

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
Spec(93)38
27 September 1993

Original: English

WORKING PARTY ON THE ACCESSION OF CHINESE TAIPEI

Questions and Replies

CHILE

The representative of Chinese Taipei has submitted the replies reproduced hereunder to the questions submitted by Chile, for circulation to members of the Working Party on the Accession of Chinese Taipei. This text and the earlier documentation reproduced in documents L/7189/Rev.1 and L/7097 and Addenda will be considered at the meeting of the Working Party scheduled to take place on 12-15 October 1993.

We are pleased to raise the following additional questions in this respect:

1. Reply No. 146 document L/7189

This reply does not relieve our concern. Therefore we would like to receive the following elucidations:

- (i) Percentages concerning participation in apple import quotas of each of the apple exporting countries to Chinese Taipei.

Reply 1(i)

The imports of apples from the United States and Canada are not subject to quotas. The other four countries allowed to export apples to Chinese Taipei but subject to quotas are as follows:

| Country | Quota (metric tons) | Percentage to total quotas |
|--------------|---------------------|----------------------------|
| Chile | 7,188 | 66.6% |
| New Zealand | 2,608 | 24.2% |
| South Africa | 500 | 4.6% |
| Australia | 500 | 4.6% |

- (ii) Is there any country not subjected to these quotas? If so, what is the reason for this discrimination with regard to the terms of the GATT Agreement?

Reply 1(ii)

The United States and Canada are not subjected to these quotas. There are historical reasons for such exemptions. Chinese Taipei did not have chance to participate in the multilateral trade system before, and therefore it had to engage in bilateral trade agreements with the countries which requested Chinese Taipei to adjust the large trade imbalance between them and Chinese Taipei. The United States and Canada are the examples. In order to relieve the seriousness of trade imbalance with the United States and Canada, Chinese Taipei lift the restriction on apple imports from them.

- (iii) The reference to the result of the Uruguay Round is to be discarded as inappropriate, since Chinese Taipei, from the very moment of its adherence, is bound to comply with all the GATT provisions, which are equally obligatory for all contracting parties.

Reply 1(iii)

Chinese Taipei takes note of the above comments.

- (iv) In view of the above, our country considers this situation should be cleared up prior to Chinese Taipei's adherence to GATT

Reply 1(iv)

Chinese Taipei will endeavour to lift area restrictions as soon as it can. Certainly it prefers to finish such process by its accession to the GATT. However, since it involves the sensitive issues of protection of domestic agriculture and negotiation with relevant contracting parties, the process may be very time-consuming, Chinese Taipei would appreciate a transition period for it to complete the reforming process.

2. Reply No. 141, document L/7189

This reply does not relieve our concern. Therefore we wish to make clear the following:

- (i) In accordance with current GATT provisions and specifically the first article which established the Most-Favoured-Nation Clause, a prohibition is unacceptable for our country, and all the more in the present case which includes a geographical discrimination in favour of a particular country. Chinese Taipei cannot adhere to GATT while violating a basic principle for multilateralization of world trade.

Reply 2(i)

Chinese Taipei appreciates the value of the m.f.n. principle and also has the true intention to conform to it.

- (ii) It is not acceptable either that the solution of this problem is being related to the results of the Uruguay Round. Chinese Taipei should comply with current GATT rules prior to and not after its adherence.

Reply 2(ii)

Chinese Taipei takes note of the above comments and will sincerely consider them. Although Chinese Taipei also would like to comply all the GATT rules prior to its accession, it cannot exclude the possibilities that some adjustment may not be able to be completed by its accession and it would appreciate the understanding of contracting parties that a transition period may be needed.

3. Reply No. 147, document L/7189

This reply does not meet our concern either. The argument advanced by Chinese Taipei meant to justify the practice of import licences for poultry meat is to allow for control of the national supply and for domestic market price stabilization.

- (i) This criterion does not seem combinable with the firm commitment expressed by Chinese Taipei to apply a free market régime, in which prices actually are determined by demand and supply.

Reply 3(i)

Chinese Taipei respects the spirit of a free market. However, the current oversupply of poultry meat has killed the price of poultry meat and therefore caused serious problems to the livelihood of chicken farmers. Although Chinese Taipei has already taken measures to restrain domestic overproduction of poultry meat, it takes time for Chinese Taipei to complete the restructuring of chicken farming. In order to lessen the impact on chicken farming business due to imports and further avoid the possible disorder due to sudden change, Chinese Taipei would appreciate for a transition period to open its poultry meat market.

- (ii) This is another point to be settled by Chinese Taipei before adhering to GATT.

Reply 3(ii)

Chinese Taipei takes note of it.