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Jacinto F. Fabiosa  
*Iowa State University, jfabios@iastate.edu*

Frank H. Fuller  
*Iowa State University, ffuller@iastate.edu*

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Implications for U.S. Pork Trade Following Taiwan's Export Ban
Jay Fabiosa (515-294-6183)
Frank Fuller (515-294-0470)

Taiwan announced on Friday, March 21, 1997, an indefinite ban on pork exports after an outbreak of foot and mouth disease. It is neither clear at this time how long the ban will last nor the full impacts of this event. Although a terrible blow to Taiwanese producers, Iowa’s primary agriculture will likely encounter increased demand, as the U.S. pork industry is well positioned to increase world market share. Iowa State University’s FAPRI staff is engaged in analysis of this event.

Japan, which accounts for more than 90 percent of Taiwan’s pork export market, followed suit with a ban imposed on pork imports from Taiwan. Taiwan’s projected share in the world pork trade this year is in the neighborhood of 16 percent, representing 367 thousand of the 1.86 million metric tons net pork trade. The key suppliers to Japan’s pork import demand (mostly frozen boneless cuts) are Taiwan, with a market share of 46 percent, followed by the United States and Denmark, with almost equal shares of 20 percent each, Canada with 5 percent; and other countries at 7 percent. Who among these main pork suppliers have capability to fill the vacuum created in the Japanese pork import market? It depends primarily on who has excess production capacity and comparative advantage in shipping. On both counts, U.S. pork producers are well positioned to capture a large share of this market opportunity.

Also, Taiwan’s pork production is more like an assembly point, since most of the main feed ingredients are imported. In the case of feed crops, most are from the United States. In 1996, Taiwan imported 96 percent of its total corn supply of 6.25 million metric tons, 99 percent of its total soybean supply of 2.58 million metric tons, and 97 percent of 0.40 million metric tons of fishmeal. Although export demand for feed crops will be initially affected by Taiwan’s contracting pork industry, potential expansion of domestic use in the United States offers a shift from feed crop exports to exports of pork products that have higher added value and are less expensive to transport.

FAPRI is currently analyzing the full implications of this development in the world market in general, and the United States in particular; but results are not yet finalized for this publication. Watch for a complete CARD briefing paper on this issue on the CARD Web site, at www.ag.iastate.edu/card/fapri/.

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