

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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WORKING PARTY ON THE ACCESSION OF CHINESE TAIPEI

Questions and Replies

AUSTRALIA

Addendum

The representative of Chinese Taipei has submitted the additional replies reproduced hereunder to the questions submitted by Australia, for circulation to members of the Working Party on the Accession of Chinese Taipei. This text and the earlier documentation reproduced in documents L/7189/Rev.1 and L/7097 and Addenda will be considered at the meeting of the Working Party scheduled to take place on 12-15 October 1993.

Question 1

In its replies Chinese Taipei has indicated that on accession certain items will remain subject to import ban, less sensitive items could be subject to import quotas allowing minimum access or tariffication and tariff quotas and the scope and pace of liberalization will be discussed with interested contracting parties in bilateral trade negotiations. Given the concern with this approach expressed by a range of contracting parties has Chinese Taipei given further thought on how it would bring such restrictions into GATT consistency on accession?

Reply 1

The contracting parties participating in the Uruguay Round negotiation have not reached consensus on agricultural protection. Chinese Taipei has given serious thoughts to the views expressed by members of the Working Party and is still studying ways to minimize the market distorting effects of its agricultural practices.

Question 2

The June 1992 Supplement to the Customs Import Tariff and Classification of Import and Export Commodities includes certain new regulations (e.g. C01). However as the Supplement's explanation of the measures applied under each of the code numbers is provided only in the Chinese language it is not possible to determine how many new regulations there are and what they entail. Would Chinese Taipei please provide an English translation of this section of the Supplement i.e. pages 1 to 13 inclusive.

Reply 2

The English translation is now being prepared by the Directorate-General of Customs and the Board of Foreign Trade. Once it is completed, Chinese Taipei will make it available to members of the Working Party.

Question 3

Can Chinese Taipei indicate when the draft "negative list" of items subject to prior licensing will be made available to contracting parties?

Reply 3

It is estimated that the negative list can be available for contracting parties by November 1993.

Question 4

A wide range of motor vehicles is subject to Import Regulation 603 which requires, inter alia, that these vehicles may only be imported from "Europe and American Continent". On what basis is this restriction applied? As an exporter of motor vehicles Australia would appreciate confirmation that this discriminatory import restriction would be eliminated on accession if not immediately.

Reply 4

The area restrictions on automobile imports are imposed according to the Automobile Industry Strategic Development Plan. Although Chinese Taipei would like to eliminate such restrictions, it needs a transitional period to make the required adjustment and may not be able to complete such process upon its accession.

Question 5

Would Chinese Taipei please explain how the local content requirements for motor vehicles set out in the reply to Question 297 (L/7189) conform with the provision of GATT Article III, paragraph 1, 4 and 5?

Reply 5

Chinese Taipei is prepared to eliminate the local content requirements five years after its accession. This is because the automobile industry is a sensitive and not yet fully developed sector as mentioned several times before, and there is a need for a transitional period.

Question 6

Can Chinese Taipei please explain the operation of the requirement (Question 344 refers) that motor vehicle manufacturers "select" a certain number of items from major parts and components designated for domestic production?

Reply 6

For passenger vehicles, manufacturers are required to select four items to be produced among the fifteen mandatory items, namely:

1. Cylinder block
2. Cylinder head
3. Crank shaft or crank shaft r/stock finishing
4. Camshaft and rocker arm sh

5. Piston, piston pin and connecting rod
6. Clutch and fly wheel (or torque convertor in auto t/mission)
7. Transmission gears
8. Transmission gear housing (including clutch housing and gear box housing)
9. Front axle or rear axle and drive shaft
10. Steering wheel/column/inter-medium shaft and combination switch
11. Steering gear assay
12. Brake system (including FR/RR brake assay and master cylinder and vac)
13. Front and rear door (including inner/outer panel)
14. Dash panel and FR/RR floor assay
15. Engine hood, FR fenders and trunk lid

For light trucks, manufacturers are also required to select four items to be produced among the following fifteen mandatory items:

1. Cylinder block
2. Cylinder head
3. Crank shaft or crank shaft r/stock finishing
4. Camshaft and rocker arm assay
5. Piston, piston pin and connecting rod
6. Clutch and fly wheel
7. Transmission gears
8. Transmission gear housing (including clutch housing and gear box housing)
9. RR Axle and propeller shaft assay
10. Steering wheel/column inter-medium shaft and combination switch
11. Steering gear assay
12. Brake system (including FR/PR brake assay and master cylinder and vac)
13. Cabin and slide door (including inner/outer panel) and rear cargo box (pick up)
14. FR CTR RR floors assay or chassis frame assay
15. FR panel and back panel for pick up FR panel and tail gate for van

For bus, high duty trucks and passenger/cargo combined vehicle of gross weight 3.5 to 10 tons, manufacturers are required to select three items to be produced domestically among the fifteen mandatory items, namely:

1. Piston and connecting rod or connecting rod r/stock finishing
2. Camshaft or camshaft r/stock finishing
3. Intake/exhaust manifold
4. Clutch assay
5. Fly wheel and fly wheel/clutch housing
6. Brake assay and clutch cylinder or clutch cylinder and brake cylinder
7. Brake drum and rub
8. Propeller shaft and RR axle assay
9. Steering column
10. Steering gear assay
11. Steering linkage assay
12. Chassis frame assay
13. Door assay (including outer/inner panel)
14. Front panel and back panel
15. Floor panel

As to bus, high duty truck and passenger/cargo combined vehicle of gross weight over 10 tons, two items among the above fifteen are required to be produced domestically.

Question 7

It has been suggested that on occasions goods imported from some countries are subject to rates of customs duty which are much lower than that specified in Column I of the Chinese Taipei Customs Tariff. Under what circumstances (other than those set out in the reply to Question 233, L/7189) could this occur if the goods are not being imported into an Export Processing Zone and they are not raw materials which are to be directly incorporated in another product destined for export?

Reply 7

Currently, Chinese Taipei has two columns of duty rates. For those tariff line items without Column II, the duty rates specified in Column I shall apply. For those with both Column I and II, the rates specified in Column II, which are always lower than that specified in Column I, apply to the imports from countries or areas that grant reciprocal tariff treatment to Chinese Taipei's exports. At the current stage, the Column II rates apply to goods from 144 countries or areas.

Question 8

Chinese Taipei has indicated that in respect of certain sectors which have "not been fully developed" it will be seeking a transitional period to make "appropriate adjustments" or for such sectors to be more developed under limited protection. Which sectors does Chinese Taipei consider as not being fully developed? In the view of Chinese Taipei what constitutes a fully developed sector? What does Chinese Taipei mean by "limited protection"?

Reply 8

Currently, Chinese Taipei would consider, the following existing industries as not being fully developed: the automobile, motorcycle, and the aerospace.

In the view of Chinese Taipei, a fully developed sector means a sector that has been developed to a matured stage and has the following qualities:

1. its forward or backward linked industries have sound bases;
2. it has matured design and development capabilities;
3. the industries producing its parts and components are of substantial size;
4. it has a sound satellite system;
5. its productions has economy of scale; and
6. its products are internationally competitive in terms of price and quality.

Limited protection means that the protection would last for a limited period of time.

Question 9

Is rice exported from Chinese Taipei at prices below production costs? Clarification is requested on export prices, varieties exported and destinations. Further clarification is also requested of the guaranteed prices provided. Can Chinese Taipei explain how the difference between the price paid to producers and the export price is funded?

Reply 9

Rice is exported at prices lower than production costs. However, rice exported is mostly old rice that has been stocked for more than one year and therefore the quality is not comparable to that of new rice. The export price of old rice therefore cannot be based on its production costs or at the prevailing market prices. The difference between the price paid to producers and the export price is funded by government budget.

Question 10

What is meant by a "comfortable rate of self-sufficiency in rice" and how does increasing exports fit in with this policy?

Reply 10

"Comfortable rate of self-sufficiency in rice" means the supply of domestically produced rice can meet the local demand. Rice exports are primarily for disposing of the old rice that has been stocked to ensure food security. Part of the exports are provided to countries in short supply of food on humanitarian ground. With the implementation of the rice reduction plan in Chinese Taipei, the need for disposing of rice through exports will be reduced.

Question 11

Table 9 in the Annex to L/7189 confirms that over the period 1989-1991 there have been no imports of frozen poultry products which are subject to Import Regulation 121. What are the main reasons for this lack of imports? Apart from the BOFT and the Council of Agriculture, Executive Yuan from what other authorities are approvals required and what is the process to be followed in seeking such approvals?

Reply 11

Poultry products have been in over-supply in Chinese Taipei, and the Government has given public notice to ban construction of new chicken farms and expansion of existing ones. In addition, 95 per cent of the feedstuff for chicken raising is imported. Since feedstuff can be freely imported, the Council of Agriculture (COA) has withheld issuing of consent letters for imports of chicken meat. This is the reason why in the period of 1989 to 1991, there were no imports of frozen poultry products.

Question 12

What procedure needs to be followed for foreign standards to be recognized in Chinese Taipei?

Reply 12

There is currently no procedure available for foreign standards to be recognized in Chinese Taipei. However, interested parties or relevant organizations concerned with foreign standards may submit proposals for revision of National Standards according to the Procedure for Establishment of Chinese National Standards.

Question 13

Are Chinese Taipei's standards available in English translation, and if so, where can they be obtained?

Reply 13

Part of Chinese National Standards have been translated into English. The English version of such standards has been incorporated into the CNS catalogue, which can be purchased from the National Bureau of Standards, the Ministry of Economic Affairs.