



The Trial of Direct Payment for Rice on the Second Harvest in 2016

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More and more farmers in Taiwan are getting started to be aware of the importance of high quality agricultural products rather than high-volume oriented mindset in the conventional production. Some of the farmers who are aware even conduct eco-friendly rice farming methods and sell their high-quality harvests without depending on the s guaranteed purchasing prices offered by the government. In order to further encourage farmers to produce high-quality rice for global competitiveness, the Council of Agriculture (COA) of Taiwan's Executive Yuan will start the trial of the dual system of direct payment and guaranteed purchasing in the six selected townships starting from the second harvest of 2016. The dual system intends to pay an extra NT\$10,000 per hectare to the high-quality rice without submitting to the public grain stock.

According to the historical data, the second rice harvest, in average, sells at NT\$9,000 less per hectare at the market price compared with the public grain guaranteed price. In addition, an extra NT\$1,000 per hectare considers the multiple value created by the rice farming activity related to the ecological environment, water preservation, food security, and agricultural village culture. In total the NT\$10,000 per hectare direct payment intends to encourage farmers to produce high quality rice products.

The trial of the dual system of the public grains and direct payment will start in the six selected townships, including Yang-mei, Shin-pu, Long-chin, Fu-Shin, and Pu-Zie, for the second harvest of year 2016. The acceptance attitude will then be assessed. The qualified farmers should own the farmland sited in the above townships, with records of rice farming files during 2013 and 2015 (two harvest each year), plus a real rice farming in the first harvest of 2016. They should apply for the direct payment of NT\$10,000 per hectare at the local township office or farmers' association during June 16 and August 31 in 2016. The trial will cross over the first harvest of 2017, but without a confirmation of selected townships until the result assessed after the first trial. Furthermore, to avoid the direct payment received by landlords rather than farmers, the direct payment will go to real farmers with leasing contracts or farming agreements.

COA explains that the trial of direct payment will not affect the rice market price because the public grains purchase system is still valid to support the price of rice. Farmers will be benefit by producing high-quality rice by receiving the direct payment compared to the income from the public grains purchase system. On the other hand, COA hopes that farmers and rice processors will not be worried about the market price. The farmers' income is one of

the government policy objectives to be secured.

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