 10/21/2014)

**Summary of 2013 Taiwan Tender Result: Unit: MT**

Country of Origin	Awarded Quota	Uncommitted Quota
<b>CSQ-Normal Quota (41,268/MT)</b>		
USA	32,034	0
Australia	2,234	7,000
Sub-Total	34,268	7,000
<b>CSQ-SBS Quota (52,800/MT)</b>		
SBS-USA	32,600	0
SBS-Thailand	8,300	0
SBS-Egypt	0	2,500
SBS-Australia	9,400	0
Sub-Total	50,300	2,500
<b>Grand Total</b>	<b>94,068</b>	

**2014 Purchase Commitments – SBS Fulfilled, Normal Remains**

SBS Tender: Taiwan completed the 1<sup>st</sup> and 2<sup>nd</sup> tranches of the 2014 U.S. rice CSQ-SBS tender. The 2014 U.S. SBS tenders are outstanding. Results of the 1<sup>st</sup> tranche of SBS tender for 10,000 MT of U.S.-origin rice was reported in GAIN report TW14014. The 2<sup>nd</sup> tranche SBS tender results are as follows:

- GF4-103-087 for 16,000 MT of U.S.-origin rice was tendered on October 27 for delivery by April 30, 2015. All 16,000 MT were awarded to 11 successful bidders with 16 bidders participating. Five bids were awarded for a combined 4,800 MT at NT\$2.579/kg (US\$84.85/MT); one bid was awarded for 1,500 MT at NT\$2.508/kg (US\$82.51/MT); one bid was awarded for 2,000 MT at NT\$2,019/kg (US\$66.42/MT); two bids were awarded for a combined 3,300 MT at NT\$1,759/kg (US\$57.87/MT); and the remaining two bids were awarded for a combined 4,400 MT at NT\$1,601/kg (\$52.67/MT). (Exchange rate: US\$1 = NT\$30.395, quoted on 10/27/2014)

Normal Tender: As of reporting date, Taiwan offered two normal tenders of the 2014 U.S. rice CSQ – GF4-103-107 for 12,000 MT and GF4-103-035 for 1,150 MT. Of the 12,000 MT tender, 3,000 MT were awarded; 9,000 MT will be offered on November 27. In total, 34,484 MT is yet to be awarded under normal tender.

- GF4-103-107 for 12,000 MT of U.S.-origin medium/short grain brown rice was offered for tender on November 7, for delivery March 1-May 30, 2015. The tender was partially awarded with 3,000 MT at NT\$25,090/MT or US\$819.42/MT to the sole bidder/participant. Contacts report the shortage of bidders was partially a result of concerns regarding slowdowns at West Coast ports. The remaining 9,000 MT is scheduled for November 27. The delivery terms were changed to April 1-May 30, 2015 to pacify concerns regarding the West Coast port conditions. (Exchange rate: US\$1 = NT\$30.619, quoted on 11/07/2014).
- GF4-103-035 for 1,000 MT (equivalent to 1,150 MT brown rice basis) of U.S.-origin short grain glutinous milled rice for delivery by November 30, 2014. The tender failed three times, on April 15, May 23, and June 10 (reported in GAIN report TW14024). On July 4, the tender was offered on a global quota basis. Three bidders participated, two handling Vietnamese rice who offered NT\$27,306/MT for 1,000 MT and NT\$31,250/MT for 500 MT each and another one U.S. rice handler who offered NT\$41,200/MT for 200 MT. However, the lowest offered price was allegedly below the COA pre-set ceiling price. As a result, COA could not award the tender without consulting regulatory affairs office. On July 30, COA, with clearance from the regulatory affairs office, awarded the tender to the lowest offered bidder at price of NT\$27,306/MT or US\$914/MT. (Exchange rate: US\$1 = NT\$29.87, quoted on 07/03/2014.)

**Summary of 2014 Government Tender Result: Unit: MT**

Country of Origin	Awarded Quota	Uncommitted Quota
<u>CSQ-Normal Quota (49,768/MT)</u>		

USA	3,000	34,484
USA- turned global and awarded to Vietnam	1,150	0
Australia	0	11,134
<b>Sub-Total</b>	<b>4,150</b>	<b>48,618</b>
<b>CSO-SBS Quota (44,300/MT)</b>		
SBS-USA	26,000	0
SBS-Thailand	5,620	680
SBS-Thailand Process	2,000	0
SBS-Egypt	0	2,500
SBS-Australia	7,500	0
<b>Sub-Total</b>	<b>41,120</b>	<b>3,180</b>
<b>Grand Total</b>	<b>94,068/MT</b>	