

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

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

#### Memorandum on Foreign Trade Régime

##### Addendum

The following communication, dated 13 November 1992, has been received from the representative of Chinese Taipei.

The Memorandum on Foreign Trade Régime (L/7097) circulated by the Secretariat on 29 October 1992 was based on the statistics and information available up to 17 January 1992. Many changes have taken place since then. The updated and supplementary information to the above-mentioned Memorandum is reproduced hereunder and therefore the Memorandum should be read in conjunction with this document.

#### Introduction

In 1991, Chinese Taipei ranked as the world's fourteenth largest trading power, with industrial products accounting for 95.3 per cent of its total exports. It also enjoys a very strong balance-of-payments position, and has accumulated US\$86.6 billion (as of June 1992) in foreign exchange reserves. Per capita GNP stood at US\$8,788 in 1991, similar to the level of several OECD countries.

#### I. ECONOMY AND FOREIGN TRADE

##### 1. Economy

##### (1) Brief introduction to Chinese Taipei and its economy

On a land of 36,000 square kilometres lives a population of 21 million (1991 statistics). With a population density of over 570 people per square kilometre, it is one of the world's most densely populated areas.

Real economic growth rate peaked at 12.6 and 11.9 per cent respectively in 1986 and 1987, and since then has slowed down to 7.3 per cent in 1989 and 5.3 per cent in 1990. However, it bounced back to 7.2 per cent in 1991.

Its GNP has grown from US\$1.2 billion in 1951 to US\$179.8 billion in 1991. Its per capita GNP has increased from US\$145 in 1951 to US\$8,788 in 1991.

Owing to the surging trade surplus and money supply, consumer prices rose 4.4 per cent in 1989, 4.1 per cent in 1990, and 3.6 per cent in 1991.

In 1991, the annual unemployment rate stood at 1.51 per cent, and is expected to remain low over the coming few years.

The recent trend shows a sign of a widening income gap. It hit the five-times mark in 1990 for the first time since 1968 to reach 5.2 times. However, in 1991 the income gap had decreased to 5.0 times showing the first fall after ten rises in a row since 1980.

The exports of goods in 1991 ranked twelfth in the world, and imports, seventeenth, with combined exports and imports ranking fourteenth.

In respect of trade in services, the import expenditure was US\$15.4 billion and export receipts reached some US\$8.1 billion in 1990.

(3) The current economic situation

(a) General situation

The economy has grown in a slower pace over the past five 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 5.0 per cent in 1990, mainly due to the New Taiwan dollar's appreciation which led to sluggish export growth. In 1991, however, when public construction projects started rolling and exports increased significantly, the economic growth rate recovered somewhat to 7.2 per cent.

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. They decreased again to 3.6 per cent in 1991.

Unemployment rate reached 1.7 per cent in 1988, 1.6 per cent in 1989, 1.7 per cent in 1990, and 1.5 per cent in 1991.

However, money supply (M1B) declined significantly to minus 6.7 per cent in 1990 because of the introduction of tight monetary policy. Yet it grew considerably again to 12.1 per cent in 1991.

(b) Structural adjustment

Agricultural products accounted for 23.9 per cent of the Net Domestic Product in 1967, but only 3.7 per cent in 1991. 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 42.5 per cent in 1991.

The contribution of the service sector to Net Domestic Product rose to 53.8 per cent in 1991.

Agricultural employment represented 42.5 per cent of the total labour force in 1967, but only 12.9 per cent in 1991.

The number of people working in the industrial sector accounted for 24.6 per cent of the total work force in 1967; the proportion rose to 40.1 per cent in 1991. In the meantime the service sector, which drew 32.9 per cent of the total manpower in 1967 and 47.0 per cent in 1991, has become the major employer.

Net external demand (exports minus imports) has been a major factor in the economic development. It 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, 7.8 per cent in 1990, and 7.4 per cent in 1991. The contribution of this demand to economic growth had dropped to 0.10 percentage point in 1987, minus 3.91 percentage point in 1988, minus 1.77 percentage point in 1989, minus 1.38 percentage point in 1990 and minus 0.03 percentage point in 1991.

Economic growth in 1990 and 1991 was carried out essentially by expanding domestic demand. The contribution of domestic demand to economic growth was 6.4 percentage point and 7.3 percentage point respectively, compensating the adverse effect of negative growth of net external demand.

(c) The recent budget deficits

Since 1981 a new fiscal policy aimed at strengthening domestic demand through deficit spending led in fiscal year 1989 to a record-high budget deficit of NT\$285.8 billion (around US\$10.7 billion), or 31.0 per cent of the total revenue. The deficit shrank to NT\$5.1 billion (around US\$0.2 billion) in fiscal year 1990, but widened again in fiscal year 1991 to NT\$268.8 billion (around US\$10.0 billion), or 25.6 per cent of the total revenue, in a further attempt to expand domestic demand.

2. External Trade

(1) External trade balance

In 1952, the total external trade (exports plus imports) measured only US\$303 million. It grew at an annual average rate of 14.0 per cent to US\$139.0 billion in 1991, 458 times over a period of thirty-nine years. The average export growth rate was 18.1 per cent and import growth rate 16.1 per cent.

In 1952, exports accounted for 8.0 per cent of the GNP; in 1991, the percentage had jumped to 47.3 per cent. During the same period, import dependency also rose from 14.1 per cent to 42.4 per cent. The aggregate export-import dependency thus rose from 22.2 per cent to 89.7 per cent over the thirty-nine year period, making its trade dependency one of the highest in the world.

Between 1982 and 1987, it 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 1991, the surplus dropped to US\$13.3 billion, accounting for 7.2 per cent of the GNP.

The high trade surplus is mirrored by the high propensity for savings (in 1987 gross savings accounted for 38.5 per cent of GNP and the 1991 figure was 29.5 per cent) and inadequate investments (in 1987 domestic investments were only 20.1 per cent of GNP, and in 1991, 22.2 per cent).

In 1991, although the growth rate for exports (13.3 per cent) was again less than that for imports (14.9 per cent), the trade surplus widened still to US\$13.3 billion.

## (2) Structure of trade in goods

By 1991, the export composition structure has reversed so that industrial goods accounted for 95.3 per cent of total exports, while agricultural products and processed agricultural products accounted for only 4.7 per cent. Major export items were machinery and electrical equipment (34.5 per cent), textile products (15.7 per cent), basic metals and articles thereof, and plastic goods.

In 1952, the imports of agricultural and industrial raw materials accounted for 65.9 per cent of the total; in 1991, the percentage was 72.4 per cent.

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 10.9 per cent of total imports in 1991.

Since 1985, the import share of capital equipment gradually increased again, to a level of 16.7 per cent in 1991.

Major import items in 1952 included textile goods, agricultural products and chemical fertilizers. By 1991, these had been replaced by machinery and electrical equipment (27.5 per cent), basic metals (12.8 per cent), chemicals and minerals.

## (3) Trade by geographic areas

However in 1991, the exports to Japan rose to 12.1 per cent of the total exports.

Since 1984 the exports to the United States began to decline. In 1990, the share was down to 32.4 per cent, and 1991, 29.3 per cent.

In 1991, the exports to the United States increased by 2.6 per cent while imports increased by 11.9 per cent, reducing trade surplus to US\$8.2 billion.

However, since the joint intervention by the five major industrialized countries in the foreign exchange markets in 1985, the New Taiwan dollar has appreciated 54.8 per cent against the United States dollar as of December 1991.

In 1987, the trade deficit with Japan amounted to US\$4.9 billion. In 1988, the figure rose to US\$6.1 billion; in 1989, US\$7.0 billion; in 1990, US\$7.7 billion; and in 1991, reached a record-high US\$9.7 billion.

## II. THE FOREIGN TRADE REGIME

### 1. The Tariff System

#### (1) The evolution of the customs tariff up to 1992

At present, 141 countries or areas qualify for the second column (reciprocal tariff) rate, their goods accounting for over 98 per cent of the total value of imports.

Between 1984 and 1989, the tariff schedule had been revised six times, resulting in an across-the-board lowering of tariff rates by 50 per cent. In the process, 389 items were put on the list of duty-free imports, and 11,673 items had their tariff rates reduced, so that effective average duty rate declined from 7.97 per cent in 1984 to 5.4 per cent in 1990. The recent tariff reduction, which took place in January 1992, further reduced the tariff rates of 1,771 categories of products, the average reduction rate was 7.8 per cent. Now the highest tariff rate is 50 per cent.

In 1991, the effective average duty rate was 4.97 per cent.

#### (2) Future direction of customs tariff rates

In order to expedite economic liberalization, a "Four-year (1989-1992) Tariff Reduction Plan" was announced in November 1988 to further reduce the customs duty. 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.

### 2. The customs system

#### (6) Export processing zones

However, in compliance with the spirit of fair trade and liberalization of the economy, serious consideration is given to revising on the regulation and to loosen the 50 per cent restriction mentioned in the previous paragraph.

### 3. The import licensing system

#### (1) General description

Since 1983, a series of steps have been taken to liberalize imports, substantially reducing the number of goods subject to import bans or

controls and expanding the list of products that can be freely imported. The present tariff, based on the Harmonized System, contains 9,117 items, of which 8,881 or 97.4 per cent are permitted to be imported. Among them, 5,974 items, or 65.5 per cent, can be imported without any permit, 698 items must apply for a permit from the Board of Foreign Trade (BOFT) and the other 2,209 items from a licensing unit authorized by BOFT.

(2) Non-automatic licensing

Presently, six industrial and 122 agricultural products are subject to import controls on the grounds of related policy and social consideration.

Another group of one industrial and eighty agricultural products is subject to discretionary licensing. They include potassium chloride for industry use, rice, chicken meat, red beans, peanuts, potatoes, and some others.

(4) Permit application procedures

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 agency for an extension.

(5) Future directions

In the Trade Bill now in legislative process, the authority plans to eliminate in principle all prior licensing requirements. Certain limited exceptions will however be maintained for national security, public order, cultural, and educational considerations.

4. The export licensing system

With the adoption of the Harmonized System, the previous 26,889 items were regrouped into 9,117 items of which 98.9 per cent or 9,014 items may be exported.

At this moment, only 2,379 items or 26.1 per cent of all goods require export licences.

(3) Social policies, such as narcotics

5. The labelling system for imported products

(1) The existing law and regulations

The "Commodity Labelling Law" provides the general guidelines for the labelling of all commodities. It is aimed at assuring accurate labelling, protecting producers' reputations, and safeguarding consumer interests. There are also laws that govern specially the labellings of foods, medicines, cosmetics, and some other products.

6. Standards, inspection and quarantine

(1) Standards and inspection

SI (System international d'Unites) is adopted as the legal unit system. National measurement standards are realized in metric units. Weights and measures instruments for commercial use are subject to periodic verifications. Chinese National Laboratory Accreditation (CNLA) system is operated in conformity with the latest international practices relevant to ISO/IEC guides.

The methods of commodity inspection are similar to those which are presently exercised by international practices. There is a product certification scheme and quality assurance systems, all of which are in conformity with the latest international practices related to ISO/IEC guides.

(2) Quarantine

The above-mentioned laws or regulations have been promulgated in such a way that they are in line with international practices.

III. OTHER POLICIES AFFECTING FOREIGN TRADE

2. Agricultural policy

Average farm size is small (1.07 hectares in 1991).

The farm family income (US\$4,344 per capita family in 1991) has been lower than that of non-farmers (US\$5,975).

With continued increases in agricultural production costs, farm income further declined. Farmers were forced to diversify into non-farm activities. In 1991, only 39.3 per cent of the total farm family income was derived from farming.

3. Monetary policy

To rationalize the interest rate structure and to promote the normal operation of the "discount window", the Central Bank raised the rediscount rate by 2.25 per cent in August 1989.

In the second half of 1991, to stem foreign exchange speculation brought about by the sustained trade surplus expansion and the significant drop in rediscount rates in the United States and Japan, the Central Bank lowered both rediscount rates and deposit reserve ratios several times by 0.75 per cent to 1.5 per cent altogether. In addition, during 1991, through the open market, the Central Bank bought treasury bills and negotiable certificates of deposits totalling NT\$205.5 billion in order to alleviate the impacts of seasonal or temporary stringency.

To reduce further the interest rate differentials between the domestic and international markets as well as the operating costs of the bank, the Central Bank lowered the rediscount rate and other refinancing interest rates by 0.375 per cent in January of 1992. However, the consumer price level climbed up continuously thereafter, so did the annual growth rate of money supply (M1B) and that of bank loans and investment in the first five months of the year. The Central Bank, therefore, raised the rediscount rate by 0.25 per cent in May of 1992, conducted open market operations to decrease money supply, and adopted four credit adjustment measures in June of that year to prevent general expectation on inflation and to slow the growth rate of money supply.

#### 4. Foreign exchange policy

Up to March of 1989, the central rate of the United States dollar against New Taiwan dollar was daily established on the basis of the weighted average rate of inter-bank transactions in United States dollars on the previous business day.

Beginning from the end of 1990, authorized foreign exchange banks are totally free to set their own exchange rates according to the demand and supply of the market.

The forward foreign exchange market has been reinstituted from 1 November 1991 to provide an instrument for local importers and exporters to hedge against currency fluctuations.

The tradable foreign currencies have been increased from only the United States dollar to all other thirteen 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, Singapore and Tokyo.

#### 5. Financial Policy

- To establish a sound money market and to support the development of the agricultural, industrial and commercial sectors.

##### (1) Money and banking

Deregulation and internationalization of the financial industry is a current global trend. To keep pace with this new trend and to facilitate its expansion of foreign trade and investment, the following financial reforms have been carried out:

##### (a) Promotion of price competition

To enhance free competition in the local financial market, the control over interest rates and exchange rates has been lifted.



(b) Establishment of new banking institutions

Since the amendment of the Banking Law in 1989, licences have been granted to sixteen new commercial banks, which could in turn promote the efficiency of its financial régime. Furthermore, to broaden its international banking activities, the local banks are encouraged to set up overseas branches and subsidiaries, while both local and foreign banks are encouraged to establish offshore banking units. Foreign banks have been given more flexibility in the establishment of new branches since 1990.

(c) Deregulation of banking operations

Currently, the following measures have also been adopted to further liberalize the banking industry:

- (a) The permissible business scope of banks is broadened, subject to the approval of the Ministry of Finance.
- (b) Local branches of foreign banks may now engage in trust business and accept savings deposits.
- (c) Gold is allowed to be imported, re-exported and transacted freely starting from 1 August 1992.
- (d) To enlarge the money market, banks are allowed to engage in the trading as well as brokeraging money market instrument.
- (e) The function of credit cards is extended and the operation limits on credit card institutions are also relaxed.

(2) Securities

By July 1992, the total market value of 240 listed companies on the Stock Exchange has reached approximately US\$118.44 billion. With regard to the securities industry, as of July 1992, there were 311 securities brokerage firms, 62 securities underwriters and fifty-two securities dealers registered with the SEC. Additionally, there are four securities investment trust companies and seventy-eight securities investment consulting companies in operation. It is noteworthy that the Rules Governing Securities Investment Trust Enterprises was amended in September 1991 to allow the application for incorporation of new securities investment trust companies. In May 1992, eleven applications were given the approval to incorporate new firms by the SEC.

Furthermore, the Securities and Exchange Commission has also allowed seven renowned foreign securities firms to set up their representative offices.

As of July 1992, twenty-nine securities firms have been allowed to engage in securities financing service business.

In order to provide hedging facilities as well as investment instruments for local investors, the Foreign Future Trading Law was enacted

by the Legislative Yuan and was signed into law on 10 July 1992. The Law is to allow local investors to engage in certain futures contracts transactions in designated foreign futures exchanges. The SEC is in the process of drafting the necessary rules and plans to begin accepting the application for the incorporation of futures commission merchants licence in early 1993.

(3) Insurance

The insurance sector has developed rapidly. In social insurance, the government not only established "Civil Servants' Insurance" and "Labors' Insurance", but also "Farmers' Health Insurance" in October 1985. In commercial insurance, the total premium of property and casualty insurance increased from NT\$7.9 billion in 1979 to NT\$44.4 billion in 1991, an increase of 5.6 times. The total life insurance premium grew from NT\$9.7 billion to NT\$168 billion, at an increase of 17.3 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, the Insurance Law was amended on 26 February 1992. It sets out the criteria for establishing new local insurance companies. As a testimony to the liberalization and internationalization of the insurance industry, twenty-two American insurance companies are now operating through their branch offices. Also foreign stocks participate in one local insurance company. Furthermore, the criteria allow each foreign insurer to act as an original investor in one newly-established insurance company and its investment should not exceed 30 per cent of the paid-in capital of the new company. Total foreign investment in the newly-established insurance company combined should not exceed 49 per cent of the new company's paid-in capital.

8. Government procurement

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\$1.99 million).

10. Competition policy and consumer protection

The Fair Trade Law was passed by the Legislative Yuan in January 1991 and enforced on 4 February 1992. Also, the "Enforcement Rules of Fair Trade Law" and the "Supervisory Regulation of Multi-level Sales" were promulgated by the Fair Trade Commission of 24 June and 28 February 1992.

The Fair Trade Commission is established under the supervision of the Executive Yuan to enforce the law, to investigate and to handle violations of the provision.

11. Intellectual property rights protection

(1) Copyright protection

The Copyright Law was amended on 10 June 1992 to meet the criteria of international copyright convention, especially the Berne Convention. The Law broadens the list of copyrightable subject matters to include, among others, computer programmes, data bases, sound recordings, and architectural works. It also imposes heavier penalties on infringements and extends the term of protection to a minimum of fifty years. In addition, the Law accords national treatment, on a reciprocal basis, to foreign copyright owners.

(2) Trademark protection

The Trademark Law was last amended on 26 May 1989. One of the amendments is that a person who is the first user of a trademark before its registration is entitled to be an interested party under the Law. The Law was further amended to stipulate that infringing goods should be seized regardless of ownership. A further revision of the Trademark Law has been drafted and is now in the legislating process. It also accords national treatment, on a reciprocal basis, to foreign trademark owners.

15. The International Economic Co-operation Development Fund

The purpose 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 friendly developing countries. Since its establishment on 5 October 1988, the Fund has reviewed 110 applicants from forty-two countries and four international organizations, and has approved twenty-one applications as of 30 June 1992.

IV. TRADE LAWS AND REGULATIONS, ORGANIZATIONS AND PUBLICATIONS

1. Laws and regulations and responsible agencies concerning customs administration

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

3. Regulations governing foreign investment and responsible agencies

(5) Statute for the Establishment and Administration of Science-based Industrial Parks (National Science Council);

(6) Negative List for Investment by Overseas Chinese and Foreign Nationals (MOEA).

4. Publications related to foreign trade statistics

- (1) Statistical Yearbook (by Directorate General of Budget, Accounting and Statistics, Executive Yuan);
- (2) Monthly Statistics (by DGBAS);
- (3) Monthly Statistics of Exports and Imports (by Department of Statistics, Ministry of Finance);
- (4) Customs Import Tariff and Classification of Import & Export Commodities (by DGC, MOF and BOFT, MOEA);
- (5) Monthly Statistics of Exports (by DGC of Ministry of Finance);
- (6) Monthly Statistics of Imports (by DGC of Ministry of Finance);
- (7) Preliminary Statistics of Foreign Exchange Transactions (by Foreign Exchange Department, Central Bank);
- (8) Statistical Data Book (by Council for Economic Planning and Development);
- (9) Balance of Payments (by Central Bank).

ANNEX

List of Bilateral Trade Agreements

A. North America

The United States

Memorandum on Co-operation in Enhancing Commodity Situation and Outlook Reporting under the Co-operative Programme in the Agricultural Sciences, February 1991.

Exchange of Letters concerning High Seas Drift Net Fisheries in the North Pacific Ocean, April 1991.

Visa Arrangement concerning Textiles and Textile Products, May, 1991.

Exchange of Letters for the Amendment of Guidelines for a Co-operation Programme in the Agricultural Sciences, June 1991.

Memorandum on Co-operation in Forestry and Natural Resources Conservation under the Co-operative Programme in the Agricultural Sciences, July 1991.

Memorandum of Understanding between Bureau of Commodity Inspection and Quarantine and Underwriters Laboratories Inc., October 1991.

Guidelines for a Co-operative Programme in Labour Affairs, December 1991.

International Business Reply Service Agreement, February 1992.

B. Asia

Japan

Memorandum of Agreement between Japan Electrical Testing Laboratory and Bureau of Commodity Inspection and Quarantine, Ministry of Economic Affairs on Reciprocal Testing of Electrical Products, June 1991.

Korea

Agreement concerning the Tax Exemption on International Air and Sea Transport income, May 1991.

Philippines

Memorandum of Understanding on Customs Co-operation, January 1992.

Saudi Arabia

Programme of Technical Co-operation between Saudi Arabian Standards Organization (SASO) and Bureau of Commodity Inspection and Quarantine (BCIQ), October 1991.

Singapore

Memorandum of Understanding on Co-operation between the Tourism Bureau in Taipei and the Tourist Promotion Board in Singapore, May 1991.

C. Oceania

Australia

Letter of Understanding between the Australian Meat and Livestock Corporation and the Council of Agriculture, September 1991.

Nauru

Agreement of Technical Co-operation, December 1991.

Palau

Exchange of Notes on the Extension of the Agreement of Technical Co-operation, December 1990.

D. Europe

France

Memorandum of Understanding on Co-operation, May 1991.

United Kingdom

Agreement made between British Standards Institution Quality Assurance and Bureau of Commodity Inspection and Quarantine, June 1991.

Norway

Protocol on Income Tax Exemption on Shipping Enterprises, June 1991.

E. Africa

Guinée-Bissau

Accord de coopération technique agricole, October 1991.

Malawi

Bilateral Air Services Agreement, November 1991.

South Africa

Agreement on the ROCSA Carnet for the Temporary Admission of Goods, August 1991.

Swaziland

Exchange of Notes for the Agreement on Handicraft Technical  
Co-operation, July 1991.

F. Latin America

Nicaragua

Convenio de Colaboración para los Años 1991-1994, March 1992.

Panamá

Memorandum de Entendimiento sobre el establecimiento de una zona  
procesadora para la exportación en la República de Panamá, March 1991.

Paraguay

Convenio sobre Mutua Garantía de Inversiones, April 1992.

TABLE 1Gross National Product

(Unit: US\$ million)

Period	At current prices		At constant prices of 1986
	Amount	Growth rate (%)	Growth rate (%)
1990	160,913	9.02	5.02
1991	179,763	11.42	7.24

TABLE 2Per Capita GNP

(Unit: US\$)

Period	Per capita GNP
1990	7,954
1991	8,788

TABLE 3Annual Changes in Prices

(Previous year = 1.)

Period	Wholesale prices (%)	Consumer prices (%)
1991	0.17	3.62

TABLE 4Unemployment Rate

Period	Unemployment rate (%)
1989	1.57
1990	1.67
1991	1.51



TABLE 5

Distribution of Personal Income by Household

Households divided into five groups of equal size	1991
Total	100.00
Lowest fifth	7.76
Second fifth	13.25
Third fifth	17.42
Fourth fifth	22.97
Highest fifth	38.60
Ratio of highest fifth's income to lowest fifth's	4.97

TABLE 7

Money Supply

End of year	Money supply (M1B*)		Money supply (M2)	
	M1B (NT\$ million)	Annual growth (%)	M2 (NT\$ million)	Annual growth (%)
1989	2,068,759	6.1	5,671,941	15.3
1990	1,931,897	-6.6	6,231,214	9.9
1991	2,165,291	12.1	7,396,247	18.7

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
1990	100.0	4.1	42.5	53.4
1991	100.0	3.7	42.5	53.8

TABLE 9

Employment by Industries

(Unit: %)

Period	Total	Primary industry	Secondary industry	Tertiary industry
1991 average	100.0	12.9	40.1	47.0

TABLE 10

Foreign Trade

Period	Total value (NT\$ million)				Expressed in US\$ million			
	Total	Exports	Imports	Balance	Total	Exports	Imports	Balance
1986	2,424,077	1,507,044	917,033	590,011	64,044	39,861	24,181	15,680
1987	2,821,479	1,707,608	1,113,871	593,737	88,662	53,678	34,983	18,595
1988	3,154,905	1,731,804	1,423,101	308,703	110,340	60,668	49,673	10,995
1989	3,133,520	1,747,800	1,385,720	362,080	118,569	66,305	52,266	14,039
1990	3,274,586	1,802,783	1,471,803	330,980	121,930	67,214	54,716	12,498
1991	3,731,557	2,040,785	1,690,772	350,013	139,039	76,178	62,860	13,318

TABLE 11

Foreign Trade (Goods and Services) Dependency

(Unit: %)			
Year	EX/GNP	IM/GNP	(EX+IM)/GNP
1990	46.55	41.22	87.77
1991	47.30	42.37	89.67

TABLE 12

Composition of Exports

(Unit: US\$ million)							
Year	Industrial products		Processed agricultural products		Agricultural products		Total exports
	Amount	%	Amount	%	Amount	%	
1986	37,284.2	93.5	1,950.6	4.9	626.8	1.6	39,861.5
1987	50,430.0	93.9	2,559.1	4.8	689.6	1.3	53,678.7
1988	57,347.1	94.5	2,496.8	4.1	823.5	1.4	60,667.4
1989	63,246.9	95.4	2,579.3	3.9	477.8	0.7	66,304.0
1990	64,204.2	95.5	2,578.7	3.8	431.4	0.6	67,214.3
1991	72,608.3	95.3	3,045.5	4.0	524.5	0.7	76,178.3

TABLE 13

Composition of Imports

(Unit: US\$ million)							
Year	Agricultural and industrial raw materials		Capital equipment		Consumer goods		Total imports
	Amount	%	Amount	%	Amount	%	
1986	18,270.2	75.6	3,632.2	15.0	2,279.2	9.4	24,181.5
1987	25,906.4	74.1	5,614.2	16.0	3,462.8	9.9	34,983.4
1988	36,598.1	73.7	7,391.0	14.9	5,683.7	11.4	49,672.8
1989	37,696.3	72.1	8,560.8	16.4	6,008.2	11.5	52,265.3
1990	38,541.8	70.4	9,585.6	17.5	6,528.4	12.0	54,715.8
1991	45,501.1	72.4	10,531.9	16.7	6,827.6	10.9	62,860.6

TABLE 14

Major Export Markets

Country	1984	1985	1986	1987	1988	1989	1990	1991	%
(Unit: US\$ million)									
North America	15,784.1	15,718.3	20,236.1	25,245.9	25,051.6	25,795.7	23,304.9	23,945.5	31.4
United States	14,867.7	14,773.4	19,013.9	23,684.8	23,467.2	24,036.2	21,745.9	22,320.8	29.3
Canada	916.3	944.9	1,272.1	1,561.1	1,584.4	1,759.4	1,558.5	1,624.2	2.1
Asia	7,634.9	8,356.7	10,338.2	15,142.0	19,910.2	23,401.0	25,692.6	31,153.0	40.9
Japan	3,186.5	3,460.9	4,559.8	6,986.0	8,771.7	9,064.9	8,337.7	9,188.9	12.1
Hong Kong	2,087.1	2,539.7	2,921.3	4,123.3	5,587.1	7,042.3	8,556.2	12,430.5	16.3
Singapore	878.4	885.2	930.6	1,350.5	1,682.7	1,975.6	2,203.7	2,403.5	3.2
Indonesia	346.2	280.9	391.8	445.5	632.6	934.1	1,245.8	1,207.2	1.6
Korea	230.5	253.8	351.6	638.2	917.3	1,132.8	1,212.8	1,287.3	1.7
Philippines	190.7	239.2	328.6	459.7	691.4	778.1	811.4	848.0	1.1
Thailand	244.8	236.2	278.6	424.6	753.7	1,110.2	1,423.6	1,444.9	1.9
Malaysia	232.0	194.9	205.7	272.1	451.1	694.8	1,103.6	1,464.9	1.9
Others	238.7	265.9	370.2	442.1	512.6	668.2	797.7	877.8	1.2
Europe	3,063.8	2,996.5	4,774.4	7,891.6	9,887.1	10,953.9	12,233.4	14,001.4	18.4
F. R. Germany	870.9	807.3	1,277.7	1,992.5	2,345.3	2,577.9	3,197.7	3,868.7	5.1
United Kingdom	690.7	650.0	966.3	1,547.8	1,906.6	2,101.8	1,979.4	2,071.8	2.7
Netherlands	435.2	457.8	673.9	1,088.7	1,508.4	1,582.0	1,856.2	2,170.9	2.8
France	229.8	227.7	433.4	772.4	938.0	1,085.8	1,131.7	1,352.2	3.1
Italy	226.7	246.1	382.4	655.4	834.9	869.4	984.9	1,026.6	1.3
Belgium	166.7	162.2	243.5	373.8	471.2	462.3	486.9	527.8	0.7
Switzerland	72.4	69.0	117.5	226.9	274.0	306.2	369.7	363.5	0.5
East Europe	16.9	17.8	21.0	49.5	55.4	102.1	195.2	-	-
Others	318.3	358.6	658.7	1,184.6	1,553.3	1,866.4	2,031.7	2,619.9	3.4
Middle East	1,336.4	1,125.4	1,285.6	1,472.5	1,477.1	1,436.3	1,399.6	1,845.2	2.4
Saudi Arabia	727.7	590.0	626.6	706.4	630.1	557.1	459.4	615.7	0.8
Others	608.7	535.4	659.0	766.1	847.0	879.2	940.2	1,229.5	1.6
Oceania	941.7	902.4	1,046.2	1,342.4	1,641.7	1,832.3	1,541.0	1,620.4	2.1
Australia	831.6	747.3	870.3	1,103.0	1,358.6	1,537.7	1,279.2	1,353.6	1.8
Others	110.1	155.1	175.9	239.4	283.1	294.6	261.8	266.8	0.4
Africa	700.0	560.5	742.6	1,084.5	1,365.3	1,256.1	1,257.1	1,378.2	1.8
Latin America	586.8	658.5	929.7	1,065.3	1,023.9	1,210.8	1,135.3	1,734.2	2.3
Others	408.8	407.6	458.9	4,345.0	310.3	418.2	432.9	500.4	0.7
Grand Total	30,456.4	30,725.7	39,861.5	53,678.7	60,667.4	66,304.0	67,214.4	76,178.3	100

TABLE 15

Major Import Sources

	(Unit: US\$ million)								
Country	1984	1985	1986	1987	1988	1989	1990	1991	%
Asia	8,745.2	7,744.0	10,768.3	15,729.2	20,929.8	23,265.6	23,849.8	28,940.2	46.0
Japan	6,441.8	5,548.8	8,254.7	11,840.6	14,825.4	16,031.0	15,998.4	18,858.3	30.0
Malaysia	550.8	481.5	500.8	729.0	943.4	887.5	1,003.0	1,409.4	2.2
Hong Kong	370.4	319.7	378.7	753.8	1,922.1	2,205.2	1,445.9	1,946.8	3.1
Indonesia	423.0	413.8	357.3	567.2	613.4	706.2	921.6	1,234.3	2.0
Singapore	268.0	275.9	339.9	522.1	740.1	889.4	1,406.0	1,445.9	2.3
Korea	243.9	186.6	328.7	532.7	900.1	1,239.1	1,343.6	1,747.0	2.8
Thailand	140.0	146.9	162.9	200.4	341.9	390.2	448.0	586.1	0.9
Philippines	134.3	104.2	152.7	194.4	242.3	238.5	236.3	235.3	0.4
Others	94.2	266.6	292.5	389.0	401.1	678.5	1,047.0	1,477.1	2.3
North America	5,442.1	5,115.2	5,918.2	8,299.7	13,961.1	12,998.9	13,450.8	15,153.8	24.1
United States	5,041.7	4,746.3	5,432.6	7,648.0	13,006.7	12,002.8	12,611.8	14,113.8	22.5
Canada	400.4	369.0	485.6	651.7	954.4	996.1	839.0	1,040.0	1.7
Europe	2,361.1	2,453.6	3,235.9	5,278.5	8,005.7	8,381.6	9,585.8	9,974.9	15.9
F. R. Germany	771.7	848.5	1,146.4	1,665.0	2,204.6	2,659.8	2,716.1	3,013.2	4.8
United Kingdom	294.4	262.4	356.8	792.1	1,113.3	926.8	1,153.7	1,123.8	1.8
Netherlands	248.7	221.3	323.6	455.9	898.0	663.3	728.6	803.3	1.3
France	222.4	251.7	313.1	473.6	649.6	793.8	1,131.6	1,140.5	1.8
Italy	222.0	234.5	272.9	442.2	650.2	789.1	817.4	795.4	1.3
Switzerland	149.1	139.7	205.0	463.4	1,034.0	830.3	1,200.5	991.3	1.6
Belgium	91.7	96.0	144.5	243.6	283.5	301.6	393.4	399.5	0.6
East Europe	16.9	8.1	20.1	61.9	181.9	181.9	258.3	-	-
Others	344.3	391.4	453.5	680.7	990.6	1,235.0	1,186.2	1,707.9	2.7
Middle East	3,321.1	2,795.0	2,001.9	2,553.5	2,560.7	2,817.1	3,305.9	3,124.6	5.0
Saudi Arabia	1,971.2	1,361.0	916.0	1,075.3	1,237.0	1,375.5	1,539.2	1,679.3	2.7
Kuwait	727.6	670.8	443.0	730.2	489.4	434.5	369.0	35.6	0.1
Others	622.3	763.2	648.9	748.0	834.3	1,007.0	1,539.3	1,409.7	2.2
Oceania	877.5	882.7	987.4	1,155.3	1,525.7	1,847.4	1,866.0	2,298.0	3.7
Australia	777.5	800.6	883.5	999.9	1,336.2	1,631.0	1,659.7	2,018.1	3.2
Others	100.0	82.0	103.9	155.4	189.5	216.4	206.3	279.9	0.4
Africa	504.9	532.1	600.9	1,028.3	1,262.0	1,173.6	1,220.5	1,406.1	2.2
Latin America	643.8	546.7	572.9	767.5	1,310.5	1,652.3	1,332.7	1,883.6	3.0
Others	44.2	32.6	96.1	168.5	117.1	129.1	104.4	79.4	0.1
Grand Total	21,959.1	20,102.0	24,181.5	34,983.4	49,672.8	52,265.3	54,716.0	62,860.5	100.0

**TABLE 16**  
**Tariff Structure of Import Goods**

(1 January 1992)

Tariff rate %	Agricultural products		Industrial products		All products	
	Items	%	Items	%	Items	%
0	189	14.84	885	13.07	1,074	13.35
0.1-5.0	180	14.13	3,134	46.28	3,314	41.19
5.1-10.0	100	7.85	1,602	23.65	1,702	21.15
10.1-15.0	95	7.46	852	12.58	947	11.77
15.1-20.0	108	8.48	171	2.52	279	3.46
20.1-25.0	78	6.12	38	0.56	116	1.44
25.1-30.0	92	7.22	46	0.67	138	1.71
Sub-total	842	66.14	6,728	99.36	7,570	94.11
30.1-35.0	66	5.18	0	0.00	66	0.82
35.1-40.0	137	10.76	1	0.01	138	1.71
40.1-45.0	123	9.66	18	0.26	141	1.75
45.1-50.0	87	6.83	2	0.02	89	1.10
Sub-total	413	32.44	21	0.31	434	5.40
50.1-Specific	0	0.00	0	0.00	0	0.00
	18	1.42	22	0.33	22	0.49
Total	1,273	100.00	6,771	100.00	8,044	100.00
Average nominal duty rate	21.63%		6.52%		8.89%	
Maximum duty rate	50.00%		50.00%		50.00%	

**TABLE 17**  
**Import Licensing System**

(As of 31 August 1992)

Import regulations	Number of items	Percentage over total number of items
1. Items under control	236	2.59
2. Items permitted to be imported:	8,881	97.41
*Licensed by the BOFT	698	7.66
*Licensed by licensing units authorized by the BOFT (such as banks)	2,209	24.23
*Items imported without permit	5,974	65.53
Total	9,177	100.00

**TABLE 18**  
**Per Capita Income of Farm and Non-Farm Family**

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) %
1991	4,344	5,975	5,508	5,005	72.7	78.9	86.8

**TABLE 19**  
**Rediscount Rate and Prime Rate**

(Unit: %)		
Year	Rediscount rate	Prime rate (Bank of Taiwan)
1990	7.75	10.00
1991	6.25	8.50