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Agenda Item: III

IAP Peer Review Presentation by Chinese Taipei

Purpose: Consideration
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First Senior Officials' Meeting
Canberra, Australia
18 January 2007

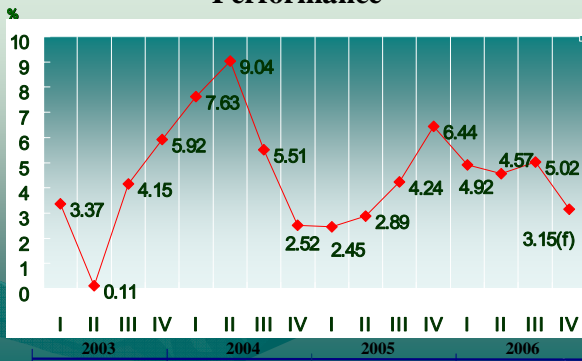
IAP Peer Review Chinese Taipei

January 17, 2007
Canberra, Australia

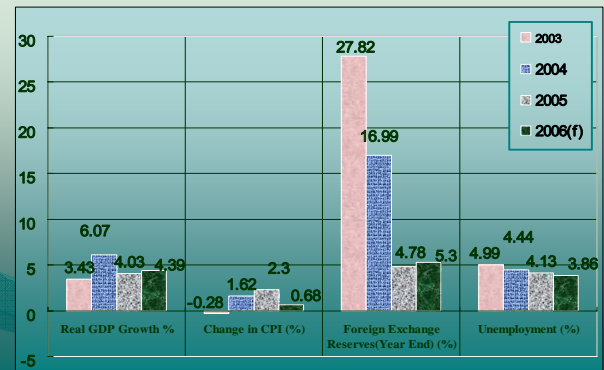
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I. Review of Chinese Taipei's Economic Performance

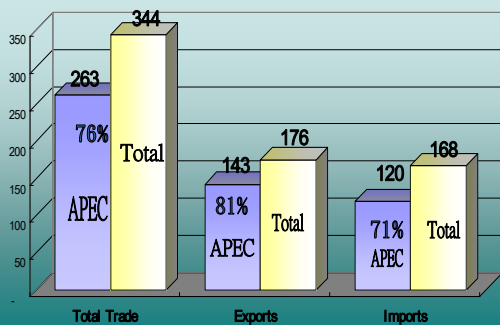


A Summary of Economic Indicators in 2003~2006



Statistics on Exports/Imports in 2006 (1~10)

Unit: US\$ billion



II. Chinese Taipei's Trade Profile with Other APEC Economies

Indicator	2005	2006 (1~10)
Exports	US\$152.6 billion (up 9.5%)	US\$142.8 billion (up 14.3%)
Imports	US\$133.5 billion (up 6.6%)	US\$120 billion (up 7.5%)

Chinese Taipei Trade with Other APEC Economies

■ Chinese Taipei's total two-way trade in goods with other APEC economies during January-October 2006 amounted to US\$262.8 billion, up 11.11% from the same period in 2005. This constituted 76% of our total trade in goods.

■ Our five largest APEC trade partners, ranked in order, are:

1. China (US\$59.71 billion, 17.35%)
2. Japan (US\$51.45 billion, 14.95%)
3. U.S. (US\$44.71 billion, 12.99%)
4. Hong Kong, China (US\$29.10 billion, 8.45%)
5. Korea (US\$17.89 billion, 5.20%)

Chinese Taipei Trade with Other APEC Economies

Goods Imports

■ Chinese Taipei imported US\$120 billion in goods from APEC economies from January to October 2006, up 7.50% from the same period in 2005. This constituted 71% of our total imports.

■ The five largest APEC suppliers of imports for Chinese Taipei, ranked in order, are:

1. Japan (US\$38.58 billion, 22.96%)
2. China (US\$20.13 billion, 11.98%)
3. U.S. (US\$18.33 billion, 10.91%)
4. Korea (US\$12.24 billion, 7.28%)
5. Malaysia (US\$5.04 billion, 3.00%)

Chinese Taipei Trade with Other APEC Economies

Goods Exports

■ Chinese Taipei exported US\$143 billion of goods to other APEC economies from January to October 2006, up 14.34% from the same period in 2005. Exports to other APEC economies accounted for 81% of Chinese Taipei's exports.

■ Our five largest APEC export destinations:

1. China (US\$39.59 billion, 22.49%)
2. Hong Kong, China (US\$27.74 billion, 15.76%)
3. U.S. (US\$26.38 billion, 14.98%)
4. Japan (US\$12.87 billion, 7.31%)
5. Singapore (US\$7.47 billion, 4.24%)

III. Chinese Taipei's Economic Vision and Current Policies

■ Policy Initiative: Economic Development Vision for 2015

■ Vision: a prosperous, just, sustainable, and beautiful Chinese Taipei.

■ Goal for 2015:

- 5% average annual economic growth
- US\$30,000 per capita GDP
- Sectoral growth rates from 2005 to 2015:
 - ✓ Agriculture 1.0%
 - ✓ Industry 3.9%
 - ✓ Manufacturing 4.3%
 - ✓ Services 5.5%

■ Goals for 2009:

- US\$20,000 per capita GDP
- Sectoral growth rates from 2006 to 2009:
 - ✓ Agriculture 1.0%
 - ✓ Industry 4.2%
 - ✓ Manufacturing 4.9%
 - ✓ Services 5.5%

■ Current Economic Policies:

- Building a sound investment environment
 - ✓ Providing land on preferential terms
 - ✓ Ensuring sufficient labor supply
 - ✓ Offering funding assistance
 - ✓ Improving environmental impact assessments
 - ✓ Encouraging private investment
- Initiating a new era in industrial development
 - ✓ Development of emerging industries
 - ✓ Upgrading and transforming industry
 - ✓ Balanced industrial development

IV. Chinese Taipei's Efforts Towards Bogor Goals

- Tariffs
- Liberalization of Trade in Services
- Investment Regime
- Customs Procedure
- Intellectual Property Rights
- Competition Policy
- Government Procurement Regime
- Deregulation and Regulatory Review
- Business Mobility

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Tariffs (I)

- Specific Measures in the Area of Tariffs Towards Bogor Goals
 - Amendment of the Schedule
 - A 14.78% decline of tariff rates took effect on June 19, 1998
 - Commitment to the Ministerial Declaration on Trade in Information Technology Products (ITA)
 - Starting in 1997 all ITA imports to Chinese Taipei are duty-free
 - Adoption of a tariff rate quota system (TRQ) since 2002
 - Covering passenger cars, chassis and 22 agricultural commodities
 - Lowering the degree of tariff escalation on 35 items (under HS 8-digit) since 2003
 - Building an institutional consultation mechanism with the private sector

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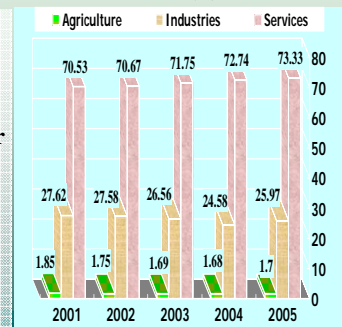
Tariffs (II)

- Results in 2006
 - The simple average tariff rate for all goods was reduced from 7.8% in 2005 to 5.6% in 2006.
 - The average bound and applied rates, especially for the manufacturing sector, are fairly low compare to other developing economies, and the overall average tariff rates have approached the levels of the advanced economies.

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Trade in Services (I)

Services have accounted for over 70 % of total GDP .



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Trade in Services (II)

- Coping with the WTO GATS and APEC Bogor Goals
 - In the WTO DDA, we commit to liberalize 113 sub-sectors among the 155 in the service industry, and we are ready to commit 10 more sectors/sub-sectors.

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Trade in Services (III)

- Following the mandate of the WTO's HK Ministerial Conference, we co-sponsored 13 collective requests in the plurilateral negotiations of services, including requests for cross-border supply liberalization across all sectors. On the way to achieve APEC's Bogor Goals, we have listed 22 sub-sectors out of the 24 total.
- Although the Doha Round negotiations were suspended, we still continue with the internal consultations on domestic regulation, and on the drafting of the second round of revised offers.

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Trade in Services (IV)

■ Further Unilateral Liberalizing Measures Outside of Our GATS Commitments

- In telecommunication services: we have offered to relax the restriction on the total direct shareholding by foreigners from 20% to 49%, and to remove the nationality requirement for a majority of the board of directors.
- In road transport services: we have relaxed the restriction on foreigners managing regular route trucking services.
- In financial services: we revised a regulation to eliminate the Qualified Foreign Institutional Investor (QFII) qualification screening and this ensures that foreign access to our stock market is opened.

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Investment Regime (I)

- Chinese Taipei values foreign investment and strives to improve investment environment by all possible means.
- Chinese Taipei's investment laws serve the purpose of directing and protecting foreign investment.
- Application procedures for foreign investors, branches, or representative offices are simple and understandable.

Investment Regime (II)

■ Chinese Taipei provides strong incentives for investment:

- Preferential taxes. E.g., R&D, manpower training: 30% tax credit for expenditures.
- Industrial land rental discounts program. E.g., the first two years rent-free for manufacturers that lease land in industrial parks.

■ Chinese Taipei's investment regime is designed and implemented with the Bogor Goals in mind. To go further toward realizing the Bogor Goals, Chinese Taipei has revised the "Statute for Investment by Foreign Nationals."

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Customs Procedure (I)

■ Cargo clearance automation:

- UN/EDIFACT model
in air cargo since 1992 and sea cargo since 1995
- Average clearance time (import)
 - ✓ Sea cargo: 2 hours
 - ✓ Air cargo: 13 minutes

■ Customs on-line service:

- 82 items of on-line application services since 2003
- Internet declaration system
 - ✓ Air cargo: started in April 2004
 - ✓ Sea cargo: Started in Aug 2005

■ Trace the progress of entry on the Internet

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Customs Procedure (II)

■ E-Payment System:

- The Internet on-line payment services was launched on 20 February 2006.

■ Other efforts to facilitate international trade:

- Completing the research on World Customs Organization common data model (WCO CDM version 1.1) and ready to harmonize data elements
- Facilitating and simplifying customs procedures continuously in line with the Revised Kyoto Convention

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Intellectual Property Rights (I)

■ IPR Measures to Achieve Bogor Goals

- WTO TRIPS Agreement implementation
- Expeditious granting of IPR
- Effective enforcement
- Public education on IPR and enhancing IP user skills
- APEC cooperation on IPR issues

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Intellectual Property Rights (II)

- **Implementing the Busan Roadmap**
 - Anti-counterfeit and anti-piracy
 - IPR Service Center
- **Achievements and Prospects**
 - International Intellectual Property Alliance (IIPA): IPR protection enforcement in Chinese Taipei has led to a significant decrease in piracy rates.

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Competition Policy

- **The Fair Trade Commission's Accomplishments**
 - Enforcing fair trade laws
 - Building a sound fair trade system
 - Promoting deregulation
 - Advocating the fair trade concept
 - Promoting international exchange and cooperation
 - Revising the Fair Trade Law

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Government Procurement Regime (I)

- **Government Procurement Regime**
 - The responsible authority is the Public Construction Commission (PCC).
 - The GP Act covers all procurements consisting of products, services, and construction services (US\$30 billion per year).
 - The GP Act conforms to requirements of WTO's Government Procurement Agreement (GPA).
 - The GP Act is consistent with the APEC Non-binding Principles on Government Procurement.

Government Procurement Regime (II)

- Chinese Taipei concluded all bilateral consultations with WTO's GPA Parties on December 9, 2002. Accession to the GPA is pending a decision by the WTO GPA Committee (see experts' report for more information).
- English tendering notices have been published since Dec. 2004 for procurements that may be covered by GPA in the future. Website: <http://web.pcc.gov.tw>
- Complaint Review Board for Government Procurement (CRBGP) handles bid challenges and contract disputes in accordance with the GP Act.

Deregulation and Regulatory Review (I)

- **The establishment of a national coordinating agency**

The Centre for Economic Deregulation and Innovation (CEDI) under the Council for Economic Planning and Development (CEPD) is responsible for coordinating all deregulation matters in Chinese Taipei.
- **Transparency mechanism**
 - The adoption of "Guidelines on Central Administrative Agencies' Legal Matters" and wide consultation with stakeholders
 - Disclosure on the Internet
- **Constructing a review mechanism for new regulations**

Learning from the OECD experience and the completion of the Regulatory Impact Analysis (RIA) Action Plan

Deregulation and Regulatory Review (II)

- **Ground-breaking design: the Assessment Checklist for Law Proposal**

Checking key considerations that ought to be contained in a law proposal, for preventing interference by specific interest groups
- **Reviewing the Existing Regulations**

Under the guidance of the "Challenge 2008 Development Plan" and the "Guidelines and Action Plans for Service Industry"
- **Participation in the APEC Process**

A voluntary self-assessment with the APEC-OECD Integrated Checklist on Regulatory Reform
- **Privatization**

Between 2000 and 2005, 44 SOEs have been privatized.

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Business Mobility

- Chinese Taipei is committed to enhance and facilitate business mobility through the APEC Business Travel Card (ABTC) scheme. Major efforts and outcomes:
 - Since issuing the first Cards in May 2002, Chinese Taipei received 17,041 applications forwarded by other economies and 979 of its own as of July 31, 2006. From these applications, 874 cards were issued.
 - The current processing time for the issuance of visa for “intra-company transfers and specialists” is 10-17 days, which is much shorter than APEC’s 30-day standard.
 - The regulation on issuing ABTC was amended in February 2006. This revision has made the Card more easily obtainable.

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Concluding Remarks

- Chinese Taipei fully implements our WTO commitments and participates actively in the WTO DDA negotiations. We are also willing to make more commitments in the negotiations.
- We have made significant achievements in many IAP areas through lower tariff rates, open service sectors, facilitated customs procedures, effective IPR protection measures, etc. These show that we are on track toward achieving the Bogor Goals.
- Chinese Taipei is willing to work and cooperate with other APEC economies to realize the Bogor Goals at an early date.