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ACCESSION OF THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

Memorandum on Foreign Trade Régime

The secretariat has received the annexed Memorandum on the Foreign Trade Régime of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (hereinafter referred to as "Chinese Taipei") with the request that it be transmitted to contracting parties following the Council's decision on 29 September 1992 to establish a Working Party to examine the application for accession to GATT by Chinese Taipei.

In order that the matter may be examined by the Working Party on the Accession of Chinese Taipei (L/7095), contracting parties are requested to communicate to the Secretariat by 9 December 1992 any questions they may wish to put concerning the matters dealt with in the Memorandum for transmission to the competent authorities.

This Memorandum as well as any other documentation to be submitted to the Working Party will be considered keeping in mind the understandings reached in the Council on 29 September 1992 (C/M/259).

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MEMORANDUM ON FOREIGN TRADE REGIME

Introduction

The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (hereinafter referred to as "Chinese Taipei") has effectively exercised full autonomy in the formulation and implementation of its economic, financial and trade policies. Its government, acting on behalf of this separate customs territory encompassing the islands of Taiwan, Penghu, Kinmen and Matsu, is fully autonomous in the conduct of its external commercial relations.

For decades, Chinese Taipei has been extremely successful in promoting trade and commercial transactions with nearly all nations of the world, regardless of differences in social, economic or political structures. It plays a significant rôle in international trade. In 1990, it ranked as the world's fifteenth largest trading power, with industrial products accounting for 95.6 per cent of its total exports. It also enjoys a very strong balance-of-payments position, and has accumulated US\$75.6 billion (as of February 1991) in foreign exchange reserves. Per capita GNP stood at US\$7,997 in 1990, similar to the level of several OECD countries. It is anticipated that the figure will reach US\$20,000 by the turn of this century.

Chinese Taipei's successful economic development has been based on market-oriented policies, which have introduced competitive practices into its free enterprise system. Considering the limitations of its domestic resources and internal demand, Chinese Taipei has relied heavily on the open multilateral trading system.

Unfortunately, the serious trade imbalances that have occurred in the 1980s and the external debt crisis of many Third World countries have contributed to a resurgence of protectionism. This protectionism threatens to severely damage the international financial and trading system, and to contribute to a global recession and socio-political destabilization.

Chinese Taipei has benefited greatly from the efforts of the GATT contracting parties to liberalize trade in goods and services. It desires to assume its own responsibilities within the system to maintain and defend an open, co-operative international economic system.

Chinese Taipei has already undertaken many actions that have reduced its tariffs to the Tokyo Round levels, loosened controls on foreign exchange, strengthened protection of intellectual property rights and liberalized trade in services. In general, Chinese Taipei has extended bilateral trade concessions to its trading partners on a reciprocal basis, and by applying the m.f.n. principle.

Chinese Taipei has also set up an "International Economic Co-operation Development Fund" of approximately US\$1.2 billion to provide assistance to developing countries.

These considerations have led Chinese Taipei to request its accession in accordance with Article XXXIII of GATT as a separate customs territory with full autonomy in the conduct of its external commercial relations. This decision reflects the determination of Chinese Taipei to co-operate with trading nations in GATT to defend an open trading system based on competition among free enterprises on the world markets.

Chinese Taipei intends to assume all obligations and rights under the GATT as a contracting party. In addition, Chinese Taipei would consider adhering to the agreements and arrangements resulting from the Tokyo Round.

On this basis, Chinese Taipei hopes that the contracting parties will not only recognize its attempts to play a more active rôle in the international economic community, but will also encourage and support its participation in a strong and comprehensive multilateral trading system.

I. ECONOMY AND FOREIGN TRADE

1. Economy

(1) Brief introduction to Chinese Taipei and its economy

Chinese Taipei encompasses the islands of Taiwan, Penghu and the islands of Kinmen and Matsu off Fukien. It is separated from mainland China by the Taiwan Straits.

Chinese Taipei constitutes a separate customs territory with full autonomy in the conduct of its external commercial relations.

Chinese Taipei has a small land area with a dense population: on a land of 36,000 square kilometres lives a population of 20 million (1990 statistics). With a population density of over 560 people per square kilometre, Chinese Taipei is one of the world's most densely populated areas (second only to Bangladesh).

Situated in a sub-tropical area, Chinese Taipei is suitable for growing a wide variety of plants; however, Chinese Taipei is mountainous, with arable land accounting for only a quarter of its total land area. It is thus naturally restricted in agricultural development. Also, Chinese Taipei is short of natural resources: no mineral ores are in rich reserve.

The only abundant resource is manpower, and this valuable resource enabled Chinese Taipei to grow strongly between the 1950s and the 1970s, when Chinese Taipei's real economic growth rate averaged 9.1 per cent a year (see Table 1, page 48). Real growth peaked at 12.6 and 11.9 per cent respectively in 1986 and 1987, and since then has slowed to 7.3 per cent in 1989 and 5.3 per cent in 1990.

As a result of strong economic growth during the past four decades, Chinese Taipei has developed from a traditional agricultural economy into a newly industrialized economy. Its GNP has grown from US\$1.2 billion in 1951 to US\$161.7 billion in 1990. Its per capita GNP has increased from US\$145 in 1951 to US\$7,997 in 1990 (see Table 2, page 48), ranking Chinese Taipei twenty-fifth in the world.

Wholesale prices in Chinese Taipei have been quite stable in recent years (see Table 3, page 49). Consumer prices decreased by 0.2 per cent in 1985, grew 0.7 per cent in 1986, and 0.5 per cent in 1987. Owing to the surging trade surplus and money supply, consumer prices rose 4.4 per cent in 1989, and 4.1 per cent in 1990.

Chinese Taipei's strong growth has been accompanied by low levels of unemployment (see Table 4, page 49). Even in the 1970s, during the two oil crises, the average annual unemployment rate was only 1.66 per cent. In 1990, it stood at 1.67 per cent, and is expected to remain low over the coming few years.

A major goal of Chinese Taipei's economic development strategy has always been an equitable distribution of wealth. From 1964 to 1980, the distribution of income became more equitable. The top 20 per cent of the household income bracket earned 5.3 times as much as those in the lowest 20 per cent in 1964; sixteen years later, in 1980, the gap had shrunk to 4.2 times. But the recent trend shows a sign of a widening wealth gap. It hit the five-times mark in 1990 for the first time since 1968 to reach 5.2 times. (See Table 5, page 50).

Chinese Taipei is also a major trading entity. Its merchandise trade exports in 1990 ranked twelfth in the world, and imports, sixteenth, with combined exports and imports ranking fifteenth. Chinese Taipei is also a leader in trade in commercial services. In 1989, Chinese Taipei had an import expenditure of US\$14.0 billion and export receipts of US\$7.5 billion in trade in services, making Chinese Taipei the twenty-first exporter and eleventh importer in the ranking of world trade in services. Chinese Taipei has accumulated foreign exchange reserves of US\$75.6 billion (as of February 1991), largest in the world.

(2) Economic development strategies

Economic planning was introduced with the launching of Chinese Taipei's first four-year plan in 1953. Until 1960, heavy emphasis was placed on agriculture. A land reform programme was carried out and efforts were made to raise agricultural productivity and exports, as well as rural living standards. At the same time, labour-intensive, import-substituting industries were developed to help conserve foreign exchange and provide additional job opportunities.

At the turn of the 1960s, the Statute for the Encouragement of Investment was enacted to attract foreign as well as domestic capital to key industries. Export-oriented industries, designed to take advantage of low-cost labour, began to move gradually into world markets. In the agricultural sector, new farm products were developed, and the export of such products was vigorously promoted. In the 1970s, the economy entered a new stage of development, with government policies calling for a gradual shift to basic and heavy industries. As part of a backward integration process, intermediate goods industries were established. Steps were taken to alleviate bottlenecks in transportation, and large sums were spent on the building of new ports, airports and highways. However, the agricultural sector continued to receive attention, as the government moved to intensify rural development and improve farm income.

In the 1980s, efforts for industrial restructuring were pushed forward. In the meantime, to provide the highly-trained manpower needed for this restructuring, educational institutions placed even greater emphasis on science and technology.

In the 1990s, these efforts as well as economic liberalization and internationalization will be continued. Infrastructural investments, pollution controls, and privatization of public enterprises will be accelerated.

(3) The current economic situation

(a) General situation

Chinese Taipei's economy has grown in a decelerating pace over the past four years. From a high real growth rate of 11.9 per cent in 1987, declined to 7.3 per cent in 1989 and further reduced to 5.3 per cent in 1990, mainly due to the New Taiwan dollar's appreciation which led to sluggish export growth. In 1988, consumer prices grew only 1.3 per cent; but rose in 1989 and 1990 to 4.4 per cent and 4.1 per cent respectively. Unemployment rate reached 1.7 per cent in 1988, 1.6 per cent in 1989 and 1.7 per cent in 1990.

The New Taiwan dollar has appreciated as much as 57.2 per cent against the United States dollar from NT\$40.47 per United States dollar in September 1985 to NT\$25.75 per United States dollar in December 1991 (see Table 6, page 51). The appreciation rate is lower than that of the Japanese yen, but higher than that of the currencies of Korea, Hong Kong, Singapore and major West European countries. This has had a significant impact on the export competitiveness of Chinese Taipei's products and has contributed to the reduction of Chinese Taipei's trade surplus.

As Chinese Taipei continued to face surpluses in its external trade, its net foreign assets increased dramatically and the money supply grew considerably. Money supply (M1B) recorded growth rates of 51.4 per cent and 37.8 per cent in 1986 and 1987, respectively. The growth rate declined in 1988 but still reached 24.4 per cent. However, it declined significantly to minus 6.7 per cent in 1990 because of the introduction of tight monetary policy (see Table 7, page 52).

(b) Structural adjustment

Chinese Taipei's economy continues the process of structural adjustment, reacting to a changing domestic environment as well as changes in its international competitiveness.

The importance of agriculture to Chinese Taipei's economy has declined, while that of industries and services has increased. Agricultural products accounted for 23.9 per cent of the Net Domestic Product in 1967, but only 4.9 per cent in 1990. (See Table 8, page 53). Meanwhile, industrial output, which accounted for 30.8 per cent of the Net Domestic Product in 1967, rose to 47.1 per cent in 1987, then dropped to 41.5 per cent in 1990. The services sector, which accounted for 45.3 per cent of Net Domestic Product in 1967, rose to 46.7 per cent in 1987. As Chinese Taipei adopted a policy to encourage the services sector, its contribution to Net Domestic Product rose to 53.6 per cent in 1990, making services the fastest growing sector among the three major sectors of the economy and replacing the manufacturing industry as the major source of economic growth. The manufacturing sector continues to contribute to economic growth, and agriculture is progressively less significant.

Employment has also shifted from agricultural sector to industrial and service sectors. Agricultural employment represented 42.5 per cent of the total labour force in 1967, but only 12.8 per cent in 1990. The manpower released from the agricultural sector has mostly joined the manufacturing and the service industries. The number of people working in the industrial sector accounted for 24.6 per cent of the total workforce in 1967; the proportion rose to 40.9 per cent in 1990. In the meantime the service sector, which drew 32.9 per cent of the total manpower in 1967 and 46.3 per cent in 1990, has become the major employer (see Table 9, page 54).

Net external demand (exports minus imports) has been a major factor in Chinese Taipei's economic development. Its net external demand had grown from 4.3 per cent of GNP in 1977 to 21.7 per cent in 1986. However, due to structural changes over the years, beginning in 1987, this percentage declined to 19.1 per cent in 1987, 13.2 per cent in 1988, 9.9 per cent in 1989 and 8.3 per cent in 1990. The contribution of this demand to economic growth has dropped to 0.10 per cent in 1987, minus 3.91 per cent in 1988, minus 1.77 per cent in 1989 and minus 0.94 per cent in 1990.

On the other hand, domestic demand - both in terms of national consumption as well as in terms of fixed investment - has grown annually. Domestic demand contributed much to economic growth in 1988 and 1989 (more than the real economic growth rate), becoming the driving force behind economic growth. For example, economic growth in 1990 was carried out essentially by expanding domestic demand. The contribution of domestic demand to economic growth was 6.2 per cent, compensating the adverse effect of negative growth of net external demand.

(c) The recent budget deficits

Although it was Chinese Taipei's established policy to balance its budget, Chinese Taipei experienced sustained budget deficits before 1969. Between 1969 and 1988, however, Chinese Taipei recorded surpluses in its fiscal budgets. But, since 1981 a new fiscal policy aimed at strengthening domestic demand through deficit spending led in fiscal year 1989 (from July 1988 to June 1989) to a record-high budget deficit of NT\$306.8 billion (around US\$11.1 billion), or 33.5 per cent of total revenue. In fiscal year 1990, the budget was just balanced. For fiscal year 1991, the deficit is expected to be NT\$139.6 billion (around US\$5.1 billion), or 13.8 per cent of the total revenue, in a further attempt to expand domestic demand. The deficits will be financed by appropriation of surplus of previous fiscal years, government bonds, and other loans for economic development projects.

2. External trade

(1) External trade balance

With a small land area, high population density and scarcity of natural resources, Chinese Taipei depends on trade for sustained economic growth. In 1952, Chinese Taipei's total external trade (exports plus imports) measured only US\$303 million. It grew at an annual average rate of 17.1 per cent to US\$121.9 billion in 1990, 401 times over a period of thirty-eight years (see Table 10, page 55). The average export growth rate was 18.2 per cent and import growth rate 16.1 per cent. External trade has played a pivotal rôle in Chinese Taipei's economic development since it adopted an export-oriented strategy in 1958. This brought about an external trade growth exceeding economic growth and also deepened Chinese Taipei's dependency on trade. For example, in 1952, exports accounted for 8.0 per cent of the GNP; in 1990, the percentage had jumped to 46.5 per cent. During the same period, import dependency also rose from 14.1 per cent to 40.7 per cent. The aggregate export-import dependency thus rose from 22.2 per cent to 87.2 per cent over the thirty-eight year period, making Chinese Taipei one of the territories or areas with the highest trade dependency. This booming trade improved Chinese Taipei's economic structure, increased its foreign exchange income, accelerated its economic growth, and enlarged job opportunities (see Table 11, page 56).

Between 1952 and 1970, Chinese Taipei consistently recorded trade deficits (except in 1964 when world sugar prices were so high that they brought Chinese Taipei a trade surplus). Beginning in 1971, however, the trade imbalance began to reverse itself. In the years since then, Chinese Taipei has registered consecutive trade surpluses (except in 1974-75 when increases in oil prices burdened Chinese Taipei's economy so much that it suffered short-term deficits). Between 1982 and 1987, Chinese Taipei scored six consecutive record high trade surpluses, with the 1987 surplus of US\$18.7 billion being equivalent to 18.1 per cent of the GNP. In 1990, the surplus dropped to US\$12.5 billion, accounting for 7.7 per cent of the GNP. The ever-expanding trade surpluses in recent years have become a major worry for Chinese Taipei's economic policy makers, who are now seeking to reduce external trade earnings to a more appropriate scale.

The high trade surplus is mirrored by Chinese Taipei's high propensity for savings (in 1987 gross savings accounted for 38.5 per cent of GNP and the 1990 figure was 29.7 per cent) and inadequate investments (in 1987 domestic investments were only 20.1 per cent of GNP, and in 1990, 21.6 per cent). Domestic production (supply) thus exceeded the internal demand, deepening Chinese Taipei's dependency on exports to absorb excess production.

To speed structural adjustment of its economy and facilitate the integration of its economy into the multilateral system, Chinese Taipei has adopted an open trade policy. Chinese Taipei lowered import tariffs, loosened or lifted controls and restraints on imports, and substantially appreciated the New Taiwan dollar against the United States dollar. Its efforts to balance its external trade are beginning to bear fruit: imports are growing more rapidly than exports. In 1988, Chinese Taipei's exports

increased 13.0 per cent from the previous year, compared to import growth of 42.0 per cent. The trade surplus declined substantially from US\$18.7 billion in 1987 to US\$10.9 billion in 1988. However, the 9.3 per cent growth of exports and 5.2 per cent increase of imports in 1989 widened the trade surplus again to US\$14.0 billion, in 1990, however, the slower growth rate for exports (1.5 per cent) than for imports (4.7 per cent) shrank trade surplus again to US\$12.5 billion.

(2) Structure of trade in goods

Chinese Taipei's production structure has been determined essentially by export demand, a typical result for an export-oriented development process. As a result, the growth of most industries was affected more by the economic conditions of other countries than by the state of the domestic economy.

In the 1950s, when Chinese Taipei initiated its import-substitution strategy, exports were mainly composed of sugar, rice, bananas, tea and processed agricultural products. Few industrial products were sufficiently competitive for export. By the late 1950s, the import-substitution industries were capable of producing competitive export products. As a result, the share of exports of traditional items declined drastically while industrial products took an increasingly greater share of exports. At first, major export items were labour-intensive products such as textiles and plywood. Recently, electronic goods have grown to become major export items. In 1952, agricultural products and processed agricultural products accounted for 91.9 per cent of total exports, of which rice and sugar alone represented 74 per cent, and industrial products accounted for only 8.1 per cent of total exports. By 1990, the export composition structure has reversed so that industrial goods accounted for 95.6 per cent of total exports, while agricultural products and processed agricultural products accounted for only 4.4 per cent (see Table 12, page 57). Major export items were machinery and electrical equipment (34.4 per cent), textile products (15.3 per cent), basic metals and articles thereof, and plastic goods.

In contrast, the structure of Chinese Taipei's imports did not change much over this period. A major reason is that Chinese Taipei, islands with scarce natural resources, has always had to import large quantities of agricultural and industrial raw materials. In 1952, such imports accounted for 65.9 per cent of the total; in 1990, the percentage was 70.4 per cent (see Table 13, page 58). Changes in the import composition occurred for capital goods and consumer goods. In 1952, when the local industrial base was still weak, there was a heavy dependence on imports of basic consumer goods (mostly light industry products); therefore, consumer goods accounted for 19.9 per cent of total imports. Later, as import-substitution industries developed, locally produced consumer goods gradually replaced imports. Accordingly, the share of consumer goods in total imports declined - in 1969, it plunged to a low of 4.5 per cent. However, following this, increasing per capita income, lowered import duties and loosened import controls have contributed to a growing demand for foreign consumer goods, whose share rose to 12.1 per cent of total imports in 1990.

Imports of capital goods accounted for 14.2 per cent of the total imports in 1952. It rose to 34.7 per cent in 1969, and then reduced to 23.4 per cent in 1980 and to 13.6 per cent in 1986, reflecting partly a declining willingness to invest in Chinese Taipei. The decline also reflected the fact that Chinese Taipei had developed domestic capital equipment industries capable of supplying domestic demand and that the need to import these items had declined. Since 1985, the import share of capital equipment gradually increased again, to a level of 17.5 per cent in 1990.

Major import items in 1952 included textile goods, agricultural products and chemical fertilizers. By 1990, these had been replaced by machinery and electrical equipment (28.4 per cent), minerals (17.4 per cent), chemicals, and basic metals.

(3) Trade by geographic areas

The geographic composition of Chinese Taipei's trade has changed along with the product composition. The most important change has been the decline in Japan's share of Chinese Taipei's exports from 52.6 per cent in 1952 to only 9.9 per cent in 1983. However in 1990, the percentage rose to 12.4 per cent. On the other hand, the United States share of Chinese Taipei's exports rose from 3.5 per cent in 1952 to 48.8 per cent in 1984. Since 1984 the United States share began to decline annually. In 1990, the share was down to 32.4 per cent. Together, the United States and Japan have consistently accounted for more than 50 per cent of Chinese Taipei's imports.

In 1990, other major export markets of Chinese Taipei were the EC, Hong Kong, Singapore, Canada, Thailand and Australia while its major sources of imports included (besides the United States and Japan) the EC, Hong Kong, Australia and Saudi Arabia (see Tables 14-15, pages 59-60).

A major weakness of Chinese Taipei's external trade picture is its over-reliance on a few major trading partners, which makes Chinese Taipei vulnerable to economic and political conditions in those countries. An urgent task facing Chinese Taipei's policy makers is to diversify export markets and import sources.

Since 1968, Chinese Taipei has enjoyed a surplus in trade with the United States. The surplus totalled US\$1 billion in 1976, and climbed to US\$16.0 billion in 1987, making Chinese Taipei the second largest contributor to the United States trade deficit, after Japan. In 1990, Chinese Taipei's exports to the United States decreased by 9.4 per cent while imports increased by 5.1 per cent, reducing trade surplus to US\$9.1 billion. Despite this significant decline, the trade imbalance remains substantial.

Most of Chinese Taipei's trade surplus with the United States in the early 1980s can be attributed to long-term structural factors, while only a small part can be attributed to the excessive value of the United States dollar and other factors. However, after the joint intervention by the five major industrialized countries in the foreign exchange markets in

1985, the New Taiwan dollar has appreciated 49.3 per cent against the United States dollar as of December 1990. Despite such appreciation, Chinese Taipei's trade surplus with the United States still persists. This means the exchange rate is not the sole factor for Chinese Taipei's trade surplus with the United States.

In contrast to the surplus it has enjoyed in trading with the United States, Chinese Taipei has suffered trade deficits with Japan. In 1987, the deficit amounted to US\$4.9 billion. In 1988, the figure rose to US\$6.1 billion; in 1989, US\$7.0 billion, and in 1990, reached a record-high US\$7.7 billion. How to rectify this problem - chronic trade surplus with the United States and deficit with Japan - is a major challenge for Chinese Taipei.

3. Direction of future economic policy

Chinese Taipei has formulated a Six-Year National Development Plan commencing in 1991 as guidance for future development to achieve four specific policy objectives: to raise national income, to provide sufficient resources for continuous industrial growth, to balance regional developments, and to improve the quality of life.

To these ends, Chinese Taipei will:

- (1) expand public investment, especially in the development of industrial zones and housing. Fixed government investment will grow at an average annual rate of 15.5 per cent in real terms. The expansion of public investment will expand domestic demand and, at a later stage, enhance overall productivity. As a result, the economy is expected to grow 7.0 per cent annually between 1991 and 1996, and per capita GNP to rise from US\$7,997 in 1990 to US\$13,975 in 1996;
- (2) carefully monitor the distribution of productive resources such as land, water, energy and transportation facilities in order to provide sufficient resources for sustained industrial growth. The Plan envisions the emergence of Chinese Taipei, at the time when the Plan is fully accomplished, as a financial centre, a regional transportation hub, and a leader of the production of high technology in the Western Pacific;
- (3) make efforts to alleviate population congestion and to diversify the industrial sites. Thus the top priority is given to improving public housing, schools, medical and transportation facilities;
- (4) divide Taiwan area, for the purpose of improving the quality of life, into eighteen living perimeters, in which living accommodation, recreational, educational, medical and business facilities will be self-sufficient. In addition, the government will launch national health insurance programmes in 1994 providing insurance to everyone. Environmental legislations will also be amended and administration strengthened to ensure higher environmental quality and effective ecological preservation.

The Six-Year National Development Plan calls for huge investment in major infrastructure projects. The government will invest around US\$300 billion in a variety of projects, including a rapid transit system, an expressway, airport extension, environmental protection, water resources, energy development, urban development, culture and education. It is hoped that completion of the Plan will speed up Chinese Taipei's entry into the ranks of the fully developed economies and that the attainment of the Plan's goals and targets will lead not only to a more prosperous economy, but also to higher environmental quality and greater social equity.

II. THE FOREIGN TRADE REGIME

1. The tariff system

(1) The evolution of the customs tariff up to 1990

Chinese Taipei's tariff policy and the tariff rates were established with a view to securing sound development of domestic industries and to coping with changes in the world trading system.

Since 1 September 1980, Chinese Taipei has been implementing a "two tier tariff system". The second column on the tariff schedule is the tariff rate for goods subject to the "reciprocal rate", which is lower than the first column. Currently in addition to countries or areas with reciprocal agreements with Chinese Taipei, any country or area that does not extend discriminatory treatment to Chinese Taipei's goods also qualifies for the second column tariff rates. At present, 140 countries or areas qualify for the second column rates, their goods accounting for over 90 per cent of the total value of imports. The first column on the tariff schedule is applicable to countries or areas not covered by the second column, the contracting parties falling within this category are: Myanmar, Cuba, Czechoslovakia, Gambia, Mauritania, Romania, Sierra Leone, Tunisia, Uganda and Zimbabwe. Upon accession, unconditional m.f.n. treatment will be extended to all GATT contracting parties.

Between 1984 and 1988, Chinese Taipei revised its tariff schedule five times, resulting in an across-the-board lowering of tariff rates by 30 per cent. In this process, 234 items were put on the list of duty-free imports, and 7,128 items had their tariff rates reduced, so that the effective average duty rate declined from 7.97 per cent in 1984 to 5.77 per cent in 1988. The recent tariff reduction, which took place in August 1989, further reduced tariff rates of 4,700 categories of products, covering 61 per cent of imported products, including a 30 per cent decrease on industrial equipment and 10 per cent drop on agricultural products. The highest tariff rate was also cut from 75 per cent in 1985 to 50 per cent.

The average tariff rates for industrial products are now as follows: 0-2.5 per cent for raw materials, 0-10 per cent for semi-finished goods, and 5-15 per cent for finished products. In 1990, the effective average duty rate was 5.40 per cent. Chinese Taipei's present tariff structure is very similar to or even lower than that of certain industrialized contracting parties (see Table 16, page 61).

(2) Future direction of customs tariff rates

Previously when tariff reductions were carried out, emphasis was placed on industrial inputs, agricultural commodities and capital goods. The scope will now be expanded to cover general consumer goods and products for environmental protection, so that customs duties can more effectively play their rôles in economic and social development, in environmental

protection, and in enhancing consumers' welfare. In order to expedite economic liberalization, Chinese Taipei announced a "Four-year (1989-1992) Tariff Reduction Plan" in November 1988 to further reduce the customs duty. By 1992, the effective duty rate is expected to be reduced to 3.5 per cent, the average of the industrialized members of OECD, and the average nominal duty rate will be reduced to 7 per cent.

Upon its accession to GATT, Chinese Taipei will bind 94 per cent of its tariff items at a maximum rate of 30 per cent. The ceiling for the remaining 6 per cent will not exceed 50 per cent. Chinese Taipei will endeavour to enter into tariff negotiations with interested contracting parties to establish a tariff schedule of specific concessions which will correspond in coverage and scope to that of most industrialized countries.

2. The customs system

(1) Valuation

Chinese Taipei revised its Customs Law in July 1986 by following the procedures set out in the GATT "Agreement on Implementation of Article VII of the GATT". This régime is applicable to all imports. Chinese Taipei is therefore prepared to adhere, upon accession to GATT, to the Customs Valuation Code.

(2) Classification

On 1 January 1989, Chinese Taipei implemented the Harmonized System. Chinese Taipei's tariff is based on the eight-digit Harmonized System plus two additional digits for statistical sub-divisions and one more digit for inspection purposes.

(3) Unfair trade laws

In 1984, Chinese Taipei enacted "The Implementing Regulation on the Imposition of Countervailing Duties and Anti-dumping Duties". These rules conform to the GATT "Anti-Dumping Code" and the "Subsidies Code". Based on these rules, countervailing duties or anti-dumping duties can be levied on imported goods that are found to have received subsidies or have been dumped and which threaten domestic industries. Chinese Taipei will, upon accession to GATT, adhere to both the Anti-Dumping Code and the Subsidies Code.

(4) Customs procedures

Chinese Taipei will continue to simplify its customs operations to ensure that the customs procedures will not constitute non-tariff trade barriers. Although Chinese Taipei is not a member of the Customs Co-operation Council nor a signatory to the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials (1952), the Customs Convention on the Temporary Importation of Professional Equipment (1961), and the Customs Convention on the ATA Carnet for the Temporary Admission of Goods (1961), Chinese Taipei is planning to implement these conventions.

(5) Other charges and fees

(a) Harbour construction dues:

Chinese Taipei imposes harbour construction dues at 0.5 per cent on the dutiable value of imports and exports.

(b) Special customs services:

If special customs services are required, a flat rate commensurate with the approximate cost of the services rendered is charged.

The Ministry of Finance has promulgated the "Rules Governing the Collection of Handling Charges" to unify collections.

(6) Export processing zones

Export processing zones (EPZs) are established in order to encourage investments, and to expand the export of products and services. Therefore, all products imported by enterprises located in EPZs for their own use are exempted from customs duties.

The products of the manufacturing industry in Chinese Taipei's EPZs are normally for export. However, 50 per cent of their annual productions are allowed for sale on the local market after the payment of customs duties. If the quantity to be sold locally is over 50 per cent of annual production, then it should be approved by the Export Processing Zone Investment Screening Board.

3. The import licensing system

(1) General description

Chinese Taipei's import control measures originated from the 1950s, when these measures were introduced for balance-of-payments problems. Since 1983, Chinese Taipei has taken a series of steps to liberalize imports, including, among others, substantially reducing the number of goods subject to import bans or controls and expanding the list of products that can be freely imported. Chinese Taipei's present tariff, based on the Harmonized System, contains 9,053 items, of which 8,811 or 97.3 per cent are permitted to be imported. Among them, 5,918 items, or 65.3 per cent, can be imported without any permit, 699 items must apply for a permit from the Board of Foreign Trade (BOFT) and the other 2,194 items from a licensing unit authorized by BOFT (such as banks) (see Table 17, page 61).

(2) Non-automatic licensing

Chinese Taipei restricts the importation of some products on the grounds of national security, maintaining the public order, or preserving human, animal or plant health.

Importation of some of these products is controlled. All of these require a prior import permit issued by the Board of Foreign Trade.

Presently, six industrial and 123 agricultural products are subject to import controls on the grounds of related policy and social consideration, i.e. these products can not normally be imported. They include animal offal, herring, mackerel, squid, liquid milk, wheat flour, waste of plastics, etc.

Another group of four industrial and seventy-seven agricultural products is subject to discretionary licensing. They include rice, chicken meat, red beans, peanuts, potatoes, rubber accelerators, and some others.

Chinese Taipei also applies a certain number of area restrictions. Thirty-five industrial and nineteen agricultural goods presently fall under these provisions, i.e. they can only be imported from certain areas.

Chinese Taipei prohibits all direct imports from mainland China.

(3) Automatic licensing

Chinese Taipei imposes licensing requirements on the importation of certain products for administration or management purposes. Such permits are issued automatically within twenty-four hours after application to the responsible agencies. These agencies include the Board of Foreign Trade (BOFT), the Export Processing Zone Administration, the Science-based Industrial Park Administration and licensing banks.

(4) Permit application procedures

Importers seeking to import foreign goods subject to a prior licensing requirement must apply to the Board of Foreign Trade or other authorized agencies for a licence. If the application meets the requirements of the "Guidelines for Screening Imported Goods" and the "Regulations Governing Import Applications" and other import regulations as contained in the "Customs Import Tariffs and Classification of Import and Export Commodities", these agencies will issue a permit within twenty-four hours of the application. An import permit is valid for six months. If the shipment cannot be completed within that period of time, the importer can apply to the original licensing agencies for an extension. He can also apply for a new licence.

(5) Future directions

In the Trade Bill now in legislative process, Chinese Taipei plans to eliminate in principle all prior licensing requirements. Certain limited exceptions will however be maintained for reasons of national security, public order, cultural, educational, public health considerations and environmental protection. To this end, Chinese Taipei plans to adopt a "negative list" approach.

In designing its new import licensing system, Chinese Taipei will follow the examples of the current licensing systems of developed economies and take into account existing GATT rules.

Products not listed in the negative lists can be freely imported. The new system will give more transparency to Chinese Taipei's import administration system. Once the negative listing system is adopted, BOFT will review the lists every year for further liberalization. These steps are expected to speed up Chinese Taipei's import liberalization in line with the spirit of GATT. Upon its accession to GATT, Chinese Taipei will also consider adherence to the GATT Licensing Code.

4. The export licensing system

With the adoption of the Harmonized System, the previous 26,889 items were regrouped into about 9,000 items. Of the current total 9,011 items, 98.9 per cent or 8,907 items may be exported.

In the past, most exports required export permits (E/Ps). However, with the policy of trade liberalization, more and more exportable goods do not need E/Ps. At this moment, only 2,707 items or 30.0 per cent of all goods require export licences for the following reasons:

- (1) Implementation of quantitative restriction arrangements and voluntary restraint arrangements (VRA), voluntary export restrictions (VER) and orderly marketing arrangements (OMA).

Export permits are required for the export of textile and garment products to the United States (since 1962), Canada (since 1975), the European Communities (since 1975); of silk cloth to Japan (since 1980); of footwear to the European Communities (since July 1990); of machine tools and steel to the United States (both since 1987).

- (2) National security, the security of supply of certain daily necessities and important industrial materials, including rice, salt, coal and uranium.
- (3) Social and financial policies, including gold, gold ores and concentrates, and narcotics.
- (4) Protection of endangered species of wild fauna and flora, including grouper fry, Formosan land-locked salmon, and white-skin sugar cane.
- (5) Hygiene and health, including puffer fish, turtles, prawns and pork.
- (6) Agricultural development, including bananas, seedless water-melons, onions, eels, and raw sugar.

There are also regulations concerning marking of brand and origin on export products with the purpose of protecting intellectual property rights and consumers' interests.

5. The labelling system for imported products

(1) The existing laws and regulations

The "Commodity Labelling Law" governs the labelling of all commodities. It is aimed at assuring accurate labelling, protecting producers' reputations, and safeguarding consumer interests.

(2) The labelling of mark of origin

The "Commodity Labelling Law" does not impose a mark-of-origin requirement, it only sets out criteria for such labels. The choice to mark the origin is left to the producer.

(3) The general rules on labelling

In general, the "Commodity Labelling Law" is applicable, in conformity with the national treatment principle, to both locally produced and imported commodities.

To prevent deceptive practices and to protect consumers against fraudulent or misleading indications, Chinese Taipei requires a mark of origin for importation of certain textile and garment products.

6. Standards, inspection and quarantine

(1) Standards and inspection

Standards are written and published in the name of Chinese Taipei's National Standards (CTNS) by the National Bureau of Standards (NBS) of the Ministry of Economic Affairs. Most of the standards are similar to or in conformity with international standards such as ISO and IEC. There are, however, some deviations due to different customs.

The Bureau of Commodity Inspection and Quarantine (BCIQ) was established by the Ministry of Economic Affairs to carry out necessary commodity inspection measures according to the Commodity Inspection Law. The purpose of this inspection is to promote the quality of commodities, to safeguard safety of products and to protect consumer interests. The methods of commodity inspection are similar to those which are presently exercised by international practices. There is a national laboratory accreditation arrangement, product certification scheme and quality assurance system, all of which are in conformity with the latest international practices related to ISO/IEC guides.

Chinese Taipei is, therefore, undertaking its standards, testing, inspection and quality assurance schemes in accordance with the latest relevant international guides and practices. It will consider adhering to "The Agreement on Technical Barriers to Trade" (Standards Code) upon its accession to the GATT.

(2) Quarantine

In principle, no animals, plants or by-products thereof may be exported or imported until it has been ascertained through quarantine or treatment that they are free from pests or diseases.

This principle is implemented on the basis of the following laws and regulations:

- (a) The Commodity Inspection Law and its Enforcement Rules.
- (b) Quarantine Requirements for the Importation of Animals and Animal Products.
- (c) Regulation for the Control of Infectious Domestic Animal Diseases and its Enforcement Rules.
- (d) Quarantine Restrictions on the Importation of Plants and Plant Products.

7. Trade agreements

Chinese Taipei has entered into bilateral trade agreements with many countries. The list of these agreements is attached herewith as an Annex.

III. OTHER POLICIES AFFECTING FOREIGN TRADE

1. Industrial policy

The chief goal of Chinese Taipei's industrial policy is to facilitate the promotion of industries upgrading, to increase the competitiveness of industrial products, to support the growth of the whole economy, and to raise the living standards of the people. During the 1940s, the focus was on rebuilding fundamental industries and during the 1950s on import-substitution consumer industries. In the 1960s, Chinese Taipei started the promotion of export-oriented industries and emphasis was on the co-ordinated development of up-stream parts and components. From the late 1970s, with the completion of the Ten Construction Projects covering steel, shipbuilding, petrochemical, electricity, and telecommunication industries, Chinese Taipei began to develop both capital- and technology-intensive industries. During the 1980s, Chinese Taipei began to focus on creating a more favourable environment for the development of high-technology and high-value-added industries. This included setting up a science-based industrial park to afford local companies access to the latest research and development facilities in order to upgrade the quality and strengthen the competitiveness of Chinese Taipei's products in the world markets.

Chinese Taipei promulgated a "Statute for Upgrading Industries" on 29 December 1990 to encourage the establishment and development of high technology industries and venture capital investment enterprises and to provide industrial sectors with incentives on research and development, manpower training, improvement of product quality, employment of more productive production methods, and adoption of automation and energy-saving processes of production and pollution prevention.

2. Agricultural policy

Chinese Taipei is mountainous with limited agricultural resources. The cultivated land is about 900,000 hectares covering one quarter of the total land. Four million people still depend on agriculture for their living. Average farm size is small (1.03 hectares in 1990). Production costs have increased greatly in recent years due to wage increases. Therefore, most of the farm products produced in Chinese Taipei lost its competitiveness in both domestic and the world markets.

The farm family income (US\$3,768 per capita family in 1990) has been lower than that of non-farmers (US\$5,484) in Chinese Taipei (see Table 18, page 62). This caused a continuous outflow of farm labour, particularly of young people, to non-agricultural sectors in the past two decades. As a consequence, the age structure of Chinese Taipei's agricultural labour force is unfavorable, with an average of about fifty years.

With continued increases in agricultural production costs, farm income further declined. Farmers were forced to diversify into non-farm activities. In 1990, only 35.2 per cent of the total farm family income was derived from farming.

Chinese Taipei maintained a food self-sufficiency rate of over 100 per cent until 1965. Since then, however, this rate has declined continuously. The self-sufficiency rate for grains (other than rice) has declined to less than 10 per cent; for pulses, nuts and seeds to less than 20 per cent, and for dairy products, to about 20 per cent. The self-sufficiency rate for sugar remains above 100 per cent, but has also shown a downward trend. Falling self-sufficiency in food has led to an increasing dependence on imports and vulnerability to changes on foreign agricultural markets.

As an equitable distribution of national income is a very important policy objective in Chinese Taipei, the first aim of its agricultural policy at present is to raise farm income. Sufficient supply of food for the population and the protection of the natural environment are the other two important agricultural policy objectives. In order to achieve those objectives, Chinese Taipei set up price support programmes and introduced a certain number of border measures for a few products. However, Chinese Taipei's overall agricultural protection is low.

Chinese Taipei intends to adopt a more market-oriented agricultural policy, including a gradual opening of the market and lowering of the tariff rates. Recently the government approved an "Integrated Agricultural Adjustment Programme". Under this programme, the government will put more emphasis on the following measures in the future six years from 1 July 1991 to 30 June 1997:

- (a) Upgrading agricultural technology in order to increase products' added value and competitiveness.
- (b) Enlarging farm size through the land-purchase fund by assisting full-time farmers to purchase farmland from part-time farmers at low interest rates. This programme has been in effect since 1980.
- (c) Encouraging young farmers to increase farm productivity through a programme to train young farmers to modernize agricultural techniques.
- (d) Avoiding the adoption of market-distorting measures and gradually phasing out price supports.

Chinese Taipei is prepared to support the negotiation objectives of the Uruguay Round in the field of agriculture and will favourably consider implementing its reforms.

3. Monetary policy

The Central Bank is in charge of the monetary policy in Chinese Taipei. The ultimate goal of the monetary policy is to maintain the stability of the financial system, control inflation and promote economic development.

The Central Bank has the authority to adjust various deposit reserve ratios and rediscount rates, to conduct open market operations, and to act as the lender of last resort.

Beginning in December 1988, the Central Bank adopted a tight monetary policy by implementing both general and selective credit control measures to tackle the problem of prolonged excess monetary growth, which stemmed from the continuous trade surplus and the huge influx of speculative capital from abroad.

In December 1988, the Central Bank raised deposit reserve ratios. In March 1989, the Central Bank imposed limitations on loans related to real estate and investment companies. In April 1989, the Central Bank raised rediscount rates, deposit reserve ratios, and ceilings of interest rates for both deposits and loans. Finally in May 1989, instead of fully redeeming maturing bills, the Central Bank reached an agreement with thirteen major local banks requiring local banks to purchase a one-year negotiable certificate of deposit of the Central Bank up to 80 per cent of the maturing amount.

As a result of these measures, the annual growth rate of money supply (MIB) slowed dramatically from 26.6 per cent in November 1988 to 8.5 per cent in May 1989. The growth rate of bank loans and investment levelled off, and the consumer price level dropped gradually.

Because the trends of most financial indicators were within set targets, the Central Bank reviewed its monetary policy in June 1989 and relaxed housing loans for the first-time buyers and increased foreign exchange financial facilities for the importation of machinery and equipment.

Chinese Taipei will continue its efforts to liberalize banking interest rates so that the market mechanism can fully decide interest rates and thus help promote better use of money.

To rationalize the interest rate structure and to promote the normal operation of the "discount window", the Central Bank raised the rediscount rate by 2 per cent - 2.25 per cent in August 1989 (see Table 19, page 63).

In the first half of 1990, in response to a tight money supply, the Central Bank conducted open market operations, accommodated NT\$40 billion to the thirteen major local banks, permitted the redeposit of Co-operative Bank of Taiwan, and allowed the negotiable certificate of deposit held by the thirteen banks to draw and redeem fully on their maturing date.

In the second half of 1990, to promote economic recovery, the Central Bank lowered the reserve requirement, appropriated NT\$15 billion postal savings redeposit and eased the regulation concerning selective credit control on financial institutions' real estate loans. Also to absorb the excess liquidity of the banking system resulting from the over bought position of foreign exchange, the Central Bank accepted the redeposit from the Bank of Taiwan, the Bank of Communications, and others, and issued treasury bills and negotiable certificates of deposits.

4. Foreign exchange policy

Before July 1978, the New Taiwan dollar was pegged to the United States dollar, because the United States was Chinese Taipei's most important trading partner and because most of Chinese Taipei's international transactions were denominated in United States dollars. Since the pegged exchange rate movements could not reflect developments in Chinese Taipei's balance of payments, and the exchange rate fluctuations interfered with the pursuit of internal policy objectives, a floating rate system was introduced in February 1979. Up to March of 1989, the central rate of the United States dollar against the New Taiwan dollar was established on the basis of the weighted average rate of inter-bank transactions in United States dollars on the previous business day.

As the weighted average rate of inter-bank transactions on the previous business day was unable to reflect market forces in time and with precision, the foreign exchange system in Chinese Taipei has been revised several times since early 1989. Beginning from the end of 1990, authorized foreign exchange banks have been permitted to set their own exchange rate for small foreign exchange transactions (less than US\$10,000), which used to be fixed by a committee of banks. The market-based exchange rate system in Chinese Taipei has so far functioned fairly well and is, to a large extent, similar to those adopted by the leading nations of the world.

As for exchange controls, transactions relating to current accounts are totally free. The annual limit on non-trade-related capital inflows or capital outflows is now set at US\$3 million per entity, but if companies and individuals get permission for long-term investment or direct investment, they can purchase or sell whatever amount of foreign exchange approved by the Investment Commission of MOEA. The limit on capital flows has been relaxing with liberalization and internationalization of financial markets in Chinese Taipei.

To promote the development of the local foreign exchange funding market, a foreign currency call loan market was established in August 1989. The breadth of the market has been expanded in terms of eligible participants and tradable currencies. Fifty foreign exchange banks were permitted to participate at the establishment of the call loan market. Since August 1990, headquarters and affiliated institutions of foreign banks in Chinese Taipei, overseas branches of local banks, and all financial institutions in Singapore, New York and London, have been allowed to participate in the market. The tradable foreign currencies have been increased from only the United States dollar to all other twelve currencies listed on the foreign exchange market. Upon the linkage agreements between Taipei foreign currency call loan market and the international money brokers, the market has extended its services to the neighbouring centres such as Hong Kong and Singapore.

Chinese Taipei also allows banks to operate forward foreign exchange transactions to facilitate merchandise trade beginning on 1 November 1991.

Chinese Taipei is not a member of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), but would be ready to fully comply with the provisions of Article XV of the GATT.

5. Financial policy

The Ministry of Finance is vested with the responsibility to formulate and carry out Chinese Taipei's financial policy. The purposes of its financial policy are:

- To establish a sound money market, to adjust money supply and demand and to support the development of the agricultural, industrial and commercial sectors.
- To design, draft and review banking and financial laws and regulations and to supervise their enforcement.
- To establish a sound banking system so as to manage and supervise banks and special financial institutions.

Chinese Taipei provides market access for foreign financial institutions and is interested in participating in negotiations to achieve further progressive liberalization under the multilateral framework.

(1) Money and banking

The financial system consists of monetary institutions, deposit insurance institutions, other financial institutions and the financial market. Monetary institutions include commercial banks, specialized banks, local branches of foreign banks, credit co-operative associations, credit departments of farmers' associations and credit departments of fishermen's associations. The Central Deposit Insurance Corporation is one example of deposit insurance institutions. Other financial institutions include investment and trust companies, small and medium credit guarantee funds, postal savings systems and insurance companies. The financial market includes the money market and the capital market. The participants in the money market include bill finance companies and monetary institutions and those in the capital market are securities finance companies and securities brokers.

In recent years, because the national income has increased, as has the willingness of the public to save, total deposits increased from NT\$729 billion at the end of 1978 to NT\$6,491 billion at the end of 1990. Total loans at the end of 1978 were NT\$ 694 billion and at the end of 1990, NT\$4,980 billion. Total loans have, since 1983, been less than total deposits, and over the years, this gap has widened. This indicates that both government and private sectors should co-operate to raise investment incentives, and to promote the use of credit so as to utilize economic resources more effectively.

The money market is the place where enterprises adjust their short-term capital needs. Promoting the money market is, therefore, a means of providing enterprises with another way to attract short-term capital. At present, there are three private bill finance corporations. The total amount of commercial paper underwritten by these finance companies came to NT\$34 billion in 1978 and NT\$1,712 billion in 1990. The total transaction amount of bills grew from NT\$128 billion to NT\$14,537 billion, for the same period.

To further liberalize its banking service, Chinese Taipei amended the Banking Law again in July 1989. The fluctuation limit on interest rates was lifted, new commercial banks were allowed to set up, and the business scope that banks are allowed to conduct could be broadened upon the consent of the Ministry of Finance. In 1990, Chinese Taipei also amended the Guideline for Screening and Approval of Establishment of Branches and Representative Offices by Foreign Banks, permitting local branches of foreign banks to engage in trust business and to accept savings deposits. The requirements for setting up new branches by foreign banks were also relaxed.

(2) Securities

The Securities and Exchange Commission (SEC) is the regulatory agency of the capital market which was established in September 1960. The Taiwan Stock Exchange was incorporated in 1961 and started operation in February 1962. When the Taiwan Stock Exchange was first established, there were only eighteen companies listed with a total registered capital of US\$135 million. By November 1991, the total market value of 220 listed companies on the Taiwan Stock Exchange had reached approximately US\$111.5 billion.

With regard to the securities industry, as of November 1991, there were 348 securities brokerage firms, sixty-two securities underwriters, and fifty-five securities dealers registered with the SEC. Additionally, there are four securities investment trust companies and eighty-four securities investment consulting companies operating in Chinese Taipei.

As to the foreign participation in the local securities industry, in addition to eleven local securities firms that have foreign shareholders under joint venture arrangements, there are two foreign securities firms having been allowed to operate branch business in Chinese Taipei. Furthermore, the Securities and Exchange Commission has also allowed five renowned foreign securities firms to set up their representative offices in Chinese Taipei.

The securities financing system of Chinese Taipei was introduced in 1974. In line with the policy of liberalization, the SEC has permitted qualified securities firms, starting in October 1990, to offer securities financing services to their customers. As of November 1991, twenty-two securities firms have been allowed to engage in such business.

To further securities market development, the regulatory authority is currently undertaking efforts to the promotion of foreign institutional investment in the local market; the establishment of bonds market; and the facilitation of local enterprises to issue securities in overseas markets. As securities markets around the world become more and more interdependent, and as the global securities trading system moves toward integration, Chinese Taipei will continue its efforts to internationalize its securities market.

(3) Insurance

The insurance sector has developed rapidly in Chinese Taipei. The government not only established "Civil Servants' Insurance" and "Labors' Insurance", but also "Farmers' Health Insurance" in October 1985. The total premium of property and casualty insurance increased from NT\$7.9 billion in 1979 to NT\$40.3 billion in 1990, an increase of 5.1 times. The total life insurance premium grew from NT\$9.7 billion to NT\$145.5 billion, at an increase of 15.0 times, over the same period.

To liberalize its insurance market, to safeguard the interests of the insured and to strengthen the supervision of the insurance industry, Chinese Taipei is drafting an amendment to its current Insurance Law. The amendment will set criteria for local and foreign insurance licence seekers.

6. Fiscal policy

The goal of Chinese Taipei's fiscal policy has been to promote economic growth, full utilization of national resources and equitable distribution of wealth.

During the 1950s, the Government experienced financial difficulties and was forced to borrow from supra-national institutions and other foreign banking groups. Chinese Taipei therefore adopted a balanced-budget policy. Government expenditure was set to equal projected revenue.

However, since fiscal year 1964, government revenue has steadily increased with the growing economy. As a result, the Government budget has greatly expanded to meet the development needs of the economy. Since fiscal year 1971, the Government has been able to repay the loans required during the 1950s when the budgets were in deficit.

In recent years, Chinese Taipei has carried out a series of measures, including many public development projects, in an effort to stimulate private investment and to expand domestic demand. Such measures will lead to an increase of imports and a reduction of its trade surplus. Most of those development projects will be financed by issuing government bonds, and thus absorb excess liquidity in the market place.

In the future, the government budget will be set more closely by the government's growing policy needs rather than budget balancing and will work for Chinese Taipei's future economic stability and national development.

Chinese Taipei's taxation system is composed of many, rather than single, tax regulations. Taxes are classified into national taxes and local taxes (provincial, county or city taxes). The income tax includes an individual income tax which is collected under five progressive rates with 6 per cent as the minimum, and a business income tax whose rates are 0, 15 and 25 per cent. Business taxes are divided into a value-added tax and a gross business receipt tax. Except for small traders, financial institutions and night-clubs, which pay their business taxes in accordance with their gross revenue, all other businesses are required to pay a 5 per cent value-added business tax.

The main objective of Chinese Taipei's tax policy is to strengthen direct tax collection (especially the income tax), to improve the tax system, to broaden the tax base and to adjust the tax burden.

Foreign residents and foreign company branches in Chinese Taipei are granted national treatment in terms of tax rates and tax payments.

7. Foreign investment policy

Chinese Taipei has adopted a liberal and open policy towards direct foreign investments in Chinese Taipei.

Necessary regulations have been enacted and measures taken to encourage direct foreign investment.

The Industrial Development and Investment Centre (IDIC) of the Ministry of Economic Affairs is in charge of investment promotion and serves as a bridge to assist prospective foreign investors, while the Investment Commission of the Ministry is responsible for the screening and approval of foreign investments. During the past few years, IDIC has also promoted outward investments.

(1) Inward investment

According to the Statute for Investment by Foreign Nationals, foreign nationals may invest directly in most industries upon approval by the Investment Commission. Chinese Taipei protects the following rights of foreign investors:

- (a) All foreign investing enterprises are entitled to the same incentive measures as their local counterparts.
- (b) Foreign investors can hold 100 per cent of the shares of their manufacturing enterprises in Chinese Taipei.
- (c) There are no remittance restrictions on income and profits derived from their investments in Chinese Taipei.
- (d) There are no remittance restrictions on the sale of shares or on the termination of investment.

- (e) There are no local content requirements for foreign companies except in automobile and motorcycling manufacturing.

(2) Outward investment

Chinese Taipei also encourages outward investment. Since the relaxation of foreign exchange controls and the promulgation of "Regulations Concerning the Screening and Handling of Outward Investment and Outward Technical Cooperation Projects" in 1987, outward investments have become more evident and played an increasingly important rôle in the economic development of South East Asia.

(3) Future directions

Chinese Taipei is determined to:

- (a) Continue to maintain a good investment environment by streamlining the existing rules and regulations and reducing unnecessary administrative procedures.
- (b) Seek to introduce foreign high-technology and advanced management expertise in order to improve the local economic structure and to promote economic growth.
- (c) Encourage local investors to increase their overseas investments to help capital formation and to increase employment in the Third World countries.

8. Government procurement

Chinese Taipei's Government procurement is classified into two categories: domestic purchases and overseas purchases. Both have to comply with the pertinent provisions of the Law of Audit.

Under the Law of Audit, procurement can be made by open tender, restricted tender or negotiation. If the budget of a purchase reaches a certain amount prescribed by the Ministry of Audit, the purchase must be conducted by open tender unless otherwise approved. At present the prescribed amount is NT\$50 million (about US\$1.92 million).

Apart from the Law of Audit, Chinese Taipei has also set down guidelines for centralized procurement of foreign goods. According to the guidelines, an overseas procurement by central government agencies with a budget exceeding the prescribed amount shall be entrusted to the Central Trust (CT) for handling in accordance with CT's standard operating procedures.

However, the centralized procurement system has been modified to provide for the following exceptions:

- (1) Overseas procurement below the prescribed amount can be conducted by the end-user.

- (2) All public colleges, universities and public institutes for academic research and training may buy supplies by themselves for the purpose of teaching or educational research.
- (3) All military supplies shall be handled according to specific procedures by military agencies.
- (4) If special permission is granted by the government, the end-user may handle its own overseas procurement.

9. State enterprises

There are ten state enterprises and a few provincial enterprises which conduct transactions in international markets. The purpose of these State enterprises is to stabilize supply and prices of raw materials or industrial inputs, or to develop certain strategic industries. Some of these enterprises enjoy a monopoly position or have the exclusive right to import certain products and raw materials.

After an assessment made in 1987, the Government, based on efficiency considerations, has initiated privatizing programmes for Steel Corporation, Shipbuilding Corporation, Petrochemical Development Corporation, Taiwan Machinery Manufacturing Corporation and BES Engineering Corporation.

Chinese Taipei also lifted its exclusive right to operate petrol filling stations, allowed the importation and free selling of wine, beer and cigarettes by private companies and approved the application lodged by Formosa Plastic Corporation to set up the sixth naphtha cracker. All these measures are to introduce competition into markets and to increase efficiency for public enterprises.

State enterprises are encouraged to make purchases or sales solely in accordance with commercial considerations.

10. Competition policy and consumer protection

In order to maintain open competition, to promote the stability and prosperity of the economy, and to protect consumers' interests, the Fair Trade Law was passed by Legislative Yuan in January 1991 and came into force on 4 February 1992.

The Law is designed to prohibit enterprises from engaging in unfair trade practices which undermine the competition and impair the market mechanism. It also set out provisions regarding monopoly behaviour, combination, concerted actions, multilevel sales and other matters relating to unfair trade practices.

The Fair Trade Committee shall be established under the supervision of the Executive Yuan to enforce the Law and to investigate and handle violations of the provisions.

Chinese Taipei is also drafting a Consumer Protection Law to protect consumers' interests.

11. Intellectual property rights protection

Protection of intellectual property rights has been a long established policy of Chinese Taipei. Both the Government and industry co-operate for effective protection of intellectual property rights, including the level of protection and enforcement. These efforts can be outlined as follows:

(1) Copyright protection

The Copyright Law was amended on 10 July 1985 to broaden the list of copyrightable subject matters to include, among others, computer programs, scientific-technological or engineering drawings. It also imposes heavier penalties on infringements and extends the term of protection to a minimum of thirty years. In addition, the Law accords protection to foreign copyright owners on the basis of reciprocity.

Chinese Taipei is amending the Law again to meet the criteria of the Bern Convention. A draft amendment has been submitted to Legislative Yuan in December 1990. The bill, if enacted, shall provide the same advanced level of copyright protection as those of developed economies.

(2) Trademark protection

Chinese Taipei's Trademark Law was amended on 29 November 1985. The penalties for infringements were made stiffer by imposing up to five years' imprisonment. The Law was further amended on 26 May 1989 to stipulate that infringing goods should be seized regardless of ownership. It also accords national treatment, on a reciprocal basis, to foreign trademark owners.

(3) Patent protection

The Patent Law was amended on 24 December 1986 to bring it up to date with industrial and technological developments. The amendment broadened the scope of patentable items to include chemicals and pharmaceuticals and afforded greater remedies to patent holders. The Government is in the process of drafting further amendments to the Law, taking into consideration future trends in patent protection in other countries and the applicability of the Law. Chinese Taipei grants national treatment to foreign patent owners on a reciprocal basis.

12. Labour policy

With small and densely-populated islands that are relatively poor in natural resources, Chinese Taipei could not have achieved economic development unless its human resources had been sufficiently and adequately developed. To this end, labour policy plays an important rôle.

Chinese Taipei's labour policy is designed to meet the challenge brought upon by its economic development and to protect labour rights as well.

Chinese Taipei provides constitutional protection for the rights of workers including the rights to work in fair conditions, to form unions, to engage in collective bargaining and to strike without violation of regulations and laws.

13. Small and medium enterprise policy

Small and medium enterprises are the backbone of Chinese Taipei's economy and have contributed to the equitable distribution of wealth.

Chinese Taipei focuses on a balanced development between large firms and small and medium enterprises. However, as the latter are thought to be less resourceful than the former, Chinese Taipei tends to exert its efforts to help them grow steadily. In February 1991, Chinese Taipei promulgated "the Statute for the Development of Small and Medium Enterprises" and will take the following measures to improve the investment environment for them:

- (1) providing market information;
- (2) promoting the rationalization of management;
- (3) encouraging technical co-operation;
- (4) facilitating access to production resources, such as land, capital and labour force;
- (5) education and training of competent personnel;
- (6) promotion of mutual co-operation.

14. Science and technology policy

Recognizing that technological progress is the key to future development and a prerequisite for the success in the market place, Chinese Taipei is making great efforts in research and technological development. Chinese Taipei has also identified the following areas as new and promising industries deserved of major focuses of attention: telecommunications industry, information industry, consumer electronics industry, semi-conductors industry, precision machinery and automation industry, aerospace industry, advanced materials industry, specialty chemicals and pharmaceuticals industry, medical and health care industry and pollution control industry. Eight key technologies to support the development of above-mentioned new and promising industries are: optoelectronics, information software, industrial automation, applied materials technology, advanced sensing technology, biotechnology, resource development and energy conservation.

15. The International Economic Cooperation Development Fund

The purpose of the establishment of the International Economic Co-operation Development Fund is to strengthen international economic co-operation through joint efforts with developing countries. The authorized capital of the Fund is US\$1.1 billion. The Fund is used to provide soft loans and technical assistance to those developing countries which are friendly to Chinese Taipei. Since its establishment on 5 October 1988, the Fund has reviewed eighty-three applicants from twenty-nine countries and four international organizations and has approved eighteen applications as of 31 December 1991.

16. Transport policy

Chinese Taipei's transport policy is to provide a safe and comfortable, convenient and rapid as well as economical transport environment for its people and economic development. Chinese Taipei has deregulated most of its domestic air and inland transport service and is willing to exchange landing rights with other countries.

17. Telecommunication policy

The Directorate-General of Telecommunications is currently both a provider and administrator of telecommunications services. Chinese Taipei is now in the process of amending its Telecommunications Law to clearly separate the regulatory and operational functions of the Telecommunications Administration to create a more competitive environment. Chinese Taipei is considering to allow foreign participation in its value-added networks (VANs) and other non-reserved services in the telecommunications sector.

18. Multilateral economic co-operation

Chinese Taipei is eager to participate, on a reciprocal and mutually advantageous basis, in all multilateral and regional co-operation activities which are aimed at advancing the cause of free trade and a liberal investment climate, assisting economic development, raising standards of living, ensuring full employment, supporting sustained growth, developing full use of world resources and mutually reinforcing with GATT system. Chinese Taipei is also willing to contribute to multilateral efforts in assisting the economic development of developing countries.

For these reasons, Chinese Taipei participated actively in all OECD dialogues and workshops with Dynamic Asian Economies (DAEs) since 1990, joined the Asia-Pacific Economic Co-operation (APEC) in November 1991, provided funds to the European Bank for Reconstruction and Development (EBRD) and the Central American Bank in September and October 1991.

Chinese Taipei is equally concerned and care about the environmental and national protection and would like to join in international efforts to promote such goals. Chinese Taipei respects the letter and spirit of the Montreal Protocol.

Chinese Taipei is also an observer of the South Pacific Forum.

IV. TRADE LAWS AND REGULATIONS, ORGANIZATIONS AND PUBLICATIONS

1. Laws and regulations and responsible agencies concerning customs administration

Major tariff regulations include (1) the Customs Law and (2) the Enforcement Rules for the Customs Laws (3) the Implementing Regulation on the Imposition of Countervailing Duties and Antidumping Duties.

The Department of Customs Administration of the Finance Ministry is responsible for establishing customs systems and drawing up tariff regulations; the Inspectorate General of Customs (IGC) is charged with the collection of customs tariffs.

2. Regulations and responsible body concerning import and export licensing

The Board of Foreign Trade (BOFT) of the Ministry of Economic Affairs is the administration and policy formulation body on all external trade matters and is responsible for import and export licensing.

Currently, imports are handled in accordance with the "Guidelines for Screening Imported Goods" and the "Regulations Governing Import Applications" compiled by the Ministry of Economic Affairs.

The existing major regulations governing exports are: the Basic Rules for Screening Exported Commodities; the Measures for Management of Exporters and Importers; and the Regulations Governing Export Applications.

The BOFT is now drafting the Regulations for Management of Exported and Imported Goods under the Trade Bill now in legislative process, which will integrate the major contents of the above-mentioned regulations in order to meet GATT requirements.

3. Regulations governing foreign investment and responsible agencies

The major regulations governing foreign investment are:

- (1) Statute for Investment by Foreign Nationals (Ministry of Economic Affairs);
- (2) Statute for Investment by Overseas Chinese (MOEA);
- (3) Regulations governing the Screening and Handling of Outward Investment and Outward Technical Co-operation Projects (MOEA);
- (4) Statute for Establishment and Management of Export Processing Zones (MOEA);

- (5) Enforcement Rules of Statute for the Establishment and Administration of Science-based Industrial Parks (National Science Council);
- (6) The Negative Lists for Investment by Overseas Chinese and Foreign Nationals (MOEA).

The Investment Commission of the Ministry of Economic Affairs is the major government agency responsible for screening foreign and overseas Chinese investment projects and the Industrial Development and Investment Center (IDIC) of the Ministry is responsible for the administration of related investment activities.

4. Publications related to foreign trade statistics

- (1) The Statistics Yearbook (by Directorate-General of Budget, Accounting and Statistics, Executive Yuan);
- (2) The Statistics Monthly (by DGBAS);
- (3) The Statistics Handbook (by DGBAS);
- (4) The Export-Import Statistics Monthly (by Ministry of Finance);
- (5) Customs Import Tariff and Classification of Import and Export Commodities (by IGC, MOF and BOFT, MOEA);
- (6) The Import-Export Statistics Yearbook (the Taiwan area) (by IGC);
- (7) The Import-Export Statistics Monthly (by IGC);
- (8) The Bulletin of Statistics of Banks' Foreign Exchange Transactions in Imports and Exports (by Central Bank of Chinese Taipei);
- (9) Taiwan Statistical Data Book (by Council for Economic Planning and Development);
- (10) Balance of Payments, Taiwan District, Chinese Taipei (by CB).

ANNEX

List of Bilateral Trade Agreements

A. North America

The United States¹

Treaty of Friendship, Commerce and Navigation with Accompanying Protocol, November 1946.

Exchange of Notes with the Government of the United States of America, Concerning an Agreement on Trade Matters, December 1978.

Exchange of Letters between the Co-ordination Council for North American Affairs and the American Institute in Taiwan Concerning an Agreement on MTN Consultations, October 1979.

Agreement on Tariff Concessions between the Parties Represented by American Institute in Taiwan and Co-ordination Council for North American Affairs, December 1981.

Exchange of Letters between CCNAA and AIT Concerning the Export Performance Requirement Affecting Investment in the Automotive Sector, October 1986.

¹Taiwan Relations Act 1979 of the United States authorizes "the continuation of commercial, cultural, and other relations" with Taiwan. It stipulates that the absence of diplomatic relations or recognition shall not affect the application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to 1 January 1979. The Act also authorizes the United States Government "to enter into, perform, enforce, or have in force an agreement or transaction relative to Taiwan" through the American Institute in Taiwan (AIT). An authorization has also been given on the Taiwan side to the Co-ordination Council for North American Affairs (CCNAA) to enter into, perform, and enforce agreements with the AIT.

Agreement between CCNAA and AIT Concerning Trade in Certain Machine Tools, December 1986.

Agreement between CCNAA and AIT Concerning Beer, Wine and Cigarettes, January 1987.

Agreement for the Reciprocal Exemption from Income Tax of Income Derived from the International Operation of Ships and Aircraft between the CCNAA and the AIT, May 1988.

Memorandum of Understandings between the American Institute in Taiwan and the Co-ordination Council for North American Affairs, March 1989. (concerning turkey meat imports).

Agreement Concerning the Protection and Enforcement of Rights in Audio-Visual Works between the Co-ordination Council for North American Affairs and the American Institute in Taiwan, May 1989.

Exchange of Letters between the CCNAA and the AIT regarding the High Seas Driftnet Fishing in the North Pacific Ocean, August 1989.

Exchange of Letters Concerning Copyright Agreement between the CCNAA and the AIT, June 1990.

Exchange of Letters Concerning the Textile Agreement between the CCNAA and the AIT, September 1990.

Agreement for the Exchange of Air Transport Equipment and Service Information, November 1990.

Canada

Memorandum on Air Services, October 1990.

B. Asia

Japan

Agreement for the Establishment of Overseas Office between the Association of East Asian Relations and the Interchange Association, December 1972. (Translated from Chinese and Japanese).

Agreement for the Maintenance of Civil Air Business between the Association of East Asian Relations and the Interchange Association, July 1975. (Translated from Chinese and Japanese).

Agreed Minutes of the Economic and Trade Conferences between the Association of East Asian Relations and the Interchange Association, 1975 to 1990.

Agreement for the Reciprocal Exemption from Taxes on Income Derived from the Operation of International Sea and Air Transport between the Association of East Asian Relations and the Interchange Association, September 1990. (Translated from Chinese and Japanese).

Saudi Arabia

Memorandum of Understanding Amending the Annex of the Air Transport Agreement with the Kingdom of Saudi Arabia, May 1986.

Technical Cooperation Program between the Saudi Arabian Standards Organization (SASO) and the Bureau of Commodity Inspection and Quarantine (BCIQ), August 1988.

Korea

Trade Agreement with the Government of the Republic of Korea, March 1961.

Agreement for the Reciprocal Exemption from Taxes on Revenue or Income Derived from the Operation in International Traffic of Ships or Aircraft with the Government of the Republic of Korea, July 1972.

Air Transport Agreement with the Government of the Republic of Korea, November 1990.

Agreement with the Government of the Republic of Korea on ATA Carnet, November 1990.

Singapore

Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income between Department of Taxation, Ministry of Finance and Inland Revenue Commission, Ministry of Finance, Republic of Singapore, December 1981.

Memorandum of Understanding on Scientific and Technological Cooperation between the Science Council of Singapore and the National Science Council, January 1982.

Agreement on Exchange of Traffic Rights between the Civil Aeronautics Administration and the Civil Aviation Authority of Singapore, October 1989.

Agreement between the Board of Foreign Trade in Taipei and the Trade Development Board in Singapore for the Temporary Admission of Goods, April 1990.

Agreement between the Industrial Development and Investment Center in Taipei and the Economic Development Board in Singapore on the Promotion and Protection of Investments, April 1990.

Thailand

Agreement for the Reciprocal Exemption from Taxes on Income Derived from the Operation of International Air Transport, June 1984.

Memorandum of Understanding with Thai Airways International Limited concerning the Exchange of Traffic Rights, July 1987.

Memorandum of Understanding with Thai Airways International Limited concerning the Handling of Travel Documents and the Promotion of Economic Activities and Tourism, July 1987.

Cooperation Agreement between the Federation of Thai Industries and the National Association of Industry and Commerce, January 1989.

Memorandum of Understanding with Thai Airways International Limited, April 1990.

Memorandum of Understanding between Evergreen Airways Corporation and Thai Airways International Limited, October 1990.

Indonesia

Agricultural Technical Cooperation Agreement between the Chamber of Commerce to Jakarta and the Indonesian Chamber of Commerce to Taipei, October 1985.

Memorandum between the Chamber of Commerce to Jakarta and the Indonesian Chamber of Commerce to Taipei for Extension and Amendment to the Agreement on Agricultural Technical Cooperation in East Java, November 1986.

Fishing Cooperation Agreement, June 1987.

Agreement of Air Service between Chamber of Commerce to Jakarta, and Chamber of Commerce of Indonesia, Taipei, November 1988.

The Extension to the Agricultural Technical Cooperation Agreement between the Chamber of Commerce to Jakarta and the Indonesian Chamber of Commerce to Taipei, October 1988.

Air Services Agreement between the Taipei Economic and Trade Office and the Indonesian Chamber of Commerce to Taipei, November 1989.

Agreement between the Taipei Economic and Trade Office and the Indonesian Chamber of Commerce in Taipei for the Promotion and Protection of Investment, December 1990.

The Philippines

Memorandum of Agreement with Philippine Airlines Inc., April 1990.

Bahrain

Agreement of Agricultural Technical Cooperation with the Government of the State of Bahrain, February 1987.

The United Arab Emirates

Agreement on Exchange of Traffic Rights between the Civil Aeronautics Administration and the Department of Civil Aviation of The United Arab Emirates, January 1990.

Lebanon

Agreement with Trans-Mediterranean Airways S.A.L. concerning the Exchange of Traffic Rights, June 1987.

C. Oceania

Australia

Fishery Agreement between the Government of Australia and Kaoshing Kailis Fishing Company, November 1979.

Tonga

Fishery Agreement with the Government of the Kingdom of Tonga, October 1980.

Tuvalu

Fishery Agreement with the Government of Tuvalu, November 1981.

Solomon Islands

Fishery Agreement with the Government of Solomon Islands, October 1983.

Agreement of Technical Cooperation with the Government of the Solomon Islands, December 1989.

Marshall Islands

Fishery Agreement with the Government of the Marshall Islands,
October 1982.

Memorandum for Continuing the Agreement of Technical Cooperation
with the Government of the Republic of the Marshall Islands, February 1988.

Cook Islands

Agreement between the Government of the Cook Islands and the Taiwan
Deep Sea Tuna Boat Owners and Exporters Association concerning the
Licensing of Fishing Vessels of the Association to Fish within the
Exclusive Economic Zone of the Cook Islands, January 1988.

Kiribati

Fishery Agreement between Overseas Fisheries Development Council and
the Government of the Republic of Kiribati, March 1980.

Papua New Guinea

Agreement of Agricultural Technical Cooperation with the Government of
Papua New Guinea, September 1990.

Nauru

Agreement of Exchange of Traffic Rights between the Civil Aeronautics
Administration and the Civil Aviation Authority of the Republic of Nauru,
March 1988.

Palau

Exchange of Notes for the Agreement on Technical Cooperation with the
Government of the Republic of Palau, December 1988.

Fiji

Agreement of Technical Cooperation with the Government of the Republic
of Fiji, April 1990.

Agreement of Technical Cooperation on the Sugar Industry with the
Government of the Republic of Fiji, April 1990.

D. Europe¹

Protocol on Income Tax Exemption on Shipping Enterprises between Taipei Economic and Cultural Office, Brussels, Belgium and Eurochambers, Association of European Chambers of Commerce and Industry, August 1990.

Agreement (and Protocol) on the Organization of a System of International Customs Deposits for the Temporary Admission of Goods between External Trade Development Council and the Association of European Chambers of Commerce and Industry, March 1991.

The Netherlands

Protocol concerning Income Tax Exemption on Shipping Enterprises between the Far East Trade Office, the Hague and the Committee for Economic Cooperation of the Joint Business Council, the Hague, June 1989.

Luxembourg

Agreement between the Department of Taxation of the Ministry of Finance and the Tax Administration of the Ministry of Finance of the Grand-Duchy of Luxembourg for the Reciprocal Exemption from Taxes on Revenues or Income Derived from the Operation of International Air Transport, March 1985.

Sweden

Protocol on Income Tax Exemption on Shipping Enterprises between the Taipei Trade Tourism and Information Office, Stockholm and the Swedish Trade Council, September 1990.

Germany

Protocol concerning Income Tax Exemption on Shipping Enterprises between Far East Information, Bonn Office and Taiwan Committee of the German Economy, August 1988.

¹The European Parliament adopted a resolution on "Trade with Taiwan" (Doc. 2-1765/84, PV 23 II, PE 99.454, p.30) in which the European Parliament, "believes that the Community cannot neglect the economic importance of Taiwan and should take full advantage of developing commercial and economic relations; urges the Commission to improve the existing commercial and economic relations with Taiwan and therefore to ensure that Taiwan is informed of planned trade measures and is treated in a comparable manner to other Far Eastern trading partners"; "Also suggests that consideration be given as to how to integrate Taiwan into the obligations and responsibilities of an advanced trading partner within the international economic system with particular regard to the mutual observation of internationally accepted agreements regulating fair-trading practices such as the GATT and the ILO; asks, in the interests of furthering the reciprocity of trade and industrial contacts to the common benefit, that business and industrial relations should be facilitated and improved by simplifying existing procedure."

Norway

Protocol on Income Tax Exemption on Shipping Enterprises between Taipei Trade Center, Oslo and Norwegian Trade Council, June 1991.

Austria

Agreement concerning the Establishment of Schedule Airlinks between Vienna International Airport and Taipei International Airport, September 1990.

Spain

Acuerdo preliminar de Cooperación Bilateral, entre la Asociación de Importadores y Exportadores de Taipei y la Cámara Oficial de Comercio e Industria de Navarra de España, March 1991.

E. Africa

South Africa

Trade Agreement with the Government of the Republic of South Africa, February 1975.

Fishery Agreement with the Government of the Republic of South Africa, January 1978.

Agreement for the Reciprocal Exemption from Taxes on Income Derived from the Operation of Sea and Air Transport with the Government of the Republic of South Africa, March 1980.

Rules of Procedure for the Exchange of Scientists in Accordance with the Agreement of Agricultural Scientific and Technological Cooperation with the Republic of South Africa, April 1988.

Maize Trade Agreement between the Board of Foreign Trade, the Ministry of Economic Affairs, and the Maize Board, the Republic of South Africa, May 1989.

Agreement for the Exchange of Plant Material between the Council of Agriculture and the Department of Agricultural Development of the Republic of South Africa, January 1990.

Mauritius

Agreement on Agricultural Technical Cooperation with the Rose Belle

Lesotho

Agreement on Agricultural Technical Cooperation with the Government of the Kingdom of Lesotho, June 1990.

Guinea-Bissau

Acordo Geral de Cooperacao Economica Cientifica e Tecnica con o governo da Republica da Guinea-Bissau, October 1990.

Swaziland

Exchange of Notes for the Extension of the Agreement on Agricultural Technical Cooperation with the Kingdom of Swaziland, April 1987.

F. Latin America

Guatemala

Convenio Comercial con el Gobierno de la República de Guatemala, April 1979.

Canje de Notas con la República de Guatemala Relacionadas con la Extensión del Acuerdo de Cooperación Técnica-Minera y de Pesca, March 1990.

Costa Rica

Convenio Comercial con la República de Costa Rica, November 1964.

Dominican Republic

Acuerdo Comercial con la República Dominicana, October 1964.

Acuerdo con la República Dominicana para la creación de un Proyecto Piloto para la crianza de camarones marinos, November 1988.

Canje de Notas con la República Dominicana Relacionadas con la Extension del Agregado Adicional al Acuerdo de Cooperación Técnica, December 1989.

Dominica

Agreement of Cooperation on Agricultural Technology with the Commonwealth of Dominica, June 1989.

El Salvador

Acuerdo Comercial con la República de El Salvador, October 1964.

Canje de Notas con la República de El Salvador Relacionadas con la Extensión del Acuerdo de Cooperación Técnico-Agrícola, January 1988.

Honduras

Acuerdo Comercial con la República de Honduras, November 1964.

Canje de Notas con la República de Honduras Relacionadas con la Extensión del Acuerdo de Cooperación Técnica-Pesquera, November 1988.

Convenio de Asistencia Técnica y Cooperación Agropecuaria con la República de Honduras, December 1989.

Panama

Convenio Comercial con la República de Panamá, April 1981.

Canje de Notas con la República de Panamá Relacionadas con la Extensión del Acuerdo de Cooperación Técnica, November 1989.

Canje de Notas Relacionadas con la Extensión del Acuerdo de Cooperación de Panamá, August 1990.

Paraguay

Tratado de Comercio y de Cooperación Económica con la República del Paraguay, May 1962.

Acuerdo Para el Establecimiento de Proyectos de Desarrollo Integrado en Asentamientos Rurales con la República del Paraguay, October 1989.

Haiti

Accord de Commerce avec la République d'Haïti, July 1974.

Echanges de Notes avec la République d'Haïti concernant la prorogation de l'accord de Coopération technique agricole, October 1986.

Ecuador

Convenio de Cooperación Técnica entre el Consejo de Agricultura del Yuan Ejecutivo y el Ministerio de Defensa Nacional de la República del Ecuador, February 1990.

St. Kitts and Nevis

Exchange of Notes for the Extension of the Agreement on Agricultural Technical Cooperation with the Government of St. Kitts and Nevis, April 1989.

St. Lucia

Addendum to the Agreement on Agricultural Technical Cooperation with the Government of St. Lucia, May 1990.

St. Vincent

Exchange of Notes for the Extension of the Agreement on Technical Cooperation in Agriculture with St. Vincent, August 1990.

Uruguay

Canje de Notas con la República Oriental del Uruguay Relacionadas con la extensión y ampliación del Acuerdo de Cooperacion Técnico-Agrícola, February 1987.

Bahamas

Agreement of Agricultural Technical Cooperation with the Government of the Commonwealth of the Bahamas, March 1990.

Belize

Agreement on Agricultural Technical Cooperation with the Government of Belize, October 1990.

Grenada

Agreement on Agricultural Technical Cooperation with the Government of Grenada, February 1991.

TABLE 1
Gross National Product

(Unit: US\$ million)

Period	At current prices		At constant prices of 1986
	Amount	Growth rate (%)	Growth rate (%)
(1952-1959)	1,617	19.63	8.24
(1960-1969)	2,887	14.30	9.10
(1970-1979)	16,094	19.79	10.17
(1980-1989)	76,934	12.74	8.18
1985	63,097	6.19	5.55
1986	77,299	16.33	12.57
1987	103,200	12.41	11.87
1988	125,316	9.01	7.84
1989	150,283	10.70	7.33
1990	161,728	9.59	5.29

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 2
Per Capita GNP

(Unit: US\$)

Period	Per capita GNP
1965	217
1970	389
1975	964
1980	2,344
1981	2,669
1982	2,653
1983	2,823
1984	3,167
1985	3,297
1986	3,993
1987	5,275
1988	6,333
1989	7,512
1990	7,997

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 3
Annual Changes in Prices

(Previous year = 1)		
Period	Wholesale prices (%)	Consumer prices (%)
1960s	3.10	4.80
1970s	8.20	8.90
1980s	1.50	6.30
1985	-2.60	-0.17
1986	-3.34	0.70
1987	-3.25	0.52
1988	-1.56	1.28
1989	-0.38	4.41
1990	-0.61	4.13

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 4
Unemployment Rate

Period	Unemployment rate (%)
1960s	3.30
1970s	1.66
1980	1.23
1981	1.36
1982	2.14
1983	2.71
1984	2.44
1985	2.91
1986	2.66
1987	1.97
1988	1.69
1989	1.56
1990	1.67

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 5
Distribution of Personal Income by Household

(Unit: %)

Households divided into five groups of equal size	1964	1974	1980	1985	1986	1987	1988	1989	1990
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Lowest fifth	7.71	8.84	8.82	8.37	8.30	8.11	7.89	7.70	7.45
Second fifth	12.57	13.49	13.90	13.59	13.51	13.50	13.43	13.50	13.22
Third fifth	16.62	16.99	17.70	17.52	17.38	17.53	17.55	17.72	17.51
Fourth fifth	22.03	22.05	22.78	22.88	22.65	22.82	22.88	23.07	23.22
Highest fifth	41.07	38.63	36.80	37.64	38.16	38.04	38.25	38.01	38.60
Ratio of highest fifth's income to lowest fifth's	5.33	4.37	4.17	4.50	4.60	4.69	4.85	4.94	5.18

Source: 1. "Taiwan Statistical Data Book 1990"
Council for Economic Planning and Development

2. "Quarterly National Economic Trends, Taiwan Area",
DGBAS

TABLE 6
Foreign Exchange Rate

End of month	US\$1.00 = NT\$
Dec. 1961	40.05
Dec. 1962	40.05
Dec. 1963	40.05
Dec. 1964	40.05
Dec. 1965	40.05
Dec. 1966	40.05
Dec. 1967	40.05
Dec. 1968	40.05
Dec. 1969	40.05
Dec. 1970	40.05
Dec. 1971	40.05
Dec. 1972	40.05
Dec. 1973	38.00
Dec. 1974	38.00
Dec. 1975	38.00
Dec. 1976	38.00
Dec. 1977	38.00
Dec. 1978	36.00
Dec. 1979	36.03
Dec. 1980	36.28
Dec. 1981	37.84
Dec. 1982	39.91
Dec. 1983	40.27
Dec. 1984	39.47
Dec. 1985	39.85
Dec. 1986	35.50
Dec. 1987	28.55
Dec. 1988	28.17
Dec. 1989	26.17
Dec. 1990	27.11
Dec. 1991	25.75

Source: "Financial Statistics Monthly, Taiwan District",
The Central Bank (CB)

TABLE 7
Money Supply

End of year	Money supply (M1B*)		Money supply (M2)	
	M1B (NT\$ million)	Annual growth (%)	M2 (NT\$ million)	Annual growth (%)
1961	7,699	-	16,718	-
1962	8,086	5.0	19,041	13.9
1963	10,355	28.1	24,843	30.5
1964	13,979	35.0	32,341	30.2
1965	16,194	15.8	37,350	15.5
1966	18,170	12.2	44,572	19.3
1967	23,637	30.1	54,875	23.1
1968	26,360	11.5	61,706	12.4
1969	30,472	15.6	75,068	21.7
1970	35,042	15.0	92,588	23.3
1971	45,756	30.6	119,331	28.9
1972	61,357	34.1	158,112	32.5
1973	92,268	50.4	205,157	29.8
1974	101,922	10.5	255,984	24.8
1975	131,227	28.8	327,711	28.0
1976	164,103	25.1	413,039	26.0
1977	219,188	33.6	545,213	32.0
1978	300,213	37.0	714,131	31.0
1979	323,417	7.7	782,285	9.5
1980	396,862	22.7	953,613	21.9
1981	451,560	13.8	1,131,401	18.6
1982	517,480	14.6	1,406,189	24.3
1983	612,902	18.4	1,777,608	26.4
1984	669,619	9.3	2,134,220	20.1
1985	751,469	12.2	2,633,142	23.4
1986	1,137,863	51.4	3,298,862	25.3
1987	1,568,225	37.8	4,175,021	26.6
1988	1,950,473	24.4	4,920,804	17.9
1989	2,068,759	6.1	5,671,941	15.2
1990	1,929,991	-6.7	6,231,214	9.9

Source: "Financial Statistics Monthly, Taiwan District",
The Central Bank

Note: *Include net currency, net checking accounts and passbook
deposits and passbook savings deposits.

TABLE 8

Net Domestic Product by Kind of Activity

(Unit: %)

Year	Total	Agriculture	Industries	Services
1952	100.0	36.0	18.0	46.0
1953	100.0	38.3	17.7	44.0
1954	100.0	31.7	22.2	46.1
1955	100.0	32.9	21.1	46.0
1956	100.0	31.6	22.4	46.0
1957	100.0	31.8	23.9	44.3
1958	100.0	31.1	24.0	44.9
1959	100.0	30.5	25.7	43.8
1960	100.0	32.9	24.9	42.2
1961	100.0	31.6	25.0	43.4
1962	100.0	29.4	25.7	44.9
1963	100.0	26.8	28.1	45.1
1964	100.0	28.3	28.9	42.8
1965	100.0	27.4	28.6	44.0
1966	100.0	26.3	28.8	44.9
1967	100.0	23.9	30.8	45.3
1968	100.0	22.1	32.5	45.4
1969	100.0	18.9	34.6	46.5
1970	100.0	18.0	34.5	47.5
1971	100.0	14.9	36.7	48.4
1972	100.0	14.2	40.3	45.5
1973	100.0	14.1	43.8	42.1
1974	100.0	14.5	41.2	44.3
1975	100.0	14.9	39.1	46.0
1976	100.0	13.4	42.7	43.9
1977	100.0	12.5	43.4	44.1
1978	100.0	11.3	44.9	43.8
1979	100.0	10.4	45.1	44.5
1980	100.0	9.2	44.7	46.1
1981	100.0	8.7	44.4	46.9
1982	100.0	9.2	42.9	47.9
1983	100.0	8.7	43.6	47.7
1984	100.0	7.5	45.4	47.1
1985	100.0	6.8	45.3	47.9
1986	100.0	6.4	47.1	46.5
1987	100.0	6.2	47.1	46.7
1988	100.0	6.0	45.5	48.5
1989	100.0	5.7	43.0	51.3
1990	100.0	4.9	41.5	53.6

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 9
Employment by Industries

(Unit: %)

Period	Total	Primary industry	Secondary industry	Tertiary industry
1952 average	100.0	56.1	16.9	27.0
1953 average	100.0	55.6	17.6	26.8
1954 average	100.0	54.8	17.7	27.5
1955 average	100.0	53.6	18.0	28.4
1956 average	100.0	53.2	18.3	28.5
1957 average	100.0	52.3	19.0	28.7
1958 average	100.0	51.1	19.7	29.2
1959 average	100.0	50.3	20.3	29.4
1960 average	100.0	50.2	20.5	29.3
1961 average	100.0	49.8	20.9	29.3
1962 average	100.0	49.7	21.0	29.3
1963 average	100.0	49.4	21.3	29.3
1964 average	100.0	49.5	21.3	29.2
1965 average	100.0	46.5	22.3	31.2
1966 average	100.0	45.0	22.6	32.4
1967 average	100.0	42.5	24.6	32.9
1968 average	100.0	40.8	25.4	33.8
1969 average	100.0	39.3	26.3	34.4
1970 average	100.0	36.7	28.0	35.3
1971 average	100.0	35.1	29.9	35.0
1972 average	100.0	33.0	31.8	35.2
1973 average	100.0	30.5	33.7	35.8
1974 average	100.0	30.9	34.3	34.8
1975 average	100.0	30.4	34.9	34.7
1976 average	100.0	29.0	36.4	34.6
1977 average	100.0	26.7	37.6	35.7
1978 average	100.0	24.9	39.3	35.8
1979 average	100.0	21.5	41.8	36.7
1980 average	100.0	19.5	42.4	38.1
1981 average	100.0	18.8	42.2	39.0
1982 average	100.0	18.9	41.2	39.9
1983 average	100.0	18.6	41.1	40.3
1984 average	100.0	17.6	42.3	40.1
1985 average	100.0	17.5	41.4	41.1
1986 average	100.0	17.0	41.5	41.5
1987 average	100.0	15.3	42.7	42.0
1988 average	100.0	13.7	42.6	43.7
1989 average	100.0	12.9	42.2	44.9
1990 average	100.0	12.8	40.9	46.3

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 10
Foreign Trade

Period	Total value (NT\$ million)				Expressed in US\$ million			
	Total	Exports	Imports	Balance	Total	Exports	Imports	Balance
1952	4,001	1,468	2,533	-1,065	303	116	187	-71
1953	4,738	1,984	2,754	-770	320	128	192	-64
1954	4,755	1,451	3,304	-1,853	304	93	211	-118
1955	5,063	1,917	3,146	-1,229	324	123	201	-78
1956	7,731	2,931	4,800	-1,869	312	118	194	-76
1957	8,934	3,675	5,259	-1,584	360	148	212	-64
1958	9,466	3,861	5,605	-1,744	382	156	226	-70
1959	14,128	5,708	8,420	-2,712	388	157	231	-74
1960	16,763	5,966	10,797	-4,831	461	164	297	-133
1961	20,706	7,812	12,894	-5,082	517	195	322	-127
1962	20,909	8,735	12,174	-3,439	522	218	304	-86
1963	22,766	13,283	14,483	-1,200	694	332	362	-30
1964	34,524	17,362	17,162	200	861	433	428	5
1965	40,283	17,887	22,296	-4,409	1,006	450	556	-106
1966	46,608	21,451	24,957	-3,506	1,158	536	622	-86
1967	57,943	25,629	32,314	-6,685	1,447	641	806	-165
1968	67,790	31,568	36,222	-4,654	1,692	789	903	-114
1969	90,604	41,975	48,629	-6,654	2,262	1,049	1,213	-164
1970	120,367	59,257	61,110	-1,853	3,005	1,481	1,524	-43
1971	156,358	82,416	73,942	8,474	3,904	2,060	1,844	216
1972	220,316	119,525	100,791	18,734	5,502	2,988	2,514	474
1973	315,802	170,723	145,079	25,644	8,275	4,483	3,792	691
1974	479,113	213,718	265,395	-51,677	12,605	5,639	6,966	-1,327
1975	427,928	201,468	226,460	-24,992	11,261	5,309	5,952	-643
1976	599,052	309,913	289,139	20,774	15,765	8,166	7,599	567
1977	679,078	355,239	323,839	31,400	17,872	9,361	5,811	3,550
1978	876,887	468,509	408,378	60,131	23,714	12,687	11,027	1,660
1979	1,112,227	579,299	532,928	46,371	30,877	16,103	14,774	1,329
1980	1,423,628	712,195	711,433	762	39,544	19,811	19,733	78
1981	1,608,389	829,756	778,633	51,123	43,811	22,611	21,200	1,411
1982	1,600,332	864,248	736,084	128,164	41,092	22,204	18,888	3,316
1983	1,819,326	1,005,422	813,904	191,518	45,410	25,123	20,287	4,836
1984	2,075,558	1,204,697	870,861	333,836	52,415	30,456	21,959	8,497
1985	2,024,866	1,223,019	801,847	421,172	50,828	30,726	20,102	10,624
1986	2,423,024	1,506,603	916,421	590,182	64,013	39,849	24,164	15,685
1987	2,818,755	1,705,650	1,113,105	592,545	88,569	53,612	34,957	18,655
1988	3,152,080	1,729,466	1,422,614	306,852	110,241	60,585	49,656	10,929
1989	3,130,378	1,745,105	1,385,273	359,832	118,450	66,201	52,249	13,952
1990	3,274,660	1,802,780	1,471,880	330,900	121,930	67,214	54,716	12,498

Source: "Monthly Statistics of Exports and Imports",
Department of Statistics, Ministry of Finance

TABLE 11
Foreign Trade (Goods and Services) Dependency

(Unit: %)

Year	EX/GNP	IM/GNP	(EX+IM)/GNP
1952	8.04	8.04	22.18
1953	8.64	8.64	22.45
1954	6.48	6.48	21.33
1955	8.26	8.26	20.84
1956	9.04	9.04	24.94
1957	9.69	9.69	24.51
1958	10.47	10.47	27.34
1959	12.72	12.72	33.72
1960	11.51	11.51	30.55
1961	14.01	14.01	35.12
1962	13.63	13.63	32.60
1963	17.94	17.94	37.03
1964	19.98	19.98	39.20
1965	19.36	19.36	41.72
1966	21.86	21.86	43.44
1967	22.19	24.24	46.43
1968	24.35	27.21	51.56
1969	26.91	27.64	54.55
1970	30.37	30.42	60.79
1971	35.58	33.12	68.70
1972	42.25	36.01	78.26
1973	47.22	41.92	89.14
1974	43.94	51.69	95.63
1975	39.86	43.15	83.01
1976	47.85	45.68	93.53
1977	49.22	44.32	93.54
1978	52.50	46.04	98.54
1979	53.30	52.17	105.47
1980	52.61	53.80	106.41
1981	52.20	50.15	102.35
1982	50.15	45.00	95.15
1983	52.98	44.35	97.33
1984	55.63	44.54	100.17
1985	53.33	39.75	93.08
1986	56.69	37.38	94.07
1987	56.41	39.34	95.75
1988	53.40	42.63	96.03
1989	49.22	41.57	90.79
1990	46.53	40.69	87.22

Source: "Quarterly National Economic Trends, Taiwan Area",
Directorate-General of Budget, Accounting and Statistics (DGBAS)

TABLE 12
Composition of Exports

(Unit: US\$ million)

Year	Industrial products		Processed agricultural products		Agricultural products		Total exports
	Amount	%	Amount	%	Amount	%	
1952	9.5	8.1	81.3	69.8	25.7	22.1	116.5
1956	20.1	17.0	76.3	64.5	21.9	18.5	118.3
1961	79.8	40.9	86.5	44.3	28.9	14.8	195.2
1966	295.2	55.1	134.8	25.1	106.3	19.8	536.3
1967	394.8	61.6	148.7	23.2	97.2	15.2	640.7
1968	539.7	68.4	161.7	20.5	87.8	11.1	789.2
1969	776.4	74.0	174.9	16.7	98.1	9.3	1,049.4
1970	1,164.7	78.6	190.0	12.8	126.7	8.6	1,481.4
1971	1,666.9	80.9	230.5	11.2	163.0	7.9	2,060.4
1972	2,489.0	83.3	295.5	9.9	203.6	6.8	2,988.1
1973	3,794.1	84.6	351.7	7.9	337.6	7.5	4,483.4
1974	4,766.2	84.5	603.2	10.7	269.6	4.8	5,639.0
1975	4,440.6	83.6	572.5	10.8	295.7	5.6	5,308.8
1976	7,154.1	87.6	606.1	7.4	406.1	5.0	8,166.3
1977	8,188.8	87.5	669.6	7.1	502.3	5.4	9,360.7
1978	11,309.5	89.2	740.1	5.8	637.5	5.0	12,687.1
1979	14,580.8	90.5	819.6	5.1	703.0	4.4	16,103.4
1980	17,989.7	90.8	1,108.7	5.6	712.2	3.6	19,810.6
1981	20,989.0	92.8	1,042.0	4.6	580.2	2.6	22,611.2
1982	20,619.4	92.9	1,133.2	5.1	451.8	2.0	22,204.4
1983	23,422.1	93.3	1,215.4	4.8	485.3	1.9	25,122.8
1984	28,624.8	94.0	1,324.3	4.3	507.3	1.7	30,456.4
1985	28,847.3	93.9	1,386.7	4.5	491.9	1.6	30,725.9
1986	37,272.4	93.5	1,950.2	4.9	626.8	1.6	39,849.4
1987	50,364.3	93.9	2,557.9	4.8	689.5	1.3	53,611.7
1988	57,267.5	94.5	2,494.5	4.1	823.4	1.4	60,585.4
1989	63,145.0	95.4	2,578.6	3.9	477.6	0.7	66,201.2
1990	64,204.2	95.6	2,578.7	3.8	431.4	0.6	67,214.3

Source: "Monthly Statistics of Exports and Imports",
Department of Statistics, Ministry of Finance

TABLE 13
Composition of Imports

(Unit: US\$ million)

Year	Agricultural & industrial raw materials		Capital equipment		Consumer goods		Total imports
	Amount	%	Amount	%	Amount	%	
1952	123.3	65.9	26.6	14.2	37.3	19.9	187.2
1956	143.1	73.9	36.2	18.7	14.4	7.4	193.7
1961	204.7	63.5	84.9	26.4	32.5	10.1	322.1
1966	407.9	65.5	183.0	29.4	31.5	5.1	622.4
1967	508.9	63.2	259.0	32.1	37.9	4.7	805.8
1968	568.5	62.9	293.1	32.5	41.7	4.6	903.3
1969	737.7	60.8	421.2	34.7	53.8	4.5	1,212.7
1970	957.6	62.8	492.5	32.3	73.9	4.9	1,524.0
1971	1,160.3	62.9	589.4	32.0	94.2	5.1	1,843.9
1972	1,588.7	63.2	782.1	31.1	142.7	5.7	2,513.5
1973	2,496.9	65.8	1,082.7	28.6	212.9	5.6	3,792.5
1974	4,345.2	62.4	2,142.8	30.7	477.8	6.9	6,965.8
1975	3,726.6	62.6	1,823.6	30.6	401.5	6.8	5,951.7
1976	4,920.4	64.7	2,209.0	29.1	469.5	6.2	7,598.9
1977	5,648.3	66.4	2,198.8	25.8	663.8	7.8	8,510.9
1978	7,551.1	68.5	2,724.5	24.7	751.3	6.8	11,026.9
1979	10,196.9	69.0	3,629.5	24.6	947.3	6.4	14,773.7
1980	13,967.9	70.8	4,623.0	23.4	1,142.2	5.8	19,733.1
1981	16,308.3	76.9	3,441.3	16.2	1,449.9	6.9	21,199.5
1982	14,251.7	75.5	3,083.1	16.3	1,553.7	8.2	18,888.5
1983	15,884.9	78.3	2,820.5	13.9	1,581.6	7.8	20,287.0
1984	17,270.1	78.6	2,990.9	13.6	1,698.2	7.8	21,959.2
1985	15,458.2	76.9	2,836.8	14.1	1,807.0	9.0	20,102.0
1986	18,270.2	75.6	3,615.4	15.0	2,279.2	9.4	24,164.8
1987	25,898.7	74.1	5,614.2	16.1	3,444.4	9.8	34,957.3
1988	36,586.4	73.7	7,386.2	14.9	5,683.1	11.4	49,655.7
1989	37,690.3	72.1	8,554.0	16.4	6,004.3	11.5	52,248.6
1990	38,541.8	70.4	9,585.6	17.5	6,588.4	12.1	54,715.8

Source: "Monthly Statistics of Exports and Imports",
Department of Statistics, Ministry of Finance

TABLE 14
Major Export Markets

(Unit: US\$ million)

Country	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	%
North America	8,730.7	9,268.5	12,061.3	15,784.1	15,715.0	20,265.9	25,195.6	25,013.0	25,753.0	23,304.9	34.7
United States	8,163.1	8,758.0	11,333.7	14,987.7	14,770.3	18,994.4	23,636.7	23,431.0	23,996.2	21,745.9	32.4
Canada	567.6	509.6	727.6	916.3	944.7	1,271.5	1,558.9	1,582.0	1,756.8	1,558.5	2.3
Asia	6,559.9	6,074.6	6,482.5	7,634.9	8,352.7	10,336.5	15,122.0	19,885.2	23,563.0	25,692.6	38.2
Japan	2,478.7	2,377.8	2,477.1	3,186.5	3,460.9	4,559.1	6,978.2	8,762.1	9,051.1	8,337.7	12.4
Hong Kong	1,897.0	1,565.3	1,643.6	2,087.1	2,539.7	2,921.1	4,117.6	5,579.7	7,029.6	8,556.3	12.7
Singapore	604.0	576.1	710.6	878.4	885.2	930.6	1,348.8	1,680.0	1,973.5	2,203.7	3.3
Indonesia	424.0	422.5	429.1	346.2	280.9	391.7	444.5	631.1	933.1	1,245.8	1.9
Korea	280.4	198.6	222.6	230.5	253.8	351.6	637.2	917.1	1,132.2	1,212.8	1.8
Philippines	280.3	236.1	245.8	190.7	239.2	328.6	458.2	599.9	776.6	811.4	1.2
Thailand	195.3	251.9	263.8	244.8	236.2	278.4	424.1	752.9	1,106.4	1,423.6	2.1
Malaysia	187.5	222.5	223.7	232.0	194.9	205.7	271.9	450.6	693.5	1,103.6	1.6
Others	212.7	260.8	266.2	238.7	265.9	369.7	441.5	511.8	667.0	797.7	1.2
Europe	2,874.4	2,595.7	2,761.2	3,063.8	2,996.5	4,773.6	7,887.2	9,877.0	10,940.2	12,233.4	18.2
Germany	910.6	791.5	854.0	870.9	807.3	1,277.4	1,991.7	2,343.4	2,574.8	3,197.7	4.7
United Kingdom	566.1	529.8	617.1	690.7	650.0	966.0	1,547.2	1,904.9	2,099.0	1,979.4	2.9
Netherlands	386.8	327.6	379.7	435.2	457.8	673.7	1,087.5	1,506.5	1,580.1	1,856.2	2.8
France	278.4	248.7	210.4	229.8	227.7	433.4	772.4	938.0	1,085.8	1,131.7	1.7
Italy	214.8	204.6	180.7	226.7	246.1	382.3	655.1	834.2	868.5	984.9	1.5
Belgium	140.4	132.7	136.5	166.7	162.2	243.4	373.6	470.8	461.3	486.9	0.7
Switzerland	59.2	54.1	58.9	72.4	69.0	117.5	226.9	273.9	305.7	369.7	0.6
East Europe	9.1	5.3	18.8	16.9	17.8	21.0	49.5	55.4	102.1	195.2	0.3
Others	309.0	303.4	305.1	318.3	358.6	658.9	1,183.3	1,549.9	1,862.9	2,031.7	3.0
Middle East	1,240.9	1,544.7	1,493.9	1,336.4	1,125.4	1,285.3	1,466.3	1,474.5	1,433.5	1,399.6	2.1
Saudi Arabia	606.6	719.3	760.2	727.7	590.0	626.3	703.5	629.0	555.6	459.4	0.7
Others	634.3	825.4	733.7	608.7	535.4	659.0	762.8	845.5	877.9	940.2	1.4
Oceania	804.2	768.1	751.7	941.7	902.4	1,045.6	1,339.8	1,640.0	1,830.3	1,541.0	2.3
Australia	676.9	643.5	634.4	831.6	747.3	869.8	1,100.8	1,356.9	1,536.3	1,279.2	1.9
Others	127.3	124.6	117.3	110.1	155.1	175.8	239.0	283.1	294.0	261.8	0.4
Africa	1,000.5	884.2	680.9	700.0	560.5	742.6	1,081.5	1,363.7	1,254.5	1,257.1	1.9
Latin America	990.1	755.7	502.6	586.8	658.5	929.5	1,062.3	1,022.5	1,209.0	11,353.0	2.0
Others	310.5	312.8	388.6	388.6	410.7	470.3	457.0	309.7	417.6	432.8	0.6
Grand Total	22,611.2	22,204.3	25,122.7	30,456.4	30,725.7	39,849.3	53,611.7	60,585.4	66,201.1	67,214.4	100.0

Source: "Monthly Statistics of Exports and Imports",
Department of Statistics, Ministry of Finance

TABLE 15

Major Import Sources

Country	(Unit: US\$ million)										
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	%
Asia	7,917.4	6,472.4	7,407.7	8,745.2	7,744.0	10,768.2	15,729.1	20,928.0	23,259.6	23,849.8	43.6
Japan	6,928.6	4,780.2	5,586.7	6,441.8	5,548.8	8,254.7	11,840.5	14,824.2	16,026.9	15,998.4	29.2
Malaysia	452.9	469.6	493.7	550.8	481.5	500.8	729.0	943.3	887.4	1,003.0	1.8
Hong Kong	308.9	307.4	298.8	370.4	319.7	378.7	753.8	1,921.7	2,204.8	1,445.9	2.6
Indonesia	467.1	259.5	344.5	423.0	413.8	357.3	567.2	613.4	706.1	921.6	1.7
Singapore	199.4	152.1	167.2	268.0	275.9	339.9	522.1	740.0	889.0	1,406.0	2.6
Korea	301.4	232.8	165.1	243.9	186.6	328.7	532.7	900.1	1,238.9	1,343.6	2.5
Thailand	117.5	107.0	74.5	140.0	146.9	162.9	200.4	341.9	390.0	447.9	0.8
Philippines	120.8	68.5	91.2	134.3	104.2	152.7	194.4	242.3	238.5	236.3	0.4
Others	75.2	95.3	185.9	94.2	266.6	292.5	389.0	401.1	678.0	1,047.0	2.0
North America	5,033.8	4,879.6	5,007.9	5,442.0	5,115.2	5,901.4	8,281.2	13,955.3	12,991.1	13,450.8	24.6
United States	4,765.7	4,563.2	4,646.4	5,041.6	4,746.2	5,415.8	7,629.5	13,002.0	11,995.1	12,611.8	23.0
Canada	268.1	316.4	361.5	400.4	369.0	485.6	651.7	953.3	996.0	839.0	1.6
Europe	1,965.9	2,115.7	2,270.2	2,361.1	2,453.6	3,235.9	5,275.5	7,996.4	8,378.8	9,585.8	17.5
Germany	649.0	790.3	695.8	771.7	848.5	1,146.4	1,665.0	2,203.5	2,661.2	2,716.1	5.0
United Kingdom	302.1	270.3	307.6	294.4	262.4	356.8	789.2	1,111.5	926.7	1,153.7	2.1
Netherlands	132.1	157.7	217.1	248.7	221.3	323.6	455.9	898.0	663.2	728.6	1.3
France	187.7	315.1	347.8	222.4	251.7	313.1	473.6	649.6	793.8	1,131.6	2.1
Italy	195.0	187.5	179.8	222.0	234.5	272.9	442.2	650.2	789.1	817.4	1.5
Switzerland	190.5	105.2	135.4	149.1	139.7	205.0	463.4	1,027.9	830.0	1,200.5	2.2
Belgium	66.8	56.2	86.9	91.7	96.0	144.5	243.6	283.5	301.3	393.4	0.7
East Europe	14.4	5.1	9.3	16.9	8.1	20.1	61.9	181.9	181.9	258.3	0.5
Others	228.3	228.3	290.6	344.3	391.4	453.5	680.7	990.3	1,231.6	1,186.2	2.1
Middle East	4,249.4	3,531.7	3,678.6	3,321.1	2,795.0	2,001.9	2,553.5	2,560.7	2,817.0	3,305.9	6.0
Saudi Arabia	1,797.3	1,968.5	1,925.5	1,971.2	1,361.0	910.0	1,075.3	1,237.0	1,375.5	1,539.2	2.8
Kuwait	2,244.4	1,281.5	1,132.5	727.6	670.8	443.0	730.2	489.4	434.5	369.0	0.6
Others	207.7	281.7	620.6	622.3	763.2	648.9	748.0	834.3	1,007.0	1,539.3	2.6
Oceania	664.5	726.7	779.4	877.5	882.7	987.4	1,155.3	1,525.7	1,847.4	1,866.0	3.4
Australia	593.1	643.5	682.4	777.5	800.6	883.5	999.9	1,336.2	1,631.0	1,659.7	3.0
Others	71.4	83.2	97.0	100.0	82.0	103.9	155.4	139.5	216.4	206.3	3.4
Africa	727.6	539.6	541.6	504.9	532.1	600.9	1,023.7	1,262.0	1,173.5	1,220.5	2.2
Latin America	512.6	576.3	512.2	643.8	546.7	573.0	770.5	1,310.5	1,652.2	1,332.8	2.4
Others	74.4	46.4	89.4	102.9	32.7	95.9	168.4	117.2	129.0	104.4	0.3
Grand Total	21,199.6	18,888.4	20,287.0	21,959.1	20,102.0	24,164.6	34,957.2	49,655.8	52,248.6	54,716.0	100.0

Source: "Monthly Statistics of Exports and Imports".
Department of Statistics, Ministry of Finance

TABLE 16
Tariff Structure of Imported Goods

(January 1991)

Tariff rate %	Items			%
	Agricultural products Chapter (1-24)	Industrial products Chapter (25-97)	Sub-total	
0	83	723	806	10.14
1-5	249	3,024	3,273	41.13
6-10	100	1,650	1,750	21.97
10.5-20	156	1,004	1,160	14.54
21-30	155	186	341	4.27
31-50	417	63	480	5.99
Specific	18	22	40	0.50
Mixed	74	22	96	1.20
Total	1,252	6,694	7,946	100.00

Source: Department of Customs Administration, Ministry of Finance

TABLE 17
Import Licensing System

(As of 1 December 1991)

Import regulations	Number of items	Percentage over total numbers of items
1. Items under control	242	2.67
2. Items permitted to be imported:	8,811	97.33
*Licensed by the BOFT	699	7.72
*Licensed by licensing units authorized by the BOFT (such as Bank)	2,194	24.24
*Items imported without permit	5,918	65.37
Total	9,053	100.00

Source: Board of Foreign Trade, Ministry of Economic Affairs

TABLE 18
Per Capita Income of Farm and Non-Farm Families

Year	Per capita income (US\$)				Farm family income as % of non-farm family income		
	Farm (1)	Non-farm (2)	Employee (3)	Labourer (4)	Non-farm (1)/(2) %	Employee (1)/(3) %	Labourer (1)/(4) %
1966	173	249	242	197	69.8	71.7	88.1
1968	183	316	297	262	57.9	61.7	70.0
1970	206	342	322	294	60.2	63.9	70.0
1971	238	371	349	299	64.2	68.2	79.8
1972	290	436	411	365	66.5	70.5	79.5
1973	328	545	500	449	60.2	65.7	73.2
1974	507	741	694	594	68.4	73.1	85.3
1975	549	819	767	673	67.1	71.6	81.5
1976	657	969	898	792	67.7	73.2	82.9
1977	720	1,133	1,028	894	63.6	70.0	80.5
1978	903	1,410	1,293	1,120	64.0	69.9	80.6
1979	1,107	1,717	1,586	1,395	64.5	69.8	79.4
1980	1,414	2,129	1,953	1,768	66.4	72.4	79.9
1981	1,627	2,440	2,240	1,976	66.7	72.6	82.3
1982	1,729	2,546	2,367	2,100	67.9	73.0	82.3
1983	1,915	2,678	2,482	2,211	71.5	77.2	86.6
1984	1,995	2,921	2,714	2,380	68.3	73.5	83.8
1985	2,098	3,040	2,820	2,513	69.0	74.4	83.5
1986	2,372	3,251	3,015	2,701	73.0	78.7	87.8
1987	2,614	3,601	3,341	2,995	72.6	78.2	87.3
1988	3,019	4,130	3,831	3,467	73.1	78.8	87.1
1989	3,500	4,824	4,464	4,014	72.5	78.4	87.2
1990	3,768	5,484	5,126	4,622	68.7	73.5	81.5

Source: Department of Budget, Accounting and Statistics,
Taiwan Provincial Government

TABLE 19
Rediscount Rate and Prime Rate

(Unit: %)

Year	Rediscount rate	Prime rate (Bank of Taiwan)
1983	7.25	8.50
1984	6.75	8.00
1985	5.25	7.00
1986	4.50	6.25
1987	4.50	6.25
1988	4.50	6.75
1989	7.75	10.50
1990	7.75	10.50

Source: "Financial Statistics Monthly"
CB