Addendum 1: Summary of Agricultural and Industrial Product Entry Commitments:

Tariff Reductions and Measures for Reducing Non-Tariff Barriers

1. Average nominal tariff rates for agricultural and industrial products after accession, by year.

Unit: %

Year / Product category	2001	2002 (year of accession)	2003	2004	2005	2006	2007	2008	2009	2010	2011	Extent of reduction *
Agricultural (Chapters 1-24)	20.02	14.01	13.67	13.33	13.18	13.03	12.88	12.87	12.87	12.87	12.86	35.76
Industrial (Chapters 25-97)	6.03	5.78	5.03	4.28	4.22	4.16	4.15	4.15	4.15	4.15	4.15	31.17
All products (Chapters 1-97)	8.20	7.08	6.40	5.71	5.64	5.56	5.54	5.53	5.53	5.53	5.53	32.56

The above tariff rates are calculated according to Uruguay Round classification, and exclude rice products, tariff rate quotas, specific duty, etc.

＊The overall decrease in customs duty from 2001 to 2011. Source: Department of Customs Administration, Ministry of Finance.

Explanation:

1. Among countries with a similar level of economic development, Taiwan lies between Japan and South Korea in the extent of agricultural product tariff reductions.
2. Industrial products with a tariff rate of 10% or lower: 84% of all industrial products in 2001, maintained at 84% in 2002, and increased to 92% by 2011. The ratio of all industrial products not subject to any tariff will increase from 17% in 2001 and 2002 to 33% in 2011.

3. The Zero to Zero Program from the Uruguay Round negotiations: In accordance with Taiwan's accession commitments, duty rates on pharmaceuticals, paper, steel, construction equipment, agricultural equipment, medical equipment, furniture, and toys will be reduced to zero on January 1, 2004; the duty rate on beer will be reduced to zero in 2005, and on tequila in 2011.
4. The Chemical Harmonization Program: Under this program, chemical products are divided into three categories, with fixed tariffs applied at the rate of 6.5% to final products, 5.5% to intermediate products, and 0% to raw materials and pharmaceutical products. Taiwan began to implement this Program upon accession, and will complete the reduction of tariffs to the specified rates by January 1, 2006.
5. The Information Technology Agreement (ITA): When it signed the ITA in March 1997, Taiwan committed to a four-phase reduction of tariffs to zero, by 2000, for information products such as data processors, semiconductors, electronics components, and equipment for semiconductor manufacturing, as well as telecommunication products such as telephones and wireless fax machines. It also committed to reducing tariffs to zero on 15 additional items, including switching devices, in 2002.
6. Textile products: Following negotiations, the bound rates for silk, yarn, and unbleached woven fabrics were raised to 4% (part 1.9%), 4%, and 7.5% respectively (from their original rates of 1.25%, 3%, and 5%). But in consideration of the domestic industry situation and the elasticity for upward adjustment of rates in effect, after accession they will be adjusted to 1.5%, 4%, and 7.5%, respectively. For finished garments (which were mostly subject to a 12.5% duty prior to accession), except for a minority of items on which the duty will be reduced in yearly stages to 10.5%, the duty on all the others will be reduced to 12%.
7. Prior to accession, imports of small cars and goods vehicles (including small passenger sedans, station wagons, small car chassis, and goods vehicles of gross weight not exceeding 3.5 metric tons and their chassis) were subject to area restrictions. After accession, the area restrictions are replaced by a system of tariff quota rates (TQR), with gradual market opening leading to the removal of the TQR on January 1, 2011. Prior to accession, tariff rates ranged between 30% and 42%; after accession, the rate within quotas will be reduced from 29% in the first year (2002) to

17.5% in 2010, and the rate outside quotas will be reduced from 60% to 17.5% over the same period. In 2001, after the removal of the TQR system, the rate of duty will be 17.5%.

8. The 37% duty levied on large passenger vehicles prior to accession will be reduced to 25% in 2008. The duty on automobile components will be reduced from 14.5% to the committed rate of 8.9% in 2004.

2. Agricultural Product Tariff Reduction Commitments and Import Control Relaxation Measures

(1) Tariff reduction commitments for important agricultural products, processed foods, and tobacco and alcohol products (not including products subject to tariff rate quotas):

	Description	Bound rate at date of accession	Final bound rate
Meat & its preparations	Meat of bovine animals: • Special and quasi-special quality • Prime or choice grade • Other	 NT$20.00/KGM NT$23.8/KGM NT$24.00/KGM	2004: All reduced to NT$10/KGM
	Meat of swine: • Carcasses, with bone • Boneless	 15% 14%	2004: All reduced to 12.5%
	Meat of sheep or goats	15% or NT$11.30/KGM, whichever is higher	

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Description		Bound rate at date of accession	Final bound rate
Fish & its preparations	Trout：		
	• Fresh or cold-stored	20%	2007：15%
	• Frozen	20%	2004：15%
	Pacific salmon：		
	• Fresh or cold-stored	20%	2007：10%
	• Frozen	15%	2004：10%
	Skipjack bonito	25%	2004：20%
	Cod	15%	2004：12.5%
	Lobsters	20% or NT$45.10/KGM, whichever is higher	2004：15% or NT$33.70/KGM, whichever is higher
	Preparations：		
	• Salmon	15%	
	• Tuna	17%	2007：15%
	• Caviar	12. 5%	
	• Lobsters	20%	
Dairy products	Condensed milk：		
	• Not containing added sugar or other sweetening matter	20%	
	• Containing added sugar or other sweetening matter	50%	2004：30%

Description		Bound rate at date of accession	Final bound rate
	Yogurt：	15%	
	Butter, cheese	5%	
Vegetables, edible fruit, and their preparations	Vegetables	20% to 25%	
	Edible fruit：		
	• Oranges： March to September Other	 20% 30%	
	• Lemons (Citrus limon, Citrus limonum) and limes (C+C1899itrus aurantifolia)： January to September Other	15% 30%	
	• Grapefruit： January to September Other	 15% 30%	
	• Grapes, apples, peaches and strawberries	20%	
	• Cherries	7.5%	
	• Grapes, dried (raisins)	NT$2.00/KGM	
	• Vegetables, prepared or preserved by vinegar or acetic acid	20%	
	• Vegetables and mixtures of vegetables of subheading No.2004.90 preserved by sugar (drained, glace or crystallized)	20% to 30%	

	Description	Bound rate at date of accession	Final bound rate
	• Canned sweet corn	13%	
	• Orange jam and marmalade	20%	
	• Peanut butter	25%	
	Edible fruits, prepared or preserved	15% to 30%	
Coffee & tea	Coffee：		
	• Non-roasted and non-decaffeinated	Duty free	
	• Other	3%	2007: duty free
	Tea：		
	• Partly fermented tea	25% or 22%	
Grain and milling industry	Cereals：		
	• Rye, barley, maize (corn), and grain sorghum	Duty free	
	• Oats	2%	
	Milled products：		
	• Wheat flour	20%	2004: 17.5%
	• Maize (corn) flour	6%	
Oil seeds and edible	Oil seeds：		
	• Sesamum (sesame) seeds	12%	
	Rape seeds, sunflower seeds, and safflower seeds	Duty free	

Description		Bound rate at date of accession	Final bound rate
	Edible oils：		
	• Soya-bean oil, sunflower-seed oil, safflower seed oil, and maize (corn) oil	5%	
	• Olive oil	4%	2007: duty free
Sugar confectionery and biscuits	Sugar confectionery		
	• Chewing gum	22%	2007: 20%
	• Other sugar confectionery (including white chocolate), not containing cocoa	27.5%	
	• Other chocolate preparations（packaged weight not exceeding 2 kg）	12.5%	2007: 10%
	Biscuits	25%	
Fruit juices and beverages	Fruit juices：		
	• Orange juice	25%	2007: 20%
	• Other	20%	
	Mineral waters	5%	
	Aerated waters, not containing added sugar or other sweetening matter nor flavoured	7%	2007: 5%
Tobacco	Tobacco products：		
	• Unmanufactured tobacco	17%	2007: 13%
	• Cigars of tobacco or of tobacco substitutes	20%	

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Description		Bound rate at date of accession	Final bound rate
	Alcoholic products：		
	• Tequila	25%	2011: duty free
	• Rice Wine (Mijiu)	40%	

Source: Department of Customs Administration, Ministry of Finance.

(2) Relaxation of import controls

1. After accession, import controls or area restrictions on 41 agricultural products will be relaxed:

Description	Situation after relaxation	Method of implementation
Rice	Quantitative import restriction	Importation to commence upon accession, with the import quantity for the first year set at 8% of the yearly amount of domestic consumption in the base period (1990~1992), i.e. 144,720 tons. Of this quantity, 35% will be imported by the private sector and 65% by the government. Price markup measures will be adopted.
Sugar; Peanuts; Red beans; Garlic bulbs, dried; Shiitake (forest mushrooms), dried; Day lily, dried; Areca (betel) nuts; Coconuts; Oriental pears; Shaddock; Lungngans, dried, and lungngan pulp; Bananas; Pineapples; Mangoes; Persimmons; Mackerel; Herrings; Carangids; Pork belly; Chicken; Liquid milk; Edible offal of animals: 22 items in total.	Tariff rate quotas	● Low tariffs will be applied to imports within quotas, with the rates reduced to approximately half of pre-accession levels. After accession, the quota amounts for most items will constitute 4% to 8% of domestic consumption volume. Outside the quotas, high tariffs will be applied, with the rates set in accordance with calculation of the difference in prices at home and abroad during the base period, and the result of Taiwan's negotiations with other countries. Import volume will not be restricted. ● Special safeguard measures can be adopted for the following 14 items: sugar, peanuts, red beans, dried garlic bulbs, dried shiitake (forest mushrooms), dried day lily, betel nuts, oriental pears, shaddock, persimmons, pork belly, chicken, liquid milk, and edible

		offal of animals.
Longans; Litchis; Oranges; Lemons and limes; Grapefruits; Grapes; Peaches; Plums; Apples; Other mandarin oranges (tangerines); Potatoes; Papaws (papayas); Other oranges; Guavas; Whole ducks; Meat of turkeys, cut in pieces; Meat of ducks, cut in pieces; Squid: 18 items in total.	Free importation	Domestic production of these items is relatively small or already possesses competitive advantage. Most will be subject to a tariff of approximately 20% to 30%.

2. Quantitative import restrictions, tariff rates and quota allocation method for rice and products manufactured from rice:

Description	Tariff rate	Quota quantity	Quota allocation method
Rice: Paddy, unpolished rice, white rice, milled rice and related rice products (including coarse husked rice cereal and fine cereal).	0%	144,720 metric tons in 2002 (calculated on a brown rice basis)	Private sector importation on the basis of "first apply, first allocated", and with price markup measures.
Food products manufactured from rice: As listed under Chapters 11, 18, 19, and 21 of the Customs Import Tariff and Classification of Import and Export Commodities, manufactured products with rice content not less than 30% of the whole (excluding instant congee, rice paper, and rice crackers).	15% to 30%		

3. TRQ tariff rates and quantities for agricultural and fishery products:

Description	Tariff rate and quantity						Quota allocation method
	2002 (year of accession)		2003		2004		
	Tariff rate	Quantity (metric tons)	Tariff rate	Quantity (metric tons)	Tariff rate	Quantity (metric tons)	
Pork belly	15.00%	6,160	13.70%	10,780	12.50%	15,400	First apply, first allocated
Chicken	25.00%	19,163	22.50%	32,577	20.00%	45,990	
Edible offal of swine	25.00%	10,000	20.00%	18,750	15.00%	27,500	
Edible offal of domestic fowl	25.00%	1,836	25.00%	2,754	25.00%	3,672	
Deer velvet (Cervi parvum cornu)	22.50%	1.5	22.50%	3	22.50%	5	
Oriental pears	18.00%	4,900	18.00%	7,350	18.00%	9,800	
Bananas	12.50%	5,335	12.50%	9,337	12.50%	13,338	
Red beans	22.50%	1,500	22.50%	2,000	22.50%	2,500	Sales tender, allocation once a year
Liquid milk	15.00%	10,649	15.00%	15,974	15.00%	21,298	
Peanuts	25.00%	2,618	25.00%	3,927	25.00%	5,235	

<table>
<tr><th colspan="2" rowspan="3">Description</th><th colspan="6">Tariff rate and quantity</th><th rowspan="3">Quota allocation method</th></tr>
<tr><th colspan="2">2002 (year of accession)</th><th colspan="2">2003</th><th colspan="2">2004</th></tr>
<tr><th>Tariff rate</th><th>Quantity (metric tons)</th><th>Tariff rate</th><th>Quantity (metric tons)</th><th>Tariff rate</th><th>Quantity (metric tons)</th></tr>
<tr><td rowspan="2">Garlic bulbs</td><td>Garlic bulbs for planting</td><td>0.00%</td><td rowspan="2">1,844</td><td>0.00%</td><td rowspan="2">2,682</td><td>0.00%</td><td rowspan="2">3,520</td><td rowspan="2">Sales tender, allocation once to four times a year</td></tr>
<tr><td>Other garlic</td><td>22.50%</td><td>22.50%</td><td>22.50%</td></tr>
<tr><td colspan="2">Dried shiitake</td><td>25% or NT$110/KGM, whichever is higher</td><td>115</td><td>25% or NT$110/KGM, whichever is higher</td><td>202</td><td>25% or NT$110/KGM, whichever is higher</td><td>288</td><td rowspan="10">Sales tender, allocation once to four times a year</td></tr>
<tr><td colspan="2">Dried day lily</td><td>22.50%</td><td>40</td><td>22.50%</td><td>71</td><td>22.50%</td><td>101</td></tr>
<tr><td colspan="2">Coconuts</td><td>15% or NT$0.9/KGM, whichever is higher</td><td>8,000</td><td>15% or NT$0.9/KGM, whichever is higher</td><td>9,000</td><td>15% or NT$0.9/KGM, whichever is higher</td><td>10,000</td></tr>
<tr><td colspan="2">Betel nuts</td><td>17.50%</td><td>4,412</td><td>17.50%</td><td>6,618</td><td>17.50%</td><td>8,824</td></tr>
<tr><td colspan="2">Pineapples</td><td>15.00%</td><td>9,548</td><td>15.00%</td><td>16,709</td><td>15.00%</td><td>23,870</td></tr>
<tr><td colspan="2">Mangoes</td><td>25.00%</td><td>5,120</td><td>25.00%</td><td>8,938</td><td>25.00%</td><td>12,755</td></tr>
<tr><td colspan="2">Fresh shaddock</td><td>25.00%</td><td>1,720</td><td>25.00%</td><td>3,010</td><td>25.00%</td><td>4,300</td></tr>
<tr><td colspan="2">Fresh persimmons</td><td>25.00%</td><td>576</td><td>25.00%</td><td>1,008</td><td>25.00%</td><td>1,440</td></tr>
<tr><td colspan="2">Longan</td><td>15.00%</td><td>110</td><td>15.00%</td><td>220</td><td>15.00%</td><td>330</td></tr>
<tr><td rowspan="2">Sugar</td><td>Brown sugar</td><td>12.50%</td><td rowspan="2">120,000</td><td>12.50%</td><td rowspan="2">162,500</td><td>12.50%</td><td rowspan="2">205,000</td></tr>
<tr><td>Refined sugar</td><td>17.50%</td><td>17.50%</td><td>17.50%</td></tr>
</table>

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Description	Tariff rate and quantity						Quota allocation method
	2002 (year of accession)		2003		2004		
	Tariff rate	Quantity (metric tons)	Tariff rate	Quantity (metric tons)	Tariff rate	Quantity (metric tons)	
Mackerel	20% or NT$6.2/KGM, whichever is higher	4,522.5	20% or NT$6.2/KGM, whichever is higher	6,030	20% or NT$6.2/KGM, whichever is higher	7,537.5	
Carangids	25.00%	1,308	25.00%	2,290	25.00%	3,271	
Herrings	20% or NT$38.1/KGM, whichever is higher	1,906.5	20% or NT$38.1/KGM, whichever is higher	2,860	20% or NT$38.1/KGM, whichever is higher	3,813	Sales tender, allocation once to four times a year

4. For pork belly, chicken, swine offal, poultry offal, shaddock, mackerel, carangids, and herrings, TRQs will be eliminated between 4 and 7 years after accession, to be replaced by free importation:

Description	Elimination of TRQ and open importation	Bound rate
Pork belly	January 1, 2005	12.5%
Chicken		20%
Edible offal of swine		15%
Edible offal of domestic fowl		25%
Shaddock	January 1, 2008	35%

Mackerel	Mackerel (Scomber scombrus, Scomber australasicus, Scomberjaponicus), fresh or chilled	January 1, 2008	30% or NT$9.3/KGM, whichever is higher
	Mackerel (Scomber scombrus, Scomber australasicus, Scomberjaponicus), frozen		25% or NT$7.3/KGM, whichever is higher
	03026993: Mackerel, fresh or chilled; 03037993: Mackerel, frozen; 03042060: Mackerel fillets, frozen; 03053010: Mackerel fillets, dried, salted or in brine, but not smoked; 03056940: Mackerel, salted or in brine; 16041510: Mackerel, whole or in pieces, but not minced, prepared or preserved, frozen		30%
Carangids	03026992: Carangid fishes, fresh or chilled		42.5%
	03037992: Carangid fishes, frozen		50%
	03042050: Horse mackerel fillets, frozen; 16041920: Carangid fishes, whole or in pieces, but not minced, prepared or preserved, frozen.		40%
Herrings	03035000: Herrings (Clupea harengus, Clupea pallasii), frozen; 03042042: Herrings fillets, frozen; 03056100: Herrings (Clupea harengus, Clupea pallasii) salted or in brine; 16041210: Herrings, whole or in pieces, but not minced, prepared or preserved, frozen		25%
	03055941: Herrings or other sardines, small fish, dried		30% or NT$57.2/KGM, whichever is higher

	03024000: Herrings (Clupea harengus, Clupea pallasii), fresh or chilled, excluding livers and roes; 03026100: Sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.), brisling or sprats (Sprattus sprattus); 03037100: Sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.), brisling or sprats (Sprattus sprattus), frozen; 03042041: Sardine fillets, frozen; 03054950: Other sardines, smoked; 03055950: Dried sardines, whether or not salted, but not smoked; 03056300: Anchovies (Engraulis spp.), salted or in brine; 16041310: Sardines, sardinella whole or in pieces, but not minced, prepared and preserved; 16041320: Brisling or sprats whole or in pieces, but not minced, prepared and preserved; 16041600: Anchovies, whole or in pieces, but not minced, prepared or preserved		30%

3. Tariff reduction commitments and reduction of non-tariff barriers for industrial products.

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
(a) Aerospace industry			
Under Chapter 88 of the Customs Import Tariff, all main aircraft imports are already duty free. Also under the same provision, it is stipulated that material for aircraft building and repair is duty free subject to the agreement of the responsible authorities.	After Taiwan becomes a signatory to the Agreement on Trade in Civil Aircraft, tariffs on the items within its scope must be reduced to zero (the items covered are largely the same as those already subject to zero tariff).		After accession and upon becoming a signatory to the Agreement on Trade in Civil Aircraft, must abide by the related WTO rules.
(b) Machine industry			
Approximately 5％	• Construction and agricultural machinery covered by the Zero to Zero Program will become subject to zero tariff in 2004. • Most other items of	Purchase and installation of domestic machinery & equipment is offset at 20% and imported machinery & equipment at 10%.	After accession, the investment credit rates for the purchase and installation of domestic and imported automation machinery & equipment will be amended to a single uniform rate. Also, in line

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Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
	machinery will be subject to duty of 5% or less.		with the aforementioned amendment, the exemption from import duty of domestic non-manufacturing equipment under Chapters 84, 85 and 90 of the Customs import Tariff are abolished upon accession.
(c) Steel industry			
Approximately 0~12%	• For part of items covered by the Zero to Zero Program (steel plates, sheets, bars, pipes and other intermediate products), tariff to be reduced to zero in 2004. • Most other items to be subject to duty of not more than 10%.		
(d) Automobile industry			

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
• Passenger cars: 30％ • Buses or trucks: 42％	• Passenger cars: reduced to 17.5% in 2010. • Buses or trucks: reduced to 25% in 2008.	• Area restrictions. • Local content regulations. • 3% commodity tax offset on locally designed automobile bodies, engines and chassis. • Ban on the manufacture and importation of diesel passenger cars.	• After accession, area restrictions are replaced by TRQs. In the first stage (2002~2006), a tariff of 60% will be levied outside quotas; in the second stage (starting 2007), the tariff will be halved to 30%. Within quotas, the tariff will be reduced gradually from 29% in 2002 to 17.5% in 2010. With effect from 2011, TRQs will be eliminated. • After accession, local content regulations are eliminated. • After accession, the 3% commodity tax offset on locally designed automobile

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
			bodies, engines and chassis is eliminated (with no new applications accepted, and validity of existing cases adjusted to three years). • Two years after accession, the market will be opened to import of diesel passenger cars.
(e) Motorcycle industry			
25%	According to product classification, tariff to be reduced to 18% in 2006 and 20% in 2004.	• Area and local content restrictions. • Restricted importation of motorcycles larger than 150cc. • 3% commodity tax offset on locally designed motorcycle bodies, engines and chassis.	• After accession, area and own content restrictions are removed. • Six months after accession, the market will be opened to importation of motorcycles larger than 150cc. • After accession, the 3% commodity tax offset on

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
			locally designed automobile bodies, engines and chassis is eliminated (with no new applications accepted, and validity of existing cases adjusted to three years).
(f) Heavy electric industry			
• Generators: approx. 10~12% • Transformers: approx. 7.5~14% • Electric motors: approx. 1.25~12% • Switching equipment: approx. 5~14%	• Generators: reduced to 8.5~10% • Transformers: Reduced to 5~10% • Electric motors: Reduced to 1.25~10% • Switching equipment: Reduced to 2.5~10%	• Purchase and installation of domestic machinery & equipment is offset at 20% and imported machinery & equipment at 10%.	• After accession, the investment allowance rates for the purchase and installation of domestic and imported automation machinery & equipment will be amended to a single uniform rate. • Signature of Agreement on Government Procurement.
(g) Domestic appliance industry			
• Air-conditioners: 15% • Refrigerators: 5~10% • Washing-machines: 6~12.5%	• Air-conditioners: Reduced to 8~10% • Refrigerators: Reduced to 4~8		None

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
• Lighting fixtures: 5~10％	％ • Washing-machines: Reduced to 3~10％ • Lighting fixtures: Reduced to 3.4~7.5％		
(h) Electronics and information industry			
Under 5%	Taiwan is already a signatory to the Information Technology Agreement (ITA). Tariffs on most information and communication products were reduced to zero in 2000. Tariffs on switching and other communication products are also reduced to zero in 2002.		None
(i) Petrochemical industry			
0-5％	0-5％.　For most items covered by the Chemical Harmonization		None

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Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
	Program, tariffs were reduced to below their respective ceilings (0%, 5.5%, or 6.5%) in 2001; only a small minority of items still require tariff reduction.		
(j) Plastic products industry			
5%	5%. For items covered by the Chemical Harmonization Program, tariffs were reduced to below the ceiling of 6.5% in 2001.		None
(k) Pharmaceutical industry			
0~12.5%	For items covered by the Zero to Zero Program, tariffs to be reduced to zero in 2004.		None
(l) Truck and car tire industry			
15%	Reduced to 10% in 2004.		None
(m) Textile industry			
• Man-made filaments: 1.25%	• Man-made filaments: 4%		None

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
• Man-made yarn: 3% • Woven fabrics, unbleached: 5% • Finished cloth: 10% • Apparel: 12.5%	(partially 1.9%) • Man-made yarn: 4% • Woven fabrics, unbleached: 7.5% • Finished cloth: 10% • Apparel: Reduced in yearly stages to 10.5~12.5%		
(n) Food processing industry			
• Average nominal tariff on agricultural products: 20.02% • Average nominal tariff on processed foods (Chapters 15 to 23 of the Tariff Regulations): 20.84%	• After implementation of the tariff reduction program, the average nominal tariff on agricultural products will be 12.86%. • Average nominal tariff on processed foods (Chapters 15 to 23 of the Tariff Regulations): 14.02%	• A stabilization fund system is still in place for wheat and flour. ▫ Granulated sugar: Subject to import controls, with only Taiwan Sugar Corp. permitted to import limited amounts on a special case basis. The tariff on refined sugar is 35% and on brown sugar 25%. • Liquid milk: Subject to import controls.	• The Council of Agriculture will abolish the Wheat Import Stabilization Fund. • Granulated sugar: Adoption of tariff and tariff rate quota measures. Within quotas, the duty on refined sugar set at 17.5% and on brown sugar at 12.5%. Outside quotas, the duty to be reduced from 168% in year of accession to 143% in 2004.

Tariff		Non-tariff measures	
2001	Accession commitments	2001	Accession commitments
			• Liquid milk: Adoption of tariff and tariff rate quota measures.

Note: The above rates of duty are as set down in the Customs Import Tariff.

Addendum 2: Commitments for Opening the Government Procurement Market

Taiwan is committed to becoming a signatory of the WTO Agreement on Government Procurement, and to carry out its obligations under the Agreement to open up the domestic government procurement market.

I. Main Features of the Agreement

１. Procuring entities and procurement covered by the Agreement:

The Agreement stipulates that the Parties to the Agreement must open procurement that is (a) made by central government entities, sub-central government entities, and other entities that are controlled or influenced by the government; (b) of goods, services, and construction services above certain threshold values; (c) the which entities, procurement items, and applicable thresholds are listed in Appendix 1 of the Agreement.

２. National treatment and non-discrimination principles:

In respect of the procurement covered by the Agreement, Parties to the Agreement are required to give the products, services (including construction services) and suppliers of any other Party to the Agreement treatment "no less favorable" than that they give to their domestic products, services and suppliers, and not to discriminate among goods, services and suppliers of other Parties. Furthermore, each Party is required to ensure that its entities do not treat a locally-established supplier less favorably than another locally-established supplier on the basis of degree of foreign affiliation or ownership and do not discriminate against a locally-established supplier on the basis of country of production of the good or service being supplied.

３. Rules governing procurement procedures:

The Agreement stipulates tendering and award procedures, with detailed provisions to govern such matters as the content of announcements of invitation to tender, minimum deadlines for the submission of tenders, technical specifications, qualification of suppliers, and mode of award. All Parties to the agreement must abide by the provisions of the Agreement in conducting government procurement activities that fall within its scope.

４. Dispute settlement mechanism:

If a Party to the Agreement considers that it has suffered loss or damage as the result of another Party's failure to carry out its obligations under the Agreement, it may request consultation with that Party and notify the Dispute Settlement Body (DSB) of the WTO. The DSB can establish a panel to consider the complaint and, after following stipulated procedures and completing deliberation within a limited timeframe, issue a recommendation or ruling.

５. Obligation to provide information:

Parties are required to publish in specified publications all laws, regulations, judicial decisions, administrative rulings of general application and any procedures regarding government procurement covered by the Agreement. As a further element of transparency under the Agreement, each government must collect and provide to the other Parties on an annual basis, through the Committee, statistics on its procurement covered by the Agreement.

６. Exclusions:

Procurement of arms, ammunition, and war materials for the protection of basic security interests, or procurement indispensable to national security or national defense purposes, may be excluded from the ambit of the Agreement, and information about such procurement need not be disclosed. Also, the enforcement of measures necessary to protect public morals, order or safety, human, animal or plant life or health, or intellectual property, or relating to the provision of services of handicapped persons, of philanthropic institutions, or of prison labor, may be excluded from the obligations of the Agreement.

７. Mutual non-applicability:

If a Party to the Agreement does not agree to the mutual application of the Agreement between itself and another specified Party, it can make a declaration to this effect at the time of accession to the Agreement. If Parties consider that the opening of their markets to each other does not accord with the principle of mutual benefit, and wish to exclude the mutual applicability of the Agreement to specified items of procurement, they may include a condition to this effect in the Appendix of the Agreement at the time of accession.

II. Outline of the Scope of Taiwan's Government Procurement Market Opening

１. Procuring entities:

In the central government, the 32 procuring entities covered by the Agreement include the Presidential Office and the Executive Yuan. Sub-central government entities listed in the Agreement include the Provincial Government and the Taipei and Kaohsiung City Governments. Other entities covered are 66 public enterprises and academic institutions, including Taiwan Power Company, China Petroleum Corporation, and National Taiwan University.

２. Threshold values:

For contracts for procurement of goods and services by central government entities, the threshold value is SDR130,000 (SDR: special drawing rights); for contracts for procurement of goods and services by sub-central government entities, the threshold value is SDR200,000; for contracts for procurement of goods and services by other entities, the threshold value is SDR400,000. For contracts for procurement of construction services by any of the above entities, except those of the central government with a value of SDR5 million and above, the threshold value in the first year after accession to the Agreement will be SDR15 million; in the second year, it will be reduced to SDR10 million; and in the third year, it will be reduced to SDR5 million, which is the general standard applied to other Parties to the Agreement. Though during negotiations among Parties to the Agreement, it was agreed that the IMF's SDR would be adopted as the standard unit of account, in practice when carrying out the Agreement domestically, each Party converts valuation to its own national currency, and notifies the WTO Government Procurement Committee accordingly. After conversion of the threshold values to the domestic currency, each Party agrees to a review and adjustment thereof once every two years. (The current provisional rate of conversion for Taiwan is SDR1.00 = NTD41.98.)

３. Procurement items:

(１) Goods: Except for items listed for exclusion by the Ministry of Defense and the Ministry of Foreign Affairs, and electric power and transportation services, as well as items stipulated in the Agreement as excluded, all other goods are within the scope of market opening.

(２) Construction services: All construction items come within the scope of market opening.

(３) Services: A positive listing approach is adopted, with listed items, including legal, accountancy, banking, insurance, and other services, all opened.