ACCESSION OF CHINESE TAIPEI

Checklist of Accession Issues

Preliminary Responses Provided by Chinese Taipei
to the Checklist of Accession Issues
on 26-27 July 1994

The authorities of Chinese Taipei have submitted the text reproduced hereunder for the information of the members of the Working Party.

1. Developed Economy Status

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

Ans: With the exception set out in the responses to the following issues of the Checklist, Chinese Taipei is prepared to accede to the GATT/WTO as a developed economy, with all the obligations this implies for a developed contracting party having an economy comparable to that of Chinese Taipei.

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 case of the latter, Chinese Taipei's compliance will encompass its aerospace sector.

Ans: Chinese Taipei is prepared to comply with all WTO agreements, including TRIMs and the Subsidies Agreement, except those set out in these preliminary responses.

Chinese Taipei is now prepared to remove its previous reservation of five-year transition to bring its local content requirement for the automobile and motorcycle industries in line with the TRIMs requirement. Chinese Taipei will bring its local content practices in line with the TRIMs requirement within a transition period of two years as allowed by the TRIMs for developed countries.

With respect to the Subsidies Agreements, Chinese Taipei is prepared to remove its current reservation for its aerospace industry when it decides to accept the discipline of the Agreement of Trade in Civil Aircraft. Chinese Taipei has not finalized its decision as to whether it will accept the Aircraft Agreement.
3. **Transition Periods**

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

Chinese Taipei should provide a complete listing of the transition periods that it is requesting in order to bring its trade regime 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.

**Ans:** Chinese Taipei is prepared to accept the disciplines of the GATT/WTO upon its accession without transition periods, except in the following cases:

1. **Fish products:**
   
   The current import bans on certain fish products will be replaced by liberalization measures including progressively liberalized import quotas for two products: squid and mackerel.

2. **Agricultural products:**

   The current import bans on rice and rice products will need to be replaced by special treatment along the line of Annex 5 of the Agreement on Agriculture.

   The rest of the agricultural products currently subject to import restriction will be free from such restriction upon Chinese Taipei’s accession to the GATT/WTO; provided that protection of the products concerned after the accession will be accorded by GATT/WTO consistent measures such as increased tariffs or tariff quotas. For details, please refer to Annex I.

3. **Harbour construction dues:**

   Chinese Taipei will need a transition period of five years for amendment of the Commercial Harbour Law and reallocation of budget to bring its practices relating to harbour construction dues in line with the GATT requirement.

4. **Amendment of existing laws to reflect Chinese Taipei accession commitments:**

   Although Chinese Taipei has already started the preparation for any law amendments that are required to reflect its accession commitments, it has to request for a transitional period for its legislative branch to pass these amendments.

The above listed requirements for transition periods are in addition to those covered by the WTO agreements that permit transition periods of different length for members to bring their existing inconsistent practices in line with the requirements of the various agreements, e.g. three years in the case of industrial subsidies provided in Article 28 of the Subsidies Agreement, two years in the case of TRIMs, one year in the case of TRIPs. Chinese Taipei will comply with the transition periods set out in those agreements.
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.

Ans: (a) All area restriction on import of agricultural and industrial products will be eliminated upon Chinese Taipei’s accession to the GATT/WTO, i.e. they will be allowed to import regardless of their countries of origin. Protection of some of such products will be accorded through the use of substitution measures. Chinese Taipei is now discussing with the relevant trading partners on the details of the substitution measures.

(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.

Ans: (b) Please refer to above Ans. (a) of this same heading.

(c) Bilateral preference: 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.

Ans: (c) After the removal of area restriction and with the possible exception of a certain product that need be further clarified, there is no trade preference (tariff and non-tariff) which Chinese Taipei extends on a bilateral basis.

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.

Ans: Chinese Taipei is prepared to undertake that provisions of its Foreign Trade Act, including the "trade imbalance clause", will be implemented in a manner consistent 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
   - Automobiles chassis
   - Motorcycles
   - Government Procurement

Ans: (a) (1) Area restriction applying to imports of fruits, passenger cars and small commercial vehicles, automobile chassis and motorcycles will be eliminated upon Chinese Taipei’s accession to the GATT/WTO. Area restriction for alcoholic beverages and cigarettes will even be lifted before its accession, i.e. 1 September of this year. For young coconuts, apples, passenger cars and small commercial vehicles, and automobile chassis, there will be GATT/WTO consistent substitution measures to provide the necessary room for adjustment by the domestic sectors.
(2) Discriminatory Treatment
   - Automation equipment and pollution prevention equipment

Ans: (a) (2) This refers to the subsidy measures of Chinese Taipei in relation to the purchase of automation equipment and pollution prevention equipment. The subsidy is granted in the form of tax credit granted to purchasers of the equipment, with different tax credit applying to domestically manufactured and imported equipment. Chinese Taipei will notify this practice to the Committee of Subsidies and Countervailing Measures and phase it out according to the Subsidies Agreement.

(3) Discriminatory regulation on standards
   - Big commercial vehicles

Ans: (a) (3) Chinese Taipei believes this issue arises from its requirement of producing certificates of weight issued by credible agencies where such agencies exist in the exporting countries. It is developing a system that can provide a car safety certification system for general application. When such system is in place, the current requirement of the weight certificates will be eliminated.

(4) Local Content Requirement
   - Automobiles and motorcycles

Ans: (a) (4) Chinese Taipei will phase out the local content requirement for automobiles and motorcycles according to the TRIMs, i.e., within two years after the TRIMs takes effect.

(5) Counter purchase requirements
   - Automobiles

Ans: (a) (5) Chinese Taipei does not impose any counter purchase mandatory requirement. The current practice to encourage purchase of locally manufactured components and/or parts is a prize of no monetary value granted to foreign investors in Chinese Taipei who have exported substantial amounts of components and/or parts back to their home countries.

(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 motor cycles must be eliminated from the time of accession.

Ans: (b) Chinese Taipei is prepared to eliminate import bans, quantitative restrictions and other non-tariff measures which are not justified under specific GATT/WTO provisions, with the exceptions of those that have been reported to, and the transition measures have been approved by, the Working Party. Area restriction for agricultural and industrial products will be eliminated from the time of accession. Substitution measures will be used to provide the necessary room for adjustment to the domestic sectors. Chinese Taipei will work with the members of the Working Party on the details of such substitution measures.
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 regime into full conformity with the GATT/WTO, including the Agreement on Import Licensing Procedures.

Please refer to above Answer (b) under this same heading. In addition, although the Agreement on Import Licensing Procedures allows import licensing entities for each import to be more than one, it is Chinese Taipei’s intention to work toward a system that the import licenses for each of its imports shall not require more than one regulatory entity. Such a goal, however, may not be achieved in the short run, due to the time required for the institutional restructuring. Nevertheless, Chinese Taipei would like to inform the contracting parties that it not only commits to bring its import regime into full conformity with the Agreement on Import Licensing Procedures, but also will continue its efforts to review and simplify the scheme as much as it can.

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

Chinese Taipei will ensure that the possibly remaining import licensing procedures on medicine, other chemicals and medical equipment would not cause any undue delay or restriction to exports into Chinese Taipei.

As a matter of fact, the documents required by Chinese Taipei for imports of the above products are in nature "technical regulation", which is set for protection of health and apply to domestic products of the same kinds as well. Therefore, it is more appropriate for them to observe the TBT Agreement instead of the Licensing Agreement.

The procedures for assessment of conformity by the above medicine, chemicals, and medical equipments to the relevant technical regulation in Chinese Taipei are in line with the TBT Code requirements. For example, the average time required for granting a market licence to new medicine in Chinese Taipei is well within the range of the developed economies. Chinese Taipei also accepts as a basis of its decision the results of the clinical test conducted in the country of origin of the product concerned.

From 7 May 1991 onwards, Chinese Taipei even made a further move. A part of cosmetics products (25 items) is exempt from the requirement of market licence, and the exemption list may be expanded after the authority’s assessment of the result of first exemption.

Remaining import licensing procedures of any kind, including, but not limited to, quotas, non-automatic and automatic licences, and tariff-rate quotas, should be administered in full conformity with the Agreement on Import Licensing Procedures.

Chinese Taipei is prepared to commit that import licensing procedures will 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.

Ans: (a) The intention of Chinese Taipei is to respect fully the MFN principle. However, given the diversity of tobacco and wine products and the features of the products of different countries, Chinese Taipei would like to consult fully with its trading partners so as to develop a system that is fair and equitable for suppliers from different countries.

(b) While it can be accepted that rules of 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.

Ans: (b) Chinese Taipei has no intention to use advertising rules to discriminate against imported tobacco and alcohol products. The advertising for cigarettes will be governed by a new law entitled "Tobacco Hazard Prevention Act"; while alcohol products may not be advertised on television, but can be advertised on magazines. The current limitation of one year advertising period for new products will be lifted. The advertising rules and the implementation thereof will be consistent with national treatment and most-favoured-nation treatment.

(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.

Ans: (c) Alteration of the TTWMB’s operation requires legislative actions, including the abolition of the Statute providing rules for its organization and creating its monopoly position. The best solution to those problems that Chinese Taipei’s trading partners have in the tobacco and alcohol trade to expedite the reform and have the reform plan carried out at the earliest possibility. Chinese Taipei will endeavour to submit the draft legislations required for implementing the reform plan to the legislative body no later than the end of this year. After the reform, TTWMB will be separated from the government and become an independent business operation. Under such circumstances, its operation and cost structure will be the same as those of other business enterprises, and there will be no problem in allocating the cost that should be borne by the TTWMB within the government. Transparency can thus be assured.

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

Ans: (d) After the reform, TTWMB will have no regulatory function, nor monopoly in the distribution of tobacco and alcohol products. Therefore, it has no influence on the market access of the tobacco exporters. The equal opportunity will be ensured by the regulator who at the central government level is the Ministry of Finance, and by the laws to be made to govern the production and trade in such products, i.e. the Tobacco and Alcohol Administration Law, which is currently under drafting.
(e) If portions of the current official monopoly are to be liberalized, these plans must be fully relieved for their trade impact prior to accession.

Ans: (e) Chinese Taipei has provided a summary of the reform plan in the position paper it produced in June, in particular, Annex VII thereof. Chinese Taipei welcomes comments by, and is prepared to answer any specific questions of, the members of the Working Party. Through this exercise, Chinese Taipei believes that its future regime for trade in tobacco and alcohol products will be improved.

(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.

Ans: (f) Please refer to above Answer (e) under this heading.

8. Agriculture

(a) Chinese Taipei should commit itself to the elimination of all import quotas before accession.

Ans: (a) Import quotas for all agricultural products (excluding fish producers) will be eliminated upon accession. Liberalization measures for agricultural products will be tariff-based measures, such as tariff quotas, increased tariffs to reflect a part of the protection effect of existing bans, or special treatment along the line of Annex 5 of the Agreement on Agriculture.

(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.

Ans: (b) Chinese Taipei has provided justifications for non-tariff measures applied to agricultural products in a document entitled "Explanation of NTMs/Import Regulations" provided in Annex II of the 20 June position paper. With respect to those measures for which justifications cannot be found, Chinese Taipei has set out an outline of its liberalization plan in Annex III and Annex IV of its 20 June position paper. A detailed schedule for liberalization of those non-justifiable measures will be provided to the Working Party. Annex I of this document provides a summary of current liberalization plan which Chinese Taipei is making constant effort to make improvement. It is noteworthy that the liberalization plan provided in Annex I hereof already represents a very substantial improvement form the previous plan summarized in the Annex III and Annex IV of the 20 June position paper.

Chinese Taipei is prepared to bind all the tariff lines covered by the Agreement on Agriculture and all the fish products with certain exceptions for fish products (not exceeding 1 per cent of its total tariff lines).
(c) Chinese Taipei must then submit a comprehensive, complete, WTO-consistent agricultural schedule, reflecting a comprehensive commitment to full liberalization and including commitments on export subsidies and internal supports.

Ans: (c) Please refer to Annex I of this document for liberalization of existing NTMs applied at the border. Chinese Taipei has provided information on its internal support and export practices for agricultural products in Annex VI of the 20 June position paper, and will refine the information provided therein after consultation with trading partners. Chinese Taipei is prepared to reduce such supports and export subsidies, if any, according to the Agreement on Agriculture.

(d) Chinese Taipei must reduce trade distorting domestic supports.

Ans: (d) Please refer to above Ans. (c) under this heading.

(e) Chinese Taipei must eliminate export subsidies upon accession.

Ans: (e) Please refer to above Ans. (c) under this heading.

(f) The Uruguay Round tariffication 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.

Ans: (f) As Chinese Taipei is undergoing radical liberalization of its agricultural trade, it needs a special safeguard mechanism along the line of the Special Safeguard System provided in the Agreement on Agriculture, and the understanding of its need by the Working Party is appreciated.

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

Ans: (g) Chinese Taipei is consulting with its trading partners on resolution of the beef issue in a way that is acceptable to all the parties concerned.

(h) Fish: Chinese Taipei must eliminate its quantitative or other non-tariff measures for fish products. Provision to the Working Party of a transparency path to full liberalization is necessary.

Ans: (h) Chinese Taipei will develop a plan for eliminating non-tariff border measures applied to fish products and report to the Working Party.

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 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 certifications is not approved.

**Ans:** Chinese Taipei is having intensive discussions with its trading partners who have SPS problems in trading with Chinese Taipei. It has resolved some of the problems and also set up meetings for technical experts to discuss resolution of existing problems. Chinese Taipei is confident that all the problems will be resolved prior to its accession. Chinese Taipei is willing to hold consultation with its trading partners with an aim to satisfactorily resolving SPS problems.

In the future, Chinese Taipei will follow the "Transparency of Sanitary and Phytosanitary Regulations" set out in Annex B of the SPS Agreement to ensure transparency, in particular, the publication and notification procedures provided therein.

**Ans:** Chinese Taipei's quarantine practices in respect of air-freighted fresh fruit is a common SPS measure employed by developed countries. It is Chinese Taipei's understanding that other countries also send inspectors to the exporting countries to inspect air-freighted fresh fruits before the shipment for export.

**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 the 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.

**Ans:** (a) Chinese Taipei is prepared to notify the eight State enterprises under the Ministry of Economic Affairs according to Article XVII of the General Agreement. Initially, there are 10 State enterprises of this kind but recently two of them have been privatized. These two privatized enterprises do not enjoy import monopoly or other privileges granted by the Government.

With respect to TTWMB, it is a part of Taiwan Provincial Government and enjoys only nominal import monopoly in respect of wine and products. Chinese Taipei will notify TTWMB under Article XVII, if a contracting party thinks it is appropriate to do so. However, after the reform of the tobacco and wine monopoly system, TTWMB will be a business operation independent from the government without any trading monopoly.

(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.

**Ans:** (b) The operation of the State-owned enterprises to be notified is based on commercial considerations (e.g. quantity, price, quality, supply stability and risk), and their purchases generally do not discriminate against imports. However, in the area of
government procurement, they are subject to area restriction when the procurement involved is of an amount that exceed US$600,000.

Imports by these enterprises are raw materials or products that the enterprises themselves are supply monopolies and are unable to produce enough to meet the demand of the domestic market. The reselling price for products imported are the same as that of products produced by the enterprises themselves, or sometimes even lower. There is no discrimination against imports.

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.

   Ans: (a) Chinese Taipei has been participating in the meeting of the members to the Agreement in Subsidies and Countervailing Measures as an observer. At the request of the Committee on SCMs, Chinese Taipei will submit to the Committee all relevant laws and regulations to facilitate the Committee’s discussion on the industrial promotional plans. Chinese Taipei is prepared to notify its subsidy practices according to Articles 25 and 28 of the Agreement on SCMs.

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

   Ans: (b) Chinese Taipei’s reservation with respect to its aerospace industry will be removed, when it decides to accept the discipline of the Agreement on Trade in Civil Aircraft.

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.

   Ans: Chinese Taipei intends to phase out the inconsistent practice associated with the levy within a period of five years. The five-year transition is necessary to amend the relevant laws and reallocate budget, taking into account the substantial resulting reduction of government revenue.

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.

   Ans: (a) Chinese Taipei is prepared to amend its law to remove this allowance of 12 per cent for promotional expenses, when goods are circulated not through exclusive distributors.

   (b) The point of sale at which the tax is applied (ex-factory) is not comparable to the point of sale of imports (duty-paid c.i.f.).

   Ans: (b) Chinese Taipei is also prepared to amend its laws to use selling prices as the base for levying the commodity tax.
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 regime within the EPZs ensures GATT/WTO consistent treatment of goods, services and intellectual property.

Ans: Chinese Taipei has now decided to levy tariffs on EPZ products entering the domestic market on the basis of their ex-factory prices minus value added resulting from manufacturing or processing activities in the EPZs. The formula to be used in calculating the value added is to take into account the relevant practices of other economies. This hopefully will alleviate the concerns of some contracting parties that the current system may serve as a disincentive for EPZ products entering the domestic market.

Other practices related to EPZs are generally GATT/WTO consistent, except for exemption of import duties for imported machinery used by EPZ firms. However, such exemption is not conditional upon the firms' products being exported and therefore does not constitute export subsidy. The practice is of minimal trade effects; its effects is far below the threshold of 5 per cent for actionable subsidies under the Subsidies Agreement.

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

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

Ans: Chinese Taipei has been consulting on the development of a special exchange agreement and hopes to share the fruits of these consultations with the Chairman's assistance.

16. **Customs Valuation Code**

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

Ans: Although Chinese Taipei's Customs Law in its Article 12 provides for use of duty-paying value list (pre-determined value of imported products) at the discretion of the Executive Yuan, the Executive Yuan has by administrative order eliminated use of such pre-determined value for assessing import duties. The Ministry of Finance has started making preparation for amendment of the Customs Law to remove the discretionary power granted to the Executive Branch.

There is a minor deviation of Chinese Taipei's customs valuation law from the Customs Valuation Code; Chinese Taipei will amend its law to make it consistent with the requirement of the Code.
17. **Standard**

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.

**Ans:** Chinese Taipei is now reviewing and revising its standards with a view to bringing them into conformity with the TBT Agreement. It has also incorporated notification procedures into the draft amendments to its relevant laws.

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 the elimination (e.g. the local content provisions on motor vehicles and mixing requirements for coal and cement production).

**Ans:** Chinese Taipei is prepared to phase out its existing local content requirement applied to the production of automobiles and motorcycles within a transition period of two years.

The mixing requirement for coal is imposed on importers of coal. Importers are required to purchase at least local coal which is 1.41 per cent of the quantity of the coal they wish to import. Chinese Taipei plans to gradually reduce the requirement from 1.41 per cent to 0.72 within four years. The requirement in Chinese Taipei’s view is an Article 3 issue, rather than a TRIM issue and therefore need not be notified under the TRIMs.

There is no mixing requirement for cement production.

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

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

**Ans:** Chinese Taipei is prepared to implement the TRIPs upon accession, but need a transitional period not longer than that provided in the TRIPs for developed economies.

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

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

**Ans:** (a) Chinese Taipei has prepared a draft schedule of initial commitments that covers almost all the service sectors (but not necessarily all the subsectors), and would continue its efforts to reduce exemptions from the MFN.

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

**Ans:** (b) Chinese Taipei would appreciate the member of the Working Party who raised this issue to make further clarification so that it can provide a more focused answer.
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 accession.

**Ans:** Chinese Taipei has not finalized its decision on whether and under what conditions it will adhere to the Agreement on Trade in Civil Aircraft.

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 US$22 billion, it is important for Chinese Taipei to adopt Code procedures and begin a process of opening its procurement.

**Ans:** Chinese Taipei has filed application for accession to the Code and plans to submit its first offer in late October this year. In the interim between GATT/WTO accession to the time it is formally bound by the Code, it will take measures to improve the procedural aspect of its government procurement practice, where such improvement can be made without legislative action.

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.

**Ans:** (a) Chinese Taipei is prepared to bind all its tariff lines with the exception of a small fraction of fish products (not exceeding 1 per cent of the total tariff lines).

(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.

**Ans:** (b) Chinese Taipei is making efforts to achieve as much tariff cut as possible at the time of our accession. Take agricultural products for example, it will have average tariff cuts of 20.99 per cent at the time of accession, representing one half of our total reduction offer.

(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 regime.

**Ans:** (c) Ad valorem tariffs are adopted for our 98 per cent of Chinese Taipei's tariff lines. In future review of its tariff system, Chinese Taipei will take into account comments of the Working Party members.
(d) Phased Tariff Reductions: The accountability of phased tariff reductions, as proposed by Chinese Taipei, is a further tariff issue to be resolved between Chinese Taipei and Working Party members.

Ans: (d) In order to give its industries sufficient time to make adjustment, Chinese Taipei would appreciate the Working Party’s understanding of its need for a phased tariff reduction schedule.

24. Anti-Dumping and Countervailing Laws

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

Ans: Chinese Taipei will revise its implementing regulations for anti-dumping and countervailing measures and complete the revision before its accession to the GATT/WTO.
ANNEX 1

To Preliminary Responses to the Checklist


(1) Rice - special treatment

Special treatment for rice is to be between that for Japan and that for Korea. The adjustment period is to be longer than six years, and the minimum market access is to be smaller than 4 per cent to 8 per cent. Chinese Taipei is seeking adjustment period of seven or eight years, and minimum market access of 4 per cent to 7 per cent.

(2) Tariffication or tariff based conversion

Three products are to be taken out of the list of products initially planned to be tariffied: red beans, dried shiitake, and fresh shaddocks. One product, i.e. chicken meat, is to be added to the tariffication list. The initial plan for liberalising trade in chicken meat is import quota. After such adjustment, there will be eight products on the tariffication (tariff based conversion) list; they are meat of fowls, animal offal, dairy products, peanuts, betel nuts, Asian pears, dried garlic bulbs, and sugar.

For those on the tariffication (tariff based conversion) list, the formula applied will be to a certain extent different from that of Uruguay Round. Tariffs for imports that are beyond the minimum access will range from 80 per cent to 100 per cent of the tariff equivalent; while the tariffs for imports that are within the minimum market access will be one half of the existing rates (except tariffs for chicken meat will be reduced from 40 per cent to 30 per cent). The minimum market access will be increased from the range of 3 per cent to 5 per cent to the range of 4 per cent to 8 per cent. All items to be tariffied (converted) shall be accorded with special safeguard.

(3) Tariff quota

There will be 11 items to be placed on the tariff quota list. They are: red beans, dried shiitake, fresh shaddocks (the above three are items initially planned for tariffication), bananas, pineapples, mangoes, persimmons (the above four are items initially planned for full liberalization in the year 2000 through annually increased quota), young coconuts, dried longans and longan pulp, carangid, and sardine. The in-quota tariff rates will be one half of the existing rates; the quota which will be administered on a global basis will be increased from the initially planned range of 3 per cent to 5 per cent to the range of 4 per cent to 10 per cent. The out-quota rate will reflect 40 per cent to 80 per cent of the tariff equivalents.

(4) Increased tariffs

For those products currently subject to import control but will be fully liberalized with increased tariffs, i.e. pork bellies, dried day lily, and meat of duck, the increased tariff rates will reflect 20 per cent to 40 per cent of the tariff equivalents, rather than 100 per cent as originally planned. The increased tariff rate for pork bellies shall reflect at least 40 per cent of the tariff equivalent.

(5) Products currently subject to area restriction

Area restriction on products listed in Annex IV of the 20 June position paper (i.e. meat of turkey, fresh oranges, other fresh mandarins, lemons and limes, grapefruits, fresh grapes, apples, fresh peaches, fresh plums, meat of whole duck, not cut into pieces and young coconuts) will be lifted upon
accession; tariff rates for sensitive items will be maintained at levels not lower than 30 per cent at the end of the implementation period. Young coconuts will be subject to tariff quota; while the substitution measures for apples has not been finally decided.

(6) **Mackerel and Squid**

Import ban on mackerel and squid will be replaced by import quota.

2. **Summary Table**

<table>
<thead>
<tr>
<th>Products</th>
<th>Existing NTMs</th>
<th>NTM Codes after 1 July 1994</th>
<th>Liberalization measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pork bellies</td>
<td>Consent letter</td>
<td>(Reg.112)</td>
<td>To be liberalized after raising tariff rate to reflect 40% of the tariff equivalent.</td>
</tr>
<tr>
<td>Meat of fowls</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff based conversion with tariffs reflecting 80-100% of tariff equivalent.</td>
</tr>
<tr>
<td>Animal offal</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Tariff based conversion with tariffs reflecting 80-100% of the tariff equivalent.</td>
</tr>
<tr>
<td>Meat of ducks, cut into pieces</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>To be liberalized after raising tariff rate to reflect 40% of the tariff equivalent.</td>
</tr>
<tr>
<td>Apples</td>
<td>Area restriction</td>
<td>(Reg.121/211)</td>
<td>To be determined.</td>
</tr>
<tr>
<td>Mackerel</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Import quota.</td>
</tr>
<tr>
<td>Squid</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Import quota.</td>
</tr>
<tr>
<td>Carangid</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Sardine</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Dairy products</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Tariff based conversion with tariffs reflecting 80% of the tariff equivalent.</td>
</tr>
<tr>
<td>Products</td>
<td>Existing NTMs</td>
<td>NTM Codes after 1 July 1994</td>
<td>Liberalization measures</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>---------------</td>
<td>----------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Peanuts</td>
<td>Consent letter</td>
<td>(Reg.111/401)</td>
<td>Tariff based conversion with tariffs reflecting 90% of the tariff equivalent.</td>
</tr>
<tr>
<td>Red beans</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Dried garlic bulbs</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff based conversion with tariffs reflecting 80% of the tariff equivalent.</td>
</tr>
<tr>
<td>Dried shiitake (forest mushroom)</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Fresh potatoes</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>To be liberalized upon accession.</td>
</tr>
<tr>
<td>Dried day lily</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>To be liberalized after raising tariff to reflect 30% of the tariff equivalent.</td>
</tr>
<tr>
<td>Young coconuts</td>
<td>Area restriction</td>
<td>(Reg.121/212)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Betel nuts</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff based conversion with tariffs reflecting 100% of the tariff equivalent.</td>
</tr>
<tr>
<td>Bananas</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Pineapples, fresh or chilled</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>To be liberalized upon accession.</td>
</tr>
<tr>
<td>Guavas</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Mangoes</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>To be liberalized upon accession.</td>
</tr>
<tr>
<td>Fresh shaddocks</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Other citrus fruit, fresh or dried</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>To be liberalized upon accession.</td>
</tr>
<tr>
<td>Papayas</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>To be liberalized upon accession.</td>
</tr>
<tr>
<td>Fresh pears (excluding European pears)</td>
<td>Import control</td>
<td>(Reg.111)</td>
<td>Tariff based conversion with tariffs reflecting 100% of the tariff equivalent.</td>
</tr>
<tr>
<td>Products</td>
<td>Existing NTMs</td>
<td>NTM Codes after 1 July 1994</td>
<td>Liberalization measures</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------</td>
<td>-----------------------------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>Lichees</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>To be liberalized after raising tariff rate from 10% to 20%.</td>
</tr>
<tr>
<td>Fresh longans</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>To be liberalized after raising tariff rate from 10% to 20%.</td>
</tr>
<tr>
<td>Persimmons</td>
<td>Area restriction</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Dried longans and longan pulp</td>
<td>Consent letter</td>
<td>(Reg.111)</td>
<td>Tariff quota.</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>Import quota</td>
<td>(Reg.121/421)</td>
<td>Import regulation will be the same as that for wheat imports. Import can be made only by licensed grain traders. No quantitative limitation.</td>
</tr>
<tr>
<td>Meslin flour</td>
<td>Consent letter</td>
<td>(Reg.121/421)</td>
<td>To be liberalized upon accession.</td>
</tr>
<tr>
<td>Sugar</td>
<td>Import control</td>
<td>(Reg.121/301)</td>
<td>Tariff based conversion with tariffs reflecting 90% of the tariff equivalent.</td>
</tr>
</tbody>
</table>

3. All the products previously subject to area restriction and listed in Annex IV of the 20 June 1994 position paper will be lifted upon accession. No substitution measures will be adopted except for young coconuts and apples. Young coconuts will be subject to tariff quota after accession, while the substitution measure for apple has not been finally decided by Chinese Taipei. Both apples and young coconuts have been incorporated into the above table.