ACCESSION OF CHINESE TAIPEI

CHECKLIST OF ACCESSION ISSUES

Preliminary Responses Provided by Chinese Taipei

The following preliminary responses are prepared by Chinese Taipei to address to the issues submitted to the GATT Secretariat by Australia, Canada, European Communities, Japan, New Zealand, Switzerland and United States for Chinese Taipei’s commitments for accession to GATT and WTO.

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.

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 country, with all the obligations this implies for a developed country 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 Subsidies Agreements. 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 herein.

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 Agreement, Chinese Taipei is prepared to remove its current reservation for its aerospace industry when it decides to accept the discipline of the Agreement on 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, carangid, herring and mackerel.

Update/supp.

The import ban on mackerel, carangid and herring will be replaced by tariff rate quota after accession; and imports will be liberalized six years after accession with tariff rate set at the currently applied rate.

Import quota on squid will be removed by 1 January 1997; imports will then be subject only to tariffs set at the currently applied rate.

(2) Agricultural products:

The current import bans on rice and rice products will need to be replaced by special treatment along the lines 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 with GATT/WTO consistent measures such as increased tariffs or tariff quotas. For details, please refer to Annex I.

Update/supp.

Annex I has been revised.

(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.

Update/supp.

In general, Chinese Taipei needs six months after the accession to complete the necessary legislative changes and an additional period of six months to complete the corresponding regulatory changes (e.g., the implementing regulations of the relevant laws). The transition period is particularly needed when new legislation has to be introduced (as opposed to amendment of existing laws) to honour Chinese Taipei's GATT/WTO commitments.

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, and one year in the case of TRIPs. Chinese Taipei will comply with the transition periods as 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 restrictions on imports 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 for 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.
Update/Supp.

On the particular product that some Chinese Taipei's trading partners have reservation as to the consistency of the current practice with the MFN principle, Chinese Taipei has had very intensive discussions with the trading partners involved in this trade. It is Chinese Taipei's belief that a workable framework has been developed and the issue will be resolved in a manner that is acceptable to all parties concerned.

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
      - Automobile 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.
The area restriction on alcoholic beverages and cigarettes has been lifted since 1 September 1995.

- Fruits

All area restriction on fruits will be lifted upon accession without being subject to substitution measures with the exception of young coconuts, bananas, pineapples, mangos and persimmons. Apples will not be subject to any substitution measure, and the currently applied tariff rate is to be reduced substantially. The substitution measures for young coconuts, pineapples, bananas, mangos and persimmons will be tariff rate quotas; the details of such substitution measures are now under discussion with the trading partners concerned.

- Passenger cars and commercial vehicles

Area restriction will be lifted upon accession. Substitution measure will be tariff rate quota; the details are now under discussion with trading partners concerned.

- Automobile chassis

Area restriction on imports of automobile chassis will be lifted upon accession. Substitution measure will be tariff rate quota; the details are now under discussion with trading partners.

- Motorcycles

Area restriction on motorcycle imports will be lifted upon accession.

- Government procurement

The area restriction on government procurement is now under review by Chinese Taipei. However, certain elements of discrimination may exist in Chinese Taipei’s negotiated package for accession to the Government Procurement Agreement, as permitted by the Agreement.

Discriminatory treatment

- Automation equipment and pollution prevention equipment

This refers to the subsidy measures of Chinese Taipei in relation to the purchase of automation equipment and pollution prevention equipment. The subsidy as 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 on 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.

Update/supp.

Chinese Taipei has provided the country affected by this practice with a written explanation of the reason for having the practice. The new system for car safety certification is expected to be in place in one and a half years after the accession.

(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 motorcycles 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.

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 regime into full conformity with the GATT/WTO, including the Agreement on Import Licensing Procedures.
c. Please refer to above Ans. 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 licences 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.

d. 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.

Ans: d. 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 regulations," which are set for protection of health and apply to domestic products of the same kind 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 equipment 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. Therefore, only a small-scale clinical trial is required to be conducted locally.

From May 7 August 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.

e. 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.

Ans: e. Chinese Taipei is prepared to commit that import licensing procedures will be administered in full conformity with the Agreement on Import Licensing Procedures.

Update/supp.

Chinese Taipei is now working with its trading partners on the details of the administration of the tariff rate quotas to be used as substitution measures for the existing import restrictions.
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.

Update/supp.

Chinese Taipei has decided to treat all distilled spirits including brandy, whisky, rum, gin and vodka, and liqueurs as like products and apply the tobacco and alcohol tax on these products at the same rate.

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, radio broadcasting, movies, newspapers and other media of wider coverage, 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 is 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.
Update/supp.

As Chinese Taipei has not completed discussion both in multilateral and bilateral contexts with its trading partners on the reform plan, it is not in the position to finalize the draft laws for implementation of the reform plan. As soon as such discussion is completed, Chinese Taipei will proceed with the legislative matters. The legislative process, establishment of the accompanying regulatory framework, and the administrative preparation for implementation of the plan are expected to be completed in one year after Chinese Taipei’s accession.

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 reviewed 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.

Update/supp.

The reform plan has been substantially modified after several rounds of consultations with the trading partners concerned. An updated version of the reform plan is annexed hereto as Annex II.

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 Ans. e. under this heading.

8. Agriculture

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

Ans: a. Import quotas, not otherwise GATT justified, for all agricultural products (excluding fish products) 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.**

c. **Chinese Taipei has provided justification 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 plans which Chinese Taipei is making a constant effort to improve. It is noteworthy that the liberalization plan provided in Annex I hereof already represents a very substantial improvement from the previous plan summarized in the Annex III and Annex IV of the 20 June position paper.

**Update/supp.**

The liberalization plan provided in Annex I of Checklist List has been revised after consultation with the trading partners.

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 country 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.

**Update/supp.**

Chinese Taipei would appreciate the assistance of the Secretariat and members of the Working Party in the preparation of the agricultural country schedule.

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 accession.

Ans: f. As Chinese Taipei is undergoing radical liberalization of its agricultural trade, it needs a special safeguard mechanism along the lines 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.

Update/supp.

Chinese Taipei believes that the consultations held so far have produced a workable framework that the issue can be eventually resolved.

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.

Update/supp.

Chinese Taipei plans to fully liberalize squid imports by 1 January 1997. In the interim, an import quota will be used. In the case of mackerel, carangid and sardine, the current import control will be replaced by tariff-rate quotas, which will in turn be eliminated six years after Chinese Taipei’s accession; imports then will be fully liberalized subject only to tariffs.

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 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 consultations with this 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.

Update/supp.

Chinese Taipei has held bilateral SPS consultations with more than 10 countries on the basis of the SPS Agreement. Substantial progress has been made. It is generally felt that such consultations improve the understanding between the countries and Chinese Taipei in the SPS area, and the process should continue in the future.

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

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.

Update/supp.

Chinese Taipei has held a SPS meeting with the Working Party member who raised the SPS issue related to air-freighted fresh fruit in October, and send SPS personnel to conduct on-site inspection. The issue was resolved as a result.
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 8 state enterprises under the Ministry of Economic Affairs according to Article XVII of the General Agreement. Initially, there are ten state enterprises of this kind but recently two of them have been privatized. These two privatized enterprises do not enjoin 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 tobacco and alcohol 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-à-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 exceeds 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 subsides. 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 meetings of 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 of 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 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 associate 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.

**Update/supp.**

Please refer to the Update/supp. in paragraph (3) under the heading "3. Transition Period."

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 laws 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 countries. 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-à-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.

Update/supp.

An outline of the plan for amending the relevant laws and regulations to ensure Chinese Taipei’s customs valuation practice consistent with the provisions of the Code is set out Annex III of this document.
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.

**Update/supp.**

Annex IV provides certain information on Chinese Taipei’s preparation for implementation of the Agreement on Technical Barriers to Trade.

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 per cent 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.

**Update/supp.**

Chinese Taipei has decided to phase out the mixing requirement in a period of five years.

There is no mixing requirement for cement production.

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

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

Ans: Chinese Taipei needs a transitional period not longer than that provided in the TRIPs for developed countries.
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) under the Services Sectoral Classification List (MTN.GNS/W/120 of 10 July 1991, and would continue its efforts to reduce exemptions from the MFN.

Update/supp.

Chinese Taipei has now removed all MFN exemptions, with only one exception, from its draft schedule of initial commitments.

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.

Update/supp.

After careful review of its draft schedule, Chinese Taipei finds no element of discrimination between companies providing services of comparable type. There may be cases where different requirements are imposed on foreign service providers for reason of prudential supervision or of the difference in the basic legal systems between Chinese Taipei and the country where the service provider is incorporated. None of these requirements is to discriminate against foreign service providers.

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.
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.

Update/supp.

Chinese Taipei now expects to submit the first offer by the Spring of 1995. Chinese Taipei has held several discussions with some interested trading partners and will give due consideration to the views expressed by such trading partners in the preparation of the first offer. Chinese Taipei intends to complete its negotiations for accession to the Government Procurement Code by the end of 1995, and be bound the Code from 1997 onwards.

Chinese Taipei has began its planning of a comprehensive reform of the government procurement regime, which will involve institutional restructuring and establishment of a new regulatory framework.

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.

   Update/supp.

   Chinese Taipei in principle will carry out tariff reduction in annual equal instalments. In the case of agricultural trade, the tariff cuts at the time of accession represent two-thirds of the total cuts. This is a frontloading rather than backloading of the tariff cuts. There are very few cases of backloading with respect to industrial tariffs; these usually are intended to balance the need to protect domestic industries in difficulty and to accommodate trading partners' request for deeper cuts; instances of this kind have been discussed with interested trading partners in bilateral negotiations and in Chinese Taipei's view, have been largely agreed with such trading partners.
c. **Tariff System:** Chinese Taipei should adopt an *ad valorem* approach throughout its tariff (as opposed to specific tariffs of 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.

Update/supp.

Chinese Taipei has conducted bilateral negotiations with 25 contracting parties on tariffs and non-tariff measures. The phased tariff reduction as proposed by Chinese Taipei has been reviewed by and discussed with such contracting parties. Chinese Taipei believes that the issue has been largely resolved to the mutual satisfaction of both sides.

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

Chinese Taipei needs to address certain apparent inconsistencies in its laws vis-à-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 I | Agriculture Liberalization Plan |
| Annex II | Revised Summary of Tobacco and Alcohol Reform Plan |
| Annex III | Proposed Legislative Action on Customs Valuation |
| Annex IV | Information on Implementation of the Agreement on Technical Barriers to Trade |
1. ANNEX 5 to the Agreement on Agriculture:

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Product</th>
<th>Current Import Regulation</th>
<th>Current Rate</th>
<th>Minimum Access (Percentage of Domestic Consumption)</th>
<th>Out-of-Quota Tariff Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1st. Year 8th. Year 1st. Year 6th. Year</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Rice</td>
<td>111</td>
<td>0%</td>
<td>Annex 5 Formula Annex 5 Formula Annex 5 Formula Annex 5 Formula</td>
<td></td>
</tr>
</tbody>
</table>
ANNEX I to Update/Supplement of Checklist Issues
Agriculture Liberalization Plan
21 December 1994

2. TARIFF-BASED CONVERSION, TBC:

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Product</th>
<th>Current Import Regulation</th>
<th>Current Rate</th>
<th>Quota (Percentage of Domestic Consumption)</th>
<th>Out-of-Quota Tariff Rate (Percentage of Tariff Equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Peanuts</td>
<td>111/401</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>Fresh Pears (excl. European Pears)</td>
<td>111</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>85%</td>
</tr>
<tr>
<td>3</td>
<td>Sugar</td>
<td>301</td>
<td>25%</td>
<td>15.8%</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90%</td>
<td>76%</td>
</tr>
<tr>
<td>4</td>
<td>Dry Garlic Bulbs</td>
<td>111</td>
<td>40%</td>
<td>4.2%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>45%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>80%</td>
<td>68%</td>
</tr>
<tr>
<td>5</td>
<td>Betel Nuts</td>
<td>111</td>
<td>35%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>85%</td>
</tr>
<tr>
<td>6</td>
<td>Meat of Fowls</td>
<td>111</td>
<td>40%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>85%</td>
</tr>
<tr>
<td>7</td>
<td>Liquid Milk*</td>
<td>111</td>
<td>20%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>32.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35%</td>
<td>80%</td>
<td>68%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Animal Offals</td>
<td>111</td>
<td>35%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>85%</td>
</tr>
<tr>
<td>9</td>
<td>Mackerel**</td>
<td>111</td>
<td>50%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NTS14/KG or 45%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NTS11/KG or 37.5%</td>
<td></td>
</tr>
</tbody>
</table>

* Importation of sweetened condensed milk will be liberalized upon accession.

** After six years of implementation period, a tariff-only regime will be in place with the rate at current level.
ANNEX I to Update/Supplement of Checklist Issues
Agriculture Liberalization Plan
21 December 1994

3. **TARIFF RATE QUOTA (TRQ):**

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Product</th>
<th>Current Import Regulation</th>
<th>Current Rate</th>
<th>Quota (Percentage of Domestic Consumption)</th>
<th>Out-of-Quota Tariff Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 1</td>
<td>Year 6</td>
</tr>
<tr>
<td>1</td>
<td>Red Beans</td>
<td>111</td>
<td>20 %</td>
<td>13%</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>40 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>45 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Dry Shitake (Forest Mush-room)</td>
<td>111</td>
<td>50% or NT$221/KG</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>Shad-docks</td>
<td>111</td>
<td>50 %</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>4</td>
<td>Dry Longans and Longan Pulp</td>
<td>111</td>
<td>30%</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>5</td>
<td>Young Coconuts</td>
<td>212</td>
<td>50% or NT3/KG</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>6</td>
<td>Bananas</td>
<td>111</td>
<td>25%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>7</td>
<td>Pineapples</td>
<td>111</td>
<td>30%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>8</td>
<td>Mangoes</td>
<td>111</td>
<td>50%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>9</td>
<td>Persimmons</td>
<td>111</td>
<td>50%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>10</td>
<td>Carangid Fishes</td>
<td>111</td>
<td>40%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>42.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Sardines*</td>
<td>111</td>
<td>37.5%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Dry Day Lilies</td>
<td>111</td>
<td>45%</td>
<td>4%</td>
<td>10%</td>
</tr>
</tbody>
</table>

*After six years of implementation period, a tariff-only regime will be in place with the rate reduced to 35%

**After six years of implementation period, a tariff-only regime will be in place with the rate at the current level.
ANNEX I to Update/Supplement of Checklist Issues
Agriculture Liberalization Plan
21 December 1994

4. **TO BE LIBERALIZED AFTER RAISING TARIFF RATES UPON ACCESSION:**

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Product</th>
<th>Current Import Regulation</th>
<th>Current Rate</th>
<th>Accession Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td>1</td>
<td>Pork Bellies</td>
<td>112</td>
<td>15%</td>
<td>60% NT$18/KG</td>
</tr>
<tr>
<td>2</td>
<td>Fresh Longans</td>
<td>111</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Lichees</td>
<td>111</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>
5. **TO BE LIBERALIZED UPON ACCESSION:**

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Product</th>
<th>Current Import Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wheat Flour</td>
<td>Import Control</td>
</tr>
<tr>
<td>2</td>
<td>Meslin Flour</td>
<td>Consent Letter</td>
</tr>
<tr>
<td>3</td>
<td>Potatoes</td>
<td>Consent Letter</td>
</tr>
<tr>
<td>4</td>
<td>Oranges</td>
<td>Consent Letter</td>
</tr>
<tr>
<td>5</td>
<td>Limes and Lemons</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>6</td>
<td>Grapefruits</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>7</td>
<td>Grapes</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>8</td>
<td>Peaches</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>9</td>
<td>Plums</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>10</td>
<td>Apples</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>11</td>
<td>Papayas</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>12</td>
<td>Other Mandarins</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>13</td>
<td>Other Citrus Fruits</td>
<td>Consent Letter</td>
</tr>
<tr>
<td>14</td>
<td>Ducks, cut into pieces</td>
<td>Consent Letter</td>
</tr>
<tr>
<td>15</td>
<td>Whole Ducks</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>16</td>
<td>Turkeys, cut into pieces</td>
<td>Area Restriction</td>
</tr>
<tr>
<td>17</td>
<td>Guavas</td>
<td>Area Restriction</td>
</tr>
</tbody>
</table>
6. **TRANSITIONAL IMPORT QUOTA:**

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Product</th>
<th>Current Import Regulation</th>
<th>Current Rate</th>
<th>Quota (Metric Tons)</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Squid</td>
<td>111</td>
<td>42.5%</td>
<td>4600 (3% of domestic consumption)</td>
<td>Importation of squid will be liberalized in 1997.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50% or NT$15/KG</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50% or NT$219/KG</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part A

1. Classification of Tobacco Products and Alcoholic Beverages for the Purposes of Customs Duty and Internal Taxes.

(1) Tobacco Products

Tobacco products are classified into cigarettes, pipe tobacco, cigars, and others. Cigarettes are subject to specific tax of \( x \) dollars per 1,000 sticks; pipe tobacco, cigars, and others are subject to specific tax of \( x \) dollars per kilogram.

(2) Alcoholic Beverages

Alcoholic Beverages are classified into brewed alcoholic beverages (including beer and other brewed alcoholic beverages), distilled beverages (including whisky, brandy, rum, gin, and vodka), liqueur, cooking liquor, other alcoholic beverages, and alcohol, and are to be taxed as follows:

(A) Brewed Alcoholic Beverages

(i) Beer: specific tax of \( x \) dollars per litre.

(ii) Other Brewed Alcoholic Beverages: specific tax of \( x \) dollars per litre per degree of alcohol content.

(B) Distilled Alcoholic Beverages (including, among others, whisky, brandy, rum, gin, vodka):

specific tax of \( x \) dollars per litre.

(C) Liqueur:

specific tax of \( x \) dollars per litre.

(D) Cooking Liquor:

specific tax of \( x \) dollars per litre.

(E) Other Alcoholic Beverages:

specific tax of \( x \) dollars per litre per degree of alcohol content.

(F) Alcohol: specific tax of \( x \) dollars per litre.

2. Tax Rates for all distilled alcoholic beverages and liqueur will be the same.
Annex II to Update/Supplement of Checklist Issues
Revised Summary of CT's
Tobacco & Alcohol Reform Plan
21 December 1994

Part B

1. Production and Sale

(1) Production

(i) Planting and purchase of tobacco leaves are to be arranged between the manufacturers and tobacco farmers by contracts. Production of cigarettes is not to be open to the private sector in the three years after the accession.

(ii) Alcoholic production:

The manufacturing of machinery and equipment for alcoholic beverage and tobacco production, printing of trademarks, and packaging paper are not to be governed by the Tobacco and Alcohol Administration Law. Production will be open to the private sector in stages within three years after accession.

(iii) Qualification for engaging in the production of wine and tobacco products:

(a) Permits from the authority will be required. The applicant must fulfil the following requirements: minimum capital, organization form (companies limited by shares only), plant standards, and no record of criminal offence or tax default.

(b) Alcoholic beverages and tobacco products imported by alcohol and tobacco business (including manufacturers, importers and sellers) in principle may not be repackaged after importation; this however does not apply to processing of imported products approved by the competent authority. Tobacco and alcohol manufacturers may contract out or accept contract manufacturing, subject to the approval of the competent authority.

(2) Sale and Distribution

There is no special regulation applied to sale and distribution and sale of alcoholic and tobacco products.

(3) Importation

Alcohol and tobacco importer must be one with a profit-seeking business licence, having no record of tax default or criminal offence within a prescribed time.

2. Product Labelling

In addition to those labelling requirements under the Tobacco Hazards Prevention Act (draft), Food Sanitation Administration Law and Commodity Labelling Law, alcoholic beverages must label their alcohol content.
Annex II to Update/Supplement of Checklist Issues
Revised Summary of CT’s
Tobacco & Alcohol Reform Plan
21 December 1994

3. Product Inspection

Product inspection will be carried out according to the Tobacco Hazards Prevention Act (draft), and Food Sanitation Administration Law; the Tobacco and Alcohol Administration Law will not impose additional inspection requirement.

4. Advertising and Promotion

Advertising and promotion for tobacco products are subject to the Tobacco Hazards Prevention Act (draft), and other relevant laws and regulations. Advertising for alcoholic beverages is limited to that on magazines.

5. Trading Order

Trading order will be maintained according to the Fair Trade Law and other relevant laws and regulations.

6. Inspection on Business Operation and Interception of Contraband

The alcohol and tobacco administration agency will be given the authority to carry out inspection on the business operations of manufacturers and traders.

Inspection and interception of Contraband will be subject to the Alcohol and Tobacco Administration Law (draft), Alcohol and Tobacco Tax Law (draft), Statute for Anti-smuggling Law and Statute for Interception by the Customs, and other relevant laws and regulations.

7. Penalties.
Proposed Legislative Action on Customs Valuation

With the intent to bring its laws related and regulations into conformity with Article 7 of the General Agreement and the Agreement on Customs Valuation, Chinese Taipei proposes to make the following amendments:

1. Customs Law

   (a) Article 12, paragraphs I and II

      Although in October 1986 the Ministry of Finance by administrative decree (Reference No. Tai-Tsai-Kwan-Tze 7505765) terminated the use of the so-called "Duty Paying Value List", i.e. the use of pre-determined value rather than actual transaction value, in the assessment of customs duties, the Ministry of Finance has proposed to amend the Customs Law by deleting the language in its Article 12 relating to the authorization for adoption of such practice. Therefore, without such statutory authorization, the administration will have no authority nor discretion in the future to adopt practices that have the same or similar effects.

   (b) New Provision on Supply of Information to Importer

      In light of Article 7, Paragraph 3, of the Agreement, a new provision will be added to the Customs Law to require provision of information in writing of the Customs Value determined and the method used in making such determination, if the importer so requests.

   (c) New Provision on Importer’s Right to Reverse the Order of Application of Customs Valuation Methods

      In light of Article 4 of the Agreement, a new provision will be added to the Customs Valuation Agreement to the effect that the importer shall be given the right to reverse the order of application of methods set out in Article 5 (deductive value) and in Article 6 (computed value) of the Agreement, when the imported goods concerned are sold to related parties.

   (d) New Provision to Reflect Ministerial Decision on the Agreement

      In light of the Decision Regarding Cases Where Customs Administrations Have Reasons to Doubt the Truth or Accuracy of the Declared Value, a new provision will be added to the Customs Law to give customs administration the authority to deem that the customs value could not be determined by use of the transaction value as contemplated in Article 1 of the Agreement, when further information received from the importer fails to relieve the customs administration from such doubts.
2. Implementing Regulation of the Customs Law

(a) New provision to reflect that requirement set out in Article 1, Paragraph 2(a), of the Agreement that when the customs administration considers that the relationship between the buyer and seller influences the price, "it shall communicate its grounds to the importer and the importer shall be given a reasonable opportunity to respond".

(b) New provision to exclude the adoption of any one of the seven bases set out in Article 7, Paragraph 2, of the Agreement, in the case where the customs value of the imported goods have to be determined using "reasonable means consistent with the principles and general provisions" of the Agreement and of Article VII of GATT 1994.

(c) New provision to reflect the requirement of Article 16 of the Agreement that "[upon] written requests, the importer shall have the right to an explanation in writing from the customs administration ... as to how the customs value of the importer's goods was determined."

(d) New provision to reflect the requirement of Article 6, Paragraph 2 of the Agreement, that the customs administration shall not require or compel any non-residents to produce for examination, or to allow access to, any account or records for purposes of determining a computed value, and verification of information submitted by the producer can be conducted only with the consent of the producer and provided that the government of the country in question does not object.
Information on Implementation of the Agreement on Technical Barriers to Trade

The following information is prepared and provided according to the Agreement on TBT in relation to the actions to be taken by Chinese Taipei in bringing its practices in line with the requirements of the TBT.

There are nine laws, regulations and administrative orders that are relevant to the implementation of the Agreement on TBT in Chinese Taipei.

Three of them have yet to be amended in order to be consistent with the requirements of the TBT. The remaining six need not be amended. The laws, regulations and administrative orders, places of publication and their enforcement agencies are listed in Table 1 attached hereto. The making or amendment of such laws, regulations, and administrative orders will follow the notification procedures set forth in the Agreement on TBT and document TBT/16/Rev.7 (10 November 1993).

With respect to the publication of the laws, regulations, administrative orders and technical rules and standards, invitation of comments by the public, inquiry point, consultation agency and other agencies that are required to be involved under the Agreement, details are as follows:

1. Please refer to Table II for publication of proposed technical regulations and standards, and conformity assessment system, or publication of prevailing technical regulations and standards, and conformity assessment system.

2. Currently, there are no explicit rules, both at the central government and at the local government levels, that set forth the length of time required for soliciting comments. The minimum time frame will be duly incorporated into the relevant rules and regulations. In principle, all government and non-government bodies shall provide a minimum period of sixty days for presentation of comments.

3. Name, address, telephone number and fax number of the inquiry point are as follows:

   Name: Department of Information, National Bureau of Standards
   Address: 5F, 185 Hsin-Hai Rd., Sec. 2, Taipei, Taiwan 10637
   Tel: 886-2-7380007
   Fax: 886-2-7352656

   The NBS is making preparations for full operation of the inquiry point.

4. Name and address of agency with which to get in touch if consultations are to be requested under Article 14:

   The Board of Foreign Trade
   1, Hou-Ko Street, Taipei, Taiwan
Annex IV to Update/Supplement of Checklist Issues
Information on Implementation of the Agreement
on Technical Barriers to Trade
21 December 1994

5. Name and address of other agencies that have specific functions under the Agreement:

Bureau of Pharmaceutical Affairs  
Department of Health  
11F 100 Ai-Kou E. Road, Taipei, Taiwan

Bureau of Commodity Inspection & Quarantine  
Ministry of Economic Affairs  
4, Chunan Road, Sec.1, Taipei, Taiwan

Table I

<table>
<thead>
<tr>
<th>Title of law</th>
<th>Legal nature</th>
<th>Status</th>
<th>Promulgation authority</th>
<th>Enforcement authority</th>
<th>Promulgation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules for the CNS (Chinese National Standards) Mark</td>
<td>Administrative order</td>
<td>Under amendment</td>
<td>MOEA</td>
<td>NBS, MOEA</td>
<td>2/19/1992</td>
</tr>
<tr>
<td>Law of Pharmaceutical Affairs</td>
<td>Law</td>
<td>Implemented</td>
<td>President's Office</td>
<td>Department of Health (DOH)</td>
<td>2/5/1993</td>
</tr>
<tr>
<td>Implementing Regulation of the Law of Pharmaceutical Affairs</td>
<td>Regulation</td>
<td>Implemented</td>
<td>DOH</td>
<td>DOH</td>
<td>9/21/1994</td>
</tr>
<tr>
<td>Law for the Control of Cosmetic Hygiene</td>
<td>Law</td>
<td>Implemented</td>
<td>President's Office</td>
<td>DOH</td>
<td>5/27/1991</td>
</tr>
<tr>
<td>Implementing Regulations of the Law for the Control of Cosmetic Hygiene</td>
<td>Regulation</td>
<td>Implemented</td>
<td>DOH</td>
<td>DOH</td>
<td>3/20/1992</td>
</tr>
<tr>
<td>Promotion Programme for Food Good Manufacturing Practices (GMP)</td>
<td>Administrative order</td>
<td>Implemented</td>
<td>MOEA</td>
<td>GMP Promotion Task Force, MOEA</td>
<td>2/22/1989</td>
</tr>
<tr>
<td>Commodity Inspection Law</td>
<td>Law</td>
<td>Under amendment</td>
<td>President's Office</td>
<td>Bureau of Commodity-Inspection and Quarantine (BCIQ), MOEA</td>
<td>12/14/1932</td>
</tr>
<tr>
<td>Implementing Regulation of the Commodity Inspection Law</td>
<td>Regulation</td>
<td>Amendment completed</td>
<td>President's Office</td>
<td>BCIQ, MOEA</td>
<td></td>
</tr>
</tbody>
</table>
**Annex IV to Update/Supplement of Checklist Issues**
Information on Implementation of the Agreement
on Technical Barriers to Trade
21 December 1994

**Table II**

<table>
<thead>
<tr>
<th>Published technical regulations standards or rules of conformity assessment system</th>
<th>Responsible Bodies</th>
<th>Names of the Publications</th>
<th>Applicable TBT Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notices or Texts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notices of proposed technical regulations, standards</td>
<td>Central bodies</td>
<td>CNS Standard Gazette</td>
<td>2.5.1</td>
</tr>
<tr>
<td></td>
<td>local government bodies</td>
<td>-</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>non-governmental bodies</td>
<td>not stated</td>
<td>4.1</td>
</tr>
<tr>
<td>Notices of proposed rules of conformity assessment system</td>
<td>central government bodies</td>
<td>under consideration</td>
<td>7.3.1</td>
</tr>
<tr>
<td></td>
<td>local government bodies</td>
<td>-</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>non-governmental bodies</td>
<td>not stated</td>
<td>8.1</td>
</tr>
<tr>
<td>Texts of technical regulations, standards</td>
<td>central government bodies</td>
<td>compilation of CNS standards</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>local government bodies</td>
<td>-</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>non-governmental bodies</td>
<td>not stated</td>
<td>4.1</td>
</tr>
<tr>
<td>Texts of rules of conformity assessment system</td>
<td>central government bodies</td>
<td>under consideration</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>local government bodies</td>
<td>-</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>non-governmental bodies</td>
<td>not stated</td>
<td>8.1</td>
</tr>
</tbody>
</table>
Violation of the Tobacco and Alcohol Administration Law will be subject to administrative or criminal penalties, depending on the type of severity of the violation.