



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

This report, prepared for the fifth Trade Policy Review of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on its trade policies and practices.

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Document WT/TPR/G/448 contains the policy statement submitted by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

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SUMMARY

1. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) is an advanced, outward-oriented economy whose performance remains strongly influenced by the global trading environment. Economic activity is driven mainly by services and manufacturing, whereas agriculture and mining make modest contributions to GDP and employment. As a global leader in electronic integrated circuits, Chinese Taipei occupies a critical position in most global supply chains. Accordingly, its economic performance benefited from strong global demand for electronic parts and components during the COVID-19 pandemic and in its aftermath.
2. Like most advanced economies, Chinese Taipei faces demographic challenges driven by a declining fertility rate and an ageing population. However, income and gender inequalities remain relatively low and are not structurally embedded.
3. Chinese Taipei continues to rely considerably on trade: exports and imports of goods and services accounted for 120% of GDP in 2018 and 127% in 2022. Trade patterns have not changed substantially since the previous Review in 2018. Manufactured goods, namely machinery (electrical equipment), remain the key driver of exports and imports. However Chinese Taipei's participation in global value chains deepened during the period under review and is especially significant in manufacturing of electronic products, particularly electronic integrated circuits. Merchandise exports and imports remain concentrated in trading partners in the region, followed by the United States and the European Union.
4. The institutional framework for trade policy formulation and implementation has remained broadly unchanged since the last Review, but new participatory approaches to policy development have been adopted. To this end, during the review period, Chinese Taipei drafted its first Action Plan (2021-2024), aimed at promoting transparency, accountability, participation, and inclusion. The Plan emphasizes the importance of cooperating with civil society and of making relevant information available to the public, as required by law. In addition, a programme under which executive agencies must communicate with stakeholders at all stages of policy development was implemented.
5. Chinese Taipei continues to view trade as a critical tool to develop its economy, promote innovation, strengthen supply chain resiliency, and attract investment. Thus, trade policy constitutes one of the main pillars of Chinese Taipei's New Model for Economic Development, designed in 2016 to use export and local demand as twin engines for growth. Under the New Model, Chinese Taipei has pursued several strategies in order to, *inter alia*, strengthen core key industries, promote industrial innovation and transformation, and build a digital economy. In addition to its development plans, Chinese Taipei has been implementing several programmes aimed at boosting investment in strategic sectors, such as the Forward-looking Infrastructure Development Program, the "5+2 Innovative Industries Plan", and the New Southbound Policy, aimed at reducing its overdependence on any single market.
6. Chinese Taipei remains a firm supporter of a rules-based multilateral trading system, as embodied by the WTO, and is committed to safeguarding a transparent and predictable trade and investment environment. Moreover, considering that it has a relatively limited number of regional trade agreements and other cooperation arrangements, it attaches high importance to the WTO including the plurilateral agreements, as well as tariff liberalization arrangements such as the Information Technology Agreements (ITA and ITA II), which have been an essential means of securing market access for its major exports. Chinese Taipei was actively involved in WTO discussions and initiatives during the review period; it participated in the negotiations or discussions on agriculture and fisheries subsidies, trade and public health, and WTO reform, as well as in the Joint Initiative on Electronic Commerce, and it co-sponsored a proposal to reinvigorate the Work Programme on Electronic Commerce. Chinese Taipei maintains a strong record of notifications at the WTO.
7. During the review period, there were no major changes to the main legislation governing overseas investment. All overseas investors require prior approval to invest in Chinese Taipei, although efforts have been made to simplify the procedures of application, review, and approval of overseas investment, and assistance in expanding and investing overseas has been provided to local businesses. There are several activities where inward investment is banned or restricted. The list of such activities, which is reviewed periodically, was last amended in 2018. Chinese Taipei relies on a broad network of bilateral investment treaties (BITs) to promote investment and co-operation with

trading partners. In addition, Chinese Taipei maintains a series of incentives to promote local investment and attract overseas investment, consisting mainly of tax deductions and other support measures.

8. Since the last Review in 2018, the simple average applied MFN tariff has remained almost unchanged, at 7.1% in 2023. Most tariffs continue to be levied on an ad valorem basis. Tariff protection varies substantially across and within sectors. The average tariff for agricultural products (WTO definition) remains substantially higher, at 17.6% in 2023 compared to the average for non-agricultural products that stood at 5.1%, unchanged since 2018. Among non-agricultural products, fish and fishery products are subject to the highest average tariffs (19.9%), with rates ranging from 0% to 50% (or 0% to 83.8% if AVEs are considered). Over the review period, the main change in the tariff structure was an increase in the number of duty-free rates, which was mainly due to completion of the ITA expansion. Tariffs may be adjusted to cope with special economic situations, manage the supply of goods, and provide industries with appropriate operational conditions. These temporary adjustments are usually in place for a year. During the review period, such measures were applied to staples (e.g. beef, wheat, and some dairy products) and COVID-19-related goods (e.g. masks and ethyl alcohol).

9. Chinese Taipei bound all tariff lines at levels ranging from 0% to 500%, with a total of 96 tiers. For six tariff lines (at the 10-digit level), the applied MFN tariff appears to exceed the bound level. Chinese Taipei continues to offer non-reciprocal tariff preferences to all LDCs.

10. The legal and institutional framework regulating non-tariff barriers has not changed substantially since 2018. In 2023 some 0.8% of tariff lines were subject to import prohibitions, on an MFN basis, consisting mainly of fish products; there are additional import prohibitions specific to direct cross-strait imports. Imports from all origins require a licence, unless otherwise specified in Chinese Taipei's accession protocol. Import licensing requirements covered 2.1% of all tariff lines in 2022. During the COVID-19 pandemic, a temporary export ban was imposed on certain masks (HS 6307.90.50) and on fever thermometers (HS 9025.19.90). Chinese Taipei also uses export licensing (permits) which, in 2023, applied to 0.2% of total tariff lines. The main exports subject to licensing comprise equipment related to semiconductors, diamonds, and microscopes.

11. As at end-2022, there were 19 anti-dumping measures in force; some had been in place for several years as determined necessary by sunset reviews and 4 measures had been in effect for more than 10 years. During the period under review, Chinese Taipei imposed countervailing duties on certain products originating in China; however, these measures were suspended because of overall economic interests. Chinese Taipei did not impose any measures pursuant to the WTO Agreement on Safeguards; nonetheless, it continued imposing special safeguard (SSG) actions in regard to imports of several agricultural products.

12. During the review period, there were no significant changes regarding the formulation, application, and objectives of technical regulations and sanitary and phytosanitary (SPS) measures, and primary legislation was not amended. Subsidiary legislation was updated as required. Since 2018, Chinese Taipei has submitted to the WTO 213 regular notifications concerning technical regulations and 101 on SPS measures. Some temporary measures, one of an urgent nature, taken in the context of the COVID-19 pandemic were notified to the WTO TBT Committee and five emergency measures to the WTO SPS Committee (four for plant protection and one for animal protection). Four specific trade concerns were raised in relation to the adoption of SPS measures, including one concern that has been raised several times over the years.

13. As in 2018, Chinese Taipei continues to implement a series of incentive programmes to promote production and investment. These programmes, consisting mainly of tax deductions and other support measures, have not undergone substantial modifications. The programmes notified to the WTO included mainly sectoral incentives, such as subsidies for agriculture, forestry, and industry, as well as horizontal incentive programmes to promote R&D. Some of these programmes are in place to stimulate investment and technological innovation, promote the development of SMEs, and facilitate access to credit. SMEs continue to be of high importance to the economy in terms of their contribution to exports of goods and services (26% in 2021) and women's economic empowerment; in 2021, 37% of all SMEs were owned by women and operated in the services sector. Chinese Taipei also offers incentives in remote areas and through the Free Trade Zones, in which established enterprises may benefit from duties and tax exemptions. Other regimes, such as Science Parks,

Export Processing Zones/Technology Industrial Parks, and Agricultural Technology Parks, are in place to create clusters and synergies.

14. Public-sector involvement in different areas of the economy persists. Since the previous Review, the main development in government procurement was a substantial amendment to the Government Procurement Act aimed at improving efficiency. The procurement process remains decentralized; no procedural or institutional changes were made, apart from an update of the procurement thresholds to keep pace with inflation. Chinese Taipei participates in the WTO GPA and continues to use public procurement as a tool to support SMEs, minorities, and disadvantaged groups, or for environmental protection. Chinese Taipei provides offsets and price preferences to promote employment, industrial development, and environmental protection. These apply to procurement not covered by the WTO GPA.

15. As a knowledge-based economy that relies on high-tech industries and FDI, Chinese Taipei has continued to strengthen its framework for protecting technological innovation and intellectual property rights (IPR). During the review period, IPR legislation was amended several times with the view to streamlining and adapting the IPR regime to a rapidly evolving environment. At the WTO, Chinese Taipei actively participates in the TRIPS Council, where it plays a key role in discussions on IP as it relates to innovation, MSMEs, women, microfinance, and public-private collaboration. In addition, during the review period, Chinese Taipei further deepened global IPR cooperation by signing a number of memoranda of understanding.

16. The agriculture sector continues to be characterized by scarce farmland, fragmented farming operations, a declining and ageing rural workforce, and vulnerability to extreme weather events. Most farms remain small-scale and family-operated. Crop production provided more than 50% of the sector's annual output throughout the 2018-21 period. Rice remains the most important staple food, although both its cultivation area and production volume have been steadily declining since 2018.

17. Chinese Taipei remains heavily dependent on imported food and agricultural inputs, such as animal feed and forage crops, and fertilizers. In 2021, imports accounted for 68.7% of Chinese Taipei's annual caloric intake, up from 65.5% in 2018. Financial support provided to the agriculture sector continues to follow various policy directions, targeting, *inter alia*, specific activities, particular crops (rice, sugarcane, and fruit), essential inputs, and farmers' and fishers' finance and insurance. During the review period, the authorities made several legislative amendments and enacted new legislation on organic agriculture, irrigation, distant water fisheries, agricultural insurance, and farmer retirement.

18. Chinese Taipei's energy needs continue to be met essentially through imports, and the energy supply matrix remains dominated by fossil fuels. The absence of electricity grid interconnections with overseas partners exacerbates its energy supply challenges. Various subsectors, including electricity and natural gas, are yet to be fully opened to competition and the footprint of state-owned enterprises remains large.

19. The combined share of renewable sources in total energy supply, albeit still modest, has been on the rise, underpinned by guaranteed feed-in tariffs and regulations requiring large industrial consumers to take part in the green energy transition. Chinese Taipei has also been implementing an industrial policy for offshore wind power generation. In 2023, Chinese Taipei upgraded its framework for reducing greenhouse gas emissions and set a formal goal to achieve net zero emissions by 2050. Subsidies continue to be granted to ensure the supply of petroleum products in remote areas, reduce pricing differences between cities and rural areas, and encourage the exploration and development of oil and natural gas reserves. Wholesale and retail prices of natural gas are regulated.

20. Manufacturing remains a pillar of Chinese Taipei's economy, underpinned by a vigorous electronic parts and components subsector, including a world-leading semiconductor industry and a robust chemicals subsector. Although overseas investment in certain manufacturing activities remains prohibited or restricted, Chinese Taipei maintains a range of incentives aimed at encouraging technological upgrading and the creation of industrial clusters.

21. Chinese Taipei's economic growth continues to be supported by its highly developed and resilient financial system. The authorities indicate that in 2022 92.1% of adults had bank or post office accounts, 95.5% had made electronic payments, and 73.2% owned life insurance policies. The financial system remains dominated by local banks, many of which belong to financial conglomerates that also own insurance companies and other financial services providers.

22. During the review period, the authorities continued strengthening the regulatory and prudential supervision frameworks, while implementing various relief and revitalization measures in response to the COVID-19 pandemic. Key developments included amendments enabling the market entry of Internet-only banks and insurance companies, giving insurers more flexibility to invest their funds, and expanding securities firms' scope of business. Chinese Taipei also established a regulatory sandbox for thematic financial technology experiments, followed by a business trials mechanism for banking, insurance, securities, and futures businesses. Implementation of an open banking framework is ongoing.

23. During the review period, noteworthy developments in Chinese Taipei's telecommunications market included the discontinuation of 3G mobile services in December 2018, the launching of 5G services in 2020, the release of spectrum for next-generation satellite communications services in March 2022, and market consolidation (pending FTC clearance) that would reduce the number of mobile operators from five to three in the near future. Significant changes were made to the legal and institutional framework. These included the enactment of a new Telecommunications Management Act in 2020 and the establishment of a Ministry of Digital Affairs in 2022.

24. Chinese Taipei's geography underpins maritime transport's position as an essential lifeline for external merchandise trade. Throughout the review period, approximately 93% of annual overseas freight traffic was transported by sea. The bulk of overseas passenger traffic remains airborne. The outbreak of the COVID-19 pandemic triggered declines in both overseas freight and passenger movements during 2020-22, with the latter decline being most pronounced.

25. All vessels entering Chinese Taipei's international commercial ports must use towage assistance. The use of pilotage services is compulsory in six of the seven international commercial ports, except for exempted vessels. The authorities indicate that towage assistance and bunkering services are, in principle, open to competition.

1 ECONOMIC ENVIRONMENT

1.1 Main features of the economy

1.1. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) is an advanced, outward-oriented, and trade-driven economy whose aggregate two-way trade flows in goods and services ranged between 102.3% and 127% of GDP during 2018-22. Economic activity is well diversified, with the GDP share of manufacturing on an upward trend and that of services on a slightly downward path. The agriculture sector is small and vulnerable to adverse climatic conditions, and mining's contribution to GDP and employment remains modest (Table 1.1).

Table 1.1 Selected macroeconomic indicators, 2018-22

	2018	2019	2020	2021	2022
Nominal GDP (TWD billion)	18,375.0	18,908.6	19,914.8	21,739.0	22,666.5
Real GDP (percentage change)	2.8	3.1	3.4	6.5	2.4
Nominal GDP per capita (USD)	25,838	25,908	28,549	33,059	32,756
Consumption expenditure (percentage change)	2.5	1.9	-1.4	0.6	3.6
Private consumption	2.1	2.3	-2.6	-0.4	3.5
Public administration consumption	4.0	0.6	2.8	3.7	3.6
Gross fixed capital formation (percentage change)	3.2	11.1	6.2	14.5	6.3
Unemployment rate (%)	3.7	3.7	3.9	4.0	3.7
Labour force ('000)	11,874	11,946	11,964	11,919	11,853
Nominal GDP by economic activity (%)					
Agriculture, forestry, fishing and animal husbandry	1.7	1.7	1.6	1.4	1.4
Mining and quarrying	0.1	0.1	0.1	0.1	0.1
Manufacturing	32.1	31.0	32.3	34.0	34.2
Electronic parts and components	12.1	11.5	13.2	15.2	..
Electricity, gas and water	1.7	1.8	2.1	1.7	0.2
Construction	2.4	2.7	2.9	3.0	3.3
Services	59.1	60.0	58.3	56.9	57.8
Wholesale and retail trade	15.6	15.7	15.5	15.5	15.8
Transportation and storage	3.0	3.0	2.8	3.8	4.0
Accommodation and food	2.6	2.7	2.4	2.0	2.3
Information and communication	3.0	3.1	3.0	2.9	3.1
Financial intermediation and insurance	6.7	6.8	6.7	6.7	6.4
Other service activities	28.3	28.6	27.9	26.0	26.2
Other ^a	2.9	2.9	2.8	2.9	3.0
Employment by economic activity (%)					
Agriculture, forestry, fishing and animal husbandry	4.9	4.9	4.8	4.7	4.6
Mining and quarrying	0.03	0.03	0.03	0.03	0.03
Manufacturing	26.8	26.7	26.4	26.4	26.4
Electricity, gas and water	1.0	1.0	1.0	1.0	1.0
Construction	7.9	7.9	8.0	8.0	8.0
Services	59.4	59.6	59.8	59.8	60.0
Wholesale and retail trade	16.6	16.7	16.5	16.4	16.2
Transport and storage	3.9	3.9	4.0	4.0	4.2
Accommodation and food	7.3	7.4	7.4	7.3	7.4
Information and communication	2.3	2.3	2.3	2.3	2.4
Financial intermediation and insurance	3.8	3.8	3.8	3.8	3.8
Other service activities	25.5	25.6	25.8	26.0	26.1
Prices and interest rates					
Inflation (CPI, percentage change)	1.4	0.6	-0.2	2.0	3.0
Core CPI ^b (percentage change)	1.2	0.5	0.4	1.3	2.6
Discount rate (% , end-period)	1.375	1.375	1.125	1.125	1.750
Exchange rates					
TWD/USD	30.156	30.925	29.578	28.022	29.777
Real effective exchange rate (2010=100)	98.2	95.6	94.5	99.1	101.3
Public finance^c (% of GDP)					
Total revenue	15.5	15.5	15.2	15.3	16.3
Tax revenue ^d	12.5	12.6	11.5	12.6	13.6
Total expenditure	15.5	15.4	16.3	15.5	16.1
Overall fiscal balance	0.02	0.11	-1.03	-0.18	0.17
General public debt	33.9	32.7	32.1	30.1	29.7

	2018	2019	2020	2021	2022
External sector					
Forex reserves, end-period (USD billion)	461.8	478.1	529.9	548.4	554.9
In months of imports of goods and services	16.5	17.4	20.9	16.2	15.0
Total external debt (USD billion)	191.2	184.7	189.9	213.6	202.1
Short term debt (USD billion)	178.6	174.7	175.3	197.4	186.8
Debt service ratio ^e	2.3	4.8	2.3	2.1	2.1

.. Not available.

a Including import duties and value added tax.

b Consumer Price Index (CPI) excluding the categories of fruit, vegetables, and energy.

c Based on all levels of public administration.

d Excluding receipts from the financial enterprises business tax, the health and welfare surcharge on tobacco, and resources allocated to the long-term care services development fund.

e Debt service as a percentage of exports of goods and services.

Source: CBC. Viewed at: <http://www.cbc.gov.tw>; Statistics. Viewed at: <http://eng.stat.gov.tw>; Directorate-General of Budget, Accounting and Statistics. Viewed at: <http://eng.dgbas.gov.tw>; and data provided by the authorities.

1.2. Electronic parts and components, notably integrated circuits, constitute the backbone of Chinese Taipei's merchandise exports. Being home to companies with strong competitive advantages in the semiconductor chip industry, Chinese Taipei occupies a critical position in most global supply chains. It is expected to maintain this position and remain at the forefront of semiconductor innovation and production in the medium term, notwithstanding risks stemming from, *inter alia*, fluctuations in global demand and key trading partners' reshoring incentives and export controls.¹

1.3. Chinese Taipei's competitiveness is also underpinned by its sound governance framework, well-developed infrastructure, highly skilled workforce, and resilient financial system that offers an ample set of financial products and services. The economy is largely made up of small businesses and entrepreneurs, which benefit from various support measures (Section 3). Income and gender inequalities remain low by global comparison and are not structurally embedded.² However, like most advanced economies, Chinese Taipei faces demographic challenges driven by a declining fertility rate and an ageing population. Its labour force (employed and actively seeking employment) shrank during 2021-22 to 11.85 million (Table 1.1), the first contraction in its statistics collection history.

1.4. Chinese Taipei is a net importer of food and agricultural inputs, including animal feed and forage crops, and fertilizers (Section 4.1). Notwithstanding recent progress towards greening its energy supply matrix, Chinese Taipei continues to depend heavily on imported fossil fuels, keeping it exposed to global price fluctuations. The absence of electricity grid interconnections with overseas partners exacerbates its energy supply challenges (Section 4.2.2). Chinese Taipei's manufacturing industry, notably semiconductors and chemicals production, is highly energy-intensive and relies on other high-carbon-footprint inputs. Consequently, Chinese Taipei would face considerable hurdles in its planned transition to net-zero greenhouse gas emissions (Section 4.4.2), as well as in a global trading environment being reshaped by carbon border adjustment mechanisms.

1.2 Recent economic developments

1.5. Chinese Taipei's economy expanded steadily during 2018-22, with real GDP growth averaging 3.6% per year. In the same period, per capita GDP increased from USD 25,838 to USD 32,756 in nominal terms. Economic expansion was sustained by the timely increase in public spending in response to the COVID-19 pandemic, strong global demand for electronic parts and components, and a surge in private investment. Driven by significant capital expenditures in the semiconductors, renewable energy, and telecommunications industries, gross fixed capital formation posted robust annual growth throughout the review period, reaching double-digit rates in 2019 and 2021 (Table 1.1).

1.6. In response to the COVID-19 pandemic, between February 2020 and June 2023 the authorities implemented a package of prevention, relief, and revitalization measures with a total budget

¹ EIU (2023). Viewed at: http://country.eiu.com/FileHandler.ashx?issue_id=1873189170&mode=pdf.

² BTI. Viewed at: <https://bti-project.org/en/reports/country-report/TWN>.

of TWD 839 billion.³ The package comprised various measures aimed at alleviating the pandemic's adverse socioeconomic impact and boosting consumption. At end-April 2022, disbursements under the relief package amounted to about 85% of the total budgeted amount.⁴ The authorities also stepped up spending and implementation efforts for projects envisaged under the Forward-looking Infrastructure Development Program and the Six Core Strategic Industries Promotion Program.⁵

1.7. During most of the review period, the Central Bank (CBC) maintained a relatively loose monetary policy stance with a view to keeping credit flowing and fostering economic growth. Between April 2020 and June 2022, the CBC also put in place a TWD 400 billion Special Accommodation Facility to help financially distressed SMEs to weather the pandemic (Section 4.4.2). Starting in December 2020, the CBC reinforced selective credit control measures (in four rounds) to stem excessive credit flows into the property market. In March 2022, the CBC began a gradual process of monetary tightening with a view to moderating inflation expectations.⁶

1.8. In addition to the CBC's shift to a tighter monetary policy stance, the authorities took steps to stabilize the prices of staple goods and reduce businesses' operating costs. Temporary reductions were applied to import duties on key raw materials, as well as to certain commodity and business taxes. The retail prices of natural gas, bottled gas, and electricity were also frozen until end-June 2022.⁷

1.9. Headline inflation was contained below 3% throughout 2018-22, despite its upward trend since 2021. Consumer price fluctuations were mainly driven by supply-side factors, including global oil price movements' repercussions on the local market for fuels and weather shock-induced declines in fruit and vegetable production. Inflationary pressures were also attributable to the gradual recovery in private consumption, as pandemic-related restrictions were progressively relaxed in the second half of 2021. Accordingly, the core inflation rate also increased from 2021 onward, albeit more mildly (Table 1.1).

1.10. By and large, the combination of accommodative monetary policy and relief measures helped to mitigate the pandemic's impact on the labour market. During 2018-22, the annual unemployment rate remained at about 3.7%, apart from a surge in 2021 amid a local flare-up of coronavirus infections that triggered a tightening of containment measures. Pandemic-related job losses were most pronounced in wholesale and retail trade and in accommodation and food service activities. Following the easing of restrictions, the unemployment rate trended downwards.

1.11. During the review period, Chinese Taipei maintained its managed floating exchange rate regime, whereby the CBC would intervene only in the event of excessive exchange rate volatility to mitigate any adverse effects on economic and financial stability, and to ensure an orderly currency exchange market.⁸ To provide the financial system with sufficient forex liquidity to meet demand, including by companies venturing into overseas markets, in 2021 the CBC channelled money (USD 20 billion, EUR 1 billion, and JPY 80 billion) to the Taipei forex currency call-loan market.⁹

1.12. During 2020-21, the nominal TWD/USD exchange rate appreciated due to Chinese Taipei's strong export performance and the more accommodative US monetary policy stance. Faster monetary tightening in the United States and weaker global demand for semiconductors reversed

³ Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens of 25 February 2020 and its subsequent amendments.

⁴ CBC (2022), *Annual Report 2021*, June.

⁵ Viewed at:

<https://www.ndc.gov.tw/en/News7.aspx?n=D5932C00BE444345&sms=8A0404D0C442445F>.

⁶ Between March 2022 and March 2023, the CBC raised by 75 basis points the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations. The Bank also absorbed some excess liquidity through open market operations, so that the (weighted average) interbank overnight call-loan rate increased from about 0.08% to 0.68%.

⁷ CBC (2022), *Financial Stability Report*, Issue No. 16, May.

⁸ Cash flows not involving a TWD conversion, as well as those involving a TWD conversion and related to (i) trade in goods and services, or (ii) direct and portfolio investments approved by the competent authorities, are fully liberalized. Total annual remittances that exceed USD 5 million (resident individuals or associations) or USD 50 million (companies), and single remittances exceeding USD 0.1 million (non-residents) require prior approval by the CBC.

⁹ CBC (2022), *Annual Report 2021*, June.

that trend in 2022 (Table 1.1). The nominal TWD/USD exchange rate was characterized by relatively low volatility compared to major currency pairs, such as JPY/USD and EUR/USD.¹⁰

1.13. As a result of pandemic-related public spending, Chinese Taipei's fiscal balance turned negative, and its outstanding public debt rose during 2020-21. Nevertheless, both the budget deficit and the public debt remain low by global standards. The debt to GDP ratio maintained a downward trajectory throughout the review period, due to the economy's strong performance (Table 1.1). Underpinned by ample foreign exchange reserves, Chinese Taipei's external debt servicing capacity also remained robust.

1.14. The current account on Chinese Taipei's balance of payments was in surplus throughout the review period, rising to almost USD 118 trillion (15.2% of GDP) in 2021 (Table 1.2). Bolstered by strong global demand for semiconductors, merchandise exports continued to outpace imports. In addition, the services trade balance posted a widening surplus from 2020 onward, as global container shipping bottlenecks drove up freight rates, resulting in higher freight transport receipts. The financial account had a net asset increase, reflecting mainly portfolio investment dynamics.

Table 1.2 Balance of payments, 2018-22

(USD million)

	2018	2019	2020	2021	2022
Current account	70,709	66,429	96,566	117,970	100,877
Goods and services balance	60,278	52,392	78,992	100,391	81,239
Goods balance	66,934	57,491	75,273	87,963	68,346
Exports	345,495	330,744	342,503	453,603	465,944
Imports	278,561	273,253	267,230	365,640	397,598
Service balance	-6,656	-5,099	3,719	12,428	12,893
Exports	50,209	51,838	41,210	51,995	58,169
Imports	56,865	56,937	37,491	39,567	45,276
Primary income	13,752	16,876	20,728	20,273	22,870
Credit	39,051	40,632	39,846	41,198	51,318
Compensation of employees	1,056	1,199	1,127	1,127	1,253
Investment income	37,816	39,232	38,575	39,933	49,930
Other	179	201	144	138	135
Debit	25,299	23,756	19,118	20,925	28,448
Compensation of employees	761	777	674	689	790
Investment income	24,222	22,649	18,214	20,023	27,471
Other	316	330	230	213	187
Secondary income	-3,321	-2,839	-3,154	-2,694	-3,232
Credit	7,643	8,238	7,945	8,710	9,361
Debit	10,964	11,077	11,099	11,404	12,593
Capital account	63	-3	-9	3	-46
Financial account (inc. reserve assets)	71,309	75,797	96,008	127,465	106,524
Direct investment	10,944	3,523	5,447	5,925	5,431
Assets	18,058	11,763	11,500	11,341	15,589
Liabilities	7,114	8,240	6,053	5,416	10,158
Portfolio investment	84,028	46,401	59,034	102,658	105,388
Assets	68,853	54,877	36,153	81,503	59,674
Liabilities	-15,175	8,476	-22,881	-21,155	-45,714
Financial derivatives	1,638	2,501	434	-286	4,656
Assets	-16,748	-15,490	-20,563	-21,822	-21,700
Liabilities	-18,386	-17,991	-20,997	-21,536	-26,356
Other investment	-37,800	6,714	-17,249	-1,825	-19,834
Assets	-15,404	13,566	607	18,648	-22,785
Currency and deposits	-13,390	14,692	7,183	10,111	-21,444
Loans	-4,190	4,273	4,021	3,906	-2,213
Trade credits and advances	-6,389	-4,586	-8,486	2,001	-3,139
Other assets	8,560	-818	-2,116	2,615	3,846
Liabilities	22,396	6,852	17,856	20,473	-2,951
Currency and deposits	4,186	3,951	2,126	21,996	-8,295
Loans	7,300	42	5,498	7,915	-1,967
Trade credits and advances	7,509	3,591	9,006	-738	3,441
Other liabilities	3,401	-732	1,226	-8,700	3,870
Reserve assets	12,499	16,658	48,342	20,993	10,883
Net errors & omissions	537	9,371	-549	9,492	5,693

¹⁰ CBC (2022), *Financial Stability Report*, Issue No. 16, May.

	2018	2019	2020	2021	2022
Indicators					
Current account balance (% of GDP)	11.6	10.9	14.3	15.2	13.2
Goods and services exports (% of GDP)	64.9	62.6	57.0	65.2	68.8
Goods and services imports (% of GDP)	55.1	54.0	45.3	52.2	58.2

Source: CBC. Viewed at: <http://www.cbc.gov.tw>.

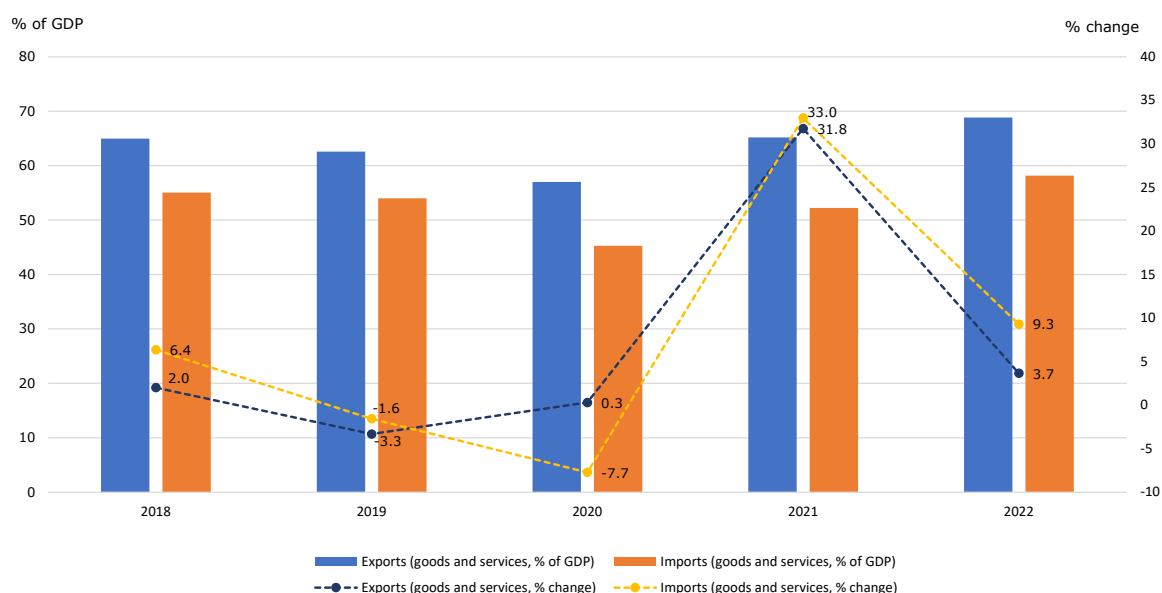
1.3 Developments in trade and investment

1.3.1 Trends and patterns in merchandise trade and services trade

1.3.1.1 Merchandise trade

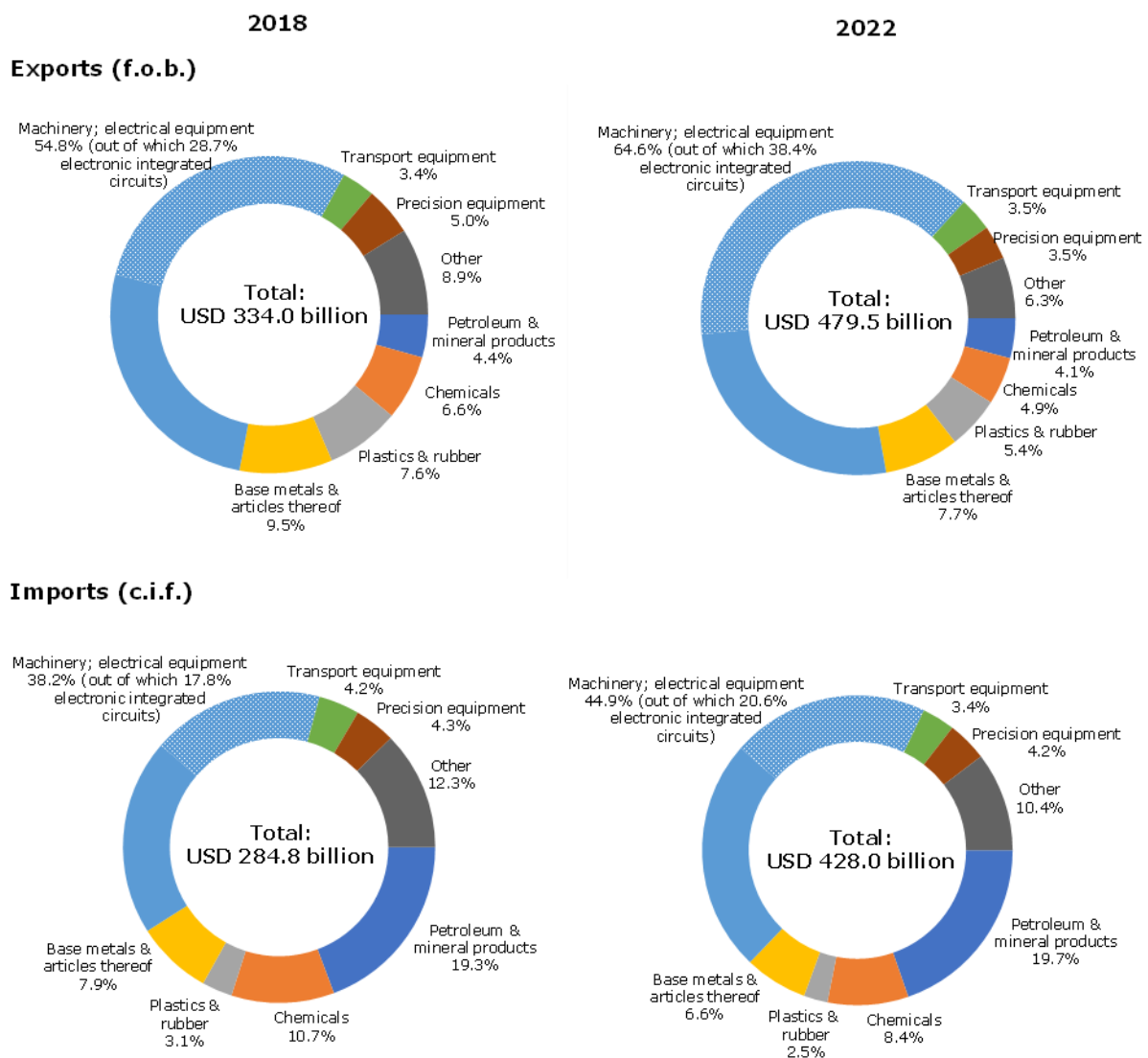
1.15. Chinese Taipei continues to rely considerably on trade: exports and imports of goods and services accounted for 120% of GDP in 2018 and for 127% of GDP in 2022 (Chart 1.1). Growth in merchandise and services trade fluctuated during the period under review mainly because of the pandemic. Although they stagnated in 2020, trade flows recuperated in 2021, growing at a double-digit rate, boosted by robust global demand for semiconductors, building of infrastructure for 5G networks, and automation equipment. This underscored the impact of trade flows on GDP growth, which reached 6.5% on real terms in 2021.

Chart 1.1 Goods and services trade (BOP based), 2018-22



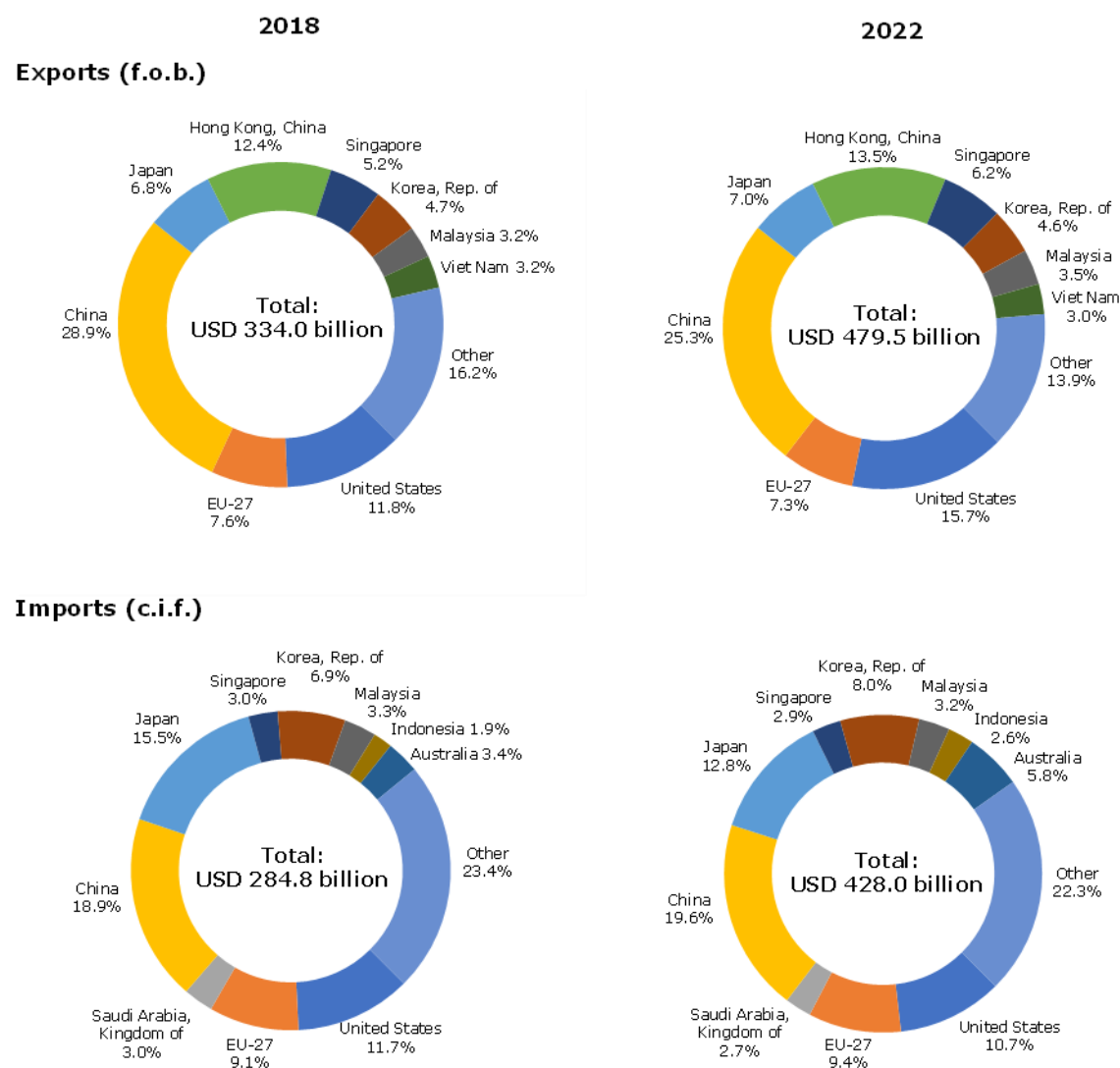
Source: CBC. Viewed at: <http://www.cbc.gov.tw>.

1.16. Chinese Taipei's trade patterns have not changed substantially since the previous Review in 2018. Trade continues to be heavily dependent on exports and imports of manufactured goods, namely machinery (electrical equipment). During the period under review, this concentration increased as the share of exports of electrical equipment in total merchandise exports, which was 54.8% in 2018, increased to 64.6% in 2022 (Chart 1.2 and Table A1.1). Moreover, the share of exports of electronic integrated circuits, Chinese Taipei's major export, increased from 28.7% to 38.4% during the same period, as global demand for emerging technology applications such as high-performance computing continued to grow. On the import side, imports of electrical equipment increased during the period, their share of total imports rose from 38.2% in 2018 to 44.9% in 2022. Petroleum and mineral products remain Chinese Taipei's second-largest import category (Table A1.2)

Chart 1.2 Product composition of merchandise trade by main HS section, 2018 and 2022

Source: WTO Secretariat calculations, based on BOFT, *Trade Statistics*.

1.17. Chinese Taipei's main trading partners, despite some minor fluctuations in trade shares, have remained almost unchanged since 2018. Merchandise exports remained concentrated in trading partners in the region (mainly China; Hong Kong, China; and Japan), followed by the United States and the European Union. The share of exports to China decreased, while those destined for the United States and Hong Kong, China increased (Chart 1.3 and Table A1.3). Similarly, imports originated mainly in Asia, namely in China and Japan, followed by the United States and the European Union (Chart 1.3 and Table A1.4).

Chart 1.3 Merchandise trade by main partner, 2018 and 2022

Source: WTO Secretariat calculations, based on BOFT, *Trade Statistics*.

1.18. Imports of intermediate goods (IGs) including fuels increased from USD 197.9 billion in 2018 to USD 288.8 billion in 2022, and exports went from USD 250.0 billion in 2018 to USD 364.7 billion in 2022. The share of IGs in total imports slightly decreased during the review period, while the share of exports of these goods in total exports increased. Imports and exports of capital goods both increased in value terms during the review period, with imports showing a substantial increase. The share of imports and exports of consumer goods remained almost unchanged between 2018 and 2022 (Table 1.3).

Table 1.3 Merchandise trade by end-use, 2018 and 2022

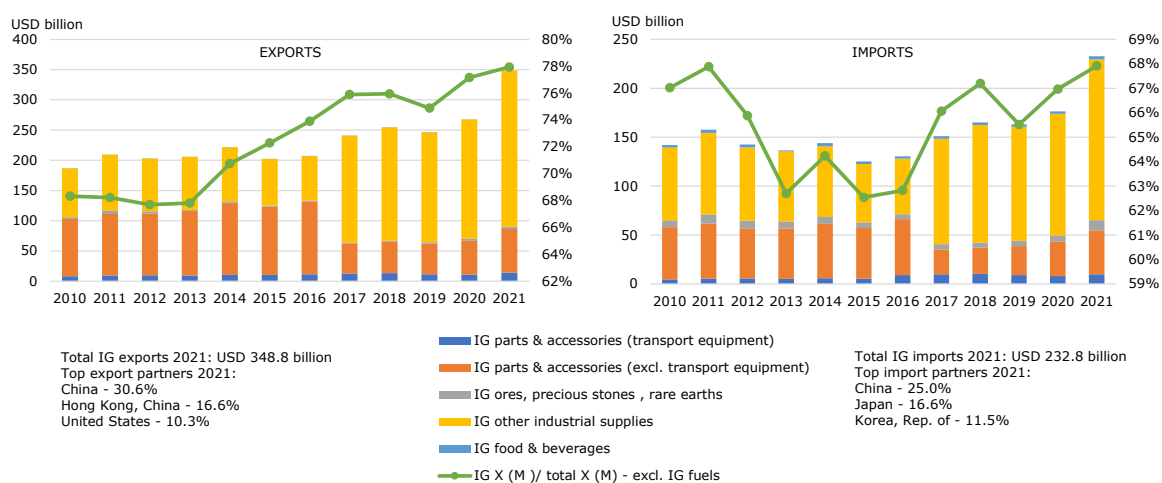
	Exports		Imports	
	2018	2022	2018	2022
Total trade (USD billion)	334.0	479.5	284.8	428.0
of which (%):				
Consumer goods	8.9	8.0	13.9	13.0
Intermediate goods	74.8	76.1	69.5	67.5
Capital goods	15.7	15.5	15.4	18.5
Other	0.5	0.4	1.2	1.1
Trade in electronic products (HS Chapter 85) (USD billion)	144.2	246.7	75.3	127.7

of which (%):	Exports		Imports	
	2018	2022	2018	2022
Consumer goods	2.0	1.2	4.7	3.6
Intermediate goods	87.9	89.0	83.6	85.4
Electronic integrated circuits (HS heading 8542)	66.5	74.6	67.5	69.0
Capital goods	10.0	9.8	11.7	11.0

Source: WTO Secretariat calculations, based on UN Comtrade database, and BOFT, *Trade Statistics*.

1.19. Chinese Taipei's participation in global value chains (GVCs) deepened during the period under review. Chinese Taipei's integration into GVCs and the world economy in general is evident from the large trade flows of IGs excluding fuels. Total IG exports amounted to USD 348.8 billion in 2021, while imports amounted to USD 232.8 billion, compared to exports of USD 254.8 billion and imports of USD 165.1 billion in 2018 (Chart 1.4).

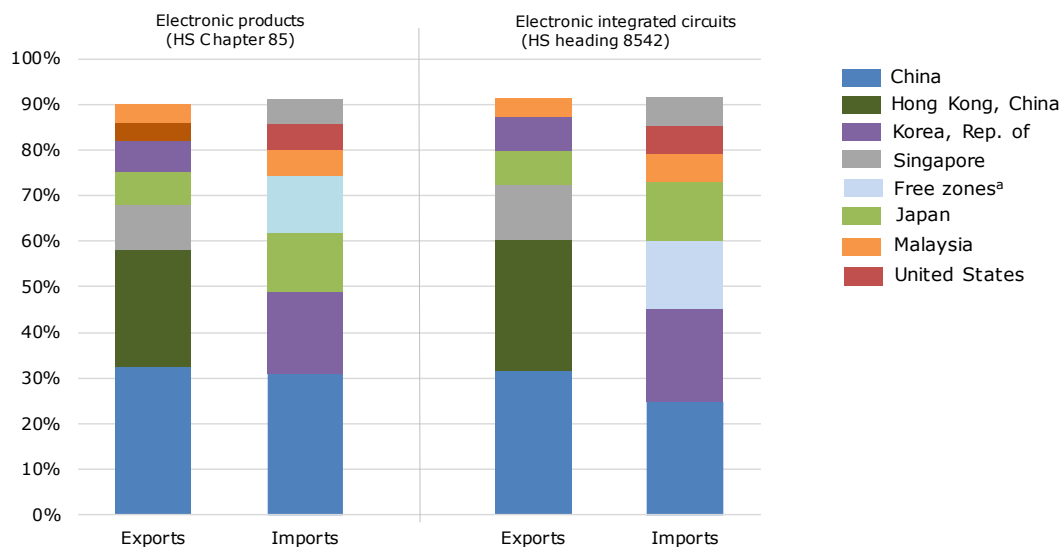
Chart 1.4 Trade in intermediate goods (IG), by main category (excluding fuels), 2010-21



Source: WTO Secretariat calculations, based on UN Comtrade database.

1.20. Chinese Taipei's participation in GVCs is especially significant in the manufacturing of electronic products, particularly electronic integrated circuits. In 2022, imports of IGs accounted for 85.4% of total imports of electronics equipment compared to 83.6% in 2018, of which 69% (2022) and 67.5% (2018) were imports of IGs for electronic integrated circuits, and 11.0% (11.7% in 2018) were capital goods. In terms of exports of electronic products, the share of IGs amounted to 89% of the total in 2022, up from 87.9% in 2018, of which electronic integrated circuits were 74.6% (66.5% in 2018), and capital goods were 9.8% (10.0% in 2018). On the other hand, both imports and exports of consumer electronic goods remained low in 2022, with imports at 3.6% and exports at 1.2%, down from 4.7% and 2%, respectively, in 2018.

1.21. Considering data for 2021, the main supplier of IGs destined for the manufacture of electronic goods and electronic integrated circuits in Chinese Taipei was China, followed by the Republic of Korea and Japan. Chinese Taipei's major market for exports of intermediate electronics was also China, followed by Hong Kong, China (Chart 1.5).

Chart 1.5 Main trading partners of electronic products for intermediate goods, 2021

a Includes goods exported from Chinese Taipei and thereafter re-imported into Chinese Taipei.

Source: WTO Secretariat calculations, based on UN Comtrade database.

1.3.1.2 Trade in services

1.22. During the review period, Chinese Taipei switched from being a net importer to a net exporter of services. After running a declining deficit in the services account, equivalent to 1.1% and 0.8% of GDP in 2018 and 2019, respectively, Chinese Taipei posted a surplus from 2020 onwards. Services exports grew at double-digit rates in 2021, after a sharp decline in 2020 due to the COVID-19 outbreak (Tables 1.1 and 1.4). Exports rose despite a sharp reduction in travel due to the pandemic, mainly bolstered by a surge in freight transport proceeds, as an increase in global trade and supply-chain bottlenecks led to an increase in freight rates. Chinese Taipei imports services similar to those exported, namely transportation; manufacturing services and other business services (professional and management consulting services); telecommunications, computer, and information; and the use of trademarks or intellectual property (IP). This type of trade in services reflects that Chinese Taipei is a knowledge-based economy, exporting emerging technologies, which also may have a component of services and IP. This level of innovation has partly allowed the economy to successfully deal with supply-chain disruptions and caused the flow of goods and services to surpass pre-pandemic levels during the last two years.

Table 1.4 Trade in services, 2018-22

	2018	2019	2020	2021	2022
Total exports (USD million)	50,209	51,838	41,210	51,995	58,169
Service exports (% change) ^a	11.0	3.2	-20.5	26.2	11.9
	(% of total exports)				
Manufacturing services	5.5	6.2	9.4	8.4	7.4
Maintenance and repair services	3.0	2.7	3.3	1.9	2.0
Transport	21.8	20.3	26.7	38.0	37.1
Passenger	5.3	5.2	1.3	0.2	1.1
Freight	15.7	14.3	24.5	36.9	35.3
Other (including postal and courier)	0.8	0.8	0.9	0.8	0.8
Travel	27.3	27.8	4.4	1.4	4.7
Business	2.0	2.0	0.3	0.1	0.5
Personal	25.3	25.8	4.1	1.3	4.2
Construction	2.4	1.9	1.7	1.5	1.3
Insurance and pension	0.6	0.5	0.8	0.8	0.5
Finance	6.2	6.4	8.0	6.8	6.8
Charges for the use of IP, n.i.e.	3.1	2.7	4.1	3.9	3.5
Telecommunications, computer and information	7.5	7.8	11.5	11.2	11.3
Other business services	21.1	22.3	29.0	25.1	24.3
Personal, cultural and recreational	0.7	0.7	0.7	0.6	0.7
Public services	0.8	0.7	0.4	0.3	0.3
Total imports (USD million)	56,865	56,937	37,457	39,567	45,276
Service imports (% change) ^a	5.4	0.1	-34.2	5.5	14.4

	2018	2019	2020	2021	2022
	(% of total imports)				
Manufacturing services	4.8	3.3	4.1	5.1	4.3
Maintenance and repair services	1.6	1.6	2.0	2.3	2.8
Transport	21.9	20.8	25.8	24.2	22.3
Passenger	5.0	4.2	1.0	0.4	0.7
Freight	9.2	8.5	12.2	12.0	11.4
Other (including postal and courier)	7.8	8.0	12.6	11.7	10.2
Travel	34.2	36.0	8.1	3.2	6.9
Business	5.2	5.1	1.4	0.7	1.1
Personal	29.0	30.9	6.7	2.5	5.8
Construction	2.3	2.6	4.0	5.2	6.2
Insurance and pension	1.8	1.7	3.1	3.8	3.1
Finance	2.9	3.5	3.6	3.6	4.8
Charges for the use of IP, n.i.e.	6.3	5.7	11.1	11.5	11.1
Telecommunications, computer and information	3.2	4.2	8.0	9.0	8.4
Other business services	19.3	19.2	28.4	30.6	28.5
Personal, cultural and recreational	0.5	0.4	0.3	0.3	0.4
Public services	1.1	1.1	1.5	1.3	1.4
Services balance (% of GDP)	-1.1	-0.8	0.6	1.6	1.7

a Growth rates are calculated based on BOP figures in US dollars.

Source: CBC. Viewed at: <http://www.cbc.gov.tw>.

1.3.2 Trends and patterns in inward direct investment

1.23. Inward direct investment flows decreased during 2020-21, because of the pandemic, and recuperated in 2022 (Table 1.5). During the review period, EU member States, mainly the Netherlands and Denmark, were the largest sources of approved investments in Chinese Taipei, followed by British Overseas Territories in the Caribbean and then Japan (Table 1.6). Inward direct investment flows were largely concentrated in services, mainly finance and insurance, as well as in manufacturing of electronic parts and components. Nevertheless, investment in electronic parts and components has declined substantially due to several large-scale investment projects that took place in the earlier part of the review period (2018 to 2019) in comparison to the later part of the review period (2020 to 2022). By contrast, investment in financial services increased in Chinese Taipei as a result of the development of online banking services, and investment in consultancy or financial holding companies.¹¹ In 2022, inward direct investment was also attracted to the electricity sector, specifically in wind farms, as part of Chinese Taipei's policy to expand the use of renewable energy and incentives granted to industries by the "5+2 Innovative Industries Plan" (Section 2.4).

Table 1.5 Inward and outward flows of direct investment by activity, 2018-22 (approval basis)

	2018	2019	2020	2021	2022
Inward direct investment					
Total (USD million)	11,440.2	11,196.0	9,144.3	7,476.3	13,303.3
% of GDP	1.9	1.8	1.4	1.0	1.7
By activity (% of total)					
Agriculture, hunting, forestry and fishing	0.03	0.05	0.21	0.08	0.00
Mining and quarrying	0.00	0.00	0.01	0.00	0.00
Manufacturing	51.7	38.4	18.5	22.6	17.2
Chemical material and products	13.9	1.2	1.7	2.3	1.8
Electronic parts and components	31.8	24.6	8.8	7.6	3.7
Machinery and equipment	0.5	6.8	0.9	0.2	5.9
Electricity, gas and water	0.7	4.3	12.1	2.2	14.2
Construction	0.4	0.6	0.9	3.8	0.6
Services	47.2	56.7	68.3	71.4	67.9
Wholesale and retail trade	7.8	9.5	12.2	12.1	14.2
Information and communication	2.1	11.1	4.0	8.3	3.7
Finance and insurance	28.4	19.4	30.5	30.7	41.6
Real estate	4.0	2.5	5.2	8.7	2.8
Professional scientific and technical services	3.3	9.3	14.3	5.5	3.7
Outward direct investment					
Total (USD million)	22,792.3	11,024.2	17,711.6	18,462.3	15,009.0
% of GDP	3.7	1.8	2.6	2.4	2.0

¹¹ Information provided by the authorities.

	2018	2019	2020	2021	2022
By activity (% of total)					
Agriculture, hunting, forestry and fishing	0.2	0.5	0.5	0.4	0.4
Mining and quarrying	0.7	2.7	0.0	0.0	5.6
Manufacturing	43.7	42.2	50.9	48.9	47.3
Chemical material and products	4.2	4.2	2.4	2.5	1.4
Electronic parts and components	10.0	12.0	29.6	27.8	18.7
Computer, electronics and optical products	3.9	6.1	3.9	7.5	4.3
Electrical equipment	1.5	4.2	2.6	1.4	4.8
Machinery and equipment	3.7	2.2	2.2	1.5	2.0
Electricity, gas and water	0.1	1.5	1.7	0.3	0.2
Construction	0.5	0.4	0.3	0.3	0.2
Services	54.9	52.6	46.6	50.1	46.3
Wholesale and retail trade	8.1	13.9	13.4	18.7	9.8
Transportation and storage	1.4	2.3	1.7	1.2	13.0
Finance and insurance	41.5	29.5	27.3	27.0	17.0

Source: Investment Commission, Ministry of Economic Affairs (MOEA).

1.24. Outward investment flows decreased during the period under review (Table 1.5). This may have partly resulted from the three reshoring programmes launched in 2019 designed to return capital to Chinese Taipei to be invested in specific sectors (Section 2.4), as well as the adjustments in the global supply chain and investment environment that came about during the pandemic and thereafter. Outward investment flows, similar to inflows, continue to be concentrated in the manufacturing sector, predominantly in the electronic parts and components subsector, and in services. In the services sector, the share of outward investments in the finance sector decreased substantially from 41.5% in 2018 to 17% in 2022, while there has been some increase in investments in the wholesale and retail trade sector. China was the main investment destination throughout the review period. Other destinations that account for substantial shares of Chinese Taipei's outward investment include the British Overseas Territories in the Caribbean in 2018 and 2019, the United States in 2020, Japan in 2021, and Singapore in 2021 and 2022 (Table 1.6).

Table 1.6 Inward and outward flows of direct investment by source and destination, 2018-22 (approval basis)

	2018	2019	2020	2021	2022
Inward direct investment					
Total (USD million)	11,440.2	11,196.0	9,144.3	7,476.3	13,303.3
% of GDP	1.9	1.8	1.4	1.0	1.7
By source (% of total)					
EU-27	53.5	31.7	39.3	18.4	36.3
Denmark	0.6	6.1	25.4	0.4	26.9
Netherlands	30.6	20.5	4.4	10.0	6.8
British Overseas Territories in the Caribbean	13.0	27.9	21.1	27.3	18.8
Japan	13.3	11.4	10.5	9.7	12.8
Australia	1.0	6.4	0.9	1.4	8.6
United Kingdom	5.3	2.5	6.9	4.4	4.0
Singapore	0.9	2.2	2.7	5.6	3.7
Samoa	3.1	3.2	3.6	4.9	3.1
United States	2.3	3.2	2.9	9.4	3.0
Thailand	0.6	0.6	0.1	5.6	2.8
Hong Kong, China	3.0	5.8	6.1	4.1	2.7
Korea, Republic of	0.4	0.3	0.3	3.4	1.0
Canada	0.4	0.1	0.2	0.5	0.3
Malaysia	0.8	0.4	0.5	0.6	0.3
Bermuda	0.1	0.0	0.1	0.2	0.3
Other	2.3	4.2	5.0	4.3	2.4
Outward direct investment					
Total (USD million)	22,792.3	11,024.2	17,711.6	18,462.3	15,009.0
% of GDP	3.7	1.8	2.6	2.4	2.0
By source (% of total)					
China	37.3	37.9	33.3	31.8	33.6
Singapore	0.7	5.8	3.6	20.1	22.4
United States	8.9	5.1	23.7	2.6	7.3
British Overseas Territories in the Caribbean	25.9	11.9	6.2	6.4	6.3
EU-27	5.3	6.2	8.5	3.9	3.9
Viet Nam	4.0	8.3	4.3	5.7	3.7
Korea, Republic of	1.0	0.1	0.2	2.3	3.1
Australia	1.0	2.9	0.1	0.1	2.8
Indonesia	0.6	1.3	2.9	1.4	2.0

	2018	2019	2020	2021	2022
Thailand	0.6	3.0	0.9	1.8	1.8
Hong Kong, China	2.5	4.1	5.1	1.4	1.6
Samoa	1.8	3.8	2.3	1.0	1.5
India	1.6	0.6	0.9	0.9	0.7
Malaysia	0.2	0.9	0.2	0.7	0.6
Japan	2.7	0.7	2.2	12.0	0.5
Panama	0.1	0.7	0.0	0.6	0.4
United Kingdom	0.3	0.8	0.0	0.0	0.4
Brazil	0.0	0.1	0.0	0.1	0.2
Philippines	0.7	1.0	0.5	0.1	0.2
Bermuda	2.7	0.6	0.2	5.7	0.1
Other	1.9	4.2	4.7	1.3	7.0

Note: Sorted by year 2022.

Source: Investment Commission, MOEA.

2 TRADE AND INVESTMENT REGIMES

2.1 General framework

2.1. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) is governed by the principle of separation of powers, namely, the executive, legislature, judiciary, examination, and control branches. Their overall structure and functions have remained broadly unchanged since the previous Review conducted in 2018.

2.2. The executive branch, composed of 32 agencies, including 14 ministries and the Central Bank¹, is the highest administrative organ and is responsible for evaluating statutory and budgetary bills, including the conclusion of treaties. During the review period, a Ministry of Digital Affairs was established to facilitate digital development, coordinate the overall planning of digital governance and infrastructure, and assist in the digital transformation of public and private sectors.²

2.3. The legislature has the power to decide by resolution upon any law, statute, special act, or general principle submitted to it, which must then be promulgated before it comes into force. The legislature is composed of 113 members, who serve a four-year term, renewable subject to re-election.³ All bills and regulations regarding trade, investment, or intellectual property rights (IPRs) are published for public comment prior to being submitted to the legislature. In 2016, the comment period was extended from 14 days to 60 days and, as of 2017, bills and draft regulations must be published on the Public Policy Online Participation Platform. In 2018, to further increase transparency, the Directions for Implementing Online Participation in Public Policy were amended to require all authorities to respond to comments (Box 2.1).

Box 2.1 Legislative process, 2023

Submission of a bill

Regular bills may be proposed by any of the branches or by legislators themselves, except for bills regarding certain areas, such as budgetary bills, which may only be submitted by the executive branch. Members of the public may also submit a petition to the legislature. Once a petition has been accepted by the legislature, it follows the same procedures as a bill.

Legislative approval

In general, bills require at least two readings in the legislature, except for statutory and budgetary bills, which by law require a third reading. After the first reading, bills may be referred to the appropriate committee for further review, sent directly to the second reading, or rejected. The second reading consists of an article-by-article discussion. At this stage, the bill may be amended. At the second reading, a bill may be approved, rejected, or passed to the third reading. In the case of statutory and budgetary bills, a third reading by the legislature is mandatory and focuses purely on form, not substance. Therefore, revisions other than redrafting are not permitted, unless bills are found to contradict other laws.

Executive approval

Statutory and budgetary bills that have passed the third reading by the legislature are sent to the executive branch, which may request the reconsideration of a bill if it finds the bill difficult to implement, in which case it will return the bill to the legislature. If two thirds of the legislators present at the meeting uphold the original resolution, the head of the executive branch must either accept the bill or resign from office.

Public comment

Civil society may attend legislative deliberations and provide comments.

Promulgation of a bill

Promulgation is the final step of the legislative process.

Source: Viewed at: <https://www.ly.gov.tw/EngPages/Detail.aspx?nodeid=335&pid=43232>.

2.4. The judiciary is responsible for judicial interpretation, adjudication, and disciplinary cases. The judicial system is composed of the Supreme Court, High Courts, and District Courts, which deal with civil and criminal cases; the High Administrative Court, the Supreme Administrative Court, and

¹ Viewed at: <https://english.ey.gov.tw/>.

² Organisation Act of the Ministry of Digital Affairs, 19 January 2022.

³ Viewed at: <https://www.ly.gov.tw/Engpages/index.aspx>.

District Courts, which deal with administrative proceedings; and the Intellectual Property and Commercial Court, which deals with intellectual property litigation.⁴

2.5. The examination branch is responsible for the examinations and management of all civil service personnel. It exercises its authority independently and enjoys equal status with the rest of the branches.⁵ The control branch is responsible for exercising the powers of impeachment, censure, and audit. It may also undertake investigations and take corrective measures against public agencies.⁶

2.2 Trade policy formulation and objectives

2.6. The main agencies in charge of trade policy development and implementation are the Ministry of Economic Affairs (MOEA) and the Bureau of Foreign Trade (BOFT) under the MOEA. Their functions have remained virtually unchanged since the previous Review. Other ministries and agencies are also involved in trade and trade-related issues, such as the Ministry of Finance (MOF) and the Ministry of Health and Welfare (MOHW).

2.7. The MOEA continues to be responsible for developing and implementing economic, trade, and investment policies, and it is also in charge of developing sectoral policies, such as on energy, industry, mining, and water resources. It deals with issues such as the imposition of safeguard measures and the determination of injury under anti-dumping and countervailing investigations; Export Processing Zones (EPZs) and related incentives; small and medium-sized enterprises (SMEs); standardization, metrology, and product inspection; and IPRs.

2.8. The BOFT is the administrative agency responsible for, *inter alia*, (i) developing and implementing trade policies, rules, and regulations; (ii) participating in global economic and trade fora and enhancing trade relations; (iii) handling and coordinating trade negotiations, consultations, and disputes; (iv) administering the import and export regime; and (v) promoting overseas trade in general.⁷

2.9. The Office of Trade Negotiations (OTN), established in 2016, under the executive branch continues to be involved in global trade negotiations. The OTN acts as a high-level coordination mechanism among the different agencies involved in overseas trade to provide support related to economic and trade policy including negotiations. More specifically, the OTN's mission includes (i) participating in multilateral and bilateral trade negotiations, including regional integration; (ii) promoting economic and trade cooperation at the global level; and (iii) aligning Chinese Taipei's trade regime with international regulations.⁸

2.10. The Committee on Global Economic and Trade Strategy was dismantled in 2021 as some of its functions were taken over by the OTN.

2.11. Trade policy constitutes one of the main pillars of Chinese Taipei's New Model for Economic Development launched in 2016, which is based on sustainability, innovation, employment, and equitable distribution. The main goal of the New Model is to use export and local demand as twin engines for growth, building close ties between overseas trade and the local economy. To that end, according to the authorities, Chinese Taipei's trade policy aims at reinforcing its global and regional connections, and actively participating in multilateral and bilateral economic cooperation fora, including free trade negotiations. It also aims to help Chinese Taipei adapt to a changing global environment and meet the new challenges arising in the wake of the COVID-19 pandemic, such as supply chain reorganization, in the spirit of attaining stability and adapting to change.

2.12. During the review period, two development plans (NDPs) were in place, focusing on economic, trade, and investment goals: (i) the 17th development plan (NDP 2017-2020); and (ii) the 18th development plan (NDP 2021-2024). Chinese Taipei started implementing its New Model for Economic Development 2.0 under the NDP 2021-2024, which calls for Chinese Taipei to pursue

⁴ Viewed at: <https://www.judicial.gov.tw/en/mp-2.html>.

⁵ Viewed at: <https://www.exam.gov.tw/en/>.

⁶ Viewed at: <https://www.cy.gov.tw/en/cp.aspx?n=230>.

⁷ Viewed at: <https://www.trade.gov.tw/english/Pages/Detail.aspx?nodeID=4660&pid=743413>.

⁸ Viewed at: <https://www.ey.gov.tw/otnen/7D2F03293BCDC89C>.

various strategies, including (i) actively focusing on six core strategic industries⁹; (ii) continuing to promote industrial innovation and transformation; (iii) improving the economic environment for start-ups; (iv) developing into a capital-deployment hub for Asian businesses; and (v) building a digital economy.¹⁰

2.13. In 2017, Chinese Taipei launched its Forward-looking Infrastructure Development Program, with a 30-year horizon, to ensure the development of the infrastructure needed to attain the goals stated in the NDPs. The Program provides funding to develop projects in, *inter alia*, railways, water management, green energy, digital infrastructure, urban and rural infrastructure, food safety, childcare facilities, and human capital. This Program seeks to promote private-public partnerships and create employment opportunities in highly strategic sectors.

2.14. The "5+2 Innovative Industries Plan" aims to boost industrial development and enhance the start-up ecosystem. The Plan's purpose is to shift the industrial base away from the production of parts and components towards high-value-added services and total solutions. Launched in 2016, the Plan was designed to complement the New Model for Economic Development. Initially covering five industries (intelligent machinery, Asia Silicon Valley, green energy, biomedicine, and aerospace) of strategic importance for linking local industries to global markets, two other areas (high-value agriculture and the circular economy) were added later.

2.15. One of the main goals of Chinese Taipei's trade policy is to promote the global expansion of its industries, for which it actively seeks to sign trade and investment agreements with partners. This is also one of the main goals of the New Southbound Policy launched in 2016, which seeks to reduce Chinese Taipei's overdependence on any single market and strengthen its relations with its neighbours in the South and with the rest of the world. The Policy has four strategic areas – economic and trade collaboration, talent exchange, resource sharing, and regional connectivity – and is expected to enhance integration in the regional economy.

2.16. Chinese Taipei's efforts to advance digital transformation have resulted in new participatory approaches to policy development. During the review period, Chinese Taipei drafted for the first time an Action Plan (2021-2024), which aims at promoting transparency, accountability, participation, and inclusion, emphasizing the importance of cooperating with civil society and of making relevant information available to the public, as required by law.¹¹ In addition to the Public Policy Online Participation Platform, Chinese Taipei implemented a programme under which executive agencies must designate a liaison officer responsible for communicating with stakeholders during all steps of policy development. In addition, through the Public Policy Online Participation Platform, another means of engagement allows for an open consultation process that brings together ministries, experts, business leaders, and citizens to discuss current policy issues and make recommendations on legislation.¹² Moreover, Chinese Taipei relies on specialized institutions to help determine and develop its policies. For example, the Chung-Hua Institution for Economic Research (CIER) makes recommendations regarding key economic and industry policies towards achieving sustainable economic growth and development.¹³

2.3 Trade agreements and arrangements

2.3.1 WTO

2.17. Chinese Taipei is a supporter of open trade and the rules-based multilateral trading system, as embodied by the WTO, and, according to the authorities, is determined to safeguard a fair,

⁹ These are information and digital industries (including R&D on semiconductor advanced manufacturing technology, 5G, and the IoT), strategic industries, cybersecurity industry, precision health industries, strategic stockpile industries, and green and renewable energy industries.

¹⁰ Viewed at:

https://www.ndc.gov.tw/en/Content_List.aspx?n=9649AD857AF274BA&upn=C5B71E23EEC92FCF.

¹¹ Viewed at: <https://gec.ey.gov.tw/File/2FAAAD2B3BD2A1BF/ec011260-2970-4cf8-8307-d50f3cb80ea9?A=C>.

¹² Viewed at: <https://join.gov.tw/>.

¹³ Viewed at: <https://www.cier.edu.tw/about/vision>.

transparent, and predictable trade and investment environment.¹⁴ Its trade policies have been reviewed four times, most recently in September 2018.¹⁵

2.18. Chinese Taipei has been a Member of the WTO since January 2002 and grants at least MFN treatment to all WTO Members. It is a party to both the Agreement on Trade in Civil Aircraft and the revised Agreement on Government Procurement. It has accepted the 2005 Protocol Amending the TRIPS Agreement¹⁶ and the Agreement on Trade Facilitation.¹⁷ It has also notified its preferential treatment to services and service providers of least developed countries (LDCs).¹⁸ Under the Information Technology Agreement (ITA), Chinese Taipei bound at zero-rate tariffs all IT products covered by the Agreement in 1997, and subsequently participated in the expansion of the ITA's product coverage.¹⁹

2.19. Chinese Taipei actively participated in WTO discussions and initiatives during the review period. It participated in the Joint Initiative on Electronic Commerce²⁰, and it co-sponsored a communication containing ideas to reinvigorate the Work Programme on Electronic Commerce.²¹ It was also involved in the negotiations leading to the adoption of the disciplines contained in the Reference Paper on Services Domestic Regulation²² and submitted its draft Schedule of Specific Commitments as a contribution to the finalization of the negotiations.²³ Chinese Taipei is a member of the Informal Working Group on MSMEs, and was a co-sponsor of the Communication on Trade and Environmental Sustainability, which aims at organizing structured discussions for interested WTO Members as well as a dialogue with external stakeholders on trade and environmental sustainability.²⁴

2.20. During the review period, Chinese Taipei was active in the negotiations on fisheries subsidies, trade and public health, and WTO reform. Chinese Taipei supports any proposal that restores a fully functioning dispute settlement mechanism and proposed to start the selection processes for filling vacancies on the Appellate Body.²⁵ On agriculture, it co-sponsored a Joint Statement on Agriculture Export Prohibitions or Restrictions relating to the World Food Programme.²⁶

2.21. Since 2018, Chinese Taipei has participated as a complainant in one case, namely, *India – Tariff Treatment on Certain Goods in the Information and Communications Technology Sector* (DS588); there have been no cases brought against Chinese Taipei. It participated as a third party in 37 trade disputes.²⁷

2.22. During the review period, Chinese Taipei made notifications to WTO Committees in most areas (Table A2.1).

2.3.2 Regional and preferential agreements

2.23. Chinese Taipei has a limited number of regional trade agreements (RTAs) and economic cooperation agreements (ECAs). It places importance in pursuing economic and trade relations with other trading partners in the region and beyond and securing a central role in global and regional supply chains. Chinese Taipei has concluded RTAs with Belize, El Salvador, Eswatini, Guatemala, Honduras, the Marshall Islands, New Zealand, Nicaragua, Panama, Paraguay, and Singapore; and a

¹⁴ WTO document WT/MIN(22)/ST/126, 12 June 2022.

¹⁵ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

¹⁶ WTO document WT/Let/870, 2 November 2012.

¹⁷ WTO document WT/Let/1069, 3 September 2015. Chinese Taipei designated all provisions contained in Articles 1 to 12 of the Agreement under Category A for full implementation upon the entry into force of the Agreement, in WTO document WT/PCTF/N/TPKM/1, 26 June 2014.

¹⁸ WTO Ministerial Conference Decision on Preferential Treatment to Services and Service Suppliers of LDCs (WT/L/847); and WTO document S/C/N/811, 27 July 2015.

¹⁹ Chinese Taipei's new schedule, which was approved by the Participants to the ITA Expansion, was circulated in WTO document G/MA/W/117/Add.22, 16 December 2015.

²⁰ WTO document WT/MIN(17)/60, 13 December 2017.

²¹ WTO document WT/GC/W/855, 11 November 2022.

²² WTO document S/C/W/406, 20 December 2022.

²³ WTO document INF/SDR/IDS/TPKM/Rev.1, 27 October 2021.

²⁴ WTO document WT/CTE/W/249, 17 November 2020.

²⁵ WTO document WT/MIN(22)/ST/126, 12 June 2022.

²⁶ WTO document WT/L/1109, 21 January 2021.

²⁷ WTO, *Dispute Settlement: The Disputes*. Viewed at: https://www.wto.org/english/tratop_e/dispu_e/find_dispu_cases_e.htm.

Cross-Straits Economic Cooperation Framework Agreement (ECFA).²⁸ Chinese Taipei notified the WTO that the operation of its FTA with Nicaragua and El Salvador would be suspended indefinitely as of 1 July 2022 and as of 15 May 2023, respectively.²⁹

2.24. Since the previous Review, two ECAs have entered into force with Belize and Eswatini, and another one has been signed with the Marshall Islands. These ECAs aim at strengthening trade and economic relations between the parties and exploring new areas of cooperation. They provide for limited reciprocal or unilateral tariff preferences³⁰, and the provision of technical assistance and cooperation in areas such as customs and trade facilitation; standards, technical regulations, and conformity assessment procedures; sanitary and phytosanitary measures; and innovation. These ECAs highlight the importance of promoting cross-border investment flows and technology transfers, as well as private sector involvement in the development process. Given the size differences among the economies involved, these ECAs provide for asymmetrical treatment in favour of the smaller economy. In 2022, bilateral trade between Chinese Taipei and Belize, Eswatini, and the Marshall Islands amounted to USD 11.8 million, USD 16.2 million, and USD 438.6 million, respectively.³¹

2.25. The ECFA between China and Chinese Taipei came into effect in 2010. The ECFA aims at reducing tariffs, eliminating non-tariff trade barriers, promoting trade and investment contacts, and boosting economic development and employment. After the ECFA's entry into force, both parties implemented an early harvest programme that includes tariff concessions for 539 products from Chinese Taipei and 267 from China. In the area of services, the programme covers 7 sectors for Chinese Taipei (including banking and movies), and 11 services sectors for China (including banking, securities, hospitals, and accounting). The ECFA provides for two additional follow-up agreements on goods and services. The Trade in Services Agreement, signed in 2013 and not yet in force, covers 80 sectors from China (including finance, retail, electronics, publishing, and travel) and 64 from Chinese Taipei (including transportation, tourism, and traditional Chinese medicine), all exceeding the level of Chinese Taipei's WTO commitments. The negotiations on trade in goods were suspended in 2016.

2.26. Chinese Taipei has applied for accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and is also seeking to join other subregional economic integration effort.

2.27. Chinese Taipei continues to offer non-reciprocal trade preferences to 45 LDCs. The 163 tariff lines covered by the Preferential Trade Arrangement (PTA) have a preferential tariff rate of zero.³² Goods imported from LDCs are regarded as originating if the goods are wholly obtained or value-added accounts for no less than 50%.³³ Chinese Taipei receives preferential treatment from Australia under its Generalized System of Preferences (GSP).³⁴

2.3.3 Other agreements and arrangements

2.28. Chinese Taipei is a member of the Asia-Pacific Economic Cooperation (APEC). In 2014, APEC members committed to taking steps towards greater regional economic integration by endorsing a roadmap for the Free Trade Area of the Asia-Pacific (FTAAP). In 2016, the Lima Declaration on FTAAP was endorsed.³⁵ In 2022 APEC reiterated its commitment to advance economic integration in the region, including through the work on the FTAAP agenda.³⁶

²⁸ WTO RTA database. Viewed at:

<http://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=713>.

²⁹ WTO documents WT/REG267/N/2, 31 March 2022; WT/REG267/N/2/Rev.1, S/C/N/500/Add.1, 12 May 2022; and WT/REG283/N/2, S/C/N/544/Add.1, 13 April 2023.

³⁰ Under the ECA with Eswatini, Chinese Taipei commits to unilaterally eliminate tariffs on a set of goods originating in Eswatini, except for sugar, natural honey, and avocados, which are subject to an annual TRQ.

³¹ Viewed at: <https://cuswebo.trade.gov.tw/FSCE040F/FSCE040F>.

³² Information provided by the authorities.

³³ WTO document G/RO/LDC/N/TPKM/1/Rev.1, 22 July 2020.

³⁴ Information provided by the authorities.

³⁵ APEC, *Annex A: Lima Declaration on FTAAP*. Viewed at: https://www.apec.org/meeting-papers/leaders-declarations/2016/2016_aelm/2016_annex-a.

³⁶ APEC, *2022 APEC Ministerial Meeting*. Viewed at: <https://www.apec.org/meeting-papers/annual-ministerial-meetings/2022/2022-apec-ministerial-meeting>.

2.29. Chinese Taipei, through its Semiconductor Industry Association, is a member of the World Semiconductor Council (WSC), a forum established in 1999 to encourage cooperation in the field. The WSC also supports the expansion of the global market for IT products and services.³⁷ In 2021, the semiconductor industry in Chinese Taipei contributed 26% of global semiconductor revenue. In terms of the production of advanced semiconductor chips below 16 nm, Chinese Taipei's share in the global market was 61%.³⁸

2.30. Chinese Taipei uses trade as a tool to support marginalized groups that have not been able to benefit from globalization and trade agreements. To that effect, since 2022 Chinese Taipei has participated in the Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA), a non-binding economic arrangement between New Zealand and certain APEC economies designed to boost indigenous peoples' participation in trade.³⁹

2.31. Under the Trade and Investment Framework Agreement (TIFA), a platform for promoting trade and investment, Chinese Taipei and the United States held talks, in June 2021, on such issues as workers' rights and labour matters in global supply chains, the importance of having secure and resilient supply chains, the reform of the multilateral trading system, and outstanding trade and investment concerns regarding copyright legislation, digital piracy, financial services, investment, and regulatory transparency.⁴⁰ More recently, a new trade negotiation initiative was launched with the United States⁴¹; issues to be negotiated include customs administration and trade facilitation, good regulatory practices, anti-corruption, and SMEs.⁴²

2.4 Investment regime

2.32. Investment and innovation play crucial roles in Chinese Taipei's economy as the main drivers of economic growth, and are therefore considered at the core of the development agenda. During the review period, Chinese Taipei engaged in dialogue with many trading partners to build economic partnerships on investment issues, with a view to creating linkages with overseas markets and attracting overseas investment.⁴³

2.33. The Investment Commission under the MOEA (MOEAIC) remains in charge of screening and approving inward and outward investment and technical cooperation. In performing these duties, the Commission follows Chinese Taipei's policy of economic liberalization. The Commission's plan includes such goals as (i) simplifying the procedures of application, review, and approval of overseas investment, based on the criterion of "free in principle, with deliberation for exceptional cases"; (ii) improving the services provided to overseas investors; and (iii) assisting local enterprises in their efforts to expand and invest overseas.⁴⁴

2.34. The Department of Investment Services under the MOEA continues to be responsible for (i) attracting investment to Chinese Taipei; (ii) encouraging Chinese Taipei businesses to return to and invest in Chinese Taipei; (iii) assisting companies to invest overseas; and (iv) attracting talent from abroad. An investment promotion agency within the Department of Investment Services provides a one-stop window for businesses to establish presence in Chinese Taipei. Assistance includes evaluating the investment proposal and partner matchmaking in the pre-investment phase; obtaining the necessary licences and incentives in the investment phase; and helping with the expansion of operations and investment in start-ups in the post-investment phase. The investment

³⁷ WSC (2022), "Joint Statement of the 26th Meeting of the World Semiconductor Council", 19 May. Viewed at: <http://www.semiconductorcouncil.org/wp-content/uploads/2023/01/2022-WSC-Joint-Statement-with-Annex-Final-2.pdf>.

³⁸ WTO document WT/DS615/3, 5 January 2023.

³⁹ Asia Society Policy Institute (2022), "The Evolution of the Global Trading System: How the Rise of Asia and Next Generation Challenges Will Shape the Future Economy". Viewed at: https://asiasociety.org/sites/default/files/2022-11/ASPI_GlobalTradysyst_report_fin.pdf.

⁴⁰ Office of the United States Trade Representative. Viewed at: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/june/united-states-and-taiwan-hold-dialogue-trade-and-investment-priorities>.

⁴¹ Office of the United States Trade Representative. Viewed at: <https://ustr.gov/sites/default/files/2023-05/AIT-TECRO%20Trade%20Agreement%20May%202023.pdf>.

⁴² Office of the United States Trade Representative. Viewed at: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/may/ustr-announcement-regarding-us-taiwan-trade-initiative>.

⁴³ WTO document WT/MIN(22)/ST/126, 12 June 2022.

⁴⁴ Viewed at: <https://www.moeaic.gov.tw>.

promotion agency also helps investors obtain land to establish plants and offices. For investments exceeding TWD 500 million, the MOEA assigns a project manager to accelerate the process.⁴⁵

2.35. The main legislation governing overseas investment in Chinese Taipei did not change during the review period and was last amended in 1997. This legislation regulates both portfolio investment and FDI, as well as the provision of loans.⁴⁶ According to the legislation, the origin of an overseas legal entity is determined by the law under which that entity was incorporated. During the review period, several amendments to the "Statute for Investment by Foreign Nationals" were proposed to encourage overseas investment by simplifying the reporting and approval process. If passed by the legislature, these amendments would replace the existing approval investment process with an *ex post* reporting mechanism, while the screening procedures for investment in certain industries would be tightened.⁴⁷

2.36. The legal framework for overseas investment includes other specific regulations, such as regulations on the approval of Chinese investments in Chinese Taipei, which were amended in December 2020 to address the increasingly diversified and complex structure of overseas investments and to ensure that investors do not bypass investment control mechanisms. The amended Regulations introduce stricter criteria for identifying investment made through third-area intermediaries, expand the scope of investment activities subject to regulatory approval, and tighten restrictions on investment with political or military affiliations.⁴⁸

2.37. In accordance with the legislation, all overseas investors require an approval by the MOEAIC to invest in Chinese Taipei⁴⁹, except for investments in EPZs or Science Parks, which must be approved by the relevant specialized agency. For overseas investment in restricted sectors, an approval by the relevant specialized agency, in addition to the MOEAIC approval, is required.

2.38. Banned and restricted activities in Chinese Taipei are specified in Chinese Taipei's negative list (prohibited and restricted industries) for inward investment, which was last amended in 2018. The list is regularly reviewed, and updated if necessary.⁵⁰ Overseas investors are banned from investing in certain areas in order to safeguard security, public order, good customs and practices, or public health. Investment in other industries is banned or restricted by specific laws. In certain areas, restrictions are imposed in the form of maximum percentages (e.g. for satellite television broadcasting, overseas investors must hold less than 50% of total shares). In some industries, such as for gas supply enterprises, the limits refer to the place of origin of members in administration boards, in which case only natural persons from Chinese Taipei may sit on the board. In the case of tobacco and alcohol production, the restriction takes the form of a licence. For animal husbandry, only investments above a certain threshold are allowed, in order to attract technology-intensive and capital-intensive investment (Table A2.2).

2.39. In addition to the legislation regarding overseas investment, Chinese Taipei relies on a broad network of bilateral investments treaties (BITs) to promote investment and cooperation with trading partners. In December 2019, a new BIT with Viet Nam was signed to replace one signed in 1993; it has been in force since May 2020. A new BIT was also signed with India in December 2018, which entered into force on 14 February 2019, replacing the 2002 BIT. During the review period, two new double-taxation agreements (DTAs) entered into force, with the Kingdom of Saudi Arabia and

⁴⁵ Viewed at: <https://investtaiwan.nat.gov.tw>.

⁴⁶ Investment covered by these Statutes includes the purchasing of shares from a company incorporated in Chinese Taipei or contributing to the capital of such a company; establishing a branch office, a proprietary company, or a partnership in Chinese Taipei; and providing a loan to an invested company for a duration of more than one year. Outward investments in listed, over-the-counter, and emerging stock companies with single acquisition of less than 10% of shares are under the jurisdiction of the Securities and Futures Bureau, Financial Supervisory Commission, and is governed by a separate regulation concerning outward investment in securities (information provided by the authorities).

⁴⁷ Viewed at: <https://www.taipeitimes.com/News/taiwan/archives/2019/01/04/2003707315>.

⁴⁸ Viewed at: <https://www.ait.org.tw/2022-investment-climate-statements-taiwan/>.

⁴⁹ "Statute for Investment by Foreign Nationals", Article 8.

⁵⁰ Viewed at: <https://www.moeaic.gov.tw>.

the Czech Republic.⁵¹ In 2021, an Amending Protocol for updating the original DTA signed in 2002 with the United Kingdom entered into force. Investment issues are also addressed in several RTAs.

2.40. Chinese Taipei maintains a series of incentives to promote local investment and attract overseas investment, which, in addition to the ones provided under the Free Trade Zones (FTZs), the Science Parks, EPZs/Technology Industrial Parks (TIPs), and the Agricultural Technology Parks (Section 3.3.1), consist mainly of tax deductions and other support measures (Table 2.1). During the review period, new incentive programmes were implemented. In 2019, Chinese Taipei launched three reshoring programmes designed to promote the return of local companies to Chinese Taipei and invest in specific sectors, particularly those covered by the "5+2 Innovative Industries Plan". Under these programmes, companies investing in the latter innovative industries may rent land at concessionary rates and have access to finance at preferential rates. As of January 2023, as a result of these incentives, investments worth TWD 1.9 trillion had been attracted.⁵²

Table 2.1 Investment incentives, 2023

Incentive	Description	Legal authority
Tax incentives		
Research & development credits	Companies or limited partnerships that have not committed severe violations of environmental protection, employment, or food safety laws in the last three years may select one of the following incentives for crediting the expenditure incurred by them in R&D against the enterprise income tax. The creditable amount shall not exceed 30% of the income tax payable by them in the current year: (1) Up to 15% of the company's expenditures may be deducted from its enterprise income tax for the current year; or (2) Up to 10% of such expenditures may be credited over three years starting from the current year against the enterprise income tax payable by the company.	Statute for Industrial Innovation (Article 10)
Capitalization of earnings	Companies that use undistributed earnings to make substantive investments may deduct the invested amount from their undistributed earnings and are exempt from the enterprise income tax.	Statute for Industrial Innovation (Article 23-3)
Smart machinery and 5G equipment investment	Companies or limited partnerships that have not committed severe violations of environmental protection, employment, or food safety laws in the last three years with expenditures totalling between TWD 1 million and TWD 1 billion are entitled to apply for a 5% deduction of the corporate income tax for the current year or a 3% deduction over a period of three years. Each annual investment creditable amount shall not exceed 30% of the payable enterprise income tax in the current year.	Statute for Industrial Innovation (Article 10-1)
Tariff exemptions	Imported machinery that local manufacturers are not able to produce may benefit from import tariff exemptions.	Customs Import Tariff (Note 13 of Chapter 84, Note 7 of Chapter 85, and Note 3 of Chapter 90)
Technology introduction	Royalty payments to overseas companies for imported new production technologies or products using patents, trademarks, or other special rights owned by overseas companies are exempt from corporate income tax, subject to approval by the MOEA's Industrial Development Bureau.	Income Tax Act (Article 4)

⁵¹ UNCTAD Investment Policy Hub. Viewed at: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/205#iiaInnerMenu>; and information viewed at: <https://www.trade.gov.tw/english/Pages/List.aspx?nodeID=663>.

⁵² Viewed at: <https://investtaiwan.nat.gov.tw/showPageeng1135?lang=eng&search=1135&menuNum=47>.

Incentive	Description	Legal authority
Promotion of Private Participation in Infrastructure Projects	Tax and land acquisition incentives.	Act for Promotion of Private Participation in Infrastructure Project
R&D subsidies		
Global R&D Innovation Partner Programme	This Programme encourages global companies to engage in R&D of key technologies with Chinese Taipei companies. Such subsidies cover as much as 50% of the Programme.	n.a.
Industrial Upgrade & Innovation Platform Programme	The Programme encourages R&D by industries and the maximum subsidy amount is 40%-50% of the total project funding, depending on the nature of the project.	n.a.
Financing		
Low-interest loans for upgrade of machinery and equipment ^a	The maximum loan amount is 80% of the cost of the purchase of machinery for the project. The total amount for each applicant is capped at TWD 400 million and the maximum amount for a loan to purchase net zero emissions machinery and equipment is TWD 1 billion.	n.a.
Incentives for recruiting talent abroad		
"Employment Gold Card"	Overseas professionals who intend to engage in special professional work in Chinese Taipei may apply for a "Four-in-one Employment Gold Card", a permit that serves as a work permit, a resident visa, an alien residence certificate, and a re-entry permit and is valid for 1 to 3 years.	"Act for the Recruitment and Employment of Foreign Professionals" (Article 8)
Income tax deduction	Overseas professionals approved for residency in Chinese Taipei for the first time or those who have been granted an "Employment Gold Card", and have a salary of more than TWD 3 million, are eligible for a 50% deduction of total income tax amounts exceeding TWD 3 million.	"Act for the Recruitment and Employment of Foreign Professionals" (Article 20)

n.a. Not applicable.

a This programme was in force until 15 December 2022.

Source: Compiled by the WTO Secretariat, based on information available at www.investtaiwan.nat.gov.tw.

2.41. Local governments in Chinese Taipei also grant incentives for companies relocating their head offices and/or investing and hiring locally. For example, the Taipei City government promotes innovative entrepreneurship, attracts investment, and creates a high-quality business environment by granting subsidies and other financial aid for R&D, SMEs, branding, vocational training for workers, and rent.⁵³ Similar incentive programmes exist in Taoyuan City, Hsinchu City, and other municipalities.

2.42. During the review period, the executive branch approved amendments to the Statute for Industrial Innovation (SII) that are currently being considered by the legislature. The amendments offer new tax benefits to Chinese Taipei companies engaging in technical innovation and playing a crucial role in the global supply chain. The amendments' main goal is to ensure the development of next-generation industries and technologies, strengthen the overall resilience of supply chains for semiconductor and other industries, and consolidate Chinese Taipei's global competitive advantage.

2.43. Moreover, in order to eliminate legal barriers to corporate investment and improve the overall investment climate, Chinese Taipei promotes deregulation and reform and coordinates with government agencies to adjust laws and regulations accordingly. During the review period, several acts regarding the business environment were amended. These reforms, although not directly related to investment, have had an impact on the investment climate and reinforce Chinese Taipei's policy of economic liberalization. In this regard, the Company Act was amended in August 2018 and December 2021 to support the digital economy and innovative entrepreneurship, as well as enhanced corporate governance and flexibility in business operations. Also, the Act Governing Electronic Payment Institutions was amended in January 2021 to support the long-term development of the electronic payment industry and promote inclusive finance. The Telecommunications Management Act came into force in 2019 and its goal is to facilitate cross-sector services derived

⁵³ Viewed at:

https://invest.taipei/pages/E_Incentives&Subsidies.html?1672301937#:~:text=The%20Taipei%20Municipal%20Self%2DGovernment,to%20encourage%20innovation%20and%20investment.

from digital convergence. In June 2018, the Cyber Security Management Act was amended to strengthen information and communications security and personal data protection. Lastly, in December 2018 the Unmanned Vehicles Technology Innovative Experimentation Act was enacted to encourage R&D in the field of unmanned vehicle technologies.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures, valuation, and requirements

3.1. Import (and export) procedures in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) did not go through substantial changes during the period under review and continue to be regulated by the Customs Act, the "Foreign Trade Act", the Customs Anti-Smuggling Act (as amended), and different regulations. The institution in charge of implementing and enforcing customs laws and regulations is mainly the Customs Administration under the Ministry of Finance. However, other institutions such as the Bureau of Foreign Trade (BOFT), the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) of the Council of Agriculture (COA), the Fishery Administration, and the Bureau of Standards, Metrology and Inspection also participate.

3.2. In general, importers (and exporters) must register with the BOFT to clear imports/exports through Customs.¹ However, individuals or organizations whose regular business is not to import (and export) may import (and export) specific goods without registration, following the regulations stipulated by the BOFT. Import (and export) registration may be suspended, for instance, if goods infringe intellectual property rights (IPR) or if trade promotion fees are not paid. Importers/exporters whose registration has been revoked or nullified by the BOFT may reregister two years after such revocation or nullification.²

3.3. Importers may entrust a customs broker to undertake all the relevant customs formalities to clear goods, including the import declaration and payment of duties.³ Importers or customs brokers must declare imported goods to Customs within 15 days from arrival or file a pre-entry declaration. In 2016, 18.4% of all import declarations were filed prior to their arrival; according to the authorities, this proportion decreased during the period under review to reach 13.9% in 2022. Importers may also apply to Customs for an advance tariff classification ruling. The import declaration is submitted along with a bill of invoice, a packing list, and any relevant documents. Customs may also request a certificate of origin, if relevant. Import declarations may be corrected if required. Documents must be transmitted electronically through the Customs Port Trade (CPT) Single Window system.⁴

3.4. The CPT Single Window is a paperless electronic window, which has been operational since 2013. As at 2022, there were 31 agencies participating in the CPT Single Window. Documents may be submitted either in electronic or paper format; almost 100% of all customs declarations were processed electronically. All services offered by the CPT Single Window are free of charge. However, there is an access service fee to transmit data, which varies according to the time of transmission. The upper bounded fee rate is regulated by the Ministry of Finance (MOF): TWD 1.72 per KB at peak hours (9:00 a.m. to 5:00 p.m. on weekdays) and TWD 1.07 per KB at off-peak hours.⁵

3.5. To expedite the clearance of imports, Customs may release the goods following examination and payment of duty and scrutinize the import declaration after release. Within six months of release of goods, Customs must notify the importer if there are any refundable or recoverable duties. For imported goods that are not examined and released with payment of duty, or for which Customs is unable to immediately determine the amount of duty payable, Customs may, at the request of the duty-payer, examine and release the goods by allowing the duty-payer to submit documents required for scrutiny and pay a deposit. Customs shall then conduct ratification and determine the amount of duty payable within six months of release, failing which the customs value declared by the duty-payer shall be accepted as the basis for determining the amount of customs duty payable (Article 18 of the Customs Act).

¹ "Foreign Trade Act", Article 9.

² The period is counted starting from the date of revocation or nullification ("Foreign Trade Act", Article 9).

³ Customs Act, 11 May 2022, Article 22.

⁴ Customs Act, 11 May 2022, Articles 10-1, 16, 17, 21, and 28.

⁵ Information provided by the authorities.

3.6. Upon any changes to an advance ruling on tariff classification, Customs has to state, in writing, the reason to the duty-payer (or its agent). If the duty-payer (or its agent) is able to prove that a contract has been entered into, the transaction has been conducted according to the contract, and the change in tariff classification will cause loss, the duty-payer (or its agent) may apply for an extension of the period of validity of the ruling, up to 90 days. In the case where a change to an advance ruling on tariff classification involves import regulations, the imported goods shall be subject to the import regulations in effect at the time of importation.

3.7. If the duty-payer (or its agent) is dissatisfied with the advance tariff classification ruling, it may apply to the Customs Administration for a review prior to the importation of the goods. The Customs Administration must deal with the case, except with a valid reason.

3.8. The customs clearance for shipments is carried out under three modes: by-pass, document review, or document review and physical inspection. Customs uses a risk-based system to automatically identify and select potential high-risk shipments and thus determine the customs clearance mode to be used. If there is inadequate information to determine whether a shipment is low-risk, shipments are usually cleared using the document review and physical examination mode. Shipments considered as low-risk but that require an import licence need to go through the document review mode; the rest of the imported shipments considered low-risk would be cleared through the by-pass mode.

3.9. Customs may issue a notice of post-clearance audit within six months of the date following the release of the imports (and/or exports). Post-clearance audits may be initiated within two years from the date following such release. To carry out this procedure, Customs may request evidence (e.g. records, documents, accounting books, and/or relevant files or databases) regarding the imports or exports.⁶ According to the post-clearance audit result, duties might need to be refunded.⁷ Interest will be paid on the refundable duty in the post-clearance audit cases in accordance with Article 65 of the Customs Act.

3.10. Customs collects a trade promotion service fee, based on the cost of the imported (and exported) goods, at a rate of not more than 0.0425%. This fee is to finance a trade promotion fund.⁸ Some items may be exempt from this fee. Customs also collects service charges⁹ for the issuance of various certificates.

3.11. An AEO certification programme for importers, exporters, and supply chain enterprises is still in place.¹⁰ There are two types of AEO status: General Authorized Economic Operator (AEOG) and Security and Safety Authorized Economic Operator (AEOS). The requirements to obtain AEOG certification are lower than those required to obtain AEOS certification.¹¹ AEOSs are granted additional benefits, such as fewer document reviews, lower rates of examination, and an exemption from physical examination.¹² Customs provides preferential treatment for goods imported by authorized economic operators (AEOs). These imports can be released prior to payment of duties. The importer can complete a consolidated payment of duties for the released goods on a monthly basis, if the duty-payers provide a deposit or an affidavit to Customs (Article 19).

3.12. In general, Chinese Taipei continues to use the transaction value to determine the customs value of imported goods.¹³ If the transaction value cannot be determined, the different methods as stipulated in the Customs Valuation Agreement are used.¹⁴ To verify the correct customs value, Customs may open an investigation and examine other documents concerning the price of the

⁶ All evidence relating to imported (or exported) goods must be kept for five years (Customs Act, Article 98).

⁷ Customs Act, Article 13.

⁸ "Foreign Trade Act", Article 21.

⁹ Refer to the Regulations Governing Collection of Customs Service Fees for the full list of fees.

¹⁰ AEO certification may be granted to, *inter alia*, customs brokers; freight forwarders; shipping agencies; warehouse operators; and highway, sea, and air carriers (Regulations Governing the Certification and Management of the Authorized Economic Operators, 8 June 2022).

¹¹ Certification requirements are stipulated in Articles 5 and 6 of the Regulations Governing the Certification and Management of the Authorized Economic Operators, 8 June 2022.

¹² Regulations Governing the Certification and Management of the Authorized Economic Operators, 8 June 2022, Articles 9 and 16.

¹³ Customs Law, Article 29.

¹⁴ Customs Law, Article 30.

imported goods, including accounting books and vouchers related to the imported goods or identical or similar goods supplied by other sellers; verify the transaction or deductive value of the imported goods or identical or similar goods; and examine past records of customs values assessed for previous shipments.¹⁵

3.13. Importers, if not satisfied, may ask Customs within 30 days following the date of receiving the duty memo to review its decision regarding, *inter alia*, tariff classification, customs value, and duties due, and withdraw the goods after paying the entire duty amount or providing a guarantee. Customs may review its decision and make a determination within two months following the date of receiving the application. The importer may file an appeal and then enter into administrative litigation according to the law if still dissatisfied with the determination.¹⁶

3.1.2 Rules of origin

3.14. Chinese Taipei continues to apply non-preferential and preferential rules of origin. The legislation that regulates these rules, and the rules of origin *per se*, has not changed since 2018.¹⁷ The preferential rules apply to imports originating in LDCs and in markets with which Chinese Taipei has preferential trade arrangements. Non-preferential rules of origin apply to all other imports. Both types of rules of origin are based on the wholly produced and the substantial transformation criteria (Box 3.1). Under each preferential trade arrangement, there are also specific rules.¹⁸

Box 3.1 General rules of origin, 2022

Non-preferential rules of origin
Wholly produced Substantial transformation (jump in tariff classification (6-digit) or value-added is more than 35%)
Rules of origin for LDCs
Wholly produced Substantial transformation (added value of no less than 50%)
Rules of origin for preferential trade agreements
Wholly produced Substantial transformation Specific rules of origin

Source: Regulations Governing the Determination of Country of Origin of an Import Good of 30 October 2008 and information viewed at: <https://eweb.customs.gov.tw/singlehtml/1911>.

3.1.3 Tariffs

3.1.3.1 Applied MFN tariff

3.15. In 2023, the applied MFN tariff consisted of 9,136 lines at the 8-digit level or 12,280 at the 10-digit level in the HS17 nomenclature. Chinese Taipei uses both *ad valorem* and *non-ad valorem* tariff rates; however, most tariffs lines are subject to *ad valorem* rates. There are 158 tariff lines (1.7% of the total) subject to *non-ad valorem* rates; of these, 92 are subject to specific rates, and 66 are subject to alternate duties, compared to 92 and 72, respectively, at the time of the previous Review. The *non-ad valorem* duties apply mainly to agricultural products (WTO definition) and fish products, except for other mixed metal scrap (one tariff line). To calculate the tariff indicators, the Secretariat used, for the *non-ad valorem* tariffs, the *ad valorem* equivalents (AVEs) provided by the authorities, which were calculated using the unit value method, where trade data were available. AVEs were provided for all tariff lines with *non-ad valorem* rates (Table 3.1).

¹⁵ Customs Law, Article 42.

¹⁶ Customs Law, Articles 45-47.

¹⁷ Regulations Governing the Determination of Country of Origin of an Import Good, 24 December 2010.

¹⁸ Viewed at: <https://eweb.customs.gov.tw/singlehtml/1911>.

Table 3.1 Structure of the MFN applied tariff schedule, 2018 and 2023 (February)

	2018 (8-digit level)	2023 (8-digit level)	2023 (10-digit level)
Simple average rate (%)	7.2	7.1	7.2
HS 01-24	19.2	19.0	18.2
HS 25-97	4.2	4.1	3.8
WTO agricultural products	17.8	17.6	16.6
WTO non-agricultural products	5.1	5.1	5.1
Duty-free tariff lines (% of all tariff lines)	29.3	30.6	33.3
Simple average of dutiable lines only	10.2	10.3	10.8
Tariff quotas (% of all tariff lines)	0.9	0.9	0.8
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	1.8	1.7	1.6
Domestic tariff peaks (% of all tariff lines) ^a	6.1	6.0	6.9
International tariff peaks (% of all tariff lines) ^b	10.9	10.8	12.7
Nuisance applied rates (% of all tariff lines) ^c	4.8	4.2	3.4
Coefficient of variation	2.6	2.6	2.3
Total number of tariff lines	9,134	9,136	12,280
<i>Ad valorem</i> rates (> than 0%)	6,296	6,179	7,998
Duty-free rates	2,674	2,799	4,089
Specific rates	92	92	116
Alternate rates	72	66	77

a Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

b International tariff peaks are defined as those exceeding 15%.

c Nuisance applied rates are those greater than zero, but less than or equal to 2%.

Note: Calculations for averages are based on 10-digit tariff line level, excluding in-quota rates and including AVEs for specific and alternate rates, provided by the authorities. The tariff schedules for 2018 and 2023 are based on HS17 nomenclature.

Source: WTO Secretariat calculations, based on data provided by the authorities and information viewed at: https://portal.sw.nat.gov.tw/APGO/LoginFree?request_locale=en_US.

3.16. The simple average applied MFN tariff has remained almost unchanged since the last Review, decreasing from 7.2% in 2018 to 7.1% in 2023 (Table 3.1).¹⁹ The average tariff for agricultural products (WTO definition), albeit a decline, remains substantially higher at 17.6% in 2023 (17.8% in 2018) compared to the average protection for non-agricultural goods that stood at 5.1%, unchanged since 2018. The tariffs affecting agricultural products range from zero to 500% or from zero to 1,069.9% if AVEs are considered. As at the time of the last Review, most agricultural products continue to benefit from above-average tariff protection, especially cereals and preparations (28.7%), rice products carry non-*ad valorem* tariffs rates with AVEs of 467.4% for rice in the husk (paddy or rough) (HS 1006.10.0000), and of 284.9% for other worked rice (HS 1104.29.2000), followed by dairy products (20.6%). Regarding non-agricultural products, fish and fishery products show the highest protection (19.9%) with tariffs ranging from zero to 50% (or zero to 83.8% if AVEs are considered) (Table A3.1).

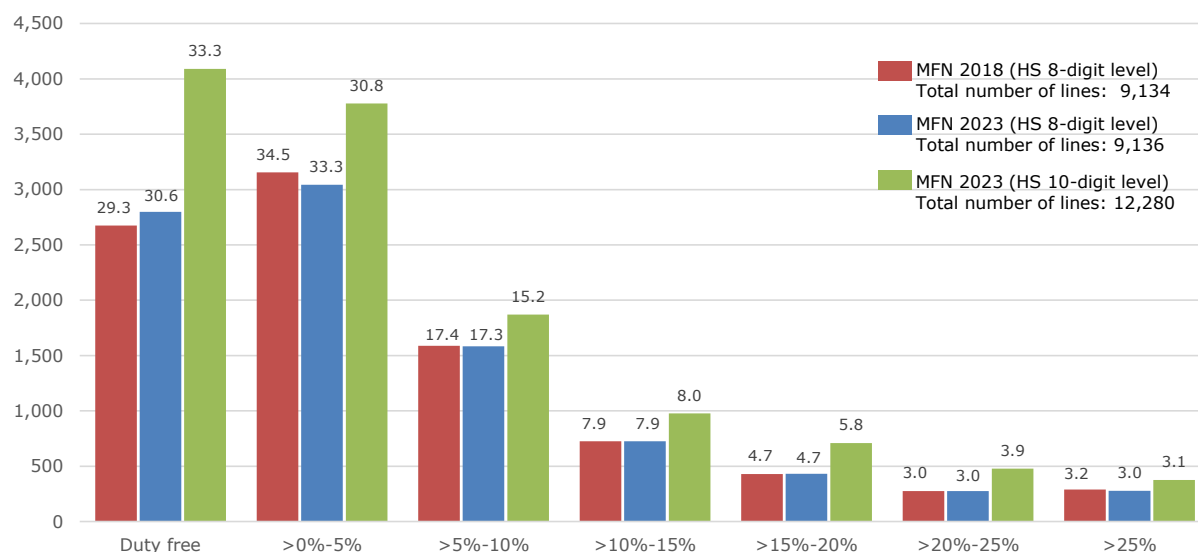
3.17. The distribution of tariff rates has not undergone major changes since the last Review. Tariff rates continue to range from zero to 500% and from zero to 1,069.9% considering the non-*ad valorem* rates. In 2023, Chinese Taipei's tariff contained 142 different rates (87 *ad valorem* duties (including duty free), 39 alternate duties, and 16 specific duties), less than the 150 rates applied in 2018 (92 *ad valorem* duties (including duty free), 42 alternate rates, and 16 specific duties). Applied *ad valorem* tariff rates, 45 in 2023 (49 in 2018), include decimal points.

3.18. The main change in the tariff structure is an increase of the duty-free rates, which is mainly due to completion of the Information Technology Agreement (ITA) expansion. Most tariff rates (81.2%) remain at 10% or below, and the tariffs with rates above 25% had a slight decrease from 3.2% to 3.0% (Chart 3.1 and Table A3.1). The highest rates apply to products such as areca (betel) nuts (HS 0802.80.0000) with a rate of 1,069.9% (including AVEs), while the highest *ad valorem* rate of 500% applies to other deer velvet (HS 0507.90.2000), followed by a rate of 338%, which applies to crude and refined ground-nut (peanut) oil (HS 1508.10.0000 and HS 1508.90.0000), and a rate of 184% affecting pomelos, fresh or dried (HS 0805.40.2000).

¹⁹ Comparison of averages is done using the 2018 and 2023 tariffs at the 8-digit level, which have 9,134 and 9,136 lines, respectively, and the 2023 tariff at the 10-digit level, which has 12,280 lines.

Chart 3.1 Distribution of MFN tariff rates, 2018 and 2023

(Number of tariff lines)



Note: Figures above the bars refer to the percentage of total lines. Excluding in-quota rates and including AVEs for non-*ad valorem* rates.

Source: WTO Secretariat calculations, based on data provided by the authorities, and CPT Single Window. Viewed at: https://portal.sw.nat.gov.tw/APGQ/LoginFree?request_locale=en_US.

3.1.3.2 Tariff bindings

3.19. All tariff lines in Chinese Taipei's tariff schedule are bound, all accession-related binding commitments were implemented, and those related to the ITA expansion were fully implemented in 2021.

3.20. Chinese Taipei bound all of its tariff lines from HS Chapters 1-97 at levels ranging from zero to 500%, with a total of 96 tiers. The highest bound rates apply to the same lines with the highest applied tariff rates.²⁰ As with the applied MFN rates, tariff lines are bound at *ad valorem* (98.3%), specific rates (0.9%), or alternate duties (0.8%). In 2023, Chinese Taipei's applied MFN tariff ranges (WTO definition) coincided for most products to the bound tariff ranges, except for sugars and confectionery, non-electric machinery, and petroleum.²¹ The applied and the bound rates are at the same level for all tariff lines that carry specific rates, and for lines with alternate rates there is only one line that differs.²² Nevertheless, a comparison of Chinese Taipei's bindings and the MFN tariff applied in 2023 reveals that for six tariff lines the applied MFN tariff exceeds the bound level (Table 3.2).

²⁰ These are other deer velvet (500%) (HS 0507.90.2000); crude and refined ground nut (peanut) oil (HS 1508.10.0000 and HS 1508.90.0000) (338%); and pomelos, fresh or dried (HS 0805.40.2000) (184%).

²¹ If the HS section definition is used, MFN applied tariff rate and bound ranges did not coincide for the following groups of products: prepared food, beverages and tobacco; mineral products; and machinery and electrical equipment.

²² The exception is mustard flour and meal and prepared mustard (HS 2103.30.0000) with an MFN applied rate at TWD 9/kg or 15% (whichever is the highest) and the corresponding bound rate is TWD 12/kg or 20% (whichever is the highest).

Table 3.2 Tariff lines where applied rates exceed bound rates, 2023

HS code	Description	MFN applied rate	Bound rate (CTS database)
0208.10.2000	Edible offal of rabbits or hares, fresh, chilled or frozen	45%	20%
2916.16.0000	Binapacryl (ISO)	5%	2.5%
8211.95.3000	Knives with cutting blades, serrated or not: handles of iron and steel	9%	6%
Combined refrigerator-freezers, fitted with separate external doors or drawers, or combinations thereof			
8418.10.1100	Capacity of 800 litres and over, household type	4%	3.5%
8418.10.1200	Capacity of 500 litres and over, but less than 800 litres, household type	4.2%	3.5%
8418.10.1300	Capacity of less than 500 litres, household type	8%	3.5%

Source: WTO Secretariat calculations, based on WTO CTS database, data provided by the authorities, and CPT Single Window. Viewed at: https://portal.sw.nat.gov.tw/APGQ/LoginFree?request_locale=en_US.

3.1.3.3 Tariff rate quotas

3.21. Chinese Taipei continues to maintain MFN tariff rate quotas (TRQs) for 84 agricultural tariff items at the HS 8-digit level or 0.9% of tariff lines in 2023, the same as in 2018 (Table 3.1) and (Table A3.2) Chinese Taipei also negotiated preferential TRQs with Belize (raw and refined sugar), Eswatini (raw and refined sugar, natural honey, and avocados), El Salvador (raw and refined sugar, dried plantains, dried bananas, and dried pineapples), Guatemala (raw and refined sugar), New Zealand (deer velvet and liquid milk), and Paraguay (raw and refined sugar) (Table A3.3).

3.22. Quota rates are in most cases *ad valorem* and remain substantially lower than the out-of-quota rates; they range from zero to 25%. Fill ratios in 2022 showed an important variation according to product. Fill ratios were high, reaching almost 100%, for some products (dried shiitake, ground nut, red beans, liquid milk, and rice). In other instances, there were no imports under TRQs or fill ratios were very low, as was also the case in 2018, mainly bananas, betel nuts, dried day lilies, mangoes, and shaddocks. According to the authorities, TRQs are not used because local production is sufficient to meet domestic demand. The TRQ for deer velvet, which carries an out-of-quota rate of 500%, also has a low fill in-quota rate of 2%.

3.23. The methods to allocate quotas do not seem to have changed substantially since 2018. The "Bank of Taiwan" (BOT), as delegated by the MOF, has the exclusive right to allocate the WTO TRQs for all products, excluding rice. These are still allocated by the COA²³: 65% of the TRQ for rice is allocated to the COA, and the rest may be imported by any registered importer/exporter or food dealer. The COA allocates quotas by using an open tender, with the contract awarded to the bidder offering the lowest quote below a ceiling price set by the authorities.²⁴ The BOT allocates quotas on a first-come, first-served basis or uses an advance allocation method (this includes order of application, ballot, performance of importation, and auctions/open bidding).²⁵

3.1.3.4 Tariff preferences

3.24. Chinese Taipei grants preferential treatment to imports originating in certain trading partners. The coverage of the preferences negotiated by Chinese Taipei varies substantially in the different agreements, as does the average preferential tariff. The average tariff applied for some trading partners is relatively low, at 0.2%, as in the case of the arrangement with New Zealand, under which the number of duty-free lines is almost 100%. However, in the case of Paraguay, the coverage is low (1.2%) and the preferential average tariff (7%) is slightly lower than the average MFN tariff (7.2%). In all instances, the number of agricultural products that enjoy preferential treatment is lower than the number of non-agricultural products, and the average preferential tariff rate for non-agricultural products is substantially lower than the one negotiated for agricultural products (Table 3.3).

²³ WTO document G/STR/N/18/TPKM/Add.1, G/STR/N/19/TPKM, 10 March 2022.

²⁴ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

²⁵ Regulations of Tariff Quota, 27 September 2011, Article 4.

3.25. Chinese Taipei maintains preferential tariff quotas on imports from some partners (Table A3.3).

Table 3.3 Summary analysis of the preferential tariff, 2023

(%)

	Total				WTO agriculture		WTO non-agriculture
	Average	Duty-free rates ^a	Coverage ^b	Average	Duty-free rates ^a	Average	Duty-free rates ^a
MFN	7.2	33.3		16.6	22.6	5.1	35.7
Trading arrangement							
New Zealand FTA	0.2	99.9	66.6	1.2	99.5	0.0	100.0
Singapore FTA	0.6	99.1	66.3	3.1	95.3	0.0	99.95
Panama FTA	1.0	97.6	64.3	5.1	89.6	0.1	99.4
Nicaragua FTA	1.1	97.1	63.8	5.2	89.5	0.3	98.8
Guatemala FTA	1.3	97.1	63.8	5.8	88.5	0.3	98.9
El Salvador FTA	1.2	97.1	63.8	5.6	88.8	0.3	98.9
Honduras FTA	1.2	97.1	63.8	5.8	88.8	0.3	98.9
Belize FTA	6.5	36.8	3.5	14.4	35.3	4.8	37.1
China FTA	7.0	37.4	4.1	16.6	22.6	4.9	40.7
Paraguay FTA	7.0	34.5	1.2	15.8	27.7	5.1	36.0
Eswatini FTA	7.0	34.8	1.5	16.1	26.2	5.0	36.7
LDC	7.1	34.7	1.5	16.5	23.1	5.0	37.4

a Duty-free lines as a percentage of total tariff lines.

b Percentage of total number of lines. Only rates that are lower than the corresponding MFN rate are taken into account.

Note: Calculations are based on tariff line level (10-digit), excluding in-quota rates and including AVEs for non-*ad valorem* rates, provided by the authorities.

Source: WTO Secretariat calculations, based on data provided by the authorities, and CPT Single Window. Viewed at: https://portal.sw.nat.gov.tw/APGQ/LoginFree?request_locale=en_US.

3.1.3.5 Tariff concessions/exemptions

3.26. Chinese Taipei continues to apply a *de minimis* value for the imposition of import duties, i.e. imported goods valued under TWD 2,000 (or the equivalent of USD 67.2) are exempt.

3.27. The Customs Act lists the imported articles that are exempt from customs duty. These items include imports for public institutions; non-profit donations; educational material for teaching; pharmaceutical products or medical apparatus required to prevent epidemics; equipment and articles for emergency aid; and samples of no commercial value.²⁶ Chinese Taipei also grants duty exemption for the fuel and materials used on ships, aircraft, and other means of transport engaged in overseas trade, based on reciprocal treatment.²⁷ Exemptions are also granted on goods used for a specific activity (e.g. scientific research, exhibitions, making movies, and repair and maintenance) if they are re-exported within six months from the date of importation; however, under special circumstances, this period may be extended.²⁸

3.28. Tariff exemptions are also in place under different incentives programmes to promote investment, such as those provided for under the Act for Promotion of Private Participation in Infrastructure Projects (PPIP Act).

3.29. Duty exemptions also apply to goods imported under different customs regimes such as temporary admission of goods, re-importation, re-exports of raw materials, Free Trade Zones (FTZs), and bonded warehouses.²⁹

3.30. In addition, customs duties and tariff quotas may be adjusted to cope with special economic situations, manage the supply of goods, and provide industries with appropriate operational conditions (i.e. ensuring a continuous supply of commodities and assisting manufacturers in lowering

²⁶ Customs Act, 11 May 2022, Article 49.

²⁷ Customs Act, 11 May 2022, Article 49(13).

²⁸ Customs Act, 11 May 2022, Articles 52 and 53.

²⁹ Customs Act, 11 May 2022.

their import costs). Adjustments may be up or down. In general, these could be up to 50%, and up to 100% in the case of staples whose prices have had substantial fluctuations (Table 3.4). Measures are usually in place for a year.³⁰

Table 3.4 Temporary tariff reductions

HS Codes	Description	Tariff reduction	Period
6307.90.50	Masks, filtering efficiency 94% or more, of textile materials	7.5% to 0%	27/02/2022-26/05/2020
2207.10.90	Other undenatured ethyl alcohol of an alcoholic strength by volume exceeding 90% vol	20% to 10%	27/02/2020-26/08/2023
0201.10.10 0201.10.90 0201.20.10 0201.20.20 0201.20.90 0201.30.10 0201.30.20 0201.30.90 0202.10.10 0202.10.90 0202.20.10 0202.20.20 0202.20.90 0202.30.10 0202.30.20 0202.30.90	Meat of bovine animals	TWD 10/Kg to TWD 5/Kg	01/12/2021-31/12/2023
1001.19.00 1001.99.00	Wheat	6.5% to 0%	01/12/2021-01/12/2023
0402.10.00 0402.21.00	Milk powder for baking	10% to 5%	07/02/2022-01/12/2023
0405.10.00 0405.90.10	Butter Anhydrous milk fat	5% to 2.5% 8% to 4%	07/02/2022-31/12/2023 07/02/2022-31/12/2023

Source: Information provided by the authorities.

3.1.4 Other charges affecting imports

3.31. In addition to customs duties, imports exceeding the *de minimis* value of TWD 2,000 continue to be subject to the commodity tax, the tobacco and alcohol tax, the Specifically Selected Goods and Services Tax, and the Value-Added and Non-Value-Added Business Tax (VANVABT).

3.32. Rubber tyres, cement, some fruit juices, petroleum products, electric appliances, and vehicles whether locally manufactured or imported are subject to the commodity tax (Table A3.4).³¹ In the case of cement and refined petroleum products, the tax may be adjusted by 50% if there are rapid and persistent increase in prices. In general, commodities may be exempt if they are used for defined purposes, such as raw materials for manufacturing other taxable commodities, imported for exhibitions (i.e. not for sale), or exported (Article 3). However, the Act also stipulates other exemptions for vehicles, based on end-use (Article 12). In addition, to promote consumption of energy-efficient electric appliances³², reduce production costs, and ensure people's livelihood, the tax burden may be reduced by a maximum amount for a specific period.³³ In this respect, the commodity tax was reduced for Portland I cement³⁴ and for oil products.³⁵

3.33. Tobacco and alcohol products, whether locally manufactured or imported, are subject to the Tobacco and Alcohol Tax (14 June 2017) and the Tobacco Health and Welfare Surcharge (Table 3.5). In general, exemptions apply to goods used as inputs to manufacture other taxable tobacco or

³⁰ Customs Act, 11 May 2022, Article 71.

³¹ Commodity Tax Act, 30 December 2022 (last update), Article 1.

³² Commodity Tax Act, 26 May 2021, Article 12-4.

³³ From 15 June 2021 to 14 June 2023, the commodity tax on new refrigerators, new air conditioners, and new dehumidifiers, which are classified as first- or second-grade of the energy-efficient levels, was reduced by a maximum amount of TWD 2,000 (Commodity Tax Act, 20 December 2022, Article 11-1).

³⁴ The Commodity Tax on Portland I cement was reduced from TWD 320/MT to TWD 160/MT, from 1 December 2021 to 31 December 2023.

³⁵ The Commodity Tax on gasoline was reduced from TWD 6,830/kL to TWD 4,830/kL, and for diesel oil from TWD 3,990/kL to TWD 2,490/kL, from 7 February 2022 to 30 September 2023.

alcohol products and to goods used for exhibition and re-exported thereafter.³⁶ The surcharge is used to finance measures related to tobacco control and public health.³⁷

Table 3.5 Tobacco and Alcohol Tax and Tobacco Health and Welfare Surcharge, 2023

Product	Tax rate
Tobacco and Alcohol Tax	
Cigarettes	TWD 1,590/1,000 sticks
Cut tobacco	TWD 1,590/kg
Cigars	TWD 1,590/kg
Other tobacco products	TWD 1,590/kg or TWD 1,590/1,000 sticks, w.i.t.h.
Beer	TWD 26/l
Other brewed alcoholic beverages	TWD 7/l/degree of alcohol content
Distilled spirits	TWD 2.5/l/degree of alcohol content
Reprocessed alcoholic beverages with alcohol content exceeding 20% by volume	TWD 185/l
Reprocessed alcoholic beverages with an alcohol content not exceeding 20% by volume	TWD 7/l/degree of alcohol content
Cooking alcoholic beverages	TWD 9/l
Other alcoholic products	TWD 7/l/degree of alcohol content
Ethyl alcohol	TWD 15/l
Tobacco Health and Welfare Surcharge	
Cigarettes	TWD 1,000/1,000 sticks
Cut tobacco	TWD 1,000/kg
Cigars	TWD 1,000/kg
Other tobacco products	TWD 1,000/kg or TWD 1,000/1,000 sticks, w.i.t.h.

w.i.t.h. Whichever is the highest.

Source: Tobacco and Alcohol Tax Act, 14 June 2017; Tobacco Hazards Prevention Act, 15 February 2023; and information provided by the authorities.

3.34. The Specifically Selected Goods and Services Tax is imposed on the sale, manufacture, and import of specific goods and services (Table 3.6).³⁸ Commodities are exempt if they are used as raw materials for manufacturing other taxable commodities; for exhibitions (i.e. not for sale); for R&D and education, public security, emergency medical care, or disaster relief purposes; or exported.³⁹ The general tax rate is 10%.⁴⁰ In the case of imports, the tax is collected upon importation. The taxable value for imports is the sum of the customs value and the import duty; if imports are subject to commodity tax or business tax, the taxable base is the customs value plus the import duty and the commodity and the business taxes.⁴¹

Table 3.6 Specifically Selected Goods and Services Tax, 2022

Product	General tax rate
Passenger cars with nine seats or less (value ≥ TWD 3 million)	10%
Yachts (full length ≥ 30.48 meters)	10%
Airplanes, helicopters, and ultra-light vehicles (value ≥ TWD 3 million)	10%
Turtle shells, hawksbill, coral, ivory, furs, and their products (value ≥ TWD 500,000)	10%
Furniture (value ≥ TWD 500,000)	10%

Source: Specifically Selected Goods and Services Tax Act, 24 June 2015; and information provided by the authorities.

³⁶ Tobacco and Alcohol Tax Act, Article 5.

³⁷ Regulations of the Tobacco Health and Welfare Surcharge Distribution and Utilization, 24 May 2019 and Tobacco Hazards Prevention Act, 22 March 2023, Article 45.

³⁸ Specifically Selected Goods and Services Tax Act, 24 June 2015.

³⁹ Specifically Selected Goods and Services Tax Act, 24 June 2015, Article 6.

⁴⁰ Specifically Selected Goods and Services Tax Act, 24 June 2015, Article 7.

⁴¹ Specifically Selected Goods and Services Tax Act, 24 June 2015, Article 10.

3.35. The VANVABT is levied on the sale of goods or services and on imported goods.⁴² The tax rate is no less than 5% and no more than 10%. In 2022, the general VANVABT was 5%, a reduced rate applies to certain services, and some goods and services are exempt.⁴³ Exempt imported goods include all goods exempted from customs duties⁴⁴; fertilizer and inputs used for farming; vessels and aircraft used in international transportation and deep-sea fishing boats; gold bars and other products made of gold; and antiques.⁴⁵ In cases of extraordinary economic situation, the VANVABT may be adjusted on imported wheat, barley, corn, and soybeans.⁴⁶ From 7 February 2022 to 31 December 2023, imported soybeans, wheat, and corn are exempt from the VANVABT.⁴⁷

3.36. Chinese Taipei also maintains the trade promotion service fee on imported (exported) goods at a rate of a maximum 0.0425% of the value of the goods imported (exported). The levy is used to finance trade facilitation initiatives.⁴⁸ The commercial port service fees (also called Harbour Service Tax), collected by the Ministry of Transportation and Communications, used to finance commercial ports, are still in place. Commercial port service fees are set according to the gross tonnage of ship entering the ports, number of travellers, loaded and unloaded cargo, and the type of cargo (bulk and general cargo).⁴⁹

3.1.5 Import prohibitions, restrictions, and licensing

3.37. Chinese Taipei continues to impose import prohibitions, restrictions, and licensing to, *inter alia*, protect public morals, human life and health, the environment, and local industries; fulfil obligations under international arrangements; and adjust the balance-of-payments.⁵⁰ The legislation that regulates the imposition of non-tariff barriers has not changed substantially since 2018.⁵¹ The competent authority is the Ministry of Economic Affairs (MOEA). The prohibition, restriction, or licensing requirements imposed on imports (exports) may be suspended when the reasons to impose them cease to exist.

3.38. In February 2023, import prohibitions applied to 94 tariff lines at the HS 10-digit level on an MFN basis, which represented 0.8% of all tariff lines. These lines included 43 lines under WTO agriculture and 51 under WTO non-agriculture, 50 of which involved fish products. These prohibitions apply mainly to items regulated by international arrangements. Additional import prohibitions apply to some direct cross-strait imports; these apply to 2,455 tariff lines at the 10-digit level (20% of all tariff lines).⁵² Cross-strait import prohibitions applied mainly to live animals and products, vegetables, prepared foods, transport equipment, and textiles (Chart 3.2); other cross-strait imports are conditionally permitted (351 tariff lines at the 10-digit level or 2.9% of all tariff lines).

⁴² The Value-Added Business Tax (VAT) is applied to most sales that take place in Chinese Taipei, while the Non-Value-Added Business Tax ("Non-VAT") is applied to sales by certain defined types of businesses.

⁴³ Value-Added and Non-Value-Added Business Tax Act, 14 June 2017, Article 8.

⁴⁴ For the full list of goods exempt from customs duties, see Customs Act, 11 May 2022, Article 49.

⁴⁵ Value-Added and Non-Value-Added Business Tax Act, 14 June 2017, Article 9.

⁴⁶ Value-Added and Non-Value-Added Business Tax Act, 14 June 2017, Article 9-1.

⁴⁷ Information provided by the authorities.

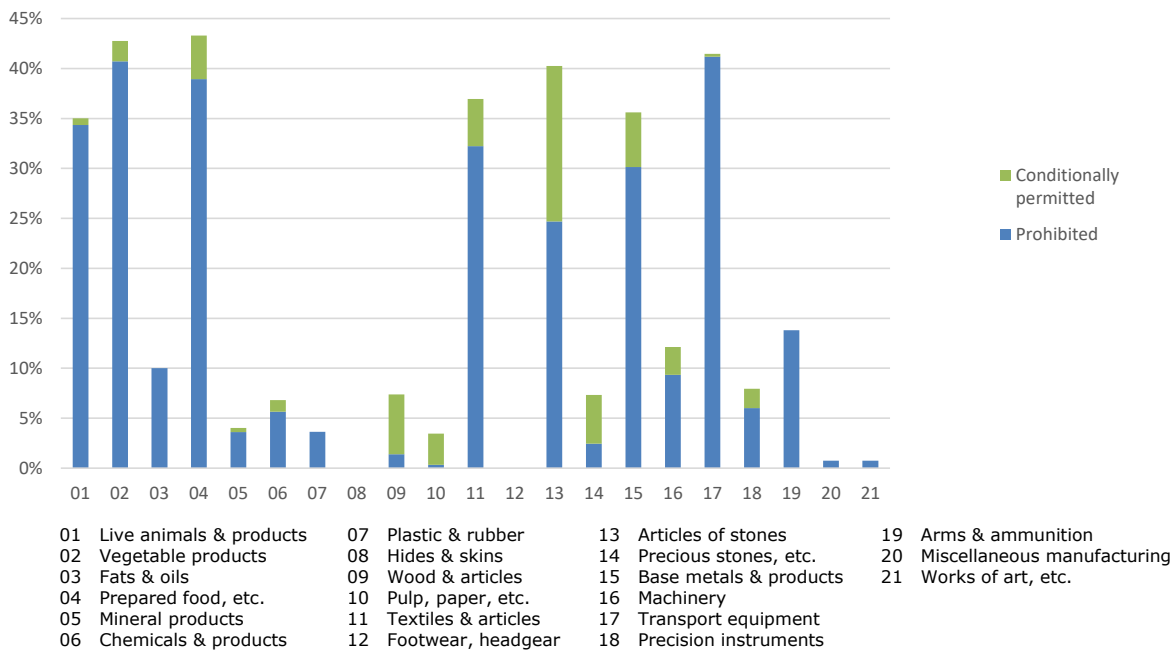
⁴⁸ "Foreign Trade Act", 25 December 2019.

⁴⁹ For more details on the different rates, see the Regulations on Collection, Custody and Use of Commercial Port Dues of 7 July 2021

⁵⁰ "Foreign Trade Act", 25 December 2019, Article 11; Regulations Governing Import of Commodities of 8 July 2010; and Customs Act, 11 May 2022, Article 15.

⁵¹ The relevant legislation includes the "Foreign Trade Act", 25 December 2019; Regulations Governing Import of Commodities, 8 July 2010; the Customs Act, 11 May 2022; Regulations on Import and Export of Endangered Species of Wild Fauna, Flora and Related Products, 16 August 2010; and Regulations Governing Export and Import of Strategic High-tech Commodities, 20 October 2017.

⁵² For detailed information on import bans and authorization requirements, see: https://fbfh.trade.gov.tw/fh/ap/queryCCCRRegFormf_e.do.

Chart 3.2 Restrictions to direct cross-strait imports, by HS section, 2023

Source: WTO Secretariat calculations, based on BOFT, *Classification of Commodities and Regulations*.
 Viewed at: https://fbfh.trade.gov.tw/fh/ap/listIERegf_e.do?q_type=2&language=E.

3.39. The import licensing system is regulated by Article 11 of the "Foreign Trade Act" and the Regulations Governing Import of Commodities (8 July 2010) and has not changed substantially since the previous Review in 2018. In some cases, the product coverage has expanded, for instance, licences applying to fish products (shark fin, toothfish, and fry of *Eriocheir sinensis*) were added. In 2022, 258 tariff lines at the 10-digit level (2.1% of all tariff lines) were subject to import licensing, while in 2018 there were 207 tariff lines at the 10-digit level (1.7% of all tariff lines).⁵³ In terms of trade, imports represented on average 1.96% of total imports in 2021. Import licences are in all instances non-automatic. In most cases, unless otherwise specified in the accession protocol, licences apply to imports from all origins. If the licence is not granted, the applicant may appeal.

3.40. Import restrictions also apply to rice products that contain rice varieties bred locally that have not been allowed by the competent authority for overseas cultivation. These cannot be imported unless such import has been approved by the competent authority.⁵⁴

3.41. In general, import licences are valid for six months from the date of issuance, and imports must be shipped prior to the expiry date of the licence. If the imports cannot be shipped within the prescribed validity of the import licence, the applicant may apply for an import licence of a longer validity, by explaining reasons and submitting evidential documents.⁵⁵

3.1.6 Anti-dumping, countervailing, and safeguard measures

3.42. The main legislation related to trade remedies remained largely unchanged during the period under review.⁵⁶ The authorities in charge of anti-dumping and countervailing investigations also

⁵³ For the full list of products at the HS 10-digit level, see WTO document G/LIC/N/3/TPKM/13, 11 October 2022.

⁵⁴ These varieties include rice in the husk (paddy or rough) (HS 1006.10.00.00-0/9825.11.00.00.2); husked (brown) rice (HS 1006.20.00.00-8/9825.12.00.00.1); glutinous rice (HS 1006.30.00.10-4/9825.13.00.11.7); other semi-milled or wholly milled rice, whether or not polished or glazed (HS 1006.30.00.90-7/9825.13.00.12.6); and broken rice (HS 1006.40.00.00-4/9825.13.00.20.6) (Plant Variety and Plant Seed Act, Article 51, para. 2).

⁵⁵ Regulations Governing Import of Commodities, 8 July 2010, Articles 13, 14, and 15.

⁵⁶ These measures are mainly regulated by the Customs Act, 11 May 2022; Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties, 28 January 2019; and Rules for Handling Import Relief Cases, 13 January 2014.

remained unchanged. The MOF is responsible for assessing whether the imported product is subsidized or dumped; the authority responsible for the determination of injury is the MOEA; and the International Trade Commission (ITC) conducts the investigation, which may be initiated *ex officio*, by an application or the referral of other agencies.⁵⁷

3.43. In general, imported goods that have directly or indirectly received a financial subsidy or are imported at a price less than the normal value, causing injury to any local industry, may be subject to the imposition of countervailing or anti-dumping duty, as appropriate.⁵⁸ However, prior to imposing a measure, the ITC must conduct an investigation of relevant evidence and information submitted in writing by all interested parties. Public hearings are also held, in which all interested parties may participate and submit their opinions.⁵⁹

3.44. The amount of countervailing duty imposed cannot exceed that of the subsidy and allowance received for the imported goods, and the amount of anti-dumping duty imposed cannot exceed the dumping margin of the imported goods.⁶⁰ The legislation does not provide for the application of a lesser duty rule or public interest test. The measures applied are imposed by law once the investigation is finalized and the existence of a subsidy or dumping is determined.⁶¹ Parties subject to countervailing or anti-dumping duties can appeal the decision before the administrative courts within two months from announcement of the decision.

3.45. All the decisions taken concerning the different steps of an investigation need to be notified to the applicant and the known interested parties in writing through a public notice. These are the initiation of the investigation, the preliminary or final determination, the provisional/definitive imposition of a countervailing duty or anti-dumping duty, the suspension or termination of the investigation following the acceptance of an undertaking⁶², and the termination of the case when the final determination is that there is no subsidy or dumping.

3.46. The Customs Administration can investigate the possible circumvention or evasion of trade remedies following an inspection of imported goods or based on information received from other agencies. If circumvention or evasion of trade remedies is established, the Customs Administration can levy the duties evaded and impose a fine of up to five times the duties evaded.⁶³

3.47. An interim investigation on the lapse or change of the findings may be undertaken *ex officio*, or upon request one year after the imposition of the duty, if information substantiating the need for a review is provided.⁶⁴ Chinese Taipei undertook two interim investigations during the review period. In general, countervailing or anti-dumping duties are terminated five years from their date of imposition, unless the competent authorities have initiated a sunset investigation to determine whether or not to continue imposing the measure and determine that the expiry of the duty would be likely to lead to the continuation or occurrence of the practice (subsidization or dumping) and of injury. In those cases, the duty may remain in force pending the determination of such investigation.⁶⁵

3.48. At present, Chinese Taipei has 19 anti-dumping measures in place, of which 2 investigations were initiated and finalized during the period under review, while the other measures have been in place for several 5-year periods, as they have been determined as necessary by sunset reviews. Measures imposed apply mainly to China (47%) (Table 3.7). In addition, during the review period (in 2018), Chinese Taipei initiated two investigations that resulted in the imposition of duties

⁵⁷ Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties, 28 January 2019, Articles 2 and 3.

⁵⁸ Customs Act, 11 May 2022, Articles 67 and 68.

⁵⁹ Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties.

⁶⁰ Customs Act, 11 May 2022, Article 69.

⁶¹ "Foreign Trade Act", 25 December 2019, Article 19.

⁶² When an application of undertaking is accepted, the MOF suspends the investigation and any provisional impositions of countervailing duty or anti-dumping duty (Article 24).

⁶³ Customs Anti-Smuggling Act, Article 37.

⁶⁴ Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties, 28 January 2019, Article 43.

⁶⁵ Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties, 28 January 2019, Article 44.

in 2019, which were suspended because of overall economic interests.⁶⁶ In 2022, an additional investigation related to float glass in sheets originating in Malaysia, Indonesia, and Thailand was initiated; a preliminary investigation determination was reached, and no preliminary measure was taken. The average length of anti-dumping measures in force as at 31 December 2022 was 6.9 years; however, 4 measures have been in place for more than 10 years.

Table 3.7 Anti-dumping cases, 2018-22

Product	HS code	Trading partner	Final determination
Towel products	6302.60; 6302.91	China	Imposition of duties: 01/06/2006 Price undertaking: 19/09/2006 1st sunset review: 21/03/2011 Imposition of duties: 20/12/2011 Price undertaking: 19/12/2011 2nd sunset review: 30/11/2016 Imposition of duties: 21/12/2017 3rd sunset review: 30/11/2022
Certain footwear	6402.20; 6402.91; 6402.99; 6403.20; 6403.51; 6403.59; 6403.91; 6403.99	China	Imposition of duties: 16/03/2007 Price undertaking: 12/07/2007 1st sunset review: 18/12/2011 Imposition of duties: 13/12/2012 Price undertaking: 17/04/2013 2nd sunset review: 11/12/2017 Imposition of duties: 17/01/2019 Price undertaking: 17/06/2019
Benzoyl peroxide (BPO)	2916.32	China	Imposition of duties: 20/05/2010 1st sunset review: 11/05/2015 Imposition of duties: 14/03/2016 2nd sunset review: 10/03/2021 Imposition of duties: 21/03/2022
Type I and Type II of Portland cement and of its clinker	2323.10; 2523.29	China	Imposition of duties: 30/05/2011 1st sunset review: 18/05/2016 Imposition of duties: 20/02/2017 2nd sunset review: 18/02/2022 Imposition of duties: 09/11/2022
SUS 300 series flat-rolled products of stainless steel, cold-rolled (cold-reduced)	7219.32; 7219.33; 7219.34; 7219.35; 7220.20	China; Korea, Rep. of	Imposition of duties: 15/08/2013 Price undertaking: 05/03/2014 1st sunset review: 08/08/2018 Imposition of duties: 29/08/2019
Certain flat-rolled steel products, plated or coated with zinc or zinc-alloys	7210.30; 7210.41; 7210.49; 7210.61; 7210.90; 7212.20; 7212.30; 7212.50; 7225.91; 7225.92; 7225.99; 7226.99	China; Korea, Rep. of	Imposition of duties: 22/08/2016 1st sunset review: 20/08/2021 Imposition of duties: 14/09/2022
Carbon steel plate, including, without limitation, flat-rolled products of iron or non-alloy steel, hot-rolled, or certain other alloy steel, not in coils, not clad, plated or coated, of a thickness of 6 mm or more	7208.51; 7208.52; 7208.90; 7211.14; 7225.40; 7226.91	Brazil; China; India; Indonesia; Korea, Rep. of; Ukraine ^a	Imposition of duties: 20/08/2016 Price undertaking: 10/02/2017 1st sunset review: 20/08/2021 Imposition of duties: 14/09/2022
Certain aluminum foil	7607.11	China	Imposition of duties: 22/02/2021
Ceramic tiles	6904.10; 6904.90; 6907.21; 6907.22; 6907.23	India; Viet Nam; Malaysia; Indonesia	Imposition of duties: 04/10/2021

a The anti-dumping duty imposed on goods originating in Ukraine was suspended for one year due to overall economic interests.

Source: WTO document G/ADP/N/377/TPKM, 27 February 2023; and Customs Administration. Viewed at: https://eweb.customs.gov.tw/singlehtml/1913?cntId=cus16_179393_1913.

⁶⁶ WTO document G/ADP/N/377/TPKM, 27 February 2023.

3.49. In 2018, Chinese Taipei initiated five countervailing investigations on certain steel products originating from China, which resulted in the imposition of five countervailing duties.⁶⁷ These measures were suspended because of overall economic interests.⁶⁸ The countervailing measures applied to 325 tariff lines at the 10-digit level (of the 2022 tariff schedule) under Chapter 72.⁶⁹

3.50. Chinese Taipei's provisions to impose import relief measures, when an increase in the import volume of goods causes or threatens to cause serious injury to a Chinese Taipei industry that produces like or directly competitive products, remained unchanged during the review period.⁷⁰ The industry concerned may apply to the competent authority for investigation of the injury and for import relief. The MOEA, through an investigation undertaken by the ITC, is in charge of determining if there is injury to Chinese Taipei's industries.⁷¹ If the existence of injury or threat thereof is established, the MOEA⁷² may adjust the tariff, impose import quotas, or provide financing guarantee, subsidy for R&D, assistance for training, or other adjustment measures or assistance.⁷³ If the MOEA deems that it is necessary to adopt a tariff adjustment as a relief measure, it notifies the MOF so that this can be implemented.⁷⁴

3.51. During the review period, Chinese Taipei did not impose safeguards under the provisions of the WTO Agreement on Safeguards.

3.52. Chinese Taipei reserved the right to impose Special Safeguards (SSG) on agriculture products. These measures continue to be regulated by the Customs Act (Article 72) and the Regulations for Imposition of the Additional Duty on Agriculture Products, which have remained unchanged since 2018. According to the Regulations, the SSG may be used for betel nuts, chicken, dried day lilies, garlic, fresh and liquid milk, offal, peanuts, pears, persimmon, pomelo, pork belly, red beans, rice, dried shiitake, and sugar.⁷⁵ The additional duty may be imposed when the cumulative import volume exceeds the trigger level or when the customs value falls below the trigger price.

3.53. Chinese Taipei may impose retaliatory duties based on reciprocity, if it is deemed that exports from Chinese Taipei are accorded discriminatory treatment.⁷⁶ Chinese Taipei did not introduce this type of measure during the period under review.⁷⁷

3.2 Measures directly affecting exports

3.2.1 Customs procedures and requirements

3.54. Export procedures continue to be regulated by, *inter alia*, the Customs Act, the "Foreign Trade Act", and the Customs Anti-Smuggling Act (as amended). The institution in charge of implementing and enforcing customs laws and regulation on exports is mainly the Customs Administration. However, as in the case of imports, other institutions also participate.

3.55. Exporters need to register with the BOFT to clear goods through Customs. Export registration may be suspended, for instance, if goods infringe IPRs or if customs duties and charges, such as

⁶⁷ WTO document G/SCM/N/334/TPKM, 13 September 2018.

⁶⁸ WTO documents G/SCM/N/349/TPKM, 22 October 2019; G/SCM/N/392/TPKM, 26 July 2022; and G/SCM/N/399/TPKM, 3 February 2023.

⁶⁹ The products affected are certain carbon cold-rolled steel products; certain flat-rolled products of stainless steel, hot-rolled; certain flat-rolled steel products, plated or coated with zinc or zinc-alloys; carbon steel plates; and flat-rolled products of stainless steel, cold-rolled, whether in coils or sheets.

⁷⁰ "Foreign Trade Act", 25 December 2019, Article 18; and Rules for Handling Import Relief Cases, 13 January 2014.

⁷¹ Rules for Handling Import Relief Cases, 13 January 2014.

⁷² Rules for Handling Import Relief Cases, 13 January 2014, Article 4.

⁷³ Rules for Handling Import Relief Cases, 13 January 2014, Article 4.

⁷⁴ Customs Act, 11 May 2022, Article 72.

⁷⁵ In the case of offal, the additional duty may be imposed only where the cumulative import volume exceeds the trigger level (Regulations for Imposition of the Additional Duty on Agriculture Products, Article 3). Viewed at: https://eweb.customs.gov.tw/singlehtml/3298?cntId=cus16_3298_3298.

⁷⁶ Customs Act, 11 May 2022, Article 70.

⁷⁷ Information provided by the authorities.

trade promotion fees, are not paid. Exporters may reregister two years after revocation or nullification of the registration.⁷⁸

3.56. An export declaration, with the supporting documents (e.g. loading lists, booking notes, and packing lists), as well as the required export permits, must be submitted to the Customs Administration prior to shipment. Export declarations may be corrected if required (Article 17 of the Customs Act). Documents may be transmitted electronically through the CPT Single Window system established by Customs. Electronic data transmission requires connection to Customs through the Customs value-added network (VAN).⁷⁹ Paper copies may be used if the customs clearance system is not working.

3.57. Exporters certified as AEOs receive preferential treatment at Customs.⁸⁰ AEOs require a lower document review and examination rate; goods selected for physical inspection may be exempt from examination, and if inspection cannot be exempt, goods are given priority. AEOs may also apply for non-intrusive inspection.

3.58. The BOFT, or other institutions entrusted by the Bureau, is in charge of issuing certificates of origin or certificates of processing for exports, as required by the trading partners.⁸¹ However, with regard to trademarks, the exporter has to ascertain the ownership of the trademarks, to prevent counterfeiting; the trademarks need to be indicated in the export declaration.⁸² If Customs deems that an export commodity bears a trademark that is not in conformity with the export declaration, the exporter is required to prove that the owner has granted the right to use the trademark, verify that there is no violation, and release the commodity.⁸³

3.2.2 Taxes, charges, and levies

3.59. Chinese Taipei does not levy any taxes on exports.⁸⁴

3.60. Exports are exempt from the commodity tax, the Tobacco and Alcohol Tax, the Tobacco Health and Welfare Surcharge, and the Specifically Selected Goods and Services Tax.⁸⁵ The VANVABT is zero rated in the case of exports.⁸⁶

3.2.3 Export prohibitions, restrictions, and licensing

3.61. The BOFT on a yearly basis compiles a list of restricted export commodities in accordance with export regulations.⁸⁷ Chinese Taipei imposes export restrictions on specific trading partners⁸⁸, and on an MFN basis on the same grounds as import prohibitions.⁸⁹ During the COVID-19 pandemic, a temporary export ban was imposed on masks with a specific filtering efficiency (HS 6307.90.50) (24 January to 31 May 2020)⁹⁰, and on fever thermometers (HS 9025.19.90) (4 March to 31 March 2020).

⁷⁸ The period is counted starting from the date of revocation or nullification ("Foreign Trade Act", Article 9).

⁷⁹ Implementation Regulations Governing the Operation of Customs Port Trade Single Window, 26 February 2019.

⁸⁰ Customs Act, Article 19.

⁸¹ "Foreign Trade Act", Article 20-2.

⁸² Regulations Governing Export of Commodities, 1 April 2020, Article 10.

⁸³ Regulations Governing Export of Commodities, 1 April 2020, Article 11.

⁸⁴ Information provided by the authorities.

⁸⁵ Commodity Tax Act, 30 December 2022, Article 3; Tobacco and Alcohol Tax Act, 8 February 2023, Article 5; Specifically Selected Goods and Services Tax Act, 24 June 2015, Article 6; and Tobacco Hazards Prevention Act, 22 March 2009, Article 4.

⁸⁶ Value-Added and Non-Value-Added Business Tax Act, 14 June 2017, Article 7.

⁸⁷ Regulations Governing Export of Commodities, 1 April 2020.

⁸⁸ "Foreign Trade Act", Article 5.

⁸⁹ "Foreign Trade Act", Article 6.

⁹⁰ WTO, *COVID-19: Measures Affecting Trade in Goods*. Viewed at: https://www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm.

3.62. The BOFT also issues export licences.⁹¹ Export licences (permits) are valid for 30 days from the date of issuance and cannot be extended. If exports do not take place, the licence is cancelled, and reapplication is required.⁹² Amendments may be made to an export licence, in general within six months of the date when the original export licence was issued.⁹³ Exports may be exempt from the licensing requirement if the f.o.b. value is less than USD 20,000 or if they are earmarked for a specific use. These exports include goods and fuel to be used by vessels (including fishing vessels), articles to be used in an exhibition, and articles to be used for humanitarian relief.

3.63. In 2023, 20 tariff lines at the at HS 10-digit level were subject to export licensing (permit), representing 0.2% of total lines. Goods subject to export licensing, as at the time of the last Review, were mainly equipment in connection with semiconductors, diamonds, and microscopes (Table 3.8). Three products require a seasonal export licence from 1 November to 31 March each year.⁹⁴ In 2021 and 2022, exports subject to licensing accounted for 0.4% of total exports.⁹⁵

Table 3.8 Export licensing (permit), 2023

HS code	Description	Effective date
0301.92.2010 ^a	Glass eel (elver) (over 5,000 pcs per kg)	01/01/1989
0301.92.2020 ^a	Eel fry (not less than 501 pcs, less than 5,000 pcs per kg)	01/01/1989
0301.92.2030 ^a	Young eel (elver) (not less than 11 pcs, less than 500 pcs per kg)	01/01/1989
7102.10.0000	Diamond, unsorted	01/01/1989
7102.21.0000	Industrial diamonds, unworked or simply sawn, cleaved or bruted	01/01/1989
7102.31.0000	Non-industrial diamonds, unworked or simply sawn, cleaved or bruted	01/01/1989
8486.10.0020	Grinding, polishing and lapping machines for processing of semiconductor wafers	01/10/2010
8486.20.0011	Chemical vapor deposition apparatus for semiconductor production	01/10/2010
8486.20.0012	Physical deposition apparatus for semiconductor production	01/01/2009
8486.20.0031	Machine-tools for dry-etching patterns on semiconductor materials	01/10/2010
8486.20.0032	Spraying appliances for etching, stripping or cleaning semiconductor wafers	01/10/2010
8486.20.0033	Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers	01/10/2010
8486.20.0040	Epitaxial deposition machines for semiconductor wafers	01/10/2010
8486.20.0050	Ion implanters for doping semiconductor materials	01/01/2009
8486.20.0061	Step and repeat aligners for semiconductor wafers	01/10/2010
8486.20.0062	Scanning aligners for semiconductor wafers	01/10/2010
8486.20.0063	Electron beam direct writers to produce patterns on semiconductor wafer	01/10/2010
8486.20.0071	Spin dryers for semiconductor wafer processing	01/10/2010
8486.20.0072	Spinners for coating photographic emulsions on semiconductor wafers	01/10/2010
8486.20.0073	Photo-resist coaters for semiconductor wafers	01/10/2010
8486.20.0080	Apparatus for rapid heating of oxidation, diffusion, annealing of semiconductor wafers	01/10/2010
9031.41.1010	Photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	01/10/2010
9031.80.0020	Electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	01/10/2010

a Licensing/permit applied from 1 November to 31 March only.

Source: Ministry of Economic Affairs, BOFT.

⁹¹ For exports of strategic high-tech commodities, the BOFT or the appointed or entrusted agency issues the export licence (permit) (Regulations Governing Export and Import of Strategic High-tech Commodities, 20 October 2017).

⁹² Regulations Governing Export of Commodities, 1 April 2020, Article 24.

⁹³ Regulations Governing Export of Commodities, 1 April 2020, Article 26.

⁹⁴ These products are glass eel (elver) (HS 0301.92.2010); eel fry (HS 0301.92.2020); and young eel (elver) (HS 0301.92.2030). Viewed at: <https://www.trade.gov.tw/English/>.

⁹⁵ WTO Secretariat calculations based on data from the BOFT.

3.64. Export prohibitions apply to 32 tariff lines at the HS 10-digit level, representing 0.3% of total tariff lines in 2023. Prohibitions are unchanged since the previous Review; they apply mainly to whale shark, Dutchman's pipe (plant), and weapons (Table 3.9).

Table 3.9 Prohibited exports, February 2023

HS code	Description	Effective date
0106.19.4023	Myocastoridae spp.	01/09/2013
0208.90.2920	Meat of dogs, fresh, chilled or frozen	01/01/2009
0301.99.2948	Serrasalmus spp., Pygocentrus spp., Pristobrycon spp., Pygopristis spp.	01/09/2013
0301.99.2949	Electric eel (Electrophoridae spp.)	01/09/2013
0301.99.2951	Whale shark (Rhincodon typus), live	17/07/2017
0302.81.0010	Whale shark (Rhincodon typus), fresh or chilled	29/11/2013
0303.81.0010	Whale shark (Rhincodon typus), frozen	29/11/2013
0304.47.0010	Whale shark (Rhincodon typus) fillets, fresh or chilled	01/01/2017
0304.59.9020	Whale shark (Rhincodon typus) meat (whether or not minced), fresh or chilled	29/11/2013
0304.88.0011	Whale shark (Rhincodon typus), fillets or steaks, frozen	01/01/2017
0602.90.1010	Mushroom spawn, containing narcotics (the composition of which is as set forth in Article 2.3 of "Statute for Narcotics Hazard Control")	21/08/2002
1211.90.6000	Slender dutchmanspipe (Aristolochia debilis radix)	01/01/2017
1211.90.9141	Southern Fangchi Root (Aristolochiae Fangchi Radix)	01/01/2017
1211.90.9142	Stem of manchurian dutchmanspipe (Aristolochiae manshuriensis caulis)	01/01/2017
1211.90.9143	Dutchmanspipe fruit (Aristolochiae Fructus)	01/01/2017
1211.90.9144	Dutchmanspipe vine (Aristolochiae Caulis)	01/01/2017
1404.90.9950	Mushroom products, containing narcotics (the composition of which is as set forth in Article 2.3 of "Statute for Narcotics Hazard Control")	21/08/2002
1604.19.9071	Whale shark (Rhincodon typus), whole or in pieces, but not minced, prepared or preserved, frozen	22/03/2001
1604.19.9072	Whale shark (Rhincodon typus), whole or in pieces, but not minced, prepared or preserved, canned	22/03/2001
1604.19.9079	Other whale shark (Rhincodon typus), whole or in pieces, but not minced, prepared or preserved	22/03/2001
2505.90.0010	Other natural sands, chloride containing more than 0.012%	05/07/2017
2505.90.0090	Other natural sand of all kinds, whether or not coloured, other than metal-bearing sands of Chapter 26	05/07/2017
2517.10.9000	Other pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, whether or not heat-treated	29/11/2013
8710.00.0010	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons	29/07/1993
8710.00.0020	Parts of tanks and other armoured fighting vehicles, motorised	29/07/1993
8906.10.0000	Warships	19/12/2003
9301.10.0000	Artillery weapons (for example, gun, howitzers and mortars)	29/11/2013
9301.20.0000	Rocket launchers; flame-throwers; grenade launchers; torpedo tubes and similar projectors	19/12/2003
9301.90.0000	Other military weapons	19/12/2003
9705.00.0020	Collections and collectors' pieces of weapon	31/12/1994
9705.00.0090	Other collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic, or numismatic interest	31/12/1994
9706.00.0090	Other antiques of an age exceeding 100 years	04/01/1995

Source: Ministry of Economic Affairs, BOFT.

3.2.4 Export support and promotion

3.65. Under the duty drawback programme, customs duties and other charges paid on imported raw materials used to produce goods for export may be offset or refunded following exportation of the finished products, unless the item for which the duties or taxes had to be refunded "has been cancelled by the Ministry of Finance by public notice or the amount of the refundable duty, or percentage of it in the f.o.b. price of the finished products is lower than the limit prescribed by the Ministry of Finance".⁹⁶ In 2023, all raw materials except 51 items may benefit from this refund (Table A3.5). Manufacturers must apply for a duty refund or an offsetting of the accounts for export products, within a year and a half after the date on which the raw materials were imported. If this

⁹⁶ Customs Act, 11 May 2022, Article 63.

time limit is exceeded, the application is in general rejected; however, the time limit may be extended for one year, under special circumstances.⁹⁷

3.66. Export processing enterprises may be registered as bonded factories.⁹⁸ Raw materials, and machinery and equipment imported by bonded factories, to be used in manufacturing or processing of exported products are exempt from customs duties. If inputs or raw materials are moved out of bonded factories, duties must be paid; in this case, duties are paid only if machinery and equipment are moved out within five years following the date of importation.

3.67. The Export Processing Zones (EPZs), an incentive programme notified to the WTO that was established to promote investment and trade⁹⁹, operated until 2021, when they were renamed to Technology Industrial Parks (TIPs)¹⁰⁰, under the same statutes. The EPZs were managed by the Export Processing Zone Administration¹⁰¹, while the TIPs are managed by the Bureau of Industrial Parks under the MOEA.¹⁰² The activities that the industries established in the EPZs were authorized to perform did not seem to have changed since the previous Review and these same activities can be undertaken in the TIPs. The industries established in the EPZs were exempted from import taxes, commodity taxes, and business taxes on machinery and equipment, raw materials, fuels, semi-finished products, samples, experimental animals and plants and goods for trade, storage and transshipment; and from deed taxes on the acquisition of newly-built factories, and so are the ones established in the TIPs.¹⁰³

3.68. In 2022, there were 10 TIPs in operation. The number of companies operating in EPZs (TIPs) and their corporate revenue increased over the period under review, from 629 companies in 2018 with a total corporate revenue of USD 13,096.7 million to 745 in 2022 with a total corporate revenue of USD 17,616.7 million; the number of employees also increased, from 82,418 in 2018 to 88,596 in 2022. These companies operate primarily in the manufacturing sector (specifically in electronic parts and components; machinery and equipment; and computers, electronic and optical products). The EPZ/TIP programme remains important for Chinese Taipei as, over the 2018-22 period, on average, it accounted for 4.1% of total exports and 3.1% of total imports.

3.69. The Trade Promotion Working Plan, implemented by the BOFT, has been in place to promote export diversification.¹⁰⁴ The main tasks include organizing exhibitions, providing customized project services and information services, maintaining and operating a trade portal¹⁰⁵, and integrating the private sector to develop new markets. Support to participate in different exhibitions is provided for up to TWD 300,000; the grant may be used for instance to install counters at fairs and for travel expenses.¹⁰⁶ The support programmes and procedures were modified to allow for more flexibility in response to the COVID-19 pandemic. For instance, the BOFT increased support, which is currently still in force, for online exhibitions.

3.70. In addition, Chinese Taipei also implements industry-specific programmes. For instance, Chinese Taipei supports the textiles and clothing industry, which is one of the most significant manufacturing sectors, through the "Textile Export Promotion Project" (TEPP). In 2021 the project

⁹⁷ Customs Act, 11 May 2022, Article 63; and Regulations Governing the Offsetting or Refund of Duties and Taxes on Raw Materials for Export Products, 19 March 2018.

⁹⁸ Customs Act, 11 May 2022, Article 59.

⁹⁹ WTO document G/SCM/N/372/TPKM, 1 June 2021; and Statute for the Establishment and Administration of Export Processing Zone, 2 June 2010.

¹⁰⁰ The Management Regulations of the Export Processing Zone Administration and Branches, 3 May 2021.

¹⁰¹ The Management Regulations of the Export Processing Zone Administration and Branches, 3 May 2021.

¹⁰² Act for the Establishment and Administration of Technology Industrial Parks, 19 January 2023 (last amended).

¹⁰³ Act for the Establishment and Administration of Technology Industrial Parks, 19 January 2023 (last amended), Article 21; and Statute for the Establishment and Administration of Export Processing Zone, 2 June 2010, Article 13.

¹⁰⁴ Viewed at: <https://www.tppo.org.tw/>.

¹⁰⁵ Viewed at: <https://www.taiwantrade.com/home.html>.

¹⁰⁶ Viewed at: <https://www.tppo.org.tw/upload/20220523182004.pdf>.

mainly provided marketing assistance to premium textile exporters.¹⁰⁷ Chinese Taipei's textile and clothing industry has evolved to develop high value-added materials and functional textiles.¹⁰⁸

3.2.5 Export finance, insurance, and guarantees

3.71. The Export-Import Bank (Eximbank), a specialized bank, continues to facilitate trade in accordance with the general economic, trade, and finance policies; in this context it cooperates in different initiatives designed, *inter alia*, by the MOEA and the BOFT. Its main objectives are to provide financial services to facilitate trade and thus promote employment and economic growth. Against this background, the bank continues to offer different types of short- and long-term export and investment credit facilities; shipbuilding credit; export guarantees; export credit insurance; and relending and other types of financing facilities.¹⁰⁹ In addition, as in 2021, Eximbank implemented the "Got Your Back", a programme designed to support enterprises that encountered operational difficulties due to the pandemic.¹¹⁰

3.72. Eximbank offers various export credit facilities mainly to promote exports of goods, services, and technology, to achieve industrial integration of traditional and high-tech industries and industrial upgrading, while assisting manufacturers to become more competitive and invest overseas. Thus, beside the general loans, Eximbank also has facilities to assist the development of innovative key industries such as machinery and other capital equipment in line with the "5+2 Innovative Industries Plan". The bank also has programmes targeting SMEs through the provision of export credit insurance; it offers insurance for up to 100% (political risk) and 80%-90% (commercial risk).¹¹¹ In 2021, loans provided to SMEs accounted for 30.3% of the total loans, and some 85% of the bank's customers of export credit insurance business were SMEs.¹¹²

3.73. The terms of financing differ for each credit facility; for instance, Eximbank provides general export credit for up to 2 years, and medium- and long-term export credit for up to 10 years. The coverage of the credit also varies (it may reach up to 100%). Interest rates are determined by Eximbank, on a case-by-case basis, based on cost of capital, operating conditions, and market rates for similar loans. At present, for instance, a floating interest rate applies to transactions under the Relending Facility. Under this Facility, Eximbank provides loans to local and overseas financial institutions, which, in turn, relend funds to finance imports of goods produced in Chinese Taipei. The percentage of financing is up to 100% of the gross purchase price, for a five-year period.¹¹³

3.3 Measures affecting production and trade

3.3.1 Incentives

3.74. As in 2018, Chinese Taipei continues to implement a series of incentive programmes, which have been notified to the WTO. The programmes notified included mainly sectoral incentives, such as subsidies for agriculture¹¹⁴, forestry, and industry, as well as horizontal incentive programmes to promote R&D. Some of these programmes are in place to stimulate investment and technological innovation, promote the development of SMEs, and facilitate access to credit.¹¹⁵ Chinese Taipei also offers incentives based on geographic considerations (remote areas)¹¹⁶, and regimes such

¹⁰⁷ Small and Medium Enterprise Administration (SMEA), *2021 White Paper on Small and Medium Enterprises*.

¹⁰⁸ Viewed at: https://export.textiles.org.tw/en/about_us.aspx.

¹⁰⁹ For the full list of Eximbank's services, see: <https://www.eximbank.com.tw/en-us/BankService/Loans/Pages/default.aspx#>.

¹¹⁰ Eximbank (2022), *Annual Report 2021*. Viewed at: <https://www.eximbank.com.tw/en-us/AnnualReport/SiteAssets/Pages/Forms/EditForm/2021%20Annual%20Report.pdf>.

¹¹¹ Viewed at: <https://www.eximbank.com.tw/en-us/BankService/ECI/Pages/SECISM.aspx>.

¹¹² Eximbank (2022), *Annual Report 2021*. Viewed at: <https://www.eximbank.com.tw/en-us/AnnualReport/SiteAssets/Pages/Forms/EditForm/2021%20Annual%20Report.pdf>.

¹¹³ Viewed at: <https://www.eximbank.com.tw/en-us/BankService/RelendingFacility/Pages/RelendingFacility.aspx>.

¹¹⁴ WTO document G/AG/TPKM/207, 12 January 2022.

¹¹⁵ WTO document G/SCM/N/372/TPKM, 1 June 2021.

¹¹⁶ Chinese Taipei notified that it subsidizes the construction of petroleum facilities in remote, aboriginal, and isolated island areas as well as transportation outlays, and offers price subsidies by subsidizing the cost of shipping to remote areas (WTO document G/SCM/N/372/TPKM, 1 June 2021).

as FTZs¹¹⁷, Science Parks, EPZs/TIPs, and Agricultural Technology Parks, in which established enterprises may benefit from duty and tax exemptions. Incentives are also granted to promote investment (Section 2).

3.75. Chinese Taipei provides support to produce rice, feed corn, soybeans, forage crops, wheat, sugarcane, and other indigenous crops. Policy-oriented special agricultural loans at preferential interest rates, which range from 1.29% to 2.43%, are also available to all farmers and fishers and agricultural industries. There are different types of loans, with specific ceilings, determined by the COA; however, the amount of the loan is decided by the bank, based on the applicant's financial situation. The objective of these programmes is to ensure food security, farmers' income, disaster relief, environmental conservation of farmland, and in the case of sugar, to develop the sugar industry (Section 4.1). In the fisheries sector, to reduce fishing capacity and thus ensure the sustainability of fisheries resources, Chinese Taipei implements programmes to buy-back fishing vessels, close the fishery season, and promote the purchase of marine disaster insurance by covering a portion of the insurance cost.

3.76. The support programmes notified for the industrial sector relate mainly to the financing for SMEs. The SME sector continues to be extremely important for the economy. According to information provided by the authorities, in 2021, some 1.6 million companies (98.9% of all companies) were considered SMEs, generating approximately 80.4% of total jobs; most SMEs operated in the services sector. The export value (of both goods and services) produced by SMEs was TWD 3,361 billion in 2021, up from TWD 2,694 billion in 2020, and the export contribution (the ratio of exports of goods and services by SMEs to total exports) was around 26% in 2021.¹¹⁸ In terms of merchandise exports, the top three industries are electronic parts and components, machinery and equipment, and fabricated metal products. In addition, in 2021 female-owned SMEs accounted for 37% of all SMEs¹¹⁹; they operated mainly in the services sector (i.e. wholesale and retail trade, and accommodation and food services).

3.77. SMEs are regulated, *inter alia*, by the Act for Development of Small and Medium Enterprises, Standards for Identifying Small and Medium-sized Enterprises, and the Small and Medium Enterprise Guidance System Establishment and Guidance Rules. In 2020, Chinese Taipei revised the definition of SMEs; as of that date, businesses in all sectors of the economy with paid-in capital of no more than TWD 100 million or fewer than 200 regular employees are considered as SMEs.¹²⁰ Previously, different criteria were used. The "old standard" included only businesses in the manufacturing, construction, and mining and quarrying sectors with paid-in capital of no more than TWD 80 million or fewer than 200 regular employees, or businesses in other industries besides those mentioned above with either a sales revenue of TWD 100 million or less in the previous year, or fewer than 100 regular employees in the previous year.¹²¹

3.78. Chinese Taipei seeks to promote the SME sector through various support programmes. In this context, the SME Development Fund was established to ensure financing and guarantees for the sector.¹²² The competent authority is in charge of coordinating with financial and credit guarantee institutions to ensure the provision of capital for SMEs, and if needed, to meet the capital requirements for small and medium credit guarantee institutions through a donation (Article 13). Banks are required to provide a specific ratio of their portfolio/financing facilities to SMEs and make funds available to provide special or emergency financing facilities (Articles 13-17). If a SME suffers damages because of natural disaster, the competent authority coordinates with the financial authority for tax exemption or reduction or other remedies (Article 22). In addition, Chinese Taipei notified that all enterprises that meet the Standards for Identifying Small and Medium-sized Enterprises may apply for loans to finance damage caused by disaster, at a ceiling interest rate of 1% plus a flat rate of the two-year postal fixed savings rate. SMEs may also apply for medium- and long-term loans for product marketing, overseas investment, and construction projects. Loan

¹¹⁷ Act for the Establishment and Management of Free Trade Zones, 16 January 2019.

¹¹⁸ Viewed at: <https://www.moeasmea.gov.tw/masterpage-en>.

¹¹⁹ SMEA, *White Paper on Small and Medium Enterprises 2022*, Chapter 1: Major Trends in the Development of SMEs.

¹²⁰ Standards for Identifying Small and Medium-sized Enterprises, 24 June 2020. Viewed at: <https://law.moea.gov.tw/EngLawContent.aspx?lan=E&id=10396>.

¹²¹ Information provided by the authorities.

¹²² Act for Development of Small and Medium Enterprises, 6 January 2016, Article 9.

applications are approved by commercial banks, but financing is provided by the SME Development Fund.¹²³

3.79. SMEs that invest in innovative R&D may get a tax credit of up to 30% of the income tax payable (Article 35). In addition, the Small Business Innovation Research (SBIR) programme provides grants to encourage SMEs to engage in innovation and R&D. The programme provides grants for (i) preliminary research and planning (phase 1) (maximum project cost of TWD 1 million) for six months; (ii) R&D and detailed planning (phase 2) (maximum project cost of TWD 10 million) for two years; and (iii) implementation (phase 2+) (maximum project cost of TWD 5 million) for one year.¹²⁴

3.80. In 2021, through the "International Market Development Subsidy Plan", in place since 2013, assistance was provided in 43 cases, including to 29 SMEs, to encourage market diversification.¹²⁵ To further support SMEs, Chinese Taipei has implemented a series of programmes such as the "Township Revitalization Project for Small and Medium Enterprises" (since 2018) and the "Project of Digital Innovation and International Marketing for SMEs" (since 2019).¹²⁶

3.81. In addition, under the Statute for Industrial Innovation (SII), SMEs may also obtain a 10%-15% tax credit against income tax for R&D expenditures.¹²⁷ In January 2023, the SII was amended to offer tax credits against income tax to a company that engages in technological innovation, occupies a key position in global supply chains, and invests in innovative R&D (25% tax credit on income tax) and advanced manufacturing processes (5% tax credit on income tax).¹²⁸ In order to accelerate industrial innovation and value-added, and promote economic transformation and development, a special fund for development (NDF) was established (Article 29) to, *inter alia*, finance investment (e.g. in industrial innovation, high-tech development, recyclable/renewable energy/resources, and "green energy" industries), and facilities.¹²⁹

3.82. Chinese Taipei also offers grants to finance leading industries, develop innovative applications, and upgrade and transform existing industries, such as biotechnology, new pharmaceuticals, and 5G and smart machine technologies. Under the amended SII, the duration of tax credits for investment in new smart machinery and 5G wireless systems was extended until end-2024.¹³⁰ Chinese Taipei also provides tax incentives to promote the biotech and pharmaceutical industries (advanced medical and high-tech products).¹³¹ In 2021, Chinese Taipei extended the existing tax breaks for investment in biomedical R&D for another 10 years.¹³² The revised SII also provides for new tax benefits to further promote the development of the biomedical industry. The exploration and development of oil and natural gas reserves is also subsidized, through grants and loans at preferential interest rates, in order to ensure the local supply and stabilize the oil market.

3.83. To stimulate R&D and innovation of industrial technology and promote the development of advanced technology, the SII also allows for the establishment of industrial parks.¹³³ According to the authorities, there are currently 214 industrial parks established under the SII; these can be set up by the public or the private sector. These parks provide infrastructure and services to foster the creation of industrial clusters and local development. Industries established in these parks do not receive any tax concession.

¹²³ WTO document G/SCM/N/372/TPKM, 1 June 2021.

¹²⁴ Viewed at: <https://www.moeasmea.gov.tw/article-en-2607-4318>.

¹²⁵ Viewed at: <https://www.imdp.org.tw/>.

¹²⁶ Viewed at: <https://info.moeasmea.gov.tw/masterpage-wpi>.

¹²⁷ Statute for Industrial Innovation, 18 February 2022.

¹²⁸ Viewed at: <https://english.ey.gov.tw/Page/61BF20C3E89B856/e68f4b83-e22b-4587-9d9a-b0bb3a3de5da>.

¹²⁹ Statute for Industrial Innovation, 18 February 2022, Article 30.

¹³⁰ Statute for Industrial Innovation, 18 February 2022, Article 10-1.

¹³¹ Act for the Development of Biotech and Pharmaceutical Industry, 30 December 2021.

¹³² Act for the Development of Biotech and New Pharmaceuticals Industry was renamed to Act for the Development of Biotech and Pharmaceutical Industry, and the benefits granted under Articles 5 to 10 are effective from 1 January 2022 to 31 December 2031.

¹³³ Statute for Industrial Innovation (latest amendment), 19 January 2023, Article 33.

3.84. In addition to the industrial parks allowed by the SII, at present, there are other types of parks or bonded area such as FTZs, Science Parks¹³⁴, TIPs (previously EPZs)¹³⁵, and Agricultural Technology Parks.¹³⁶ Some of these parks are bonded areas and/or offer tax incentives to the established enterprises. In general, all park enterprises are entitled to import raw materials, commodities, fuel, semi-finished products, and machinery and equipment, exempt from customs duties and other charges affecting imports.¹³⁷

3.85. FTZs are bonded areas that have been in place to promote trade, and thus economic development, by facilitating logistics and management system, and the flow of goods, financial services, and technology transfer. Goods, machinery, and equipment that enter an FTZ are exempt from customs duties and other charges affecting imports, and other fees (e.g. trade promotion service fees, and harbour service dues).¹³⁸ To promote employment, Chinese Taipei requires that at least 60% of all employees hired in FTZ enterprises are natural persons from Chinese Taipei.¹³⁹ In 2023, there are seven FTZs established, including six seaport FTZs and one airport FTZ. Each FTZ has a unique development strategy and is positioned according to its location and main industry in the nearby area to create industry clusters and synergies. In 2022, the value of goods traded through FTZs amounted to TWD 1.8 trillion, and the volume was 4.35 million tonnes.¹⁴⁰

3.3.2 Standards and other technical requirements

3.86. The main legislation regulating standardization, metrology, and consumer safety in Chinese Taipei did not change substantially during the period under review¹⁴¹; however, the subsidiary legislation is often updated as required in response to industry and consumer needs, and technological developments. For instance, there are 7 regulations relating to standardization, 117 directives governing the different regulated products and procedures, and 25 regulations setting issues such as the use of certification marks, recognition of testing laboratories, and exemptions from inspection.¹⁴² In the case of metrology, the Act dates from 2009 and has not changed; nevertheless, there are 14 regulations and 33 directives that deal with verification and type approval related to weights and measuring instruments.¹⁴³

3.87. The Bureau of Standards, Metrology and Inspection (BSMI), under the MOEA, is the competent authority to enforce the Standards, Commodity Inspection, and Weights and Measures Acts. It continues to be responsible for standardization, metrology, and consumer product safety. It is also the WTO enquiry point/notification authority for TBT issues.

3.88. The BSMI sets an annual work programme, which includes Chinese Taipei's standards (CNS) that are to be drafted and revised according to the needs of manufacturers, consumers, and other users, with a view to applying consistent standards to Chinese Taipei's products, procedures, and services.¹⁴⁴ The work programme is published on a monthly basis in the BSMI Standards Gazette. In its 2022 work plan, the BSMI emphasized areas related to green energy technologies, environmental protection, energy saving, smart machinery, and products to assist in scientific and technological development.

¹³⁴ WTO document G/SCM/N/372/TPKM, 1 June 2021; and Act for Establishment and Administration of Science Parks, 6 June 2018.

¹³⁵ Act for Establishment and Administration of Technology Industrial Parks, 19 January 2023.

¹³⁶ Act of Establishment and Administration of Agricultural Technology Parks, 4 May 2016.

¹³⁷ Act for Establishment and Administration of Science Parks, 6 June 2018, Article 23; Act for Establishment and Administration of Technology Industrial Parks, 19 January 2023, Article 21; and Act of Establishment and Administration of Agricultural Technology Parks, 4 May 2016, Article 22.

¹³⁸ Act for the Establishment and Management of Free Trade Zones, 16 January 2019, Article 21.

¹³⁹ Act for the Establishment and Management of Free Trade Zones, 16 January 2019, Article 10.

¹⁴⁰ Information provided by the authorities.

¹⁴¹ These include the Standards Act, 26 November 1997; the Enforcement Rules of the Standards Act, 25 November 1998; the Commodity Inspection Act, 11 July 2007; and the Weights and Measures Act, 21 January 2009. Viewed at: <https://www.bsmi.gov.tw/wSite/np?ctNode=9519&mp=2>.

¹⁴² Viewed at: <https://www.bsmi.gov.tw/wSite/np?ctNode=9519&mp=2> and https://www.bsmi.gov.tw/wSite/lp?ctNode=9522&xq_xCat=b&mp=2; and information provided by the authorities.

¹⁴³ Viewed at: https://www.bsmi.gov.tw/wSite/lp?ctNode=9521&xq_xCat=c&mp=2; and information provided by the authorities.

¹⁴⁴ Viewed at: <https://www.bsmi.gov.tw/wSite/public/Attachment/f1677826197395.pdf>.

3.89. Within the BSMI, the Standards Division is responsible for the development and compilation of CNS. Standards are set in accordance with the Standards Act and applicable regulations and are developed considering the interests of consumer and industry, and international practices.¹⁴⁵ Use of standards is voluntary unless referenced in a technical regulation as being mandatory. Technical regulations are the basis to carry out inspection, certification, accreditation, recognition, or other conformity assessment activities. When a need for establishing a technical regulation arises, suitable existing local and international standards are reviewed for referencing in the technical regulation.

3.90. Procedures to develop standards do not seem to have changed substantially since the last Review in 2018. The procedure is as follows: submitting a proposal¹⁴⁶; drafting; soliciting comments; review; determination; and approval and promulgation.¹⁴⁷ In general, it takes about six months to complete the process; however, if the proposal is complex or onsite investigation or testing is required, eight or more months may be needed.¹⁴⁸ International standards are used, fully or partially, as a basis for drafting CNS. The BSMI may also adopt related international standards or Chinese Taipei's group standards that already exist when these are technically appropriate and applicable.¹⁴⁹ According to information provided by the authorities, the equivalency rate between CNS and international standards is high (Table 3.10). Standards are reviewed every five years after adoption or earlier if required. Copies of CNS may be purchased online or onsite; CNS that have English translations are marked with an asterisk in the CNS Catalogue.

Table 3.10 CNS and their equivalence with international standards

Area	Total local standards	Existence of international standards ^a (A)	Number of local standards equivalent to international standards ^b (B) = (C) + (D)	Mandatory technical regulations (C)	Voluntary standards (D)	Rate of equivalence (%) (E) = (B)/(A) × 100
Civil engineering and architecture	560	81	72	6	66	88.9
Mechanical engineering	2,138	457	455	41	414	99.6
Electrical engineering	1,244	429	425	78	347	99.1
Electronics engineering	603	271	271	25	246	100.0
Automotive and aerospace engineering	477	41	41	2	39	100.0
Railway engineering	106	23	23	0	23	100.0
Shipbuilding engineering	354	22	22	1	21	100.0
Ferrous materials and metallurgy	312	127	127	36	91	100.0
Non-ferrous materials and metallurgy	236	78	78	4	74	100.0
Nuclear engineering	0	0	0	0	0	n.a.
Chemical industry	1,956	519	519	24	495	100.0
Textile industry	390	116	115	3	112	99.1
Mining	82	8	8	0	8	100.0
Agriculture	331	92	92	1	91	100.0
Food	355	174	173	11	162	99.4
Wood industry	85	20	18	4	14	90.0
Pulp and paper industry	190	62	62	4	58	100.0
Environmental management	54	52	52	0	52	100.0
Ceramic industry	282	70	63	3	60	90.0
Wares	306	102	102	3	99	100.0
Accessibility design	35	30	30	0	30	100.0
Medical equipment and appliances	258	150	150	3	147	100.0
Information and communication	921	835	834	8	826	99.9
Industrial safety	252	49	43	13	30	87.8

¹⁴⁵ Updated information on the drafting or revising of CNS is published in the Standards Gazette and at: <https://www.bsmi.gov.tw/>.

¹⁴⁶ Any person, legal entity, public agency, or organization may submit a proposal for the establishment, amendment, or rescission of CNS (information provided by the authorities).

¹⁴⁷ Standard Act, 26 November 1997, Article 7.

¹⁴⁸ Viewed at: <https://www.bsmi.gov.tw/wSite/ct?xItem=4122&ctNode=9814&mp=2>.

¹⁴⁹ Standard Act, 26 November 1997, Article 8.

Area	Total local standards	Existence of international standards ^a (A)	Number of local standards equivalent to international standards ^b (B)=(C)+(D)	Mandatory technical regulations (C)	Voluntary standards (D)	Rate of equivalence (%) (E)=(B)/(A) × 100
Quality control	74	62	62	4	58	100.0
Physical distribution and packaging	174	45	45	1	44	100.0
General and miscellaneous	429	253	252	24	228	99.6
Total	12,204	4,168	4,134	299	3,835	99.18

n.a. Not applicable.

a Number that has corresponding international standards.

b Local standards that are identical with or modify corresponding international standards are considered equivalent to international standards.

Source: Information provided by the authorities.

3.91. The BSMI continues to provide voluntary certification and testing services.¹⁵⁰ The BSMI implements two voluntary product certification programmes: the CNS Mark Certification (CNS Mark) System, which is granted to products that comply with relevant CNS; and the Voluntary Product Certification (VPC) System, which is used mainly for products with emerging technology and for innovative products. The main difference between the two systems is that the VPC System can be used to certify products that comply with relevant international standards where CNSs have not yet been developed.¹⁵¹

3.92. Overseas manufacturers may apply to obtain a CNS Mark Certificate. To obtain a CNS Mark, a company needs to have its quality management system assessed and products tested to assess compliance with CNS standards. Assessment of the company's quality management system is done by certification bodies recognized by the BSMI. Testing can be done by the BSMI or testing laboratories recognized by the BSMI.¹⁵² Once permission to use the CNS Mark has been granted, the BSMI will, *inter alia*, conduct follow-up visits to factories for quality control, inspect products in the market, and revise compliance. In cases of non-compliance, the CNS Mark registered manufacturers are required to take corrective measures.¹⁵³

3.93. Products subject to technical regulations must be inspected as per the Commodity Inspection Act and its regulations before they are imported or placed on the market.¹⁵⁴ The BSMI oversees inspection and testing; it maintains four kinds of pre-market inspection schemes: batch-by-batch inspection, monitoring inspection, registration of product certification (RPC), and declaration of conformity (DoC). For batch-by-batch inspection and monitoring inspection, manufacturers or importers must apply to the BSMI for inspection before products are shipped out of the production premises or when they arrive at destination. Testing can be done by the BSMI, its commissioned organizations, or testing laboratories recognized by the BSMI.¹⁵⁵ The Commodity Inspection Mark shall be affixed before products are placed on the market.¹⁵⁶ The BSMI also undertakes post-market surveillance based on a risk assessment system to ensure the safety of regulated products. The BSMI adopts an annual plan to undertake market surveillance and identify products of high risk, and specifies principles for conducting surveillance activities, including market checks, sampling tests,

¹⁵⁰ Viewed at: <https://www.bsmi.gov.tw/wSite/ct?xItem=4141&ctNode=9457&mp=2>.

¹⁵¹ Directions Governing the CNS Mark, 26 May 2022; Regulations Governing the CNS Mark, 22 January 2022; and Regulations Governing Fees for the CNS Mark, 11 November 2021.

¹⁵² Viewed at: <https://www.bsmi.gov.tw/wSite/ct?xItem=4129&ctNode=9814&mp=2>.

¹⁵³ Information provided by the authorities.

¹⁵⁴ Regulations Governing Fees for Commodity Inspection, 7 November 2022; Regulations Governing the Use of Commodity Inspection Mark, 11 January 2022; and Regulations Governing Exemption from Inspection of Commodities, 21 November 2019.

¹⁵⁵ For a list of Conformity Assessment Bodies, see: <https://www.bsmi.gov.tw/wSite/lp?ctNode=9769&CtUnit=4133&BaseDSD=7&mp=2>.

¹⁵⁶ Viewed at: <https://www.bsmi.gov.tw/wSite/ct?xItem=97595&ctNode=9766>.

special projects, and monitoring of products sold online.¹⁵⁷ Importers or manufacturers of certain products may apply for exemption from inspection under certain conditions.¹⁵⁸

3.94. The number of products that require mandatory inspection by the BSMI increased from 1,224 in 2018 to 1,356 in 2022. During 2018-22, 165 items were added, and 33 items were removed from the List of Regulated Products. According to the authorities, all of the added products were notified to the WTO TBT Committee. Most of the products that are regulated are mechanical products, electrical and electronics products, and textiles.¹⁵⁹

3.95. To facilitate conformity assessment procedures for the industry and trading partners, Chinese Taipei has several mutual recognition arrangements (MRAs); these mainly cover electrical and electronic products. Some MRAs only cover the recognition of test reports, while others are more comprehensive, with recognition extending to certificates. Testing laboratories or certification bodies are designated under different MRAs, which allow products for export to the other contracting party to be tested locally.

3.96. During 2018-23 (June), Chinese Taipei made 213 regular notifications to the WTO TBT Committee, most of which were notified as technical regulations or/and conformity assessment procedures.¹⁶⁰ The measures notified related mainly to measures to protect human health and safety. Four notifications were related to temporary measures taken because of the COVID-19 pandemic; one of them was of an urgent nature.¹⁶¹ The urgent measure related to draft amendments to the Regulations for the Inspection and Examination of Imported Medical Devices.¹⁶² During the review period, one specific trade concern was raised at the Committee about the draft of the Organic Agriculture Act.¹⁶³

3.3.3 Sanitary and phytosanitary requirements

3.97. The regulatory framework to formulate and implement sanitary and phytosanitary (SPS) measures has not changed significantly since the previous Review. Several laws and regulations still regulate plant and animal health and food safety (Table 3.11). The main pieces of legislation to govern measures to prevent the introduction of pests or diseases and ensure food sanitation, safety and, quality, and protect public health are the Plant Protection and Quarantine Act; Statute for the Prevention and Control of Infectious Animal Diseases; and the Act Governing Food Safety and Sanitation.

Table 3.11 Main SPS legislation, 2022

Legislation	Entry into force
Plant Protection and Quarantine Act Control plant diseases and pests and prevent their spread	20/06/2018
Enforcement Rules of the Plant Protection and Quarantine Act Regulate inspections conducted in the inspection areas of port warehouses Inspections are to take place based on risk assessment	11/05/2020
Quarantine Requirements for the Importation of Plants and Plant Product List of prohibited plants or plant products, origin, and the reasons thereof	19/01/2023

¹⁵⁷ Viewed at: <https://www.bsmi.gov.tw/wSite/ct?xItem=97640&ctNode=9770> and <https://www.bsmi.gov.tw/wSite/ct?xItem=97595&ctNode=9766>.

¹⁵⁸ These conditions are listed in Articles 4-14 of the Regulations Governing Exemption from Inspection of Commodities.

¹⁵⁹ The lists of regulated products is available at: <https://www.bsmi.gov.tw/wSite/lp?ctNode=9767&CtUnit=4131&BaseDSD=7&mp=2>; and the list of products subject to mandatory inspection is available at: https://civil.bsmi.gov.tw/bsmi_pqn/pqn/uqi6103f.do.

¹⁶⁰ WTO, ePing SPS & TPT Platform. Viewed at: <https://eping.wto.org/>.

¹⁶¹ They related to the examination of medical devices (WTO document G/TBT/N/TPKM/496, 30 June 2022); inspection requirements for fire doors in buildings (WTO document G/TBT/N/TPKM/466, 23 September 2021); amendments to registration of new and existing chemical substances (WTO document G/TBT/N/TPKM/457, 28 May 2021); and examination of imported medical masks (WTO document G/TBT/N/TPKM/422, 30 June 2020).

¹⁶² WTO document G/TBT/N/TPKM/496, 30 June 2022.

¹⁶³ WTO, ePing SPS & TBT Platform. Viewed at: <https://eping.wto.org/en/Search/TradeConcerns>.

Legislation	Entry into force
Statute for the Prevention and Control of Infectious Animal Diseases Prevent the occurrence, contagion, and spread of infectious animal diseases	13/12/2019
Regulations for the Importation of Objects Subject to Animal Quarantine^a Establish control measures for products of animal origin	29/03/2022
Regulations Governing Fees for Animal and Plant Quarantine Quarantine fees are 0.1% of the f.o.b. value of exports (except for certain animals, plants, and products thereof) or the import duty value Quarantine fees are 0.05% of the import duty value for wheat, barley, corn, or soybean Quarantine fees are waived on articles used for aid or relief	17/03/2020
Act Governing Food Safety and Sanitation Govern the food sanitation, safety, and quality; and protect public health	12/06/2019
Enforcement Rules of the Act Governing Food Safety and Sanitation Specifies regulations on good hygiene practice for food and on food safety control systems	13/07/2017
Regulations for Systematic Inspection of Imported Food Define "systematic inspection" List the products subject to systematic inspection	26/09/2019
Regulations of Inspection of Imported Foods and Related Products Define the inspection requirements, procedures, and operation	10/06/2019
Standards for Pesticide Residue Limits in Foods Establish/amend maximum residue limits (MRLs) for pesticides ^b Actual MRLs are calculated based on the products' weight and form The analysis of MRLs includes the pesticide itself and its metabolite	17/02/2023
Standards for Pesticide Residue Limits in Animal Products Establish/amend MRLs for pesticides ^c Actual MRLs are calculated based on the products' weight and form The analysis of MRLs includes the pesticide itself and its metabolite	01/11/2022
Standards for Veterinary Drug Residue Limits in Foods Establish/amend MRLs for veterinary drugs ^d	11/05/2022
Standards for Specification, Scope, Application and Limitation of Food Additives Establish the name, scope, application, and limitation of food additives ^e	02/08/2022

- a Repealed the Quarantine Requirements for the Importation of Animals and Animal Products.
- b As at 2022 (September), there were 7,516 MRLs related to 397 pesticides. During 2018-22 (September), there were 11 revisions and 1,298 MRLs were amended.
- c As at 2022 (September), there were 379 MRLs related to 99 pesticides. During 2018-22 (September), there were 6 revisions and 182 MRLs were amended.
- d As at 2022 (September), there were 1,530 MRLs of 149 veterinary drugs. During 2018-22 (September), there were 7 revisions and 120 MRLs were amended.
- e As at 2022 (September), restrictions were established for 796 food additives. During 2018-22 (September), there were 13 revisions to the list of additives and 68 food additives were amended.

Source: Compiled by the WTO Secretariat based on information provided by the authorities and online information.

3.98. The main institution responsible for developing and implementing SPS measures also remains unchanged since 2018. The Ministry of Health and Welfare (MOHW), through its implementing agency the Food and Drug Administration (FDA), continues to deal with issues related to food safety and sanitation and is responsible for, *inter alia*, ensuring quality and safety of food, medical products, and cosmetics; SPS inspection and certification procedures; and food labelling. The BAPHIQ, under the COA, safeguards and ensures the quality and safety of imports of agricultural products; manages quarantine services to prevent and control animal and plant diseases and pests; and is the WTO enquiry point/notification authority for SPS issues. Other agencies such as the BSMI, under the MOEA, and the Customs Administration are also involved in the procedures to set and/or implement SPS measures.

3.99. Chinese Taipei sets and amends SPS measures according to international standards, guidelines, or recommendations, and scientific evidence.¹⁶⁴ If the epidemic situation changes or a new epidemic pest of quarantine significance occurs, which poses a risk to the production of crops and animal health, the OCA amends the list of products subject to SPS measures and import inspection, as required.¹⁶⁵

¹⁶⁴ Information provided by the authorities.

¹⁶⁵ The list of products subject to import inspection may be viewed at: <https://fbfh.trade.gov.tw/fh/ap/queryCCCRRegFormf.do> or <https://portal.sw.nat.gov.tw/APGO/GC411>.

3.100. To ensure the health of animals and humans, the competent authority, in response to the existence of infectious animal diseases or a global epidemic, may announce quarantine measures, including the prohibition to import, transit, or tranship. In this instance, the competent authority coordinates with other agencies to implement the necessary measures to prevent and control the sanitary situation.

3.101. Importers of goods subject to animal quarantine must submit the following documents, in electronic or paper format, to the import/export animal quarantine authority, to apply for quarantine inspection: original veterinary certificate; bill of lading or sea waybill/air waybill; photocopies of import or customs declaration; and any other relevant documents required by the import/export animal quarantine authority.¹⁶⁶ For animals for which the quarantine requirements have not been determined, the importer, prior to importation, must apply for the issuance of an individual quarantine requirement from the competent authority and for quarantine inspection with the import/export animal quarantine authorities.

3.102. The import/export animal quarantine authority specifies the ports of entry, transit, or transshipments and areas/places of inspection. The packaging of quarantine products cannot be opened, moved, or handled in a way that may spread infectious animal diseases. The quarantine authority may also inspect vehicles, vessels, or aircraft before goods are un/loading for import (export). The results of the inspection are notified to the importers (exporters). If animals are found to be sick, infected, or contaminated, and a risk of transmission of infectious animal diseases exists, precautionary measures as deemed necessary are taken, including immediate disposal.

3.103. Domestic and imported products sold, including online, are subject to quarantine requirements and must have a warning label indicating the animal health inspection or quarantine requirements.¹⁶⁷

3.104. The BAPHIQ updates, when necessary, the list of individual quarantine requirements of prohibited plants and plant products by origin.¹⁶⁸ Requirements are based on international standards, guidelines, or recommendations, and scientific evidence, and are changed accordingly.¹⁶⁹ Moreover, for plants or plant products prohibited by origin, the prohibition also applies if they are unloaded and transhipped through a territory included in the list. Imports of regulated plants and plant products require a phytosanitary certificate issued by the plant quarantine authority at origin.¹⁷⁰

3.105. To monitor and prevent the entrance and dissemination of plant diseases and pests, the BAPHIQ may publicly notify the types and scope of specific plant diseases and pests, and establish a monitoring or surveying programme accordingly; and, if deemed necessary, take emergency control measures, such as restricting or prohibiting the cultivation of susceptible plants or destroy those already cultivated; order the owner to kill the relevant pests; and/or establish quarantine inspection stations. In this context, plant protection/quarantine officers are empowered to enter farms, warehouses, vessels, vehicles, or aircraft to inspect plants and plant products and their packaging.¹⁷¹

3.106. The FDA, the competent authority governing food safety and sanitation in Chinese Taipei, sets food sanitary requirements based on the principle of risk assessment, as well as on scientific evidence and existing international standards. The FDA has a risk assessment and advisory system, as well as a food sanitation and safety monitoring system. If during monitoring an incidence is found that may be harmful to food sanitation and safety, an inspection is conducted, an alert is issued, and other necessary measures are implemented.

3.107. Chinese Taipei's regulations regarding food safety are vast and detailed. The Act Governing Food Safety and Sanitation is a general piece of legislation, and specific regulations have been enacted to implement it.¹⁷² In many instances, these are product specific. In addition to setting

¹⁶⁶ Regulations for the Importation of Objects Subject to Animal Quarantine, 29 March 2022.

¹⁶⁷ Statute for the Prevention and Control of Infectious Animal Diseases, Article 38-3.

¹⁶⁸ For the latest list of individual quarantine requirements, refer to: www.baphiq.gov.tw.

¹⁶⁹ Information provided by the authorities.

¹⁷⁰ Plant Protection and Quarantine Act, 20 June 2018, Article 16.

¹⁷¹ Plant Protection and Quarantine Act, 20 June 2018, Articles 5 and 11.

¹⁷² For full details of this body for legislation, see:

<https://www.fda.gov.tw/eng/law.aspx?cid=16&cr=650614838>.

food-related sanitary requirements, the FDA sets standards for pesticides¹⁷³, veterinary drugs¹⁷⁴, food additives residue limits¹⁷⁵, and labelling of food products. Regulations seem to apply both to locally produced foods and to imports and exports. For instance, in 2022, the FDA indicated that food exporters had to comply with local regulations as well as at destination.¹⁷⁶

3.108. Inspection requirements for imported food products are amended as necessary, to ensure compliance with the sanitation and safety requirements. In this context, the FDA and the Customs Administration have set up a customs notification platform for food imports that do not require import inspection, which is updated on a quarterly basis, based on the FDA's inspection results.¹⁷⁷ Other food imports may be required to undergo systematic inspection. In general, food products require a three-tier sanitary control: at origin, upon arrival, and post-market surveillance.¹⁷⁸ Some food products, such as meat, fish, eggs, and dairy products, require stricter sanitary controls at origin (for instance, an audit of the food safety management conditions of the production chain). In addition, during the period under review, an onsite inspection fee was introduced.¹⁷⁹

3.109. Upon arrival, imported products may be subject to different types of inspection: batch-by-batch inspection, reinforced or regular randomly selected batch inspection, batch-by-batch verification, or oversight inspection.¹⁸⁰ The type of inspection is determined by factors such as publicly available information about product safety, scientific evidence, and nonconforming records. Nevertheless, due to the nature or inspection time-frame, food importers may apply for prior release of the imported goods and store them at a specific location.¹⁸¹ In addition, preferential inspection measures (i.e. the minimum inspection rate of regular randomly selected batch inspection) apply to importers with "Excellent Industry" status.

3.110. During 2018-23 (June), Chinese Taipei made 161 regular notifications to the WTO SPS Committee. Most of them (101) were related to food safety or to protect human health, 32 to protect plant health, and 26 to protect animal health. Two of the regular notifications were temporary measures taken as a result of the COVID-19 pandemic; they related to alternative methods to submit food safety and sanitation certificates, and original veterinary and phytosanitary certificates. Five notifications indicated that emergency measures were taken, four of which were taken for plant protection and one for animal protection. Fifty-six of the measures notified by Chinese Taipei were not based on international standards. Four specific trade concerns were raised in relation to the measures adopted by Chinese Taipei regarding new procedures for the recognition of infectious animal disease-free status of a trading partner; import restrictions on poultry and beef; phytosanitary risk assessment procedure on imports of fresh vegetables and fruits; and general import restrictions due to bovine spongiform encephalitis (BSE). This last concern has been raised since 2004 and was last raised in 2020.¹⁸²

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.111. Chinese Taipei's competition regime did not undergo major changes during the review period, having been rationalized in 2015 and in 2017.¹⁸³ The main antitrust legislation, the Fair Trade Act, regulates both anti-competitive conduct and unfair trade practices. The Fair Trade Commission (FTC) remains the competent authority for the formulation and implementation of

¹⁷³ To consult the latest list of MRLs for food, see:

<https://consumer.fda.gov.tw//Law/Detail.aspx?nodeID=518&lang=1&lawid=127>; for the latest list of MRLs on animal products, see: <https://consumer.fda.gov.tw//Law/Detail.aspx?nodeID=518&lang=1&lawid=132>.

¹⁷⁴ To consult the latest list of MRLs for veterinary drugs for food, see:

<https://www.fda.gov.tw/eng/lawContent.aspx?cid=16&id=306>.

¹⁷⁵ To consult the latest list of MRLs for food additives, see:

<https://www.fda.gov.tw/eng/lawContent.aspx?cid=16&id=308>.

¹⁷⁶ Viewed at: <https://www.fda.gov.tw/eng/newsContent.aspx?id=28359>.

¹⁷⁷ Act Governing Food Safety and Sanitation of 12 June 2019, Article 30.

¹⁷⁸ Viewed at: <https://www.fda.gov.tw/eng/newsContent.aspx?id=28344>.

¹⁷⁹ Regulations for Systematic Inspection of Imported Food, 26 September 2019, Article 6, paras. 2-3; and information provided by the authorities.

¹⁸⁰ Regulations for Systematic Inspection of Imported Food, 26 September 2019, Article 8.

¹⁸¹ Act Governing Food Safety and Sanitation of 12 June 2019, Article 33.

¹⁸² Viewed at: <https://eping.wto.org/en/Search/TradeConcerns>.

¹⁸³ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

competition policy.¹⁸⁴ The FTC and Chinese Taipei's specialized regulatory agencies have complementary competence in regulated sectors.¹⁸⁵

3.112. The FTC's responsibilities include investigating and penalizing violations of the Fair Trade Act, as well as the *ex ante* control of economic concentrations. Investigations may be initiated *ex officio* or on the basis of a complaint from any person.¹⁸⁶ Independently of FTC administrative proceedings, which are not to be suspended by virtue of filing a lawsuit, injured parties may seek cessation of anti-competitive practices (and compensation for damages) in court.¹⁸⁷ Likewise, independent and parallel appeals to FTC decisions may be made before the competition authority itself and a court; however, the judicial system has the final say. During the review period, the FTC made several procedural improvements with a view to increasing its transparency.

3.113. Chinese Taipei's competition legislation does not apply to export-oriented anti-competitive practices (including cartels) that only have effects on overseas markets. The provision of public aid or any preferential tax treatment by public authorities also remains outside its scope. During the review period, the FTC issued guidelines on consultations prior to the filing of a merger notification and revised its guidelines on merger notification, franchising practices, civil air transport alliances, and false or misleading advertising. Amendments were also made to the regulations governing rewards for the reporting of illegal concerted actions and the notification of drug patent linkage agreements.¹⁸⁸ In December 2022, the FTC released a "White Paper on Competition Policy in the Digital Economy", setting out certain guiding principles for enforcement and suggestions for possible regulatory amendments.¹⁸⁹

3.114. In general, Chinese Taipei's competition regime follows the rule-of-reason (i.e. effects-based assessment) approach in the consideration of economic concentrations and anti-competitive practices. Concerted action is prohibited as a rule, except in certain circumstances where prior approval must be sought from the FTC.¹⁹⁰ Compulsory licensing of IPRs may be used as a remedy for the conditional clearance of mergers or as a penalty for anti-competitive conduct. The authorities indicated that none of the administrative sanctions and merger remedies imposed by the FTC during 2018-22 involved the compulsory licensing of IPRs.

3.115. Economic concentrations require prior approval from the FTC whenever (i) the resulting enterprise's market share exceeds one third; (ii) one of the merging parties has a pre-merger market share of at least 25%; or (iii) the merging parties' turnover for the previous fiscal year exceeded certain thresholds.¹⁹¹ The FTC does not have authority to review non-notifiable mergers. During 2018-22, the FTC blocked two proposed mergers and gave conditional approval in five cases (Table 3.12). Over the same period, enforcement action was taken in several markets, including harbour stevedoring, ready-mixed concrete, security guard services, hard disk components, air transportation services, pharmaceuticals, food delivery services, and household air conditioners.

¹⁸⁴ The FTC also enforces the Multi-Level Marketing Supervision Act aimed at protecting the rights and interests of participants in multi-level marketing programmes. Enterprises wishing to engage in multi-level marketing must apply for registration with the FTC prior to commencing operations.

¹⁸⁵ The FTC has issued specific guidelines for certain markets, including telecommunications, wholesale trade, financial intermediation, textbook publishing, electronic marketplaces, and real estate brokerage.

¹⁸⁶ In accordance with its remit, the FTC carries out an industrial market structure survey on an annual basis. The survey's findings are taken into account in the formulation of pro-competitive policy proposals.

¹⁸⁷ FTC rulings do not bind the courts that hear cases involving antitrust matters. In situations where a parallel investigation by the FTC is ongoing, parties may not apply for an order to stay the court proceedings. The courts have the discretion to treble the level of damages granted if the plaintiff has established that the defendant had committed the violation wilfully.

¹⁸⁸ As from January 2018, agreements involving drugs with a patent linkage of must be notified to the Ministry of Health and Welfare, which will refer them to the FTC in case of anti-competitive concerns (Pharmaceutical Affairs Act, Article 48-19).

¹⁸⁹ Viewed at: <https://www.ftc.gov.tw/internet/english/doc/docDetail.aspx?uid=1942&docid=17352>.

¹⁹⁰ Fair Trade Act, Article 15.

¹⁹¹ The turnover thresholds that would trigger a pre-merger notification were last amended in December 2016. Viewed at: <https://www.ftc.gov.tw/upload/530fef1f-6053-4268-8219-4db5291c6cb1.pdf>.

Table 3.12 FTC enforcement activity, 2018-22

Description	2018	2019	2020	2021	2022
Cases opened	2,467	2,046	2,394	2,522	2,384
Merger notification filing	69	64	65	62	74
Complaint	1,802	1,507	1,855	2,075	1,856
Concerted action filing	3	4	9	1	6
Leniency application	0	2	1	1	4
Request for opinion	273	197	190	156	145
<i>Ex officio</i> investigation	320	274	275	228	303
Cases concluded	2,454	2,002	2,375	2,606	2,358
Merger ^a	67	60	62	69	69
Cleared unconditionally	26	26	35	32	22
Cleared subject to remedies	1	0	2	1	1
Blocked	1	1	0	0	0
Abuse of dominance	0	0	0	1	0
Restrictive practice	9	2	3	10	7
Unfair trade practice	62	26	32	55	77
Total FTC fines (TWD million)	43.7	76.3	626.73	1,547.21	78.46
Appeals	15	20	4	25	15
Original decisions reversed/amended	0	5	14	0	1

a In addition to cleared and blocked mergers, the merger review statistics also include outcomes such as "jurisdiction not exercised", "non-notifiable nature", and "incomplete documentation".

Note: Statistics on the enforcement of the Multi-Level Marketing Supervision Act are excluded.

Source: FTC.

3.116. The FTC and competent courts may order an offending enterprise to stop or rectify its unlawful conduct and pay a fine. Failure to comply with the FTC's sanctions (except those related to merger control) will result in criminal liability and the case will be referred to a public prosecutor. The statutory limits on pecuniary and criminal sanctions have not been updated since Chinese Taipei's previous Review.¹⁹² Under the FTC's leniency programme aimed at detecting concerted action, the first whistle-blower may receive full or partial immunity, depending on the authorities' prior knowledge of the anti-competitive conduct. Up to four subsequent applicants may be granted reductions (up to 50%) of their administrative fines.

3.117. Chinese Taipei makes continuous efforts to strengthen and formalize its cooperation arrangements on competition policy. During 2018-22, the FTC concluded technical cooperation instruments with the competition authorities of Eswatini and Indonesia.¹⁹³ In general, these cooperation instruments contain provisions on exchange of best practices and non-confidential information.¹⁹⁴ Chinese Taipei is also an active participant in global and regional fora on competition policy, including the International Competition Network and the APEC Competition Policy and Law Group.

3.3.4.2 Price controls

3.118. Chinese Taipei maintains statutory price controls on natural gas (Section 4.2.2.3). In addition, the prices of certain goods and services are regulated in specific circumstances, whereas the overall relevant market for the good or service is not subject to price regulation. For instance, the feed-in tariffs for renewable energy sold to the public utility enterprise (TPC) are set annually through broad consultations convened by the MOEA. The MOEA also regulates the retail prices of electricity supplied by TPC to end-users.

3.119. Since end-November 2020, a telecommunications regulator (NCC) regulates the prices of telecommunications enterprises deemed to have significant power in a service market.¹⁹⁵ Under Chinese Taipei's universal health insurance system, the insurer (NHIA) carries out price surveys and

¹⁹² WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

¹⁹³ Viewed at: <https://www.ftc.gov.tw/internet/english/doc/docList.aspx?uid=1075>.

¹⁹⁴ The authorities indicate that the FTC has not signed any cooperation instruments that would allow it to exchange confidential information with other enforcers without prior consent from the investigated parties, or to offer investigative assistance.

¹⁹⁵ Previously, the NCC applied price controls on telecommunications enterprises that own and operate network facilities.

price adjustments for reimbursed drugs on an annual basis.¹⁹⁶ Seasonal discounts on airfares for local flights remain capped at 50%.¹⁹⁷

3.120. During the review period, Chinese Taipei maintained price support mechanisms for producers of certain agricultural products (rice, sugar, and tobacco leaves). Administered prices for guaranteed purchases of tobacco leaves were abolished in 2018.¹⁹⁸

3.121. The Price Stabilization Committee remains the main body in charge of coordinating the supply and demand of goods and services with a view to stabilizing their prices.¹⁹⁹ A Commodity Price Supervisory Board is responsible for monitoring the price fluctuations of important commodities and raw materials and carrying out tasks assigned by the Price Stabilization Committee.²⁰⁰ Line ministries and agencies may also independently take actions aimed at maintaining price stability within their respective remits, such as overseeing the price-setting decisions of subordinate state-owned enterprises.

3.3.5 State trading, state-owned enterprises, and privatization

3.122. In 2022, as at the time of the last Review, Chinese Taipei notified to the WTO three state trading enterprises²⁰¹: the Agriculture and Food Agency (AFA); the BOT, which has the exclusive right to allocate the WTO TRQs; and the Central Engraving and Printing Plant (CEPP), which has the exclusive rights to print currency and import banknote paper.²⁰²

3.123. The AFA regulates the production and commercialization, including export and import, of different types of rice to ensure food security, farmers' income, and market stability.²⁰³ The AFA purchases a portion of paddy rice, at a guaranteed price, for food security stockpiling; the remaining rice is sold freely in the local market. The AFA imports rice to ensure the smooth operation of the local market and the price stabilization system. The AFA retains the exclusive right to import 65% of the WTO TRQs of rice; registered importers can participate in the allocation of rice quotas for private imports that are allocated through tenders held by the MOF. In 2021, the AFA imported 55.5% of total rice imports.²⁰⁴

3.124. The number and sectors of the economy in which state-owned enterprises operate did not undergo major changes during the period of review (Table 3.13). Since 2018, it appears that only one institution has been privatized.²⁰⁵ The authorities indicate that there are no further privatization or disinvestment plans. Most of the state-owned enterprises operate in the services and utilities sector. Among these enterprises, only those operating in postal services and the electricity market (transmission and distribution) retain exclusive rights. Although competition is allowed in other markets, the CPC Corporation in charge of the fuel and gas supply has a substantial market share regarding oil products and, in the case of natural gas, it handles almost 100% of the market. Except for one enterprise (postal services) that gets preferential tax treatment, the rest do not receive incentives, and none are required to source goods or services locally.

¹⁹⁶ Health Insurance Act, Article 46. Viewed at:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=L0060001>.

¹⁹⁷ Regulations Governing Tariffs for Passengers and Cargo Air Transportation. Viewed at:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=K0090055>.

¹⁹⁸ WTO document G/AG/N/TPKM/207, 12 January 2022.

¹⁹⁹ The Committee comprises representatives of various Ministries including Economic Affairs, Finance, Transportation and Communications, and Health and Welfare, as well as of the Central Bank (CBC), the FTC, the COA, the Directorate General of Budget, Accounting and Statistics (DGBAS), the Public Construction Commission, the Development Council (NDC), and the executive branch's Consumer Protection Department.

²⁰⁰ The Commodity Price Supervisory Board is established by the Ministry of Economic Affairs, with the Deputy Minister serving as its convener.

²⁰¹ Pursuant to Article XVII:4(A) of the GATT 1994 and Paragraph 1 of the understanding on the interpretation of Article XVII.

²⁰² WTO documents G/STR/N/18/TPKM/Add.1, G/STR/N/19/TPKM, 10 March 2022; and G/STR/N/19/TPKM/Add.1, 20 October 2022.

²⁰³ The types of rice regulated by AFA are rice in the husk (HS 1006.10.00.00); husked (brown) rice (HS 1006.20.00.00); glutinous rice (HS 1006.30.00.10); other semi-milled or wholly milled rice, whether or not polished or glazed (HS 1006.30.00.90); and broken rice (HS 1006.40.00.00).

²⁰⁴ WTO calculation based on WTO document G/STR/N/19/TPKM/Add.1, 20 October 2022.

²⁰⁵ A waste management company was privatized in 2018.

Table 3.13 Indicative list of firms with public participation, 2022

Company name	Public sector ownership	Sector	Market share 2022	Any monopoly or exclusive rights	Preferential duty and/or tax treatment	Local sourcing requirements
State-owned enterprises						
Chunghwa Post Corporation, Ltd (CPC)	100%	Postal and Courier Services	8%	Exclusive rights for postal services	Preferential tax treatment ^a	No
		Financial Services (excluding insurance services)	..	No	No	
		Insurance Services	3.98%	No	No	
"Taiwan International Ports Corporation, Ltd" (TIPC)	100%	Transportation and Storage	63%	No	No	No
Taoyuan International Airport Corporation, Ltd (TIAC)	100%	Airport Operation and Management	93%	No	No	No
"Taiwan Financial Holding Corporation, Ltd" (TFHC)	100%	Financial Services	9% ^b	No	No	No
"Land Bank of Taiwan Corporation, Ltd" (LBTC)	100%	Financial Services	5% ^b	No	No	No
Export-Import Bank (Eximbank)	100%	Financial Services	n.a.	No	No	No
CPC Corporation (CPC)	100%	Fuel and Gas Supply	Oil products: 77.5% Gasoline: 79.6% Diesel: 77.2% Fuel oil: 96.4% Aviation fuel: 60.3% Natural gas: almost 100%	No	No	No
"Taiwan Water Corporation" (TWC)	100%	Water Supply	78.33%	No	No	No
"Taiwan Power Company" ("Taipower") (TPC)	94.04%	Electricity Supply	75%	Exclusive right for electricity transmission and distribution	No	No
"Taiwan Tobacco and Liquor Corporation"	100%	Manufacturing	.. ^c	No	No	No
"Taiwan Sugar Corporation" (TSC)	96.51%	Manufacturing Wholesale and Retail Trade	Sugar: 55.85%	No	No	No
Public participation						
Chunghwa Telecom Corporation, Ltd (CTC)	41%	Telecommunications Services	Local Fixed Communications Services: 91.7% market share of local telephone subscribers, 82.1% market share of domestic long-distance call minutes, and 62.6% market share of broadband access subscribers. Internet and Other Value-added Services: 57.8% International Fixed Communications Services: 47.1% Mobile Communications Services: 36.6% International leased line: 75.6%	No	No	No

Company name	Public sector ownership	Sector	Market share 2022	Any monopoly or exclusive rights	Preferential duty and/or tax treatment	Local sourcing requirements
Mega Financial Holding Corporation, Ltd (MFHC)	8.4%	Financial Services	5.5% ^b	No	No	No
First Financial Holding Corporation, Ltd (FFHC)	11.49%	Financial Services	5.6% ^b	No	No	No
"Taiwan Cooperative Financial Holding Corporation, Ltd" (TCFH)	26.06%	Financial Services	6.1% ^b	No	No	No
Hua Nan Financial Holdings Corporation, Ltd (HNFHC)	1.7%	Financial Services	4.9% ^b	No	No	No
Chang Hwa Commercial Bank, Ltd (CHCB)	12.19%	Financial Services	3.9% ^b	No	No	No
"Taiwan Business Bank Corporation, Ltd" (TBBC)	2.08%	Financial Services	3.0% ^b	No	No	No
Trade-Van Information Services Corporation, Ltd (TVISC)	36.11%	Information Services	.. ^c	No	No	No
Central Reinsurance Corporation (CRC)	9.82%	Financial Services	n.a.	No	No	No
"China Steel Corporation" (CSC)	20%	Manufacturing	Steel plates: 72% Wire rods: 56% Hot-rolled steel Coils/sheets: 24% Cold-rolled steel Coils/sheets: 42% Electrical steel sheets: 77% Hot-dip galvanized Steel sheets: 28% electro-galvanized steel sheets: 75%	No	No	No
Taiyen Biotech Corporation, Ltd (TAIYEN)	38.88%	Manufacturing	Salt: 80%	No	No	No
Tang Eng Iron Works Corporation, Ltd (TE)	11.56%	Manufacturing	10.3%	No	No	No
"CSBC Corporation, Taiwan" (CSBC)	11.28%	Manufacturing	..	No	No	No

Company name	Public sector ownership	Sector	Market share 2022	Any monopoly or exclusive rights	Preferential duty and/or tax treatment	Local sourcing requirements
Aerospace Industrial Development Corporation (AIDC)	35.17%	Manufacturing	..	No	No	No
Cowin Environmental Resources Ltd (COWIN)	42.00%	Waste Collection, Treatment and Disposal Activities; Materials Recovery	Incineration: 4.8%	No	No	No

.. Not available.

n.a. Not applicable.

a Tax exemption is granted for mail delivery services, postal property, bills, receipts, and other documents used to provide postal services (Postal Act, Article 9).

b The market share was calculated by the asset scale.

c The market share figure is not available because the company has diversified its product lines beyond its initial business. Therefore, representation of market share data is not possible.

Source: Information provided by the authorities.

3.3.6 Government procurement

3.125. During the review period, Chinese Taipei engaged in government procurement activities worth on average more than TWD 1.7 trillion annually, which represents around 8.6% of GDP, an increase compared to 6.0% for the previous review period (Table 3.14). In value terms, construction accounts for 36.93% of total government procurement, followed by goods and services, accounting for 41.5% and 21.57%, respectively.

Table 3.14 Selected procurement indicators, 2018-22

	2018	2019	2020	2021	2022
Total value (TWD billion)^a	1,608.4	1,794.5	1,662.2	1,742.3	1,905.8
Contribution to GDP (%)	8.8	9.5	8.4	8.0	8.4
Local suppliers (%)	77.8	61.8	84.6	73.4	81.6
Overseas suppliers (%)	22.2	38.2	15.4	26.6	18.4
GPA Parties (%)	20.2	35.8	14.2	23.1	17.0
GPA covered procurement	470.4	542.5	582.3	574.5	608.7
Contribution to GDP (%)	2.6	2.9	2.9	2.6	2.7
Total number of contracts awarded	200,973	199,368	205,123	200,093	205,021
Local suppliers (%)	89.5	89.1	89.0	88.9	89.2
Overseas suppliers (%)	10.5	10.9	11.0	11.1	10.8
GPA Parties (%)	8.7	8.8	8.9	8.8	8.7
GPA covered procurement (TWD billion)	3,197	3,659	3,900	4,031	4,088

a Total value includes GPA and non-GPA procurement and excludes small procurement (value of less than TWD 100,000), for which there are no statistics available.

Source: Information provided by the authorities.

3.126. Chinese Taipei became a Party to the WTO Agreement on Government Procurement (GPA) in 2009 and to the revised GPA in 2014. Its commitments under the GPA follow the principle of reciprocity. Procurement of construction and goods accounted for 42% and 44%, respectively, of the value of GPA covered procurement in 2021.

3.3.6.1 Legal and institutional framework

3.127. Government procurement continues to be regulated mainly by the Government Procurement Act (GP Act) and its Enforcement Rules. The legal framework also includes several regulations that clarify and develop certain provisions of the GP Act.²⁰⁶ Chinese Taipei has not notified the Committee on Government Procurement (CGP) of any changes to its laws and regulations relevant to the GPA and in the administration of such laws and regulations (GPA 2012, Article XXII:5 (see also GPA 1994, Article XXIV:5(b))).

3.128. The GP Act aims at establishing fair and open procurement procedures, promoting the efficiency and effectiveness of government procurement operations, and ensuring the quality of procurement. The Act applies to procurement conducted by any public agency, public school, or state-owned enterprise. In conducting procurement activities, entities must protect public interests and observe fairness and reasonableness and must not grant differential treatment to suppliers.²⁰⁷ The Act was substantially amended in 2019²⁰⁸ to improve efficiency in the procurement process, promote industry competitiveness, and maintain market order.²⁰⁹ For example, the amended Act, *inter alia*, (i) abolishes the requirement to specify the reasons for choosing the most advantageous tender instead of the bid with the lowest price, and establishes that the most advantageous tender must be selected for the procurement of certain services above the threshold for publication (TWD 1.5 million)²¹⁰; and (ii) stipulates sanctions for bidders offering improper benefits for a contract to be awarded to them, which may include a ban from participating in any government procurement procedures for up to three years.²¹¹

3.129. There were no major changes to the institutional framework for government procurement during the review period. The government procurement system continues to be decentralized and governed by the Public Construction Commission (PCC), which is responsible, *inter alia*, for (i) developing and amending laws, regulations, and policies on government procurement that reaches the threshold for publication; (ii) reviewing and approving standard procurement contracts; (iii) coordinating with and supervising all entities regarding procurement affairs; (iv) handling complaints against central procuring entities; and (v) collecting and publishing statistics.²¹² Procurement at the local, municipal, or county (city) levels follows the procedures and guidelines developed by the PCC, with some flexibilities, particularly where procurement does not reach the threshold for publication (TWD 1.5 million).

3.3.6.2 Procurement methods

3.130. Since the previous Review, there have been no changes in the procedures used. The government procurement system contemplates several thresholds, some of which were modified during the period, not necessarily linked to specific procedures, and three procurement methods (Table 3.15). The new thresholds for publication and small procurement were announced at the end of 2022 and came into effect on 1 January 2023. These were changed due to inflationary pressure, through administrative regulation enacted by the responsible entity.

²⁰⁶ Such as provisions dealing with procurement on a turnkey basis, joint tendering, or assistance for SMEs in government procurement.

²⁰⁷ GP Act, Article 6.

²⁰⁸ Decree of 22 May 2019 amending Articles 4, 15, 17, 22, 25, 30, 31, 50, 52, 59, 63, 76, 85, 93, 94, 95, 101, and 103 and adding Articles 11-1, 26-1, and 70-1.

²⁰⁹ Baker McKenzie (2019), *Client Alert*. Viewed at: https://insightplus.bakermckenzie.com/bm/attachment_dw.action?attkey=FRbANEucS95NMLRN47z%2BeeOgEFct8EGQJsWJiCH2WAWBW0hI3oTMYt61yXk6aPsN&nav=FRbANEucS95NMLRN47z%2BeeOgEFct8EGQbuwyppnzJic4%3D&attdocparam=pB7Hesg%2FZ312Bk8OIuOIH1c%2BY4beLEAeTFazIVrff%2Bo%3D&fromContentView=1.

²¹⁰ These services include professional, technical, information, social welfare, and/or cultural or creative services (GP Act, Article 52).

²¹¹ GP Act, Articles 59 and 101.

²¹² GP Act, Article 10.

Table 3.15 Thresholds and procurement methods

Threshold	Type of contract	Amount of contract	Method	Additional requirements
Small procurement	Construction works	Up to TWD 150,000	Single tendering (price negotiation)	n.a.
	Goods			
	Services			
Procurement not reaching the threshold for publication, but no less than one tenth of that threshold	Construction works	Between TWD 150,000 and TWD 1.5 million	Open tendering ^a Limited or single tendering	n.a.
	Goods			
	Services			
Publication	Construction works	TWD 1.5 million and above	Open tendering ^b Selective tendering Limited or single tendering	n.a.
	Goods			
	Services			
Supervision	Construction works	TWD 50 million and above	Open tendering ^b Selective tendering Limited or single tendering	Supervision is required by the superior entity
	Goods	TWD 50 million and above		
	Services	TWD 10 million and above		
Large procurement	Construction works	TWD 200 million and above	Open tendering ^b Selective tendering Limited or single tendering	Supervision is required by the superior entity and Specific qualifications may be required
	Goods	TWD 100 million and above		
	Services	TWD 20 million and above		

n.a. Not applicable.

a Offers must be obtained openly from at least three suppliers.

b At least three tenders must be obtained at the first tendering.

Source: GP Act.

3.131. For procurement reaching the threshold for publication (i.e. of TWD 1.5 million and above), the GP Act establishes that, in principle, open tendering must be used. Under these procedures, a public notice is issued inviting all interested suppliers to bid. In certain circumstances, however, selective or limited tendering may also be used (e.g. where there is a need for a prequalification evaluation). In such cases, a public notice is issued inviting all interested suppliers to provide their qualification documents, and once the evaluation is complete, qualified suppliers are invited to bid.²¹³ In certain cases, procuring entities are exempt from issuing a public notice and may use limited tendering procedures.²¹⁴ For procurement reaching the threshold for publication, technical specifications related to performance and functional requirements are specified and, where possible, based on international standards. According to the GP Act, competition must not be restricted unduly by establishing requirements or qualifications above the level necessary for implementing the contract. For open and selective tendering procedures, the notice of invitation to tender/notice of qualification evaluation must be published on the e-Procurement System (GEPS). The GP Act specifically prohibits fragmenting procurements to bypass the provisions applicable to the threshold for publication.²¹⁵ For large procurements, the GP Act stipulates that specific qualifications may be prescribed, in order to ensure that suppliers have substantial experience, a good performance record, and capacity (i.e. financial resources, workforce, and equipment). This type of procurement is subject to the same procedures as procurement reaching the threshold for publication.

3.132. Such procedures also apply to procurement subject to supervision. However, the procuring entity must submit relevant documents to its superior entity (i.e. the entity at a level immediately

²¹³ Prequalification may be used where (i) there is a recurring demand; (ii) the review of tenders is time-consuming; (iii) the cost of preparing a tender is high; (iv) the qualification requirements are complex; or (v) procurement concerns research and development (R&D).

²¹⁴ These cases include where (i) an open or selective tendering has been declared void, or the tenders submitted do not conform to established requirements; (ii) the subject of the procurement can only be supplied by one supplier, and there is no other alternative or substitute (e.g. exclusive right, sole source product or supply, or a work of art); (iii) there is extreme urgency; (iv) additional deliveries are needed and a change of supplier would not ensure interchangeability and compatibility with already existing supplies or services; and (v) the subject of the procurement is a commodity.

²¹⁵ GP Act, Article 14.

above) and such entity must monitor all procurement proceedings, including tender opening, price competition or price negotiation, and contract awarding.

3.133. Where procurement does not reach the threshold for publication but exceeds one tenth of such threshold, entities must use open tendering procedures and receive at least three offers in writing.²¹⁶ If the procuring entity receives fewer than three offers, the procedure is considered void, and the entity may use the limited tendering procedure. Entities may also use selective or limited tendering procedures subject to the same conditions as specified for procurement reaching the threshold for publication.²¹⁷ In principle, procurements of a value not reaching the threshold for publication are reserved for SMEs, unless the SME is not capable of carrying out the contract.²¹⁸

3.134. In regard to small procurement, procuring entities may directly negotiate with the supplier and are not required to issue a public notice and obtain offers from three suppliers.²¹⁹ Chinese Taipei does not collect annual data on small procurement.

3.135. The GP Act also contemplates special procurement, which is defined in terms of the characteristics of the object of procurement and, therefore, is not subject to a threshold. Construction works above a certain scale, and goods or services that require special professional or technical skills or equipment, fall within the category of special procurement. The procedures used for procurement that reaches the threshold for publication are also used for special procurement. As is the case of large procurement, given the characteristics of this type of acquisition, procuring entities may prescribe specific qualifications for special procurement bidders.

3.136. The provisions of the GP Act on invitation to tender and award of contracts may not apply to certain procedures used for procurement (i) in response to a disaster, an epidemic, or an imminent danger; (ii) between public entities; and (iii) from an international organization, an overseas government, or their authorized institutions under an agreement that includes specific provisions on government procurement.²²⁰ Procurement conducted in connection with an R&D project financed with public funds is also excluded from the GP Act.²²¹

3.137. During the review period, most government procurement in value terms was conducted under open tendering procedures (Table 3.16).

Table 3.16 Procurement by type of procedure, 2018-22

	Item	Open tendering (%)	Selective tendering (%)	Limited tendering (%)
2018	Share of total value	79.3	5.2	15.5
	Construction	96.2	0.0	3.8
	Goods	59.5	12.6	27.9
	Services	82.3	2.0	15.7
2019	Share of total value	63.0	8.6	28.4
	Construction	95.9	0.1	4.0
	Goods	33.7	16.8	49.5
	Services	84.3	1.4	14.3
2020	Share of total value	76.5	10.5	13.0
	Construction	94.9	0.0	5.1
	Goods	52.1	27.6	20.3
	Services	84.1	1.2	14.7
2021	Share of total value	73.5	11.2	15.3
	Construction	87.1	8.3	4.6
	Goods	53.0	21.5	25.5
	Services	80.5	1.6	17.9

²¹⁶ GP Act, Article 49.

²¹⁷ GP Act, Articles 23 and 49.

²¹⁸ Regulations Governing Assistance for Small and Medium Enterprises Participating in Government Procurement, last amended on 24 April 2002, Article 3.

²¹⁹ Article 5 of the relevant tendering regulations related to small procurement, which were adopted on 26 April 1999 and last amended on 8 March 2018.

²²⁰ Regulations for Invitation to Tender and Award of Contract in Special Procurement, last amended on 27 August 2009.

²²¹ Fundamental Science and Technology Act, last amended on 14 June 2017, Article 6.

	Item	Open tendering (%)	Selective tendering (%)	Limited tendering (%)
2022	Share of total value	78.1	5.8	16.1
	Construction	94.1	1.0	4.9
	Goods	52.8	17.7	29.5
	Services	80.5	0.1	19.4

Note: Includes procurement not covered by the WTO GPA and with a value of more than TWD 100,000 and does not include procurement for resale or use in the production or supply of goods or services for sale.

Source: Information provided by the authorities.

3.138. In order to ensure efficiency and quality, an entity may conduct procurement on a turnkey basis, consolidating into one single contract for a certain period the procurement of design and work, supply, installation, and maintenance.²²² A procuring entity may also allow joint tendering by a limited number of suppliers, depending on the characteristics of a procurement, provided it increases competition among suppliers or does not restrain competition.²²³ The procedures applicable to these types of procurement are the same as those for procurement reaching the threshold for publication.

3.139. An entity may also sign an inter-entity supply contract with a provider for the supply of goods or services that are commonly required by two or more entities. These contracts have a maximum duration of two years, and their value cannot reach the threshold for supervision, unless approved by the superior entity.²²⁴ In 2021, inter-entity supply contracts as a share of total procurement amounted to about 2.5%.

3.140. The participation of overseas suppliers in government procurement is regulated by the requirements set forth in the arrangements to which Chinese Taipei is a party (such as the WTO GPA)²²⁵ and certain other regulations under which Chinese Taipei may impose restrictions or bans on suppliers, products, or services from a trading partner that does not allow or restricts market access to suppliers, products, or services from Chinese Taipei.

3.3.6.3 Preferences

3.141. The GP Act provides for offsets and price preferences to promote employment, industrial development, and environmental protection. These apply to procurements not covered by the GPA.

3.142. A procuring entity may request a tenderer (both local and overseas) to purchase locally produced goods, transfer technology, invest, and/or facilitate exports to the extent that it is not prohibited by the arrangements to which Chinese Taipei is a party. Alternatively, where an overseas supplier offers the bid with the lowest price, a procuring entity may award the contract to a local supplier at such price, as long as the goods provided contain at least 50% of local value added, or the construction works or services are locally provided.²²⁶

3.143. Preferential treatment for local suppliers is granted to the extent that it is not prohibited by the arrangements to which Chinese Taipei is a party. Where an overseas supplier offers the bid with the lowest price for a procurement reaching the threshold for publication, a procuring entity may award the contract to a local supplier at a higher price not exceeding 3% and five years.²²⁷

3.144. Government procurement is also used as a tool for supporting minorities and disadvantaged groups, or for environmental protection. For procurements not reaching the threshold for publication in aboriginal areas, entities must procure from aboriginal individuals, institutions, legal persons, or groups, provided that they are able to carry out the contract, when conducting procurement of amounts that are below the threshold for publication in the aboriginal areas. There is no minimum

²²² GP Act; and Regulations for the Implementation of Procurement on a Turnkey Basis, last amended on 24 September 2012, Article 24.

²²³ GP Act; and Regulations for Joint Tendering, last amended on 22 July 2007, Article 25.

²²⁴ Regulation for the Implementation of Inter-entity Supply Contracts, last amended on 22 November 2019, Article 6.

²²⁵ The FTAs between Chinese Taipei and New Zealand and Singapore include a chapter on government procurement.

²²⁶ GP Act, Article 43.

²²⁷ GP Act, Article 44.

procurement amount nor a yearly target.²²⁸ If the winning supplier in aboriginal areas has more than 100 employees, at least 1% must be aboriginal people. The GP Act also stipulates the use of limited tendering procedures for the procurement of goods and services provided by people with physical or mental disabilities, prisoners, or philanthropic organizations. There is a price preference of up to 10% for tenders that include products labelled as being environmentally friendly.²²⁹ The laws and regulations related to government procurement do not set yearly targets regarding the purchase of eco-products.

3.145. Procuring entities must award a specific percentage of their intended procurement to SMEs.²³⁰ To implement this requirement, a non-binding yearly target percentage (YTP) is established, which is currently set at 45%.²³¹ In conducting procurement reaching the threshold for publication, an entity may require that the tenderer be a SME or encourage the winning supplier to subcontract SMEs. The YTP is also enforceable at the local level. In 2022, the value of government procurement conducted with SMEs amounted to TWD 522 billion, representing 86.85% of total government procurement.

3.3.6.4 Transparency

3.146. In order to enhance openness and transparency, Chinese Taipei maintains an electronic information system for government procurement, i.e. the GEPS.²³² This system is designed to provide information about tender notices and award notices of all procuring entities to facilitate participation in government procurement. The Government Procurement Gazette has now been fully integrated into the GEPS.

3.147. In accordance with the GP Act, a protest or complaint may be filed in case of a dispute between a procuring entity and a supplier.²³³ Where the value of procurement reaches the threshold for publication, a supplier may file a written complaint with the relevant institutions.²³⁴ In all cases, mediation is encouraged. However, if mediation is unsuccessful, complainants may have recourse to arbitration. According to Article 74 of the GP Act, a complaint may be filed because of a dispute arising (between an entity and a supplier) because of an invitation to or an evaluation of a tender, or the award of a contract. The decision may be appealed to the administrative courts.

3.3.7 Intellectual property rights

3.148. As part of its overall effort to promote high-technology industries and attract FDI, Chinese Taipei has continued to strengthen its framework for protecting technological innovations and IPRs. During the review period, there were a number of amendments to the IPR legislation. Some of these changes were introduced to align Chinese Taipei's legislation with the provisions of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Overall, the purpose of these amendments is to streamline the IPR legal regime and adapt it to a rapidly evolving environment (Table 3.17).

3.149. Intellectual property (IP) policy continues to be the responsibility of the MOEA's intellectual property office (TIPO), which is also responsible for drafting IP laws, ensuring interagency enforcement coordination, and implementing the IPR Action Plan 2021-23.

3.150. At the WTO, Chinese Taipei is an active member of the TRIPS Council, where it plays a key role in discussions on IP and innovation, including MSME growth through IP, women and IP, IP and

²²⁸ Indigenous Peoples Employment Rights Protection Act, 4 February 2015, Article 11.

²²⁹ GP Act; and Regulations for Priority Procurement of Eco-Products, last amended on 15 January 2001, Article 96.

²³⁰ According to the Standards for Identifying Small and Medium-sized Enterprises, an enterprise is considered to be a SME if it has been incorporated in accordance with relevant laws, it has paid-in capital of not more than TWD 100 million, and it has less than 200 employees.

²³¹ WTO document GPA/WPS/SME/26, 6 July 2016.

²³² The English version of the website, which includes information on the WTO GPA, can be accessed at: <https://web.pcc.gov.tw/tps/QueryTender/query/queryEng?mode=>.

²³³ GP Act, Article 74.

²³⁴ GP Act, Article 76.

microfinance, and public-private collaboration in innovation.²³⁵ Apart from the WTO TRIPS Agreement, Chinese Taipei participates in IPR protection and cooperation under the APEC's Intellectual Property Rights Expert Group (IPEG). Chinese Taipei does not participate in WIPO-administered agreements. However, insofar as it implements the WTO TRIPS Agreement, it also complies with substantive obligations of the main WIPO conventions that are incorporated by reference to this Agreement, such as the Paris Convention, the Berne Convention, the Rome Convention, and the Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC Treaty).

3.151. During the period under review, Chinese Taipei continued to deepen global IPR cooperation by signing a number of memoranda of understanding (MoU).²³⁶

Table 3.17 Requirements and terms of intellectual property rights protection, 2023

Subject matter	Protection	Remarks
Copyright and related rights	<p>The Copyright Act protects 10 types of works (oral and literary works, musical works, dramatic and choreographic works, artistic works, photographic works, pictorial and graphical works, audiovisual works, sound recordings, architectural works, and computer programs), as well as derivative works.</p> <p>The term of protection is 50 years after the author's death, except for photographic and audiovisual works, sound recordings, and performances, which are protected for 50 years from the public release of the work.</p> <p>Works by authors originating in a WTO Member, or if there is a principle of reciprocity, are protected. Otherwise, works are protected only if first published in Chinese Taipei or published in Chinese Taipei within 30 days of their first publication outside Chinese Taipei. This applies if there is reciprocity.</p>	Parallel imports of copyright-protected products are prohibited (Article 87.4), subject to certain exceptions.
Trademarks (including certification and collective marks)	<p>Any sign with distinctiveness – consisting, in particular, of words, devices, symbols, colours, three-dimensional shapes, motions, holograms, sounds, or any combination thereof – is protected for a period of 10 years, renewable indefinitely for additional periods of 10 years.</p> <p>Registration is based on the principle of reciprocity or on the existence of an arrangement for the reciprocal protection of trademarks.</p> <p>To apply for a trademark, an overseas applicant must use a trademark agent. An applicant who has filed an application in a trading partner that is a WTO Member or grants reciprocal recognition of priority rights with Chinese Taipei may claim a right to priority within six months from the original application.</p>	The Trademark Act (Article 36.2) adopts the principle of international exhaustion, thus allowing parallel imports.
Geographical indications (GIs) (certification or collective marks)	<p>Geographical indications are registered under the Trademark Act as certification marks or collective marks. For a good or service to be protected under a geographical indication it must have a quality, reputation, or other characteristic that is fundamentally attributable to its geographic origin.</p> <p>Applications for a GI certification mark must be filed by a legal entity, a legal group, or an authority.</p> <p>Applications for a GI collective trademark must be filed by a union, an association, or other group having a legal personality. GIs are protected for as long as the requirements conferring protection exist.</p> <p>Registered GIs are protected for a period of 10 years, renewable indefinitely for additional periods of 10 years.</p>	

²³⁵ See, for example, WTO documents IP/C/W/638, 16 February 2018; IP/C/W/652, 8 February 2019; IP/C/W/667, 9 September 2020; IP/C/W/675, 26 February 2021; IP/C/W/679, 27 May 2021; IP/C/W/685, 1 October 2021; and IP/C/W/686, 25 February 2022.

²³⁶ TIPO, *Annual Report* (2021). Viewed at: <https://www.tipo.gov.tw/en/lp-309-2.html>.

Subject matter	Protection	Remarks
Inventions, utility models, and designs	<p>Inventions, utility models, and designs are protected by a patent as long as they meet the criteria of novelty, inventive step, and industrial applicability.</p> <p>Patents are granted based on the principle of reciprocity or the existence of an arrangement for the reciprocal protection of patent rights.</p> <p>Invention patents are granted for 20 years, utility model patents for 10 years, and design patents for 15 years from the date of filing.</p> <p>In principle, patents are not renewable. However, invention patents involving a pharmaceutical or agrochemical, or the manufacturing process thereof, may be extended only once for a period of up to five years to compensate for any delays in obtaining the regulatory approval.</p> <p>Overseas applicants must designate a patent attorney to file patent applications and handle patent-related matters.</p> <p>An applicant who has first applied for a patent in a trading partner that has reciprocal recognition of priority rights with Chinese Taipei or is a WTO Member may claim a right to priority within 12 months from the original application.</p>	<p>Inventions will not be granted a patent if disclosed in a printed publication, publicly exploited, or publicly known prior to the filing of the application.</p> <p>The following are also excluded from patentability: (i) animals, plants, and essential biological processes for the production of animals or plants, except for processes for producing microorganisms; (ii) diagnostic, therapeutic, and surgical methods for the treatment of humans or animals; and (iii) inventions contrary to public order or morality.</p> <p>Utility models that are contrary to public order or morality cannot be granted a patent.</p> <p>A design may not be granted a patent if it is (i) the shape of an article solely dictated by its functions; (ii) an object of fine art; (iii) the layout of an integrated circuit and electronic circuit; or (iv) an article contrary to public order or morality.</p> <p>The Patent Act adopts the principle of international exhaustion (Article 59.1.6), thus allowing parallel imports.</p>
Layout-designs (topographies) of integrated circuits	<p>A layout-design is protected if it is the result of the creator's intellect and efforts. At the time of creation, the circuit layout must not be ordinary, common, or known, although the combination of ordinary, common, or known components or interconnections may be protected.</p> <p>Layouts are protected for 10 years from the date of application or the date of first commercial exploitation, whichever is first.</p> <p>An overseas owner may apply for registration in Chinese Taipei if there is a protection granting arrangement in force, or based on the principle of reciprocity. An overseas owner may also obtain protection in Chinese Taipei if the first commercial exploitation occurred in Chinese Taipei, and there is reciprocity.</p>	
New plant varieties	<p>Protection is granted only if a variety is new, distinct, uniform, and stable, and has been given an appropriate plant variety denomination.</p> <p>For trees and perennial vine plants, protection is for 25 years from the date of approval.</p> <p>For all other plant species, the term of protection is 20 years from the date of approval.</p>	
Trade secrets	<p>A trade secret is defined as any method, technique, process, formula, programme, design, or other information that may be used in the production, sales, or operations, that is not known generally, has economic value, and whose owner has taken reasonable measures to maintain secret.</p> <p>Trade secrets are automatically protected for as long as they remain undisclosed.</p>	
Traditional intellectual creations of indigenous peoples	<p>Protection is granted to traditional religious ceremonies, music, dance, songs, sculptures, weaving, patterns, clothing, folk crafts, or any other expression of the cultural achievements of indigenous peoples.</p> <p>These creations are permanently protected after being registered with the Council of Indigenous Peoples.</p>	

Source: Compiled by the WTO Secretariat based on Chinese Taipei's IPR legislation.

3.3.7.1 Copyright and related rights

3.152. Copyright and related rights in Chinese Taipei continue to be protected under the Copyright Act and subsidiary legislation.²³⁷ During the review period, Chinese Taipei made several amendments to the Copyright Act in order to impose civil and criminal liability on providers of computer software enabling access to copyright infringing websites, and to facilitate the use of copyright-protected works in the context of distance learning and digital archives.²³⁸ Also, to ensure compliance with the IPR provisions of the CPTPP, the Copyright Act was amended to consider instances of illegal digital piracy, distribution, and public transmission constituting a serious infringement as offences indictable without complaint. Optical disc piracy, however, is no longer considered a serious infringement and is now subject to general liability.

3.153. The Regulations Governing Application for Approval of License of Works of Unknown Owner of Copyrights and Royalties for Use Thereof were also amended to facilitate the use of orphan works and support the development of cultural and creative industries, in accordance with the Development of the Cultural and Creative Industries Act, which promotes the use of such works.²³⁹

3.154. The Copyright Collective Management Organization (CMO) Act was also amended to introduce a public consultation mechanism for TIPO to obtain comments from general copyright users when processing permit applications by CMOs. The amended Act also establishes term limits for CMO managers, as well as internal controls to ensure good governance, and promotes technology use within these organizations to enhance management and operations. TIPO's authority to supervise and penalize a CMO violating the law was also enhanced.²⁴⁰

3.3.7.2 Trademarks

3.155. Trademarks continue to be protected under the Trademark Act and subsidiary legislation, including the Enforcement Rules of the Trademark Act.²⁴¹ During the review period, the Trademark Act was amended to include criminal provisions on counterfeit labels of trademarks or collective trademarks. Under the amended Act, criminal liabilities now apply to some preparatory and contributory acts of infringement, including the importation of counterfeit labels and packaging. In addition, "intentional and negligent" acts are now subject to civil liabilities, while only intentional acts constitute criminal liability. The Enforcement Rules of the Trademark Act were also amended to establish that the Classification of Goods and Services maintained by the Registrar Office shall be based on the International Classification of Goods and Services published by WIPO. In addition, the Regulations Governing the Implementation of Filing Trademark Applications and Services by Electronic Means were amended to allow applicants to file trademark applications by alternative means when the file size is too big (i.e. a read-only DVD to be submitted in person or via postal service to complete the e-filing process).

3.156. TIPO also revised the Examination Guidelines on Likelihood of Confusion to help determine whether there is likelihood of confusion between two trademarks.

²³⁷ Copyright Collective Management Organization Act, last amended on 18 May 2022; Regulations of Copyright Dispute Mediation, last amended on 14 April 2004; Regulations Governing Application for Approval of Compulsory License of Musical Works and Royalties for Use Thereof, last amended on 4 August 2020; Standards for Application Fees Related to Copyright Affairs, last amended on 12 April 2010; Regulations Governing Application for Approval of License of Works of Unknown Owner of Copyrights and Royalties for Use Thereof, last amended on 11 March 2021; and Regulations for Copyright Collective Management Organization Fees, last amended on 26 February 2010.

²³⁸ WTO documents IP/N/1/TPKM/23, IP/N/1/TPKM/C/13, 11 October 2019; and IP/N/1/TPKM/34, IP/N/1/TPKM/C/17, 22 September 2022.

²³⁹ WTO document IP/N/1/TPKM/31, IP/N/1/TPKM/C/15, 10 June 2021.

²⁴⁰ WTO document IP/N/1/TPKM/35, IP/N/1/TPKM/C/18, 22 September 2022.

²⁴¹ Implementation Regulations for Customs to Detain Articles Infringing the Rights in the Trademark, last amended on 2 August 2012; Trademark Examiner Qualification Act, last amended on 2 February 2000; Standards of Trademark Fees, last amended on 28 June 2012; Regulations Governing the Implementation of Filing Trademark Applications and Services by Electronic Means, last amended on 9 June 2020; and Regulations Governing Customs Measures in Protecting the Rights and Interests of Trademark, last amended on 15 September 2021.

3.157. During the review period, trademark registrations showed an increasing trend (81,460 in 2021 compared to 71,809 in 2018). The share of trademarks registered by residents showed a significant increase during the same period (23%), particularly in 2020 and 2021 (Table 3.18). The average disposal pendency for trademark applications hit a record low in 2021 of 6.2 months.²⁴²

Table 3.18 Trademarks and related data, 2018-22

	2018	2019	2020	2021	2022
Trademarks					
Applications	84,816	86,794	94,089	95,917	94,778
Residents (%)	59,840	61,928	72,170	73,374	74,326
Non-residents (%)	24,976	24,866	21,919	22,543	20,452
Registrations	71,809	70,785	78,849	81,460	79,400
Residents (%)	50,463	48,921	56,736	62,071	60,312
Non-residents (%)	21,346	21,864	22,113	19,389	19,088
Certification marks					
Applications	46	40	47	41	36
Registrations	29	44	34	29	28
Collective membership marks					
Applications	49	53	46	48	48
Registrations	39	37	39	48	32

Source: TIPO, *Annual Report* (2021); and information provided by TIPO.

3.3.7.3 Geographical indications

3.158. Geographical indications (GIs) may be registered in Chinese Taipei as certification marks or collective marks under the Trademark Act. GIs are also governed by other acts, such as the Fair Trade Act, the Tobacco and Alcohol Administration Act, the Regulations Governing the Labelling of the Alcohol Products, and the Commodity Labelling Act.

3.159. Chinese Taipei is a co-sponsor of the Joint Proposal for the establishment of a multilateral system of notification and registration of GIs for wines and spirits, which would be applied on a voluntary basis.²⁴³ Chinese Taipei also opposes the extension of the higher level of GI protection for wines and spirits to all goods.²⁴⁴

3.3.7.4 Patents, utility models, and designs

3.160. Patent protection in Chinese Taipei remains regulated by the Patent Act and secondary legislation, including the Enforcement Rules of the Patent Act.²⁴⁵ During the review period, the Patent Act was amended to, *inter alia*, (i) extend the term of protection for the design patent from 12 to 15 years; (ii) loosen restrictions on the division of invention and utility model patent applications after approval; and (iii) specify the period for applying for a post-grant amendment to a utility model patent and for a substantive examination.²⁴⁶

3.161. In order to align Chinese Taipei's legal framework for patents with the CPTPP, in 2019 a patent linkage system was implemented under the Pharmaceutical Affairs Act. To ensure consistency between this Act and the Patent Act, in 2022 the latter was amended to provide the legal basis for patent holders to sue generic drug manufacturers that make a P4 declaration for patent infringement. The amended Act also provides that in case a patent holder does not file a suit within

²⁴² TIPO, *Annual Report* (2021). Viewed at: <https://www.tipo.gov.tw/en/lp-309-2.html>.

²⁴³ WTO document TN/IP/W/10/Rev.4, 31 March 2011.

²⁴⁴ WTO document IP/C/W/386, 8 November 2002.

²⁴⁵ Regulations of Patent Fees, last amended on 27 September 2019; Regulations Governing the Implementation of Filing Patent Applications and Services by Electronic Means, last amended on 9 June 2020; Regulations Governing the Determination of Patent Term Extension, last amended on 11 April 2018; Regulations Governing Customs Detaining Goods Suspected of Patent Infringement, last amended on 24 March 2014; Regulations for the Patent Linkage of Drugs, 1 July 2019; Regulations for the Deposit of Biological Material for Patent Application, last amended on 4 June 2015; and Patent Attorney Act, last amended on 21 November 2018.

²⁴⁶ WTO document IP/N/1/TPKM/24/Rev.1, IP/N/1/TPKM/P/13/Rev.1, 3 November 2022.

the stipulated time period, the generic drug manufacturer may file a declaratory judgement to ascertain whether any infringement has occurred.²⁴⁷

3.162. The Enforcement Rules of the Patent Act were also amended to exempt biotechnology-related applicants from submitting a list of sequences in written form and to relax the period for submitting third-party observations to TIPO.²⁴⁸ Moreover, major amendments were introduced in the Regulations Governing the Determination of Patent Term Extension, so that it is no longer required to submit a document proving that the clinical trial or field test has been approved for patent term extension overseas. In addition, for field tests that need not be conducted in sequence, the limitation that only the longest one may be claimed for patent term extension was removed.²⁴⁹

3.163. The Examination Guidelines for Computer Software-related Inventions were amended to take into account the increased use of AI-based applications and innovations in many industries. The amended Guidelines now specify the eligibility criteria to be used by TIPO for computer software-related inventions.²⁵⁰

3.164. No changes were made to the provisions on compulsory licensing contained in the Patent Act, and no compulsory licences were issued during the review period.

3.165. The total number of patents applied for and granted declined slightly during the review period; the number of invention patent applications grew, whereas the number of utility model and design patent applications decreased. Most patent applications were submitted by Chinese Taipei residents, but the share of overseas applicants increased compared to the previous review period, when the share averaged 40% (Table 3.19). In 2022, the top three item categories benefitting from patent grants were semiconductor devices (10.62%), optics (8.32%), and basic electronic circuitry (6.20%). The average disposal pendency for invention patent applications hit a record low in 2019 of 13.6 months. For utility model patent applications, the record low was registered in 2020 (2.2 months). The average pendency of design patent applications stood at 7.3 months during the review period.²⁵¹

Table 3.19 Patent applications and registrations, 2018-22

	2018	2019	2020	2021	2022
Patent applications					
Invention	47,429	48,268	46,664	49,116	50,242
Residents (%)	39	39	41	40	39
Non-residents (%)	61	61	59	60	61
Utility models	17,910	17,580	17,555	15,796	14,662
Residents (%)	93	93	94	92	93
Non-residents (%)	7	7	6	8	7
Designs	8,082	8,804	8,019	7,701	7,155
Residents (%)	53	48	49	46	48
Non-residents (%)	47	52	51	54	52
Total	73,421	74,652	72,238	72,613	72,059
Residents (%)	53	53	55	52	51
Non-residents (%)	47	47	45	48	49
Patents granted					
Inventions	36,147	34,926	33,811	36,576	37,175
Residents (%)	41	41	41	42	43
Non-residents (%)	59	59	59	58	57
Utility models	18,559	16,300	17,489	15,742	14,212
Residents (%)	93	93	93	92	92
Non-residents (%)	7	7	7	8	8

²⁴⁷ WTO document IP/N/1/TPKM/33, IP/N/1/TPKM/P/17, 6 July 2022.

²⁴⁸ WTO documents IP/N/1/TPKM/25, IP/N/1/TPKM/P/14, 5 December 2019; and IP/N/1/TPKM/27, IP/N/1/TPKM/P/15, 20 July 2020.

²⁴⁹ WTO document IP/N/1/TPKM/19, IP/N/1/TPKM/P/10, 26 September 2018.

²⁵⁰ TIPO (2021), *Annual Report*. Viewed at: <https://www.tipo.gov.tw/en/lp-309-2.html>.

²⁵¹ Information provided by the authorities.

	2018	2019	2020	2021	2022
Designs	7,487	6,660	7,419	7,158	6,627
Residents (%)	52	51	45	46	44
Non-residents (%)	48	49	55	54	56
Total	62,193	57,886	58,719	59,476	58,014
Residents (%)	58	57	57	56	55
Non-residents (%)	42	43	43	44	45

Source: TIPO, *Annual Report* (2021); and information provided by TIPO.

3.3.7.5 Plant varieties

3.166. There have been no major changes to the Plant Variety and Plant Seed Act, which was last amended in May 2018.

3.3.7.6 Layout-designs of integrated circuits (topographies)

3.167. Layout-designs of integrated circuits continue to be protected under the Integrated Circuit Layout Protection Act, last amended in 2002, and the Enforcement Rules of the Integrated Circuit Layout Protection Act. No major changes were made during the review period.

3.3.7.7 Trade secrets

3.168. Trade secrets continue to be protected under the Trade Secrets Act. In January 2020, the Act was amended to introduce the confidentiality order mechanism to safeguard complainants' trade secrets during criminal investigation proceedings. A person who violates a confidentiality order is liable to imprisonment for a maximum of three years. The purpose of this amendment is to deter leaks of trade secrets, increase corporations' willingness to file a lawsuit, and enable prosecutors to effectively conclude their investigations. Moreover, as these amendments also increase protection of overseas persons' trade secrets, they could have an impact on FDI and R&D.²⁵²

3.3.7.8 Enforcement

3.169. According to the authorities, IPR quality and quantity are instrumental to Chinese Taipei's competitiveness and for promoting its global economic integration.²⁵³ During the review period, Chinese Taipei took measures and instituted several new policies to enhance IPRs' enforcement, such as the IPR Action Plan 2021-23, which is being implemented in line with Chinese Taipei's policies on industrial innovation and development. The main goal of the Plan is to strengthen investigations of piracy, counterfeiting, and theft of trade secrets to effectively reduce infringements.

3.170. An Inter-agency Coordination Taskforce for IP Enforcement, including representatives of some ministries, the general police force, the IPR Police, and the Customs Administration, continues to coordinate enforcement work.

3.171. All IPR laws contain provisions on civil remedies in case of infringement. Infringement of copyright, trademarks, and trade secrets also carries criminal liability. Criminal penalties upon infringement of copyright include imprisonment for up to five years and/or a fine of up to TWD 2 million. Criminal penalties for trademark infringement include imprisonment for up to three years and/or a fine of up to TWD 200,000. Criminal penalties are also in place for trade secret misappropriation (between 1 and 10 years and/or a fine of between TWD 3 million and TWD 50 million).

3.172. IPR enforcement on imported and exported goods is conducted by the Customs Administration, which may suspend *ex officio* the release of goods suspected of infringing IPRs. To expedite counterfeit identification, the Regulations Governing Customs Measures in Protecting the Rights and Interests of Trademarks were amended in 2021, so that right holders can identify suspected goods on an e-platform rather than onsite. During the review period, the Customs Administration continued to exchange information on cases of counterfeiting with its global counterparts.

²⁵² WTO document IP/N/1/TPKM/26, IP/N/1/TPKM/U/3, 9 April 2020.

²⁵³ TIPO (2021), *Annual Report*. Viewed at: <https://www.tipo.gov.tw/en/lp-309-2.html>.

3.173. In the local market, the main entities in charge of IPR infringement are the district prosecutor's offices, the Investigation Bureau (MOJ), the police force, the IPR Police, and the Intellectual Property and Commercial Court. During the review period, the Intellectual Property Court was merged with the Commercial Court and was then renamed as the Intellectual Property and Commercial Court. The IPR Police continue to undertake counterfeit and piracy investigations. The Joint Optical Disk Enforcement Taskforce (JODE) conducted periodic and random inspections of optical disc plants until 2021, when according to the authorities these were put on hold. In 2022, the value of trademark and copyright seizures in the local market amounted to TWD 49.45 million.²⁵⁴

²⁵⁴ Information provided by the authorities.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. Farming, animal husbandry, fisheries, and forestry accounted for 1.4% of GDP and 4.6% of employment in 2022, against 1.7% and 4.9%, respectively, in 2018 (Table 1.1). The crops segment provided more than 50% of the sector's annual output throughout the 2018-21 period, whereas forestry's contribution remained very modest. The livestock segment's relative importance in the sector's output grew steadily, while fisheries' share maintained a mostly downward trend. The main activities were horticulture and hog and poultry farming (Table 4.1). Rice remains the most important staple food in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), although both its cultivation area and production volume have been steadily declining since 2018.¹

Table 4.1 Composition of agricultural output, 2018-21

	2018	2019	2020	2021
Total (TWD million)	525,610.1	512,427.9	503,805.3	536,074.2
Crop production	269,445.6	262,509.5	263,610.3	272,179.9
Fruit	99,352.0	92,343.5	95,779.7	101,259.6
Vegetables	73,332.5	77,828.3	74,617.2	81,476.1
Paddy rice	42,986.5	39,891.5	38,753.9	35,149.1
Livestock production	166,687.0	162,941.8	168,813.4	185,786.7
Hogs	70,359.5	70,944.4	71,487.3	76,696.6
Broilers, incl. coloured	43,867.6	40,048.6	46,448.7	52,878.3
Hen eggs	21,131.7	22,010.3	21,413.2	23,066.8
Forestry production	139.2	156.4	165.6	227.4
Timber	108.5	132.4	143.9	203.1
Fishery production	89,267.5	86,622.6	71,216.1	77,880.2
Deep sea fisheries	35,740.3	33,840.3	25,560.8	32,658.4
Inland aquaculture	31,819.6	31,353.2	27,159.8	27,187.0

Source: Council of Agriculture (COA). Viewed at: <https://eng.coa.gov.tw/ws.php?id=2505686>.

4.2. Chinese Taipei's agriculture sector remains small on account of scarce farmland, fragmented farming operations, and a declining and ageing rural workforce. In 2021, Chinese Taipei had 734,634 ha under cultivation, 8,107 ha used for animal husbandry, and 30,668 ha used for aquaculture ponds.² Most farms remain small-scale (1.1 ha on average) and family-operated.

4.3. Vulnerability to adverse climatic conditions constitutes another impediment to the sector's growth and productivity. During the review period, Chinese Taipei experienced several weather-related disasters, including floods and drought. The total disaster-related agricultural loss for 2018-21 was estimated at TWD 34.9 billion.³

4.4. Chinese Taipei remains heavily dependent on imported food and agricultural inputs, such as animal feed and forage crops, and fertilizers. Its trade balance in fish and fish products (WTO definition) was positive during 2018-19 but turned negative thereafter (Table 4.2). Imports of food represented about 3.6% of total merchandise imports in 2022, against 4% in 2018.⁴ In 2021, imports accounted for 68.7% of Chinese Taipei's annual caloric intake, against 65.5% in 2018. The steep rise in sea transport costs, triggered by a global shortage of shipping containers following the outbreak of the COVID-19 pandemic, had a dampening effect on Chinese Taipei's trade in agricultural products.

¹ Viewed at: <https://eng.coa.gov.tw/ws.php?id=8842>.

² There were also 52,391 ha of fallow land.

³ Viewed at: https://eng.coa.gov.tw/upload/files/eng_web_structure/2505697/ZA_ZA10-1_276_110.pdf.

⁴ WTO Secretariat calculations, based on BOFT, *Trade Statistics*. Viewed at: <https://cuswebo.trade.gov.tw/FSCE000F/FSCE000F>.

Table 4.2 Trade in agricultural products, 2018-22

Description		2018	2019	2020	2021	2022
Exports (USD million)		3,632.2	3,784.0	3,629.9	4,241.2	3,717.0
(% of total exports)		1.1	1.1	1.1	1.0	0.8
Top 5 categories (HS 4-digit level, % of total agriculture exports)						
2106	Food preparations, n.e.s.	16.9	18.8	19.0	19.8	21.2
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa	5.4	5.3	5.5	5.2	5.7
0505	Skins and other parts of birds with their feathers (..)	7.3	6.9	4.5	4.8	5.2
2402	Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes	3.8	3.6	3.4	4.8	5.1
2202	Waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages	5.1	5.0	5.3	5.1	5.0
Imports (USD million)		12,639.5	12,658.5	12,374.6	14,757.5	16,854.2
(% of total imports)		4.4	4.4	4.3	3.9	3.9
Top 5 categories (HS 4-digit level, % of total agriculture imports)						
1201	Soya beans, whether or not broken	8.5	8.1	8.3	10.1	11.1
1005	Maize (corn)	6.8	7.7	7.1	8.9	10.3
2106	Food preparations, n.e.s.	5.4	5.6	5.6	5.5	5.3
0202	Meat of bovine animals, frozen	4.6	5.0	5.0	4.3	5.1
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages	5.3	6.0	5.4	5.0	4.3
Trade balance (USD million)						
Agriculture		-9,007.2	-8,874.6	-8,744.7	-10,516.4	-13,137.1
Fish and fishery products ^a		353.5	195.4	-245.6	-66.8	-463.1
Food ^b		-6,585.2	-6,816.1	-7,206.9	-8,322.2	-10,858.6
Animal feed ^c		-614.4	-595.8	-605.2	-690.5	-830.2
Fertilizer ^d		-117.7	-129.5	-153.8	-84.4	-226.2

a HS Chapters and headings 03, 0508, 0511.91, 1504.10, 1504.20, 1603-1605, and 2301.20.

b HS Chapters 1-23 (excluding Chapters 5, 6, 13, and 14, and headings 1108, 1109, 1201-1209, 1520, 1211.30, 1211.40, 1211.50, 1212.21, 1212.29, 2207.10, and 2207.20) and headings 3823, 3502.11, and 3502.19.

c HS Chapter 23 and headings 1213 and 1214.

d HS Chapter 31.

Note: Unless indicated otherwise, the WTO definition of agricultural products is applied.

Source: WTO Secretariat calculations, based on BOFT, *Trade Statistics*. Viewed at: <https://cuswebo.trade.gov.tw/FSCE000F/FSCE000F>.

4.5. Inward investment in most agriculture (farming, animal husbandry, forestry, fishing, and aquaculture) activities remains restricted (Section 2.4). A "Small Landlords, Big Tenants" programme, in place since 2009, continues to offer various incentives aimed at rejuvenating the agricultural labour structure, expanding farm scale, and providing retirement relief to elderly farmers.⁵

4.6. The Council of Agriculture (COA) remains in charge of farming, animal husbandry, forestry, fishery, and food matters in Chinese Taipei.⁶ Its responsibilities include policy formulation and implementation, including guiding and supervising relevant activities undertaken at the provincial and municipal levels. The COA shares responsibilities with other public bodies in the areas of water resources, land use, ocean and coastal management, and disaster prevention.

4.7. During the review period, the COA's efforts to protect the rights and interests of the farming population and nourish an optimal agricultural environment were guided by its New Innovative Agriculture Programme comprising three main axes: enhancing farmers' welfare, improving infrastructure, and upgrading competitiveness. In addition, the COA continued executing strategies

⁵ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

⁶ Viewed at: <https://eng.coa.gov.tw/ws.php?id=2505380>.

and action plans elaborated in accordance with Chinese Taipei's Climate Change Adaptation Action Plan and New Southbound Policy (NSP).

4.8. The COA remains in charge of the Agricultural Credit Guarantee Fund (ACGF) aimed at assisting farmers and fishers with insufficient collateral to obtain agricultural loans. The COA is also the competent authority managing the Fund for Redressing Damage to Farmers Caused by Agriculture Imports and its sub-fund, the Pig Farming Industry Fund, established in 2021. These Funds finance support measures intended to help farmers to cope with the challenges of trade liberalization, accelerate the agriculture sector's structural transformation, and enhance its competitiveness. In January 2021, Chinese Taipei also established an Agricultural Insurance Fund for the purpose of implementing risk-spreading mechanisms, stabilizing the agricultural insurance system's operations and functions, training loss adjusters, and establishing an agricultural insurance database. Pursuant to the Agricultural Insurance Act, the COA is to inject up to TWD 10 billion into the Fund. The authorities indicate that TWD 0.6 billion have been injected to date.

4.9. The main laws governing the sector remain the Agricultural Development Act, the Forestry Act, and the Fisheries Act. During the review period, amendments were made to, *inter alia*, the Farmer Health Insurance Act and the Fisheries Act. Chinese Taipei also enacted the Organic Agriculture Promotion Act (30 May 2018), the Act for Distant Water Fisheries (20 July 2016), the Agricultural Insurance Act (27 May 2020), the Farmer Pension Act (10 June 2020), and the Irrigation Act (22 July 2020). On 1 October 2020, all irrigation associations operating in Chinese Taipei were formally absorbed by a newly established Irrigation Agency under the COA.⁷

4.10. Chinese Taipei joined the Southern Indian Ocean Fisheries Agreement (SIOFA) in July 2019. Having made essential improvements in the areas of legal framework; traceability; global cooperation; and monitoring, control, and surveillance, Chinese Taipei was removed from the European Union's "Yellow Card" list for illegal, unreported, and unregulated fishing on 27 June 2019.⁸

4.1.2 Trade measures

4.11. The average applied MFN tariff for agricultural products (WTO definition) including AVEs was 16.6% (17.6% at the HS 8-digit level) in 2023, down from 17.8% in 2018 (Table 3.1). Some 6% of tariff lines for agricultural products were subject to non-*ad valorem* rates and the simple average AVE was 59.5% (against an average of 13.9% across *ad valorem* rates). The highest MFN tariffs applied to areca (betel) nuts (HS 0802.80.0000, TWD 810/kg with an AVE of 1,069.9%), followed by other deer velvet (HS 0507.90.2000, 500%⁹), and rice in the husk (HS 1006.10.0000, TWD 45/kg with an AVE of 467.4%).

4.12. Import duties on most wood products (184 out of the 201 tariff lines in HS Chapter 44) remain set at zero, and the simple average tariff is 0.9% in 2023. The simple average tariff rate for fish and fishery products (WTO definition) was 19.9% (20.1% at the HS 8-digit level) in 2023, down from 20.4% in 2018.¹⁰ Some 61 out of 816 tariff lines carried non-*ad valorem* rates and the average AVE was 25.8%. The highest MFN tariffs for fisheries imports apply to frozen mullets (HS 0303.89.1000, TWD 25/kg, AVE at 83.8%); and shrimps and prawns, dried, salted or in brine, but not smoked (HS 0306.95.1910 and 0306.95.1990, TWD 48/kg or 25%, whichever is higher, AVE at 72.5%).

4.13. Chinese Taipei applies tariff rate quotas (TRQs) on certain agricultural imports (Section 3.1.3.3). Special safeguard measures (SSGs) were applied on agricultural imports on several occasions during 2018-22 (Section 3.1.6 and Table 4.3).

⁷ By centralizing irrigation management, Chinese Taipei aims to expand service coverage and ensure maximum efficiency in the use of agricultural water resources. The authorities affirm that the terms of irrigation services supply to farmers remain unaffected by the institutional reform. Irrigation services are provided to farmers free of charge and are not subject to any membership fees.

⁸ Viewed at: https://ec.europa.eu/commission/presscorner/detail/en/ip_19_3397.

⁹ Out-of-quota rate.

¹⁰ Chinese Taipei's 2018 import tariff contains 9,134 lines at the 8-digit level, whereas its 2023 tariff contains 12,280 lines at the 10-digit level. For comparison purposes, the figure in parentheses indicates the corresponding average rate calculated on the basis of the 8-digit lines contained in the 2023 tariff.

Table 4.3 Special safeguard measures applied, 2018-22

Year	Product description	Volume-based		Price-based	
		Period	Quantity affected (kg)	Consignment	Quantity affected (kg)
2018	Peanuts	25/12/18 to 31/12/18	2,979	4	4,900
	Garlic	14/12/18 to 31/12/18	4,813	-	-
	Chicken legs and wings	21/09/18 to 31/12/18	25,985,804	1,425	44,768,590
	Other chicken cuts	27/03/18 to 31/12/18	6,982,930	48	444,907
	Fresh milk	03/08/18 to 31/12/18	2,706,687	-	-
	Other liquid milk	-	-	25	218,909
	Poultry offal	18/07/18 to 31/12/18	90,649	-	-
	Red beans	21/12/18 to 31/12/18	1,795	2	97
	Dried shiitake	21/12/18 to 31/12/18	2,396	-	-
	Persimmon	-	-	1	4
	Pork belly	22/08/18 to 31/12/18	3,624,601	90	503,020
	2019	Pears	-	-	3
Other garlic, fresh or chilled		23/09/19 to 31/12/19	638,492	-	-
Chicken legs and wings		18/10/19 to 31/12/19	29,159,494	3,307	97,121,324
Other chicken cuts		11/02/19 to 31/12/19	3,966,556	58	919,884
Fresh milk		10/09/19 to 31/12/19	1,411,597	-	-
Other liquid milk		26/11/19 to 31/12/19	330,230	2	744
Poultry offal		23/08/19 to 31/12/19	166,312	-	-
Livestock offal		27/11/19 to 31/12/19	1,428,469	-	-
Red beans		-	-	5	382
Dried shiitake		07/10/19 to 31/12/19	1,689	26	48,094
Persimmon		-	-	1	48
Pork belly		-	-	82	1,004,975
2020	Pears	-	-	1	10
	Chicken legs and wings	27/10/20 to 31/12/20	5,830,045	5,257	152,970,970
	Other chicken cuts	21/07/20 to 31/12/20	4,619,263	52	881,617
	Fresh milk	29/09/20 to 31/12/20	747,301	-	-
	Other liquid milk	-	-	2	487
	Poultry offal	13/11/20 to 31/12/20	50,678	-	-
	Dried shiitake	24/06/20 to 31/12/20	30,955	54	166,632
	Pork belly	-	-	114	641,026
	Rice	-	-	11	5,410
	Peanuts	16/12/21 to 31/12/21	6,478	6	948
2021	Pears	-	-	1	15
	Garlic (dried garlic bulb, whole, cut, sliced, broken or in powder)	28/09/21 to 31/12/21	99,019	-	-
	Chicken legs and wings	-	-	2,882	81,198,846
	Other chicken cuts	-	-	29	322,553
	Other liquid milk	30/11/21 to 31/12/21	225,701	8	5,476
	Dried shiitake	26/02/21 to 31/12/21	114,180	114	233,387
	Persimmon	07/10/21 to 31/12/21	26,970	-	-
	Pork belly	-	-	30	326,295
	Rice	06/12/22 to 31/12/22	144,819	90	15,073,378
	Peanuts	25/03/22 to 31/12/22	302,353	9	5,027
	Garlic (dried garlic bulb, whole, cut, sliced, broken or in powder)	01/12/22 to 31/12/22	15,500	-	-
	2022	Chicken legs and wings	-	-	488
Other chicken cuts		-	-	10	34,331
Other liquid milk		05/09/22 to 31/12/22	1,656,958	-	-
Red beans		04/11/22 to 31/12/22	17,793	-	-
Dried shiitake		21/02/22 to 31/12/22	175,564	154	275,161
Persimmon		25/10/22 to 31/12/22	26,154	-	-
Pork belly		17/10/22 to 31/12/22	2,235,499	2	22,960

- This measure was not applied.

Note: If both volume-based and price-based SSGs are applicable on an import consignment, only one of them (the higher additional duty) will be applied.

Source: WTO documents G/AG/N/TPKM/177, 28 February 2019; G/AG/N/TPKM/190, 21 January 2020; G/AG/N/TPKM/199, 5 February 2021; and G/AG/N/TPKM/210, 21 February 2022; and information provided by the authorities.

4.14. The COA, through its Agriculture and Food Agency (AFA), maintains the exclusive right to import rice on behalf of the public sector, namely 65% of the annual brown rice TRQ quantity (Section 3.1.3.3). During 2018-21, imports of brown rice remained relatively stable while local production declined steadily. Nevertheless, Chinese Taipei was a net exporter of brown rice in 2020-21 (Table 4.4).

Table 4.4 Brown rice trade and production, 2018-21

('000 metric tonnes)

Brown rice	2018	2019	2020	2021
Total imports	127.5	139.7	127.8	127.9
Imports by the AFA	79.9	81.8	69.9	86.2
Total exports	74.5	112.5	264.2	227.6
Local production	1,561.6	1,428.3	1,387.2	1,241.7

Source: Information provided by the authorities.

4.15. Chinese Taipei has notified the Committee on Agriculture that no export subsidy programmes subject to reduction commitments were implemented during the 2018-22 period.¹¹

4.16. The COA continues to assist farmers in their global market expansion efforts by conducting and facilitating marketing programmes, supporting participation in overseas exhibitions, and building brand images. Export promotion initiatives cover a broad range of beneficiary products, including fish (tuna, grouper, and tilapia), orchids, tea, soya beans, and fruits (bananas and mangos). During 2018-22, the COA hosted 29 agricultural product marketing events and provided support for participation in 51 international exhibitions and 137 sales promotion activities carried out overseas.

4.17. In July 2017, the COA established an agricultural single window to assist enterprises that intend to launch or expand operations in NSP partner economies. The single window offers information and services in various areas, including investment regimes, capital requirements, technical support, trade, intellectual property rights, certification, and labour markets. The authorities indicate that the single window assisted 129 applicants during 2020-22.

4.18. Export prohibitions remain in place for certain plant, animal, and fish species and products thereof (Section 3.2.3). The authorities indicate that no new import or export prohibitions for agriproducts were introduced during 2018-23.

4.19. Chinese Taipei has concluded arrangements on the equivalence of organic agriproducts certification with Australia, Canada, Japan, New Zealand, and the United States.

4.1.3 Domestic support measures

4.20. Chinese Taipei's most recent domestic support notifications cover 2018 and 2019.¹² The total Aggregate Measurement of Support (AMS) increased from TWD 9 billion in 2018 to TWD 9.4 billion in 2019. Total Green Box support also increased slightly from TWD 37.2 billion to TWD 37.6 billion over the same period. Rice continued to receive the most significant product-specific support, accounting for the bulk of total product-specific outlays in each year. The AMS's non-product-specific component expanded from TWD 1.8 billion in 2018 to TWD 3 billion in 2019. The increase was mainly driven by expenditures to subsidize the price of agricultural machinery. Notified non-product-specific support expenditures also included fertilizer freight subsidy, agricultural fertilizer price difference subsidy, waiver or reduction of fees for electricity used for agricultural production, fuel subsidy for agricultural machinery, interest subsidy, and livestock insurance subsidy.

4.21. Chinese Taipei has notified to the Committee on Subsidies and Countervailing Measures several support programmes that were in place during the review period. A number of additional support programmes were also implemented (Table A4.1).

4.22. Financial support provided by Chinese Taipei to the agriculture sector continues to follow various policy directions, targeting, *inter alia*, specific activities, particular crops (rice, sugarcane, and fruit), essential inputs, and farmers' finance and insurance. The COA remains the main entity in charge of managing the provision of support funds to agricultural producers and controlling their compliance with relevant conditions. The Ministry of Economic Affairs (MOEA) and TSC, a

¹¹ WTO documents G/AG/N/TPKM/170, 22 January 2019; G/AG/N/TPKM/189, 27 January 2020; G/AG/N/TPKM/198, 25 January 2021; G/AG/N/TPKM/208, 14 January 2022; and G/AG/N/TPKM/219, 19 January 2023.

¹² WTO documents G/AG/N/TPKM/206 and 207, 12 January 2022.

state-owned enterprise, administer the domestic support for sugar. Agricultural subsidy funding, except for sugar, is approved annually by the COA and comes from its own budget.

4.23. The COA continues to make planned purchases of paddy rice from farmers at guaranteed prices for Chinese Taipei's food security stock. Pursuant to the Food Administration Act, the reserve stock requirement for rice is set at no less than three months' consumption (equivalent to about 300,000 metric tonnes).¹³ The authorities affirm that food security stocks are mainly released through the provision of school lunches.

4.24. In response to the COVID-19 pandemic, the COA implemented a wide range of emergency measures aimed at minimizing the adverse impact on the agriculture sector and ensuring business continuity.¹⁴ The main relief measures included TWD 23 billion allocated for relief loans; subsidized interest payments and no processing fees for up to one year for severely impacted industries; flexibilization of loan terms; fully or partially subsidized interest payments between 1 March 2020 and 28 February 2021 on loan balances that were outstanding as of 15 January 2020; arrangements for the deferral of loan repayments; provision of living subsidies (TWD 10,000-TWD 30,000) to farmers and fishers; operating cost subsidies for eligible economic agents¹⁵; rent subsidies for fishers' associations renting space for direct sales of seafood; relief for recreational farms' water and electricity payments; and public forest land rent reduction or elimination. Stimulus measures implemented by the COA mainly took the form of marketing and sales promotion activities, as well as export incentives (seafood, fruit, and flowers) and incentives to adjust supply and warehousing to changes in consumption patterns. Visits to agricultural tourism venues and forest recreation areas were encouraged through voucher and package eco-tour schemes.

4.2 Mining and energy

4.2.1 Mining

4.25. Mining and quarrying activities in Chinese Taipei remain relatively modest, accounting for less than 0.1% of annual GDP throughout the review period (Table 1.1). No significant changes were introduced to the relevant legal and institutional framework during the review period.

4.2.2 Energy

4.2.2.1 Overview

4.26. Chinese Taipei's energy needs continue to be met essentially through imports, although imported energy's share of the total energy supply decreased slightly from 98% in 2018 to 97.3% in 2022. Energy imports represented 18.1% of the total import bill in 2022, up from 17.6% in 2018. The energy supply matrix remains dominated by fossil fuels (Chart 4.1), with coal and natural gas being the inputs for most locally generated electricity. Renewable sources' combined share in total energy supply, albeit still modest, has been on the rise. All energy resources are imported by sea, as Chinese Taipei's electricity grid remains without any overseas interconnections. The energy sector's resilience is also limited by ageing infrastructure and constrained opportunities for overseas cooperation.

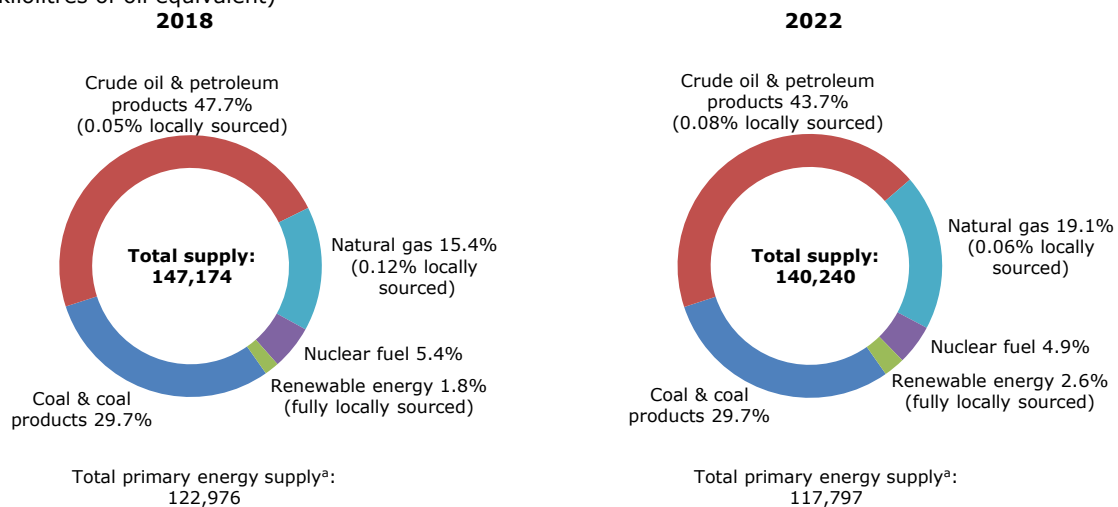
¹³ Viewed at: <https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=M0030066>.

¹⁴ Regulations for Relief and Revitalization Measures for Agriculture in Response to the Impact of Severe Pneumonia with Novel Pathogens of 12 March 2020.

¹⁵ Eligible economic agents include fishing vessel owners, flower farmers, enterprises in the Pingtung Agricultural Biotechnology Park, agriproduct trading businesses, farmers' and fishers' organizations, fisheries cooperatives, and fisheries companies.

Chart 4.1 Total energy supply by source, 2018 and 2022

('000 kilolitres of oil equivalent)



a Excluding exports, international marine bunker and international civil aviation supplies, and stock changes.

Note: Wherever applicable, figures in brackets indicate indigenous resources' respective share in total supply.

Source: WTO Secretariat calculations, based on data provided by the authorities.

4.27. Ensuring an ample and steady energy supply is vitally important to Chinese Taipei's economy, particularly the fast-growing and energy-intensive semiconductor industry. However, various segments, including electricity and natural gas, are yet to be fully opened to competition and the footprint of state-owned enterprises remains large. Electricity transmission, electricity distribution, and piped fuel gas supply remain on Chinese Taipei's negative list for inward investment (Table A2.2).

4.28. The MOEA's Bureau of Energy (BOE) remains the main entity in charge of formulating energy policy and implementing energy-related legislation; it also acts as the regulator of the electricity subsector. Its responsibilities include evaluating and planning energy supply and demand; granting authorizations for the exploration, production, transport, storage, transformation, import and export, distribution, marketing, and utilization of energy; reviewing natural gas and electricity prices and renewable energy feed-in tariffs; granting establishment permits to energy enterprises and overseeing their operations; and overseeing technical personnel in the sector.¹⁶ The Environmental Protection Administration is responsible for drawing up plans and regulations in the area of climate change adaptation, in collaboration with relevant ministries and agencies.

4.29. The energy sector remains governed mainly by the Energy Administration Act, the Petroleum Administration Act, the Natural Gas Enterprise Act, the Electricity Act, and the Renewable Energy Development Act. Following a referendum carried out in November 2018, the Electricity Act was amended on 22 May 2019 to abolish the provision stipulating the decommissioning of nuclear power generation equipment by 2025.

4.30. In May 2019, an amendment of the Renewable Energy Development Act introduced local authorities' competence to support the reviewing process of renewable energy generation equipment (up to 2,000 kW capacity); new "conversion rules between feed-in tariffs and green power direct supply/wheeling"; incentives for power generation cooperatives, civil power plants established by residents of a community, and renewable energy power generation and energy storage facilities installed in indigenous areas; and a requirement that large electricity consumers either install renewable generation and storage facilities of a certain capacity or purchase a certain amount of electricity generated from renewable sources (verifiable by a certificate).¹⁷ The Natural Gas

¹⁶ Viewed at: https://www.moeaboe.gov.tw/ECW/english/content/Content.aspx?menu_id=960.

¹⁷ Large consumers that fail to comply with the requirement must pay "monetary substitution" to the competent authority for the development of renewable energy.

Enterprise Act was amended in May 2020 to institute penalties for utility enterprises refusing to supply natural gas without proper justification.

4.31. In 2020, Chinese Taipei enacted "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" requiring large electricity consumers (those consuming more than 5,000 kW) to make certain investments in renewable energy generation or storage.

4.32. The Guidelines on Energy Development (2017) remain the principal policy document for the sector. The policy document envisions a smooth process of energy transition through balanced advances in the areas of energy security, green economy, environmental sustainability, and social equity. Specific objectives under these four pillars include ensuring energy diversity; increasing energy efficiency; strengthening energy planning and management, and energy saving; enhancing energy storage and smart systems integration; reducing greenhouse gas (GHG) emissions; and establishing an energy market environment with fair competition.¹⁸

4.33. Energy policy continued to be influenced by the Greenhouse Gas Reduction and Management Act (2015), which was superseded by the Climate Change Response Act on 15 February 2023. The new Act upgraded Chinese Taipei's framework for GHG reduction and formalized its goal of transitioning to net-zero GHG emissions by 2050. Key innovations include the introduction of a carbon pricing mechanism and a complementary incentive mechanism for emissions reduction.¹⁹ Chinese Taipei's plans for transitioning to net-zero GHG emissions include an energy transition strategy comprising three pillars (building a zero-carbon energy system, enhancing infrastructure for system resilience, and promoting green energy innovation and investment) and nine action areas.²⁰

4.34. Under its Industrial Energy Technology Programme, the BOE offers subsidies to Chinese Taipei-registered companies that seek to develop innovative energy technologies and enhance energy industries' specialization. Financial support may focus on the development, demonstration, and verification of frontier technologies, innovative applications, value-added products, or system integration in energy industries.²¹ The authorities indicate that the Industrial Energy Technology Programme had 139 beneficiaries during the 2018-22 period. Outside this programme, the BOE also provides consulting assistance on GHG emission management and emission verification subsidies to businesses. The subsidies may target inventory checks, voluntary reduction verifications, and offset programme verifications. In addition, Chinese Taipei's Green Finance Action Plan seeks to catalyze fundraising and investment in the green energy segment.

4.2.2.2 Electricity

4.35. Between 2018 and 2022, Chinese Taipei's total installed capacity expanded from 52,666 MW to 61,944 MW and generated electricity increased from 275,539 GWh to 288,154 GWh. Coal-fired power plants continued to play a key role, although their respective shares of installed capacity and electricity generation decreased during 2018-22. Over that period, the electricity generation portfolio shifted towards liquefied natural gas (LNG)-fired and renewable energy power plants (Charts 4.2 and 4.3).

¹⁸ Viewed at: https://www.moeaboe.gov.tw/ECW/main/content/wHandMenuFile.ashx?file_id=559.

¹⁹ Viewed at: <https://www.epa.gov.tw/eng/37CE8CA1532189C3>.

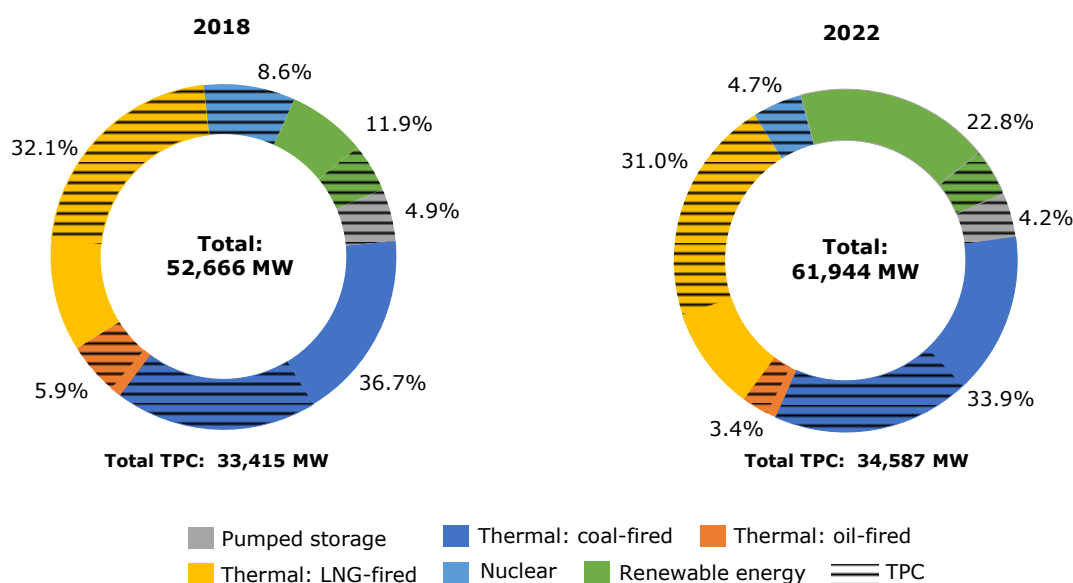
²⁰ Viewed at: <https://www.epa.gov.tw/DisplayFile.aspx?FileID=A3360AB964B4B8E1>.

²¹ Viewed at: https://www.moeaboe.gov.tw/ECW/english/content/Content.aspx?menu_id=8716.

4.36. The electricity subsector comprises "Taipower" (TPC), nine independent power producers (IPPs), and 79 producers for own consumption (self-producers).²² TPC retains the exclusive right for electricity transmission and distribution; the company owns the power grid and is responsible for power system balancing. Meeting the statutory reserve margin (supply capacity exceeding peak demand by at least 15%) is the shared responsibility of all market players that sell electricity to end-users.²³ The authorities indicate that TPC makes continuous efforts to upgrade infrastructure and expand the electricity grid's coverage, with a focus on promoting renewable energy.

4.37. TPC also remains dominant in the electricity generation market, accounting for 55.8% of installed capacity and 67.9% of generated electricity in 2022, down from 63.4% and 69.0%, respectively, in 2018 (Charts 4.2 and 4.3).²⁴ Since 2017, renewable energy producers can sell their electricity to consumers either directly or through TPC's grid (wheeling). Alternatively, they can sell it to TPC at guaranteed feed-in tariffs set annually through broad consultations convened by the MOEA.²⁵ Non-renewable power producers are allowed to sell electricity only to TPC. All businesses that own electricity generation equipment must contribute to the Fund to Facilitate the Development of Electric Power.

Chart 4.2 Installed electricity generation capacity, 2018 and 2022



Note: Shaded areas denote TPC's share of the respective resource.

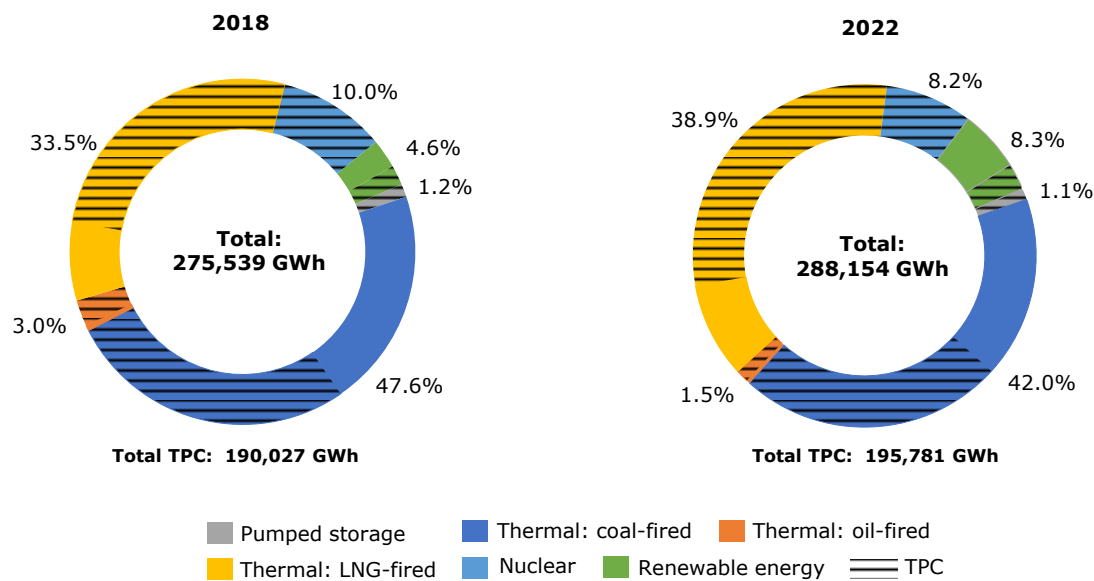
Source: WTO Secretariat calculations, based on data provided by the authorities.

²² In March 2023, TPC, a fully state-owned enterprise, carried out a capital increase in the amount of TWD 149.9 billion, which was fully subscribed by the MOEA.

²³ During 2018-22, the actual reserve margin ranged between 10% and 16.8%. Viewed at: <https://www.taipower.com.tw/en/page.aspx?mid=4488&cid=2792&cchk=02060b9f-a45e-40f1-9d39-627908bf9dbe#:~:text=The%20percentage%20of%20reserve%20margin,than%200.365%20day%20per%20year.>

²⁴ Pursuant to the Electricity Act, TPC must ensure the accounting separation of its business lines to avoid any cross-subsidization and must unbundle its supply, transmission, and distribution operations during 2023-25.

²⁵ The feed-in tariff in force at the time of signing a power purchase contract with TPC remains valid for 20 years.

Chart 4.3 Generated electricity, 2018 and 2022

Note: Shaded areas denote TPC's share of the respective resource.

Source: WTO Secretariat calculations, based on data provided by the authorities.

4.38. Chinese Taipei has implemented a two-stage tendering system for the allocation of envisaged offshore wind energy generation capacity with a view to ensuring economic efficiency and minimizing the fiscal burden of guaranteed power purchase schemes. In the first stage, project developers must meet a score threshold, based on their technical and financial capabilities and their plans to integrate into local supply chains by implementing an industrial relevance programme. The second stage is a price-based competitive auction. In case of identical price bids, project developers are ranked according to their scores on the optional industrial relevance criteria.

4.39. The Electricity Tariff Examination Council (ETEC) under the MOEA annually reviews and adjusts transmission and distribution tariffs implemented by TPC. TPC's tariff for wheeling is also subject to review and approval by the ETEC. To mitigate the economic impact of short-term fluctuations in electricity prices, an Electricity Price Stabilization Reserve absorbs any excess profits made by TPC and (upon ETEC approval) compensates the company when its performance falls short of the reasonable profit margin.

4.40. Renewable energy generation equipment without a locally manufactured analogue remains eligible for import duty exemption, provided that its intended use is verified.²⁶ During the review period, Chinese Taipei implemented a Green Energy Roofs Project offering subsidies to local administrations to install rooftop photovoltaic power facilities. Subsidies were also made available to foundations, medical institutions, and schools that wish to install a stationary fuel cell power-generation system (up to 500 kW capacity).²⁷

4.2.2.3 Hydrocarbons

4.41. Because locally extracted crude oil volumes remain very low, Chinese Taipei must import virtually all of the crude oil that underpins its consumption of refined petroleum products. Oil and petroleum products remain subject to import licensing requirements²⁸ and prior approval of each imported consignment. Importers must also be in possession of an establishment permit and an operation licence from the BOE.

4.42. Import duties on crude oil and petroleum products remain relatively low, with an average MFN applied rate of 2.2%. Some 16 of the 38 tariff lines are duty-free, and the highest applied tariff rate

²⁶ Viewed at: https://www.moeaboe.gov.tw/ECW/english/content/Content.aspx?menu_id=8711.

²⁷ Viewed at: https://www.moeaboe.gov.tw/ECW/english/content/Content.aspx?menu_id=8714.

²⁸ WTO documents G/LIC/N/3/TPKM/7, 22 August 2016; and G/LIC/N/3/TPKM/13, 11 October 2022.

is 5% (Table A3.1). In 2022, the combined value of petroleum imports amounted to 9.5% of the merchandise import bill. Chinese Taipei's main suppliers of oil and petroleum products were the Kingdom of Saudi Arabia (25.3%), the United States (17.9%), the State of Kuwait (16.7%), and the United Arab Emirates (13.7%).

4.43. Chinese Taipei's market for refined petroleum products remains divided essentially between CPC Corporation (CPC), a state-owned enterprise, and a private company. During the review period, CPC operated two refineries with a combined capacity of 600,000 barrels/day and the private company operated one refinery with a daily capacity of 540,000 barrels.²⁹ Both companies export their excess production of refined petroleum products.³⁰ Whereas exports of petroleum products are not subject to prior authorization or registration requirements, exporters of petroleum products must be approved by the BOE before commencing business operations.

4.44. In May 2023, there were 236 companies with active gasoline and diesel wholesale licences, compared with 237 in 2018. CPC continues to dominate the retail market for petroleum products. At the end of 2022, its overall market share was 76.9% and it had a network of 1,976 filling stations (including 1,353 owned by CPC franchisees) out of a total of 2,570 stations operating in Chinese Taipei. CPC also operates aviation fuelling stations at all airports in Chinese Taipei and has marine bunkering stations for international vessels at four ports. CPC's shares in total sales of gasoline, diesel, fuel oil, and aviation fuel were 79.2%, 72.1%, 90.9%, and 60.3%, respectively.

4.45. The Petroleum Administration Act does not contain any provisions on price controls. The authorities indicate that, in the past, the MOEA had proposed a price adjustment formula for locally sold gasoline and diesel to CPC, but the company has not been expected to adhere to it in its pricing decisions since August 2013. CPC's rivals in the gasoline and diesel markets are also free to make their pricing decisions independently.

4.46. Subsidies continue to be granted to ensure the supply of petroleum products in remote areas, reduce pricing differences between cities and rural areas, as well as to encourage the exploration and development of oil and natural gas reserves.

4.47. Pursuant to the Petroleum Administration Act, crude oil importers and refinery operators in Chinese Taipei are required to maintain a security stockpile ensuring at least 60 days of supply. In addition, the authorities must also maintain an oil security stockpile of at least 30 days of supply.³¹ The security reserves are monitored through monthly reports from operators and periodic inspections by the BOE. Since 2018, importers of natural gas are also required to maintain security stockpiles and to have a minimum level of storage capacity. The minimum stockpiles and storage capacity thresholds (expressed in terms of daily gas supply) are to be gradually raised from 7 and 15 in 2019 to 14 and 24, respectively, in 2027.³²

4.48. Chinese Taipei's modest natural gas production nearly halved during 2018-21 (Chart 4.1). Accordingly, imports of LNG continued to account for the bulk of local consumption. The import duty on natural gas remains set at zero. In 2022, Chinese Taipei's major LNG suppliers were Australia (37%), Qatar (26%), and the United States (11%). Demand for natural gas is set to grow, driven by the authorities' efforts to transition to less polluting energy sources.

4.49. CPC owns Chinese Taipei's two operational LNG receiving terminals with a combined annual handling capacity of 18.5 million tonnes, giving it a *de facto* monopoly on natural gas imports. One of these terminals is currently being expanded to meet rising demand for LNG. In addition, CPC has invested in the construction of a third terminal (scheduled to come on stream in June 2025) and is expanding its extensive natural gas transmission and distribution network with a view to achieving

²⁹ Economist Intelligence Unit (2022), *Industry Report: Energy*. Viewed at: http://country.eiu.com/filehandler.ashx?issue_id=1742660557&mode=pdf.

³⁰ The authorities indicate that control of tanker loading/unloading facilities in Chinese Taipei is divided nearly equally between the two companies.

³¹ The supply volume is calculated on the basis of the average local sales for the previous 12 months.

³² Viewed at: https://www.moeaboe.gov.tw/ECW/english/content/ContentLink2.aspx?menu_id=965&sub_menu_id=8673.

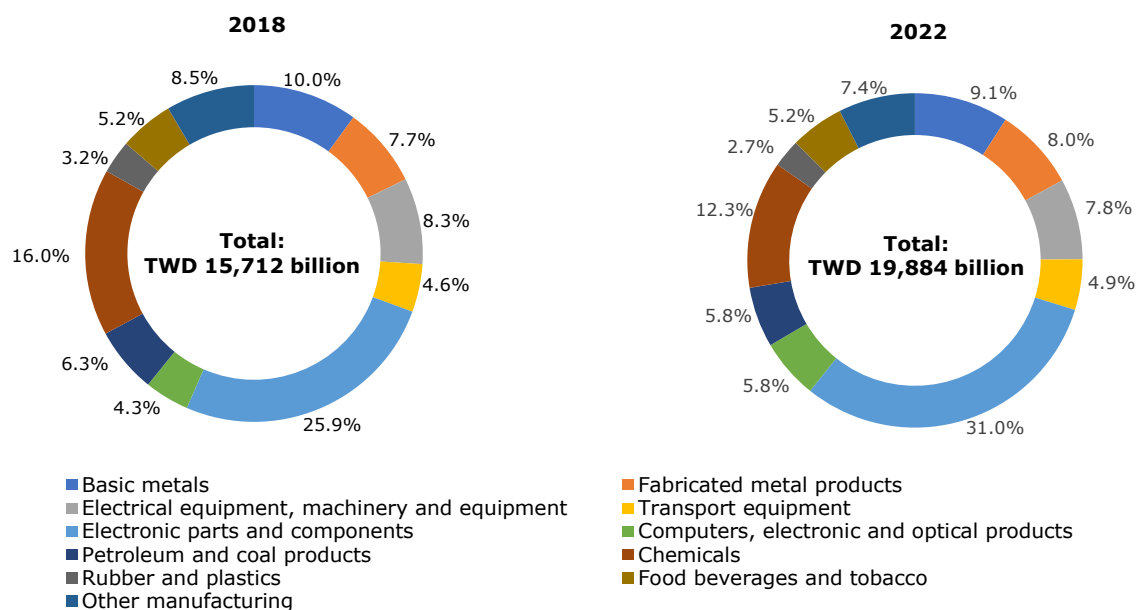
island-wide coverage. Two additional LNG receiving terminals, owned by TPC, are also being constructed.³³

4.50. At March 2023, there were 25 utility companies (including CPC) supplying natural gas to about 3.9 million users in Chinese Taipei. Wholesale and retail prices of natural gas are regulated by the MOEA, based on the principle of full-cost recovery and allowing for a reasonable profit margin. CPC reviews changes to the cost of importing LNG on a monthly basis and may directly modify local natural gas prices if the adjustment remains within a 3% range (month-on-month), or within a 6% range (over a three-month period). Approval from the MOEA is required if these thresholds are to be exceeded.

4.3 Manufacturing

4.51. Manufacturing remains a pillar of Chinese Taipei's economy, accounting for 34.2% of GDP, 26.4% of employment (Table 1.1), and 92% of merchandise exports in 2022.³⁴ Manufacturing output expanded from TWD 15.7 trillion in 2018 to TWD 19.9 trillion in 2022. Sustained growth in the electronic parts and components subsector, notably the semiconductor industry, underpinned overall sector growth. Chemicals also remained a key subsector, although its share in total industrial output declined somewhat during 2018-22 (Chart 4.4). Over the same period, Chinese Taipei's exports of manufactured goods were dominated by electronic integrated circuits, which accounted for 41.7% of total manufacturing exports in 2022. Other export categories included data processing machine parts and accessories, and automatic data processing machines.

Chart 4.4 Industrial production, 2018 and 2022



Source: WTO Secretariat calculations, based on Industrial Production Statistics database, MOEA.

4.52. Chinese Taipei is a global leader in the semiconductor chip industry, particularly in the production of the smallest, most efficient circuits. According to the authorities, Chinese Taipei accounted for 26% of global semiconductor revenue in 2021 and had a much larger share (61%) of the global market for advanced semiconductor chips (below 16 nm).³⁵ Maintaining a position at the cutting edge of the semiconductor industry requires continuous investment in research and development, and in attracting specialized personnel.

4.53. The Industrial Development Bureau (IDB) within the MOEA remains responsible for industrial policy formulation. The overarching strategies for the manufacturing sector continue to be set out in Chinese Taipei's mid-term development plans. During the review period, the authorities sought

³³ Viewed at: https://www.moeaboe.gov.tw/ECW/english/content/Content.aspx?menu_id=8677.

³⁴ The sector's share of merchandise exports is calculated on the basis of the SITC Rev. 3 classification.

³⁵ WTO document WT/DS615/3, 5 January 2023.

to address several challenges faced by the sector, including the prevalence of cross-strait links in its overall global value chains position, the need to reduce its GHG footprint, insufficient investment and innovation, and an ageing population. Accordingly, Chinese Taipei's strategic priorities were focused on industrial upgrading ("5+2 Innovative Industries Plan" followed by the Six Core Strategic Industries Promotion Program), optimizing the start-up ecosystem, stepping up digital transformation, strengthening digital infrastructure and governance, transitioning to low-carbon industrial production, and fostering the development of green industry.³⁶

4.54. Overseas investment in certain manufacturing activities remains prohibited or restricted (Section 2.4). Chinese Taipei maintains a range of incentives aimed at encouraging industrial investment and technological upgrading (Section 3.3.1). The authorities also have a long-standing tradition of supporting the creation of industrial clusters as a way of fostering the manufacturing sector's development. At end-2022, Chinese Taipei had 13 Science Parks, 10 Technology Industrial Parks (formerly called Export Processing Zones), 214 industrial parks (including 83 managed by private-sector entities), and 2 industrial ports.³⁷ The authorities indicate that the main industrial clusters include integrated circuits, optoelectronics, telecommunications, computers and peripherals, precision machinery, and biotechnology.

4.55. In 2023, tariffs on manufactured goods (HS Sections 5-21) ranged from zero to 30% (Table A3.1). As at the time of Chinese Taipei's previous Review, the highest tariff protection was applied on certain tank lorries, winch trucks, and chassis for special purpose vehicles (three tariff lines at 30%). In 2023, various large passenger vehicles, trucks for the transport of goods, and chassis continued to attract tariffs of 25% (29 tariff lines); certain motorcycles attracted tariffs of 20% (5 tariff lines).

4.4 Services

4.56. In 2022, services accounted for 57.8% of GDP and 60% of employment, compared to 59.1% and 59.4%, respectively, in 2018. As at the time of the previous Review, the services subsectors making the biggest contributions to GDP are wholesale and retail trade (15.8%), real estate activities and ownership of dwellings (7.5%), and finance and insurance (6.4%) (Table 1.1). Chinese Taipei recorded a narrowing services trade deficit during 2018-19 and a widening surplus thereafter (Section 1.3).

4.57. Chinese Taipei made no changes to its GATS commitments during the review period. An overview of these commitments has been given in previous Reviews.³⁸ In its RTAs with Guatemala, New Zealand, and Singapore, Chinese Taipei has undertaken preferential commitments on trade in services that, in many instances, constitute improvements over those contained in its GATS schedule.³⁹

4.4.1 Financial services

4.58. Chinese Taipei's economic growth continues to be underpinned by its highly developed and resilient financial system, which offers an ample set of financial products and services across banking, insurance, asset management, and capital markets. Financial and insurance activities' contributions to GDP and employment remained broadly stable throughout the review period, and stood at 6.4% and 3.8%, respectively, in 2022 (Table 1.1). The authorities indicate that in 2022 92.1% of adults had bank or post office accounts, 95.5% had made electronic payments, and 73.2% owned life insurance policies.

4.59. Total financial sector assets amounted to TWD 114.8 trillion in 2022, representing 506.6% of nominal GDP. Local banks remain a key pillar of the financial system, accounting for 55.1% of total

³⁶ Development Plan (2021-2024). Viewed at: https://www.ndc.gov.tw/en/Content_List.aspx?n=9649AD857AF274BA&upn=C5B71E23EEC92FCF.

³⁷ Viewed at: <https://www.moeaidb.gov.tw/ctrl?lang=1&PRO=publication.rwdPublicationList>.

³⁸ WTO documents WT/TPR/S/165/Rev.1, 10 October 2006; and WT/TPR/S/302/Rev.1, 18 December 2015.

³⁹ For a comparison between Chinese Taipei's commitments on trade in services scheduled under its RTAs and the GATS, see WTO documents WT/REG297/1/Rev.1, 17 July 2013, Table 4.2 for the RTA with Guatemala; WT/REG348/1, 16 July 2014, Table 4.3 for the RTA with New Zealand; and WT/REG350/1, 19 January 2015, Table 4.2 for the RTA with Singapore.

assets in 2022, up from 53.7% in 2018. Life insurance companies' combined assets amounted to approximately 30% of total financial sector assets during the review period (Table 4.5). Many local banks belong to financial conglomerates that also own insurance companies and other financial services providers.

Table 4.5 Financial system assets, 2018-22

(TWD billion)

	2018	2019	2020	2021	2022
Total assets, of which	91,159.2	96,770.3	104,066.4	109,561.8	114,832.1
Banking segment	64,131.4	66,627.5	71,459.0	75,270.0	80,245.1
Local banks	48,990.7	51,270.2	55,545.8	59,267.7	63,293.8
Publicly owned banks	8,176.0	8,271.4	8,665.6	9,105.7	9,769.3
Partially publicly owned	15,645.7	16,465.0	17,920.0	19,481.5	20,245.4
Overseas banks (local branches)	4,982.6	5,010.7	5,145.4	4,895.2	5,485.7
Credit cooperatives	733.5	761.9	806.7	862.1	896.2
Farmers' and fishers' associations	2,025.8	2,073.5	2,191.8	2,324.2	2,388.5
Chunghwa Post ^a	6,384.7	6,506.6	6,664.0	6,867.6	7,141.3
Bills finance companies	1,014.1	1,004.6	1,105.3	1,053.2	1,039.6
Insurance segment	26,716.5	29,820.3	32,211.8	33,852.4	34,134.2
Life insurers	26,322.0	29,392.0	31,752.0	33,343.0	33,623.0
Local life insurers	25,928.0	28,914.0	31,259.0	32,803.0	33,266.0
Publicly owned life insurers ^b	1,087.0	1,162.0	1,231.0	1,273.0	1,300.0
Non-life insurers	353.5	384.5	411.4	453.2	452.9
Local non-life insurers	341.3	370.8	396.3	437.1	432.8
Reinsurers	41.0	43.8	48.4	56.2	58.3
Local reinsurers	37.3	39.2	42.7	49.5	50.3
Securities and futures segment	311.3	322.5	395.6	439.4	452.8
Securities finance companies	12.3	13.4	14.2	21.4	19.2
Futures merchants	243.0	248.0	316.0	345.0	362.0
Securities and investment trusts	56.0	61.1	65.4	73.0	71.6

a Savings and remittances department.

b Including Chunghwa Post's life insurance department.

Source: Information provided by the authorities.

4.60. The Financial Supervisory Commission (FSC) and the Central Bank (CBC) continue to share regulatory competences over the financial system. The FSC remains the competent authority responsible for supervising, regulating, examining, and facilitating the development of financial markets and financial services. The CBC's remit includes, *inter alia*, promoting financial stability and sound banking operations, and maintaining an orderly foreign exchange market. A Financial Supervision Joint Committee, comprising representatives of the FSC, the CBC, the Bureau of Agricultural Finance, and the Central Deposit Insurance Corporation (CDIC), convenes regularly to coordinate financial system supervision, regulation, and examination activities.⁴⁰

4.61. During the review period, the FSC continued strengthening the risk management framework for financial services firms, expanded sustainability and governance disclosure requirements, and amended its guidelines on combating money laundering and the financing of terrorism.⁴¹ The legislation governing electronic payments was consolidated in 2021 to allow payment institutions to expand their scope of business and conduct better risk management.

4.62. In response to the COVID-19 pandemic, the FSC adjusted several regulations governing the provision of financial services with a view to balancing business continuity and employees' health and safety. The FSC also deferred the implementation of Basel III prudential supervision criteria until 2024, thereby enabling banks to devote more resources to providing credit. In addition, the FSC allowed life insurers to provide low-interest loans to economically disadvantaged policyholders, authorized the temporary deferral of automobile insurance premium payments, and expanded the list of insurance products that may be sold online.

4.63. In line with its mandate, the CBC took steps to keep credit flowing, make borrowing more affordable for pandemic-hit SMEs, and stem excessive credit flows into the property market. Under a special accommodation facility, launched in April 2020 and adjusted several times, the CBC

⁴⁰ The CDIC is a subordinate entity of the FSC.

⁴¹ In 2021, the FSC requested banks and insurers to conduct stress tests to assess their exposure to risks arising from a low interest rate environment and the pandemic. The results indicated strong capital adequacy and risk-bearing capacities.

provided liquidity to banks at preferential interest rates for onward lending to SMEs.⁴² Starting in December 2020, the CBC reinforced (in four rounds) selective credit control measures aimed at reining in lenders' real estate credit risk exposure. These measures were adjusted in March, September, and December 2021 to strengthen their effectiveness.

4.64. Under the NSP, Chinese Taipei encourages local financial businesses to diversify their exposure to emerging Asian markets. The FSC has implemented several financial support measures to help local banks expand their overseas presence accordingly, including a "Programme to Incentivize Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy".⁴³ During 2018-22, the FSC approved 30 applications by local banks for the establishment of commercial presence in NSP markets. Over the same period, local banks' loans to borrowers from NSP economies totalled TWD 6.2 trillion.

4.65. In 2018, Chinese Taipei established a regulatory sandbox for thematic financial technology experiments, followed by a business trials mechanism for banking, insurance, securities, and futures businesses in 2019.⁴⁴ During the review period, successful experiments resulted in legislative amendments that provide for small-amount remittance services, fund swap services, and cost averaging investment services. The FSC also continued implementing an open banking framework, issued guidelines for customer data sharing among financial institutions, and launched work on the development of a standardized mobile identity verification mechanism for the financial services market. For its part, the CBC launched a feasibility study on a potential central bank digital currency (CBDC). The research project's first phase (wholesale CBDC) was completed in June 2020 and the second phase (retail payments) was completed in 2022.

4.4.1.1 Banking

4.66. As of April 2023, the banking segment comprised 38 locally incorporated banks, 31 local branches of overseas banks, 23 credit cooperatives, 311 credit departments of farmers' and fishers' associations, 8 bills finance companies, and Chunghwa Post Corporation, Ltd (CPC) (savings and remittances services).⁴⁵ There were also 59 offshore banking units of local and overseas banks that only handle transactions in non-local currencies. In 2019, the FSC approved the establishment of three Internet-only banks, and they launched operations between December 2020 and March 2022.⁴⁶ Besides CPC, which has the largest network of branches, three commercial banks remain fully publicly owned. In addition, six other banks remain partially publicly owned.

4.67. During the review period, the banking segment's total deposits and loans grew steadily, partly driven by relief and revitalization measures implemented by the authorities in response to the COVID-19 pandemic. Locally incorporated banks (excluding the postal savings bank) continue to account for the bulk of banking segment deposits and loans, whereas local branches of non-local banks and credit cooperatives still play minor roles (Table 4.6). Accordingly, most non-performing loans also remain concentrated in locally incorporated banks. The ratio of non-performing loans to total bank loans remained very low throughout the review period. The authorities indicate that the top three banks accounted for 22.3% of banking segment deposits in 2022, down from 23.2% in 2018.

⁴² Commercial banks were allowed to accept SME loan applications under the facility until 31 December 2021. SME loans granted were eligible for the facility's preferential interest rates until 30 June 2022. In June 2021, the maximum loan amount for individual small-scale businesses was raised from TWD 0.5 million to TWD 1 million. The authorities indicate that the facility resulted in 306,981 approved loan applications with a total disbursed amount of TWD 503.6 billion.

⁴³ Viewed at: <https://www.banking.gov.tw/en/home.jsp?id=243&parentpath=0,241>.

⁴⁴ At end-March 2023, the FSC had approved 64 experimentation and business trial applications.

⁴⁵ The authorities consider the Agricultural Bank, CPC (savings and remittances department), and farmers' and fishers' associations as being outside the banking system because they are not regulated by the FSC.

⁴⁶ Internet-only banks are subject to the same minimum paid-in capital requirement as conventional banks (TWD 10 billion). In addition, at least 25% of the Internet-only bank's paid-in capital must be held by a bank or financial holding company and total shareholding by financial institutions should exceed 40%.

Table 4.6 Banking segment indicators, 2018-22

	2018	2019	2020	2021	2022
Deposits (TWD billion), of which	40,432	42,842	46,908	50,451	54,830
Local banks (%)	95.8	95.3	95.5	96.4	95.5
Publicly owned banks (%)	16.4	15.3	14.6	14.2	14.1
Overseas banks (local branches) (%)	2.5	3.1	2.9	2.0	3.0
Credit cooperatives (%)	1.7	1.6	1.6	1.6	1.5
Loans (TWD billion), of which	30,463	31,759	33,462	35,747	38,824
Local banks (%)	93.7	93.5	94.0	94.2	94.4
Publicly owned banks (%)	15.4	15.3	15.5	15.0	15.3
Overseas banks (local branches) (%)	4.8	5.0	4.4	4.3	4.1
Credit cooperatives (%)	1.6	1.6	1.6	1.5	1.5
Non-performing loans (TWD billion), of which	69.1	64.2	70.2	59.7	55.1
Local banks (%)	99.1	99.1	98.5	98.5	99.2
Publicly owned banks (%)	13.5	13.2	11.1	10.2	10.2
Non-performing loans/bank loans (%)	0.23	0.20	0.21	0.17	0.14
Non-performing loans/bank loans, local banks (%)	0.24	0.21	0.22	0.17	0.15
Interest rate spread ^a , local banks (percentage point)	1.34	1.32	1.23	1.24	1.32
Interest rate spread ^a , overseas banks (local branches) (percentage point)	0.47	0.54	0.62	0.75	0.89

a Interest rate spread calculations are based on the weighted average interest rates on loans and deposits.

Note: The data exclude the Agricultural Bank, CPC (savings and remittances department), and farmers' and fishers' associations.

Source: FSC.

4.68. No significant changes were introduced to market access conditions in the banking sector during the review period. Overseas banks must establish commercial presence and obtain a business licence (like locally incorporated banks) from the FSC to provide services in Chinese Taipei.⁴⁷ Locally incorporated banks and local branches of overseas banks must comply with the same minimum capital adequacy ratios and paid-in capital requirements. Unlike local branches of overseas banks, locally incorporated banks must also comply with a liquidity coverage ratio requirement.⁴⁸ To conduct retail deposit business, an overseas bank's local branch typically needs to have operating capital of at least TWD 250 million. Banks wishing to conduct forex-related business or to establish an offshore banking unit must obtain approval from the CBC. Overseas investment in postal savings and remittance services (except small-amount remittance services for migrant workers) remains prohibited (Section 2.4).

4.69. During the review period, the FSC introduced several amendments to the regulatory framework to provide banks with more flexibility, notably in the acquisition of corporate bonds issued by an overseas banking subsidiary and the wealth-management services they may offer to their customers. The FSC also implemented programmes aimed at fostering lending to SMEs and to enterprises in key innovative industries and the six core strategic industries identified by the authorities.

4.70. Unless exempted, deposit-taking financial institutions must participate in the deposit insurance programme administered by the CDIC. The maximum amount covered by the CDIC in the event of bankruptcy of a financial institution is TWD 3 million per depositor.

4.4.1.2 Insurance

4.71. As of December 2022, Chinese Taipei's insurance segment comprised 23 locally incorporated life insurers (including CPC's life insurance department), 3 branches of overseas life insurers, 17 locally incorporated non-life insurers, 6 branches of overseas non-life insurers, 1 locally incorporated reinsurer, and 2 branches of overseas reinsurers. There were also 20 offshore

⁴⁷ Establishing a representative office in Chinese Taipei is also subject to FSC approval. The permissible activities of a representative office are limited to collecting commercial and market information and business liaison.

⁴⁸ As from January 2019, local banks are required to maintain a liquidity coverage ratio (calculated by dividing a bank's high-quality liquid assets by its total net cash flows over a 30-day period) of at least 100%. An overseas bank applying to establish a branch office in Chinese Taipei must specify the liquidity risk management framework adopted by the head office and the liquidity risk management measures applicable to the Chinese Taipei branch.

insurance units that are not allowed to handle TWD-denominated transactions. Sales via bank branches and insurance agents remain the dominant distribution channels. In 2022, the FSC allowed Internet-only banks to concurrently carry out insurance broker and insurance agent business, and began receiving applications for establishment of Internet-only insurance companies.⁴⁹

4.72. Two life insurers, including CPC's life insurance business, remain fully publicly owned. One reinsurer is partially publicly owned, and three other non-life insurers have indirect public participation. The authorities indicate that publicly owned insurers accounted for 3.8% of total assets and 4.4% of premium income in the life insurance market in 2022. The corresponding figures for non-life insurers with public participation were 15.9% and 13.5%, respectively. The partially publicly owned reinsurer accounted for 86.2% of total assets and 74.6% of premium income in the reinsurance market.

4.73. The insurance segment's total premium income declined during 2018-22, reflecting a steady decrease in life insurance premiums. Life insurance density and penetration indicators were also on a downward trend during that period. Nevertheless, life insurance continued to account for the bulk of insurance segment premiums. Market concentration, as measured by the top five insurers' respective shares of total premium income, remained above 60% in both the life and non-life insurance industries (Table 4.7).

Table 4.7 Insurance segment indicators, 2018-22

	2018	2019	2020	2021	2022
Premium income (TWD billion), of which	3,677	3,644	3,352	3,179	2,556
Non-life insurers (%)	4.5	4.9	5.6	6.5	8.7
Life insurers (%)	95.5	95.1	94.4	93.5	91.3
Non-life insurance market concentration ^a (%)	61.4	61.4	61.3	61.3	61.5
Life insurance market concentration ^a (%)	66.2	67.3	68.2	64.6	63.9
Insurance density ^b (TWD)	155,886	154,379	142,271	135,981	109,848
Non-life insurance density ^b (TWD)	7,021	7,505	7,984	8,875	9,508
Life insurance density ^b (TWD)	148,865	146,874	134,287	127,106	100,340
Insurance penetration ^c (%)	20.7	19.3	17.0	14.7	11.3
Non-life insurance penetration ^c (%)	0.9	0.9	1.0	1.0	1.0
Life insurance penetration ^c (%)	19.8	18.3	16.0	13.7	10.3

a Market concentration is defined as the combined premium income of the top five non-life (life) insurers as a share of the non-life (life) insurance industry's total premium income.

b Insurance density is defined as gross written premiums per capita.

c Insurance penetration is defined as total gross written premiums as a percentage of GDP.

Source: FSC.

4.74. The main legislation governing insurance activities, the Insurance Act, was amended in May 2021 to strengthen insurers' risk-bearing capacity and to guide them to invest their funds in certain undertakings. Key changes include adopting the net worth ratio as an additional supervisory indicator, raising the cap on insurers' investments in local corporate bonds, and enabling insurers to invest in certain non-guaranteed commercial paper and in private equity funds. During the review period, amendments were also made to the regulations governing insurers' real estate and overseas investments, and the use of insurers' funds in special projects, public utilities, and social welfare enterprises. In 2018, Chinese Taipei capped insurers' overseas investments, including in locally issued non-TWD-denominated bonds, to 65.3% of total funds.

4.75. No significant changes have been introduced to market access conditions in the insurance segment since Chinese Taipei's previous Review.⁵⁰ An insurer may not commence operations unless it has received permission from the FSC, completed establishment registration, posted bond (equal to 15% of the paid-in capital), and obtained a business licence. Overseas insurers must establish a local branch office with a paid-in capital of at least TWD 50 million. Representative offices of overseas insurers are prohibited from solicitation activities. Local insurers and local branches of overseas insurers are subject to the same statutory limits and approval requirements on their lending and

⁴⁹ At least 40% of an Internet-only insurer's equity must be owned by financial institutions, with at least 25% being held by a life insurer or a financial holding company with an insurance unit. Statutory paid-in capital requirements for Internet-only life and non-life insurers are set at TWD 2 billion and TWD 1 billion, respectively. Internet-only insurers are subject to the same regulations as conventional insurers.

⁵⁰ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

investment activities. An overseas insurer cannot promote its products or insure risks located in Chinese Taipei from a head office or a branch outside Chinese Taipei.

4.76. In general, life and non-life insurers are regulated in the same manner.⁵¹ Insurers must not concurrently engage in life and non-life insurance business, although the FSC may authorize a non-life insurer to offer personal injury or health insurance.

4.77. Liability insurance remains compulsory for owners of motor vehicles in Chinese Taipei. During the review period, the Compulsory Automobile Liability Insurance (CALI) Act was amended to also cover owners of electric two-wheel mini vehicles⁵² and to lessen the financial burden of policyholders who have purchased more than one CALI policy. CALI premiums are regulated and reviewed every year by the FSC.⁵³ CALI accounted for about 8.41% of total non-life insurance industry premiums in 2022.

4.4.1.3 Capital market

4.78. Chinese Taipei's capital market comprises the "Taiwan Stock Exchange" (TWSE), the Taipei Exchange (TPEX), and the "Taiwan Futures Exchange" (TAIFEX). Besides stocks, the TWSE and TPEX provide platforms for trading, *inter alia*, bonds, commercial paper, depository receipts, exchange-traded funds, exchange-traded notes, beneficiary securities, warrants, and derivatives. The TAIFEX provides a platform for investing in futures and options contracts.

4.79. In December 2022, securities services providers in Chinese Taipei comprised 120 securities firms (including 16 non-local), 85 brokers (16 non-local), 82 dealers (9 non-local), 69 underwriters (10 non-local), 38 securities investment trust enterprises (18 non-local), and 84 securities investment consulting enterprises (9 non-local). On the futures market, there were 17 futures firms (1 non-local), 26 concurrently operated enterprises (1 non-local), 30 proprietary traders, 28 brokers (1 non-local), 33 futures advisory enterprises, 5 managed futures enterprises, 42 introducing brokers, and 9 futures trust enterprises.

4.80. During the review period, company listings and market capitalization on both the TWSE and the TPEX maintained an upward trend. Apart from a pandemic-related contraction in 2019, annual equity trading volumes also rose considerably, indicating ample stock market liquidity (Table 4.8).

Table 4.8 Stock market indicators, 2018-22

	2018	2019	2020	2021	2022
TWSE					
Listed companies (number)	928	942	948	959	971
Capital issued (TWD billion)	7,159	7,156	7,238	7,385	7,500
Market value (TWD billion)	29,319	36,414	44,904	56,282	44,266
Stock trading value (TWD billion)	29,609	26,465	45,654	92,290	56,081
Net overseas investment in traded shares (TWD billion)	-355	244	-609	-450	-1,090
TPEX					
Listed companies (number)	766	775	782	788	808
Capital issued (TWD billion)	739	747	742	761	742
Market value (TWD billion)	2,827	3,434	4,352	5,782	4,424
Stock trading value (TWD billion)	8,146	7,608	12,087	20,276	14,879
Net overseas investment in traded shares (TWD billion)	-13	26	9	-49	-53
Unlisted companies					
Number	672	677	708	747	785
Capital issued (TWD billion)	1,509	1,484	1,376	1,458	1,400

Source: FSC.

⁵¹ Life insurance comprises life, accident, health, and annuity insurance. Non-life insurance comprises various types, including fire, marine, automobile, aviation, engineering, liability, and credit.

⁵² Electric-powered vehicles with a maximum speed of 25 km/hour, weighing 40 kg or less without a battery or 60 kg or less with a battery.

⁵³ The FSC works in conjunction with the MOTC on technical matters, such as the range of vehicles subject to compulsory insurance, definitions of accident, and the penalizing and handling of uninsured vehicles.

4.81. In July 2021, in line with the authorities' industrial policy objectives, the TWSE and the TPEX established new (unlisted) stock boards within their respective frameworks to offer dedicated fundraising channels to start-ups. Besides expanding the scope of Chinese Taipei's capital market, this initiative is aimed at fostering the development of innovative businesses, thereby accelerating industry transformation. During the review period, the TPEX also took steps to facilitate the development of a market for sustainable bonds.

4.82. Chinese Taipei's strategy for developing its capital market has, for a long time, focused on facilitating the issuance of non-TWD-denominated bonds and the local listing of overseas-incorporated companies through initial public offerings or secondary listings. The stock of outstanding non-TWD-denominated bonds issued in Chinese Taipei by overseas entities reached the equivalent of TWD 5,931 billion in 2022, up from TWD 4,541 billion in 2018. At the end of 2022, 86 overseas-incorporated companies with a combined market capitalization of TWD 1,477.6 billion were listed on the TWSE; the respective figures for the TPEX were 31 and TWD 128.95 billion.

4.83. In 2019, the FSC adopted regulations enabling the issuance of non-TWD-denominated sukuk (Islamic bonds). During the review period, regulatory framework amendments expanded securities firms' scope of business, including by enabling them to accept orders to trade in closed-end funds and overseas securities, issue exchange-traded notes, and engage in third-party trust business. The FSC also issued regulations enabling the use of up to 25% of repatriated offshore funds for investment in financial instruments.

4.84. The Securities and Exchange Act remains the main law governing Chinese Taipei's capital market. Overseas-incorporated companies planning to be listed on the TWSE or the TPEX must ensure that their articles of incorporation conform to the Company Act's provisions on share issuance, shareholders' meetings, minority shareholder protection, and directors' duties and responsibilities. The statutory requirements for admission to perform professional activities on Chinese Taipei's securities and futures markets remained unchanged during the review period.⁵⁴ Overseas firms may establish subsidiaries, branches, and representative offices. Minimum paid-in capital thresholds apply uniformly to locally incorporated and non-local firms, and there are no ownership restrictions.

4.4.2 Telecommunications services

4.85. Total telecommunications services revenue declined from TWD 317.5 billion in 2018 to TWD 276.5 billion in 2021 but preliminary data point to a partial recovery in 2022. Mobile communications remained the main revenue earner throughout the review period, followed by fixed-line data. Mobile telephony and fixed and mobile broadband penetration rates maintained an upward trend, whereas fixed-line telephony subscriptions continued to decrease (Table 4.9).

Table 4.9 Telecommunications market indicators, 2018-22

	2018	2019	2020	2021	2022 ^a
Subscriptions per 100 inhabitants (%)					
Fixed-line telephony	55.5	54.6	54.1	53.6	..
Mobile telephony	123.7	123.2	124.6	127.0	..
Fixed-line broadband	24.1	24.5	25.3	27.1	..
Mobile broadband	111.0	114.8	117.2	119.3	..
Number of active providers					
Fixed-line telephony	4	4	4	4	4
Mobile telephony	5	5	5	5	5
Fixed-line broadband	121	113	93	66	51
Mobile broadband	5	5	5	5	5
Telecom services revenue (TWD billion), of which					
Mobile communications	176.1	162.1	153.7	155.0	160.9
Fixed-line telephony	45.8	41.7	36.7	34.6	32.8
Fixed-line data	89.9	88.6	86.0	80.7	85.1

.. Not available.

a Preliminary data.

Source: NCC.

⁵⁴ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

4.86. The incumbent telecommunications operator, Chunghwa Telecom Corporation Ltd (CTC), is partially publicly owned and remains the dominant player in fixed-line markets (telephony, broadband, and multimedia on demand). The company also has the highest market share (38.9% in 2021) in the mobile communications market (Table 3.13) and is a major submarine cable operator in Chinese Taipei.

4.87. During the review period, noteworthy developments in Chinese Taipei's telecommunications market included the discontinuation of 3G mobile services in December 2018, the launching of 5G services in 2020, the release of spectrum for next-generation satellite communications services in March 2022, and market consolidation (pending FTC clearance) that would reduce the number of mobile operators from five to three in the near future.

4.88. The Ministry of Transportation and Communications (MOTC) remains responsible for overarching policy formulation, and the NCC remains the telecommunications sector's regulator. The Ministry of Digital Affairs (MODA), established in August 2022, is responsible for coordinating and advancing Chinese Taipei's digital development. MODA's remit includes formulating digital development and cybersecurity strategies, strengthening communications network resilience, ensuring that digital resource allocation meets public interests, and enhancing digital services and digital governance. MODA's responsibilities include implementing equal access and number portability services, allocating and assigning telecommunications resources (including radio frequency spectrum and telecommunications numbers), and improving universal telecommunications service.

4.89. Chinese Taipei's main telecommunications law, the Telecommunications Act, was replaced by the Telecommunications Management Act on 1 July 2020.⁵⁵ The authorities indicate that the new law is intended to encourage technological innovation, lower entry barriers, and ensure a level playing field in the sector. Under the new legal framework, registration with the NCC is mandatory only for operators that provide telecommunications services through the public switched telecommunications network (PSTN), which requires the use of public resources (frequency or numbering), or have interconnections with other telecommunications operators.⁵⁶ Registered operators may provide telecommunications services by setting up their own networks or using existing third-party networks.⁵⁷ The deployment of telecommunications networks not intended for own use is subject to prior approval by the NCC.⁵⁸ As such, telecommunications network owners are not necessarily registered telecommunications service providers (operators).

4.90. Only locally incorporated companies and local branches of overseas companies may register with the NCC as telecommunications operators and/or apply for network deployment approval.⁵⁹ A network owner must be incorporated as a limited liability company and the chairperson of its board of directors must be from Chinese Taipei. Statutory limits on direct and indirect overseas shareholding in any company that owns and runs a telecommunications network remain unchanged (Table A2.2).

4.91. A separate licensing mechanism remains in place for the allocation of spectrum for public telecommunications services. Mobile spectrum licences are allocated through a two-stage auction process among NCC-approved telecommunications network owners for exclusive use by their respective mobile networks. The Telecommunications Management Act introduced the possibility of frequency transfer and/or sharing arrangements among licence holders, subject to MODA's prior approval. In May 2022, the NCC approved frequency sharing and swap arrangements between some licensees.⁶⁰

⁵⁵ Telecommunications companies are also subject to relevant provisions of the Personal Data Protection Act and the Cybersecurity Management Act.

⁵⁶ Enterprises that have obtained a radio frequency franchise licence or an operation licence in accordance with the Telecommunications Act must register with the NCC by 1 July 2023.

⁵⁷ There is no statutory requirement for structural or functional separation between a company's network and telecommunications service activities.

⁵⁸ The NCC must carry out an onsite inspection before allowing a newly deployed network to begin operations.

⁵⁹ Registrations and approvals have unlimited validity.

⁶⁰ Regulatory authority over spectrum licensing, as well as spectrum transferring and sharing, was passed from the NCC to MODA in August 2022.

4.92. Pursuant to the new legal framework, the NCC can designate certain telecommunications services markets as regulated markets, determine the dominant companies therein, and implement relevant control measures. Regulatory controls apply only to companies with significant market power (SMP) and comprise the following requirements: (i) disclosure of information on interconnection, network access components, and use of their telecommunications infrastructure; (ii) compliance with fair, reasonable, and non-discriminatory principles in interconnection agreements; (iii) preparation of template agreements (interconnection and access to network components or relevant infrastructure) and submission for NCC approval; and (iv) accounting separation of different services. The NCC also regulates the fees set by telecommunications companies with SMP and may enforce a limit on their adjustment.⁶¹

4.93. In April 2022, the NCC designated fixed-line voice retailing, fixed-line broadband retailing, fixed-line wholesale services, fixed-line voice termination services, and mobile voice termination services as regulated markets. In May 2023, the NCC determined that CTC has SMP in all of these designated markets. The NCC also deemed that SMP was held by three other companies in the fixed-line voice termination services market and four other companies in the mobile voice termination services market.

4.94. MODA administers the allocation and assignment of telecommunications numbers in Chinese Taipei. Only NCC-approved public telecommunications network owners are qualified to apply for the assignment of numbers. Telecommunications numbers cannot be leased or lent and can be transferred only in the framework of subscriber number portability.

4.95. Universal service obligations in Chinese Taipei cover voice-based public payphone services, as well as Internet access and voice-based telephone services in remote areas. MODA may designate as universal service providers one or more registered telecommunications operators or companies deploying fixed or mobile telecommunications networks. The selection is based on a competitive process. Universal service provision is financed by annual contributions from registered telecommunications operators whose annual revenue generated from telecommunications services exceeds a prescribed threshold.

4.96. The authorities indicate that proceeds from the 5G spectrum licences auction carried out in 2020 have been used to accelerate 5G infrastructure rollout and reduce the digital divide between urban and rural areas. Under Chinese Taipei's Forward-looking Infrastructure Development Program, MODA is to allocate approximately TWD 225 million per year until 2025 to support telecommunications operators' infrastructure deployment efforts in remote areas. The authorities indicate that telecommunications operators built 154 mobile broadband base stations in 2022, exceeding the programme's target (95 stations).

4.97. Controlled telecommunications radio-frequency equipment, whether used in the deployment of networks or by end-users, requires type approval by the NCC before it can be manufactured in or imported into Chinese Taipei. Import approval certificates are valid for one or two years, depending on the device's characteristics; importation of subsequent consignments requires a separate approval certificate. Manufacturers, importers, and owners of devices exceeding a certain power threshold must report on the devices' flow, purpose, and status.⁶² Type approvals issued in overseas jurisdictions may be recognized as equivalent to NCC approvals within the scope of a mutual recognition arrangement signed by Chinese Taipei.

4.4.3 Transport

4.98. Chinese Taipei's geography underpins maritime transport's position as an essential lifeline for external merchandise trade. Throughout the review period, approximately 93% of annual overseas freight traffic was transported by sea. The bulk of overseas passenger traffic remains airborne. The

⁶¹ NCC, Regulations Governing the Fees of Telecommunications Enterprises with Significant Market Power, 26 November 2020.

⁶² NCC, Administrative Regulations on Manufacturing, Import and Reporting of Controlled Telecommunications Radio-Frequency Devices, 19 November 2021.

outbreak of the COVID-19 pandemic triggered declines in both overseas freight and passenger movements during 2020-22, with the latter decline being most pronounced.⁶³

4.99. No significant changes were introduced to the relevant institutional framework during the review period. The MOTC, through various subordinate bodies, remains responsible for policy formulation, regulation, and oversight of all transport modes.⁶⁴

4.100. Chinese Taipei's strategic priorities for the transport sector are set out in its 18th mid-term development plan (NDP 2021-2024). The principal focus areas include (i) expanding and upgrading the railway network; (ii) completing the construction of backbone highways and expressways; (iii) accelerating airport development and improving air transport services; (iv) enhancing harbours' competitiveness and navigation safety performance; and (v) promoting smart transportation technology.⁶⁵

4.4.3.1 Maritime transport

4.101. The Maritime and Port Bureau (MPB) continues to act as Chinese Taipei's regulator (shipping administration authority) of maritime transport. The MPB has wide-ranging responsibilities, spanning strategic planning, maritime affairs, vessel management, port affairs, maritime labour affairs, and maritime safety. Its remit includes the supervision of ocean freight alliance organizations' operations and the handling of ocean freight-related consumer protection disputes.⁶⁶ The MPB also manages the operations of some ports and public infrastructure therein.⁶⁷

4.102. Chinese Taipei's seven international commercial ports, as well as two domestic commercial ports, continue to be managed by "Taiwan International Ports Corporation" (TIPC), a state-owned enterprise. TIPC coordinates the operations of its subordinate ports to maximize overall port-group strengths and compete cooperatively for new business, with a view to strengthening Chinese Taipei's status as a shipping hub. All companies, regardless of their origin, may participate in public tendering processes to operate port terminals. In 2023, there were six non-local companies operating terminals at Chinese Taipei's international ports, up from three in 2018.

4.103. All vessels entering Chinese Taipei's international commercial ports must use towage assistance. The use of pilotage services is compulsory in six of the seven such ports, except for exempted vessels.⁶⁸ The authorities indicate that towage assistance and bunkering services are, in principle, open to competition. Expatriates are not admitted to examinations for the licensing of pilots.

4.104. The main legislation governing maritime transport comprises the Shipping Act, the Law of Ships, the Ship Registration Law, the Commercial Port Law, the Pilotage Law, the Seafarer Act, and the Aids to Navigation Act. The Law of Ships was amended in November 2018, with a view to strengthening ship safety management and reassigning relevant inspection responsibilities to the MPB.

4.105. The conditions and requirements for registering vessels, as well as Chinese Taipei's applied regime on overseas investment in maritime transport, remained unchanged during the review period.⁶⁹ Engaging in sea transportation as a vessel carrier remains subject to MOTC approval. Overseas vessel carriers must either establish a branch office in Chinese Taipei or commission a

⁶³ Viewed at: <https://www.motc.gov.tw/en/app/statistics501.jsp?lang=en&folderName=en&id=610&parentpath=0%2C154>.

⁶⁴ The MOTC's internal structure and affiliated bodies can be viewed at: <https://www.motc.gov.tw/en/app/artwebsite?module=artwebsite&id=315&serno=null>.

⁶⁵ NDP 2021-2024. Viewed at: https://www.ndc.gov.tw/en/Content_List.aspx?n=9649AD857AF274BA&upn=C5B71E23EEC92FCF.

⁶⁶ Vessel carriers operating in Chinese Taipei that wish to participate in concerted cargo or passenger rate setting activities must obtain the MPB's approval. If anti-competitive concerns arise, the MPB will intervene in coordination with the FTC to remedy the situation.

⁶⁷ A detailed overview of the MPB's responsibilities can be viewed at: <https://www.motcmpb.gov.tw/En/Article?siteId=2&nodeId=10010>.

⁶⁸ Pilotage Law, Article 6.

⁶⁹ WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

local shipping agency to handle passenger and cargo transportation affairs on their behalf.⁷⁰ Overseas investment in a Chinese Taipei-registered vessel carrier remains limited to 50% of the company's capital.

4.106. Overseas ownership of a Chinese Taipei-registered vessel, through a limited company, is restricted to less than 50% of the company's capital; the director authorized to represent the company must be a natural person from Chinese Taipei. Cabotage services remain reserved for Chinese Taipei-registered vessels unless a franchise is granted to an overseas-registered vessel. The employment of overseas seafarers on Chinese Taipei-registered vessels must be approved by the MPB, subject to economic needs tests.

4.107. In December 2022, there were 166 vessel carriers and 317 vessels with cumulative gross tonnage of 4,773,765 tonnes registered in Chinese Taipei, compared to 166 carriers and 283 vessels with gross tonnage of 3,578,719 tonnes in December 2017. In 2023, there were two vessel carriers with public participation of less than 30%. The main port infrastructure projects launched in Chinese Taipei during 2018-23 include new container and cruise passenger terminals in the Port of Kaohsiung, embankment construction and land reclamation in the Port of Taipei, and construction of wind power wharves in the Port of Taichung.

4.4.3.2 Air transport

4.108. The Civil Aeronautics Administration (CAA) remains responsible for regulating air transport and providing flight navigation services. The governing legislation, the Civil Aviation Act, was amended in April 2018 to include specific provisions on the management of drone activities. The amendment introduced, *inter alia*, a registration system for drone owners, drone inspection competences for the CAA (including for imported drones), and rules on drone flight activities.⁷¹

4.109. The conditions and requirements for performing commercial air transport services, as well as Chinese Taipei's applied regime on overseas investment in air transport, remained unchanged during the review period.⁷² Carrying passengers, cargo, and mail between two points in Chinese Taipei remains prohibited for overseas air transport operators and overseas aircraft. Domestic passenger and cargo air fares, and airport fees are regulated. Overseas investment in Chinese Taipei-incorporated airlines and airport ground handling (including refuelling) and catering service providers must not exceed 50% of total equity and no individual overseas investor can hold more than 25%.⁷³ Civil air carriers may seek CAA authorization to concurrently operate an airport ground handling service; overseas air carriers are also eligible on a reciprocity basis.

4.110. International air transport services are governed by air transport arrangements (ATAs) based on the principle of reciprocity. As of April 2023, Chinese Taipei had ATAs in force with 57 partner jurisdictions, of which 9 were either revised or newly signed during the review period. The authorities indicate that all ATAs in force provide for 1st through 4th freedoms of the air. Typically, the arrangements also allow for multi-designation and cooperative arrangements, and some of the ATAs do not require that statistics be exchanged. The withholding clause within the ATAs has been set at "substantial ownership and effective control" (SOEC). The more liberal agreements stipulate 5th freedom traffic rights and "free determination" capacity clauses.

4.111. As of March 2023, 56 airlines, including 6 locally registered air carriers, provided flight services in Chinese Taipei. One air carrier had indirect public participation (31% of paid-in capital). Scheduled services covered 223 routes connecting Chinese Taipei with 78 cities worldwide. The authorities indicate that air carriers registered in Chinese Taipei accounted for 68% of total passenger volume and 71% of cargo volume. Chinese Taipei's total active commercial fleet comprised 233 aircraft, including 13 freight airplanes.

⁷⁰ The prescribed minimum operational funds threshold for the purposes of branch establishment is TWD 12 million.

⁷¹ Civil Aviation Act.

⁷² WTO document WT/TPR/S/377/Rev.1, 6 March 2019.

⁷³ There are no restrictions on overseas investment in aircraft maintenance and repair services.

4.112. Air carriers operating regular flights on offshore island routes are eligible for support for the transportation of passengers residing on any of the offshore islands.⁷⁴ Between 2020 and 2022, to mitigate the COVID-19 pandemic's impact on air transportation, all carriers operating in Chinese Taipei received support in the form of reduced rent for land or facilities leased at terminals and office space at airports, interest subsidies on existing loans, and assistance with personnel costs. The authorities affirm that the temporary support measures have been phased out and no airline is offered any form of support under normal circumstances.

4.113. Chinese Taipei has 17 airports, including 4 international airports. Taoyuan International Airport remains the main international passenger and cargo hub, whereas Songshan, Taichung, and Kaohsiung serve as auxiliary international airports. All airports remain publicly owned and operated.⁷⁵ Taoyuan International Airport is being expanded with the construction of a third terminal (expected by 2026) and a third runway (expected by 2030), which would increase its annual passenger handling capacity from 37 million to 82 million and its peak hourly take-off and landing capacity from 50 to 90 movements. Other scheduled infrastructure works include terminal expansion at Taichung International Airport and terminal reconstruction at Kaohsiung International Airport.⁷⁶ The authorities indicate that no airport or terminal concessions were granted to private-sector companies during 2018-23.

⁷⁴ Regulation for the Subsidization of Civil Air Transport Enterprises in Respect of the Operation of Offshore Island Routes. Viewed at: <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=K0090045>.

⁷⁵ Taoyuan International Airport has been operated by Taoyuan International Airport Corporation, a state-owned enterprise, since 2010.

⁷⁶ Civil Airport System Plan 2040. Viewed at: <https://www.caa.gov.tw/FileAtt.ashx?lang=1&id=30155>.

5 APPENDIX TABLES

Table A1.1 Merchandise exports by HS section and major HS chapter/subheading, 2018-22

HS section/chapter/subheading	2018	2019	2020	2021	2022
Total exports (USD billion)	334.0	329.2	345.1	446.4	479.4
	(% of total exports)				
01 Live animals and products	0.6	0.6	0.5	0.4	0.4
02 Vegetable products	0.2	0.3	0.2	0.2	0.2
03 Fats and oils	0.0	0.0	0.0	0.0	0.0
04 Prepared food, beverages and tobacco	0.7	0.8	0.7	0.7	0.6
05 Mineral products	4.4	4.3	2.1	2.7	4.1
27 Mineral fuels and oils	4.1	3.9	1.8	2.3	3.7
2710 Petroleum oils (..), other than crude	3.9	3.7	1.7	2.2	3.5
06 Chemicals and products thereof	6.6	5.7	4.8	5.2	4.9
29 Organic chemicals	3.4	2.7	2.1	2.6	2.3
07 Plastics and rubber	7.6	6.9	6.2	6.7	5.4
39 Plastics and articles thereof	6.7	6.0	5.4	5.9	4.8
08 Raw hides and skins; leather, furskins and articles thereof	0.2	0.2	0.1	0.1	0.1
09 Wood, cork, straw	0.1	0.05	0.04	0.04	0.03
10 Pulp of wood; paper and paperboard	0.6	0.6	0.5	0.5	0.5
11 Textiles and textile articles	3.0	2.8	2.2	2.0	1.8
12 Footwear, headgear, etc.	0.1	0.1	0.1	0.1	0.1
13 Articles of stone, plaster, cement	0.7	0.7	0.7	0.6	0.5
14 Precious stones and metals	0.4	0.4	0.9	0.6	0.5
15 Base metals and articles thereof	9.5	8.5	7.4	8.2	7.7
72 Iron and steel	3.1	2.7	2.2	2.9	2.5
73 Articles of iron and steel	2.6	2.4	2.1	2.1	2.2
74 Copper and articles thereof	1.5	1.3	1.2	1.2	1.0
16 Machinery, electrical equipment	54.8	57.7	63.2	61.9	64.6
84 Machinery and mechanical appliances, parts thereof	11.6	13.0	12.9	12.9	13.2
8471 Automatic data processing machines and units thereof (..)	1.7	2.7	3.1	2.7	3.2
8473 Parts and accessories (..) suitable for use principally with machines of headings 84.70 to 84.72	2.3	3.2	3.5	3.9	4.0
85 Electrical and electronic equipment	43.2	44.7	50.3	49.0	51.5
8517 Telephone sets, including telephones for cellular networks (..)	1.7	2.3	2.6	2.3	2.7
8523 Discs, tapes, solid-state non-volatile storage devices, smart cards and other media for the recording of sound or of other phenomena (..)	2.1	2.3	2.7	2.4	1.8
8542 Electronic integrated circuits	28.7	30.5	35.5	34.8	38.4
17 Transport equipment	3.4	3.4	3.2	3.3	3.5
87 Vehicles, other than railway, tramway	3.0	3.1	2.9	3.0	3.3
18 Precision equipment	5.0	4.9	4.9	4.5	3.5
90 Optical, photo, technical, medical, etc. apparatus	4.9	4.8	4.8	4.4	3.4
9013 Liquid crystal devices (..)	2.2	2.0	2.0	1.9	1.1
19 Arms and ammunition	0.03	0.03	0.05	0.06	0.04
20 Miscellaneous manufactured articles	1.5	1.6	1.6	1.7	1.2
21 Works of art, etc.	0.004	0.003	0.004	0.005	0.003
Other	0.5	0.5	0.5	0.5	0.4

Source: Data are derived from foreign trade statistics compiled by Customs Administration, Ministry of Finance. Viewed at: <https://portal.sw.nat.gov.tw/APGA/GA35E>.

Table A1.2 Merchandise imports by HS section and major HS chapter/subheading, 2018-22

HS section/chapter/subheading	2018	2019	2020	2021	2022
Total imports (USD billion)	284.8	285.7	286.1	382.0	428.0
	(% of total imports)				
01 Live animals and products	1.3	1.3	1.3	1.1	1.1
02 Vegetable products	1.6	1.7	1.6	1.6	1.7
03 Fats and oils	0.1	0.1	0.1	0.1	0.2
04 Prepared food, beverages and tobacco	1.7	1.7	1.7	1.4	1.3
05 Mineral products	19.3	17.0	11.8	15.0	19.7
26 Ores, slag and ash	0.9	1.2	1.2	1.7	1.1
27 Mineral fuels and oils	18.0	15.5	10.3	13.1	18.3
2709 Petroleum oils and oils obtained from bituminous minerals; crude	8.2	7.5	4.4	5.2	7.3
2710 Petroleum oils and oils from bituminous minerals, not crude	3.5	2.4	1.9	2.5	2.3
2711 Petroleum gases and other gaseous hydrocarbons	3.1	2.9	2.1	3.0	4.8
06 Chemicals and products thereof	10.7	9.6	9.3	8.8	8.4
29 Organic chemicals	3.7	3.0	2.5	2.8	2.3
30 Pharmaceutical products	1.4	1.5	1.5	1.4	1.7
38 Miscellaneous chemical products	2.3	2.1	2.2	1.9	1.9
07 Plastics and rubber	3.1	3.0	3.1	2.9	2.5
39 Plastics and articles thereof	2.7	2.5	2.7	2.5	2.1
08 Raw hides and skins; leather, furskins and articles thereof	0.3	0.3	0.3	0.3	0.3
09 Wood, cork, straw	0.5	0.4	0.4	0.4	0.3
10 Pulp of wood; paper and paperboard	0.9	0.9	0.8	0.7	0.6
11 Textiles and textile articles	1.3	1.2	1.2	1.0	0.9
12 Footwear, headgear, etc.	0.3	0.3	0.3	0.2	0.2
13 Articles of stone, plaster, cement	1.0	1.0	1.0	0.9	0.8
14 Precious stones and metals	1.2	1.0	1.3	1.4	1.1
15 Base metals and articles thereof	7.9	7.0	6.8	7.6	6.6
72 Iron and steel	3.4	2.8	2.5	3.3	2.6
74 Copper and articles thereof	2.0	1.7	1.7	1.9	1.6
16 Machinery, electrical equipment	38.2	42.6	47.5	46.6	44.9
84 Machinery and mechanical appliances, parts thereof	11.8	14.8	15.0	15.1	15.1
8486 Machines principally used for the manufacture of semiconductor boules or wafers, semiconductor devices, integrated circuits or flat panel displays (..)	4.1	6.8	6.3	6.6	6.9
85 Electrical machineries and parts thereof	26.4	27.8	32.4	31.5	29.8
8542 Electronic integrated circuits	17.8	18.8	21.8	21.3	20.6
17 Transport equipment	4.2	4.2	4.1	3.5	3.4
87 Vehicles other than railway, tramway	3.1	3.1	3.4	2.8	2.5
18 Precision equipment	4.3	4.5	5.0	4.6	4.2
90 Optical, photo, technical, medical, etc. apparatus	4.1	4.3	4.9	4.4	4.0
19 Arms and ammunition	0.004	0.003	0.004	0.002	0.003
20 Miscellaneous manufactured articles	0.8	0.8	0.9	0.8	0.7
21 Works of art, etc.	0.03	0.03	0.02	0.02	0.02
Other	1.2	1.3	1.3	1.1	1.1

Source: Data are derived from foreign trade statistics compiled by Customs Administration, Ministry of Finance. Viewed at: <https://portal.sw.nat.gov.tw/APGA/GA35E>.

Table A1.3 Merchandise exports by destination, 2018-22

	2018	2019	2020	2021	2022
Total exports (USD billion)	334.0	329.2	345.1	446.4	479.4
	(% of total exports)				
Americas	14.4	16.6	16.9	17.1	18.2
United States	11.8	14.1	14.6	14.7	15.7
Other America	2.6	2.5	2.2	2.4	2.5
Mexico	0.7	0.9	0.8	0.8	1.0
Canada	0.8	0.7	0.6	0.7	0.7
Brazil	0.4	0.4	0.3	0.4	0.3
Europe	9.4	9.0	8.1	8.6	8.7
EU-27	7.6	7.3	6.6	7.1	7.3
Netherlands	1.8	1.8	1.8	1.8	1.8
Germany	2.1	2.0	1.7	1.8	1.8
Italy	0.7	0.6	0.5	0.6	0.6
Belgium	0.4	0.4	0.4	0.6	0.6
France	0.5	0.5	0.4	0.4	0.4
Spain	0.4	0.4	0.3	0.4	0.4
Poland	0.3	0.3	0.3	0.3	0.3
EFTA	0.2	0.2	0.2	0.2	0.2
Other Europe	1.6	1.4	1.3	1.2	1.2
United Kingdom	1.2	1.1	1.0	0.9	0.8
Türkiye	0.4	0.3	0.3	0.3	0.3
CIS ^a	0.4	0.4	0.4	0.4	0.2
Africa	0.6	0.6	0.5	0.5	0.6
Middle East	1.4	1.3	1.1	0.9	1.0
United Arab Emirates	0.4	0.5	0.3	0.3	0.3
Asia	73.4	71.6	72.8	72.0	70.8
China	28.9	27.9	29.7	28.2	25.3
Japan	6.8	7.1	6.8	6.5	7.0
Other Asia	37.6	36.7	36.4	37.2	38.5
Hong Kong, China	12.4	12.3	14.2	14.1	13.5
Singapore	5.2	5.5	5.5	5.8	6.2
Korea, Republic of	4.7	5.1	4.4	4.5	4.6
Malaysia	3.2	2.9	2.7	3.0	3.5
Viet Nam	3.2	3.3	3.0	3.1	3.0
Philippines	2.7	1.9	1.6	1.4	1.6
Thailand	1.8	1.7	1.5	1.6	1.6
Australia	1.0	1.0	0.9	1.1	1.6
India	1.1	1.0	0.8	1.0	1.1
Indonesia	1.0	0.9	0.7	0.7	0.7
Bangladesh	0.3	0.4	0.2	0.3	0.4
Other	0.4	0.5	0.3	0.5	0.5

a Commonwealth of Independent States, including certain associate and former member States.

Source: Data are derived from foreign trade statistics compiled by Customs Administration, Ministry of Finance. Viewed at: <https://portal.sw.nat.gov.tw/APGA/GA35E>.

Table A1.4 Merchandise imports by origin, 2018-22

	2018	2019	2020	2021	2022
Total imports (USD billion)	284.8	285.7	286.1	382.0	428.0
	(% of total imports)				
Americas	14.2	15.0	14.1	13.2	13.3
United States	11.6	12.2	11.4	10.3	10.6
Other America	2.6	2.8	2.7	2.9	2.7
Canada	0.7	0.6	0.5	0.6	0.6
Brazil	0.6	0.7	0.7	0.7	0.6
Europe	10.7	11.8	11.8	11.2	10.8
EU-27	9.1	10.2	10.1	9.7	9.4
Germany	3.5	3.3	3.6	3.3	3.3
Netherlands	1.4	2.8	2.3	2.7	2.4
France	1.3	1.1	1.0	0.9	0.9
Italy	0.9	0.9	0.9	0.8	0.8
EFTA	0.8	0.8	0.9	0.7	0.7
Switzerland	0.7	0.6	0.8	0.6	0.6
Other Europe	0.9	0.8	0.8	0.7	0.7
United Kingdom	0.7	0.7	0.7	0.6	0.6
CIS ^a	2.0	1.5	1.2	1.4	1.3
Russian Federation	1.5	1.1	1.1	1.3	1.1
Africa	0.9	0.6	0.8	1.0	1.1
Middle East	9.6	8.3	5.4	6.5	8.3
Saudi Arabia, Kingdom of	3.0	2.7	1.7	2.1	2.7
Kuwait, State of	1.8	1.5	0.9	1.2	1.6
United Arab Emirates	1.6	1.6	1.0	1.3	1.6
Qatar	1.0	1.0	0.8	0.7	0.9
Oman	0.7	0.5	0.3	0.5	0.6
Israel	0.2	0.3	0.4	0.4	0.5
Asia	59.1	59.4	62.7	62.5	60.6
China	18.9	20.1	22.2	21.6	19.6
Japan	15.5	15.4	16.0	14.7	12.8
Other Asia	24.7	23.9	24.4	26.2	28.2
Korea, Republic of	6.9	6.2	7.2	8.0	8.0
Australia	3.4	3.5	2.8	3.9	5.8
Malaysia	3.3	3.6	3.5	3.1	3.2
Singapore	3.0	2.8	3.1	3.2	2.9
Indonesia	1.9	1.6	1.6	2.1	2.6
Viet Nam	1.3	1.8	1.9	1.6	1.6
Thailand	1.6	1.5	1.6	1.6	1.5
India	1.1	0.9	0.8	0.8	0.7
Philippines	0.9	0.7	0.7	0.8	0.7
Other	3.5	3.5	4.0	4.2	4.6
Free zone ^b	3.4	3.5	4.0	4.1	4.6

a Commonwealth of Independent States, including certain associate and former member States.

b Includes goods exported from Chinese Taipei thereafter re-imported into Chinese Taipei.

Source: Data are derived from foreign trade statistics compiled by Customs Administration, Ministry of Finance. Viewed at: <https://portal.sw.nat.gov.tw/APGA/GA35E>.

Table A2.1 Most recent notifications to the WTO, January 2018-June 2023

Agreement	Requirement	Symbol and date of latest notification
Agreement on Agriculture		
Articles 10 and 18.2	Export subsidy (ES:1)	G/AG/N/TPKM/219, 19/01/2023
Article 18.2	Domestic support: total aggregate measure of support (DS:1)	G/AG/N/TPKM/206-207, 12/01/2022
Article 18.2	Market access: administration of tariff and other quota commitments (MA:1)	G/AG/N/TPKM/192, 15/05/2020
Article 18.2	Market access: volume of imports under tariff and other quotas (MA:2)	G/AG/N/TPKM/221, 16/02/2023
Articles 5.7 and 18.2	Special safeguard provisions (MA:5)	G/AG/N/TPKM/223, 21/03/2023
Article 5.7	Volume-based special safeguard (MA:3)	G/AG/N/TPKM/222, 11/03/2023
General Agreement on Trade in Services		
Article V:7(a)	Notification of Regional Trade Agreement	S/C/N/544/Add.1-WT/REG283/N/2/, 13/04/2023
Article III.3	Change in regulation affecting trade in services covered by specific commitments	S/C/N/1127, 31/01/2023
Agreement on Implementation of Article VI of the GATT 1994 (anti-dumping)		
Article 16.4	Anti-dumping actions (<i>ad hoc</i>)	G/ADP/N/385, 07/06/2023
Article 16.4	Anti-dumping actions (semi-annual)	G/ADP/N/377/TPKM, 27/02/2023
GATT 1994		
Article XVII:4(a)	State trading activities	G/STR/N/19/TPKM/Add.1, 20/10/2022
Agreement on Government Procurement		
Article XVI:4	Reporting of statistics on government procurement	GPA/STAT(21)/TPKM/1, 25/05/2022
Paragraph 2 of Annex D in Appendix 2	Statistics on procurement	GPA/WPS/STAT/24/Add.8, 04/05/2018
Annexes 1, 2, and 3 of Appendix I	Thresholds as expressed in TWD	GPA/THR/TPKM/3, 11/11/2022
Article XIX:1(b)	Proposed modifications and rectifications to coverage	GPA/MOD/TPKM/3, 14/01/2021
Agreement on Import Licensing Procedures		
Article 7.3	Replies to questionnaire on import licensing procedures	G/LIC/N/3/TPKM/13, 11/10/2022
Article 5.1 to 5.4	Institution of import licensing procedures or changes thereto	G/LIC/N/2/TPKM/18-20, 17/01/2023
Decision on Notification Procedures for Quantitative Restrictions		
G/L/59/Rev.1	Quantitative restrictions	G/MA/QR/N/TPKM/5, 30/09/2022
Decision on Preferential Rules of Origin for Least Developed Countries		
Paragraph 4.3	Preferential rules of origin for LDCs	G/RO/LDC/N/TPKM/1/Rev.1, 22/07/2020
Agreement on Subsidies and Countervailing Measures		
Article 25.1	Subsidies	G/SCM/N/372/TPKM, 01/06/2021 G/SCM/N/372/TPKM/Suppl.1, 27/09/2021
Article 25.11	Countervailing duty actions (semi-annual)	G/SCM/N/399/TPKM, 03/02/2023 G/SCM/N/399/TPKM/Add.1, 20/04/2023
Articles 32.6	Laws and regulations	G/SCM/N/1/TPKM/1/Suppl.2- G/ADP/N/1/TPKM/1/Suppl.2, 24/08/2018
Agreement on the Application of Sanitary and Phytosanitary Measures		
Article 7 and Annex B	Proposed and adopted SPS regulations	G/SPS/N/TPKM/450, 04/01/2018 to G/SPS/N/TPKM/606/Add.1, 08/06/2023
Agreement on Technical Barriers to Trade		
Article 10.7	Agreements on issues related to technical regulations, standards, or conformity assessment procedures	G/TBT/10.7/N/146, 08/02/2018, to G/TBT/10.7/N/152, 07/01/2021
Article 15.2	Implementation and administration of the Agreement	G/TBT/2/Add.69/Rev.1, 20/06/2018
Article 2.10	Technical regulations (urgent)	G/TBT/N/TPKM/443, 30/11/2020 to G/TBT/N/TPKM/496/Add.1, 25/07/2022
Article 2.9	Technical regulations	G/TBT/N/TPKM/283/Rev.1, 15/01/2018 to G/TBT/N/TPKM/516/Add.1, 13/06/2023
Articles 2.9 and 5.6	Technical regulations and conformity assessment procedures	G/TBT/N/TPKM/313, 15/01/2018 to G/TBT/N/TPKM/525/Add.1, 05/06/2023
Article 5.6	Conformity assessment procedures	G/TBT/N/TPKM/285/Rev.1, 16/02/2018 to G/TBT/N/TPKM/502, 18/08/2022

Agreement	Requirement	Symbol and date of latest notification
Agreement on Trade-Related Aspects of Intellectual Property Rights		
Article 63.2	Laws/regulations made effective by the notifying Member; amendments to a law/regulation	IP/N/1/TPKM/36-IP/N/1/TPKM/P/18, 02/12/2022

Source: Compiled by the WTO Secretariat, based on notifications documents.

Table A2.2 List of prohibited and restricted industries, 2022

Industry	Subitem	Description	Reasons for prohibition/restriction
Prohibited activities			
18 Manufacture of chemical materials	1810 Manufacture of chemical materials	Manufacturing of nitroglycerine used in explosive pillars involving public safety)	Security.
		Soda-chloride factories operating with mercuric electrolyzers	Environmental protection and human health.
		A category of chemical products in accordance with the UN prohibition of chemical weapons	Security.
		CFC, halon, methylchloroform, carbon tetrachloride	Environmental protection (Montreal Protocol).
19 Manufacture of chemical products	1990 Manufacture of other chemical products not elsewhere classified	Gun powder fuse, agents of fire, and fulminating mercury	Security.
24 Manufacture of basic metals	2499 Manufacture of other basic metals not elsewhere classified	Cadmium smelting	Environmental protection and human health.
29 Manufacture of machinery and equipment	2939 Manufacture of other general-purpose machinery	Firearms, weapons manufacturing, arms repair, ammunition and fire-control (exclusive of non-civil aircraft) high-energy weapons systems (such as laser weapons, microwave weapons, and electromagnetic railguns), and other high-tech weapons systems	Security.
49 Land transportation	4931 Motor bus transportation 4932 Taxi transportation 4939 Other bus transportation	Including city passenger bus services and highway passenger services Tour bus services	Stability of inland transportation and consumer protection.
54 Postal and courier activities	5410 Postal activities		Postal monopoly.
60 Broadcasting and programming	6010 Radio broadcasting 6020 Television broadcasting and subscription programming	Radio broadcasting industry Radio-television industry (exclusive of satellite television broadcasting)	The spectrum is publicly owned. Preservation of cultural diversity and consumer protection.
64 Financial intermediation	6415 Postal saving and remittance services		Postal monopoly. The prohibition applies to all investors regardless of origin.
69 Legal and accounting activities	6919 Other legal activities	Public notary services	Prohibited.
93 Sports activities and amusement and recreation	9323 Special amusement activities		Public order and good morals.
Restricted activities			
01 Agriculture and animal husbandry	0111 Growing of rice		Food security; safeguarding varieties and technologies; balance between supply and demand.
	0112 Growing of cereals (except rice)	Exclusive of the cultivation of wheat, buckwheat, and Job's tears (adlay)	
	0113 Growing of special crops	Exclusive of the cultivation of Chinese herbal medicine crops and special crops with health-giving properties (not including tea)	
	0114 Growing of vegetables	Exclusive of the cultivation of organic vegetables and the cultivation of vegetables using protected cultivation (limited to plant factories)	
	0116 Growing of mushrooms		
	0119 Growing of other crops		

Industry	Subitem	Description	Reasons for prohibition/restriction
	0121 Raising of cattle		Stability and development of husbandry. Only investment exceeding TWD 30 million is allowed in order to encourage technology-intensive and capital-intensive investment.
	0122 Raising of swine/pigs	Raising of breed swine	
	0123 Raising of chickens	Raising of breed chickens	
	0124 Raising of ducks	Raising of breed ducks	
	0129 Other animal husbandry		
02 Forestry			Forests are mainly publicly owned goods. ^a
03 Fishing and aquaculture			To ensure the right of local fishers to operate, given the limited water resources available. ^b
10 Manufacture of tobacco products			Tobacco and alcohol production is subject to a permit of establishment. Only after having received a permit of establishment may an investor obtain a licence permit, which is necessary in order to start production and operation. This restriction applies to all investors regardless of origin. ^c
18 Manufacture of chemical material, fertilizers and nitrogen compounds, plastic and rubber materials, man-made fibres	1810 Manufacture of chemical material	Manufacturing of nitroglycerine (used in gun powder and explosive pillars involving public safety)	Public safety. Overseas investors can invest in the manufacturing of nitroglycerine not used in gun powder and explosive pillars. ^d
27 Manufacture of computers, electronic and optical products		Military instrument and equipment	Overseas investment is allowed insofar as it contributes to science and technology. ^d
31 Manufacture of other transport equipment and parts	3190 Manufacture of other transport equipment and parts not elsewhere classified	Manufacture, repair and assembly of military aircraft	
33 Other manufacturing	3399 Other manufacturing not elsewhere classified	Processing of ivory	Prior approval from the police is required to import or export live wildlife or protected wildlife products. Protected wildlife and its products shall not be traded or exhibited in public areas without the permission of the authorities. ^e
35 Electricity and gas supply	3510 Electricity supply	Electric power transmission and power distribution	Public interest. ^f
	3520 Gas supply	Piped fuel gas supply	Only natural persons from Chinese Taipei may be the founders, directors, or supervisors of gas supply enterprises. ^g
36 Water supply	3600 Water supply	Tap water supply	Public service. ^h
50 Water transportation	5010 Ocean transportation	Marine vessel transportation	The overseas investor must establish a branch by law or commission a Chinese Taipei shipping agency as its agent. ⁱ
	5020 Inland and lake transportation		
51 Air transportation	5100 Air transportation		Restricted. ^j
52 Support activities for transportation	5260 Service activities incidental to air transportation	Airport ground services, air catering services, and airport operation and management services	Restricted. ^j

Industry	Subitem	Description	Reasons for prohibition/restriction
60 Programming and broadcasting activities	6020 Television broadcasting and subscription programming	Satellite television broadcasting (provision of satellite television programming)	Overseas shareholders may hold less than 50% of the total shares. ^k
61 Telecommunications	6100 Telecommunications	Cable television services, satellite television broadcasting (direct broadcast satellite TV service), and/or Type I telecommunications enterprise	A system operator's directors from Chinese Taipei shall not be less than two thirds of the total number of directors. The same principle applies to supervisors. The chairperson of the system operation shall be from Chinese Taipei. Total overseas investment in a company operating a cable radio and/or television system shall be less than 60% of the total number of shares. Direct overseas shareholding is limited to legal entities; the total number of shares directly held by overseas shareholders shall not exceed 20%. The total number of shares of a satellite broadcasting business directly held by overseas shareholders shall be less than 50%. The chairperson of the board of a Type I telecommunications enterprise shall be from Chinese Taipei. The total direct shareholding by overseas citizens may not exceed 49%, and the sum of direct and indirect shareholding may not exceed 60%. ^l
69 Legal and accounting activities	6912 Scrivener activities	Land registration services	The provider must be from Chinese Taipei and be a certified Land Administration Agent. ^m

a Forestry Act; Land Act.

b Fisheries Act.

c Tobacco and Alcohol Administration Act.

d "Statute for Investment by Foreign Nationals".

e Wildlife Conservation Act.

f Electricity Act; Privately Owned Public Utilities Supervisory Act.

g Natural Gas Enterprise Act.

h Water Supply Act; Water Act.

i Shipping Act; Law of Ships; Seafarer Act.

j Civil Aviation Act.

k Satellite Broadcasting Act.

l Cable and Television Act; Satellite Broadcasting Act; Telecommunications Act.

m Land Administration Agent Act.

Source: Chinese Taipei's negative list (prohibited and restricted industries) for inward investment, amended 8 February 2018.

Table A3.1 MFN applied summary, 2023

	Number of lines	Average (%)	Range ^a (%)	CoV	Duty free (%)	Range ^b (%) bound tariff
Total	12,280	7.2	0-1,069.9 (0-500)	2.3	33.2	0-500
HS 01-24	2,896	18.2	0-1,069.9 (0-500)	1.7	15.9	0-500
HS 25-97	9,384	3.8	0-30	1.1	38.7	0-30
By WTO category						
WTO agricultural products	2,212	16.6	0-1,069.9 (0-500)	2.1	22.6	0-500
Animals and products thereof	474	17.6	0-45	0.6	1.5	0-45
Dairy products	56	20.6	5-77.4 (5-30)	0.8	0.0	5-30
Fruit, vegetables, and plants	718	18.9	0-1,069.9 (0-184)	2.4	24.4	0-184
Coffee and tea	47	12.5	0-37.4 (0-30)	0.8	25.5	0-30
Cereals and preparations	211	28.7	0-467.4 (0-35)	1.9	7.1	0-35
Oils seeds, fats, oil and their products	143	10.9	0-338	4.0	51.7	0-338
Sugars and confectionery	33	15.9	0-27.5	0.5	6.1	3-143
Beverages, spirits and tobacco	144	18.8	0-40	0.6	11.1	0-40
Cotton	5	0.0	0-0	0.0	100.0	0-0
Other agricultural products, n.e.s.	381	5.8	0-500	4.5	50.7	0-500
WTO non-agricultural products	10,068	5.1	0-83.8 (0-50.0)	1.3	35.7	0-50
Fish and fishery products	816	19.9	0-83.8 (0-50.0)	0.5	5.4	0-50
Minerals and metals	2,072	2.4	0-12.5	1.5	63.5	0-12.5
Chemicals and photographic supplies	2,391	2.8	0-20	0.8	28.6	0-20
Wood, pulp, paper and furniture	565	0.5	0-12.5	4.2	93.8	0-12.5
Textiles	964	7.4	0-12.5	0.5	3.6	0-12.5
Clothing	376	11.7	10.5-12	0.0	0.0	10.5-12
Leather, rubber, footwear and travel goods	312	5.6	0-10	0.6	11.5	0-10
Non-electric machinery	890	3.1	0-17.5	0.9	29.8	0-20
Electric machinery	564	3.3	0-15	1.1	42.7	0-15
Transport equipment	318	10.0	0-30	0.8	19.8	0-30
Non-agricultural products, n.e.s.	762	2.7	0-10	1.1	47.4	0-10
Petroleum	38	2.2	0-5	0.9	42.1	0-10
By HS section						
01 Live animals and products	1,218	18.0	0-500	1.0	8.1	0-500
02 Vegetable products	838	18.4	0-1,069.9 (0-184)	2.7	31.6	0-184
03 Fats and oils	80	12.6	0-338	4.2	35.0	0-338
04 Prepared food, beverages and tobacco	760	18.8	0-127.3 (0-40)	0.7	8.9	0-143
05 Mineral products	249	1.0	0-7.5	1.8	67.5	0-10
06 Chemicals and products thereof	2,249	2.7	0-25	0.9	33.0	0-25
07 Plastics, rubber, and articles thereof	412	4.7	0-10	0.5	3.6	0-10
08 Raw hides and skins, leather, and its products	131	3.0	0-10	1.1	47.3	0-10
09 Wood and articles of wood	233	1.3	0-12.5	2.3	81.1	0-12.5
10 Pulp of wood, paper and paperboard	290	0.0	0-0	0.0	100.0	0-0
11 Textiles and textile articles	1,291	8.6	0-12.5	0.4	4.2	0-12.5
12 Footwear, headgear, etc.	159	6.2	0-10	0.4	4.4	0-10
13 Articles of stone, plaster, cement	328	7.2	0-12.5	0.4	3.0	0-12.5
14 Precious stones and metals, pearls	82	0.1	0-6.5	9.0	98.8	0-6.5
15 Base metals and articles thereof	1,424	1.8	0-10	1.8	72.5	0-10
16 Machinery, electrical equipment, etc.	1,468	3.0	0-17.5	1.1	36.6	0-20
17 Transport equipment	340	9.6	0-30	0.9	21.2	0-30
18 Precision equipment	418	2.1	0-10	1.4	56.2	0-10
19 Arms and ammunition	29	2.2	0-5	1.1	55.2	0-5

	Number of lines	Average (%)	Range ^a (%)	CoV	Duty free (%)	Range ^b (%) bound tariff
20 Miscellaneous manufactured articles	266	3.1	0-11	1.0	38.3	0-11
21 Works of art, etc.	15	0.0	0-0	0.0	100.0	0-0

CoV Coefficient of variation.

a Ranges in brackets exclude AVEs for non-*ad valorem* rates.

b Ranges exclude AVEs for non-*ad valorem* rates.

Note: Averages excluding in-quota rates and including AVEs for non-*ad valorem* rates, provided by the authorities.

Source: WTO Secretariat calculations, based on data provided by the authorities, and CPT Single Window. Viewed at: https://portal.sw.nat.gov.tw/APGQ/LoginFree?request_locale=en_US.

Table A3.2 Tariff rate quotas, 2022 and 2023

Product	HS code	Out-of-quota rate (2023)	In-quota rate (2023)	Tariff quota quantity (MT)	In-quota imports (MT)	Fill ratio (2022)
Deer velvet	0507.90.2000	500%	22.5%	5	0.1	2.0%
Liquid milk	0401.10.1000; 0401.10.2000; 0401.20.1000; 0401.20.2000; 0401.40.1000; 0401.40.2000; 0401.50.1000; 0401.50.2000; 0402.99.1000; 0402.99.2000; 0402.99.9200; 0403.90.2900; 0403.90.4000; 0403.90.5900; 0403.90.9000; 1806.90.5300; 1806.90.5500; 1901.90.2500; 1901.90.2700	TWD 15.6/kg	15%	21,298	20,928	98.3%
Ground-nuts:				5,235	5,219	99.7%
Ground-nuts, in shell	1202.30.1000; 1202.41.0000; 2008.11.1100; 2008.11.9100	TWD 42/kg	25%			
Ground-nuts, shelled	1202.30.2000; 1202.42.0000; 2008.11.1200; 2008.11.9200; 2008.19.4200	TWD 64/kg	25%			
Flours and meals of ground-nuts	1208.90.1100; 1208.90.2100	TWD 64/kg	25%			
Ground-nuts oil	1508.10.0000; 1508.90.0000	338%	25%			
Red beans	0710.29.1000; 0713.32.0000; 1106.10.1000; 2004.90.1010; 2004.90.1090; 2005.51.1010; 2005.51.1090; 2005.59.1000; 2006.00.1100; 2006.00.2500	TWD 22/kg	22.5%	2,500	2,475	99.0%
Garlic bulbs:				3,520	3,157	89.7%
Bulbs for planting	0703.20.1000	TWD 27/kg	0%			
Bulbs other than for planting	0703.20.9000; 0712.90.4000	TWD 27/kg	22.5%			
Dried shiitake	0712.39.2000	TWD 369/kg	25% or TWD 110/kg, w.i.t.h.	288	287	99.8%
Dried day lily	0712.90.5000	TWD 58/kg	22.5%	101	0	0%
Coconut	0801.12.0000; 0801.19.0010; 0801.19.0090	120%	15% or TWD 0.9/kg, w.i.t.h.	10,000	5,168	51.7%
Betel nuts	0802.80.0000	TWD 810/kg	17.5%	8,824	33	0.4%
Bananas	0803.10.1000; 0803.10.2000; 0803.90.1000; 0803.90.2000	100%	12.5%	13,338	0	0%
Pineapples	0804.30.1000; 0804.30.2000	173%	15%	23,870	1,419	5.9%
Mangoes	0804.50.2100; 0804.50.2200	60%	25%	12,755	0	0%
Shaddock	0805.40.2000	184%	25%	4,300	0	0%
Fresh pears, excl. European pears	0808.30.9000	TWD 49/kg	18%	9,800	8,870	90.5%
Dried longans and longan pulp	0813.40.1000	TWD 88/kg	15%	330	330	100%

Product	HS code	Out-of-quota rate (2023)	In-quota rate (2023)	Tariff quota quantity (MT)	In-quota imports (MT)	Fill ratio (2022)
Rice:				144,720	136,033	94.0%
Rice, groats and meal of rice	1006.10.0000; 1006.20.0000; 1006.30.0010; 1006.30.0090; 1006.40.0000; 1103.19.3000	TWD 45/kg	0%			
Rice starch	1108.19.1000	TWD 49/kg	10%			
Other rice products	1102.90.1100; 1102.90.1900; 1103.20.1000; 1104.19.1000; 1104.29.2000; 1806.90.6100; 1806.90.7100; 1806.90.9200; 1901.90.9100; 1902.11.1000; 1902.19.1000; 1902.20.1010; 1902.20.1020; 1902.30.2000; 1904.10.2011; 1904.10.2012; 1904.10.2091; 1904.10.2092; 1904.20.1100; 1904.20.2100; 1904.90.1010; 1904.90.1020; 2106.90.9800	TWD 49/kg	20%, 25%			

w.i.t.h. Whichever is the highest.

Source: WTO document G/AG/N/TPKM/221 (16 February 2023), and CPT Single Window. Viewed at: https://portal.sw.nat.gov.tw/APGQ/LoginFree?request_locale=en_US.

Table A3.3 Preferential tariff rate quotas, 2023

Trading partner	Product	HS code	Tariff rate quota	In-quota rate	Out-of-quota rate
Belize	Raw sugar	1701.13.0010; 1701.13.0090; 1701.14.0000; 1701.91.1010; 1701.91.1090	25,000 MT	0%	6.3%
	Refined sugar	1701.99.9010; 1701.99.9090	10,000 MT	0%	17.5%
El Salvador	Raw sugar	1701.13.0010; 1701.13.0090; 1701.14.0000; 1701.91.1010; 1701.91.1090	80,000 MT (the quota has a limit of 10,000 MT for refined sugar)	0%	6.3%
	Refined sugar	1701.91.2000; 1701.99.1000; 1701.99.2000; 1701.99.9010; 1701.99.9090		0%	17.5%
	Dried plantains	0803.10.2000	1 MT	0%	100%
	Dried bananas	0803.90.2000		0%	100%
	Dried pineapples	0804.30.2000		0%	173%
Eswatini	Dried mangoes	0804.50.2200		0%	60%
	Raw sugar	1701.14.0000	53,000 MT	0%	6.3%
	Refined sugar	1701.99.9010; 1701.99.9090	28,000 MT	0%	17.5%
	Natural honey	0409.00.0000	250 MT	0%	35%
Guatemala	Avocados	0804.40.0000	30 MT	0%	15%
	Raw sugar	1701.13.0010; 1701.13.0090; 1701.14.0000; 1701.91.1010; 1701.91.1090	87,573 MT	0%	6.3%
Honduras	Refined sugar	1701.91.2000; 1701.99.1000; 1701.99.2000; 1701.99.9010; 1701.99.9090	47,154 MT	0%	17.5%
	Raw sugar	1701.13.0010; 1701.13.0090; 1701.14.0000; 1701.91.1010; 1701.91.1090	55,000 MT	0%	6.3%
New Zealand	Refined sugar	1701.91.2000; 1701.99.1000; 1701.99.2000; 1701.99.9010; 1701.99.9090	15,000 MT	0%	17.5%
	Deer velvet ^a	0507.90.2000	3,500 kg	0%	300%
Paraguay	Liquid milk	0401.10.1000; 0401.10.2000; 0401.20.1000; 0401.20.2000; 0401.40.1000; 0401.40.2000; 0401.50.1000; 0401.50.2000	10,000 MT	0%	TWD 14/kg
	Raw sugar	1701.13.0010; 1701.13.0090; 1701.14.0000; 1701.91.1010; 1701.91.1090	50,000 MT	0%	6.3%
Paraguay	Refined sugar	1701.91.2000; 1701.99.1000; 1701.99.2000; 1701.99.9010; 1701.99.9090	10,000 MT	0%	17.5%

a Period of allocation: 1 January to 1 September 2023 only.

Note: HS codes are aligned to the 2023 tariff schedule at 10-digit level.

Source: WTO Secretariat calculations, based on WTO CTS database, and data provided by the authorities.

Table A3.4 Commodity tax, 2022

Product	HS code	Description	Tax rate
Rubber tyres	40111000-40114000, 40117010-40129010	Rubber tyres for buses and trucks ^a	10%
		All other rubber tires	15%
Cement	25232100-90, 32149000, 38245000	White or coloured cement	TWD 600/MT
		Portland I cement	TWD 320/MT
		Portland blast-furnace slag cement	TWD 280/MT
		Cement substitutes and others	TWD 440/MT
Beverage (machine-made cool drinks)	20091110-20099090, 21069070, 21069098, 21069099, 22011020, 22021000-22029990, 22090000	Machine-made diluted natural fruit/vegetable juice ^b	8%
		Other machine-made beverage	15%
Flat-glass	70031210-70080000, 70159021, 70159029, 70159060, 70159090, 70161000, 70169000	All kinds of flat-glass and glass bar that are polished or sand, coloured or transparent, figured or engraved, polished-edged or non-polished-edged, roll-edged or unroll-edged	10%
Oil and gas	27071000, 27072000, 27073000, 27075000, 27079990, 27101210, 27101230-27101949, 27101965, 27101966, 27101990-27102090, 27109190, 27109900, 27111200-27111990, 27112910, 27112990, 36061000, 38140000, 38170000	Gasoline	TWD 6,830/kL
		Diesel oil	TWD 3,990/kL
		Kerosene	TWD 4,250/kL
		Fuel oil for aircraft	TWD 610/kL
		Fuel oil	TWD 110/kL
		Dissolving oil	TWD 720/kL
		Liquefied petroleum gas	TWD 690/MT
Electric appliances	84143010, 84143020, 84148019, 84151010-84158200, 84159010, 84181011-84182999, 84183090, 84184090, 84185090-84186920, 84186990, 84198100, 84796000, 84798910, 85098090, 85141000, 85142000, 85165000, 85166010, 85166090, 85167200, 85182100, 85182200, 85182940, 85182990, 85184090, 85185090, 85192010-85219090, 85258010-85258090, 85271300, 85272110-85279900, 85284910, 85285910, 85286910, 85287110, 85287120, 85287191, 85287200, 85437053, 85437059, 85437094, 85437099	Refrigerators	13%
		Colour television sets	13%
		Electric air conditioners that use electrical devices to control room temperature ^d	20%
		Central air conditioning units composed of compressor, air conditioning box and fan coil	15%
		All kinds of electric dehumidifiers ^d	15%
		Video recorders	13%
		Record players ^e	10%
		Audio recorders	10%
		Stereophonic systems	10%
		Electric ovens	15%

Product	HS code	Description	Tax rate
Vehicles	87011000, 87012000, 87013010, 87013090, 87019110, 87019190, 87019210, 87019290, 87019310, 87019390, 87019410, 87019490, 87019510, 87019590, 87021020-87043200, 87049090-87052000, 87054000-87059060, 87059080-87079090, 87087030, 87087090, 87089911-87089924, 87091110-87091990, 87111019, 87111020, 87112090-87119030, 87161000-87163100, 87163990, 87164000	Automobiles: Passenger sedans with fewer than 9 seats: not exceeding 2,000 cc	25%
		exceeding 2,001 cc	30%
		Trucks, buses, and other vehicles ^f	15%
		Motorcycles	17%

- a Inner tubes, solid rubber tyres, and rubber tyres for use on man-powered/animal-powered vehicles and farming vehicles are exempt.
- b Pure natural fruit juice, fruit syrup, concentrated fruit syrup, concentrated fruit juice, and natural vegetable juice are exempt.
- c Electrification glass and reinforced glass used for producing moulds are exempt.
- d Dehumidifiers for use in factories are exempt.
- e Hand-carry-type record players smaller than 32 cm are exempt.
- f From 5 June 2014 to 31 December 2024, low chassis buses, gas buses, hybrid oil and electric buses, electric buses, and rehabilitation buses for the disabled are exempt.

Source: Commodity Tax Act, Articles 6-12.

Table A3.5 Goods excluded from drawback duty, 2023

HS code	Description
0103910000	Live swine, weighing less than 50 kg, other than pure-bred breeding animals
0103920000	Live swine, weighing 50 kg or more, other than pure-bred breeding animals
0402913000	Cream, evaporated or sterilized, not containing added sugar, or other sweetening matter
0406100000	Fresh (unripened or uncurd) cheese, including whey cheese, and curd
0406200010	Grated or powdered cheese, of all kind, for feeding
0406200090	Grated or powdered cheese, of all kind, not elsewhere specified or included
0406300000	Processed cheese, not grated or powdered
0406400000	Blue-veined cheese and other cheese containing veins produced by <i>Penicillium roqueforti</i>
0406900000	Other cheese
0504001100	Casings of swine
0506901100	Hu Ku (Tigris Os) (incl. for Chinese drugs)
0506901200	Hsiung Ku (Ursi Os) (incl. for Chinese drugs)
0506901910	Fishery bones (bones suitable for human consumption are classified under chapter 3)
0506901920	Bau ku (leopard os) (incl. for Chinese drugs)
0506901990	Other bones
0506902000	Horn-cores
0506903000	Powder and waste of bones and horn-cores
0507101100	Ivory, unworked or simply prepared but not cut to shape
0507101200	Rhinoceros horns, superior quality (incl. for Chinese drugs)
0507101300	Rhinoceros horns, inferior quality (incl. for Chinese drugs)
0507101900	Other animals teeth
0507102100	Ivory powder
0507102200	Rhinoceros horns powder
0507102900	Other animals teeth powder
0507103100	Ivory, waste
0507103200	Rhinoceros horns, waste
0507103900	Other animal teeth powder, waste
0507901100	Dia Mou K'o (<i>Eretmochelytis carapax</i>) (incl. for Chinese drugs)
0507901200	Pieh Chia K'o (<i>Amydae carapax</i>) (incl. for Chinese drugs)
0507901300	Tortoise shell, Terrapin plastron (incl. for Chinese drugs)
0507901400	Tortoise claws
0507901500	Tortoise scales
0507901600	Whalebone, whalebone hair
0507901700	Whalebone, whalebone hair, waste
0507902300	Buffalo and cow horns
0507902400	Antelope horns (incl. for Chinese drugs)
0507902500	Goat horns (incl. for Chinese drugs)
0507902600	Chuan Shan Chia (<i>Manidis squama</i>) (incl. for Chinese drugs)
0507902700	Crocodile scales
0507903200	Antelope horn powder (incl. for Chinese drugs)
0507909100	Other animal horns, hooves, nails, claws and beaks (incl. for Chinese drugs)
0507909200	Other animal horn, hooves, nails, claws and beaks, powder (incl. for Chinese drugs)
0507909300	Other animal horn, hooves, nails, claws and beaks, waste (incl. for Chinese drugs)
0508001110	Precious red coral (Family Coralliidae) materials
0508001190	Other coral and similar material
0508001210	Powder and waste of precious red coral (Family Coralliidae) materials (incl. for Chinese drugs)
0508001290	Other powder and waste of coral and similar material (incl. for Chinese drugs)
0508002000	Shells of molluscs, crustaceans or echinoderms and cuttle-bone, unworked or simply prepared but not cut to shape
0508003000	Shell meal
0508004000	Shell waste
0510001100	Ambergris
0510001200	Castoreum
0510001300	Civet
0510001400	Musk of granules (incl. for Chinese drugs)
0510001500	Musk of powder in bottle (1 gm) (incl. for Chinese drugs)

Source: Data provided by the authorities and CPT Single Window online information.

Table A4.1 Agricultural support programmes, 2018-22**Part A**

Objective	Description	2018-22	
		Total beneficiaries	Total disbursements (TWD million)
1. Securing rice market stability (supply, prices, and farmers' income)	Since January 2018, farmers could choose to either receive a direct payment (TWD 10,000-TWD 13,500) per ha or continue selling rice to the COA's Agriculture and Food Agency (AFA) at guaranteed prices. The direct payment option was discontinued in 2022. The AFA carries out planned, supplementary, and additional rice purchases. Different prices and maximum quantities are set for each type of purchase.	Direct payment: 316,600 farmers Rice purchases: 706,200 farmers	Direct payment: 2,799 Planned rice purchases: 3,771 Supplementary rice purchases: 608 Additional rice purchases: 177
2. Supporting crop diversification	Payments (TWD 15,000-TWD 55,000) per ha are made to farmers who follow a diversion programme away from rice production (having met certain conditions in the 1994-2003 period).	Average area (2018-21): 130,827 ha	1,221.84 during 2018-21
3. Developing the sugar industry in cooperation with farmers	TSC concludes contracts with farmers for the purchase of sugarcane and sugar sharing. Farmers may sell their share (55%) of the refined sugar at either the market price or the guaranteed contract price ^a , whichever is higher. TSC also provides grants to sugarcane farmers to help finance their operations (subsidize interest payments on loans, insurance premiums, fees for pest and disease control, inspection fees, etc.).	5,376 farmers	TSC grants and guaranteed price purchases: 323.63
4. Facilitating farmers' and agribusinesses' access to finance	The Agricultural Development Fund subsidizes the preferential interest rates on loans provided by farmers' and fishers' associations or the Agricultural Bank. Eligible loans' intended uses may span business development, competitiveness enhancements, and rebuilding after natural disasters.	224,484 households for a cumulative loan amount of TWD 171,377 million	11,291
5. Reducing fishing capacity	Owners of fishing vessels with valid fishing licences receive a grant for their decommissioning. The buy-back amount is a function of the vessel's tonnage or the raft's length, pipe diameter, and engine power. Programme suspended since 2021.	124 decommissioned vessels (2018-20)	147.16 (2018-20)
6. Encouraging voluntary suspension of fishing activity during the low season	Owners of fishing vessels with valid fishing licences are eligible for grants if the vessel operates at sea for more than 90 days in a year and is docked in port for at least 120 days in the year.	Average number of participating vessels per year: 9,965	1,630.6
7. Promoting fishing vessel insurance	(i) Grants payable to owners to cover a portion of the costs of fishing vessels' insurance against damage at sea. (ii) Subsidized insurance premiums for owners of motorized fishing boats (rafts) of less than 100 metric tonnes.	9,176 vessels and boats	39
8. Promoting liability insurance of motor vessels fishing in the maritime area subject to the fisheries agreement with Japan	Grants payable to owners to cover a portion of the liability insurance costs of motor-based fishing vessels operating in the maritime area.	0	0

a The guaranteed price set out in TSC contracts has remained unchanged since 1990.

Source: WTO document G/SCM/N/372/TPKM, 1 June 2021.

Part B

Objective	Description	2018-22	
		Total beneficiaries	Total disbursements (TWD million)
1. Promoting the Traceable Agricultural Products (TAP) certification	The TAP standard embodies eco-friendly production practices. The COA subsidizes the fees for TAP certification by a third party. Farmers also receive support according to the size of their TAP-certified cultivated area.	31,508 farmers	1,573.23
2. Promoting locally produced and traceable ingredients in school lunches and non-staple foods for the military	The COA encourages the use of local, traceable food in the procurement of school lunches (TWD 6 per person per meal). Eligible ingredients must have Organic, TAP, or CAS certification marks or a QR Code.	Approximately 1.8 million students per year and all military personnel	School lunches: 6,600 Non-staple foods: 492.2
3. Stimulating organic agriculture	Reduced rent and guaranteed lease periods for the rental of public land for organic agriculture.	8,079	Forgone revenue: 291.89
4. Improving farmers' occupational safety	Since November 2018, the COA offers farmers' occupational-injury insurance. Participation is voluntary and premiums are subsidized so that farmers pay TWD 15/month.	319,090 participants	Approximately 89
5. Promoting agricultural insurance	The COA subsidizes 33%-50% of the cost of premiums for approved insurance products. Local authorities may also provide subsidies.	362,000	2,030
6. Fuel subsidies for fishing vessels	The COA subsidizes fuel used by fishing vessels and boats. The subsidized fuel volume is a function of actual operation hours at sea.	Average number of participating vessels (2018-21): 12,992	5,115 during 2018-21
7. Promoting eco-friendly fertilizers	The COA subsidizes farmers' freight costs (TWD 500/tonne) for compound fertilizer containing organic matter.	140,000	1,411
8. Ensuring access to fertilizers in remote areas	Farmers in remote areas and offshore islands are eligible for fertilizer freight cost support of TWD 500/tonne.	50,000	103
9. Promoting the mechanization of production	The COA subsidizes up to one third of the cost of agricultural machinery purchased for land preparation, fertilization, pest control, harvest, and post-harvest treatment purposes.	180,000	4.8
10. Disaster relief	The COA provides cash relief and low-interest loans to farmers who have suffered losses from natural disasters.	Cash relief: 364,859 households	Cash relief: 11,680
11. Maritime disaster relief for fishing vessels	The COA provides relief for vessels rendered non-operational or destroyed by fire or <i>force majeure</i> during operations at sea.	63 vessels	4
12. Strengthening farmers' and fishers' associations	The COA subsidizes investments by farmers' associations in expanding their extension and education facilities.	289 approved applications	500
13. Promoting ecosystem-friendly farmland management	Financial rewards for farmers operating on private land (outside protected areas) in harmony with endangered species' habitats.	2,000 farmers (since 2020)	50 (since 2020)
14. Encouraging agricultural uses of arable land	Users of land in specific zones for agricultural production are eligible for an agricultural environment basic payment (TWD 5,000/ha) up to twice per year.	Average area (2020-21): 339,500 ha	3,400 during 2020-21
15. Assisting farmers in employing pipeline irrigation facilities	Natural persons who own irrigated farmland for agricultural production are eligible for annual support of up to TWD 400,000.	15,999	1,088
16. Promoting green energy facilities	Farmers and fishers who install green energy facilities related to agricultural operations are eligible for low-interest loans.	298 loans during 2021-22	120 (interest subsidies) during 2021-22

Objective	Description	2018-22	
		Total beneficiaries	Total disbursements (TWD million)
17. Minimizing pollution from the livestock industry	Livestock farms' investments in pollution prevention equipment are eligible for a subsidy (up to 50% of each item's cost and up to TWD 500,000 for a single item).	2,500 livestock farms	600
18. Supporting young farmers	Young farmers establishing agricultural businesses are eligible for subsidized loans of up to TWD 2 million (TWD 5 million for the top 100 young farmers). The applicable interest rate is zero for the first five years and 0.54% thereafter.	15,380 households for a cumulative loan amount of TWD 20,397 million	1,630
19. Stabilizing new farmers' livelihood	New farmers who have completed professional agricultural training are eligible for a grant of (TWD 360,000-TWD 720,000 over two years) to help them remain in farming as a profession.	515 persons	156.5
20. Promoting scientific aquaculture management	Investments in newly purchased smart equipment are eligible for a subsidy of up to 50% of the expenditure, with a maximum limit of TWD 1,500,000.	928 persons	128
21. Modernizing meat products' transport and marketing	Investments in temperature control equipment and sanitation improvements are eligible for a subsidy (up to 50% of each item's cost and up to TWD 2 million for a single item).	31	111.95
22. Encouraging compliance with sustainable forest management norms	The COA covers 50% of the fees payable by businesses applying for Forest Stewardship Council certification.	2	1.02
23. Promoting structure-enhanced greenhouse facilities	Erecting structure-enhanced greenhouse facilities is eligible for a subsidy (up to 50% of the costs in western Chinese Taipei and up to 60% elsewhere).	5,520 farmers for a cumulative greenhouse area of 1,740 ha (2018-21)	425 during 2018-21
24. Promoting farm size expansion	Under the "Small Landlords, Big Tenants" programme, small landowners over 65 years old who have paid agricultural insurance for over five years and who lease their land to tenants may receive a monthly incentive of TWD 2,000/ha, up to a maximum of 3 hectares. Assistance to big tenants includes incentives for contract farming, support for purchasing production equipment, and zero-interest rent and low-interest loans.	837 big tenants	267

Source: COA, *Annual Report*, various editions, 2018-20; and information provided by the authorities.