

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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WORKING PARTY ON THE ACCESSION OF CHINESE TAIPEI

Questions and Replies

NEW ZEALAND

The representative of Chinese Taipei has submitted the replies reproduced hereunder to the questions submitted by New Zealand, 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.

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Note: The following written questions cover material raised during the 28 June - 1 July meeting of the Working Party on which New Zealand would find it helpful to have (further) written responses. References are to the "Follow-up" replies to earlier questions from New Zealand circulated by Chinese Taipei before that meeting.

3/1 Follow up 1 (L/7189 Reply 17)

Concerning the provision mentioned in Chinese Taipei's Foreign Trade Act in L/7189 Reply 17 for discriminatory trade measures against specific countries in certain circumstances, the GATT Articles cited by Chinese Taipei in its follow up reply do not provide for such discriminatory measures. New Zealand therefore would be grateful for Chinese Taipei's confirmation that it would eliminate such provisions by the time it accedes to GATT. It would be desirable for Chinese Taipei to start the necessary legislative steps as soon as possible.

Reply 3/1

Chinese Taipei is currently studying and would like to discuss with members of the Working Party the extent to which certain of its measures are regarded as discriminatory and inconsistent with Articles XI, XII and XIX of the GATT. If the measures are found to be GATT-inconsistent, Chinese Taipei would discuss with the interested parties affected by such measures with a view to resolving the issues on mutually acceptable terms.

3/2 Follow up 2 (on Reply 20 in L/7189)

We note that Chinese Taipei has not contested the fact that the figures on average effective tariffs in L/7097 can mask the actual degree of protection for certain parts of Chinese Taipei's economy due to non tariff measures. Clearly this particularly affects the figures for the agriculture sector, which is sheltered by the remainder of Chinese Taipei's economy.

- New Zealand would therefore be grateful if Chinese Taipei could work with members of the Working Party to provide statistics which better reflect actual levels of protection.

Reply 3/2

It has been Chinese Taipei's practice to calculate its average effective rate on the basis of the total collected duty amount divided by the total value of imported goods. This formula should adequately reflect the actual duty burden of imports. However, if members of the Working Party consider such a formula is not adequate to reflect the degree of trade liberalization, Chinese Taipei would appreciate its trading partners to provide technical assistance in compiling and processing the relevant statistical data; Chinese Taipei will co-operate fully.

3/3 Follow up 12 (L/7189 Replies 101, 113 and 127)

New Zealand would still appreciate clarification of a point raised in connection with Reply 127 of L/7189. The table in Reply 101 of L/7189 identifies a total of 246 items subject to non-automatic licensing at present.

- Of these, twenty-seven are subject quantitative restrictions and fifty to area restrictions (according to Reply 113).
- Reply 127 says that "In principle there are no quantitative restrictions imposed on non-automatic licensing items".

Taken together, these statements indicate that the remaining 169 items are not subject to quantitative restrictions, and it is therefore unclear why it is necessary to retain non-automatic licensing on these items which are not subject to quantitative restrictions.

Reply 3/3

Under the import licensing system prior to the Negative List, non-automatic licensing items include those subject to area restrictions (including quantitative restrictions), discretionary licensing, and import control. Therefore, the non-automatic licensing remains not only for administration of quantitative restrictions but also for other import regulations. Some of these import regulations are imposed to safeguard public morals, or protect human, animal or plant life or health, or secure national security, in a manner consistent with the GATT. Some are imposed to protect domestic agricultural and industrial sectors, which will be dealt with in accordance with the commitments Chinese Taipei is going to make during the accession process.

3/4 Follow up 13 (L/7189 Reply 129)

We are grateful for the oral description which the delegation of Chinese Taipei gave during the Working Party meeting of the restrictions, mentioned in Reply 129, which are justified by ensuring adequate fresh milk supplies. It would be helpful to have this response in writing.

Reply 3/4

Imported milk products account for 85 per cent of total local consumption; milk powders can be freely imported with a relatively low duty rate of 15 per cent. Fresh milk is pasteurized milk, and is generally supplied by local milk farms. Imported liquid milk is sterilized milk. Restriction on both fresh milk and liquid milk imports is to protect interests of local consumers.

3/5 Follow up 15 (L/7189 Replies 141 and following)

Similarly, it would be useful to receive in writing responses to the following questions to which the delegation of Chinese Taipei gave preliminary oral answers during the Working Party meeting.

- (a) Could Chinese Taipei explain why it decided in 1987 to restrict imports of plums and grapes to certain supplying countries.
- (b) Similarly, for how long have area restrictions applied to apples, and what was the original reason for the restrictions?
- (c) With respect to the response on why discretionary licensing on chicken meat is justified, we do not understand the significance of the reference in follow up 15 to Chinese Taipei's high dependence on imported feedstuffs.

Reply 3/5

- (a) The import restriction on plums and grapes imposed in 1987 was triggered by the sharp increase in the fruit imports in that year (52.2 per cent increase compared with the imports of the previous year; in 1986, the import volume was 97,026 tons, while in 1987, the import volume was increased to 147,674 tons). As a result, the prices fell drastically and the government faced violent protests from the farmers. In order to temper the situation, the government suspended imports from certain countries.
- (b) Apple imports have been subject to area restriction since 1987 for the same reason as that set out in (a). However, because of the size of the surplus in trade with the United States and Canada, apple imports from the two countries are not subject to restrictions.
- (c) There has been overproduction in chicken meat. The Government of Chinese Taipei has for several times given public notice to ban the construction of new chicken farms or expansion of existing ones, so as to reduce surplus and stabilize prices. Import restriction on chicken meat is a measure to help the implementation of the government's plan to reduce such surplus. The statement made in follow-up Reply 15 is to emphasize that feedstuff can now be freely imported.

3/6 Follow up 24 (L/7189 Reply 267)

- (a) There were detailed exchanges during the April meeting of the Working Party about the increase in total expenditure on price support from 1989 to 1992 (Reply 267 in L/7189) which indicated price support involved in part bank loans serviced by government appropriations. This is not mentioned in follow up 24.
  - It would be useful for New Zealand if Chinese Taipei could explain whether or not bank loans are provided in connection with price support, bearing in mind the relevant provisions of the Statute for Agricultural Development which refer extensively to government assisted loans.
- (b) Secondly, could Chinese Taipei explain in detail the reference in follow up 24 to "disposition of surplus" and "rice export".

Reply 3/6

- (a) Currently, guaranteed purchases cover only rice, corn, soybean and sorghum. Only in the case of rice, the actual expenditures exceeded the annual budget allocated for such a purpose; part of the deficiency was covered by borrowings from banks. There is no other situation where loans are made from bank to finance the price support scheme. The following is a table that sets out the amounts of annual expenditure, budget and borrowings from banks.

Year	Expenditure for Guarantee Price of Rice	Budget	Borrowing
1989	7,150	4,000	1,549
1990	12,762	6,000	4,600
1991	13,897	7,000	6,947
1992	11,678	4,000	6,643

- (b) Rice production in Chinese Taipei is not export oriented; the main concern is to maintain food security and a balanced market. Each year, old rice in the inventory has to be replaced by new rice, and therefore there is a need to dispose of such old rice. The old rice is exported to the country or area lacking of food or through auction sale and at international prices. With the implementation of the reduction plan, the domestic supply and demand have gradually come closer and the need to export rice has also been gradually reduced.

3/7 Follow up 25 (L/7189 Reply 269)

- (a) This response does not fully cover the question, which was essentially what products are potentially subject to price support under Chinese Taipei's legislation?
- (b) While New Zealand welcomes the assurance that the only form of price support is "guaranteed purchase prices", we would be grateful to know how Chinese Taipei characterizes the "supplementary prices" in this context.

Reply 3/7

- (a) Chinese Taipei currently does not have any plan to extend the price support scheme to cover other products. Nor are there other products that are potentially subject to price support.
- (b) Supplementary prices are prices used by the Government in making supplementary purchases. Supplementary purchase were first introduced in 1978 as a result of abundant harvests in 1976 and 1977 respectively. The purchases cover only part of the rice surplus, and are made in addition to the guaranteed purchases. The supplementary purchase price is determined taking into account cost of production and fluctuation of market prices. The price has not been adjusted for many years and has fallen even below the cost of production (e.g., in 1992, the average production cost for the second harvest of rice is NT\$18.19, while the supplementary price for that harvest is NT\$16.5 per kilogram).

3/8 State-owned enterprises (L/7189/Rev.1 Reply 376)

- (a) Further to Chinese Taipei's response during the Working Party meeting, we would be grateful for details of any special or exclusive privileges, including distribution systems from which other traders may be required to purchase, which the Tobacco and Wine Monopoly Bureau enjoys.
- (b) What is the practical significance of the distinction between enterprises under the auspices of the Ministry of Economic Affairs and those under the auspices of the "Provincial Government" (listed in Reply 376 (2)).

Reply 3/8

- (a) According to Articles 6, 7 and 28 of the Provisional Statute for Monopoly of Tobacco and Wine in the Taiwan Province, the Tobacco and Wine Monopoly Bureau has the monopoly in the protection and distribution of wine and tobacco products; imports and exports of the products require TTWMB's consent. Since 1987 when wine and tobacco products were first allowed to be imported by private traders, importers have been able to sell their imports to distributors, wholesalers, or TTWMB licensed retailers, and enjoy an equal position is competing with TTWMB. According to the General Operating Regulations of TTWMB for Importing Foreign Beer, Wine, and Cigarettes, and the General Operating Regulation of TTWMB for Importation of Foreign Spirits. Except those that have been reported to the Working Party, TTWMB enjoys no other privileges.
- (b) The budget for enterprises under the auspices of the Provincial Government of Taiwan is to be approved by the Provincial Assembly; while that for enterprises under the auspices of the Ministry of Economic Affairs is to be approved by the Legislative Yuan. Both types of enterprises are subject to the same audit and export/import laws and regulations, and their purchase decisions are all based on commercial considerations.

3/9 State-owned enterprises (L/7189/Rev.1 Reply 375)

Could Chinese Taipei kindly describe the constitutional relationship between the authorities of Chinese Taipei and the Provincial Assembly, under whose auspices the enterprises listed in Reply 376 (2) fall?

Note: The following questions, some of which arise from exchanges at the 28 June - 1 July meeting of the Working Party, address provisions of specific legislation and regulations. New Zealand thanks Chinese Taipei for its co-operation in making copies of this legislation available, in translation, to the Working Party.

Reply 3/9

According to Article 109 of the Constitution of Chinese Taipei, provincial enterprises fall within the power of the provincial government. Article 111 of the Constitution, which sets out the general criterion for distinction between entities of Chinese Taipei's central and provincial governments, provides that those matters that are domestic in nature shall fall within the jurisdiction of the central government while those matters that are provincial in nature shall fall within the jurisdiction of the Province.

Enterprises which are more than 51 per cent owned by the provincial government are considered as provincial enterprises and for the purpose of Article 109 are to be governed by the provincial

authorities. Despite so, as procurement is a matter domestic in nature and shall fall within the jurisdiction of the central government according to Article 111 of the Constitution, the audit and import/export regulations made by the central authorities shall also apply to the procurement practices of provincial enterprises. Furthermore, international trade, according to Article 107, falls within the power of the central authorities.

3/10 Regulations Governing Relief and Aid for Major Agricultural Products Damaged by Importation (L/7189 Reply 281) (See also Follow up 27)

- (a) The Regulations appear to address a mixture of objectives - protection against import surges, against subsidized imports, neutralizing the effects of trade liberalization - and provide a range of policy responses - purchase and selling subsidies, production related subsidies, or structural adjustment subsidies, - which do not differentiate amongst the various reason for protection. Thus it would seem that a situation due to subsidized imports or other unfair trade measures could be met by structural adjustment subsidies while trade liberalization could lead to subsidization of the product whose trade has been liberalized.
  - Is Chinese Taipei able to comment on or clarify this issue?
- (b) These Regulations, through Article 4, appear to facilitate a domestic subsidy reaction to trade liberalization. This could nullify or impair the trade opportunities resulting from trade liberalization.
  - New Zealand would be interested in Chinese Taipei's future intentions on these Regulations.
- (c) Several of the objectives in these Regulations relate to circumstances already covered by GATT provisions concerning countervail and safeguard action. Can Chinese Taipei therefore commit apply if necessary the relevant GATT provisions after accession - e.g. CVD in response to subsidized imports - instead of these regulations?
- (d) Related to this, Chinese Taipei's Foreign Trade Act (Article 19) provides for CVDs and AD duties. New Zealand would be interested to know what will happen to the similar provisions in the Regulations on Aid to Agricultural Products in light of the Trade Act?
- (e) The list in follow up 27 of products which the COA has announced are eligible for relief under these Regulations is useful. Is it possible to have a comprehensive list?
  - Is any agricultural product potentially eligible for relief under these Regulations?
- (f) In respect of the products announced by COA to be eligible for relief, particularly apples, plums, peaches, pears, beef, New Zealand would be grateful for details of the announcement for each product including: date, circumstances (in terms of Article 4), nature of the relief or aid granted (in terms of Article 7) and duration.
- (g) New Zealand would be grateful to know what is the legislative authority under which these regulations were promulgated by COA?

Reply 3/10

- (a) Relief measures, in the case of agricultural trade, have to take into account the future of the production damaged by imports, in addition to the sharp increase in imports as a cause of the fall in domestic prices for the product concerned. Therefore, the relief measures cannot be structured only according to the cause of injury.
- (b) Chinese Taipei is considering to abolish the Regulations Governing Relief and Aid for Major Agricultural Products Damaged by Importation at the end of 1993 and import relief will be provided to the agricultural sector according to Rules for Administration of Import Relief, which is based on Article 18 of the Foreign Trade Act. Article 18 of the Act is in turn based on Article XIX of the GATT.

(c) and (d)

After the abolition of the Regulations, subsidized or dumped imports of agricultural products will be dealt with according to the countervailing and anti-dumping laws of Chinese Taipei.

- (e) The sixteen products eligible for relief under the Regulations are as follows:

Citrus, apples, plums, peaches, guavas, pears, wax apples, grapes, tea leaves, beef, pork, duck meat, bred shrimps, pineapples, chicken meat and clams.

Currently, there is no product potentially eligible for relief under the Regulations.

- (f) Apples, plums, peaches, pears, and beef were announced on 20 April 1991 to be eligible for relief according to the Regulations. The announcement does not automatically entitle these products to import relief; they also have to meet the requirements set forth in Article 4 of the Regulations. Import relief measures will be determined on a case-by-case basis. So far, there has been no case of import relief granted by Chinese Taipei's authorities.
- (g) The legislative authority for the Regulations is Article 40 of the Statute for Agricultural Development.

3/11 Regulations Governing Relief to Agriculture (L/7189, Reply 281)

- (a) Article 1: What is the definition of short term? Is there any significant reason why this qualification is not repeated in the substantive provisions of the Regulations, e.g. Article 7?
- (b) Article 4.3: What is the definition of "other unfair competition measure"?
- (c) Article 4: What is covered by "direct production costs"?
- (d) Article 7.1: Does selling include export?  
  
Article 7.2: It would be helpful if Chinese Taipei could describe what is meant by "adjustment of production"?

(e) Article 8.1: What are the special projects mentioned here?

Article 8.3: What are the other revenues?

Reply 3/11

- (a) "Short-term" means any length of time which is less than three years. The reason why "short-term" is not repeated in Article 7 is because there is no need to do so as the relief measures contemplated in the Regulations are short term in nature.
- (b) Examples of "Other unfair trade practices" referred to in Reply 281 are export subsidies and dumping.
- (c) "Direct production cost" covers total production cost after deductions for land rental, interest payment, and value of by-products.
- (d) Selling does not include export. "Adjustment of production" means improvement in technology and adjustment of production seasons.
- (e) Special projects mean importations of limited quantity by the government of products that cannot be freely imported. Profits of the special projects mean the government's profits from the selling of the products imported under the special projects. The other revenues include interest income of the Fund.

3/12 Statute for Agricultural Development

- (a) The Statute includes provisions which appear to provide subsidies to domestic agricultural producers. Could Chinese Taipei explain the relationship between these provisions and the price support measures (e.g. guaranteed purchase prices and supplementary prices) outlined in L/7189?
- (b) The Statute refers to the government helping farmers or agricultural enterprises obtain loans or subsidies, in eg Articles 21, 24, 28, 29, 31, 42. Could Chinese Taipei explain the source and the nature of these loans, including the fifteen-year loans, and subsidies? Are loans provided at less than commercial interest rates (see also Article 41)?
- (c) Article 5: What is the Farm Rent Reduction Act?
- (d) Article 7 establishes an Agricultural Development Fund, funded by government appropriations among other things. What is this Fund used for and which products benefit?
- Article 7: Could Chinese Taipei kindly describe the "various Articles" and the "various" government treasuries which make donations to the ADF.
- Article 7: What has been the budget of the ADF since 1973?
- (e) Article 8: Could Chinese Taipei kindly explain the operation of and products affected by the government created stabilization fund? Does the government make any financial contribution, direct or indirect?

- (f) Article 9: What is the nature of this assistance, which products benefit and what are the criteria for such assistance?
- (g) Article 17: Does the payment by farmers fully cover the costs of development, and over what period are the payments made?
- (h) Article 20: Could Chinese Taipei describe the guidelines and programmes for agricultural production and marketing, list the products affected, and explain how they are enforced (see also Article 36)?
- (i) Article 21: What is the nature of the assistance in establishing special production zones?
- (j) Article 22: What are the other incentives referred to here?
- (k) Article 23: Are the same specifications and standards applied to imported goods? Are they drafted in terms of performance criteria or design specifications?
- (l) Article 25: This refers to "Agricultural power rates". Are these different from those applied to other sectors, and if so could Chinese Taipei please describe?
- (m) Article 34: What products are affected by the system described in this Article? What criteria are used to define "reasonable prices"?
- (n) Article 37: Could Chinese Taipei kindly explain further the restriction here on supply of agricultural products to "farmers' organizations"? Would it make it possible to designate certain products to be supplied to the domestic market only by (domestic) farmers organizations?
- (o) Article 39: What is the nature of the assistance and incentives mentioned here?
- (p) Article 40 (page 16): Does the requirement that the domestic agricultural authority concur before import of agricultural products cover all agricultural products?  
  
Article 40 bis (page 17): Could Chinese Taipei please give details of the effective measures mentioned here and the criteria for adopting them? How does this provision relate to the provisions in the Regulations Governing Relief and Aid for Major Agricultural Products Damaged by Importation, and the "safeguard" provisions in Article 18 of the Foreign Trade Act?
- (q) Article 44: What criteria exist for providing financial aid in these circumstances, in particular what is covered by the term "disaster"? How frequently has this provision been invoked?
- (r) It would be appreciated if Chinese Taipei could provide copies of the regulations mentioned in Articles 7, 8, 26, 32 and 52.

Reply 3/12

- (a) The legal basis for Chinese Taipei's price support measures is Article 33 of the Statute. These measures are in addition to the government assistance contemplated in other Articles.

- (b) The sources of fund for loans contemplated in Articles 21, 24, 28, 29, 31 and 42 is the Agricultural Development Fund; the loan interest rates are lower than commercial rates.
- (c) The "Farm Rent Reduction Act" was enacted in 1951 when farm land in Chinese Taipei was controlled by a limited number of landowners. The authorities of Chinese Taipei at that time introduced a comprehensive agricultural reform programme. One of the purposes of the programme is to limit the land rent and therefore to reduce the burden of farmers who rented land from landowners. The Act imposes a ceiling on the rent payable to landlords, which is 37.5 per cent of the yearly harvest of the main agricultural products on the rented land. Rents which are lower than the ceiling may not be increased.
- (d) The Agricultural Development Fund is used for providing funds to assist the infrastructure development by farmers, fishermen, and their organizations, and providing finance for purchase of agricultural and fishery machinery. The use of the Fund covers products of the agricultural, forestry, fishery, and animal raising sectors.

The sources of the Fund are: (1) government budgeted appropriations and (2) interest income of the Fund.

The size of the Fund as of 1993 is NT\$12 billion.

- (e)
  - 1. The Stabilization Fund can be operated in two ways: (1) providing funds to cover the differences between the market price and the stabilization price, and (2) providing funds to finance buffer stock. In the first case, when the market price is higher than the stabilization price, the difference goes into the Fund; when the market price falls below the stabilization fund, the difference would be covered by the Fund. In the second case which has never been put into operation, when the market price is higher than the stabilization price, the Fund would purchase from the market the excess supply; when the market price falls below the stabilization price, the Fund would sell its stock.
  - 2. The operation of the Fund now covers only rice and fishery products.
  - 3. There are three funding sources for the Stabilization Fund: (1) budgeted government appropriations, (2) government appropriations which are not a part of the government budget, and (3) donations from the producers or importers.
- (f) The purpose of the development funds is to enhance the development of the crops concerned. Currently, there is only one development fund in operation, which is the Development Fund for Food Grains Other Than Rice and Wheat.
- (g) Because of the increasing environmental concerns, there exists no situation contemplated in Article 17.
- (h) Chinese Taipei does not impose strict production control. There is only an estimate for production target; nor is their concrete production and marketing programme enforced.

- (i) The assistance in establishing the special production zone is to have efficient use of resources in order to meet the environmental, production and future development needs. Take the vegetables' Special Production Zone for instance. Its establishment is to ensure stable supply of vegetables during the typhoon seasons.
- (j) The incentives were set forth in the Statute for Encouraging Investment which was abolished and replaced by the Statute for Upgrading Industries in December 1990. The new Statute does not provide incentives for agricultural service activities.
- (k) The specifications and standards are applied to domestic as well as imported goods. Chinese Taipei would appreciate New Zealand delegation's clarification of "performance criteria" and "design specification".
- (l) The rates for the agricultural sector is the same as that for other sectors; the only difference is that the basic charges are waived when the relevant agricultural production is not in season.
- (m)
  - 1. The system covers a wide range of products including vegetables, fruits, animal farm products, fishery products and their processed products.
  - 2. The reasonable price referred to in Article 33 means direct product cost plus reasonable administration and marketing expenses (grading, packaging and waste) and reasonable profits.
- (n) The system to require the supply of products to farmers' organizations designated by the government applies to export of agricultural product only, as such a system may enhance efficient handling of export and at the same time maintaining order among the exporters which in turn may ensure the quality of export products.

It is impossible to designate certain products to be supplied to the domestic market only by domestic farmers organization under Article 37.
- (o) Currently, there is no assistance of the kind contemplated in Article 39 offered by the authorities of Chinese Taipei.
- (p)
  - 1. Most of the agricultural products can now be freely imported without the consent of the agricultural authority. There are only a limited number of agricultural products under import control requiring such consent.
  - 2. The effective measures mentioned in Article 40 are the assistance measures contemplated in the Regulations Governing Relief to Agriculture which are expected to be replaced by measures contemplated in Article 18 of the Foreign Trade Act which is based on Article XIX of the GATT, and the countervailing and anti-dumping measures provided in the relevant anti-dumping and countervailing duty regulations.
- (q)
  - 1. The term "disaster" covers nature disaster such as that resulted from typhoon, torrential rain, earthquake, drought and cold wave. The criteria may, depending on the situation of each case; the seriousness of the event would be assessed by the central competent authority which would then give public notice as to the coverage of the disaster area and provide assistance to farmers in the area.

2. The government provides assistance under this Article about two or three times a year.
- (r) Chinese Taipei is now translating these regulations and will make them available at the Secretariat when the translations are completed.

3/13 Foreign Trade Act (L/7189 Ch. III.18)

- (a) New Zealand would be grateful to receive a copy of Chinese Taipei's replies to the questions raised by the United States delegation during the Working Party meeting on the above law.
- (b) We recall that during the Working Party meeting, Chinese Taipei said that the trade promotion fund (Article 21) was used, among other things, to support the "China Trade Development Promotion Council". We would be grateful for a description of the activities of this Council.
- (c) New Zealand understands that this Act has entered into force but that certain implementing regulations are currently being prepared. We would be grateful to know when these regulations are expected to be available?
- (d) Article 11: We should be grateful if Chinese Taipei could specify the "trade agreements" referred to here.
- (e) Article 16: Could Chinese Taipei advise what the "other appropriate measures" are which are mentioned here?
- Which products are subject to quotas or other measures pursuant to this provision?

New Zealand notes the quotas provided for here may be inconsistent with Article XI.

Reply 3/13

- (a) A copy of the replies to questions raised by the United States delegation during the Working Party meeting on the Foreign Trade Act is enclosed herewith (Annex I).
- (b) The China External Trade Development Council (CETRA) was founded in 1970 in order to effectively promote Chinese Taipei's two-way trade. Co-sponsored by the Government and private industrial and business organizations, CETRA has a total staff of 720 working in Taiwan and through three overseas Taiwan Trade Centres and 30 overseas branch offices. CETRA is Chinese Taipei's foremost trade promotion body, providing a wide range of services to the local and foreign business communities.
- CETRA's functions include gathering trade information, conducting market research, undertaking market promotion, organizing exhibitions, promoting product and packaging design, providing business training and convention services.
- (c) The draft Implementing Regulations are now being reviewed by the Executive Yuan and are expected to come into force in September. The Regulations Governing Import of Commodities, the Regulations Governing Export of Commodities, the Regulations Governing Registration and Administration of Exporters and Importers, and the

Regulations Governing Protest Procedure for Trade Administrative Penalty Cases were promulgated in July 1993.

- (d) Examples of the trade agreements referred to in Article 11 are agreements with trading partners on export control of textile products and machine tools.
- (e) "Other measures" mean import/export monitoring, export control for the purpose of implementing bilateral textile agreements with certain importing countries or import control on parallel imports of copyrighted works.

3/14 Regulations governing import of commodities

- Article 7: Could Chinese Taipei identify the table of commodities under import control mentioned here.
- Article 9: Could Chinese Taipei identify the table of commodities subject to customs examination (for reasons other than licensing) which is mentioned here.

New Zealand notes that the designation of areas from which government enterprises or agencies may purchase, in Article 13, may be inconsistent with Article I.

Reply 3/14

The Tables have not been finalized and will be made available to the members of Working Party as soon as they are finalized.

3/15 Commodity Inspection Law

- Article 2: Does this require mandatory government inspection of imports to ensure the terms of private contracts are fulfilled? (Are we correct in understanding from Article 27 of the Enforcement Rules for the Commodity Inspection Law that in principle all imports are subject to inspection?)

Reply to the question on Article 2

Chinese Taipei does not require mandatory government inspection of imports to ensure the terms of private contracts are fulfilled. Not all imports are subject to mandatory inspection; only those that are publicly announced by the Ministry of Economic Affairs are subject to mandatory inspection.

- Are the same inspection measures in effect for domestic products offered for sale on the domestic market as those applied to imports (see also Article 10)?

Reply to the question on Article 10

The same inspection measures are in effect for domestic products offered for sale on the domestic market as those applied to imports.

- Article 4: Could Chinese Taipei kindly describe the "quality" required to be indicated on labels which is additional to domestic standards?

Reply to the question on Article 4

In practice, it is not required to indicate "quality" on labels in addition to domestic standards. The word "quality" is expected to be removed when the Law is amended next time.

- Article 8: On what criteria are standards "fixed by the authority in charge". Are the same criteria and standards followed in Article 11 in respect of domestic products?

Reply to the question on Article 8

All products that are subject to commodity inspection are inspected according to the same domestic standards, no matter whether they are imports or domestic products. Where there are no domestic standards available, the relevant inspection standard is to be fixed by the authority in charge.

- Article 9: We would be grateful for a list of countries entitled to reciprocal exemption from inspection. Does Chinese Taipei recognize international certificates, as provided for in the TBT Agreement?

Reply to the question on Article 9

Currently there is no country that has signed bilateral agreements with Chinese Taipei for reciprocal exemption from inspection. Chinese Taipei after its accession to the GATT and the TBT Agreement will comply with the requirements of the TBT Agreement.

- Article 14: Could Chinese Taipei identify the countries (and products for which it has any bilateral quarantine protocols?)

Reply to the question on Article 14

Currently, Chinese Taipei does not have any bilateral quarantine protocols with any countries.

- Article 26: New Zealand would be grateful for further information on the corporate bodies deputized to conduct inspections. Are they in any cases related to relevant industry associations or individual firms whose main business concerns the products to be inspected?

Reply to the question on Article 26

The corporate body deputized to conduct inspections are government agencies or non-profit organizations. They are all equipped with necessary facilities to conduct the inspections commissioned by the Bureau of Commodity Inspection and Quarantine and are neutral and impartial. None of them is related to relevant industry associations or individual firms whose main business concerns the products to be inspected. The Bureau of Commodity Inspection and Quarantine reviews the performance of those deputized institutions at least once in half a year to ensure that their inspection quality meets the requirements of the Bureau.

- Article 27: Are there comparable provisions for exempting or simplifying inspections for imported products?

Reply to the question on Article 27

Currently, there are no comparable provisions for exemption or simplifying inspections for imported products.

- Article 28: Are the inspection fees set at a fixed rate or as a proportion of the value of the inspected commodities? (We note Article 105 of the Enforcement Rules for the Commodity Inspection Law appear to envisage the latter.)

Reply to the question on Article 28

The inspection fees are set at a fixed rate (Article 105 of the Enforcement Rules for the Commodity Inspection Law provides for a basis for calculation of the fees).

3/16 Enforcement Rules for the Commodity Inspection Law

- Article 5: Does the reference to "milk" as one of the items for infectious animal inspection cover only fresh milk?

Reply to the question on Article 5

The "milk" referred to in Article 5 is raw milk.

- Article 6 and 8: We should be grateful if Chinese Taipei could confirm the list of infectious diseases here is exhaustive and current.

Reply to the question on Article 6 and 8

From 1987 onwards, the determination and publication of infectious animal diseases have been transferred from the Bureau of Commodity Inspection and Quarantine to the Council of Agriculture. The relevant determination is now made on the basis of those set out in the Statute for Prevention and Control of Infectious Livestock Diseases and those subsequently publicly announced by the Council of Agriculture. The following is a list of the thirty-nine diseases that Chinese Taipei currently determines to be infectious animal diseases:

1. Rinderpest
2. Foot-and-mouth disease
3. Bovine ephemeral fever (bovine influenza)
4. Contagious bovine pleuropneumonia
5. Tuberculosis (bovine tuberculosis)
6. Brucellosis
7. Blackleg (gas gangrene)
8. Anthrax
9. Equine infectious anaemia
10. Glanders
11. Epizootic lymphangitis
12. Piroplasmosis
13. Trypanosomiasis
14. Sheep pox and goat pox
15. Scabies of sheep
16. Hog cholera
17. Swine erysipelas

18. Rabies
19. Epizootic encephalitis
20. Haemorrhagic septicemia
21. Fowl plague
22. Newcastle disease
23. Fowl cholera
24. Pullorum disease
25. Bovine malignant catarrh
26. Bluetongue
27. Pseudorabies (Aujeszky's disease)
28. African swine fever
29. Swine vesicular disease
30. Trichinellosis
31. Bovine mastitis caused by streptococcus agalactiae
32. Avian infectious laryngotracheitis
33. Vesicular stomatitis
34. Vesicular exanthemas
35. Teschen disease
36. Duck plague
37. Goose viral enteritis
38. Bovine spongiform encephalopathy (BSE)
39. Porcine reproductive and respiratory syndrome (PRRS)

The plant pests or diseases referred to in Article 8 of the Enforcement Rules refer to harmful organisms which are fungi, slime mould, bacteria, virus, mycoplasma, parasitic plants, nematodes, insects, mites, molluscs and invertebrates or vertebrates directly or indirectly causing harmful effects to plants.

- Article 20: Can Chinese Taipei confirm that where no domestic standards exist, the same methods are applied to inspection of imported products and domestic products for sale in the domestic market?

Reply to the question on Article 20

Chinese Taipei would like to confirm that no matter whether there are domestic standards, the same methods are applied to imported products and domestic products for sale in the domestic market.

- Article 54: Could Chinese Taipei explain why it is necessary for a "local market commodity which demands inspection" to be identified by a certain mark?

Reply to the question on Article 54

The marking requirement provided in Article 54 refers to a situation where local market commodities, which are subject to inspection and are required by domestic standards or standards fixed by the competent authority to have a grading system, shall bear the grading label. Chinese Taipei apologizes for the misunderstanding caused by the English translation.

- Article 89, clauses 2 and 3: This refers to harmful animal and plants and plants from certain districts. Would it be possible for Chinese Taipei to provide lists identifying the animals, plants and districts referred to?

Reply to the question on Article 89

Regarding harmful animals and plants, please refer to supra reply to the question on Article 8 of the Enforcement Rules. The plants and districts are set out in the Quarantine Restrictions on the Importation of Plants and Plant Products, which has been made available at the Secretariat.

- Table 2: This specifies both "inspection quantities" and "sample quantities". We are unclear on the relationship of these two requirements. May a sample be taken from the inspection quantities cited in this table (e.g. at least 2 per cent of the total quantity of fruits having original phytosanitary certificates), or is it mandatory that all the cited inspection quantity be inspected?

Reply to the question on Table 2

The "inspection quantities" referred to are the quantities taken during the inspection process from the commodity subject to inspection. All the cited inspection quantities are samples subject to inspection and therefore shall all be inspected. As to the "sample quantities" referred to, they are taken when the inspection quantities are suspected of diseases. For example, where there are 100 boxes of apples for inspection, two boxes of inspection quantities may be taken for preliminary inspection; if they are suspected of diseases, ten apples may be taken as sample quantities for further inspection.

ANNEX I

IV. TRADE LAWS AND REGULATIONS, ORGANIZATIONS, AND PUBLICATIONS

IV-1

The following questions relate to the provisions of the Foreign Trade Law:

Article 13 of the Foreign Trade Law states that the Ministry of Economic Affairs shall "prescribe regulations governing export/import of high-tech commodities". Have such regulations been implemented? If so, please provide.

Article 14 states that BOFT may entrust the issuance of import/export permits, administration of export/import quotas, and other matters relating to export/import of commodities to financial institutions, business associations or juristic persons. Please provide a list of business associations which have been tasked to issue import licences.

Article 21 mentions a "trade promotion fund" which may be established by collecting uniformly, through customs, a "trade promotion service fee against the commodities import and exported".

- Has this fund been established? If so, when?
- Please describe how the fee to support this fund is assessed to both imports and exports.
- What are the rates charged? How are the funds utilized?

Per Article 23, please provide a detailed description of the types of export insurance, export/import financing, and other "facilitating measure" which are available to domestic firms in order to "cope with special situations of foreign trade". In addition, please define the meaning of "special situations of foreign trade".

Has Article 23 ever been invoked? If so, please describe the circumstances and the outcome of its use.

Per Article 24, under what circumstances would documents or information relating to business operations be requested by BOFT? What type of documentation would normally need to be submitted?

Reply IV-1

The Regulations governing export/import of high-tech commodities are now being drafted by the relevant trade authority; it has not been implemented.

The Board of Foreign Trade currently does not entrust any business association to issue import licences.

The Trade Promotion Fund has existed since July 1993 and has been in operation since then. The fee to support the fund is assessed at the rate of 0.05 per cent of the import/export prices. The Fund is used to promote import/export trade.

There has been no export insurance programme, export/import financing, and other "facilitating measures" introduced after the promulgation of the Foreign Trade Act.

Article 23 has never been invoked.

In handling trade disputes, the BOFT will need relevant documents from the traders. The documents required vary, depending on the nature of the dispute at issue. Generally, those that may be required are sales contracts, correspondences between the parties and import/export certification.