ACCESSION OF CHINESE TAIPEI

CHECKLIST OF ACCESSION ISSUES*

Submissions by Australia, Canada, European Communities, Japan
New Zealand, Switzerland and United States

The following list represents issues which need to be addressed in the context of Chinese Taipei's commitments for its accession to GATT and WTO. It is a preliminary list of issues and concerns, and the above-mentioned contracting parties reserve the right to raise additional issues or to amend this list at a later time.

1. Developed Country Status

It should be made clear that Chinese Taipei wishes to accede to the GATT/WTO as a developed country, with all the obligations this implies.

2. WTO Multilateral Agreements

A condition of accession will be that Chinese Taipei comply with all WTO agreements, including TRIMs and the Subsidies Agreement. In the case of the latter, Chinese Taipei's compliance will encompass its aerospace sector.

3. Transition Periods

Chinese Taipei should undertake to implement the Uruguay Round results without any transition periods or derogations.

Chinese Taipei should provide a complete listing of the transition periods that it is requesting in order to bring its trade régime into full conformity with the GATT/WTO. Acceptance of the use of transition periods, the length of time involved and the pace of liberalization thereunder must be approved by the Working Party.

4. Compliance with Article I of the General Agreement

a. Area Restrictions: Area restrictions will have to be eliminated in a manner satisfactory to Working Party members, as a condition of accession.

b. A clear indication should be given of area restriction as a heading or a sub-heading, with a specific, but not necessarily exhaustive, list of the items subject to it.

*See GATT/AIR/3600
c. **Bilateral Preferences:** Chinese Taipei should provide a comprehensive listing of all trade preferences (tariff and non-tariff measures) which it extends on a bilateral basis; these must be dealt with to the satisfaction of the Working Party.

5. **Foreign Trade Act**

All the provisions in the Foreign Trade Act, including the so-called "trade imbalance clause", should be brought into conformity with GATT/WTO.

6. **Licensing and other Non-tariff Measures**

a. (1) **Area Restriction**
   - Fruits
   - Alcoholic beverages and cigarettes
   - Passenger cars and small commercial vehicles
   - Automobile chassis
   - Motorcycles
   - Government procurement

(2) **Discriminatory Treatment**
   - Automation equipment and pollution prevention equipment

(3) **Discriminatory regulations on standards**
   - Big commercial vehicles

(4) **Local content requirements**
   - Automobiles and motorcycles

(5) **Counter purchase requirements**
   - Automobiles

b. Chinese Taipei’s import bans, quantitative restrictions and other non-tariff measures must be eliminated or justified under specific GATT/WTO provisions. GATT/WTO justifications for measures which Chinese Taipei proposes to retain will have to be agreed by Working Party members. Area restrictions for agricultural products and for automobiles and motorcycles must be eliminated from the time of accession.

c. All bans and restrictions set out in the "Negative List" as well as all requirements for import licensing by more than one regulatory entity, should be eliminated or modified as required in order to bring Chinese Taipei’s régime into full conformity with the GATT/WTO, including the Agreement on Import Licensing Procedures.

d. Possibly remaining import licensing procedures on medicine, other chemicals and medical devices should not cause any undue delay or restriction to exports into Chinese Taipei.

e. Remaining import licensing procedures of any kind, including, but not limited to, quotas, non-automatic and automatic licenses, and tariff-rate quotas, should be administered in full conformity with the Agreement on Import Licensing Procedures.
7. Operations of the TTWMB and the monopoly tax on tobacco and wine

a. The taxation system must respect the MFN principle.

b. While it can be accepted that rules on advertising of tobacco and alcohol products can be more restrictive than those for other products, they should not be used to protect a domestic industry or discriminate (either de jure or de facto) against imported products.

c. Operation of the TTWMB needs to be significantly altered prior to accession to produce increased transparency and consistency with GATT 1994 provisions. In particular, Chinese Taipei must develop the information on cost of production requested earlier and indicate how it intends to ensure that this enterprise observes the provision of GATT 1994, in particular those of Articles I, III, X, XI, XVI, and XVII.

d. The future functioning of the TTWMB shall provide equal opportunity to all tobacco products exporters.

e. If portions of the current official monopoly are to be liberalized, these plans must be fully reviewed for their trade impact prior to accession.

f. If the Monopoly Tax is to be eliminated in favour of a more traditional tariff/tax system, the Working Party will need to examine the basis upon which domestic taxes will be levied and how national treatment for imports of alcoholic beverages and cigarettes is to be ensured.

8. Agriculture

a. Chinese Taipei should commit itself to eliminating all import quotas before accession.

b. Chinese Taipei must eliminate non-tariff measures or justify these in detail under specific rules provisions; and offer improved market access through comprehensive tariff bindings.

c. Chinese Taipei must then submit a comprehensive, complete, WTO-consistent agricultural country schedule, reflecting a comprehensive commitment to full liberalisation and including commitments on export subsidies and internal supports.

d. Chinese Taipei must reduce trade distorting domestic supports.

e. Chinese Taipei must eliminate export subsidies upon accession.

f. The Uruguay Round tarification and Uruguay Round Special Safeguard were procedures developed for those countries which were already GATT contracting parties at the conclusion of the Round and are not applicable to new accessions.

g. Beef: Chinese Taipei must eliminate any tariff distinctions based on product specifications.

h. Fish: Chinese Taipei must eliminate its quantitative or other non-tariff measures for fish products. Provision to the Working Party of a transparent path to full liberalization is necessary.
9. **Implementation of the Agreement on Sanitary and Phytosanitary Measures**

Chinese Taipei needs to demonstrate that it can meet the requirements of the Standards and SPS Agreements in the area of measures taken for SPS reasons and justify all SPS measures on a case-by-case basis. In particular, Chinese Taipei needs to eliminate the following practices:

- Quarantine controls are applied to imported agricultural commodities without adequate notification, consultation or a clear scientific basis for their application.

- Certain certificates nominally granted for health, sanitation, or quarantine reasons are, in fact, never granted, and therefore act as de facto bans on importation.

- In a number of cases, the denial of certification seems arbitrary, no criteria are available to traders to indicate under what conditions certificates can be obtained, and no explanation is given when the certification is not approved.

- New quarantine regulations applying to air-freighted fresh fruits impose excessive burdens on exporters and act as a barrier to trade.

10. **State-trading Enterprises**

a. Chinese Taipei should notify to the Working Party the State-owned firms covered by Article XVII of the GATT 1994 and the Understanding on that Article, and be willing to explain how those not notified should be considered to be consistent with GATT provisions, as well as notify other enterprises with special privileges, powers or monopolies related to imports or exports which have been granted by the Government.

b. Chinese Taipei must agree to additional transparency in the operation of its state trading enterprises, particularly in the area of agricultural products, e.g., by demonstrating that mark-ups on state-traded imports do not discriminate against imported goods vis-a-vis domestically-produced goods, and in the area of export subsidies.

11. **Industrial Subsidies**

a. Many of the industrial promotion plans that Chinese Taipei implements act as disguised subsidies. Chinese Taipei needs to discuss these measures in light of the provisions of the Agreement on Subsidies and Countervailing Measures.

b. There can be no exemption, transitional or otherwise, from subsidies disciplines of any sector or product (e.g. aerospace industry).

12. **Elimination or alteration of Harbour Construction Dues to meet the criteria of Article VIII**

This surcharge of 0.5 per cent ad valorem is a revenue charge to fund harbour up-keep and expansion based on import taxation, not a charge for a specific service rendered. Alteration of this tax to bring it into conformity with GATT 1994 must be accomplished in advance of accession.

13. **Application of the Commodity Tax**

a. The current application of this tax violates Article III of the GATT 1994 by providing for a 12 per cent valuation uplift for imports prior to applying the tax.
b. The point of sale at which this tax is applied (ex-factory) is not comparable to the point of sale for imports (duty-paid cif).

14. **Export Processing Zones**

a. The incentives provided for investment in these zones appear to be incompatible with the Subsidies Agreement.

b. Chinese Taipei should ensure that the imported component of sales from the zones into Chinese Taipei commerce will be assessed normal taxes, tariffs, and other border measures.

c. The Working Party should be satisfied that the régime within the EPZs ensures GATT/WTO consistent treatment of goods, services and intellectual property.

15. **Special Foreign Exchange Agreement with the GATT**

Chinese Taipei must conclude an agreement as provided for in Article XV of the GATT 1994.

16. **Customs Valuation Code**

Chinese Taipei needs to address certain inconsistencies in its laws vis-a-vis provisions of the Code.

17. **Standards**

Chinese Taipei needs to reform its standards regime to bring it into conformity with the Agreement on Technical Barriers to Trade, particularly in the area of notification procedures.

18. **TRIMs e.g., those applied to the production of automobiles and motorcycles**

Chinese Taipei needs to notify its TRIMS and specify its schedule for their elimination (e.g. the local content provisions on motor vehicles and mixing requirements for coal and cement production).

19. **TRIPs implementation from the date of accession**

Chinese Taipei should implement the TRIPs agreement at the time of its accession.

20. **Services, including financial and insurance services**

a. Chinese Taipei must undertake a substantial package of initial commitments in its Services Schedule with minimum exemptions from MFN.

b. No discrimination shall be applied by Chinese Taipei between companies providing services of comparable type.

21. **Adherence to the Agreement on Trade in Civil Aircraft upon accession**

Given the advanced state of the industrial development of Chinese Taipei and the plans already made public to expand the aircraft and components industry, the participation of Chinese Taipei in the Aircraft Agreement is prerequisite for accession.
22. **Adherence to the Government Procurement Code at the time of its accession**

Given the importance of official procurement in Chinese Taipei, e.g., a reported current annual budget of approximately 22 billion US$, it is important for Chinese Taipei to adopt Code procedures and begin a process of opening its procurement.

23. **Tariffs**

a. **Bindings:** Chinese Taipei should bind its entire tariff schedule upon accession. This should include tariff rate ceilings for industrial and agricultural products at levels appropriate to Chinese Taipei's status as a developed economy.

b. Chinese Taipei must be prepared to cut its tariffs (and bind those rates) at the time of accession rather than "backloading" most cuts over stages going well beyond the time of accession.

c. **Tariff System:** Chinese Taipei should adopt an ad valorem approach throughout its tariff (as opposed to specific tariffs or a mixed system) in order to increase predictability and transparency of its tariff régime.

d. **Phased Tariff Reductions:** The acceptability of phased tariff reductions, as proposed by Chinese Taipei, is a further tariff issue to be resolved between Chinese Taipei and Working Party members.

24. **Anti-Dumping and Countervailing Laws**

Chinese Taipei needs to address certain apparent inconsistencies in its laws vis-à-vis provisions of these Agreements.