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Working Party on State Trading Enterprises

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STATE TRADING

REPLIES TO QUESTIONS FROM THE EUROPEAN UNION¹
REGARDING THE NEW AND FULL NOTIFICATION OF THE SEPARATE CUSTOMS TERRITORY OF
TAIWAN, PENGHU, KINMEN AND MATSU²

The following communication, dated and received on 24 April 2024, is being circulated at the request of the delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

Question 1

The AFA purchases a portion of the rice paddies to serve as food security stock. According to table III of the notification: 358.1 (1,000 Mt) for 2021 and 365.6 (1,000 Mt) for 2022 were purchased by AFA. Could Chinese Taipei please provide further information on what the price at which the rice was purchased in 2021 and 2022 was, and on what the market price of the rice for the same two years was?

Reply:

1. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has maintained a guaranteed price purchase mechanism for paddy rice to ensure sufficient public stocks. There are three market price support measures: the "planned purchase" measure aims to increase farmers' income, the "supplementary purchase" measure aims to stabilize the market price, and the "additional purchase" measure aims to prevent the market price from becoming lower than production cost. In 2021 and 2022, our guaranteed price for planned purchase was 26 TWD/kg, for supplementary purchase was 23 TWD/kg, and for additional purchase was 21.6 TWD/kg.
2. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's market price for paddy rice in 2021 was an average of 22.16 TWD/kg; in 2022, it was an average of 22.65 TWD/kg.

Question 2

How are the rice stocks released into the domestic market, and does this have an impact on trade?

Reply:

1. To ensure national food security, the government annually purchases rice from farmers at guaranteed prices. Additionally, in accordance with WTO commitments, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu imports 94,068 tons of brown rice per year to replenish the public stock.

¹ [G/STR/Q1/TPKM/3](#).

² [G/STR/N/20/TPKM](#).

2. In order to implement safe storage, the public stock for one-year storage period is released to the military and prisons for consumption. It is also released to the market when there are natural disasters and abnormal price fluctuations in the market. The public stock which has been stored for more than one-year storage period is used for brewing or processing. If the storage period exceeds a certain duration or if the quality is not suitable for human consumption, the rice would be allocated for animal feed. The release of public stock does not affect trade.
