



28 January 2019

(19-0429)

Page: 1/150

**Trade Policy Review Body  
12 and 14 September 2018**

Original: English/Spanish  
anglais/espagnol  
inglés/español

## **TRADE POLICY REVIEW**

SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

### **MINUTES OF THE MEETING**

*Addendum*

*Chairperson: H.E. Mr. Eloi Laourou (Benin)*

This document contains the advance written questions and additional questions by WTO Members, and replies provided by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.<sup>1</sup>

**Organe d'examen des politiques commerciales  
12 et 14 septembre 2018**

## **EXAMEN DES POLITIQUES COMMERCIALES**

TERRITOIRE DOUANIER DISTINCT DE TAIWAN, PENGHU, KINMEN ET MATSU

### **COMPTE RENDU DE LA RÉUNION**

*Addendum*

*Président: S.E. M. Eloi Laourou (Bénin)*

Le présent document contient les questions écrites communiquées à l'avance par les Membres de l'OMC, leurs questions additionnelles, et les réponses fournies par le Territoire Douanier Distinct de Taiwan, Penghu, Kinmen et Matsu.<sup>1</sup>

**Órgano de Examen de las Políticas Comerciales  
12 y 14 de septiembre de 2018**

## **EXAMEN DE LAS POLÍTICAS COMERCIALES**

TERRITORIO ADUANERO DISTINTO DE TAIWÁN, PENGHU, KINMEN Y MATSU

### **ACTA DE LA REUNIÓN**

*Addendum*

*Presidente: Excmo. Sr. Eloi Laourou (Benin)*

En el presente documento figuran las preguntas presentadas anticipadamente por escrito y las preguntas adicionales de los Miembros de la OMC, así como las respuestas facilitadas por el Territorio Aduanero Distinto de Taiwán, Penghu, Kinmen y Matsu.<sup>1</sup>

<sup>1</sup> In English and Spanish only./En anglais et espagnol seulement./En inglés y español solamente.

---

## Contents

<b>QUESTIONS SUBMITTED IN WRITING.....</b>	<b>3</b>
<b>1 KINGDOM OF SAUDI ARABIA .....</b>	<b>3</b>
<b>2 SINGAPORE.....</b>	<b>5</b>
<b>3 HONG KONG, CHINA.....</b>	<b>7</b>
<b>4 CHINA .....</b>	<b>12</b>
<b>5 USA .....</b>	<b>19</b>
<b>6 UKRAINE .....</b>	<b>33</b>
<b>7 JAPAN .....</b>	<b>42</b>
<b>8 AUSTRALIA .....</b>	<b>44</b>
<b>9 SWITZERLAND .....</b>	<b>49</b>
<b>10 NEW ZEALAND.....</b>	<b>53</b>
<b>11 BRAZIL.....</b>	<b>57</b>
<b>12 COLOMBIA.....</b>	<b>59</b>
<b>13 THAILAND .....</b>	<b>72</b>
<b>14 BRAZIL.....</b>	<b>75</b>
<b>15 ARGENTINA.....</b>	<b>84</b>
<b>16 PHILIPPINES .....</b>	<b>86</b>
<b>17 KINGDOM OF SAUDI ARABIA (ADDITIONAL) .....</b>	<b>103</b>
<b>18 CHINA (ADDITIONAL).....</b>	<b>111</b>
<b>19 USA (ADDITIONAL).....</b>	<b>116</b>
<b>20 MALAYSIA .....</b>	<b>118</b>
<b>21 UKRAINE .....</b>	<b>122</b>
 <b>QUESTIONS SUBMITTED VIA THE TPR Q&amp;A ONLINE SYSTEM .....</b>	 <b>123</b>
<b>1 ICELAND .....</b>	<b>123</b>
<b>2 EU .....</b>	<b>125</b>
<b>3 CANADA .....</b>	<b>141</b>
<b>4 GUATEMALA .....</b>	<b>146</b>
<b>5 EL SALVADOR.....</b>	<b>147</b>
<b>6 HONDURAS.....</b>	<b>148</b>
<b>7 REPUBLIC OF KOREA.....</b>	<b>150</b>

## QUESTIONS SUBMITTED IN WRITING

### 1 KINGDOM OF SAUDI ARABIA

#### WT/TPR/S/377 – WTO Secretariat Report

#### 2. Trade and Investment Regime

##### 2.4 Investment Regime

##### 2.4.2 Business environment

##### Page 39, para 2.49

An online portal, Company, Business and Limited Partnership One-Stop Services Request (<https://onestop.nat.gov.tw>), established in 2011, aids companies to simplify the procedures for business setups and expands the service menu offered to enhance the facility of the operating business environment.

**Question N°1:** The Kingdom of Saudi Arabia appreciates the efforts of Chinese Taipei to facilitate and simplify the procedure for business setups. Please provide more details on the online portal of One-Stop Services, What kind of services can be offered to Saudi Arabia's investor to establish company?

**Answer:**

1. *The Company, Business and Limited Partnership One-Stop Service aims to meet the one-stop full service needs of applicants. It integrates company registration processes involving various agencies into an online single window portal.*
2. *Please note that, in order to verify their identity, applicants must use a digital citizen certificate (a type of electronic signature issued by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu) to complete their applications. Foreign investors may apply for digital citizen certificates or entrust a person who has a digital citizen certificate to file the application.*

#### 3. Trade Policies And Practices By Measure

##### 3.1 Measure Directly Affecting Imports

##### 3.1.1 Customs procedures, valuation, and requirements / Customs procedures and requirements and customs valuation

##### 3.1.1.1 Customs procedures

##### Page 42 para 3.8

Since August 2013, Customs has operated the Customs-Port-Trade (CPT) Single Window, which allows documentation related to customs procedures including customs declarations, trade licensing and SPS permits, to be submitted and processed electronically. As from 11 November 2015, by simply transmitting the completed consolidated import declaration with relevant permits to the CPT Single Window System, importers are allowed to file their import declaration to Customs while simultaneously applying to licensing agencies for inspection, thus enhancing the integration of interagency business services and simplifying clearance procedures. Traders who link to the CPT Single Window through a private information network service provider must pay transmission fees whose ceiling is regulated by the MOF; no fees are charged to traders who link directly to the System. According to the authorities, 99.99% (99.95% in 2013) of customs declarations were processed electronically in 2017, and 70.93% (67% in 2013) of customs duties were paid online.

**Question N°2:**

The Kingdom of Saudi Arabia acknowledges the Customs-Port-Trade (CPT) system for facilitate export and import trade. We would like to know more details on this on-line platform. Especially how CPT system could assist importers from Middle East to accelerate the clearance procedure?

**Answer:**

*The main feature of the CPT Single Window is to serve as an entry point for traders to submit to Customs or other government agencies their standardized electronic documents, including cargo manifests, customs declarations, quarantine and phytosanitary certificates.. In addition, multiple useful services are offered to traders, such as e-Payment for duties, online queries about the processing status of cargo, and applications for duty and tax refunds. However, all the services offered by the CPT Single Window are only available to registered traders. Foreign traders, including*

*importers from the Middle East, can use the CPT services through local agents or brokers. The CPT Single Window will save applicants' time and reduce costs by processing documents online and cutting through red tape.*

## 2 SINGAPORE

### WT/TPR/S/377 – WTO Secretariat Report

## 2. TRADE AND INVESTMENT REGIME

### 2.4 Investment Regime

#### 2.4.1 General investment regime

#### Page 37, para 2.38

**Singapore Question N°1:** The WTO Secretariat Report notes that the 2012 amendments to the "Statute for Investment by Foreign Nationals", which were aimed at loosening restrictions so that investors may report to the competent authority after investing in Chinese Taipei, were not passed by the legislature. The Report also notes that Chinese Taipei's authorities are working to revise the draft of the amendment and will submit it through the regular legislative process in future, and in this context they are currently giving consideration to removing the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism. Singapore would like to seek clarification on:

- (i) The targeted timeline for the revised draft amendments to the Statute for Investment by Foreign Nationals to be passed and implemented; and
- (ii) The areas/sectors for which the pre-investment screening/review requirement would be removed.

**Answer:**

1. *We have conducted public hearings on the draft amendments to the Statute for Investment by Foreign Nationals. The draft amendments will go through the legislative process after public opinion review is completed.*
2. *The draft amendments provide that prior approval will only be required for investments above a certain amount, or in exceptional cases, such as investments in sectors on the Negative List for Investment by Overseas Chinese and Foreign Nationals, or other special circumstances set forth by the competent authorities.*

## 3. Trade Policies and Practices by Measure

### 3.1 Measures Directly Affecting Imports

#### 3.1.1 Customs procedures, valuation, and requirements/Customs procedures and requirements and customs valuation

#### Page 42, para 3.6

Registration requirements remain in place. In order to engage in import/export business, a firm must register as an importer/exporter with the Bureau of Foreign Trade (BOFT) under the Ministry of Economic Affairs (MOEA). Branch offices of overseas firms registered with the authorities may apply for registration. Other than these branch offices, non-permanent residents are not normally allowed to engage in import/export activities on a professional basis. An exporter/importer whose trade performance in the preceding year has attained a prescribed turnover, may benefit from certain preferences. The use of customs brokers remains voluntary. A customs broker who satisfies certain criteria may seek approval for a reduced inspection ratio, valid for one year (renewable).

**Singapore Question N°2:** The WTO Secretariat Report notes that a customs broker who satisfies certain criteria may seek approval for a reduced inspection ratio, valid for one year (renewable). Could Chinese Taipei elaborate on the set of criteria that these customs brokers are required to satisfy in order to attain reduced inspection ratio?

**Answer:**

1. *Any declaration shall be checked by the Customs computer system and may be selected for further cargo examination. In accordance with Article 13 of the Regulations Governing the Implementation of Automated Cargo Clearance Procedures, cargo shall be cleared through following methods:*
  - (1) *Channel one (C1): Cargo is released without review of written documents or physical examination;*
  - (2) *Channel two (C2): Only review of written documents is required prior to release of cargo;*  
*or,*

- (3) *Channel three (C3): Both review of written documents and physical examination are required prior to release of cargo.*
2. *According to the Operational Regulations on Customs Broker Application for Reduced Rate of Inspection of Goods, customs brokers can submit an application for a reduced inspection ratio to Customs before the end of February each year. The inspection ratio of goods declared by qualified customs brokers may be reduced if approved by Customs after assessment.*
  3. *According to the above regulations, Customs may reduce the inspection ratio of goods applicable to a customs broker, taking into consideration whether: the customs broker has been established for more than three years; its annual error rate of goods declarations did not exceed three-thousandths in the previous year; the customs broker was not penalized pursuant to the Customs Act and relevant laws in the previous two years; and the customs broker has promptly participated in training sessions held by Customs.*

### **3.1 Measure Directly Affecting Imports**

#### **3.1.1 Customs procedures, valuation, and requirements / Customs procedures and requirements and customs valuation**

**Page 42-44, para 3.8 and 3.12**

**Singapore Question N°3:** The WTO Secretariat Report notes that Chinese Taipei Customs has operated their Customs-Port-Trade (CPT) Single Window since Aug 2013 and we applaud Chinese Taipei Customs' efforts in establishing a single window to facilitate trade and simplifying clearance procedures. Are all the agencies involved with regulating import and export on board the CPT Single Window? If not all agencies are on board, what is the timeline that Chinese Taipei Customs is looking at to bring all agencies on board into the system?

Additionally:

- (i) Is this CPT Single Window connected to Advance Cargo Import Information System?
- (ii) Regarding the simplified declarations filed by the Maritime Express Handling Units of Taipei Harbour International Logistics Corporation and the "Taiwan International Ports Logistics Corporation", are they filed in the CPT Single Window or the Advance Cargo Import Information System?
- (iii) Is there a reason why only these 2 corporations are allowed to file simplified declarations?

**Answer:**

1. *No, not all agencies are involved with the CPT Single Window. A few of the licensing agencies have not yet connected to the CPT Single Window due to cost-benefit considerations, as they only deal with a very limited number of cases each year. For such agencies, manual operation would suffice. For example, the import and export of controlled drugs are specially controlled goods governed by provisions of international agreements, as such the signatures on consent forms must be verified by Customs.*
2. *Yes, they are interconnected, but they were established for different purposes. The CPT Single Window aims to serve not only as an entry point for traders to lodge documents related to the clearance procedures, but also as a platform linking participating government agencies for information sharing. However, the Advance Cargo Information System is an internal system of Customs, and is responsible for helping Customs officers conduct the clearance of imports/exports.*
3. *The Maritime Express Handling Unit is one type of customs warehouse designed for the entry and storage of express cargo. The Taipei Harbour International Logistics Corporation and the Taiwan International Ports Logistics Corporation are owners of the Maritime Express Handling Unit. Additionally, the simplified declarations are made and submitted by maritime express companies, not by the keepers of customs warehouses.*

*The simplified declarations are first submitted by maritime express companies to the CPT Single Window, and then transmitted from the CPT Single Window to the Customs' Advance Cargo Import Information System. As clarified above, the simplified declaration clearance procedure is applicable to any express company that meets the requirements of the relevant regulations.*

### 3 HONG KONG, CHINA

<b>WT/TPR/S/377 – WTO Secretariat Report</b>
--

## 2. TRADE AND INVESTMENT REGIME

### 2.4 Investment Regime

#### 2.4.1 General investment regime

##### Page 36-37, para 2.37 -2.38

For the purpose of promoting investments in the "5+2" innovative industries, the report says 'Chinese Taipei is using both tax and non-tax incentives'. On the other hand, 2012 amendments to the Statute for Investment by Foreign Nationals were not passed by the legislature... [the MOEA] will revise the draft of the amendment and submit it through the regular legislative process. In this context, the authorities indicated that consideration is being given to removing the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism.'

**Hong Kong, China N°1:** We are interested to know if there would be incentives for foreign investment in the "5+2" innovative industries, and the latest development regarding the amendment to the "Statute for Investment by Foreign Nationals".

**Answer:**

1. *Though we do not provide specific incentives for foreign investment in the "5+2" Innovative Industries, both tax and non-tax incentives are nevertheless available for investments in all sectors. In order to develop a fair and competitive tax environment, we enacted the Statute for Industrial Innovation (SII), under which tax incentives are mainly applied to R&D expenditures. With regard to non-tax incentives, taking into account the need for further development of enterprises, we provide incentives such as support for R&D and land rent support.*
2. *Information about the "5+2" Innovative Industries is available on the following webpage: (InvesTaiwan): <https://investtaiwan.nat.gov.tw/showPage?lang=eng&search=426>.*
3. *We have conducted public hearings on the draft amendments to the Statute for Investment by Foreign Nationals. The draft amendments will go through the legislative process after public opinion review is completed.*
4. *The draft amendments provide that prior approval will only be required for investments above a certain amount, or in exceptional cases, such as investments in sectors on the Negative List for Investment by Overseas Chinese and Foreign Nationals, or other special circumstances set forth by the competent authorities.*

## 3. TRADE POLICIES AND PRACTICES BY MEASURE

### 3.2 Measures Directly Affecting Exports

#### 3.2.5 Export finance, insurance, and guarantees

##### Page 59, para 3.66-3.67

The Export-Import Bank (Eximbank) provides export credit to 'key export expansion markets chosen by the MOEA including the United States, Turkey, Viet Nam, China, Indonesia, India, Germany, Malaysia, South Africa, Mexico, the Philippines, and the United Arab Emirates'.

**Hong Kong, China N°2:** Is export credit from Eximbank provided for exports to markets other than the key export expansion markets? We are interested to know the basis or any objective criteria in choosing the key export expansion markets, and whether the list of markets is subject to review.

**Answer:**

1. *The export credit provided by Eximbank assists our enterprises in exporting not only to the key export expansion markets but also to the rest of the world. The "key export expansion markets chosen by the MOEA" are based on analysis of import and export statistics from various countries and consultations with industry associations.*
2. *Eximbank provides export credit to exporters for all markets; it is not limited to "key export expansion markets". All buyers are subject to underwriting, including those for "key export expansion markets".*

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.3 Measures Affecting Production and Trade

##### 3.3.3 Sanitary and phytosanitary measures

##### 3.3.3.1 Food Standards-setting framework

##### Page 72, para 3.107-3.109

'The MOHW remains responsible for food safety with its key implementing agency, the FDA, responsible for consumers' health protection.... During the review period, the FDA continued to amend food-related laws and regulations to comply with international standards. Its focus areas included: amendments to food regulatory standards and product review; management of food sources, in particular implementing a food safety control system and border inspection of food; inspection of food additives; monitoring of the food safety chain including post marketing monitoring, sampling and testing of food; and food safety and sanitation management.'

**Hong Kong, China N°3:** Could Chinese Taipei advise in more detail the legislation and regulatory measures introduced to improve food safety of locally produced food items for consumer protection? Are figures collected to measure the effectiveness of the new legislation and measures? If yes, what is the result?

##### **Answer:**

1. *To date, the Food and Drug Administration under the Ministry of Health and Welfare has achieved the following results from implementing this new policy:*
  - (1) *Harmonizing domestic statutory standards and assessment criteria with international norms;*
  - (2) *Expanding the spectrum of the key food industries on the government's watch list;*
  - (3) *Increasing the compliance rate of market food products at random sampling tests to 98.1% for imported foods and 96% for domestically produced foods;*
  - (4) *Imposing severe penalties on unscrupulous businesses; and*
  - (5) *Successfully implementing the whistleblowing protection clause.*
2. *Food safety-related laws and regulations can be found at the TFDA website: <http://www.fda.gov.tw/EN/law.aspx?cid=16&pn=1>.*

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.3 Measures Affecting Production and Trade

##### 3.3.4 Competition policy and price controls

##### 3.3.4.1 Competition policy

##### Page 76-78, para 3.125-3.131

'During the review period, the FTA was amended three times...Significant amendments on the aspect of free competition included...the distinction of free competition issues from fair competition issues.'

**Hong Kong, China N°4:** Could Chinese Taipei share with us more details about the respective amendment, the considerations and significance for having the distinction, and the objective criteria for distinguishing free and fair competition issues?

##### **Answer:**

1. *The amendments to the FTA are as follows:*
  - (1) *The February 2015 amendments include:*
    - i. *The name of the competent authority of the FTA was changed to the Fair Trade Commission (FTC) in order to accommodate the organizational restructuring of the government.*
    - ii. *Amendments to make the structure and content of the regulations in the FTA more reasonable and appropriate are as follows:*
      - (i) *In addition to the trade association organized by businesses, any other organization lawfully established to promote the interests of its members is also deemed an enterprise as referred to in the FTA.*
      - (ii) *Merger regulations are widely revised. (a) It is specified that the amounts of shares held by and the turnover of affiliate businesses (sister companies included) are to be calculated together, whereas situations in which controlling shareholders are natural persons or groups are also covered by new regulations, so that effective control of concentration of economic power in the market can be achieved and evasion of the law can be prevented. (b) A regulation has been added to give the FTC the authority to announce the sales threshold for any specific industry in order to cover the situations in different industries and markets. (c) The review period has been extended to 60 days in order to allow the FTC more time to solicit opinions from*



- industrial, government and academic sectors on merger cases incurring critical disputes, and to make detailed assessment.*
- (iii) Provisions on circumstantial evidence for concerted actions have been added. It is specified that the FTC may take into consideration market conditions, product or service characteristics, cost and profit, and rationality of behavioural economics in making a presumption that an agreement for concerted action does exist, in order to increase effectiveness of investigations and deter illegal concerted action. In addition, catch-all provisions regarding exceptional permission have been added. Under these provisions, any application can be filed with the FTC if the applicant holds that the concerted action is beneficial to the economy as a whole and in the public interest. Additionally, the time limit for carrying out the concerted action approved by the FTC and the extension of such period was also amended from three years to five years.*
  - iii. Different amounts of fines have been established for different types of violations. The fine for conduct leading to a restriction on competition has been doubled, and the period given to the competent authority to impose sanctions has been extended from three years to five years in order to make fine imposition more reasonable and to increase deterrence.*
  - iv. An investigation suspension system has been added. Enterprises are encouraged to take the initiative to stop or correct their activities, whereas administrative agencies can exercise their supervisory authority to eliminate practices that are likely to harm the market order at the earliest time.*
  - v. Provisions exempting parties from the petitioning procedure have been added, allowing parties to directly administrative suits with judicial agencies in response to sanctions imposed by the FTC according to the FTA.*
- (2) The 24 June 2015 amendment authorized the FTC to set up an anti-trust fund and provide rewards for the reporting of illegal concerted actions.*
  - (3) To make merger reviews more comprehensive, the 14 June 2017 amendments revised the merger review period from 30 calendar days to 30 working days. In addition, if one of the enterprises in the merger does not agree to the merger, the FTC shall ask for such enterprise's opinion.*
- 2. In February 2015, one of the legislative purposes of the FTA was amended from "ensure free competition" to "ensure free and fair competition" (Article 1 of the FTA) in accordance with the current legal system. After this amendment, the FTA now mainly regulates restrictive practices such as monopolies, mergers and concerted actions, as well as unfair practices. The former regulations are to remove restrictive competition practices and promote free market competition. The latter regulations are to eliminate unfair competition practices and promote fair competition between enterprises. Therefore, Article 1 of the FTA was amended accordingly.*

#### **4. TRADE POLICIES BY SECTOR**

##### **4.4 Services**

##### **4.4.2 Financial services**

##### **4.4.2.2 Securities**

##### **Page 125, para 4.123**

'Amendments were made to the Securities Trust and Consulting Act in 2018 in order to increase the competitiveness of the domestic asset management industry and promote the sound operation of securities investment trust and consulting enterprises.'

**Hong Kong, China N°5:** We are interested to know more details on the amendment. In particular, we would like to know how Chinese Taipei could ensure a level playing field for foreign services providers while enhancing the competitiveness of the domestic asset management industry.

##### **Answer:**

*The amendments to the Securities Investment Trust and Consulting Act were published on 31 January 2018. The key elements are as follows:*

- (1) Article 11 of the amendments: The limit of the total number of offerees in a private placement of a securities investment trust fund is raised from 35 persons to 99 persons.*
- (2) Article 17 of the amendments: The operational procedures for investment activities of a securities investment trust enterprise has been streamlined. The requirement for a standardized written report on the securities investment trust enterprise's investments or transactions with fund capital has been waived, and such operational activity is now managed through the internal control system of the enterprise.*
- (3) Article 62 of the amendments: The restriction on discretionary investment operation has been lifted for customers meeting specific criteria. In the case of a discretionary investment business*

customers who meet conditions set forth by the competent authority, the securities investment trust enterprise or securities investment consulting enterprise and the customer may between themselves agree on matters including the custody of the fiduciary investment assets, matters required to be completed before signing a contract, and account processing.

- (4) Article 16-1 and Article 111 of the amendments: The additional provision and amendment specify the legal basis for bankruptcy remoteness of a securities investment trust enterprise and a securities investment consulting enterprise with regard to its acquisition of assets on behalf of the investor, and sets forth related penalties.
- (5) Article 16-1 of the amendments: Assets lawfully acquired in the name of a securities investment trust enterprise or a securities investment consulting enterprise on behalf of its investors shall be kept separate and independent of the enterprise's own property. Creditors may not make any claim or exercise any other right against the assets under the preceding paragraph to satisfy any debt owed by a securities investment trust enterprise or a securities investment consulting enterprise with respect to its own property.
- (6) Article 105-1 of the amendments: The additional provision provides for the criminal liability of securities investment trust and consulting enterprise personnel for breaching their duties.

The amendments are for the purpose of protecting consumer rights, improving the criminal responsibility of domestic firms, and streamlining securities investment trust procedures. These measures do not include foreign asset management businesses, and hence will not affect the level playing field for foreign services providers in our jurisdiction.

#### **4. TRADE POLICIES BY SECTOR**

##### **4.4 Services**

##### **4.4.2 Financial services**

##### **4.4.2.2 Securities**

##### **Page 126, para 4.126**

'In September 2015, the investment cap on securities trading by banks in the exchange market and over-the-counter-market was raised from 25% to 30%; a provision was also added allowing the limit to be adjusted by the competent authority in line with the economic and financial situation.'

**Hong Kong, China N°6:** What are the criteria and factors in deciding when and how to adjust the investment cap limit in line with the economic and financial situation? To what extent could the investment cap percentage be adjusted under such situation?

##### **Answer:**

1. On 17 September 2015, the FSC announced an amendment to (1) the 3rd point of the Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest. Key amendments include:
  - (1) Regarding the total cost of the original acquisition cost by a commercial bank within or outside of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu as investment, the calculation basis was raised from 25% to 30% of the commercial bank.
  - (2) A provision was also added to authorize the competent authority to adjust this calculation basis of the commercial bank depending on the domestic economic and financial situation.
2. In order to cope with the increasing scale of the global financial market and diversified types of financial products, the increase in this calculation basis will improve the efficiency of banks' capital utilization and enhance the investment momentum of banks. The FSC will take domestic and overseas financial supervisory practice and trends into consideration and maintain safe and sound financial systems in order to further relax financial regulations.

#### **4. TRADE POLICIES BY SECTOR**

##### **4.4 Services**

##### **4.4.4 Transport services**

##### **4.4.4.1 Maritime transport**

##### **Page 131, para 4.156**

'Agreements between overseas and local operators on freight rates and charges must be filed with the MOTC; if an agreement is considered to impede the "order of shipping or economic development", the MOTC may order a revision of the agreement within a specific period.'

**Hong Kong, China N°7:** What are the criteria and factors that would constitute an impediment to the order of shipping or economic development? How many cases were ordered for a revision of the agreement during the review period?

**Answer:**

*In practice, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's shipping authority respects the market mechanism, and will not intervene in a carrier's price decision-making process, unless such carrier is engaged in concerted pricing or other extreme acts which impact consumers. There has been no case in which an authority has ordered a revision during the review period.*

## 4 CHINA

### WT/TPR/S/377 – WTO Secretariat Report

#### SUMMARY

##### Page 9, para 1

Since its previous Trade Policy Review in 2014, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's (Chinese Taipei) relatively strong fundamentals and well developed outward-looking economy have helped maintain macro-financial stability and ensure the resilience of its export-led economy."

**China N°1:** Could Chinese Taipei specify the objectives of its export-led economy?

#### **Answer:**

*The focus of our economic policies includes: expanding domestic consumption, investment, export performance, and driving income and wage growth. To achieve these goals, we have stepped up our efforts in implementing structural reforms, so as to cope with the challenges of the digital economy. The government is committed to pursuing inclusive growth, and creating a more prosperous, stable and happier society.*

**China N°2:** What measures were taken to ensure the resilience of its export-led economy?

#### **Answer:**

*Our efforts include:*

- 1. Promoting R&D and smart manufacturing;*
- 2. Accelerating domestic investment;*
- 3. Enhancing innovation capabilities; and*
- 4. Diversifying overseas business deployment.*

#### SUMMARY

##### Page 9, para 2

"During the review period, trade and trade-related structural reforms (e.g. in the areas of trade facilitation, taxation, competition policy and intellectual property rights) were undertaken."

**China N°3:** During the review period, what measures did Chinese Taipei take to promote trade facilitation and trade-related structural reforms?

#### **Answer:**

- 1. During the review period, we undertook several trade facilitation initiatives. For example, we accepted the WTO Trade Facilitation Agreement (TFA) on 17 August 2015 and submitted our Category A notification in June 2014, and committed to implementing all provisions in Articles 1 through 12 upon TFA's entry into force. In addition, we cooperated with other trading partners on electronic certificates of origin. Electronic certificates of origin (ECO) mechanisms have been established with both China and the Republic of Korea, and a Memorandum of Understanding (MOU) with Viet Nam on Collaboration on the Project for the Cross-border Exchange of Certificates of Origin was signed in July 2015. An MOU on ECO with Belgium was signed in November 2016.*
- 2. In 2015, a program on intelligent mobile inspection, enabling customs inspections through a platform built with 4G internet connection or wireless mobile devices, has been established for real-time inspection information to be received, thus raising the efficiency of inspection and clearance.*
- 3. In terms of trade-related structural reforms, in order to boost economic development, we have accelerated regulatory adjustment and deregulation by reviewing unreasonable regulations, with a view to maximizing benefits for the public, as well as simplifying administrative procedures to provide greater convenience (e.g. relaxing financial regulations, promoting amendments of regulations related to intellectual property, promoting tax reform, etc.).*

**SUMMARY**  
**Page 10, para 7**

**China N°4:** What new measures were taken by Chinese Taipei to improve the business environment?

**Answer:**

1. *Since October 2008, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has been implementing business environment reforms based on the criteria of the World Bank's "Doing Business" project. In addition to developing annual reform programs, the government has also formulated measures to improve low-performance areas identified by the World Bank, with the aim of bringing the domestic regulatory system in line with international standards, and further improve our investment environment and boosting our international competitiveness.*
2. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, ever since its new administration took office in 2016, has put forward a series of key policies such as the 5+2 Industrial Innovation Program, the Forward-looking Infrastructure Development Program, relaxation of regulations, optimization of the tax system, acceleration of investment, stimulating economic development and making doing business in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu easier.*

**China N°5:** How did Chinese Taipei support SMEs?

**Answer:**

*SMEs are the backbone of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's economic growth. As we endeavour to become an innovation-driven economy, our policy focuses on (1) creating a healthy environment for the development and growth of SMEs; (2) enhancing the information technology capabilities of SMEs; (3) optimizing the operational management capabilities of SMEs; (4) promoting the sound development of SME finance; and (5) building a platform for SME start-ups and incubations.*

**SUMMARY**  
**Page 10, para 9**

"During the review period, Chinese Taipei's trade facilitation developments included the ratification of the WTO Trade Facilitation Agreement (TFA) in 2015, the adoption of amendments clarifying relevant legislation (Customs Act), the enhancement of integration of online operations with the Customs-Port-Trade Single Window, facilitation in the exchange of certificates of origin, and the introduction of expeditious customs clearance services. The customs valuation regime and its main method used, the transaction value, have remained unchanged; an advance ruling system on non-preferential rules of origin has been enforced as from 2016. In addition to other charges, a 0.04% Trade Promotion Service Fee continues to be collected on incoming and outgoing merchandise; harbour dues for overseas routes remain 60% higher than for domestic routes."

**China N°6:** What measures did Chinese Taipei take to enhance the integration of online operations with the Customs-Port-Trade Single Window?

**Answer:**

1. *The primary goal of Customs-Port-Trade (CPT) Single Window is to integrate Customs and other government agencies into a single entry point for trade. Traders electronically file Customs declarations, trading licensing, and SPS documents through CPT Single Window to government agencies, so as to simplify the whole clearance procedure. Now, CPT Single Window has already interconnected 28 government agencies.*
2. *Both Customs and relevant licensing agencies have established contact points, which have been posted on the Customs website for public enquiries. In addition, the Customs and relevant licensing agencies hold regular coordination meetings every year to solve specific issues so as to enhance the integration of online operations of the CPT Single Window.*

**China N°7:** What indicators did Chinese Taipei use to evaluate and introduce expeditious customs clearance services? Currently how long does customs clearance take for imports and exports of goods respectively?

**Answer:**

1. Thanks to the CPT Single Window, our Customs is able to track the movement and transaction status of containerized goods from their arrival to release, by integrating information acquired from various parties involved in the whole import process, such as port authorities and container terminals. This allows us to measure release time on a more accurate and real-time basis, compared to the questionnaire surveys adopted by the WCO's guidelines TRS. Moreover, as of January 2017, information on the "release time" (time required from arrival to release) of containerized goods has been made available to the public. Such enquiry services can be accessed via:  
<http://portal.sw.nat.gov.tw/PPL/RedirectorNonLoginAction?appId=APGQ&privilegeId=GQ01%3FclassType%3D12>
2. The average time required for imported goods from arrival to release are as follows. However, calculations of "release time" currently does not include the time required for export.

	2016	2017
Sea	5 days, 20 hours and 16 minutes	5 days, 23 hours and 33 minutes
Air	2 days, 6 hours and 6 minutes	1 day, 13 hours and 27 minutes

**China N°8:** What is the basis for the collection of a 0.04% Trade Promotion Service Fee on incoming and outgoing merchandise? How to use the Trade Service Fee already charged, please list a couple of cases.

**Answer:**

1. Article 21 of the Foreign Trade Act stipulates that, in order to promote foreign trade, in order to respond international trade situations, and support trade activities, the competent authority may establish a trade promotion fund by collecting uniformly, through customs, a trade promotion service fee against the goods exported/imported by exporters/importers at a rate not more than 0.0425% of the price of the goods exported/imported. The current rate of the trade promotion fee is 0.0400%. This regulation uniformly applies to both exported and imported goods and follows the user-pays principle. The fee is neither for protecting the domestic industry nor for a fiscal purpose.
2. The Trade Promotion Fund is mainly used to entrust professional institutions to conduct foreign trade-related activities, participate in activities held by international trade organizations, provide trainings, etc.

**China N°9:** Could Chinese Taipei explain the specific reason why harbour dues for overseas routes are 60% higher than for internal routes? What is the impact on import and export trade?

**Answer:**

The commercial port dues for international shipping routes collected from overseas-registered ships are calculated at the same rate as those collected from domestic ships. Domestic routes are cabotage of interior affairs, and international routes are not accorded unfair treatment. In addition, since the wharf and handling facilities for domestic shipping routes are inferior to those for international shipping routes, and officials do not conduct customs clearance or quarantine and security, the commercial port dues for domestic shipping routes are assessed at 40% of the rate for international routes. Any overseas-registered ships granted approval to utilize domestic routes are accorded the same discount.

**SUMMARY****Page 10, para 10**

"Import prohibitions, restrictions and licensing remain in place to, inter alia, protect public morals, human life or health as well as to enforce obligations under international agreements. The scope of import bans rose from 70 ten-digit HS items (2013) to 91 (2018); the coverage of import permits increased to 131 items (126 in 2014). During the review period, the legislative framework governing anti-dumping and countervailing measures was revised in certain areas, and anti-dumping action remained relatively stable. Chinese Taipei continued to use anti-dumping provisions, mainly against imports of carbon steel plate originating mostly in Asia; it initiated 11 anti-dumping investigations (2013-16) and had 19 final measures in effect as at end-2017. Although no countervailing measures have been taken so far, in April 2018 Chinese Taipei initiated a countervailing duty investigation against certain steel products from China."

**China N°10:** What goods do the 21 new HS items cover subject to import bans in 2018? What is the purpose and basis for expanding the scope of import bans?

**Answer:**

*In order to maintain social order, and for environmental and ecological protection, 21 items, including hazardous narcotics materials and invasive alien species, have been banned from import in accordance with Article 11 of the Foreign Trade Act.*

**China N°11:** What goods do the 5 new HS items cover subject to import permits in 2018? What is the purpose and basis for increasing the coverage of import permits? What is the impact on trade?

**Answer:**

*Due to social order and public safety concerns, additional items related to signal flares now require import permits in accordance with Article 11 of the Foreign Trade Act.*

**China N°12:** Could Chinese Taipei explain against which steel products from China a countervailing duty investigation was initiated? What is the basis? In the next step, against which products will countervailing duty investigations be initiated?

**Answer:**

1. *We have initiated countervailing duty investigations on certain flat-rolled steel products, plated or coated with zinc or zinc-alloys; carbon steel plates; SUS 300 series flat-rolled products of cold-rolled stainless steel; certain flat-rolled products of hot-rolled stainless steel; and certain carbon cold-rolled steel products imported from China.*
2. *The investigations were initiated according to Article 11.6 of the Agreement on Subsidies and Countervailing Measures as well as Article 2 of the Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties, which stipulate that the imposition of a countervailing duty and anti-dumping duty shall be approved, pursuant to the relevant acts and regulations, and publicized for implementation following the investigation and determination by the Ministry of Finance as initiated by the referral of other government agencies.*
3. *There are currently no countervailing duty investigations on other Chinese products. Should we decide to initiate countervailing duty investigations on other products, we will publicize such investigations in accordance with the relevant regulations.*

**SUMMARY**

**Page 10-11, para 11**

"Chinese Taipei continued not to levy any taxes on outgoing merchandise. During the review period, the scope of export prohibitions was expanded; the coverage of licensing and approvals remains relatively important. Customs duty and internal taxes paid on incoming raw materials used in exports continue to be refundable. Indirect tax incentives for enterprises operating in export processing and free trade zones remained in place. Export finance, guarantees and credit insurance at preferential terms have assisted manufacturers in expanding exports inter alia to the ASEAN, South Asia, Australia, and New Zealand markets in line with the New Southbound Policy objectives."

**China N°13:** Could Chinese Taipei explain the reason and basis for the expansion of the scope of export prohibitions? What goods were involved?

**Answer:**

*To be consistent with international environmental agreements, such as the CITES, the Stockholm Convention, the OSPAR Convention, and the Rotterdam Convention, as well as to prevent drug abuse, additional items have been subjected to export prohibition, such as hazardous narcotic materials and invasive alien species, in accordance with Article 11 of the Foreign Trade Act.*

**China N°14:** Could Chinese Taipei explain how to refund the duties on outgoing merchandise?

**Answer:**

1. *Customs duty paid on raw materials used in the manufacture of articles intended for export is refundable following exportation of the finished products according to the standards for the raw materials in the quantity required for normal production, unless the duty refund for the particular item has been cancelled by the MOF by public notice.*
2. *Manufacturers may, within one year and six months from the date following the day on which*

*the raw materials were released for importation, apply to Customs with the relevant export documents for duty refund or to offset the accounts for export products manufactured from imported raw materials.*

3. *For the purposes of improving the service quality and administrative effectiveness, Customs has implemented the system on Electronic Processing of the Offsetting or Refund of Duties and Taxes on Raw Materials for Export Products, which was officially launched in September 2012.*

**China N°15:** Could Chinese Taipei explain the measures of indirect tax incentives for enterprises operating export processing and those in the free trade zones (FTZs)?

**Answer:**

1. *Tax incentives for enterprises in export processing zones (EPZs) are regulated in Articles 13 and 14 of the Statute for the Establishment and Administration of Export Processing Zone. The tax incentives include: exemption from import tax, commodity tax and business tax on machinery and equipment, raw materials, fuel, supplies, semi-finished goods, samples, animals and plants for experimental use, and finished items needed for trade, warehousing or transshipment.*
2. *According to Article 29 of the Act for the Establishment and Management of FTZs, overseas profit-seeking enterprises may engage in the storage, delivery or simple processing in FTZs and sell the products out of the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu, or delegate them to FTZ enterprises, and shall be exempted from business income tax.*

**China N°16:** In order to assist manufacturers in expanding exports, what were the export finance, guarantees and credit insurance at preferential terms implemented by Chinese Taipei? What is the legal basis?

**Answer:**

*The preferential terms are as follows:*

1. *Eximbank provides some export credit incentives for our enterprises, such as offering grace periods and extending tenor. It carefully evaluates each case based on independent credit status, financial position, industrial ranking, previous contribution, guarantee, etc. Preferential terms apply to eligible cases.*
2. *Eximbank provides various export credit insurance services. The preferential terms are considered case by case once credit limits are approved through underwriting.*
3. *The legal basis of the above-mentioned operations is under the act establishing the Eximbank.*

**SUMMARY**

**Page 12, para 20**

"A wide range of general and sector-specific incentives (both fiscal and non-fiscal) are available to businesses."

**China N°17:** Could Chinese Taipei specify the general and sector-specific incentives (both fiscal and non-fiscal) available to businesses?

**Answer:**

*We provide several incentives to businesses, such as loans for small and medium-sized enterprises (SMEs) and private enterprises, duty and tax exemptions for high-technology industries, funds granted for promoting development of industrial technology, etc.*

*For detailed information, please refer to the 2017 new and full notification of subsidies (G/SCM/N/315/TPKM) submitted by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

**4. TRADE POLICIES BY SECTOR**

**4.1 Agriculture**

**4.1.1.1 Characteristics and policy objectives**

**Page 100, para 4.6**

"According to the authorities, the overall aim is to actively create a multi-functional agricultural sector, rather than merely providing subsidies, as in the past."

**China N°18:** Please elaborate the information on multi-functional agricultural sector.



**Answer:**

1. The multifunctional characteristics of agriculture were recognized at the Meeting of the Committee for Agriculture (COA) at Ministerial Level of OECD in 1998. Agricultural multifunctionality was defined as follows: "Beyond its primary function of supplying food and fiber, agricultural activity can also shape the landscape, provide environmental benefits such as land conservation, the sustainable control of renewable natural resources and the preservation of bio-diversity, and contribute to the socio-economic viability of many rural areas." Two key elements of agricultural multifunctionality are: (i) the existence of multiple commodity and non-commodity outputs that are jointly produced by agriculture; and (ii) the fact that some of the non-commodity outputs exhibit the characteristics of externalities or public goods, with the result that markets for these goods do not exist or function poorly. (OECD, 2001)
2. The multi-functional agricultural sector include: (i) supporting services, e.g., ecosystem services, soil formation, nutrient cycling; (ii) provisioning services, e.g., the production of food, fuel, and fibre; (iii) regulating services e.g., climate regulation, flood mitigation; and (iv) cultural services, e.g., the preservation of cultural heritage. Agriculture contributes to rural wealth not only through the production of commodities, but also through the delivery of non-tradable goods. This contribution can be made directly through increased property value or economic benefits in the tourism sector, or indirectly through conservation of rural heritage or agri-ecological systems.

**4. TRADE POLICIES BY SECTOR****4.1 Agriculture****4.1.1.1 Characteristics and policy objectives****Page 99, para 4.5**

"The key impediments to the productivity and competitiveness of the agricultural sector in Chinese Taipei remain the fragmented nature of agricultural holdings and demographic trends (the average age of farmers is 63.5 years). "

**China N°19:** Does Chinese Taipei have relevant policies to overcome the problems caused by the fragmented nature of agricultural holdings and the aging of population? How effective are they?

**Answer:**

1. We have implemented the "Small Landowner and Large Professional Farmer" project and established specialized agricultural production areas, with the aim of promoting centralized and large-scale agricultural land operations, and solving problems caused by the fragmented nature of agricultural holdings.
2. To cope with the problem of aging farmers, the COA continues to promote guidance through the "Hundred Young Farmers" platform. We have selected a total of 467 young farmers over four years. Aside from providing each young farmer with case-by-case companion-style guidance in production technology and techniques and operational management, we also provide them with the necessary equipment and marketing assistance. In addition, the COA has assisted the establishment of 16 service platforms at the city and county level for exchanges among local young farmers. As of 2017, a total of 3,518 young farmers had joined the platform, resulting in more collective cooperation and the sharing of production and marketing experiences.

**4. TRADE POLICIES BY SECTOR****4.1 Agriculture****4.1.1.4 Domestic support measures****4.1.1.5.1 Notified support levels****Page 104, para 4.24**

"The current total Aggregate Measurement of Support (AMS) reached NT\$8 billion in 2012, up from NT\$7.2 billion in 2011; and NT\$3.9 billion in 2010 and 2009 respectively."

**China N°20:** What was the reason for the continuous increase in total Aggregate Measurement of Support (AMS)?

**Answer:**

The total Aggregate Measurement of Support increased in 2011 and 2012 because of the support for rice. Nevertheless, it's still consistent with our total AMS commitments.

**4. TRADE POLICIES BY SECTOR****4.1 Agriculture****4.1.1.5 Domestic support measures****4.1.1.5.2.1 Notified support levels****Page 105, para 4.31**Page 105, Para 4.31

"From May 2008, the COA had subsidized the price increases of chemical fertilizers, with farmers paying the pre-May 2008 price plus 15% of the price increase.<sup>24</sup> The subsidy was granted based on the actual usage of fertilizer, with no limit on the amount of subsidy per farmer. This subsidy scheme was terminated in July 2017."

**China N°21:** How was the chemical fertilizer subsidy program implemented and how well did it work? For example, how much was the average subsidy for each peasant from May 2008 to July 2017 when it was terminated?

**Answer:**

1. *The price difference subsidy on chemical fertilizer has successfully balanced supply and demand, and stabilized the price of fertilizers, which has led to stability of agricultural production.*
2. *The price difference subsidy on chemical fertilizer is NTD 39,000 (about USD 1,300) on average per farmer.*

**China N°22:** Will the encouragement on the use of chemical fertilizers have a negative impact on the environment?

**Answer:**

1. *We implemented a policy subsidizing the price difference of chemical fertilizers with the sole aim of balancing supply and demand and stabilizing prices; thus no specific incentive was provided for using chemical fertilizers.*
2. *We have been promoting reasonable use of fertilizers, through methods such as soil testing, technology introduction, and counselling, in order to guide farmers to engage in eco-friendly farming. In addition, farmers are advised to use organic fertilizers, bio-fertilizers, and soil-improvement materials, and to reduce the use of chemical fertilizers.*

## 5 USA

### WT/TPR/S/377 – WTO Secretariat Report

## 2 TRADE AND INVESTMENT REGIME

### 2.3 Trade Agreements and Arrangements

#### 2.3.2 Regional and preferential agreements

##### 2.3.2.1 Regional trade agreements (RTAs)

**Page 34, paragraph 2.26:** The Secretariat's Report states that Chinese Taipei has a regional trade agreement (RTA) in force with China, among others. However, the RTA with China, known as the Cross-Straits Economic Cooperation Framework Agreement (ECFA), has not been notified to the WTO Committee on Regional Trade Agreements and that the "authorities indicated that the RTA with China will be notified to the WTO once the follow-up agreements have been concluded."

**Question 1:** Please provide an update on the status of follow-up agreements associated with the ECFA and a timeline for notification of the ECFA to the WTO Committee on Regional Trade Agreements.

**Answer:**

1. *The Cross-Straits Economic Cooperation Framework Agreement (ECFA) was signed in 2010. Regarding follow-up agreements, the Cross-strait Investment Protection and Promotion Agreement was signed in August 2012 and entered into force in February 2013. The draft trade-in-services agreement was concluded and signed in June 2013, yet ratification is pending in our legislature. Negotiations on the trade-in-goods and dispute settlement agreements have not yet been concluded.*
2. *As ECFA is only a framework agreement, we have already made an early announcement based on the consensus between the signatories. We will notify the WTO accordingly after concluding the follow-up agreements.*

## 3 TRADE POLICIES AND PRACTICES BY MEASURE

### 3.1.1 Customs procedures, valuation, and requirements

#### 3.1.1.1 Customs procedures

**Page 43, paragraph 3.11:** The Secretariat's Report states that Chinese Taipei lowered the de minimis amount for custom duties and tax exemptions from shipments valued at NT\$3,000 to NT\$2,000. The Report also notes "this regulation is not applicable to frequently imported or special goods prescribed by the MOF." Furthermore, we understand that Chinese Taipei also made amendments to limit the times an importer can claim de minimis during a six-month period so that some importers will have to pay duties and taxes on an imported shipment even if below the value of the shipment is below the de minimis threshold.

**Question 2:** What is the rationale for these amendments? How were these amendments notified for comment and how were stakeholders consulted in the process?

**Answer:**

1. *Before 1 January 2018, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu did not impose tariffs or value-added tax (VAT) on online buyers of imported goods with a value below NT\$ 3,000. In contrast, buyers of online domestic goods are subject to VAT regardless of the value. The different treatment is unreasonable and unfair to domestic online businesses. Also, with the rapid growth of cross-border e-commerce trade, the number of low-value and small shipments has been increasing along with the number of e-commerce shipments. This has caused a growing concern on loss of tax revenue.*
- In addition, the new regulations are meant to prevent a small group of importers from long-term tax evasion and unfair import advantages that are impacting legal import traders. Specifically, the particular group of importers often reassembles large packages into smaller packages to lower the product value, and constantly import the resized packages into the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*
- To level the playing field for domestic and international online businesses, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu introduced "the Principle to Determine Frequent Importation under paragraph 2 of Article 49 of the Customs Act" and amended "the de minimis*

amount under paragraph 2 of Article 49 of the Customs Act" on July 1, 2017 and January 1, 2018 respectively.

2. Prior to implementing these two regulations, the Ministry of Finance issued the notices of the draft amendments on its website and the government gazette. The Customs Administration held more than ten meetings with interested trade associations, industries, and the public.

### **3.1.6 Anti-dumping, Countervailing, and Safeguard Measures**

#### **3.1.6.1 Anti-dumping and countervailing**

**Page 54, paragraph 3.44:** The Secretariat's Report mentions a number of changes that were made in 2016 to the legislative framework that covers anti-dumping and countervailing duty measures.

**Question 3:** Please advise as to when those changes will be notified to the appropriate WTO committees for review by Members.

**Answer:**

*The changes were notified to the WTO Committee on Anti-dumping Practices and Committee on Subsidies and Countervailing Measures and the notification has been circulated on 24 August 2018 (G/ADP/N/1/TPKM/1/Suppl.2 G/SCM/N/1/TPKM/1/Suppl.2).*

### **3.2.5 Export finance, insurance, and guarantees**

**Page 59, paragraph 3.66:** The Secretariat's Report states the publicly owned Export-Import Bank provides export credit, insurance, re-lending, and other kinds of export financing facilities.

**Question 4:** Please explain if any of these export financing programs cover agricultural products.

**Answer:**

*The export financing and export credit insurance programs of the Eximbank cover agricultural products.*

### **3.3.2 Standards and other technical requirements**

**Pages 67-68, Paragraph 3.93:** The Secretariat notes that "there are concerns in areas where the pace of adoption of international standards remains slow." This includes automotive and food safety standards. Chinese Taipei states that its vehicle safety regulation was harmonized with UNECE regulation, and that it accepts testing reports from the EU, Japan and Korea.

**Question 5:** Does Chinese Taipei accept automotive testing reports from any other foreign market besides the EU, Japan and Korea, or is double testing required from markets other than these three? Please explain the rationale for these requirements.

**Answer:**

1. *According to the Vehicle Safety Type Approval Management Regulations, the Ministry of Transportation and Communications (MoTC) accepts safety inspection and testing reports issued by both domestic and foreign institutions accredited by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. With respect with the accreditation of technical services, please refer to Articles 18, 19, 20, 21, 22 and 23 of the Vehicle Safety Type Approval Management Regulations.*
2. *At present, there are in total 53 technical services and 149 witness laboratories around the world accredited by our government for safety inspection and testing of vehicles or its devices. These facilities are located in, inter alia, the U.S., the EU, Japan, Korea, India, Thailand, and Australia. Autos and auto parts with testing reports issued by the accredited technical services are not required to carry out testing again in the Separate Customs of Taiwan, Penghu, Kinmen and Matsu.*

**Page 68, paragraph 3.99:** The Secretariat's Report notes that Chinese Taipei has begun gradually improving its drug-approval system in response to concerns regarding the lengthy process, including plans to "revise the legal status of the Centre for Drug Evaluation (CDE)" and to reduce "the number of stages in the drug-approval process from three to two." According to the Report, the average review time for new drug approval was 295 days in 2017, and reimbursement takes on average 417 days. Furthermore, 50% of approved applications were denied reimbursement. The Report also notes that despite having low reimbursement prices, Chinese Taipei still lags behind other economies in terms of "access to innovative and valuable treatments."

**Question 6:** Please provide an update on efforts to revise the legal status of the CDE. What will the implications be for improving the drug-approval process?

**Answer:**

*The proposed amendments regarding the legal status of the CDE is currently undergoing the legislative process. In the meantime, the TFDA and CDE are working on improving the efficiency of the review process to facilitate medicinal products development and marketing approval. For example, in 2017, TFDA launched the Refusal to File (RTF) mechanism to facilitate the review process by reducing unnecessary reviews and incomplete applications. The statistical data showed that the median approval time of NCE/biological products was 295 days. This is a significant reduction, as the review time has been shortened by 66 days in comparison with the previous year.*

**Question 7:** What additional steps does Chinese Taipei envision for making the lengthy drug-approval process more efficient and streamlined?

**Answer:**

*In order to improve patient access, accelerate review and approval of new drugs, referring to the management systems of medicinally advanced nations, the TFDA has establish a multi-disciplinary review process, which includes streamlined review procedures, priority review mechanisms and accelerated approval mechanisms. The review time can be shortened from the standard 360 days to within 180 days.*

**Question 8:** What steps is Chinese Taipei taking toward decreasing delays for approvals of reimbursement of new drugs?

**Answer:**

- 1. In response to the needs of manufacturers, the Food and Drug Administration has established a mechanism for issuing new drug approval letters for manufacturers to obtain health insurance payment before obtaining a new drug license.*
- 2. New drug pricing review decisions are made by the PBRS Joint Meeting, which is composed of stakeholders including government officials, scholars, experts, beneficiaries, employers, healthcare providers, etc. While the whole pricing process is completely transparent and with public participation, it is inevitable that discussions may take longer in a democratic and open mechanism. The 417 days mentioned in the report is from unofficial data and is calculated based on the duration between the first time a drug supplier submitted dossiers and the date of listing, without considering that a drug supplier may disagree with the pricing result and resubmit the application. Therefore, there are differences in calculation basis. According to NHIA's data, recently, the new drug pricing process on average takes 9.7 months. Even though multiple participants in the pricing review process may more or less influence the duration of pricing procedures, the duration of NHIA's pricing procedures still remains quite reasonable.*
- 3. Recently, discussions on pricing review of some expensive but potentially valuable new drugs have had difficulty reaching consensus in the PBRS Joint Meeting and therefore the pricing process has been prolonged. This is due largely to huge budget impact, lack of evidence supporting cost-effectiveness under the fast-track drug approval process, or the requirement for additional HTA analysis. To increase the accessibility of potentially valuable new drugs to patients, and to cope with uncertainties in the efficacy of new drugs and to control their budget impact, the NHIA has been working on adopting Managed Entry Agreements (MEAs) under our health insurance system. We've worked out a draft amendment to the reimbursement schedule, which has been discussed in the PBRS joint meeting and approved by the Ministry of Health and Welfare (MoHW). A public notice on the draft was issued on 2 July 2018 to solicit comments from the public.*

**Question 9:** What steps is Chinese Taipei taking to improve patients' access to innovative and valuable treatments?

**Answer:**

- 1. In order to improve the patient access, accelerate review and approval of new drugs, referring to the management systems of medicinally advanced nations, the TFDA has establish a multi-disciplinary review process, which includes streamlined review procedures, priority review mechanisms and accelerated approval mechanisms. The review time can be shortened from the standard 360 days to within 180 days.*

2. *In order to increase the accessibility of potentially valuable new drugs to patients, and to cope with uncertainties in the efficacy of new drugs and to control their budget impact, the NHIA has been working on adopting Managed Entry Agreements (MEAs) under our health insurance system. We've worked out a draft amendment to the reimbursement schedule, which has been discussed in the PBRS joint meeting and approved by the Ministry of Health and Welfare (MoHW). A public notice on the draft was issued on 2 July 2018 to solicit comments from the public.*
3. *In order to encourage research and development of innovative drugs with better benefits, we provide up to 15% mark-up for a new drug with better therapeutic effects, improved safety, better convenience, favorable dosage forms, and children's medications.*
4. *In order to encourage choosing the Separate Customs of Taiwan, Penghu, Kinmen and Matsu as the first market to launch new products, a new drug that demonstrates significant clinical value and is first introduced in the Separate Customs of Taiwan, Penghu, Kinmen and Matsu among the world, is priced according to its actual transaction price, cost calculation method or the listing prices of A-10 countries of the new drug and its comparators.*

**Page 70, paragraph 3.100:** The Secretariat's Report notes that the December 2015 amendments to the School Health Act banned genetically modified (GM) ingredients. Not only was the ban unsupported by scientific evidence, but the Report also notes the ban contradicted MOHW's GM food approval list. Furthermore, although the amendments have already been approved by the LY, Chinese Taipei has not yet notified the amendments to the WTO Committee on Sanitary and Phytosanitary Measures (SPS Committee).

**Question 10:** When will Chinese Taipei notify the amendments to the School Health Act to the WTO SPS Committee?

**Answer:**

*We will issue relevant notification to the WTO as soon as possible.*

**Page 70, paragraph 3.102:** The Secretariat's Report notes that the Toxic Chemical Substances Control Act (TCSCA) and Occupational Safety and Health Act (OSH Act) went into force on 14 December 2014 and 1 January 2015 respectively.

**Question 11:** When does the Environmental Protection Agency (EPAT) plan to issue the lists of chemicals for registration?

**Answer:**

*The Regulation of Registration of Existing and New Chemical Substances is currently in the process of amendment, in order to specify the first batch of designated existing substances requiring standard registration according to the TCSCA.*

*There are 106 prior designated substances proposed in this batch. The list is expected to be officially announced by the end of 2018. Upon the announcement, a transitional period for compliance will be granted before full implementation.*

### **3.3.3 Sanitary and phytosanitary measures**

#### **3.3.3.1 Food standards-setting framework**

**Page 72, paragraph 3.109:** The Secretariat's Report states that "during the review period, the FDA continued to amend food-related laws and regulations to comply with international standards" including amendments to food regulatory standards and reviewing mechanisms, food source management, risk management systems, among others.

**Question 12:** When will Chinese Taipei notify these amendments to the WTO for comment by members?

**Answer:**

*We notified the WTO Secretariat of our SPS measure, and provided a reasonable time for other Members to make comments. Between 1 January 2014 and 31 January 2018, we applied the 60-day comment period for in total 115 regular notifications, and these data were made available on the SPS website.*

**Page 72, paragraph 3.114:** The Secretariat's Report states that "MOHW remains responsible for setting and promulgating maximum residue limits (MRLs); the Codex standards are not

automatically adopted." In 2007, Chinese Taipei notified that it would adopt Ractopamine MRLs for the full range of beef and pork products. Chinese Taipei also stated that "the draft Codex MRLs for ractopamine, for which completion is imminent, is one of the important references for establishing this standard." Yet, even after the Codex Alimentarius adopted the draft MRLs in 2012, Chinese Taipei still only maintains an MRL for beef muscle cuts.

**Question 13:** Has Chinese Taipei obtained new scientific evidence that conflict with the reports of the WHO/FAO Joint Expert Committee on Food Additives since its notification that it would adopt MRLs for Ractopamine for a full range of beef and pork products on August 16, 2007 to support maintaining an MRL on only beef muscle tissue? If so, can Chinese Taipei explain what this new scientific evidence is? If not, can Chinese Taipei explain why the MRLs have not been adopted?

**Answer:**

1. *Ractopamine-free pork can be imported into the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Currently, the U.S. is the fifth largest importer of pork in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, after Canada, Spain, Denmark and the Netherlands.*
2. *Regarding ractopamine MRLs on pork, we have to take into consideration the dietary patterns and total dietary intake of consumers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and ensure the food safety for the people. We will carefully review all opinions expressed during the domestic consultations and the relevant international standards when formulating relevant policies.*

**Question 14:** When will Chinese Taipei issue the MRLs for pork and beef?

**Answer:**

*Please see our response to question 13.*

**Page 73, paragraph 3.114:** The Secretariat's Report states "Chinese Taipei's slow process for establishing MRLs for pesticides, low number of approved MRLs, and zero tolerance policy for pesticides without established MRLs have resulted in incoming agricultural shipments being stopped at the ports of entry and other restrictions.." The Report states that the process of evaluating the pesticide MRLs of incoming crops is subject to the same principles as those for local crops.

**Question 15:** Please elaborate on any plans to improve the process for establishing MRLs for pesticides to avoid unnecessary delays.

**Answer:**

*We are establishing an online inquiry system for applications for pesticide MRLs on import crops. The system is expected to launch by the end of this year, after which applicants will be able to track the progress of the application online.*

**Question 16:** Please confirm whether efficacy data and crop grouping requirements are the same for incoming crops as local crops.

**Answer:**

*The process of evaluating the pesticide MRLs of incoming crops is subject to the same principles as those for local crops.*

### 3.3.3.2 Quarantine regulations

**Page 75, paragraph 3.122:** The Secretariat's Report states "at present, Chinese Taipei bans the entry of animals and animal products from territories infected with foot-and-mouth disease, rinderpest, contagious bovine pleuropneumonia and African Swine Fever."

**Question 17:** Noting the World Organization for Animal Health (OIE)'s Terrestrial Code, which for instance allows for importation of animals and animal products from territories where FMD exists under certain conditions, please explain how Chinese Taipei has taken such international standards into consideration when establishing its restrictions on imports from countries with animal disease.

**Answer:**

*The Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) has established the quarantine requirements, based on international standards, for processed products containing meat, dog and cat food imported from FMD-infected countries.*

**Page 76, paragraph 3.123:** The Secretariat's report states "the quarantine fees charged for incoming animals and plants are based on the c.i.f. value for imports."

**Question 18:** Please explain how charging quarantine fees based on the value of imports is consistent with Paragraph 1(f) in Annex C of the WTO SPS Agreement.

**Answer:**

*The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is currently conducting analysis on the cost of service in accordance with relevant regulations. Adjustment of the fees and amendment of the relevant regulations will be done in accordance with the WTO Agreements.*

**3.3.3.3 Transparency**

**Page 76, paragraph 3.124:** The Secretariat's report notes Chinese Taipei's record of notifications to the WTO Committee on Sanitary and Phytosanitary (SPS) Measures.

**Question 19:** Please describe what steps Chinese Taipei has taken since the last TPR to ensure that its Department of Health and Welfare, Food and Drug Administration, Bureau of Animal and Plant Health Inspection and Quarantine, and the Ministry of Finance are ensuring that Chinese Taipei's SPS measures will be notified to the WTO at the draft stage and that sufficient time will be given to submit comments and for those comments to be taken into consideration before adoption.

**Answer:**

*To ensure openness and transparency, effective 1 October 2016, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu requires administrative agencies to notify all draft laws and regulations on the Official Gazette Online and to provide a minimum of 60 days for comments. In addition, effective 1 January 2017, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu further requires that all drafts be made public on the Join Platform-TALK, the official notification platform.*

*When submitting draft laws and regulations to the Administration for review, administrative agencies are required to clarify whether the minimum 60-day comment period was provided after the proposed laws were announced on the Join Platform-TALK.*

*Additionally, the NDC is required to supervise agencies' fulfillment of publication requirements and submit an annual evaluation report to the Administration for review. Those agencies with poor compliance levels will be requested to make further improvements.*

**Question 20:** Additionally, what steps has Chinese Taipei taken to ensure that it will provide draft text when SPS measures are notified to the WTO SPS Committee?

**Answer:**

*The draft text is always provided and attached when SPS measures are notified to the WTO SPS Committee.*

**Question 21:** And what steps has Chinese Taipei taken since the last TPR to ensure English translations of its measures when they are notified to the WTO.

**Answer:**

*We provide a translation of a summary of SPS measures in English when submitting notifications to the WTO SPS Committee. The draft English text is provided and attached when possible.*

**3.3.4.1 Competition Policy**

**Page 77, paragraph 3.126:** During the review period, the Fair Trade Act (FTA) was amended three times (4 February 2015, 24 June 2015 and 14 June 2017). Its February 2015 amendments, covering 70% of its provisions, were considered the widest in range, the largest in scale and the most influential legal reforms since its entry into force.



**Question 22:** Do the recent amendments to the competition law include additional rights for respondents such as the opportunity to review and rebut evidence? If so, please describe these additional rights.

**Answer:**

*Additional rights for respondents such as the opportunity to review and rebut evidence are not included in the recent amendments to the competition law.*

**3.3.5 State trading, state-owned enterprises, and privatization**

**Page 81, table 3.8:** According to table 3.8 in the Secretariat's Report, a number of state-owned entities are temporarily not being privatized.

**Question 23:** What is the status of the privatization of such state-owned entities and when will privatization activity resume?

**Answer:**

1. *Privatization plans for the CPC Corporation, Taiwan, Taiwan Power Co., Taiwan Sugar Corp. and Taiwan Water Supply Corp. are as follows :*
  - (1) *CPC Corporation, Taiwan (CPC): The privatization plan is pending conclusion of a relevant legislation.*
  - (2) *Taiwan Power Co. (TPC): According to the Electricity Act, the TPC will be divided into an enterprise electricity generation and an enterprise for electricity transmission and distribution. We will review the privatization plan of the TPC after it begins the process of separation of electricity generation and electricity transmission and distribution.*
  - (3) *Taiwan Sugar Corp. (TSC): The privatization is now under review.*
  - (4) *Taiwan Water Corp. (TWC): Certain tasks of the TWC, such as collecting water fees, recording water meters, operating water purification stations, are being contracted to the private sector. There is no plan to privatize the TWSC.*
2. *State-owned financial enterprises are in charge of maintaining the stability of the domestic financial market. The Taoyuan International Airport Corporation, Taiwan International Ports Corporation, and Chunghwa Telecom are crucial to the people's livelihood and public interest. Therefore, there are no privatization plans for these enterprises. With regard to the Taiwan Tobacco and Liquor Corporation (TTLC), the prerequisite for releasing shares is to reach a consensus between the TTLC and its employees. Because there is no such consensus at the moment, there is neither a timetable nor a specific plan for releasing shares of the TTLC.*

**Page 81, paragraph 3.138:** The Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994 (Understanding) provides a working definition of state trading enterprise. The Secretariat's Report states that Chinese Taipei believes that an entity need not be notified as a state trading enterprise under paragraph 3 of the Understanding "[u]pon the loss of its statutory monopoly rights or other special rights, and/or reductions of the number of shares held by the public sector" because the entity is considered to be privatized at this stage under Chinese Taipei's law.

**Question 24:** Please identify the entities where the share ownership by the government is below 50%, but the company continues to maintain its statutory rights or other special rights. Also, please explain the rationale behind the non-notification of those entities given the working definition.

**Answer:**

*There are no such entities.*

**3.3 Measures Affecting Production and Trade**

**3.3.6 Government Procurement**

**Page 85, Paragraph 3.151:** The Secretariat's Report notes that Chinese Taipei maintains a yearly target percentage (YTP) of the value of procurement awarded or subcontracted to small and medium enterprises (SMEs). The Report also notes that the YTP was set at 40% in 2010 and has remained at 40%, but that in 2017, the value of contracts awarded or subcontracted to SMEs was 64% of total procurement (above NT\$100,000).

**Question 25:** Please explain whether the value of contracts awarded or subcontracted to SMEs include contracts where an SME was chosen as a supplier or estimated as a subcontractor, even if the contract awarded was covered by the WTO Agreement on Government Procurement (GPA).

**Answer:**

*The value of contracts awarded or subcontracted to SMEs was estimated with all government procurement taken into account regardless of whether such procurement was covered by the WTO Agreement on Government Procurement (GPA).*

**Question 26:** Can Chinese Taipei elaborate on the upward trend in SME procurement?

**Answer:**

*The ratio of the value of contracts awarded or subcontracted to SMEs (2014-2017) is shown in the table below, which is slightly different every year during the review period. We do not see an upward trend.*

	2014	2015	2016	2017
Yearly percentage of the value of contracts awarded or subcontracted to SMEs	64.36%	68.68%	64.55%	64.23%

**Page 85, Paragraph 3.152:** The Secretariat notes that procuring entities in Chinese Taipei are encouraged but not required to give priority to environmentally-friendly goods, including through a price preference of no more than 10% for the procurement of relevant certified goods.

**Question 27:** Please explain whether the price preference is only applied in government procurements not covered by the GPA.

**Answer:**

*Under Article 9 of the Regulations for Priority Procurement of Eco-Products, the regulations shall not apply to procurement conducted in accordance with a treaty or agreement to which this nation is a party. Therefore, the price preference is not applicable in government procurement covered by the GPA.*

**Question 28:** Please provide statistics, such as the number of procurements or their value, on the use of the price preference for relevant certified goods.

**Answer:**

*There are no statistics on the number of procurements or their value, on the use of the price preference for relevant certified goods.*

### 3.3.7 Intellectual property rights

#### 3.3.7.1.3 Geographical indications

**Page 91, paragraph 3.166:** In the report it is stated that third-parties are prohibited from applying for GIs as registrations as trademarks and that trademark applications have been rejected due to similarity with existing geographical indications.

**Question 29:** Are applications to register geographical indications rejected due to similarity and likelihood of confusion with prior-in-time marks on the trademark register and applications to register marks?

**Answer:**

- 1. Geographical indications (GIs) may be registered as geographical certification marks or geographical collective trademarks (hereinafter "Geographical Marks") in our territory.*
- 2. According to Article 94 of the Trademark Act, the grounds for refusal of trademark registration provided for in subparagraph 10, paragraph 1 of Article 30 of the Trademark Act shall apply mutatis mutandis to Geographical Marks. Therefore, applications to register GIs as Geographical Marks will be rejected due to similarity and likelihood of confusion with prior registered or applied-for trademarks/certification marks.*

**Question 30:** For registration applications, does TIPO perform a likelihood of confusion analysis comparing the proposed GIs against registered and applied-for marks?

**Answer:**

TIPO will conduct a likelihood of confusion analysis between the GIs applied for Geographical Mark registrations and prior registered and applied-for trademark/Geographical Marks. For more information, please visit TIPO's website (<https://www.tipo.gov.tw/ct.asp?xItem=175681&ctNode=6822&mp=2>) to access the Examination Guidelines on Likelihood of Confusion.

**Question 31:** Are prior trademark rights available as grounds for opposition of a GI?

**Answer:**

As mentioned above, the applications applied to register GIs as Geographical Marks will be rejected because there exists a likelihood of confusion with prior registered or applied-for trademarks/certification marks. The above scenario may be used as the ground for opposition of a Geographical Mark registration.

**Question 32:** Similarly, can a GI or a portion of a compound GI be opposed as consisting of a generic term?

**Answer:**

1. According to subparagraphs 1 and 2 of Article 94 of the Trademark Act, applying paragraph 1 of Article 29 mutatis mutandis to Geographical Marks, a Geographical Mark shall not be registered if it consists exclusively of a description of the designated goods or services or if it consists exclusively of the generic term for the designated goods or services. The above scenario may be used as the grounds for opposition of a registered Geographical Mark.
2. If a GI is registered as a Geographical Mark and a part of it is known by consumers as the generic term of its designated goods, and the part therefore loses its function of identifying the specific geographic origin of the goods, such GI as a whole may be registered. However, the part (i.e., generic term) of the GI shall not be protected nor used independently to claim rights.

**Page 91, paragraph 3.166:** Paragraph 3.166 states that trademark applications were rejected for being "similar to overseas GIs for wines and spirits."

**Question 33:** Please provide a definition for "overseas GIs for wines and spirits."

**Answer:**

The wording "overseas GIs for wines and spirits" refers to the GIs protected in a foreign country that has reciprocal recognition with us, or has acceded to an international treaty to which we have also acceded, regarding the protection of geographical indications for wines and spirits, according to subparagraph 9, paragraph 1, Article 30 of the Trademark Act. "Overseas GIs for wines and spirits" are not limited to GIs having been registered with TIPO as Geographical Marks.

**Question 34:** Are "overseas GIs for wines and spirits" protected as GIs in Chinese Taipei, or are they only protected in their country of origin and not Chinese Taipei? Please provide an explanation.

**Answer:**

1. As mentioned above, a third party may be excluded from registering a trademark or a certification mark that is identical or similar to the "overseas GIs for wines and spirits" if the conditions prescribed in subparagraph 9, paragraph 1 of Article 30 of the Trademark Act are met.
2. In addition, the said "overseas GIs for wines and spirits" may be registered with TIPO and protected in our territory as Geographical Marks. For instance, the Napa Valley Vintners Association has registered NAPA VALLEY as a geographical certification mark (registration number: 01603589) with TIPO. The proprietor of this mark may not only exclude a third party from registering a trademark or certification mark that could cause confusion but may also file civil and criminal complaints if there is a violation of its certification rights.

### 3.3.7.2 Copyright and related rights

**Page 92, paragraph 3.172:**

**Question 35:** Please provide the "other works" for which protection requires first publishing in Chinese Taipei or publishing "in Chinese Taipei no more than 30 days after first publication in a territory that provides reciprocal protection".

**Answer:**

According to Article 4 of the Copyright Act, works of foreign rights holders that comply with one of the following conditions will be able to enjoy copyright protection under the Act:

1. When there is a treaty/agreement ratified. For example, as a member of the WTO and a signatory to the WTO Agreement on TRIPS, we protect the copyright of works created by nationals of all WTO members.
2. When the principle of first publication applies. Works that are first published in our territory, or are published in our territory within 30 days after their first publication elsewhere outside our territory, will be protected by the Copyright Act, provided that the home country of the foreign national extends protection under identical circumstances to works of our people, and that it has been verified that there are such protections in place.
3. When the principle of reciprocity applies. In countries where, by a treaty or agreement, or according to domestic acts, regulations, or standard practices of the home country of the foreign national, works of our people enjoy copyright protection, protection will be also granted to works of the foreign national of such country.

**Page 93, paragraph 3.174:** The Secretariat's report states that "in October 2017, a draft amendment to the Copyright Act comprising 145 articles expected to change 80% of the current provisions was approved and sent to the legislative branch for inspection and formal amendment through three successive readings where it remain as of April 2018."

**Question 36:** Please provide an update on the current status of the copyright law amendments, including an estimate of the date when the revision is expected to be completed.

**Answer:**

The draft amendments to the Copyright Act are currently undergoing the legislative process. The draft amendments were submitted to the legislature in October 2017. The legislature completed their first reading in November of the same year and the amendments have been send to the Economics Committee of the legislature for further review. Now the legislative progress is controlled by the legislature and we therefore cannot comment on timing at this stage..

**Page 93, paragraph 3.176:** The Secretariat report states that "stream ripping is a technology that enables users to decode or disrupt streaming platforms to facilitate (illegal) download; any person committing the above act is liable for violating the provisions of Article 80 or Subparagraph 7, Paragraph 1 of Article 87 of the Copyright Act."

**Question 37:** Please confirm that Article 80 in the above sentence is the correct citation. According to Chinese Taipei's 2016 Copyright Act, Article 80 provides that "The provisions of Article 42 and Article 43 concerning the extinguishment of economic rights, and the provisions of Articles 44 through 48, Article 49, Article 51, Article 52, Article 54, Article 64, and Article 65 concerning limitations on economic rights, shall apply mutatis mutandis to plate rights." If Article 80 is incorrect, please provide the correct citation.

**Answer:**

1. The citation of Article 80 in the paragraph is indeed incorrect in the Secretariat Report. The correct information should be: any person who uses stream ripping to decode or disrupt streaming platforms will be found liable for violating the provisions of Article 80-2 of the Copyright Act.
2. Paragraphs 1 and 2 of Article 80-2 of the Copyright Act read as follows:
  - (1) Technological protection measures employed by copyright owners to prohibit or restrict others from accessing works shall not, without legal authorization, be disarmed, destroyed, or by any other means circumvented.
  - (2) Any equipment, device, component, technology or information for disarming, destroying, or circumventing technological protection measures shall not, without legal authorization, be manufactured, imported, offered to the public for use, or offered in services to the public.

**Page 93, paragraph 3.176 and note 277:** The Secretariat's report states that "To stem the infringing activities facilitated by non-hosted websites and websites offshore, in mid-2017 Chinese Taipei adopted 'Follow the Money' measures to block the advertising revenues of piracy sites." Note 277 elaborates that "TIPO facilitated the conclusion of a Memorandum of Understanding (MoU) on the Infringing Website List (IWL) between the invited rights holder groups and advertisers"

and further notes that "TIPO is to continue its intermediary role to facilitate the sound operation of the mechanism and encourage more advertisers to participate in the agreement."

**Question 38:** Please provide an update on the current status of the Infringing Website List (IWL), including achievements to date, as well as TIPO's most recent efforts to facilitate the operation of this mechanism.

**Answer:**

*With regard to the Infringing Website List (IWL), TIPO's recent efforts and achievements are as follows:*

1. *"Follow the money" measures: Under the coordination of TIPO, rights-holders and advertising groups have reached a voluntary agreement on Infringing Website List (IWL) in August 2017, which would discourage advertisers from placing ads on infringing websites, thereby disrupting the revenue flow of the infringers. As of today, the Taiwan Intellectual Property Alliance (TIPA), a rights-holder group, has sent six IWLs to the Taipei Association of Advertising Agencies (TAAA) and the Taiwan Advertisers' Association (TAA), based on the above-mentioned agreement. According to these rights-holders, no advertisements placed on infringing websites were found to be put there by members of the TAAA or the TAA.*
2. *To promote the "follow the money" measures, TIPO has sent official letters to government agencies at all levels as well as large-scale commercial and industrial associations in November and December 2017, requesting them to pay attention to this issue and to refrain from putting ads on infringing websites.*
3. *In addition, cooperation between rights-holders and Google has been put in motion. In May 2018, Google held workshops to inform rights-holders about its copyright protection policy and mechanism. Google also suggests these rights-holders to make good use of its mechanism. And in response, Google will take actions, such as notice and take down, demoting search results ranking, and termination of accounts, based on the amounts of copyright claims filed by rights-holders against infringing websites.*

**Pages 93-94, paragraph 3.176:** The Secretariat report states that "a draft amendment to the Copyright Act removes the minimum penalty of 6 months for some criminal liability provisions, thus giving a court of law more flexibility in determining sentences in lawsuits."

**Question 39:** Please specify which criminal liability provisions would be affected by the proposed amendment. In addition, please clarify that the proposed amendment is merely a proposal and has not been enacted into law.

**Answer:**

*The minimum penalty of 6 months imprisonment prescribed in some criminal liability provisions has been removed from Article 121 and moved to Article 122 of the proposed amendments, which would give the court the freedom to hand down different sentences in accordance with the severity of crimes in a more appropriate way. The draft amendments were submitted to the legislature in October 2017. The legislature completed the first reading in November of the same year and has sent the draft amendments to the Economics Committee of the legislature for further review.*

#### **4 TRADE POLICIES BY SECTOR**

##### **4.1.1 Agriculture**

##### **4.1.1.4 Trade measures**

##### **4.1.1.4.3 Special safeguard measures**

**Page 102, paragraph 4.18:** The Secretariat's Report notes that during Chinese Taipei's previous review, there had been a notable increase in price-based special safeguard measures (SSGs) since 2013 and that this tendency is also reflected in the current review period.

**Question 40:** Why have price-based SSGs been invoked with greater frequency, including during the current review period?

**Answer:**

*The price-based SSG have been invoked based on our WTO accession commitments and in accordance with WTO Agreement on Agriculture.*

#### 4.2.2 Energy

**Page 114-115, paragraph 4.77:** The Secretariat's Report notes "external concerns have been expressed that the ambitious target of ending nuclear power by 2025 may be an expensive and complicated option, particularly given limited operating energy reserves." Similar concerns have been expressed by industries that depend on a reliable and uninterrupted energy supply.

**Question 41:** How will authorities balance the target of ending nuclear power by 2025 with the current demands for reliable and uninterrupted energy supply?

**Answer:**

1. *In order to ensure the stability of energy supplies during the process of becoming a nuclear-free Member by 2025, we are promoting a comprehensive policy package of energy transformation that includes energy conservation, energy creation, energy storage and integration of smart systems. The operating reserve of electricity will be maintained at 10%.*
2. *In order to ensure a stable power supply, and completion of supporting energy facilities and carbon reduction, we will try our best to achieve a clean energy structure of 20% in renewable energy, 50% in low-carbon gas-fueled energy and 30% in coal-powered energy, so that we can diversify the allocation of energy resources for power generation and ensure the security of energy supply.*

<b>WT/TPR/G/377 – Government Report</b>
---

### 3 DEVELOPMENT OF TRADE AND INVESTMENT POLICIES

#### 3.7 Regulatory Reform and Liberalization

**Page 12, paragraph 3.19:** Chinese Taipei's Report states that regulatory reform has been a policy priority, and lists several examples including amendments to the Pharmaceutical Affairs Act and the ongoing work to revise the Copyright Act.

**Question 42:** Now that the amendments to the Pharmaceutical Affairs Act have passed, please provide a timeline for implementing regulations. When will implementing regulations be released for notice and comment?

**Answer:**

1. *The enforcement date of the patent linkage system has not yet determined.*
2. *The draft regulations are under development, and there is not yet a release date, and notice and comment has not started yet.*

**Question 43:** Please provide an update on the current status of the Copyright Law amendments, including an estimate of the date when the revision is expected to be completed. Also, what is the timeline for implementing regulations? When will implementing regulations be released for notice and comment?

**Answer:**

1. *The draft amendments to the Copyright Act were submitted for legislative review in October 2017. They passed first reading in November of the same year and have now been sent to Economics Committee for further review. When the draft amendments will pass and when they will come into effect will depend on the legislative review process.*
2. *As for the timeline for the implementing regulations, as the 2017 draft amendments are still under legislative review, the revision of relevant implementing regulations will only be possible after the draft amendments are passed by the legislature, as relevant adjustments to the implementing regulations might be needed in accordance with the content of the final amendments and comments collected from related industries.*

**Question 44:** One regulatory reform effort that is not mentioned in Chinese Taipei's Report is the current work on amending the Statute for Investment by Foreign Nationals. Please provide an update on the current status of the amendments, and any information on plans for future implementing regulations. When will implementing regulations be released for notice and comment?

**Answer:**

*We have conducted public hearings on the draft amendments to the Statute for Investment by Foreign Nationals. The draft amendments will go through the legislative process after public opinion review is completed.*

**Page 14, paragraph 3.20:** Chinese Taipei's Report states that as of 1 October 2016, "all proposals for new regulations or for revisions of existing regulations are subject to a mandatory 60-day public notice and comment period. However, government agencies are allowed to deviate from the 60-day rule in case of emergencies, when obviously unable to announce changes in advance, or when the regulation must be promulgated within a shorter time."

**Question 45:** Please explain how Chinese Taipei is ensuring various agencies are complying with this new notice and comment requirement. What are the consequences for agencies that do not comply with the requirement?

**Answer:**

1. *Launching a notification platform:*

*To ensure openness and transparency, effective 1 October 2016, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu requires administrative agencies to notify all draft laws and regulations on the Official Gazette Online and to provide a minimum of 60 days for comments. In addition, effective 1 January 2017, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu further requires that all drafts be made public on the Join Platform-TALK, the official notification platform.*

2. *Implementing a compliance management system:*

*(1) When submitting draft laws and regulations to the Administration for review, administrative agencies are required to clarify whether the minimum 60-day comment period was provided after the proposed laws were announced on the Join Platform-TALK.*

*(2) Additionally, the NDC is required to supervise agencies' fulfillment of publication requirements and submit an annual evaluation report to the Administration for review. Those agencies with poor compliance levels will be requested to make further improvements.*

**Question 46:** What are some examples of regulations that would qualify for an exemption of the 60-day rule ("unable to announce changes in advance, or when the regulation must be promulgated within a shorter time")?

**Answer:**

*The Administration Directive of 5 September 2016 ordered administrative agencies to provide a minimum 60-day notice for all draft laws and regulations, except in cases of emergency where advance notice is not possible, or if the proposed laws are not related to trade, investment, or intellectual property. Under such special circumstances, a shorter notification period may be allowed if reasons are provided along with the announcement of the proposed laws.*

<b>General / Unspecified / Other Questions</b>
--

**Other – Related to 3.3.3 Sanitary and phytosanitary measures of the Secretariat Report**

The United States notes that Chinese Taipei's audit policies are not referenced in either the Secretariat or Government reports.

**Question 47:** Does Chinese Taipei consider WTO SPS Agreement commitments and Codex standards on audits when establishing its audit plans?

**Answer:**

*The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu establishes food safety related standards based on the Codex standards, dietary patterns, and the results of risk assessment. In order to be in line with international standards, international and developed countries' food safety standards are also taken as references.*

**Question 48:** If so, how does it consider these commitments and standards, and how does it ensure its audit programs are consistent with them?

**Answer:**

*If WTO Members have questions or suggestions, they can convey their information through the WTO inquiry point, our respective representative offices or TFDA. We would take Members' comments into account and review them at internal meetings, consultations with relevant experts or inter-departmental coordination meetings. After that, we will reply with an official letter.*



## 6 UKRAINE

### WT/TPR/S/377 – WTO Secretariat Report

## 2 TRADE AND INVESTMENT REGIME

### 2.2 Trade Policy Formulation and Objectives

#### Page 31 (Para 2.14)

The Report mentions certain innovative industries (including "new agriculture"), which are to be promoted to add value across all industry sectors.

According to Para 4.6 (pages 99 - 100 of the Report) Chinese Taipei's objectives for the agricultural sector are set out in its New Agricultural Policy, adopted in December 2016. This policy is based upon three pillars, as well as measures to improve agricultural structures (reactivating fallow farmland; establishing large-scale zones to specialize in farming selected crops; and encouraging young people to return to rural areas) and promote rural development through regenerating rural communities and promoting agro-tourism. According to the authorities, the overall aim is to actively create a multi-functional agricultural sector, rather than merely providing subsidies, as in the past. Measures are aimed at responding to natural disasters, stabilizing farmers' incomes, improving the shortage of manpower, and enhancing modernized agriculture and its competitiveness.

Some details of "new agriculture" policy are also briefly outlined in the Report by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (WT/TPR/G/377). It says that the three main pillars in this program are to establish new agriculture paradigms, construct a safety system for agricultural products, and enhance the capabilities of agricultural marketing.

**Question 1:** Could Chinese Taipei please elaborate more on expected results and core indicators of its policy related to "new agriculture", considering established objectives, and elucidate the main differences in measures to be implemented under this "new agriculture" policy in comparison with "scientific agriculture" policy, which the Council of Agriculture intended to develop at the time of the previous Chinese Taipei's trade policy review?

#### Answer:

1. *"New agriculture" policy is aimed at enhancing the competitiveness and value of agricultural sector by establishing agricultural paradigm, constructing agricultural products' safety system, improving abilities of agricultural marketing, etc. The Council of Agriculture is devoting in agricultural innovation, capacity building of young farmers and rural village regeneration. It is anticipated that these measures will stabilize farmers' income as well as maintain the multi-functions of agriculture in a sustainable way. The key indicators of "new agriculture" policy include expanding agricultural production output to NT\$560 billion in 2020, increasing organic products and TAP products up to 60,000 hectares, and cultivating over 12,000 young farmers.*
2. *In response to the frequent extreme climate and high agricultural operation risks, the aging of agricultural labor, shortage of labors in operation, and insufficient capacity to stabilize agricultural supply, the "New Agriculture" policy has applied the cross-domain advanced technologies for innovation, including:*
  - (1) *To advance technology, develop breeding and apply technologies and equipment for the mitigation of disasters, and construct comprehensive modular system to improve the capability of the production system to cope with adverse conditions.*
  - (2) *To strengthen automatic / intelligent development and application of mechanical equipment to save labor and energy, improve agricultural operative effectiveness, and stabilize capability of production and sale of high-quality agricultural products.*
  - (3) *To develop innovative, energy-saving, and circular agriculture, improve recycle value of resources, and create an agricultural model for sustainable operation.*

## 3 TRADE POLICIES AND PRACTICES BY MEASURE

### 3.1 Measures Directly Affecting Imports

#### 3.1.4 Other charges affecting imports

#### Page 52 (Para 3.36)

The Report states that "The Trade Promotion Service Fee continues to be collected at the border at the rate of 0.04% on the value of imports (and exports). The Fee finances the Trade Promotion Fund, managed by the Trade Promotion Fund Management Committee; about a third of the 21 members of the Committee are representatives of exporters/importers. The Trade Promotion Fund is used to cover administrative expenses related to trade promotion activities, such as organizing exhibitions. Following a peak of NT\$5 billion (2014), in 2017, the Fund collected

NT\$4.5 billion (NT\$4.8 billion in 2012) and spent the same amount (NT\$4.6 billion in 2012) on trade promotion events."

**Question 2:** Ukraine would appreciate if Chinese Taipei could give an explanation how the collection of the Fee (at an ad valorem rate of 0.04%) is in conformity with its WTO obligations, including Articles VIII:1(a), III:4 of the GATT 1994, Article 4.2 of the Agreement on Agriculture?

**Answer:**

*Article 21 of the Foreign Trade Act stipulates that, in order to promote foreign trade, response to the situations of international trade, and support trade activities, the competent authority may establish a trade promotion fund by collecting uniformly, through customs, a trade promotion service fee against the goods exported/imported by exporters/importers at a rate not more than 0.0425% of the price of the goods exported/imported. The current rate of the trade promotion fee is 0.0400%. This regulation uniformly applies to both exported and imported goods and follows the user-pays principle. The fee is neither for protecting the domestic industry nor for fiscal purpose. Therefore, the collection of the trade promotion fee complies with our WTO obligation.*

**Question 3:** Could Chinese Taipei kindly elaborate more on the main trade promotion activities, administrative expenses on which are covered by the Trade Promotion Fund?

**Answer:**

*The Trade Promotion Fund is mainly used to entrust professional institutions to conduct foreign trade-related activities, participate in activities held by international trade organizations, provide trainings, etc.*

**Question 4:** Do such activities involve trade promotion events related to agricultural imports (please describe, if so)?

**Answer:**

*Yes, activities involving trade promotion events related to agricultural imports are covered by the Fund. These activities include media exposure, trade exhibition, and business matching meetings between foreign companies and importers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

**Question 5:** Ukraine also kindly asks to present information regarding the collected amounts of the abovementioned Fee imposed on imports of agricultural goods and spent on events for the promotion of agricultural imports during the period 2015-2017.

**Answer:**

- 1. During 2015-2017, the trade promotion service fee imposed on imports of agricultural goods is less than 0.03% of the total fee collected during that period.*
- 2. Activities involving trade promotion events related to agricultural imports are covered by the Fund. These activities include media exposure, trade exhibition, and business matching meetings between foreign companies and importers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

**Page 52 (Para 3.37)**

The Report notes that "Harbour dues remain based on the gross tonnage of ships entering the port (ship port dues), number of passengers departing (passenger port dues), and the "revenue tons" of loaded or unloaded cargoes (cargo port dues). The authorities indicated that the dues for loading and unloading are the same. Harbour dues are specific to shipping routes, and are applied equally to ships irrespective of origin for the same routes; nonetheless, harbour dues for overseas routes are 60% higher than for domestic routes. At the time of the previous TPR, the authorities explained that this difference reflected the costs related to the type of equipment and services provided for vessels operating these routes; this revenue is used mainly for construction and development of the commercial ports."

**Question 6:** Could Chinese Taipei please inform on the actual harbour dues for overseas routes and explain reasons for differences in harbour dues between overseas and domestic routes, which are currently applied?

**Answer:**

1. *Harbour dues are charged based on the users-pay principle. The reason for collecting harbour dues is to support the ports' non-profit infrastructure engineering like breakwater, channel, navigational aid facilities and engineering in public highway for commercial port development and to provide sound and safe service to vessels, cargo and travellers. The Port Dues are charged based on GT of inbound vessels, revenue ton of cargo loading and discharging and outbound passengers.*
2. *The commercial port dues for international shipping routes collected from non-national ships are calculated by the same rate as those collected from domestic ships. Domestic routes, considered internal affairs, enjoy cabotage rights, but the granting of such rights does not constitute unfair treatment of international routes. Furthermore, the wharfs and handling facilities for domestic shipping routes and cargos are inferior to those for international routes, and it is unnecessary for officials to conduct customs clearance, quarantine and security on cargo that is shipped domestically. Therefore, the commercial port dues for domestic shipping routes are 60% lower than those for international routes, and non-national ships approved to operate on domestic routes enjoy the same discount.*

**Question 7:** Does Chinese Taipei plan to reduce harbour dues for overseas routes, by equalising them with harbour dues for domestic routes, and, if so, when?

**Answer:**

*Domestic routes are cabotage of interior affairs, international routes are not accorded unfair treatment. In addition, since the wharf and handling facilities for domestic shipping routes are inferior to those for international shipping routes, and the officials do not conduct customs clearance or quarantine and security, the commercial port dues for domestic shipping routes are assessed at 40% of the rate for international routes. Therefore, there is no plan to reduce harbour dues for international routes.*

**3.3.3 Sanitary and phytosanitary measures****3.3.3.2 Quarantine regulations****Page 74 (Para 3.118)**

According to the Report, the main laws and regulations on quarantine requirements were amended, such as Plant Protection and Quarantine Act, the Enforcement Rules of the Plant Protection and Quarantine Act, Quarantine Requirements for the Importation of Plants and Plant Products.

**Question 8:** Could Chinese Taipei please provide more detailed information concerning amendments in the abovementioned legislation?

**Answer:**

*The detailed information about the amendments of the Plant Protection and Quarantine Act, the Enforcement Rules of the Plant Protection and Quarantine Act, the Quarantine Requirements for the Importation of Plants and Plant Products can be found in our WTO/SPS Notifications, i.e., G/SPS/N/TPKM/327, G/SPS/N/TPKM/333 and G/SPS/N/TPKM/465.*

**Question 9:** Do these changes deal with import procedures that include the determination of timeframe of pest risk assessment process?

**Answer:**

*The above-mentioned amendments do not involve the import procedures and timeframe of pest risk assessment.*

**Question 10:** Could Chinese Taipei please inform on its standard processing period for the risk assessment related to fresh vegetables in accordance with the requirements of the WTO SPS Agreement mentioned Annex C 1 (b)?

**Answer:**

1. *The pest risk assessment for the market access of agricultural products is based on scientific evidences and international standards, such as WTO/SPS Agreement, International Plant Protection Convention (IPPC) and International Standards for Phytosanitary Measures (ISPM).*
2. *Since the pests associated with the commodity and the pest status are different, it takes time to*

*gather relevant scientific information and to conduct the evaluation of each pest. The time for assessment process will be shortened if the pest risk assessment information provided by the exporting countries is sufficient and complete.*

### **Phytosanitary measures**

#### **Page 75 (Para 3.120)**

The Report states that "Incoming plants and plant products must have a phytosanitary certificate issued by the plant quarantine authority of the exporter or an electronic certificate with the agreement of the Chinese Taipei's plant quarantine authority; the latter has not been in place as there has been no such agreement so far. Imports of soils; plants, plant products or other articles with soil; pests; antagonist or competitor and other organisms used as biological control agents for controlling pests; and packages or containers used by or harbouring the above mentioned articles are forbidden unless they are applied for experimental, research, educational or exhibit use by governmental agencies, public enterprises, schools, corporations or organizations founded and registered under relevant laws, and approved by the competent authority. **Prior to importation all relevant documents/data for risk assessment must be submitted for approval.** Although certificates issued by the exporter's competent authorities are generally accepted, in a few cases certificates issued by organizations or agencies accredited or authorized by the competent authority may also be accepted. The authorities indicated that there have been no new phytosanitary bans imposed since 2014."

**Question 11:** Could Chinese Taipei please provide detailed information concerning application procedure for risk assessment of plants and plant products, list of documents required and usual duration of this procedure?

#### **Answer:**

1. According to the Article 14.4 of the Plant Protection and Quarantine Act it is required to conduct risk assessment by the plant quarantine authority for first-time application for importation of plants or plant products. After a risk assessment is completed and concluded that there is no risk for pest transmission or the risk for pest transmission can be controlled, and the relevant quarantine requirement has been adopted, the importation will then be allowed.
2. In general, the scientific name (including the name of genus and species) or cultivar name of the importing regulated articles, production areas, growth properties, propagation methods, climatic conditions for growing regulated articles, yield, harvest season, the post-harvest process, pest list of the regulated articles, the information of pest control and the list of chemicals used which are required for the risk assessment. The exporting country can specify the type of plants or plant products to the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) because of the variety of plants or plant products, and BAPHIQ will provide the list of required information.
3. Please see our answer to question 10 about the time for assessment process.

**Question 12:** Ukraine would appreciate if Chinese Taipei could also provide the link, where information concerning detailed import requirements for mentioned goods (in English) is available, considering that the link, mentioned in the footnote 182 of the Report, is not active.

#### **Answer:**

Detailed import requirements as mentioned in footnote 182 of the Report can be found at: <https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?pcode=M0140002>.

### **Sanitary measures**

#### **Page 75 (Para 3.121)**

Under the Report "Animals and animal products remain subject to inspection and quarantine. The import/export of items subject to quarantine can only be handled by quarantine authorities or authorized organizations (Article 32 of the Statute). Risk assessment by the animal quarantine authority is required for a first-time application for importation of animals or animal products."

**Question 13:** Could Chinese Taipei please provide detailed information concerning application procedure for risk assessment of animals and animal products, list of documents required and usual duration of this procedure?

**Answer:**

1. According to the Article 9 of the Quarantine Requirements for the Importation of Animal and Animal Products it is required to conduct risk assessment by the animal quarantine authority for first-time application for importation of animals or animal products. After a risk assessment is completed and concluded that there is no risk for disease transmission or the risk for disease transmission can be controlled, and the relevant quarantine requirement has been adopted, the importation will then be allowed.
2. In general, the background information (including name, composition, package, and specification), the origin of animal ingredients, the production process, the statistical data for exportation, and the relevant regulations and supervision mechanism of the applying products are required for the risk assessment. The exporting country can specify the type of animal products to the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) because of the variety of animal products, and BAPHIQ will provide the list of required information.
3. The progress of reviewing depends on the quality and completeness of information and speed of responding provided by exporting countries.

**Pages 75 - 76 (Para 3.122)**

The Report notes that "At present, Chinese Taipei bans the entry of animals and animal products from territories infected with foot-and-mouth disease, rinderpest, contagious bovine pleuropneumonia and African swine fever. In addition, the following animals are prohibited from importation: **(i) bovines from a zone affected by Bovine spongiform encephalopathy (BSE);** (ii) elephants from a zone affected by foot-and-mouth disease; (iii) perissodactyl animals from zones affected by glanders; and **(iv) poultry and birds from zones affected by highly pathogenic avian influenza.** Animal products prohibited from importation include: (i) products with disease-transmission potential derived from perissodactyl animals from zones affected by glanders; **(ii) poultry from territories (zones) recognized as infected with highly pathogenic avian influenza or Newcastle disease; and (iii) products with potential to transmit BSE from territories (zones) with reported case(s) of BSE.** Imports of fishery products (live, fresh, chilled, or frozen) require a certificate of origin issued by either the authorities of the exporting territory or its authorized representative."

**Question 14:** Does Chinese Taipei recognize the zoning principle in the case of highly pathogenic avian influenza outbreaks in countries, which are trade partners with Chinese Taipei?

**Answer:**

1. As a Member of the WTO and OIE, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu accepts the concept of zoning and follows the international standards and conducts risk assessments based on scientific evidences to evaluate all applications. The application procedures apply to all trading partners equally and without discrimination. So far we have recognized regionalization for the disease-free approval of the United States, Canada, Australia, Italy (ASF), and Brazil..
2. If a disease outbreak occurs in the territory of a country, the country can apply for the recognition of disease-free zone by following our procedure. Otherwise, the country can apply for the recognition of disease-free status for its entire country after the eradication of the disease and with conformity to the OIE guidelines for disease-free countries. Upon receiving the application, we will commence the review process.

**Question 15:** In accordance with the OIE Terrestrial Animal Health Code there are negligible, controlled and undetermined BSE risk status countries, which are available on OIE web site. Ukraine has an undetermined BSE risk status and no cases of BSE ever reported. In this regard, could Chinese Taipei please clarify whether it will take into account the standards of international trade for the countries with undetermined status (such as Ukraine)?

**Answer:**

According to the Regulations for Systematic Inspection of Imported Food, the importation of meat products listed in 02, 0504, 1601 and 1602 of the Harmonized System Codes (HS Codes) shall apply to the systematic inspection. Only if the food safety management system of the exporting country (territory) is determined as equivalent as that of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the application will be approved. For beef and products of bovine origin, taking account of BSE risk, TFDA sets a more rigorous review process to assess the safety of the application. If Ukraine is recognized as "undetermined BSE Risk status" by the OIE, its beef export application for systematic inspection would not be accepted by TFDA.

## 4 TRADE POLICIES BY SECTOR

### 4.4 Services

#### 4.4.2 Financial services

##### **Pages 121 - 126**

The Report describes institutional and legislative framework for financial services activities in Chinese Taipei together with the regulatory developments that have occurred during the period under review.

**Question 16:** Could Chinese Taipei please describe the procedure for assessment of transparency of banks' ownership structures by the Financial Supervisory Commission (FSC): indicators of a non-transparent ownership structure and approaches to revealing banks' beneficial owners?

**Answer:**

*According to Article 25 of the Banking Act, the same person or same concerned party who intends to singly, jointly or collectively acquire more than 10%, 25% or 50% of a Bank's outstanding voting shares shall apply for prior approval of the FSC for maintaining the transparency of shareholders' equity. The FSC will carefully review the fitness and properness of the major shareholders, including the professional competence of managing a financial institution, the planning of management team, corporate governance, capital and financial improvement, protection of employee's rights, and protection of depositors' rights and interests, etc.*

**Question 17:** What are the requirements for authorization/licensing of non-banking financial institutions (types of activities subject to authorization/licensing, key requirements to applicants, approval procedure, including verification of sources of funds used for capital formation, assessment of financial standing, business reputation and transparency of applicants' ownership structure)?

**Answer:**

*Under the Banking Bureau of the FSC, non-banking financial institutions include: (1) electronic payment institutions, (2) electronic stored value cards issuers, (3) bills finance companies, and (4) credit card companies. Relevant requirements, types of activities and approval procedure are as follows:*

1. **Electronic Payment Institutions:**

*Electronic payment institutions mean companies approved by the competent authority to accept, through a network or electronic payment platform, the registration and opening of an account by users that keeps track of their funds transfer and funds deposit records.*

*(1) The types of authorized activities are regulated by Art. 3 of the Act Governing Electronic Payment Institutions.*

*(2) The requirements of applicant are regulated by Art. 30 of the Rules Governing the Administration of Electronic Payment Business.*

*(3) The approval procedure is regulated by Art. 10 of the Rules Governing the Administration of Electronic Payment Business.*

2. **Electronic Stored Value Cards Issuers:**

*Electronic stored value card issuers mean companies issuing an IC chip, card, certificate or other forms of debt obligation that use electronic, magnetic or optical means to store monetary value and performs the function of data storage or computing, and is used for multiple payment purposes.*

*(1) The types of authorized activities are regulated by Art.5 of the Act Governing Issuance of Electronic Stored Value Cards.*

*(2) The requirements of applicant are regulated by the Regulations Governing Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Electronic Stored Value Card Issuers.*

*(3) The approval procedure is regulated by Art.7 of the Act Governing Issuance of Electronic Stored Value Cards.*

3. **Bills Finance Companies:**

*The business of a bills finance company includes certifying and underwriting short-term bills and financial bonds; brokering and trading short-term bills, financial bonds and government bonds; and guaranteeing and endorsing short-term bills.*

*(1) The types of authorized activities are regulated by Art.21 of The Act Governing Bills Finance Business.*

*(2) The requirements of applicant are regulated by Art. 2 and Art.4 of Standards Governing the Establishment of Bills Finance Companies.*

*(3) The approval procedure is regulated by Art.13-14 of the Act Governing Bills Finance Business, and the Standards Governing the Establishment of Bills Finance Companies.*

4. Credit Card Companies:

*Credit card business institutions mean any of the following institutions: (1) a credit card company. (2) a foreign credit card company. (3) a bank, credit co-operative or other institution which has been approved by the Competent Authority to engage in a credit card business as a concurrent business. (4) other institutions approved by the Competent Authority to engage in a credit card business.*

*(1) The types of authorized activities are regulated by Art.2 of the Regulations Governing Institutions Engaging in Credit Card Business.*

*(2) The requirements of applicant are regulated by Art.3 of the same regulations.*

*(3) The approval procedure is regulated by the Art.4-6 of the same regulations.*

5. The related laws are available in the website:  
<https://law.banking.gov.tw/Eng/FLAW/FLAWQRY01.aspx>.

**Question 18:** What are specific approaches to regulation of state-owned banks' activities and requirements to corporate governance in state-owned banks in Chinese Taipei?

**Answer:**

*The domestic banks in our jurisdiction are supervised and managed by the same regulations regardless of whether the bank is state-owned or not.*

**Question 19:** What are specific approaches to regulation of Fintech companies and supervision over their activity in Chinese Taipei?

**Answer:**

- 1. The Financial Technology Development and Innovative Experimentation Act ("the Act") was enacted on April 30, 2018. The Act helps promote FinTech development and establishes an innovative experimentation mechanism which will create a safe environment (exemption of applicable financial laws and regulations) for FinTech providers to conduct R&D and pilot trials. The experimentation period is up to one year and the applicant may apply for one-time extension up to six months. However, if the experiment involves amendment of existing laws, the extension is not subject to the restriction of one-time extension and the overall experimentation period may be extended to three years. If the experiment turn out benefiting the financial market and meeting consumers' needs, the FSC would endeavor to review and revise relevant financial laws and regulations.*
- 2. For the promotion of FinTech, the FSC bases on four regulatory principles to encourage FinTech development while safeguarding financial stability and consumer's interest, including how to strike a balance between encouraging innovation and controlling risks, develop responsible innovation, preserve technology-neutral, and conduct risk-based supervision. According to these principles, the FSC has launched some major initiatives, such as establishing the experimental mechanism for FinTech innovation (regulatory sandbox), setting up a "FinTech Space" (FinTech Cluster), building the Financial Information Sharing and Analysis Center (F-ISAC), promoting e-payment, and introducing internet-only banks, etc.*

#### **4.4.5 Tourism services**

**Page 135 (Para 4.176)**

According to the Report, the Tourism Bureau is implementing the Tourism 2020: A Sustainable Tourism Development Plan approved in January 2018, which has 5 main action plans to fulfil the objective of Chinese Taipei being a "friendly, smart and experience-filled Asian travel destination". The fourth action plan is to promote "smart tourism" involving the integration and improvement of services for tourists, including information, ticketing systems and public transport services.

**Question 20:** What key marketing tools does the Tourism Bureau use for implementation of the fourth action plan relating to the promotion of "smart tourism"?

**Answer:**

- 1. I-center travel service innovation plan: providing guidance to local governments to set up a Tourism Service Center at the transportation stations under their jurisdiction and subsidize the operation and management expenses.*
- 2. Domestic Pass Promotion Plan: provide guidance to counties and cities to use electronic tickets and integrate existing transportation and related industries, such as food, accommodation,*

*travel, shopping as well as store offers, to offer recommended itineraries, so as to guide travellers to easily visit the highlights of the cities.*

3. *Domestic Tourist Shuttle Bus service upgrade plan: provide guidance to county and city governments to plan bus connections between major domestic transportation stations and important sightseeing spots with international development potential.*
4. *Domestic Tour Bus service renewal plan: provide guidance to travel agency plans to develop half-day, one-day, two-day and round-the-island package tours.*
5. *Raising covering areas of iTAIWAN free WiFi and upgrading internet speed.*
6. *Itravel, a mobile application service, offers many kinds of tourism information and advices automatically tour plans increasing or reducing view points by yourself. Finally, an AI chatbot can reply you most questions about tourism in 24 hours every day.*

#### **WT/TPR/G/377 – Government Report**

##### **Page 12 (Intellectual property)**

Under the Report, some legislative amendments were launched in 2017 in order to afford greater protection to medical and pharmaceutical innovations (after comprehensive review of the current guidelines for pharmaceutical patent term extension), to protect the intellectual property of patentees and to reduce the risk of patent infringement by generic drug companies through introduction of patent linkage system.

**Question 21:** Could Chinese Taipei kindly explain the reasons for the necessity to strengthen intellectual property protection of medical and pharmaceutical inventions?

##### **Answer:**

*In addition to having a strong capacity in manufacturing generic drugs, our biotechnology and pharmaceutical industries in recent years have gradually equipped themselves with the ability to research and develop new drugs. To step up the industries' R&D effort, we amended examination guidelines for pharmaceutical patent term extension in 2017. In the same year, the amendment to the Pharmaceutical Affairs Act was also passed to provide a legal foundation for the linkage system between marketing approvals of generic drugs and patented pharmaceutical products.*

**Question 22:** Please, provide further details regarding patent linkage system, introduced by the partial amendment to the Pharmaceutical Affairs Act to facilitate resolutions to patent infringement disputes between patentees and generic drug companies prior to market entry of the generic drugs.

##### **Answer:**

*After implementing the patent linkage, the license holder of a new drug is required to list patent information. It is also required that the applicant of a generic license provide a declaration stating no patent infringement. The patentee and the holder of the corresponding new drug should be notified. Once the patentee files the lawsuit within 45 days after receiving notification, TFDA will stay 12 months for approval. During the stay period, the review process is still undergoing without any suspension. The first generic holder challenging the patent successfully will receive a 12-month of market exclusivity.*

**Question 23:** Has the Ministry of Health and Welfare implemented subsidiary regulations and set up a platform for uploading patent information, enabling the appropriate amendment to take effect?

##### **Answer:**

*The draft regulation for patent linkage is under development, a platform for uploading patent information is currently under construction and is expected to be completed early next year.*

##### **Page 16 (Para 3.28)**

It is mentioned in the Report that the Financial Technology Development and Innovative Experimentation Act ("the Act") came into force on 30 April 2018. The Act was enacted to establish a Fintech innovative experimentation mechanism and create a safe environment for Fintech R&D and pilot trials for the financial industry and related sectors, while maintaining and orderly financial market and safeguarding consumers' rights.

**Question 24:** Does the Financial Technology Development and Innovative Experimentation Act ("the Act") provide the regime of "sandbox" for Fintech companies?



**Answer:**

*Yes, the Financial Technology Development and Innovative Experimentation Act ("the Act") which provides the experimental mechanism for FinTech innovation applies to domestic or foreign individuals, sole proprietorships, partnerships and companies. Therefore, any enterprises, including FinTech companies, can apply for experiments.*

**Question 25:** What are the regulation specifics established by this Act?

**Answer:**

*The Financial Technology Development and Innovative Experimentation Act ("the Act") was enacted on April 30, 2018. The experimentation period is up to one year and the applicant may apply for a one-time extension up to six months. However, if the experiment involves laws that should be amended, the experimentation period extension is not subject to the restriction of a one-time extension and the overall period may be extended to three years. The Act contains the related regulations about application, review, supervision and administration of experiment, protection of participant's interest, exclusion of applicable regulations, and exemption of legal responsibilities. For more details, please refer to the full text of the Act (<https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=G0380254>).*

## 7 JAPAN

### WT/TPR/G/377 – Government Report

#### 3. DEVELOPMENT OF TRADE AND INVESTMENT POLICIES

##### 3.7 Regulatory Reform and Liberalization

###### Page 12, para 3.19

**Japan Question N°1:** With regards to patent linkage system, when will Chinese Taipei set up the platform for uploading patent information and establish enforcement regulations?

**Answer:**

*The draft enforcement regulations for patent linkage is under development. The platform for uploading pharmaceutical patent information are currently under construction and is expected to be completed early next year.*

**Japan Question N°2:** Does Chinese Taipei plan to publish prototype of platform for uploading patent information and/or publish draft of enforcement regulations for public consultation?

**Answer:**

*The draft regulations for patent linkage and the platform for uploading pharmaceutical patent information will be provided for at least 60 days for public consultations.*

### WT/TPR/S/377 – WTO Secretariat Report

#### 3. TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.3 Measures Affecting Production and Trade

###### Page 70, para 3.103

**Japan Question N°3:** As described in the report by the Secretariat, Chinese Taipei maintains an import ban on food exports from five Japanese prefectures after the accident at TEPCO's Fukushima Daiichi Nuclear Power Station in 2011. In addition, Japan understands that Chinese Taipei strengthened its import restrictions such as requiring Certificate of Origin to be attached with food products from all Japanese prefectures other than the above mentioned five prefectures. Furthermore, Japan recognizes that procedures of a referendum for keeping the import restrictions have been initiated in Chinese Taipei. Japan has requested Chinese Taipei to lift or relax the import restrictions over and over again. Many WTO Members have lifted or relaxed such a kind of import restrictions. Japan thinks that Chinese Taipei should review its own regulation measures as other WTO Members have done and would like Chinese Taipei to elaborate on its process.

**Answer:**

*As a series of food safety incidents came to light during the review period, food safety has become a highly sensitive issue in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. As a result, consumers, consumer protection groups and legislators in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu are highly concerned about the safety of food and related products imported from the affected prefectures in Japan. To ensure the food safety and rebuild consumer confidence, we continue to conducting risk assessment, risk communication and necessary risk management. We also continue to assess the safety of Japanese food, and collect information on other Members' regulation measures.*

#### 3. TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.3 Measures Affecting Production and Trade

###### Page 85, para 3.149

**Japan Question N°4:** According to the report by the Secretariat, "no price preference has been published or implemented since the entry into force of the GP Act in 1999". Why has not Chinese Taipei utilized 3% maximum price preferences for the Government Procurement?

**Answer:**

*Pursuant to Article 44 of the GP Act, the maximum price preference is 3%, which provides no incentive to our domestic suppliers.*

**3. TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****Page 86, para 3.153**

**Japan Question N°5:** According to the report by the Secretariat, "the number of complaints increased due to the objections of suppliers to the payment of a bid bond which they were informed of by the procuring entities pursuant to a notice of the audit office of Chinese Taipei which calculates the related costs of a tender". Japan would like to get further explanation on the reasons why the number of complaints increased.

**Answer:**

*The audit office of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu required the procuring entities in 2014 to review indictments, written rulings of deferred prosecution, and verdicts related to procurements. The procuring entities were requested to determine whether there was a situation in which the returned bid bond shall be recovered. In many cases, the entities decided that it was necessary to recover the bid bond and took action accordingly. As a result, numbers of suppliers objected to the decisions and filed complaints with the Complaint Review Board for Government Procurement (CRBGP) of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

**5. APPENDIX TABLES****Table A2.4 Investment prohibitions and restrictions, 2018****Page 150,**

**Japan Question N°6:** Construction services are not mentioned in the table A2.4: Investment prohibitions and restrictions, 2018. Does Chinese Taipei have any regulations that restrict foreign construction companies from providing construction services or investing in construction services within Chinese Taipei? If such restrictions exist, so, could Chinese Taipei elaborate such measures and restriction?

**Answer:**

- 1. Construction industry is not included in the "Negative List for Investment by Overseas Chinese and Foreign Nationals", which means construction industry is not the prohibited or restricted industries for foreign investors.*
- 2. Currently, the construction and development Company has to register with the Ministry of Economic Affairs in accordance with "Company Act". The construction and development company does not require special permission of the government, therefore there is no regulations that restrict foreign company from investing in construction services within the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

## 8 AUSTRALIA

### WT/TPR/S/377 – WTO Secretariat Report

#### 2 Trade and Investment Regime

#### 2.3 Trade Agreements and Arrangements

#### 2.3.2 Regional and Preferential Agreements

#### 2.3.2.1 Regional trade agreements

#### Page 34 paragraph 2.26

The report states that as at January 2018 Chinese Taipei has RTAs in force with nine countries.

#### **Question 1**

Which of the nine RTAs Chinese Taipei has, that have entered into force (as at January 2018), include provisions relating to e-commerce and which aspects of e-commerce are covered under the agreements?

#### **Answer:**

*The FTAs we signed with Nicaragua, New Zealand (ANZTEC) and Singapore (ASTEP) include provisions relating to e-commerce. Those e-commerce chapters cover issues such as zero duties on electronic transmissions, non-discriminatory treatment of digital products, e-authentication and e-signatures, paperless trade, consumer protection, privacy protection, measures to minimise unsolicited commercial electronic messages and cooperation.*

#### **Question 2**

Has there been any significant changes to the approach taken by Chinese Taipei to e-commerce in its most recent RTAs?

#### **Answer:**

*The most recent RTA we signed is the Agreement on Economic Cooperation with Paraguay. The Agreement does not specifically address topics concerning e-commerce. However, we signed an E-Commerce Arrangement with Japan in 2013, where provides for limiting the liabilities of the Internet service providers for the removal of materials from their Internet websites that a rights holder claims infringe on his or her intellectual property rights.*

#### 2 Trade and Investment Regime

#### 2.4 Investment regime

#### 2.4.1 General Investment regime

#### Page 36 paragraph 2.38

The report states that authorities had indicated consideration was being given to removing the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism.

#### **Question 3**

Can Chinese Taipei provide further details on the possibility of removing the pre-investment screening review requirement; is a process underway for this to happen?

#### **Answer:**

- 1. We have conducted public hearings on the draft amendments to the Statute for Investment by Foreign Nationals and the Statute for Investment by Overseas Chinese. The draft amendments will go through the legislative process after public opinion review is completed.*
- 2. The draft amendments provide that prior approval will only be required for investments above a certain amount, or in exceptional cases, such as investments in sectors on the Negative List for Investment by Overseas Chinese and Foreign Nationals, or other special circumstances set forth by the competent authorities.*

### **3 Trade Policies and Practices by Measure**

#### **3.1 Measures Directly Affecting Imports**

##### **3.1.1 Anti-dumping, countervailing, and safeguard measures**

##### **3.1.6.1 Anti-dumping and countervailing**

##### **Page 55, Paragraph 3.46**

The report states that: "between 2013 and 2016, Chinese Taipei initiated 11 anti-dumping investigations" without clarifying which of these investigations resulted in measures being imposed. The report further states [also at paragraph 3.46] that of the 19 anti-dumping measures that were in force as of end-2017, "most final measures consisted of definitive duties; in five cases price undertakings were adopted". Lastly, the report states that "seven measures were reviewed and extended to a total period of six years".

#### **Question 4**

What factors does Chinese Taipei consider when agreeing a price undertaking, in contrast to imposing a 'definitive' anti-dumping duty?

#### **Answer:**

*The decision whether to accept the offer by a foreign producer/exporter for a price undertaking must be made in conformity with the provisions of the Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties. The primary substantive conditions for a price undertaking to be accepted by the Ministry of Finance (MOF) are as follows:*

- 1. The foreign producer/exporter must fully respond to the questionnaire, and an individual dumping duty rate has been preliminary determined.*
- 2. The producer/exporter of the subject merchandise are not associated with the importers.*
- 3. The injurious effect of the dumping will be eliminated by the price undertaking.*
- 4. There is no risk of cross-compensation of prices.*
- 5. The measure can be easily monitored and implemented by the MOF.*

#### **Question 5**

When does Chinese Taipei conduct "sunset" reviews for anti-dumping measures, and for how long can measures be continued following this review?

#### **Answer:**

*Prior to the time that the imposition of an anti-dumping duty has exceeded four years and six months, the MOF shall make a public notice that the period of imposition is approaching five years. If the interested parties consider that the continuous imposition is necessary, they may apply for the initiation of a sunset investigation within one month following the publication of the aforesaid public notice. The MOF shall make a public notice prior to the expiration of the imposition period whether to initiate a sunset investigation.*

*The sunset investigation shall be finished within one year. The anti-dumping duty shall remain in force pending a determination of the sunset investigation.*

#### **Question 6**

Does Chinese Taipei impose a time limit for which a measure can be in place?

#### **Answer:**

*The imposition of the anti-dumping duty shall be terminated on a date no later than five years from its imposition or from the date of the continued imposition, unless the competent authorities have initiated a sunset investigation and determine that the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury.*

#### **Question 7**

What is the average length of time that anti-dumping measures are in place?

#### **Answer:**

*It depends on the situations of the cases. Since the Implementation Regulations has been promulgated, there have been 63 anti-dumping applications. After investigation, anti-dumping duties were levied on 19 cases. Currently, anti-dumping duties are still imposed on 7 cases, including footwear, toweling products, Portland cement and its clinker, Benzoyl peroxide, SUS 300 series stainless steel, certain flat-rolled steel products coated with zinc, carbon steel plate, among which,*

*anti-dumping duties have been imposed on footwear and towel products for over 10 years. The imposition period for the other 6 subject products is less than 10 years.*

### **3 TRADE POLICIES AND PRACTICES BY MEASURE**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.2 Standards and other technical requirements**

##### **3.3.2.1 Standards, testing, and certification**

##### **3.3.2.1.1 Voluntary, compulsory and aligned standards**

##### **Page 70, Paragraph 3.100**

In December 2015, amendments to the School Health Act banned the use of processed food with biotechnology ingredients in school meals. Reportedly, this ban of genetically modified (GM) ingredients was not supported by scientific evidence and contradicted the GM food approval list issued by the MOHW (Section 3.3.3.1). According to the authorities, these amendments were proposed by the legislators and approved expeditiously therefore there has not been sufficient time to proceed with their WTO notification, which, as of April 2018, was still pending. Some of Chinese Taipei's trading partners urged it to remove this ban at the 2016 Trade and Investment Framework Agreement (TIFA) Council meeting.

#### **Question 8**

Noting the decision to ban GM ingredients in schools reportedly contradicted the GM food approval list issued by MOHW, how was the decision made and what evidence was used to base the decision on?

#### **Answer:**

*Our legislators, based on international concerns regarding the reported safety of genetically modified foods, banned the use of processed food with biotechnology ingredients in school meals in order to take extra precautions in the face of potential risks of uncertainty, particularly for students who are in a period of physical and mental maturation. We will continue to communicate with lawmakers on this issue.*

### **3 TRADE POLICIES AND PRACTICES BY MEASURE**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.3 Sanitary and phytosanitary measures**

##### **3.3.3.1 Food standards-setting framework**

##### **Page 72, Paragraph 3.114**

Reportedly, Chinese Taipei's slow process for establishing MRLs for pesticides, low number of approved MRLs, and zero tolerance policy for pesticides without established MRLs have resulted in incoming agricultural shipments being stopped at the ports of entry and other restrictions. Concerns also relate to MRLs that are considered not Codex standards- or science-based.

#### **Question 9**

Australia would like clarity on why Chinese Taipei's process for applying for and establishing an Import Tolerance Maximum Residue Limit (MRL) does not align with Codex data requirements or those of the implemented and endorsed APEC MRL Import Tolerance Guidelines?

#### **Answer:**

*The process of evaluating the pesticide MRLs of imported crops is in line with the process for establishing the pesticide MRLs of domestic crops. We follow the principle of establishment of pesticide MRLs which is based on international standards (Codex), standards of developed countries (e.g. the U.S., EU, Japan etc.) and scientific principles. Furthermore, the levels at which the MRLs are set will depend on the dietary pattern and total dietary intake of the consumers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu and will eventually be established on the basis of risk assessments.*

### **3 TRADE POLICIES AND PRACTICES BY MEASURE**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.3. Sanitary and phytosanitary measures**

##### **3.3.3.1. Food standards-setting framework**

##### **Page 74, Paragraph 3.117**

Chinese Taipei is one of the major importers of genetically modified (GM) crops. Its regulatory and institutional framework remained virtually unchanged during the review period. In 2015, the Feed

Control Act was amended to contain a legal basis for managing GM feeds. Since 2014, an Advisory Committee in Genetically Modified Foods has been in place to: formulate genetically modified foods policies and strategies; and study and formulate genetically modified foods related plans and other genetically modified foods related matters. All genetically modified food raw materials (GMFRM) must be reviewed by the competent authority in health risk assessment; product registration must be filed for and a permit document procured from the competent authority (Article 21 of the Act Governing Food Safety and Sanitation). Importers of GMFRM must file for product registration, obtain a permit document and then install a traceability system for tracing the source and tracking the flow of the GMFRM (Sections 3.3.2.1.1 and 3.3.2.2). A grace period of two years was given to unregistered GMFRM already present on the market until 2016. Food businesses in Chinese Taipei must retain records, documents, electronic files, or a database of incoming products and GMFRM for a period of five years. As at January 2018, Chinese Taipei had approved 130 GM foods.

#### **Question 10**

The paragraph above states that food businesses in Chinese Taipei must install a traceability system for tracing the source and tracking the flow of GMFRM. If the GMFRM has been approved in Chinese Taipei, what risk is the requirement for a traceability system aimed at managing?

Australia would like clarity on why Chinese Taipei's process for applying for and establishing an Import Tolerance Maximum Residue Limit (MRL) does not align with Codex data requirements or those of the implemented and endorsed APEC MRL Import Tolerance Guidelines?

#### **Answer:**

1. *According to Article 9 of the Act Governing Food Safety and Sanitation and Food Business Shall Establish Traceability System of Food Products, food manufactures, importers, and retailers of 25 types of food products and materials such as edible oils, meat, soybeans, corn, and wheat are mandated to establish a food traceability system. The regulation is to strengthen industry's obligation to keep track of the flow of the products, and the origin of their raw materials, and to facilitate rapid responses of health authorities and food operators when food-related incidents occur. The regulation is not specifically for GMFRM.*
2. *Please refer to the reply of Question 9 above.*

### **4 TRADE POLICIES BY SECTOR**

#### **4.1 Agriculture, Forestry, and Fisheries**

##### **4.1.2 Forestry**

##### **Page 108, Paragraph 4.46**

The report states that 99% of the timber used in Chinese Taipei is imported. It also details Chinese Taipei's measures to address domestic illegal logging activity on page 107, paragraph 4.42.

#### **Question 11**

What measures does Chinese Taipei utilise to manage and minimise the risk of the importation of timber and timber products sourced from illegal logging activities?

#### **Answer:**

*Currently, there is no special law as for the prohibition or restriction of the import, export, manufacture, transportation and processing of timber and forest products in the Separate Customs of Taiwan, Penghu, Kinmen and Matsu. However, in response of the international trend of promoting legal timber trade, we have set up gradual steps:*

1. *Step 1: Introducing and promoting the concept of legal trade in timber and associated products to domestic timber trade companies. Providing counselling services so they can get familiar with this concepts and related procedures.*
2. *Step 2: Planning for introducing due diligence system in timber and associated trade, and establish related rules. Our risk management is based on products and sources of imports.*

### **4 TRADE POLICIES BY SECTOR**

#### **4.4 Services**

##### **4.4.1 Overview**

##### **Page 120 paragraph 4.105**

The Report states that all of the RTAs to which Chinese Taipei is a signatory contain provisions on trade in services (Section 2.3.2); however only the RTAs with Singapore, New Zealand and Guatemala contain schedules of specific commitments on services which, in many instances, represent improvements over those scheduled under its GATS schedule.

**Question 12**

Can Chinese Taipei identify what those GATS-plus commitments consist of?

**Answer:**

*Our GATS-plus commitments in those RTAs consist of transport services, construction and related engineering services, distribution services, education services, environmental services, and mode-4. In terms of transport services, we have further liberalized maritime support, airport ground handling, and catering services. We have also removed restrictions on cross-border supply of construction and related engineering services (mode 1). Detailed information can be found in our 2014 TPR Report by the Secretariat (WT/TPR/S/302/Rev.1) and in the respective factual presentation reports.*



## 9 SWITZERLAND

### WT/TPR/S/377 – WTO Secretariat Report

#### 1 ECONOMIC ENVIRONMENT

##### 1.2.4.4 Labour market policies

###### Para. 1.17

**Question 1:** Minimum wages in Chinese Taipei significantly increased between 2014 and 2017 (paragraph 1.17), while the unemployment rate declined during the same period (table 1.1, paragraph 1.3). Is evidence available on the impact of the increase in minimum wages on unemployment rates in low-wage industries?

**Answer:**

1. *Adjustments of the basic wage are reviewed by the Basic Wage Deliberation Committee. The Committee is composed of laborers, employers, academic experts and government officials. They determine the basic wage after thorough deliberation and discussion. The Committee members contemplate social-economic indicators, such as conditions of domestic economic development, price indices, income, average individual income, the labor productivity of different industries, employment circumstances, workers' wages in different industries, and surveys and statistics on household income and expenditure.*
2. *In order to maintain the basic living standard for laborers, basic wages were raised progressively from 2014 to 2017. The unemployment rate was stable and below 4% during that period. There was no significant change in the unemployment rate of specific industries.*

#### 2 TRADE AND INVESTMENT REGIME

##### 2.3.2.1 Regional trade agreements (RTAs)

###### Para. 2.33

**Question 2:** The report states that Chinese Taipei continues to seek to join the CPTPP and is undertaking preparatory works, in particular through adjustments. Could Chinese Taipei provide further details what kind of adjustments it still needs to undertake and when it expects to finalize the updating of its impact assessment study respectively to engage into negotiation with the CPTPP? The report also states that Chinese Taipei seeks to participate in the RCEP. Could Chinese Taipei indicate what steps have already been undertaken in this regard?

**Answer:**

1. *Our government has been actively promoting trade liberalization by harmonizing its trade regime with international norms. We have therefore referenced the high standards of the CPTPP to modify our trade regime by putting forward 12 legislative amendments in the past two years. Seven amendments have been completed, while the remaining five are under review. The amendments cover the areas, including IPR, investment in the operation of foreign flag fishing vessels, pharmaceutical affairs, plant variety, agro-pesticides management, control of cosmetic hygiene, digital communications, etc.*
2. *Our relevant ministries are reviewing the impact assessment reports in order to make necessary adjustments.*
3. *The RCEP is still in the process of negotiation. We are following the progress of the RCEP negotiations very closely and keeping bilateral dialogues with the RCEP members to explore the opportunity for our accession in the future.*

##### 2.4.1 General investment regime

**2.38** *Since the previous review, there have been no changes to the legal framework. 2012 amendments to the "Statute for Investment by Foreign Nationals" were not passed by the legislature. Given this development, the MOEA has been conducting a comprehensive re-evaluation of the current draft amendments. It has sought public comments and is working to put together all relevant opinions. Thereafter it will revise the draft of the amendment and submit it through the regular legislative process. In this context, the authorities indicated that consideration is being given to removing the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism.*

**Question 3:** Para. 2.38 states that the amendments proposed in 2012 to the "Statute for Investment by Foreign Nationals" (further market liberalization) were not passed by the legislature. Could you inform us on the reasons? Could you also provide further information on why – in the current legislative process – Chinese Taipei is considering to remove the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism?

**Answer:**

1. *The 2012 amendments to the Statute for Investment by Foreign Nationals had not reached consensus, and ultimately were not passed when the legislative session adjourned in December 2015. As the legislators' term had ended, the amendments were not automatically reintroduced in the next session according to the relevant law.*
2. *The amendment to the Statute for Investment by Foreign Nationals aims to simplify the existing procedures for reviewing investment by foreign nationals, which will facilitate the procedure of investment and attract foreigners to invest in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

#### **2.4.1 General investment regime**

##### **Para. 2.42**

**Question 4:** With which economies is Chinese Taipei currently negotiating a BIT?

**Answer:**

*We have updated the bilateral investment agreement with the Philippines. The new BIA took effect on March 1, 2018. We are currently updating BIAs with our New Southbound Policy partner countries, such as Viet Nam and India. In addition, we are exploring the possibility of entering into BIA negotiations with the United States, Canada, and the European Union.*

### **3 TRADE POLICIES AND PRACTICES BY MEASURE**

#### **3.1.3.2 Applied MFN tariffs**

##### **Para. 3.25**

**Question 5:** According to paragraph 3.25, Chinese Taipei tariff structure is quite complex with some 150 tariff bands and also decimal rates. Could Chinese Taipei indicate which steps it foresees to simplify its tariff structure, i.e. reduce the number of tariff bands and eliminate the decimal rates as this would be a trade facilitating measure?

**Answer:**

1. *To simplify our tariff structures, the Ministry of Finance (MOF) had worked with other competent authorities to study the feasibility of substituting from alternate duties applied on certain agriculture products to ad valorem duties. In 2014, we concluded that the amendment of 9 lines (including agricultural and fishery products) selected from the 81 tariff lines applying alternate duties in our Customs Import Tariff would be put into the content of our draft revision of Customs Import Tariff. The amendment became effective in July 2015.*
2. *To fulfill our commitment to the Declaration of the Expansion of Trade in Information Technology Products, the duties on 160 tariff lines related information technology products will be eliminated entirely on July 1, 2021. Therefore, the tariff lines with decimal rates will be reduced. Currently, the MOF keeps working on tariff simplification with other competent authorities.*

#### **3.3.4 Competition policy and price controls**

##### **3.3.4.1 Competition policy**

##### **Para. 3.126**

**Question 6:** The largest amendment of the Fair Trade Act (FTA) took place on 4 February 2015, where significant changes were made. Further amendments of the FTA followed on 24 June 2015 and 14 June 2017.

Were these two latest amendments made on the basis of the initial experience with the first large amendment on 4 February 2015? What were the main changes in the latest amendments?

What are generally the experiences with the amendments of the FTA? In which areas does it work well and in which areas is there room for improvements?

**Answer:**

1. The amendments in June 2015 and June 2017 were proposed by the legislators, not proposed by the FTC on the basis of the initial experience with the first large amendment on 4 February 2015.
2. The amendment in June 2015 authorized the FTC to set up an anti-trust fund and provide rewards for the reporting of illegal concerted actions. To make merger reviews more discreet and comprehensive, the amendment in June 2017 revised the merger review period from 30 calendar days to 30 working days. In addition, the FTC may ask for external opinions in regard to merger field. If one of the enterprises in the merger does not agree to the merger, the FTC shall provide it with the reason for the merger and ask for its opinions.
3. The amendments in June 2015 and June 2017 were passed fast and smoothly as the amendments only covered a few provisions of the FTA and proposed by the legislators.
4. Since the amendments in June 2015 and June 2017, the FTC has provided 4 informants with rewards for reporting of illegal concerted actions. In addition, the amendments allow the FTC to review merger cases more comprehensively. Therefore, the FTA works well with the amendments.

**3.3.4 Competition policy and price controls****3.3.4.1 Competition policy****Para. 3.129 and 3.135**

**Question 7:** Enterprises, injured by a competition rule violation, may file a claim for compensation at the court. Are consumers deliberately excluded from that right to sue in court? Can consumer instead file a complaint at the consumer protection committee, if they are injured by a competition rules violation?

**Answer:**

1. If any enterprise violates any of the provisions of the FTA and thereby infringes upon the rights and interests of another, the injured may request the removal of such infringement; if there is a likelihood of infringement, prevention may also be claimed (Article 29 of the FTA). Any enterprise that violates any of the provisions of the FTA and thereby infringes upon the rights and interests of another (enterprises and consumers are included) shall be liable for the damages arising therefrom (Article 30 of the FTA).
2. According to our Consumer Protection Act, local competent agencies are responsible for facilitating and processing consumer complaints. The most common complaints involve injury compensation negotiations between consumers and enterprises. If negotiations fail, the consumer may apply for mediation with the local government's dispute settlement committee. In addition, consumers can file a lawsuit directly with the court and forgo the appeal process through the local governments.

**3.3.4 Competition policy and price controls****3.3.4.1 Competition policy****Para. 3.131:**

**Question 8:** The report states the competition authority (FTC) concluded cooperation arrangements/agreements with different countries like Australia, Canada, France, Hungary, Mongolia, New Zealand and Panama. What is the scope of these agreements? Can FTC exchange (confidential) informations on cases with its counterparts?

**Answer:**

1. The scope of cooperation arrangements/agreements and MOUs mainly covers the following areas: notification, cooperation/coordination of enforcement activities, request /protection of information, avoidance of conflicts, confidentiality, consultations and so on. In addition, technical assistance/cooperation, are included in some agreements and MOUs.
2. Confidential information exchange is allowed and should be kept confidential in accordance with relevant laws of each party unless the exchange is prohibited subject to their respective laws and regulations.

**4 TRADE POLICIES BY SECTOR****4.2.2.2 Electricity****Para. 4.83**

**Question 9:** Tariff exemption for equipment for use in generating renewable energy is granted only if there is no domestic production of such equipment. This could be seen as an obstacle to the renewable energy goals set by Chinese Taipei (see para 4.82). What is the reason for this kind of protection of domestic production in terms of environmental and economic policy?

**Answer:**

1. *Tariffs are imposed on foreign imported goods in accordance with the Customs Act and relevant regulations.*
2. *To encourage the use of renewable energy equipment for power generation, preferential measures are granted to exempt such equipment from import duties in order to enhance the importation and installation of said equipment when it does not produce domestically.*
3. *By importing superior products from abroad, we can boost the competitiveness of goods, upgrade the scale and technological capabilities of our industries, while accelerating the promotion of renewable energy.*

**4 TRADE POLICIES BY SECTOR****4.2.2.3 Hydrocarbons and natural gas****Para. 4.90**

**Question 10:** How effective are the subsidies granted to encourage petroleum facility operators to maintain product supplies in remote areas and reduce the pricing between cities? Furthermore, how do the subsidies for the encouragement of the exploration and development of oil and natural gas reserves relate to the general objective to reduce the dependency from fossil fuel energy (see para. 4.77)? What effect had the APEC-peer review process of Chinese Taipei on domestic policy making?

**Answer:**

1. *Subsidies for the cost of shipping and facilities in remote areas have ensured that oil prices in these areas are similar to those in urban areas, while guaranteeing the people of these areas the right to use basic energy services.*
2. (1) *The goal of this subsidy is to help industries with the exploration of oil and natural gas so as to gain new sources of energy. It is not an incentive for consumers to overuse fossil fuels. The prices of oil and natural gas are still determined by the market mechanism.*  
(2) *We import over 98% of our energy supply. Indigenous production accounts for only 2%, including oil and gas exploration. The goal of subsidizing exploration of oil and natural gas is to diversify the sources of energy and enhance the security of energy supply, which does not contradict the goal of reducing dependence on fossil fuels.*
3. *We value the APEC peer review mechanism and welcome suggestions about subsidies from APEC experts. Those suggestions are important for us in shaping related policies in the future.*

## 10 NEW ZEALAND

### WT/TPR/S/377 – WTO Secretariat Report

#### 3 TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.1 Measures Directly Affecting Imports

##### 3.1.6 Anti-dumping, countervailing, and safeguard measures

##### 3.1.6.2 Safeguards

##### page 55, paragraph 3.50

Paragraph 3.50 states: "Chinese Taipei maintains its right to impose Special Safeguards (SSGs) on 10 (or 14 according to the authorities) broad categories of agricultural products (7.5% of all HS07 agricultural tariff lines) that overlap but are not identical with those under TRQs (Sections 3.1.3.5 and Section 4.1). Price- or volume-triggered SSG action was taken against imports of 12, 10 and 13 products in 2015, 2016 and 2017 respectively."

**Questions 1:** Could Chinese Taipei explain on what basis it maintains the right to impose special safeguards on 14 broad categories of agricultural products rather than the 10 identified by the Secretariat?

**Answer:**

*Our SSG products include peanuts, pears, garlic, betel nuts, chicken (chicken legs and wings, other chicken cuts), offal (livestock offal and poultry offal), liquid milk, red beans, dried shiitake, pomelos, persimmons, dry day lilies, pork belly, and rice, for a total of 14 items based on our WTO accession commitments.*

#### 3 TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.3 Measures Affecting Production and Trade

##### 3.3.2 Standards and other technical requirements

##### 3.3.2.1 Standards, testing, and certification

##### page 66, paragraph 3.87

Paragraph 3.87 states: "By the end of 2018, due to organizational policy adjustments, the BSMI is to cease its certification services for all management systems, except for Hazard Analysis and Critical Control Points (HACCP). The more than 20 private or non-profit organizations providing certification services in one or more areas of management systems are taking over certification activities along with the process of BSMI's exit from the certification market."

**Questions 2:** With certification services moving to private organisations, how will Chinese Taipei ensure that their certification standards remain reliable and high quality?

**Answer:**

1. *This question refers to the certification of management systems, such as ISO 9001, ISO 14001, OHSAS 18001, ISO 22000, ISO 27001, ISO 28000, ISO 50001, etc., which is voluntary in nature and has been performed by both the BSMI and private organizations over the past 30 years. The quality and reliability of certification services have been basically maintained by accreditation.*
2. *Along with the full-fledged development of private sector in this area, the role of the government was reviewed so as to use the limited resources in the most efficient way. Withdrawal of the BSMI from the voluntary certification market did not have impact on the services provided by private sector, and is in line with the common practice in most countries, where certification services of voluntary management system are solely operated by private sector.*

**Questions 3:** Does Chinese Taipei expect that this change will impact the operation of MRAs in any way (such as the Electrical and Electronic Arrangement between Chinese Taipei and New Zealand)?

**Answer:**

*The MRAs signed with our trading partners, including New Zealand, involve mainly mandatory product certification of regulated products. There will be no impact on the operation of those MRAs after the BSMI ceases its voluntary certification services on management systems.*

### **3 TRADE POLICIES AND PRACTICES BY MEASURE**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.2 Standards and other technical requirements**

##### **3.3.2.1 Standards, testing, and certification**

##### **3.3.2.1.1 Voluntary, compulsory and aligned standards**

##### **page 69, paragraph 3.99**

Paragraph 3.99 states: "The Food and Drug Administration (FDA) under the Ministry of Health and Welfare (MOHW) started to gradually improve its benefit/risk-based drug-approval systems. In February 2017, the authorities approved plans to revise the legal status of the Centre for Drug Evaluation (CDE) but there has been no progress so far. In addition, a reduction in the number of stages in the drug-approval process from three to two is envisaged."

**Question 4:** Does Chinese Taipei maintain expedited approval or relaxed certification processes for drugs imported from the "ten most medically advanced countries" and, if so, what is the basis for retaining this?

**Answer:**

*There is no expedited approval or relaxed certification processes for drugs imported from the "ten most medically advanced countries." However, if the country of origin is one of the "ten most medically advanced countries," the submission of the Free Sale Certificate (FSC) from the country of origin is considered as the submission of the Certificate of Pharmaceutical Product (CPP).*

### **4 TRADE POLICIES BY SECTOR**

#### **4.1 Agriculture, Forestry, and Fisheries**

##### **4.1.1 Agriculture**

##### **4.1.1.4 Trade measures**

##### **4.1.1.4.3 Special safeguard measures**

##### **page 102, paragraph 4.18**

Paragraph 4.18 states: "Special safeguard measures (SSGs) were taken several times during the review period (Section 3.1.6.2). During Chinese Taipei's previous review, it was observed that there had been a notable increase in price-based SSGs since 2013; this tendency is also reflected in the current review period ...The authorities have indicated that the increased activation of price-based SSG's at some points may have been due to changes in domestic supply and demand, as well as the commercial (i.e. profit) considerations of importers."

**Question 5:** Could Chinese Taipei explain in detail what factors account for its increasing use of price-based safeguards, and given their negative impact on trade, whether Chinese Taipei is considering reforming its use of such measures?

**Answer:**

1. *The price-based SSG measures invoked are based on our WTO accession commitments and in accordance with the WTO Agreement on Agriculture.*
2. *We will review the SSG measures according to the outcomes of DDA agricultural negotiations.*

### **4 TRADE POLICIES BY SECTOR**

#### **4.1 Agriculture, Forestry, and Fisheries**

##### **4.1.1 Agriculture**

##### **4.1.1.5 Domestic support measures**

##### **4.1.1.5.1 Notified support levels**

##### **page 104, paragraph 4.23**

Paragraph 4.23 states: "A complete and up-to-date picture of domestic support levels, as notified to the WTO, was not available, since Chinese Taipei's most recent domestic support notification only covers 2011 and 2012. In the context of this Review, the authorities indicated that a new notification will be submitted soon. Total domestic support for agriculture, including Green Box, and Amber Box (i.e. including de minimis levels), amounted to NT\$52.8 billion in 2012 and fluctuated in the preceding years."

**Question 6:** Noting the importance of members meeting their notifications commitments on time, can Chinese Taipei confirm when its updated notification will be submitted, and that it will bring its notifications up-to-date?

**Answer:**

*The notification for domestic support measures from 2013 to 2015 will be submitted to the WTO Secretariat by June 2019.*

**4 TRADE POLICIES BY SECTOR****4.1 Agriculture, Forestry, and Fisheries****4.1.3 Fisheries****4.1.3.2 Legal and institutional framework****page 109, paragraph 4.53**

*Paragraph 4.53 of the Secretariat's report outlines the extensive changes made to strengthen Chinese Taipei's framework to prevent illegal, unreported and unregulated fishing.*

**Question 7:** Could Chinese Taipei please outline the number of prosecutions that have been made since the Five Year Programme for strengthening international cooperation on combatting IUU fishing began in January 2016 and the scale of penalties that may have been imposed?

**Answer:**

*To combat IUU fishing, we have conducted various measures under the Five-Year Program for Strengthening International Cooperation on Combating IUU Fishing, including reinforcing the legal framework. Since the Act for Distant Water Fisheries and the Act to Govern Investment in the Operation of Foreign Flag Fishing Vessels came into effect on January 20, 2017, and as of August 8, 2018, 79 fishing vessels have been sanctioned accordingly for violations (a total of 108 sanctioned notices) and fined a total of 98.36 million NT dollars (about USD 3.2 million) .*

**4 TRADE POLICIES BY SECTOR****4.1 Agriculture, Forestry, and Fisheries****4.1.3 Fisheries****4.1.3.6 Subsidies and other public sector support****page 111, paragraph 4.63**

*Paragraph 4.63 of the Secretariat's report states that since 2001, 944 vessels and 1988 rafts have been purchased under the Fishing Vessels buy-back programme.*

**Question 8:** Could Chinese Taipei please provide figures on the number and size of the fishing vessel fleet and how the fishing fleet has evolved over the period since the Fishing Vessels buy-back programme was implemented?

**Answer:**

*1. A total of 2,932 vessels have been bought back since implementation of the Fishing Vessels buy-back programme between 2001 and 2017. The sizes of the vessels are as shown below:*

- |                              |                                      |
|------------------------------|--------------------------------------|
| <i>(1) Under 5 tons: 65</i>  | <i>(6) 100 - 200 tons: 144</i>       |
| <i>(2) 5 - 10 tons: 170</i>  | <i>(7) 200 - 500 tons: 174</i>       |
| <i>(3) 10 - 20 tons: 140</i> | <i>(8) 500 - 1,000 tons: 90</i>      |
| <i>(4) 20 - 50 tons: 109</i> | <i>(9) 1,000 tons and over: 0</i>    |
| <i>(5) 50 - 100 tons: 47</i> | <i>(10) Sampons: 5; Rafts: 1,988</i> |

*2. Since the programme has been implemented, there has been a great impact on the evolution of the fishing fleet. The total number of domestic fishing vessels (crafts) decreased by 4,642 units between 2001 and 2016, of which 2,932 units were under the programme, representing 63% of the total decrease. The long history of vessel building restriction (replacement mechanism) and reduction, the freezing of the total number of vessels, the buy-back programme, and relevant policies have successfully decreased our fishing effort. It has also alleviated pressure on marine resources.*

## 4 TRADE POLICIES BY SECTOR

### 4.2.2 Energy

#### 4.2.2.2 Electricity

page 116, paragraph 4.82

#### 4.2.2.3 Hydrocarbons and natural gas

page 118, paragraph 4.90

We support Chinese Taipei's target to increase the share of locally produced renewable energy in the total supply to 20% by 2025 (paragraph 4.82). Paragraph 4.90, states "Reduced-price diesel and gasoline are available for farmers and fishermen" and a number of different subsidies continue to be granted to support remote supply and encourage the exploration and development of oil and natural gas reserves.

**Question 9:** How does Chinese Taipei intend to rationalize any inefficient fossil-fuel subsidies that encourage wasteful consumption in line with SDG 12(c) so as to avoid disadvantaging renewable energy uptake?

**Answer:**

1. *Farmers and fishermen are among the most vulnerable and low income groups, so we provide a non-specific oil subsidy to the vulnerable sectors to reduce burdens caused by fluctuations in fuel prices.*
2. *The purpose of the Offshore Islands Sea Freight Subsidy for Petroleum Products is to ensure residents in the outlying islands can use the basic energy services fairly. This policy prompts oil prices in the outlying islands are similar to those in the main island by subsidizing the shipping costs of oil, while encouraging the residents not to waste energy, and not to cause adverse impact on renewable energy.*
3. *We import over 98% of our energy supply. Indigenous production accounts for only 2%, including oil and gas exploration. The goal of this subsidy is to encourage industries to develop exploration of oil and natural gas so as to enhance the diversity of independent sources of these resources and the security of energy supply. It draws on the feedback mechanism as an incentive, and is not an inefficient subsidy for fossil fuels. After industries conduct successful explorations, they have to return the subsidy and pay a certain percentage of the feedback funds. Since the subsidy is not offered to consumers directly, it will not provide an incentive to overuse fossil fuels and will not cause adverse impact on renewable energy.*

<b>WT/TPR/G/377 – Government Report</b>
---

## 3 Development of Trade and Investment Policies

### 3.7 Regulatory Reform and Liberalization

page 11, paragraph 3.19

Paragraph 3.19 of Chinese Taipei's report outlines the changes made to strengthen Chinese Taipei's legal framework to implement stronger actions on deterring IUU fishing activities.

**Question 10:** Can Chinese Taipei please provide information on the measures it is taking to increase transshipment in port of fish caught on its flagged vessels, and eliminate the practice of transshipment on the high seas of fish caught on its flagged vessels?

**Answer:**

1. *To manage the fishing activities of our fishing vessels in domestic and foreign ports, we conduct a landing declaration mechanism and promote measures, such as transshipment and landing inspection at domestic and foreign ports. At present, there are 32 designated foreign ports with our authorized on-site inspectors, missioned inspectors, independent third-parties commissioned by our authority, or inspectors of port States. At main domestic ports that our distant water fishing vessels use, we also conduct inspections throughout the landing process.*
2. *As for transshipments conducted on the high seas by our fishing vessels, they are subject to the relevant regulations of the Regional Fisheries Management Organizations (RFMOs) of that area. Regional observers are commissioned on all carrier vessels to monitor the navigation and activities. Our fishing vessels must receive authorization and a permit issued by our government prior to at-sea transshipment with carrier vessels, with the presence of the observers authorized by RFMOs.*



## 11 BRAZIL

### WT/TPR/S/377 – WTO Secretariat Report

#### 3 TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.3 Measures Affecting Production and Trade

##### 3.3.3 Sanitary and phytosanitary measures

##### 3.3.3.1 Food standards-setting framework

##### Page 72 (para 3.113)

With respect to imports of corn and soybeans, a declaration, which states whether the shipment is intended for feed/industrial use or food use, is required at Customs upon arrival. Incoming rice is subject to batch-by-batch testing for pesticide residues, heavy metals, aflatoxin, and mycotoxins. The tests are generally completed within 3-5 working days; should the test exceed five days, incoming rice may be released into approved warehouses with an importer *affidavit* awaiting the outcome of the test. During this time, the product cannot be sold on the market.

**Question 1:** What is the reasoning for the intended use declaration requirement for corn and soybean imports? Can the use be changed subsequently? If not, what are the consequences for non-compliance?

**Answer:**

*In order to strengthen flow management of imported products, food importers should apply for inspection at border with TFDA according to Article 30 of "the Act Governing Food Safety and Sanitation" and "the Regulations of Inspection of Imported Foods and Related Products." Food and related products with declaration of feed purposes or other non-food uses that have not been inspected by TFDA at border shall not be used for food purposes. For example, if the imported soybeans were decelerated for feed, it would not allowed to be used in producing food products.*

**Question 2:** Can the Chinese Taipei confirm that rice is subject to the aforementioned tests and indicate if and which international standards it complies with in submitting the crop to these tests? Are there any other crops subject to these tests in this manner?

**Answer:**

*According to Article 30 of the Act Governing Food Safety and Sanitation, all imported foods and relevant products are subject to inspection, and should conform to sanitation, safety and quality standards which are prescribed by the central competent authority. All foods and related products should comply with the relevant laws and regulations, including Standards for Pesticide Residue Limits in Foods, Sanitation Standard for the Tolerance of Mycotoxins in Foods, and Standard for the Tolerance of Heavy Metals in Plant Origin.*

#### 3 TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.3 Measures Affecting Production and Trade

##### 3.3.3 Sanitary and phytosanitary measures

##### 3.3.3.1 Food standards-setting framework

##### Page 73 (para 3.114)

3.114. Reportedly, Chinese Taipei's slow process for establishing MRLs for pesticides, low number of approved MRLs, and zero tolerance policy for pesticides without established MRLs have resulted in incoming agricultural shipments being stopped at the ports of entry and other restrictions. Concerns also relate to MRLs that are considered not Codex standards- or science-based.<sup>169</sup> In 2014, the COA devised a set of review standards to ensure consistency in the treatment of overseas test reports on field efficacy and residues. The authorities indicated that they follow the principle of establishment of pesticide MRLs consistent with international standards on the basis of scientific principles, and in line with the COA's requirements for using pesticide. Furthermore, the levels at which the MRLs are set depend on the dietary pattern and total intake in Chinese Taipei, and they are eventually established on the basis of risk assessments. The process of evaluating the pesticide MRLs of incoming crops is subject to the same principles as those for local crops.

**Question 3:** Can the Chinese Taipei confirm the situation for pesticides without established MRLs? Can the Chinese Taipei indicate the international standards it uses in devising the MRLs?

**Answer:**

1. *TFDA announced the Standards for Pesticide Residue Limits in Foods on October 21, 2008, and continued to amend this regulation to comply with international standards. Pesticides not listed in the table shall not be detected.*
2. *We establish pesticide MRLs based on international standards (Codex), standards of developed countries (e.g. the U.S., EU, Japan, etc.) and scientific principles. Furthermore, the levels at which the MRLs are set depend on the dietary pattern and total dietary intake of consumers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and will eventually be established on the basis of risk assessments. The process of evaluating the pesticide MRLs follows risk assessment principles to protect food safety, and is the same for both imported and domestic crops.*

**Question 4:** With regard to Chinese Taipei's zero tolerance policy for pesticides without established MRLs, can Chinese Taipei clarify if an MRL established by Codex Alimentarius for a pesticide is sufficient to accept importing crops using this pesticide, or is it necessary to go through a national process of evaluating that pesticide?

**Answer:**

1. *According to the Standards for Pesticide Residue Limits in Foods, pesticides not listed in the table shall not be detected (positive list system).*
2. *For pesticides which Brazil has approved to use, but the MRLs are not established in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, it is recommended to provide us with the relevant scientific data for evaluation in order for relevant MRLs establishment. The list of required information is available on TFDA website (<http://www.fda.gov.tw/TC/download.aspx?cid=99&pn=2>, No.11 ZIP file).*

## 12 COLOMBIA

### WT/TPR/G/377 – Government Report

#### 1.INTRODUCTION

##### Page 3 (Para 1.3)

El párrafo 1.3 del informe del Gobierno indica que: "...Según el informe Doing Business del Banco Mundial, la clasificación del Territorio Aduanero Distinto de Taiwán, Penghu, Kinmen y Matsu en cuanto a la facilidad de hacer negocios mejoró, pasando del 19º lugar en 2014 al 11º en 2016; sin embargo, en 2017, descendió al puesto 15º, lo que demuestra que el entorno empresarial interno aún se puede mejorar..."

##### Question 1:

¿Qué esfuerzos planea hacer el Territorio Aduanero Distinto de Taiwán, Penghu, Kinmen y Matsu para lograr recuperar y/o mejorar el puesto 15º en el que se encuentra actualmente según el informe del Doing Business en cuanto a la facilidad para hacer negocios?

##### Answer:

*To optimize the business regulatory system, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu drew up related reform programs and formulated measures to tackle low performance indicators, such as the "Getting Credit" indicator. For this indicator, the government is amending the Personal Property Secured Transactions Act to reform the secured transactions system. Changes include deleting Article 4 of the aforementioned Act and introducing the floating lien system. It is expected that the draft bill will be completed by the end of 2018 with the legislative process following in due course. Also, with regards to the "Paying Taxes" indicator, we are continuing to review and simplify the corresponding procedures and time required for tax payment, and are clarifying to the World Bank the actual time required for business income tax payments.*

##### Page 3 (Para 1.4)

El párrafo 1.4 del informe del Gobierno indica que: "En el período objeto de examen, uno de los principales avances legislativos fue la Ley de Desarrollo y Experimentación Innovadora de la Tecnología Financiera (la Ley), que entró en vigor el 30 de abril de 2018. Esta Ley fue promulgada para establecer un mecanismo de experimentación innovadora de tecnología financiera y crear un entorno seguro para la I+D y los proyectos piloto en materia de tecnología financiera de la industria financiera y los sectores conexos, manteniendo a un tiempo el orden en el mercado financiero y protegiendo los derechos de los consumidores. La Ley se aplica a los experimentadores que emplean métodos innovadores para realizar cualquier actividad de servicios financieros que requiera la aprobación de la Comisión de Supervisión Financiera (FSC). Pueden solicitar realizar experimentos innovadores las personas físicas, las empresas por cuenta propia, las asociaciones y las personas jurídicas, así como los no residentes por medio de un agente. De este modo, el gobierno espera seguir promoviendo la innovación en el sector de los servicios financieros."

##### Question 2:

¿Qué tipo de incentivos son otorgados por la Ley de Desarrollo y Experimentación Innovadora de la Tecnología Financiera para promover la innovación en el sector de los servicios financieros?

##### Answer:

- 1. For the purposes of providing a friendly environment for financial technology development and encouraging the use of technology to develop innovative financial products and services, the FSC may adopt counselling and assistance measures to incentivize FinTech innovators for developing financial goods or services with technology, including adapting financial regulations, establishing a physical cluster for FinTech eco-system development, strengthening the information security of financial infrastructure and technological applications, and assisting in preparation of making an application for approval to undertake an experiment involving innovative financial technology, etc. There are no subsidies for local or foreign FinTech companies in our jurisdiction.*
- 2. The Financial Technology Development and Innovative Experimentation Act ("the Act") helps promote FinTech development and establishes an innovative experimentation mechanism which will create a safe environment (exemption of applicable financial laws and regulations) for FinTech providers to conduct R&D and pilot trials. The experimentation period is up to one year and the applicant may apply for one-time extension up to six months. However, if the experiment involves amendment of existing laws, the extension is not subject to the restriction of one-time*

*extension and the overall experimentation period may be extended to three years. If the experiment turns out benefiting the financial market and meeting consumers' needs, the FSC will review and revise relevant financial laws and regulations.*

3. *In addition to the experimental mechanism, the FSC also encourages overseas financial services providers to develop their innovative financial products or services in our jurisdiction. It has launched some major initiatives, such as:*
  - (1) *Setting up a "FinTech Space", a physical cluster for incubating FinTech startups and facilitating related collaboration, including foreign corporations. It provides services of nurturing, match-making with investors and business partners and working space, enables collaboration among companies, academia and research organizations, and builds strong global networks.*
  - (2) *Signing FinTech cooperation agreements with foreign financial regulators so as to strengthen mutual collaboration and thus assist FinTech companies to expand into each other's markets.*
  - (3) *Holding the "FinTech Taipei 2018" (FinTech festival) to create a platform for idea exchange of FinTech talents and business opportunities. The festival will invite enterprises from around the world to participate in the exhibition and brainstorm new ideas.*

### **3 DEVELOPMENT OF TRADE AND INVESTMENT POLICIES**

#### **3.3 Industrial Policy and Reform**

##### **Page 8(Para3.10)**

El párrafo 3.10, bullet 2, del informe del Gobierno indica que: "...Máquinas inteligentes: El Programa de Promoción de la Industria de la Maquinaria Inteligente consta de dos partes, "Industrialización de la Maquinaria Inteligente" y "Transformación Inteligente de la Maquinaria Industrial". El objetivo es desarrollar soluciones totales y establecer un ecosistema para la industria de las máquinas inteligentes a través de la "Industrialización de la Maquinaria Inteligente", sin dejar de aplicar soluciones totales para ayudar a las empresas a adoptar sistemas de fabricación inteligente por medio de la "Transformación Inteligente de la Maquinaria Industrial". Entre tanto, tomaremos en cuenta las necesidades de transformación inteligente de las pymes y alentaremos la adopción de la digitalización en el proceso productivo, de modo que pueda establecerse una red de dispositivos conectados a través de la caja inteligente Smart Machine Box (SMB). Ayudaremos a las industrias internas a modernizar los procesos de fabricación inteligente y esperamos tener 9.000 dispositivos conectados a la red a finales de 2022. En el caso de las empresas que ya están dotadas de tecnología inteligente, prestamos asistencia para acelerar su evolución hacia la fabricación inteligente mediante proyectos de I+D". (Subrayado fuera de texto)

##### **Question 3:**

¿Qué tipo de ayudas o incentivos planea utilizar el Taipéi Chino para modernizar los procesos de fabricación inteligente en sus industrias internas?

##### **Answer:**

1. *The purpose of developing smart machine project is to upgrade the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's precision machine industry into smart machine industry. Taichung city was selected as the smart machine cluster, with a mandate to promote system-integrated production solutions. Smart machine project has integrated various innovative resources to provide a powerful growth generator, which fits the need of the future machine tool market that will be driven by both service and technology.*
2. *By merging the fields of the computer science and artificial intelligence in the machine tool industry, we aim to upgrade traditional manufacturers to be equipped with smart technologies, smart assembly lines and cloud computing. On the other hand, we will link the manufacturers with demanding consumers to answer their instant requests.*
3. *The government and businesses work together to promote the international industrial cooperation.*

##### **Question 4:**

¿Cuál es la entidad de gobierno responsable del Programa de Promoción de la Industria de la Maquinaria Inteligente y desde cuándo se estableció este programa?

##### **Answer:**

*The Smart Machinery Industry Promotion Program was approved and announced on 21 July 2016. The Smart Machinery Promotion Office was established on 2 February 2017 by the Ministry of Economic Affairs. This office is in charge of coordination and integration among government entities. It helps domestic industries keep up with global trends and seek more potential international*

*collaborations through bilateral conferences, seminars, business matchmaking activities and visiting delegations.*

**Question 5:**

¿El Programa de Promoción de la Industria de la Maquinaria Inteligente cuenta con recursos económicos gubernamentales solamente? O cuenta con apoyo económico del sector privado?

**Answer:**

*The Smart Machinery Industry Promotion Program is coordinated and carried out by the Ministry of Economic Affairs, Ministry of Science and Technology, Ministry of Education and other government entities. Proposed project expenses will be reviewed, approved and budgeted annually by competent government authorities.*

**3.5 Labor Reform**

**Page 9(Para3.13)**

El párrafo 3.13 del informe de Gobierno indica que: "A fin de ajustar mejor las disposiciones pertinentes de la Ley de Normas del Trabajo a las necesidades prácticas de los empleadores y de los empleados, las disposiciones revisadas de la Ley de Normas Laborales fueron promulgadas el 31 de enero de 2018 y aplicadas el 1o de marzo. Las recientes modificaciones de la Ley de Normas Laborales se han concebido para reafirmar los principios de seguridad y flexibilidad, sin dejar de perseguir los siguientes objetivos de política: dos días libres a la semana para los trabajadores; reglamentos coherentes con respecto a los días festivos nacionales; uso flexible de las horas extraordinarias y las vacaciones anuales; descanso de 11 horas consecutivas, como mínimo, entre turnos de trabajo; etc. Además, en aras de una observancia más efectiva, el Ministerio de Trabajo ha reforzado el mecanismo de supervisión del gobierno y el mecanismo autónomo de negociación de las empresas, y ha aplicado múltiples controles de supervisión administrativa para proteger los derechos de los trabajadores."

**Question 6:**

¿Podría el Taipéi Chino explicar cuáles son y cómo funcionan los mecanismo de supervisión administrativa implementados por el gobierno para proteger los derechos de los trabajadores, de conformidad con este párrafo? ¿Desde cuándo los empezaron a implementar y cuáles han sido sus resultados?

**Answer:**

1. *The Labor Standards Act, which regulates administrative penalties and criminal penalties, has been implemented since 1984. If the conduct of a business entity is illegal, the business entity shall be fined in accordance with the penalties prescribed in each of the provisions of the Act. According to the current regulations of the Labor Standards Act, administrative penalties can range from NT\$20,000 to 1 million.*
2. *Moreover, if a business entity is fined for violations in the above Act, the competent authority shall publicly announce the name of the said business entity or its owner(s), the person(s) in charge, and shall also order such entity to make improvements within a given period; failure to make improvements shall incur consecutive fines. The competent authority may determine the amount of the fine in accordance with the number of employees that the violation involves, the number of violations accumulated or the amounts to be paid according to the law.*
3. *For the existing labor inspection matters, the Ministry of Labor adopts the principle of separation of power. The central government is responsible for safety and health, while local governments are in charge of labor conditions. Supervision and inspections related to the Labor Standards Act are carried out by local competent authorities. At present, there are 337 inspectors for labor conditions.*
4. *In response to substantial amendment of the Labor Standards Act in recent years, the Ministry of Labor adopted the strategy of "equal emphasis on inspection and propaganda" in 2018. In addition to strengthening labor inspections by local competent authorities, advocacy conferences have been held regularly. The Ministry of Labor also offers counseling services to business entities that have difficulty in applying the Labor Standards Act, or want to know more about the latest laws and regulations.*

## 1. Introduction

### Page 3(Para 1.2)

#### **Question Add.1:**

Regarding the mentioned New South Oriented Policy and the Industrial Innovation Plan 5+2 (Para. 1.2), Colombia would appreciate that Taipei provides additional information on the features and scope of these policies and their implementation. Colombia believes it is important to assess the extent to which these policies are WTO consistent, especially with the SCM Agreement.

#### **Answer:**

1. *New Southbound Policy: Under the Guidelines for the New Southbound Policy, the government coordinates the resources and efforts of various ministries and agencies, local governments, and civil society to formulate work plans focusing on the following four areas: 1) economic and trade cooperation, 2) talent exchanges, 3) resource sharing, and 4) regional connectivity. With the development and promotion of five flagship projects and three highly potential areas, we aim to create a new cooperation mode that seeks mutual benefits and win-win situations. Those three potential-laden fields include: E-commerce, infrastructure and tourism.*
2. *Our government has made innovation an important agenda, and are promoting various measures in the areas of regulations, technology, capital, and talent to create an environment favorable to industrial development. For example, we put in place the Act for the Recruitment and Employment of Foreign Professionals, and issue the Employment Gold Card to foreign professionals, with aims to attract international talent to come to work and live in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*
3. *Our government is promoting industry innovation in accordance with WTO rules. We do not provide any trade incentives that would impede global free trade, or cause unfair competition.*

#### **Question Add.2:**

As to the five industrial innovative pillars (...5+2), as outlined in paragraph 3.10, with respect to the one of new agriculture and its strategies to stabilize prices and grant agricultural insurance. Could you please clarify the extent to which these policies are implemented and the consistency of this program with respect to the SCM Agreement?

#### **Answer:**

"New agriculture" policy and relative programs will be implemented in accordance with the SCM Agreement.

### WT/TPR/S/377 – WTO Secretariat Report

## SUMMARY

### Page 11(Para13)

El párrafo 13 del informe de la Secretaría indica que..." Durante el período objeto de examen, se ha reducido el número de normas del Taipéi Chino, y las adoptadas como reglamentos técnicos (obligatorios) ascendían al 2,1% (2017) del total; el 99% de las normas siguen siendo equivalentes a normas internacionales. El marco reglamentario por el que se rigen las medidas sanitarias y fitosanitarias y las medidas conexas fue modificado en diversas esferas, incluida la cuarentena. Los derechos de cuarentena que se cobran por la entrada y salida de animales, plantas, trigo, cebada, maíz y habas de soja se siguen aplicando sobre una base ad-valorem. Se introdujo un sistema de etiquetado de trazabilidad para los productos agrícolas locales. Durante el período objeto de examen, se plantearon con respecto al Taipéi Chino tres preocupaciones comerciales específicas relativas a obstáculos técnicos al comercio." (Subrayado fuera de texto).

#### **Question 7:**

¿Podría el Taipéi Chino presentar información más detallada sobre las tres preocupaciones comerciales específicas relativas a los obstáculos técnicos al comercio, que se mencionan en este párrafo?

**Answer:**

Three TBT-related specific trade concerns and detailed information are as follows:

1. *GMO Labelling*

- (1) *Based on the legislature's resolution and to respect the consumer's claim for right to knowledge, the Ministry of Health and Welfare (MOHW) amended the Labelling Requirements for Prepackaged Food, Food Additives and Unpackaged Food Containing Ingredients of Genetically Modified Organisms on May 29, 2015, and announced the Labelling Requirements at Food Vending Locations for Food Containing Ingredients of Genetically Modified Organisms (GMOs) on Aug 11, 2015. All of above-mentioned regulations have already been notified to the WTO and have been fully implemented on December 31, 2015.*
- (2) *The above-mentioned regulations stipulate prepackaged food, food additives, unpackaged food and food at food vending locations that contains GMOs shall display the words "genetically-modified" or "with genetic modification". Highly refined foods (e.g., soybean oil, soy sauce and corn syrup) that are "directly" manufactured by using GMO, while the final product does not contain transgenic DNA fragments or transgenic proteins, shall be labelled the word "genetically modified" on the products. However, products which use such highly refined foods do not have to be labeled. Regarding the "voluntarily" label for non-GMOs, only non-GMOs that have international approval for cultivation, or food of GMOs can display the words "non-genetically-modified" or "with non-genetic modification".*

2. *Radioactive examination reports for foods from Japan*

- (1) *After the Fukushima nuclear power plant incident in March 2011, TFDA implemented a control measure which temporarily suspending our acceptance of inspection applications for all imported food items which are produced in the Fukushima and other four nearby prefectures in Japan.*
- (2) *In May 2015, based on the results of radioactive surveillance to Japanese export food at our border, TFDA further amended the import regulation that requiring for submission of radioactive examination reports issued by the Japanese government for specific food products originating from several specific prefectures. TFDA also implemented a measure that Japanese imported food should be accompanied with a certificate of origin. In order to avoid the barrier to trade, we also adopt flexible and pragmatic methods to confirm the safety of Japanese export food. For example, we accept the certificates issued by the Japan Chamber of Commerce and Industry. Until now, the food products from Japan have been imported smoothly, and the situation of mislabeling and incorrect manufacture prefectures declaration has been prevented.*

3. *Draft of the Organic Agriculture Act*

- (1) *The Act was promulgated on May 30th 2018, and will enter into effect one year after the promulgation date. According to Article 37 of the Act, all countries that we unilaterally recognize organic equivalence will have their equivalence status removed, if they fail to reach a bilateral arrangement on organic equivalence with us within one year of the law's enforcement. It offers the interested countries a grace period of two years to comply with the requirement of achieving bilateral organic equivalence. These provisions apply uniformly to all WTO members. The other alternative is for foreign certification bodies to seek accreditation directly from our competent authority.*
- (2) *As our Organic Agriculture Promotion Act will soon enter into effect, we will cooperate with our trade partners that seek bilateral organic equivalence to review and solve differences in regulations on market access and management, in order to facilitate the bilateral trade in organic goods.*

**1. ECONOMIC ENVIRONMENT**

**1.2 Recent Economic Evolution**

**1.2.4.4 Labour market policies**

**Page 21(Para1.18)**

El párrafo 1.18 del informe de la Secretaría indica que..."...En el marco de la política de modernización industrial y economía innovadora de 2017 prevista en el 17º plan de desarrollo a medio plazo, se contemplan nuevos mecanismos de intercambio, contratación y formación de personal. Los trabajadores del exterior han mitigado en cierta medida la escasez de mano de obra en los sectores de las manufacturas y la construcción. A raíz de las modificaciones introducidas en la Ley de Servicios de Empleo, desde noviembre de 2016 no se exige que los obreros del exterior cuyo contrato haya expirado salgan del Taipéi Chino al menos durante un día. A fin de promover la llegada de

profesionales de otros Miembros de la OMC, el 8 de febrero de 2018 el Taipéi Chino suavizó la reglamentación relativa a los visados, la residencia y el seguro médico, así como la tributación y las prestaciones de jubilación, incluida la deducción de la mitad de los ingresos a efectos del impuesto sobre la renta habitual durante los tres primeros años, siempre que los ingresos anuales sean superiores a 3 millones de dólares NT." (Subrayado fuera de texto).

**Question 8:**

¿Podría el Taipéi Chino ampliar la información sobre la manera en que se suavizó la reglamentación sobre la residencia, el seguro médico, la tributación y la jubilación para los trabajadores del exterior? ¿La homologación de títulos profesionales está incluida dentro de la reglamentación modificada para los trabajadores del exterior? En caso afirmativo, a cuáles profesiones se aplica?

**Answer:**

*The Act for the Recruitment and Employment of Foreign Professionals entered into force on Feb. 8, 2018 and set an important milestone for the legislation of our talent retention and recruitment. Through the relaxation of rules on visas, work and residency regulations, as well as optimizing insurance, tax and retirement benefits, the Act is aimed at building a friendlier work and residency environment to increase incentives for foreign professionals to come and stay in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Regarding persons to whom this Act is applicable, and the details to the protection and benefits offered by our health insurance, taxation and retirement system, explanations are provided as follows:*

1. *The Act is applicable to: foreign professionals, foreign special professionals, and foreign senior professionals.*
  - (1) *Foreign professionals: Includes those engaging in professional work as listed in Article 46 Paragraph 1 Subparagraphs 1 to 6 of the Employment Services Act, freelance artists and short term buxiban (cram school) teachers with specialized knowledge or skills.*
  - (2) *Foreign special professionals: To match talent needs under the industrial development policy, the Act stipulates the setting of qualifying criteria in the fields of science & technology, the economy, education, culture, the arts, sports, and other fields. (These include an average monthly salary above NT\$160,000, membership to a National Academy of Science, receipt of a prestigious international award, recommendation from a credible association, international reputation or previous employment in a foreign professional organization, or holding of a high-level executive position.)*
  - (3) *Foreign senior professionals: Refers to the "senior professional personnel as needed by the government" as currently specified by Article 25 Paragraph 3 Subparagraph 2 of the Immigration Act, such as having distinctive talent in S&T and R&D or managerial work at a special technology center or S&T institute, possessing unique capabilities in science, research, industry, or commerce that enables the person to make a substantial contribution to our economy, industry, education or welfare, or having earned an award in an international competition.*
2. *Provision of Retirement, Health Insurance and Tax Benefits*
  - (1) *Strengthened retirement protection: Foreign nationals who are employed in professional work and have been approved for permanent residency may be included in the New Labor Pension System. Foreign nationals who are employed as full-time, qualified, paid teachers within the authorized manning strength of a public school, and who have been approved for permanent residency, shall have their retirement governed, mutatis mutandis, by the retirement regulations for public school teachers, and may opt for either a one-time lump sum payment or a monthly pension.*
  - (2) *Relaxation of restrictions on public health insurance coverage: For foreign professionals employed in professional work, their spouse, minor children, and adult children who are unable to live independently due to physical or mental disability, having obtained documentary proof of residency, will no longer be subject to a 6-month wait for inclusion in NHI coverage.*
  - (3) *Provision of tax benefit: When a foreign special professional obtains first-time approval to work in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, for the first three years thereafter, he/she will be excused from paying income tax on at least half of the part of his/her annual salary in excess of NT\$3 million.*



### 1.3 Developments in Trade and Investment

#### **Page 27(Para1.27)**

El párrafo 1.27 del informe de la Secretaría indica que..."El Taipéi Chino sigue siendo uno de los principales exportadores no solo de bienes, sino también de capital. Las salidas de inversión directa alcanzaron un nivel máximo en 2016, y en 2017 se redujeron un 4,5% en términos globales, lo que obedece a diversos proyectos de inversión exterior en gran escala, en particular los de Hon Hai Precision Industry Co., Ltd. en Sharp Display Products Corporation (Japón). Al igual que en el caso de las entradas de inversión, en el período objeto de examen, las salidas se concentraron en su mayor parte en el sector de los servicios (financieros y de seguros) y en las industrias manufactureras (partes y componentes electrónicos; productos de informática, de electrónica y de óptica; y metales comunes). Por otro lado, los principales destinos individuales fueron China, los territorios británicos de ultramar en el Caribe (principalmente, las Islas Caimán Británicas y las Islas Vírgenes Británicas), Vietnam y el Japón".

#### **Question 9:**

¿Podría el Taipéi Chino informar sobre sus empresas que se han establecido en Latinoamérica por países? ¿En cuáles sectores?

#### **Answer:**

*According to the outbound investment statistics of Investment Commission of the Ministry of Economic Affairs, 409 projects were registered from 2014 to 2017 with a total amount of US\$15,224,474,000 in Central and South America, mostly in finance and insurance sector.*

#### **Question 10:**

¿Cuáles empresas del Taipei Chino existen en Latinoamérica que se dediquen a la manufactura de partes y componentes electrónicos y productos de informática, electrónica y óptica?

#### **Answer:**

*According to the outbound investment statistics of Investment Commission of the Ministry of Economic Affairs, from 2014 to 2017, 20 cases of manufacturing electronic parts and components and computer, electronic and optical products were registered with a total amount of US\$178,084,000 in Central and South America.*

## **2. TRADE AND INVESTMENT REGIME**

### **2.4 Investment Regime**

#### **Page 36(Para2.37)**

El párrafo 2.37 del informe de la Secretaría indica que... "El Taipéi Chino mantiene su política de promover las inversiones como nuevo motor de crecimiento económico. Una comisión de inversiones (MOEAIC) dependiente del MOEA sigue encargándose de las cuestiones relacionadas con la selección y aprobación de las inversiones entrantes y la cooperación técnica, así como de las inversiones en el exterior... Además, el Departamento de Servicios de Inversión del MOEA presta servicios de información de ventanilla única en materia de inversiones en lo que respecta a la planificación, la realización y la ampliación de las inversiones en el Taipéi Chino, y promueve las inversiones en los "5+2" sectores innovadores. Para promover esos sectores, el Taipéi Chino utiliza incentivos tanto fiscales como no fiscales, entre ellos, los siguientes: bonificaciones fiscales; ayudas relacionadas con contratos de cesión o licencia de DPI; pagos derivados de contratos de cesión o licencia de DPI; subvenciones para I+D, tales como reembolsos parciales de gastos en I+D y formación de empleados; y préstamos a bajo interés".

#### **Question 11:**

¿Podría el Taipéi Chino brindar mayor información sobre los criterios que aplica la Comisión de Inversiones (MOEAIC) para aprobar la inversión de una empresa en el exterior?

#### **Answer:**

1. *Investments conducted by foreign investors are regulated by Negative list for Investment by foreign Nationals—including Prohibited Industries and Restricted Industries.*
2. *According to Article 7 of Statute for Investment by Foreign Nationals, the investor is prohibited from investing in the following industries:*
  - (1) *Those which may negatively affect domestic security, public order, good customs and practices, or public health; and*
  - (2) *Those which are prohibited by the law.*

**Question 12:**

¿Qué incentivos piden a los países para que sus empresas se establezcan en el exterior?

**Answer:**

*To help our companies invest abroad, we offer the following assistances:*

1. *Our foreign commercial service offices collect information on the investment environments of their host countries.*
2. *We cooperate with the investment agencies of host countries on following matters:*
  - (1) *Holding investment seminars to provide information on investment incentives and regulations of host countries.*
  - (2) *Providing assistance to our enterprises in removing investment obstacles and expediting the investment procedure in the host countries.*

**Question 13:**

¿Existen sectores o empresas que tengan prohibido establecerse en el exterior?

**Answer:**

*According to Article 6 of the Regulations Governing Foreign Investment by Companies, if the foreign investment has one of the following conditions, the competent authority may not grant the approval:*

- (1) domestic security, (2) negatively affecting the domestic economic development, (3) violation of international treaty or agreement (4) infringement of intellectual property rights, (5) major labor disputes caused by violation of the Labor Standards Acts have not yet been resolved, etc.*

**3. TRADE POLICIES AND PRACTICES BY MEASURE****3.1 Measures Directly Affecting Imports****Page 42(Para3.9)**

El párrafo 3.9 del informe de la Secretaría indica que... "...El Taipéi Chino ha concertado acuerdos de reconocimiento mutuo de los OEA con los Estados Unidos (noviembre de 2012), Singapur (julio de 2013), Israel (diciembre de 2013) y la República de Corea (diciembre de 2015); los OEA reconocidos por las autoridades aduaneras de estos Miembros gozan de las ventajas derivadas de la facilitación del comercio en el Taipéi Chino, y viceversa. En octubre de 2016 comenzó a aplicarse un programa piloto de OEA con China... Se está trabajando en la negociación de acuerdos de este tipo con otros interlocutores comerciales (como la Unión Europea o el Japón)". (Subrayado fuera de texto)

**Question 14:**

¿Podría el Taipéi Chino comentar las razones por las cuales con China tuvo que aplicar un "programa piloto" de reconocimiento mutuo de OEA (Operador Económico Autorizado)?

**Answer:**

*In light of the enormous bilateral trade volume between the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu and China, both sides share the interest of gradually promoting the mutual recognition of AEOs so as to expedite the flow of goods across the strait. To this end, since October 2016, a pilot program has been launched at several designated commercial ports, which include Keelung and Kaohsiung Harbor of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and Nanking, Fuzhou, and Xiamen Harbor of China.*

**Question 15:**

¿En qué se diferencia el "programa piloto" de reconocimiento mutuo de OEA con China a los acuerdos con otros países como los Estados Unidos, Singapur o Corea?

**Answer:**

*The "pilot program" is just a feasibility test. The comprehensive implementation of mutual recognition of AEO status will not be achieved until a bilateral arrangement in this regard is signed, such as the ones we signed with the U.S., Singapore, Israel, and Korea.*

**Question 16:**

¿Podría el Taipéi Chino presentar un balance del resultado de la aplicación del "programa piloto" de reconocimiento mutuo del OEA con China?

**Answer:**

*The pilot project was launched in October 2016. So far, the effect of the project is relatively limited.*

**3.1 Measures that directly affect imports****3.1.1 Customs procedures and requirements, and customs valuation****3.1.1.1 Customs procedures****Page 43(Para3.10)**

En el párrafo 3.10 señalan que según las autoridades, el factor que más obstruye el levante es el de la eficiencia de los organismos encargados de los trámites de licencias al examinar y certificar las licencias de importación/exportación.

**Question 17:**

Se ha establecido alguna estrategia para mejorar la eficiencia de estos organismos?

**Answer:**

*We have adopted measures to enhance coordination between the Customs and other key border management agencies, for example, by implementing joint examination on perishable goods, to shorten the time for Customs clearance. Those measures can result in more effective service delivery, less duplication, and savings in costs and labors.*

*In addition, the Customs has utilized the CPT Single Window to conduct the cross-checking of customs declarations against the permits issued by the licensing agencies, in lieu of the paper-based checking, so as to enhance customs clearance efficiency.*

**Page 45(Para3.15)**

En el párrafo 3.15 Taipéi Chino manifiesta que han adoptado un mecanismo de gestión del riesgo basado en la información para equilibrar el proceso de facilitación del despacho de aduana con la eficiencia en la observancia en la frontera.

**Question 18:**

Este sistema de gestión de riesgos es único e integral para todas las entidades competentes que intervienen en frontera?

**Answer:**

*The intelligence-oriented risk management system is an integrated system containing inputs from various border agencies.*

**Page 52(Para3.36)****Question 19:**

Regarding the duties and charges that are levied with destination to the Fund for Trade Promotion (Para 3.36 other charges on imports ...), it would be useful to have a better understanding of its features and scope. Thus, if possible, Colombia would appreciate if you could provide the legal text, as well as any analysis with respect to its WTO consistency.

**Answer:**

1. *Article 21 of the Foreign Trade Act stipulates that, in order to promote foreign trade, response to the situations of international trade, and support trade activities, the competent authority may establish a trade promotion fund by collecting uniformly, through customs, a trade promotion service fee against the goods exported/imported by exporters/importers at a rate not more than 0.0425% of the price of the goods exported/imported. The current rate of the trade promotion fee is 0.0400%. This regulation uniformly applies to both exported and imported goods and follows the user-pays principle. The fee is neither for protecting the domestic industry nor for fiscal purpose. Therefore, the collection of the trade promotion fee complies with our WTO obligation.*
2. *The Trade Promotion Fund is mainly used to entrust professional institutions to conduct foreign trade-related activities, participate in activities held by international trade organizations, provide trainings, etc.*

**Question 20:**

With respect to the legal framework of trade remedies in general and antidumping in particular, it would be useful to understand the nature of the changes introduced in this front. Specially the applicable rules in respect to price undertakings and their functioning. Thus, Colombia would appreciate if you could clarify what were the key adjustments?

**Answer:**

1. *The decision of whether to accept the offer by a foreign producer/exporter for a price undertaking must be made in conformity with the provisions of the Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties. The primary substantive conditions for a price undertaking to be accepted by the Ministry of Finance (MOF) are as follows:*
  - (1) *The foreign producer/exporter must fully respond to the questionnaire, and an individual dumping duty rate for that producer/exporter has been preliminarily determined.*
  - (2) *The producer/exporter of the subject merchandise are not associated with the importers.*
  - (3) *The injurious effect of the dumping will be eliminated by the price undertaking.*
  - (4) *There is no risk of cross-compensation of prices.*
  - (5) *The measure can be easily monitored and implemented by the MOF.*
2. *The key adjustments are as follows:*
  - (1) *With respect to price undertaking, the government of the exporting country or the foreign exporters may apply to the MOF in writing within 30 days from the next day of the public notice of the preliminary determination of subsidy or dumping.*
  - (2) *An applicant shall provide an application of a price undertaking and commit to implement the terms and conditions as follows:*
    - *scope of the product concerned and terms of undertaking,*
    - *export price of the product concerned will be no less than the price of undertaking,*
    - *information related to the fulfilment of undertaking will be provided on a regular basis,*
    - *information related to the fulfilment of undertaking will be reviewed by the competent authority,*
    - *acceptance of on-the-spot verification to be conducted by the competent authority, when necessary,*
    - *commitment of not taking any compensatory arrangement or in any other form to affect results of the undertaking, and,*
    - *provision of other requirements that the competent authority deems necessary.*
3. *Upon receiving the application of a price undertaking, the MOF shall provide the competent authority in charge of the domestic industry and interested parties with opportunities to comment in writing.*

**Page 55(Para3.46)****Question 21:**

As to the record of investigations presented in paragraph 3.46, between 2013 and 2016, Colombia would like to understand how is Chinese Taipei addressing anti-dumping investigations on imports from China? Specifically, how is Chinese Taipei comparing normal value - export price to construct the required margins of dumping since 2016?

**Answer:**

*With respect to anti-dumping investigations involving imports of Chinese origin, we use prices in a surrogate country for the calculation of normal value. To Chinese exporters or producers who have fully responded to the questionnaires, we will calculate the normal values and export prices of the firms' subject products, with necessary adjustments, based on the information provided in the questionnaires. As to the non-cooperative exporters or producers, we will use the best information available to calculate the dumping margin.*

*The above-mentioned surrogate country methodology for the calculation of normal value in antidumping proceedings involving imports from China was adopted in 2006 and remains unchanged since then.*

**Page 57(Para3.60)****Question 22:**

In paragraph 3.60 it is mentioned that customs rights and duties paid on the importation of raw materials are refundable. Nonetheless, Chinese Taipei did not provide the exact value of exports that have benefited from these reimbursements since 2014. If available, would you please see the value of these reimbursements and would you please clarify how these reimbursements are made?

**Answer:**

1. *The total amount of the said reimbursements was about US\$97 million in 2014, US\$100 million in 2015, US\$90 million in 2016, and US\$109 million in 2017.*

2. *Customs duty paid on raw materials used in the manufacture of articles intended for export is refundable following exportation of the finished products according to the standards for the raw materials in the quantity required for normal production, unless the item of duty refund has been cancelled by the MOF by public notice. Manufacturers may, within one year and six months from the date following the day on which the raw materials were released for importation, apply to Customs with the relevant export documents for duty refund or to offset the accounts for export products manufactured from imported raw materials.*
3. *For the purposes of improving the service quality and administrative effectiveness, Customs has implemented the system on the Electronic Processing of the Offsetting or Refund of Duties and Taxes on Raw Materials for Export Products, which was officially launched in September 2012.*

**Page 59(Para3.66)****Question 23:**

In paragraph 3.66 it is mentioned that Eximbank grants export credits, insurance export credits, loans and other types of financing services for exports. Would you please clarify if the interest rates for the short term loan are similar to the ones offered by other commercial banks?

**Answer:**

*Regarding the interest rate, Eximbank is the same as the other commercial banks that evaluates the interest rate of short term credit of each case based on independent credit status.*

**Page 59(Para3.67)****Question 24:**

In paragraph 3.67 it is mentioned that, by the end of 2008, the average of non-amortized Eximbank loans was 106,460 million dollars, 2% higher than the previous year. According to the information at hand, it seems like a large percentage of the loans are not amortized, the question is whether there are criteria to export the debt, what is the policy implemented by Eximbank in order to collect the payment of such loans?

**Answer:**

1. *We would like to clarify that according to the paragraph 3.67, Eximbank's average outstanding loans totaled NT\$106,460 million at end-March 2018, up by 2.8% from a year earlier.*
2. *Eximbank offers the export credit loans based on each credit status and prudent assessment, and collects according to the agreement which stipulates the tenor of loan case by case.*
3. *As for the totaled amount of non-amortized loans, we do not have such statistics.*

**Page 64(Para3.81)****Question 25:**

In paragraph 3.81 it is mentioned that the oil used by farmers and fishermen is exempted from the VAT. Moreover, it is mentioned that additional aids are granted in oil discounts. In that regard, could you please clarify the consistency of this policy with SCM Agreement, as established in Art.2?

**Answer:**

*The oil used in agricultural machinery and vessels is exempt from business tax according to the Value-added and Non-value-added Business Tax Act. The subsidy is non-specific and not applicable to Article 2 of SCM Agreement.*

**Page 161(Table A3.7)****Question 26:**

In chart A.37 it is mentioned that there is a policy of tax deductions for R & D. It is mentioned that companies can deduct certain amount of money invested on R & D with a cap of 30% during the same year. Could you please clarify if there are specific sectors benefitting from these incentives and how do you measure the expense on R & D, is there any type of monitoring program?

**Answer:**

1. *A company can apply for tax credit if it invests in innovative R&D. All sectors may benefit from the R&D tax credit.*
2. *A company which applies for R&D tax credit should submit the R&D project to the central competent authority. After the R&D project is examined by the central competent authority and meets a high level of innovation, the relevant expenditures of the project may be used as the*

*basis to calculate the tax credit. However, the relevant expenditures are limited to salaries of R&D personnel, expendable instrument and materials, patents, knowhow, professional or special databases, software, programs, and systems used only for the R&D project.*

#### **4 TRADE POLICIES BY SECTOR**

##### **4.1 Agriculture, Forestry, and Fisheries**

###### **4.1.1.5.2.9 Other**

###### **Page 107(Para.4.40)**

El párrafo 4.40 del informe de la Secretaría indica que... "...El COA (Consejo de Agricultura) publicó las "Directrices operativas para aconsejar a los agricultores que declaren el abandono de la producción de hoja de tabaco", a fin de alentar a los agricultores que suministraban hojas de tabaco en el marco de contrataciones durante el período 2016/2017 a que abandonaran su actividad. Los agricultores que presentaran tal declaración podían recibir un pago único de 600.000 dólares NT por hectárea. En el marco de la política de ayuda a los agricultores que abandonen la producción de hoja de tabaco, los agricultores pueden solicitar ayuda para sustituir esa producción por la de otros cultivos."

###### **Question 27:**

¿Podría el Taipéi Chino compartir las razones por las cuales promueve el abandono del cultivo de tabaco a sus agricultores?

###### **Answer:**

*Prior to 2002, tobacco sales were government-controlled in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, but the system was abolished after we became a WTO member in 2002 with the formation of the Taiwan Tobacco and Liquor Corp (TTLC). Since then, the TTLC's tobacco purchases have gradually shifted to overseas brands, which greatly affected domestic tobacco farming. The Council of Agriculture (COA) has therefore started to help tobacco farmers grow other crops or simply stop growing tobacco, in order to ensure the security of the livelihood of farmers and to ensure a proper transition.*

###### **Question 28:**

¿Cuántos agricultores se han acogido a la sustitución de cultivos o que proporción de ellos?

###### **Answer:**

*Among 1,530 farming households growing tobacco leaves, 1,529 declared to leave tobacco production and enrolled in corresponding reward programs (with 1 compliant choosing not to receive rewards), amounting to a participation rate of 99%. Among the recipients, 55 claimed the reward for transferring to other crops, which accounted for 3.5%.*

###### **Question 29:**

¿Qué tipos de garantías tienen para asegurar que las personas que reciben el pago por hectárea no van a volver a incurrir en el cultivo de tabaco?

###### **Answer:**

- 1. When the payment is issued to farmers under the Directions for Assisting Tobacco Farmers' Declaration of Giving up Tobacco Production Voluntarily, the farmers are required to fill and sign the Declaration of Giving up Tobacco Production for Good.*
- 2. To prevent tobacco farmers who sign the declaration from continuing tobacco operation, and shipping the leaves to private companies, the Agriculture and Food Agency of COA, has worked with local government and farmers' associations to examine the fields to see if farmers obey their declaration for two years following the reward claim. The specified sampling ratio is 5%, but if the result warrants it, the ratio can be raised. Any evidence of a resumption of tobacco leave plantation will result in the return of reward payment or subsidy.*

###### **Question 30:**

¿Qué tipo de ayuda tiene previsto el gobierno del Taipéi Chino dar a los agricultores que pretendan sustituir el cultivo de tabaco por otros cultivos?

###### **Answer:**

- 1. According to the Directions for Assisting Tobacco Farmers' Declaration of Giving up Tobacco Production Voluntarily, farmers who choose to produce other crops are eligible for: (1) seedling*

*and cultivation improvement subsidy from NTD 26,000 to 100,000/hectare each year, up to 3 years; (2) equipment (facility) subsidy of 70% of the cost, with maximum payout of NTD 500,00 (once for each farmer); (3) collective pest prevention subsidy of NTD 30,000/hectare each year, up to 3 years.*

- 2. Those farmers are given continuous support on production technique and agricultural marketing to help them develop specialties in new crops for their post-transfer operation. It is also emphasized that the cultural heritage from the previous tobacco growing era is preserved and the works on introducing the products of the previous tobacco growers to more sales channels and developing agricultural tourism is carried out.*

**Question 31:**

¿Todos los cultivos pueden acceder a las ayudas ofrecidas a cambio de dejar el cultivo de tabaco, o se ha previsto un listado acotado de productos beneficiarios?

**Answer:**

*Not all crops are eligible for the transfer rewards, the eligible categories are as follows:*

- 1. Fruit trees (including guavas and bananas produced under contract farming).*
- 2. Short-term crops (including vegetables, flowers, coarse grains, and herbs for Chinese medicine).*
- 3. Feed corn and forage corn.*

## 13 THAILAND

### WT/TPR/G/377 – Government Report

#### 3.3 Industrial Policy and Reform

##### Para 3.10 New Agriculture Page 9

###### **Question 1:**

Regarding the program of setting up an on-line trading platform for agricultural products are being implemented to stabilize farmers' income, does the government have an intention to apply the on-line trading platform for foreign agricultural products in near future?

###### **Answer:**

*The on-line trading platform facilitated by the COA will be mainly used for domestic products.*

#### Para 6 Page 12

###### **Question 2:**

- How does Chinese Taipei implement a patent linkage system?

Question

- Does this system based on patent-related information submitted to the TFDA by a patent holders or an applicant for marketing approval? If so, what kind of information is required to be submitted?  
 - Could Chinese Taipei elaborate on the coordination between the TFDA and the TIPO in terms of an exchange of patent-related data? How does the TFDA utilize TIPO's database to ensure that a generic drug is not approved before expiration of relevant patented substances?

###### **Answer:**

1. *After implementing the patent linkage system, the license holder of a new drug is required to list patent information in the platform. Patent information includes the certification number of the invention patent(s) and the expiration date of the patent(s). If the invention patent is for medical use, the item number of claims shall be concurrently provided.*
2. *The TFDA only provides a platform for new drug license holders to list the patent information and does not exchange patent-related information with the TIPO.*

### WT/TPR/S/377 – WTO Secretariat Report

#### 2.4 Investment Regime

##### 2.4.1 General investment regime

###### Para 2.38 Page 37

The Secretariat's report states "The Ministry of Economic Affairs (MOEA) has been conducting a comprehensive re-evaluation of the current draft amendments to the "Statute for Investment by Foreign Nationals". It has sought public comments and is working to put together all relevant opinions. Thereafter it will revise the draft of the amendment and submit it through the regular legislative process. In this context, the authorities indicated that consideration is being given to removing the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism."

###### **Question 1:**

Please kindly provide more detailed information regarding "the pre-investment screening/reviewing requirement" and "a post-investment registration mechanism".

- What is the current status of the draft amendment and when would it be expected to pass the legislative process?

###### **Answer:**

1. *We have conducted public hearings on the draft amendments to the Statute for Investment by Foreign Nationals and the Statute for Investment by Overseas Chinese. The draft amendments will go through the legislative process after public opinion review is completed.*
2. *The draft amendments provide that prior approval will only be required for investments above a certain amount, or in exceptional cases, such as investments in sectors on the Negative List for Investment by Overseas Chinese and Foreign Nationals, or other special circumstances set forth by the competent authorities.*



**4.4 Services****4.4.2.1.2 Market access****Para 4.117 Page 123**

As this paragraph states that overseas banks must establish commercial presence to provide services in Chinese Taipei, and obtain approval (business licence) from the Financial Supervisory Commission (FSC) and they may set up subsidiaries, branches or representative offices subject to approval by the FSC.

**Question 2:**

- Please kindly provide more detail of market access conditions for branches.
- Would there be any limitation on the number of branches?
- Is branch considered to be a juridical person under Chinese Taipei's Law?

**Answer:**

1. *To attract financially sound foreign banks with expertise to join our market, and help the development of financial services, foreign banks may apply in accordance with Article 2 of the Regulations Governing Foreign Bank Branches and Representative Offices. Market access conditions are stipulated in our Schedule of Specific Commitments of GATS/SC/136/Rev. 1.*
2. *There is no limitation on the number of branches for which a foreign bank may apply.*
3. *Pursuant to the Banking Act, the term "foreign bank" means a bank that is organized and incorporated in accordance with the laws of a foreign country, registered in our jurisdiction for business as a branch office in accordance with the Company Law and the Banking Act. The parent company remains legally liable for all acts of the branch offices in our market. The branch office is not considered an independent legal entity. However, after obtaining approval from the competent authority and being recognized and registered in accordance with the Company Law, this branch could commence operations according to the obtained business license in our jurisdiction.*

**4.4.5 Tourism services****Para 4.176 Page 135****Question 3:**

Regarding the third action plan relates to guidance for industrial transformation, under which adjustments to the tourism structure, please kindly provide more detail of strengthened training for non-local tour guides. Would foreign tour guides be allowed to provide services in Chinese Taipei and whether it has any limitation for foreign tour guides?

**Answer:**

1. *In order to promote the New Southbound Policy, we are providing counseling and guidance to train tour guides who speak Korean and Southeast Asian languages so that they can obtain tour guide certification and licenses. We are targeting recent immigrants from Korea and Southeast Asia who have a high school education or above.*
2. *According to paragraphs 1 and 2 of Article 32 of the Act for the Development of Tourism, tour guides should pass the examination and training of the competent examination authority or the relevant authority entrusted with handling such matters, and should possess a license issued by the competent authority. In addition, tour guides should be employed by a travel company or be invited on a temporary basis by a government agency or organization before they can conduct tour guide business in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*
3. *The Regulations on General Examinations for Professional and Technical Personnel stipulates that foreigners who wish to obtain a tour guide license should have a public or private high school or vocational school diploma, and have documentation proving they have worked in the industry for at least four years.*
4. *In sum, foreign tour guides who want to enter into this profession in the the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu are required to: pass the examination and training in accordance with the above regulations, obtain a certificate of practice for tour guides issued by our government, and be employed by a travel company or temporarily invited by government agencies or organizations.*

**Para 4.1.1.5.2.1 Price Support - guaranteed purchases Page 105****Question 4:**

According to page 105, paragraph 4.1.1.5.2.1 Price Support - guaranteed purchases, Thailand would like to require further information regarding the Chinese Taipei's domestic support measures on mechanism and practice of price support - guaranteed purchases of rice.

**Answer:**

*We purchase rice from farmers at guaranteed prices for food security stocks. The farmers shall notify the farmers' association of their planting area in advance. After harvesting, they can choose to sell their rice to the market at market price, or to the government at a guaranteed price.*

## 14 BRAZIL

### WT/TPR/G/377 – WTO Government Report

#### Page 3, para 1.4 and page 16, para 3.28

"During the review period, one key legislation milestone was the Financial Technology Development and Innovative Experimentation Act (the Act), which came into force on 30 April 2018. This Act was enacted to establish a Fintech innovative experimentation mechanism and create a safe environment for Fintech R&D and pilot trials of the financial industry and related sectors, while maintaining financial market order and protecting consumers' rights. This Act is applicable to experimenters that use innovative methods to engage in any financial services business requiring approval from the Financial Supervisory Commission (FSC). Natural persons, proprietary businesses, partnerships, and legal persons, as well as non-residents through an agent, all may apply to conduct innovative experiments. The government thus hopes to further enhance innovation in the financial services sector."

**Question N°1:** How did this legal act change the market for fintechs?

**Answer:**

1. *The Financial Technology Development and Innovative Experimentation Act (the Act) aims to establish an innovative experimentation mechanism which creates a safe environment for Fintech innovators to conduct R&D and pilot trials.*
2. *Fintech innovators approved to engage in financial business experimentation in accordance with the Act are exempted from criminal liability and administrative responsibility stipulated in related financial laws and regulations during the experimentation period. They are also exempted from getting financial business licenses or approvals, complying with capital requirement and maintaining legal financial or business thresholds. Such exemptions help accelerate the introduction of more innovative financial goods or services into the market.*
3. *The experimentation period is up to one year and experimenters may apply for one-time extension up to six months. However, if the experiment is deemed beneficial to the whole market and then involves legislative amendments, the overall period may be extended to three years. If the experiment is beneficial to the financial market and meets consumers' needs, the FSC will amend relevant financial laws and regulations. Experimenters who intend to continue with their experimental businesses shall apply for business approvals in accordance with revised regulations and observe related rules as other market participants do.*

**Question N°2:** Was the process of setting companies up facilitated after this new act entered into force?

**Answer:**

*This Act is not related to the process of establishing companies. As for this new Act's impact on businesses and licensing approvals in the financial market, we will watch closely and take necessary action when appropriate.*

**Question N°3:** Has the risk of using the digital platforms reduced after the new standard?

**Answer:**

1. *Based on the principles of responsible innovations, the Financial Technology Development and Innovative Experimentation Act (the Act) provides a secure experimental environment for financial technology innovation, and encourages application of new technology on financial products or services. Therefore, providing financial services through small-scale experiments on electronic platforms may help to identify potential risks previously unthought-of during the experiment period, and ensures lowered risks when entering the market. By doing this, we could maintain stability of the financial system and protect consumers' rights.*
2. *During the experimentation period, the experimenter shall follow the proposed plan on risk management and investor protection measures, which the competent authorities had reviewed and recognized as reasonable and adequate before granting approval for the experiment. The plan should be prepared in accordance with Article 4 of the Act, including: (1) Participant protection measures; (2) Potential risks during the experimentation period and risk management mechanism; (3) Description of money laundering and terrorist financing risk assessment and risk mitigation measures established using a risk-based approach; (4) Information systems used in the innovative experimentation, and description of security control operations and risk*

response measures; (5) An exit mechanism when the innovative experimentation is terminated on its own initiative or cancelled or revoked by the competent authority or when the experimentation period ends. This experimental mechanism reduces possible risks through the aforementioned measures to ensure that the rights and interests of participants are not impaired.

3. In light of the fact that not all of the digital platform's business involve financial services/operate under the Act, operation of such channels in our jurisdiction should follow the management regulations of the competent authority of the business and consumer protection regulations. If the operation of such digital platform is for executing transactions such as for transportation tickets, accommodation, travel itineraries or online shopping etc., where no special approval is required, the platform operators will need to follow set regulations of the competent authorities of the target business. As for digital platforms involved in financial services specially permitted to operate under the Act, and its operators are experimenters who have submitted innovation application according to regulations, then as mentioned in the said risk management mechanism, the risk of the digital platform can be limited to a smaller scope.

**Question N°4:** How have the conflicts between the freedom of innovation for companies and protection of personal data been reconciled in this initiative?

**Answer:**

The Act was formulated based on the principle of "Responsible Innovation" to promote the development of financial technology while taking into account consumer interests and rights (including protection of personal data). Therefore, the Act does not grant exemption of application of the Personal Information Protection Act. Fintech innovators or experimenters should still collect, process and use personal data in accordance with the Personal Information Protection Act and relevant regulations thereof.

**Page 4-5, para 2.5**

"The geographical distribution of trade of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu was heavily concentrated in Asia during the review period. In 2017, for example, 72.41% of exports and 59.23% of imports took place with Asian trading partners, followed by North America (12.34% of exports and 12.30% of imports) and Europe (9.19% of exports and 12.12% of imports). Main trading partners included China; ASEAN; the United States; Japan; Europe; Hong Kong, China; and the Republic of Korea; together this group of WTO Members accounted for 85.60% of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's total trade."

**Question N°5:** What measures have been taken to reduce dependence on traditional trading partners and to increase the diversification of partnerships?

**Answer:**

To help our companies diversify their overseas markets and avoid concentration in one market, the government assists them with implementing localized marketing practices. Such assistance includes organizing export promotion groups, promoting cross-border e-commerce marketing activities, attending domestic and international exhibitions, inviting foreign buyers to visit our suppliers, etc. We also implement different promotional activities in South and Southeast Asia, Europe, the U.S., Japan, and emerging markets, such as Africa and the Middle East in order to encourage domestic companies to diversify export markets

**Page 6, para 2.10**

"Regarding inbound FDI, the manufacturing sector attracted the majority of investment in 2017. Most inbound FDI in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu went to the electronic parts and components manufacturing sector, followed by the information and communication sector, and the finance and insurance sector. The leading sources of inbound investments were the Netherlands, the British Overseas Territories in the Caribbean, the United Kingdom, Japan, and American Samoa, accounting for 74.12% of the total inbound FDI."

**Question N°6:** What precautions are applied to curb illegal activities of foreign investors, such as money laundering, tax evasion and terrorist financing?

**Answer:**

1. Violations of the Tax Collection Act and terrorist-financing are predicate offenses regulated by the Money Laundering Control Act. According to Article 10 of the Money Laundering Control Act, financial institutions and designated non-financial businesses or professions must report to the Investigation Bureau of the Ministry of Justice all suspicious transactions with regard to money laundering, tax evasion and terrorist financing. For more details, please refer to the answer to question 14.
2. According to the Income Tax Act, when an individual not residing in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has income derived from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the tax withholder shall withhold the income tax payable at the time of payment, which will effectively prevent tax evasion by foreign investors.

**WT/TPR/S/377 – WTO Secretariat Report****SUMMARY****Page11, para 17**

The agriculture sector continues to account for a small share of GDP (1.7%) and employment (4.9%), and most food is imported. Chinese Taipei's overall target of 40% food self-sufficiency suffered a setback in 2015 due to climatic conditions.

**Question N°7:** In practice, has the Chinese Taipei's policy of food self-sufficiency been an important matter of dispute/issue for discussion when the negotiation of regional/multilateral trade agreements is concerned?

**Answer:**

*Food security is one of the most important agricultural policies for many WTO members, including the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. To enhance food security and the manifold functions of agriculture, we consider that it is crucial to seek flexibility for sensitive sectors during our negotiations with trading partners on trade agreements.*

**Page13, para 25**

Chinese Taipei's real GDP is forecast to slow down before gaining momentum in the medium run. Despite its solid fundamentals, downside risks to the economic outlook remain. Notwithstanding its existing buffers, the economy remains vulnerable to **exogenous risks such as those relating to developments in the global economic outlook and international trade**, and regional geopolitical developments

**Question N°8:** Which regional geopolitical developments are specifically seen as significant exogenous risks that threaten the stability of the Chinese Taipei economy? In this context, to what extent the escalation of trade retaliatory measures between the USA and China poses a major risk to the Chinese Taipei external sector?

**Answer:**

Geopolitical risks that have potential impacts on our economy are:

1. *U.S.-China trade friction:*

*The new tariffs imposed by the U.S. and China have so far had little direct impact on our economy due to the fact that our exports are not targeted directly. However, since a considerable portion of China's exports to the U.S. are manufactured by Chinese firms in which our entrepreneurs invest and use intermediate goods exported by us, the U.S.-China trade friction could indirectly impact our exports and economy. In addition, we are also watching closely the following spillover effects:*

- (1) *Increasing global economic and financial risks: In July, the IMF pointed out that trade tension would probably cause a reduction in global GDP by 0.5% in 2018 and further erode business confidence; fluctuations in the financial market will increase, and global financial risk will rise.*
- (2) *Changing the global supply chains: The intensifying trade friction between the U.S. and China could alter the structure and development model of Asia, the Asia-Pacific region and even the global economy. Since the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is an export-oriented economy, the global strategy of our overseas businesses and cross-strait trade and economic relations will all be affected accordingly.*

2. *Geopolitical conflicts in the Middle East: Such conflicts may cause fluctuations in international financial markets and oil prices, which in turn could affect our foreign exchange rate, price levels and corporate profits, and also impact our economic growth.*

## **1. Economic Environment**

### **1.2 Recent Economic Developments**

#### **1.2.3 Main macroeconomic policy developments**

##### **Page 19, para 1.8**

The Central Bank (CBC), a government body whose policies seem to be appreciated across the region, remains responsible for, and seemingly independent in, the formulation and implementation of monetary policy. Its objectives include: promoting financial and economic stability; guiding sound banking operations; and maintaining the stability of the value of the currency. The CBC does not set an inflation target, but to attain its monetary policy objectives it continues to apply a mix of instruments including: open market operations, policy rate discounts.

**Question N°9:** When deliberating in its ordinary meetings over the level of the policy interest rate, does the Central Bank of Chinese Taipei (CBC) take into account the likely impact of its decision upon its major trading partners?

##### **Answer:**

1. *The policy rate is decided by the CBC's Board at quarterly meetings, taking into consideration the latest developments of actual and expected inflation, output gaps, and other international and domestic economic and financial conditions.*
2. *The CBC will continue monitoring the latest domestic economic and financial conditions and stay vigilant on the development of monetary policies in other economies, global trade protectionism, and their implications for our economic prospects and financial market stability. We will undertake timely and appropriate monetary policy actions as warranted to fulfill the central bank's statutory mandate.*

##### **Page 20, para 1.12**

**Chinese Taipei's prudent fiscal policy** remained unchanged until 2017 when it shifted to an expansionary more pro-growth stance, a move consistent with **utilizing fiscal space when needed while preserving longer-term fiscal sustainability**.

**Question N°10:** In what sense "utilizing fiscal space when needed while preserving longer-term fiscal sustainability" amounts to having a countercyclical fiscal policy? If so, is the countercyclical fiscal policy crystallized in any built-in automatic mechanism of medium-to-long term fiscal stabilization?

##### **Answer:**

*In recent years, the steady growth of our domestic economy has led to an increase in tax revenue, which has been able to support budget expansion. Since 2017, economic growth has remained at around 3% by expanding government investment to strengthen domestic demand and maintain economic growth. We do not adopt a so-called countercyclical fiscal policy.*

##### **Page 20, para 1.14**

During the review period, **tax revenue grew steadily from 11.6% (2013) of GDP to 12.6% (2016)** as a result of tax reforms to **improve the tax structure and strengthen the income tax collection system**, particularly for high earners. In January 2018, Chinese Taipei enacted a tax reform aimed at improving tax collection, distributing wealth more equitably and stemming the flow of highly skilled labour overseas.

**Question N°11:** Do tax reforms envisage raising the tax revenue base as a percentage of GDP, besides "improving the tax structure and strengthening the income tax collection"? In what sense a restricted tax revenue base might be accounted for the low tax burden (16.2% of GDP in 2016)? Does the current low tax burden offer a sufficient leeway for the management of a countercyclical fiscal policy?

##### **Answer:**

1. *Tax reforms: In order to promote economic development and other policies, we provide tax incentive measures which may lead to a lower tax burden. For the purpose of improving tax revenue, we have taken following measures:*

- (1) *Amendments to the Income Tax Act were promulgated on February 7, 2018 in order to establish a competitive, fair, and reasonable income tax system that conforms to international taxation trends and to create a tax environment that encourages inbound investment that will be able to attract professionals to stay. These amendments entered into force in 2018, and taxpayers will file 2018 annual income tax returns in May 2019. This income tax reform will enhance willingness to invest, improve international competitiveness, and boost economic development. This will create a positive effect on tax revenue in the long term.*
  - (2) *To deepen and widen the tax base, in 2018, we enacted a VAT system for foreign companies which requires foreign companies selling cross-border electronic services to individual domestic purchasers to file a business registration and pay VAT. In the same year, we also established a new income tax regime, which requires foreign companies to pay income tax when they sell cross-border electronic services to domestic purchasers and have income from sources in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. The aforementioned e-taxation solutions help with the incremental growth of our tax revenue.*
2. *We do not adopt a so-called countercyclical fiscal policy.*

## **2. TRADE AND INVESTMENT REGIME**

### **2.1 General Framework**

#### **Page 39, para 2.1**

Since 2014, the overall structure and functions of the executive, legislature and judiciary of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) have remained broadly unchanged. However, a restructuring and streamlining of the executive branch has been ongoing with a view to increasing its flexibility and effectiveness; by the end of this process the number of organizations in the executive branch will have been reduced from 37 to 29 (14 ministries, eight councils, three independent agencies and four organizations). This process should be completed by 31 January 2020. These changes included **the creation of a development council (NDC) in 2014 which combines the previous responsibilities of the Council for Economic Planning and Development, the Research, Development and Evaluation Commission and the Public Construction Commission. The NDC is responsible for the planning, evaluation, coordination and supervision of Chinese Taipei's development policies.**

**Question N°12:** How exactly has the development council been made up? Does it function mainly as a council of advisors or rather as a planning and implementation body inside the Executive branch? How has this body been structured institutionally, i.e. in terms of ministries, state-agencies and publicly-owned banks?

#### **Answer:**

##### **1. Establishment of the NDC**

*To enhance the macro perspective and implementation of our development strategy, we restructured subordinate ministries/agencies by merging the Council for Economic Planning and Development (CEPD), the Research, Development and Evaluation Commission (RDEC) and other entities so as to integrate policy planning and implementation with performance management. The National Development Council (NDC) is responsible for planning, coordinating and reviewing our development strategy and allocating resources.*

##### **2. Functions of the NDC**

*As an agency responsible for planning and promoting key policies, the NDC continues to play an important role in development planning, with a focus on forward-looking, outlined, inter-ministry/agency-integrated, and overall strategic planning. At the same time, the NDC also plays the role of coordinator in the executive entities and strengthens inter-ministry/agency coordination to maximize the effectiveness of the administrative team. In addition, the NDC also strictly manages the implementation of important policies and issues timely warnings so that policy implementation can achieve the expected goals.*

*For more information about the NDC's organizational structure and related information, please visit: <http://www.ndc.gov.tw/en/>.*

## **2. Trade And Investment Regime**

### **2.2 Trade Policy Formulation and Objectives**

#### **Page 31, para 2.16**

**A New Southbound Policy, launched in 2016, aims to foster economic cooperation and integration with ASEAN, South Asia, New Zealand, and Australia.** The elaborated work plan

is aimed at realigning the role of Chinese Taipei in Asian development and seeking new opportunities and momentum for its own development. It focuses on the following areas: economic and trade cooperation, talent exchanges, resource sharing and institutional links and connectivity. Additionally, resources will be used to promote five new flagship projects: regional agricultural development; medical and public health cooperation and the development of industrial chains; industrial talent development; industrial innovation and cooperation; and the NSP forum and youth exchange programme, and three prospective areas (e-commerce, tourism, and infrastructure).

**Question N°13:** How has Chinese Taipei been incorporated into the Belt and Road Initiative (BRI) of mainland China? Are the regional integration schemes in which Chinese Taipei takes part (e.g. the New Southbound Policy) conceived as a part of a greater and more encompassing sphere of mega-regional integration plans as the BRI?

**Answer:**

1. *The New Southbound Policy puts emphasis on "people" and the principle of mutual interaction in diverse fields. It is different from China's Belt and Road Initiative.*
2. *We actively participate in regional integration and promote the New Southbound Policy to reposition our role in regional industrial supply chains, build awareness of a regional economic community, and make good use of our soft power to comprehensively interact in the fields of economics, trade, health care, agriculture, education, and disaster relief with the economies of ASEAN, South Asia, New Zealand, and Australia.*

## **2. Trade and Investment Regime**

### **2.4 Investment Regime**

#### **2.4.2 Business environment**

##### **Page 39, para 2.47**

During the review period, Chinese Taipei introduced some amendments to the legal framework. The 2015 amendments to the Company Act, which regulates the organization, registration, and establishment-related matters for profit-making companies, allowed the incorporation of closed companies in order to create more flexibility for entrepreneurs and start-ups. Further draft amendments have been approved by the executive branch and are pending ratification by the legislature. These are intended to create a friendlier environment for start-ups and entrepreneurs, improve corporate governance, enhance the rights and interests of shareholders, **increase compliance with international money laundering norms** and boost enterprises' operational flexibility, management efficiency and digitalization efforts. The Act for Development of Small and Medium Enterprises, reviewed in January 2016, aims to enhance sound development of SMEs by helping them improve their operation environments, promoting mutual cooperation, and assisting them in striving for growth with their own efforts.

**Question N°14:** What were the main measures and initiatives taken to prevent and combat money laundering and terrorism financing? Are these measures/initiatives a result of concerted efforts with regional trading partners? In other words, are these norms expressed in the regional trading agreements (RTA) in which Chinese Taipei takes part?

**Answer:**

1. *We are devoted to the anti-money laundering (AML) and combating the financing of terrorism (CFT) regimes. We established the Anti-Money Laundering Office on March 16, 2017 to fully advance the preparatory tasks for the third round of mutual evaluation. Its main mission is to oversee and consolidate AML policies within the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and to execute the ML/TF risk assessment.*
2. *We have actively advanced the following important legislation (amendments):*
  - (1) *Amendments to the Money Laundering Control Act (promulgated on June 28, 2017): The Money Laundering Control Act was enacted in 1996, and it was the first legislation dedicated to preventing money laundering in Asia. It was substantially revised in 2016 in response to the 40 recommendations published by the FATF in 2012 and material penalties imposed on domestic financial institutions by foreign financial supervisory authorities. The amendments were officially implemented on June 28, 2017. The amendments strengthened our legislation on money laundering to meet international standards published by the FATF. The four key points include the possibility of prosecution of ML offences, strengthened money flow control measures, improved internal audits and controls, and strengthened international AML cooperation. The specific content includes strengthening of the risk-based approach, establishment of transparent money flows,*



*obligations for conducting full customer due diligence, obligations to obtain transaction records, and obligations to report STR. With regard to cross-border money flow controls, items such as NTD, gold, and other items that can be used for money laundering are included in the amendment. Obligations for reporting on money laundering with cargo shipment and express deliveries across borders were also added to strengthen the retention and supervision of money flow tracing.*

- (2) *Formulation of the Counter-Terrorism Financing Act (promulgated on July 27, 2016): To improve our CTF system, we established the Counter-Terrorism Financing Act in accordance with FATF international standard recommendations, the International Convention for the Suppression of the Financing of Terrorism, other related international regulations, and the UN Security Council's resolutions on prevention of terrorist financing and proliferation of weapons of mass destruction.*
  - (3) *Completion of the International Mutual Legal Assistance Act (passed on April 10, 2018): The enactment of this law shall provide a clear and specific legal basis for processing mutual legal assistance requests from other countries as well as our requests for mutual legal assistance from other countries. In addition, it has also increased the scope of the current mutual legal assistance between courts to investigate and execute affairs beyond trials. Items for which authorities may provide assistance are neither limited by the existing delivery nor by evidence from investigations. Searches, seizures, confiscation, and other forms of assistance for acts that do not violate domestic laws can also be implemented in response to emerging criminal patterns. The Act added implementation procedures for the confiscation of proceeds, and it effectively resolves current difficulties in which we are able to help other countries only with confiscation but not the return of proceeds.*
  - (4) *The amendment of Company Act (passed on July 6, 2018): The new clause, Article 22-1, revised the part related to disclosure of beneficial owners by directors, supervisors and major shareholders, as well as to cancel the system of bearer stock: It is stipulated that the companies should come up with a list of the details of directors, supervisors, managers, shareholders whose shares or capital regularly exceed ten percent of total shares or capital every year. The details should include their names, nationalities, date of birth or date of establishment, identification document number, shareholding volume, capital volume or other details as indicated by the authorities. The details should be sent and reported electronically to the information platform set up by the authorities.*
3. *We actively participate in the Egmont Group and cooperate with regional trading partners to combat money laundering by information sharing.*

## **4 TRADE POLICIES BY SECTOR**

### **4.4 Service**

#### **4.4.2 Financial services**

##### **Page 121, para 4.108**

According to the authorities, Chinese Taipei's banking sector remains stable and resilient. As at the end of Q4 2017, the average common equity tier 1 ratio, tier 1 capital ratio and total capital adequacy of local banks had reached 11.20%, 11.81% and 14.17% respectively, all higher than the minimum requirements set for 2019. In addition, the 2016 stress test results showed that average capital ratio and leverage ratio of local banks under stress scenarios were higher than the minimum requirements set for 2016 and 2017. There have been no bankruptcies over the review period. Banks benefit from a high proportion of stable customer deposits and **the system's low use of overseas funding makes it less vulnerable to contagion risks during turbulent periods in global capital markets.**

**Question N°15:** Does the system's "low use of overseas funding" have to do with the management of the capital account? If so, what are the major capital account techniques currently in use in Chinese Taipei? Are they structured in a countercyclical basis in order to smooth "contagion risks during turbulent periods in global capital markets"?

##### **Answer:**

1. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has a high savings rate, and our banking system is well-funded, which explains low use of overseas funding. In July 2018, total excess reserves held by our financial institutions amounted to NT\$47 billion (about US\$15 billion). Over the past ten years (2008-2017), the average and excess savings rate was 32.27% and 10.75% respectively in the Separate Customs Territory of Taiwan, Penghu, Kinmen*

and Matsu. Our accumulated excess savings reached NT\$17.2 trillion (about US\$5.5 trillion) during that period of time.

2. The capital account has already been liberalized in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Therefore, the low use of overseas funding of our banking system is not caused by capital control. The NT dollar exchange rate is determined by market forces. If irregular factors (such as massive inflows or outflows of short-term capital) lead to excess volatility and disorderly movements in the NT dollar exchange rate with adverse implications for economic and financial stability, the CBC will step in to maintain an orderly market.

#### 4 TRADE POLICIES BY SECTOR

##### 4.4 Service

##### 4.4.2 Financial services

##### Page 121, para 4.110

The Financial Supervisory Commission (FSC), established in 2004, remains the sole statutory financial supervisor and supervises all financial institutions including banks, securities and insurance companies. Its purpose is to build a sound, fair, effective and internationalized financial environment and market, and maintain financial stability. It is authorized to conduct targeted examinations on issues related to monetary, credit and forex policies and payment systems (on-site supervision) and implements off-site monitoring to identify the weaknesses of individual financial institutions and respond appropriately to banking system developments. The FSC owns the Central Deposit Insurance Corporation. As reported by the FSC, it has helped channel capital into the real economy; assisted enterprises raise funds in the capital market and enhanced protection of the rights and interests of investors and financial consumers. Concrete recently adopted measures include: (a) making it easier to obtain finance for entrepreneurship; **(b) promoting innovative experimentation in financial technology;** (c) developing green finance; (d) encouraging the development of financial products for the elderly; (e) supporting the New Southbound Policy (see Section 2); (f) encouraging financial institutions to take part in urban renewal; (g) increasing stock market liquidity; and **(h) enhancing protection of the rights and interests of financial consumers, and promoting financial inclusion.**

**Question N°16:** Especially for item (b), how are these financial technology companies supervised? Is there statistical data collection to evaluate the volume of operations performed?

##### **Answer:**

1. During the experiment, the participants should follow the plan they proposed. The competent authority will supervise its operation based on the written information of its regular and non-regular reports, and will pay visits or collect opinions of relevant participants as a reference for supervision.
2. When a participant submits application for the experiment, it will explain how to measure the benefits achieved by the experiment in the future. After the completion of the experiment, the competent authority will invite relevant ministries and external experts to hold an evaluation meeting to assess whether the participant has achieved the benefits.

**Question N°17:** With reference to item (h), by promoting financial inclusion, has the Financial Supervisory Commission (FSC) also been concerned with enhancing financial literacy? If so, to what extent are these two programmes united in practice?

##### **Answer:**

1. Yes. Promoting financial literacy has long been one of the FSC's most important policies.
2. In order to promote financial inclusion in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, when the FSC formulated phase V of the "Financial Literacy Program" (2018~2020), it took into account the potential influence of financial technology on financial consumers. Together with coping with the changes in demographic structure and the evolving needs of the community as a whole, the FSC selected "Fintech" as one of the themes for carrying out the program. Through implementation strategies such as social advocacy, deepening students understanding, combining resources of social care and public interest support, and utilizing the power of diverse media, the program pushes forward financial education for people of different ages and different ethnicities by various ways and channels.

## 4 TRADE POLICIES BY SECTOR

### 4.4 Service

#### 4.4.2 Financial services

##### 4.4.2.1 Banking and finance

###### Page 122, para 4.112

Chinese Taipei's banking sector appears to remain saturated, with many banks and a limited number of clients. As a result, net interest margins have fallen to one of the lowest levels in Asia. As of 2017, the banking system structure consisted of 38 locally incorporated banks (down from 39 due to a merger approved in 2017); 29 local branches of non-local banks; 23 credit cooperatives; 311 credit departments of farmers' and fishermen's associations; and eight bills finance companies. The banking sector remains dominated by publically owned banks; three banks are fully publically owned (the "Bank of Taiwan", the Land Bank and the EXIM Bank) and a further six banks are partially publically owned (the "Taiwan Cooperative Bank", the First Commercial Bank, the Hua Nan Commercial Bank, the Chang Hwa Commercial Bank, the Mega International Commercial Bank and the "Taiwan Business Bank"). At the end of 2016, these banks held 49.01% of total bank assets, down from 52% in 2010. There are 24 banks with local majority ownership which accounted for 42.5% of total assets. The five banks with non-local majority ownership accounted for 5.8% of total assets. At the end of 2016, locally incorporated banks (excluding the postal savings bank) accounted for 77.2% (77.6% in 2014) of total deposits and 90.5% (91.1% in 2014) of total loans; while local branches of non-local banks accounted for 2% (1.1% in 2014) of total deposits and 3.7% (3.1 in 2014) of total loans, respectively.

**Question N°18:** To what extent has the banking system structure - predominantly dominated by publicly owned banks - been functional to assist Chinese Taipei's development policies? Have they been active financial agents in the implementation of Chinese Taipei's successive development plans?

###### **Answer:**

*Whether the bank is state-owned or not, there is no financial agent in our jurisdiction. Following the principle of risk control, our financial industry works actively to provide capital for industrial development, implement financial inclusion, and vitalize our economy.*

## 4 TRADE POLICIES BY SECTOR

### 4.4 Service

#### 4.4.2 Financial services

##### 4.4.2.1 Banking and finance

###### 4.4.2.1.2 Market access

###### Page 123, para 4.117

During the review period, market access conditions remained unchanged. Overseas banks must establish commercial presence to provide services in Chinese Taipei, and obtain approval (business licence) from the FSC. They may set up subsidiaries, branches or representative offices subject to approval by the FSC. Representative offices of a non-local bank are limited to collecting commercial and market information and business liaison. A subsidiary of a non-local bank must comply with the same minimum capital adequacy ratios and paid-in capital requirements as a locally incorporated bank. Non-local financial institutions can invest in local financial companies with up to 100% ownership. Inward investment is prohibited in postal saving and remittance services as specified in Chinese Taipei's negative list for investment.

**Question N°19:** Is there a permanent residence requirement for managers of foreign financial institutions branches? If not, how to attribute responsibility for crimes committed against the financial system?

###### **Answer:**

- 1. We have no requirements concerning the nationalities of branch managers of foreign financial institutions in our jurisdiction. The conditions for market access of foreign banks and the process of establishing a branch in our jurisdiction are stipulated in our Schedule of Specific Commitments of GATS/SC/136/Rev and Regulations Governing Foreign Bank Branches and Representative Office.  
(<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT0201.aspx?lsid=FL006642>).*
- 2. When the manager of a financial institution violates his/her duties in our jurisdiction, he/she shall be subject to the financial supervisory decree, as well as to hold accountable for civil and criminal liability according to the law, regardless of his/her nationality or residency status.*

## 15 ARGENTINA

### WT/TPR/S/377 – WTO Secretariat Report

#### 3. Trade Policies And Practices By Measure

##### 3.1 Measure Directly Affecting Imports

##### 3.1.1 Customs procedures, valuation, and requirements / Customs procedures and requirements and customs valuation

##### 3.1.1.1 Customs procedures

##### Page 41 para 3.5

En el párrafo 3.5 se indica que Taipei Chino en noviembre de 2016, la Ley de Aduanas se volvió a enmendar en varios aspectos.

**Question N°1:** ¿Podrían especificar cuáles son los aspectos enmendados por la Ley de Aduana y en qué afecta a la normal operatoria de los exportadores e importadores?

**Answer:**

*Many amendments simply modified wording, which should have no impact on traders. For example, changes of the official name of our customs entity to reflect the outcome of government restructuring. In Article 28 of the amendments, we incorporated provisions regarding the issuance of advance rulings on origins of imported goods, as provided for under Article 3 of WTO Trade Facilitation Agreement (Advance Rulings). This should contribute to the improvement of predictability of customs procedures and thus benefit importers and exporters.*

##### Page 42 para 3.6

En el párrafo 3.6 se menciona que para poder importar o exportar, las empresas deben inscribirse en el registro de importadores y exportadores de la Oficina de Comercio Exterior (BOFT). Las sucursales de empresas exteriores que figuren en el registro de las autoridades pueden solicitar su inscripción.

**Question N°2:** ¿Cómo es el procedimiento y cuál es el costo para que las empresas soliciten la inscripción en el BOFT? ¿Existen beneficios y flexibilidades para PyMEs?

**Answer:**

1. *Before applying for registration as an importer/exporter, an enterprise must first apply to the BOFT for preliminary review of whether the proposed English name of the enterprise is available. Applications for registration must be submitted to the BOFT within six months from the date of approval of the proposed English name.*
2. *There is no registration fee.*
3. *Importer/exporter registration is conducted in accordance with relevant regulations. The rules are the same for all companies.*

##### Page 42 para 3.8

En el párrafo 3.8 se indica que los comerciantes que se conectan a la ventanilla única CPT a través de un proveedor privado de servicios deben pagar derechos de transmisión, cuyos valores máximos fija el MOF.

**Question N°3:** ¿Podría explicar cuáles son y donde se publican tales valores máximos?

**Answer:**

1. *The transmission fee charged by the private information network service provider is based on the amount of data transmitted. The price ceiling is around US\$0.0573 per kilobyte (KB) which is published on the Customs official website.*
2. *More information on transmission fees can be found at [https://web.customs.gov.tw/News\\_Content.aspx?n=4B97B267EBBDC9F2&sms=9FA66FA17135CFC2&s=FA1C64EA614CBE61](https://web.customs.gov.tw/News_Content.aspx?n=4B97B267EBBDC9F2&sms=9FA66FA17135CFC2&s=FA1C64EA614CBE61) (only published in traditional Chinese script).*

**Page 43 para 3.12**

En el párrafo 3.12 menciona que en 2015, se estableció un programa de inspección móvil inteligente, que permite realizar inspecciones aduaneras mediante una plataforma con conexión a internet de cuarta generación o dispositivos móviles inalámbricos y recibir información sobre las inspecciones en tiempo real.

**Question N°4:** ¿Podría dar más detalles del programa mencionado y explicar en qué medida ha agilizado los procedimientos de inspecciones?

**Answer:**

*As many physical examinations of goods are carried out at container terminals or warehouses far away from the field Customs offices concerned, the mobile inspection program, where necessary, helps facilitate voice and video communications between the on-site examiners and their colleagues and supervisors in the offices. More importantly, it effectively shorten the time required for releases of Customs declarations and goods therein which are subject to examinations. This is because information about the results of examinations, if positive, can be immediately passed to the field offices for further processing through mobile devices. Compared to conventional practices of which the declarations selected for physical controls can only be further processed after the examiners concerned have returned to their offices, access to their personal computers, and then input the results of examinations into the Cargo Clearance System, the mobile inspection program on average reduces the time needed for Customs releases by 2 hours.*

**3. Trade Policies and Practices By Measure****3.1 Measure Directly Affecting Imports****3.1.3 Tariffs****3.1.3.1 General features****Page 46 para 3.22**

En el párrafo 3.22 el informe indica que las modificaciones del arancel son aprobadas y promulgadas mediante un procedimiento legislativo. Normalmente las proponen los organismos sectoriales pertinentes (por ej. las autoridades del sector industrial o agrícola) a la Comisión del Arancel Aduanero, dependiente del MOF.

**Question N°5:** ¿En qué circunstancias pueden modificarse los aranceles? ¿podrían brindar ejemplos recientes de tales modificaciones?

**Answer:**

- 1. The reasons for the amendments to the Customs tariff include responding to suggestions from various sectors or industrial policies' needs and implementing the tariff reduction commitments made under free trade agreements or economic cooperation agreements.*
- 2. For example, an amendment to our Customs Tariff was made in November 2017 to strengthen the photovoltaic industry supply chain for diversifying energy sources and, at the same time, fulfill our tariff concession commitment to the Agreement on Economic Cooperation with the Republic of Paraguay.*

## 16 PHILIPPINES

### WT/TPR/G/377 – WTO Government Report

#### Page 8, para 3.10

The flagship 5+2 Industrial Innovation Plan was launched in 2016 to serve as the primary industrial development policy undertaking. The aim of this plan is to transform industrial innovation, moving towards high-value-added, service-oriented and solutions-oriented business models. It envisions achieving industrial innovation, job creation, equitable wealth distribution, and sustainability. The seven (5+2) innovative industrial pillars are: the Asia Silicon Valley, Smart Machinery, Green Energy Technology, Biomedical Industry, Defense Industry, New Agriculture, and the Circular Economy. Details of each are briefly outlined below.

**New Agriculture:** The three main pillars in this program are to establish new agriculture paradigms, construct a safety system for agricultural products, and enhance the capabilities of agricultural marketing. The strategies, such as promoting agricultural insurance programs, encouraging organic and environmentally-friendly farming, promoting green environmental payments on farmland, and setting up an on-line trading platform for agricultural products are being implemented to stabilize farmers' income and make full use of the multi-functional value of agriculture in a sustainable way.

**Question N°1:** Please provide further information on the establishment of safety system for agricultural products. What are the plans for setting up an on-line trading platform for agricultural products?

**Answer:**

1. *To create a safety system for agricultural products, we have implemented the following policies: Enhance the safety of agricultural products by implementing source management, strengthening safety management of production and sales, increasing the frequency of inspections of agricultural products, and introducing 4L1Q agricultural products for school lunches.*
2. *In order to stabilize the supply and demand of fruits, vegetables, and flowers, the competent authority has guided wholesale markets in adopting the electronic trading system and upgrading relevant equipment and facilities of trade venues. For example, the Appointment Trading System with a mobile app has been implemented in the Taipei Fruits & Vegetables Wholesale Market. In combination with the Vegetable Stockpile Rotation project during the flood season (May to October), priority is given to vegetables such as cabbage and Chinese cabbage on a trial basis for making transactions, with an aim to enhancing the efficient operations of wholesale markets and setting up a fair and transparent trading environment.*

#### Page 7, para 3.8

Regarding investment policy, during the review period, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu paid close attention to providing a business-friendly environment that would help to attract FDI. We reviewed our domestic reforms on investment in relation to the findings in the World Bank's Doing Business Index (DBI). The core strategy was to enhance the ease of doing business, improve regulatory transparency, and adhere to global best practices.

**Question N°2:** What were the domestic reforms undertaken for investments?

**Answer:**

1. *In order to create a high-quality investment environment, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu launched the Inter-ministerial Meetings on September 27, 2017 to review key issues affecting industrial development, deliberate the relaxation of rules and regulations, and eliminate relevant investment barriers. As of September 11, 2018, 22 meetings have been held, and many important achievements have been made, such as fulfilling implementation of public works, promoting private participation in public construction plans, relaxing rules and regulations on 339 items, and addressing the five major shortages — electricity, water, land, labor and professional talent — faced by enterprises, etc.*
2. *Since October 2008, we have been launching reforms on the business environment based on the criteria of the World Bank's Doing Business report. In addition to drawing up related annual reform programs, the government has formulated measures to tackle low performance indicators in order to bring the domestic regulatory system in line with international norms, further improve our investment environment, and boost its international competitiveness.*

3. *Since the new administration of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu took office in 2016, it has put forward a series of key policies, such as the 5+2 Industrial Innovation Program, the Forward-looking Infrastructure Development Program, as well as relaxation of regulations, optimization of the tax system, and acceleration of investment in order to stimulate economic development and improve the ease of doing business*
4. *Investment promotion practices:*  
*One-stop investment services: An office named InvesTaiwan was set up to provide specialized, dedicated, and fully customized services for domestic and foreign investors. The office offers one-stop investment services, including business facilitation and application review, which accelerate the investment process to allow foreign companies to implement their investments in a timely manner.*
5. *Enhancing the transparency and predictability:*
  - (1) *To further enhance the transparency and predictability of our investment regime, the Investment Commission, MOEA is working on the draft amendments of the Statute for Investment by Foreign Nationals. The draft amendments will go through the legislative process after public review.*
  - (2) *The revised Negative List for Investment by Foreign Nationals entered into force on 8 February 2018. The Investment Commission, MOEA will review the list regularly.*

## WT/TPR/S/377 – WTO Secretariat Report

### **1. Economic Environment**

#### **1.2 Recent Economic Developments**

##### **1.2.4 Structural policies**

##### **1.2.4.2 Privatization**

##### **Page 20, para 1.15**

During the review period public-sector involvement in the economy has remained relatively unchanged and spread over several activities, as there has been virtually a standstill in the widely opposed privatization process (Section 3.3.5). Publicly-owned enterprises and public utilities continued to be a major source of government revenue and used as industrial development or food security policy tools.

**Question N°3:** Does Chinese Taipei have plans on the privatization of services, including public services, in the future??

#### **Answer:**

1. *Privatization plans for the Taiwan Power Company and Taiwan Water Supply Corporation are as follows :*
  - (1) *Taiwan Power Company (TPC): According to the Electricity Act, the TPC will be divided into an enterprise electricity generation and an enterprise for electricity transmission and distribution. We will review the privatization plan of the TPC after it begins the process of separation of electricity generation and electricity transmission and distribution.*
  - (2) *Taiwan Water Corporation (TWC): Certain tasks of the TWC, such as collecting water fees, recording water meters, operating water purification stations, are being contracted to the private sector. There is no plan to privatize the TWC.*
2. *State-owned financial enterprises are in charge of maintaining the stability of the domestic financial market. The Taoyuan International Airport Corporation, Taiwan International Ports Corporation, and Chunghwa Telecom are crucial to the people's livelihood and public interest. Therefore, there are no privatization plans for these enterprises.*

### **2. Trade and Investment Regime**

#### **2.2 Trade Policy Formulation and Objectives**

##### **Page 31, para 2.16**

A New Southbound Policy, launched in 2016, aims to foster economic cooperation and integration with ASEAN, South Asia, New Zealand, and Australia. The elaborated work plan is aimed at realigning the role of Chinese Taipei in Asian development and seeking new opportunities and momentum for its own development. It focuses on the following areas: economic and trade cooperation, talent exchanges, resource sharing and institutional links and connectivity. Additionally, resources will be used to promote five new flagship projects: regional agricultural development; medical and public health cooperation and the development of industrial chains; industrial talent development;

industrial innovation and cooperation; and the NSP forum and youth exchange programme, and three prospective areas (e-commerce, tourism, and infrastructure).

**Question N°4:** Please provide further information on the activities/measures carried out by Chinese Taipei to implement the "New Southbound Policy" towards ASEAN, particularly on trade, investments, and industrial collaboration.

**Answer:**

1. *After implementing the New Southbound Policy, bilateral trade with New Southbound Policy countries grew by 15.5%, totaling 110.9 billion US dollar in 2017. Between January and August 2018, bilateral trade grew by 5.5%, amounting to 77.07 billion US dollar. In order to facilitate bilateral trade and exchange between enterprises, we hold expos in partner countries to promote the image of our quality products, and continue to organize overseas trade missions, as well as invite buyers from New Southbound Policy countries to participate in procurement partnership conferences. We also provide financial assistance to help businesses explore and establish footholds in the New Southbound market. In addition, we actively facilitate cooperation between e-commerce operators and perform business-matching to put their quality products on shelves. Moreover, to upgrade our e-commerce logistics environment, we cooperate with ASEAN countries in establishing overseas warehouses. Through signing MOUs with partner countries on trade promotion, e-commerce, standards of metrology, and trade facilitation, etc., we endeavor to remove trade barriers.*
2. *In terms of investment, we provide bilateral investment information and assistance through our investment contact windows in target countries. We held investment forums where we invited officials from investment authorities of ASEAN countries to come to the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to present their investment environment and business opportunities. We also organized investment missions to assist enterprises from both sides deploy their businesses to facilitate bilateral investment. In 2017, New Southbound countries invested 270 million US dollar in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Meanwhile, our investments in New Southbound countries during this period totaled 3.68 billion US dollar.*
3. *On industrial collaboration, we co-hosted a summit on industrial links with New Southbound Policy countries. Meeting the development needs of partner countries and combining these needs with our advantageous industries that possess output capacities, we continue to accelerate bilateral industrial collaborations and facilitate partnerships in the supply chain. An example of such is the machine tools vocational training cooperation we have with partner countries where we jointly cultivate machine tool industry talents. We are also cooperating with trading partners to develop an industrial park in a South Asia country.*

## **2. Trade and Investment Regime**

### **2.4 Investment Regime**

#### **2.4.1 General investment regime**

##### **Page 37, para 2.38**

Since the previous review, there have been no changes to the legal framework. 2012 amendments to the "Statute for Investment by Foreign Nationals" were not passed by the legislature.<sup>39</sup> Given this development, the MOEA has been conducting a comprehensive re-evaluation of the current draft amendments. It has sought public comments and is working to put together all relevant opinions. Thereafter it will revise the draft of the amendment and submit it through the regular legislative process. In this context, the authorities indicated that consideration is being given to removing the pre-investment screening/review requirement and replacing it with a post-investment registration mechanism.

**Question N°5:** Please provide information on its plan regarding the post-investment registration mechanism.

**Answer:**

*The draft amendments provide that prior approval will only be required under certain circumstances, other investments can be declared within 2 months after the implementation of the investments.*



## **2. Trade And Investment Regime**

### **2.4 Investment Regime**

#### **2.4.2 Business environment**

##### **Page 38, para 2.44**

However, the World Economic Forum's 2017-2018 Global Competitiveness Index showed a poorer performance of Chinese Taipei compared to that in 2013-2014 (15th place out of 137 economies in the World Economic Forum's 2017-2018 Global Competitiveness Index compared to 12th place out of 148 economies in 2013-2014). The most concerning areas remain: policy instability, restrictive labour regulations, an inefficient capacity to innovate and bureaucracy. It improved its rankings on access to financing, combatting corruption, tax regulations and rates.<sup>45</sup>

**Question N°6:** Please provide further information on the areas indicated that attributed to the drop of Chinese Taipei's ranking particularly in respect of "restrictive labour regulations".

##### **Answer:**

*In the World Economic Forum's 2017-2018 Global Competitiveness Report, "restrictive labor regulations" are identified as a problematic factor for doing business in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. This may have resulted from the amendments of labor laws and regulations in recent years, a result of taking into consideration safety and flexibility. By amending the labor laws and regulations, we aim to strengthen worker-employer relationships, protect workers' rights and facilitate economic development to actively enhance our competitiveness.*

## **3. Trade Policies and Practices by Measure**

### **Page 41 para 3.1**

Since its previous Trade Policy Review, the general thrust of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's (Chinese Taipei) trade policy has remained relatively unchanged. While no unilateral liberalization has been undertaken, there have been policy developments in certain areas including trade facilitation, tariffs, preferential trade agreements, sanitary and phytosanitary requirements, government procurement, competition policy, and intellectual property rights.

**Question N°7:** We note in the Secretariat Report that while there was no unilateral liberalization, there have been policy developments undertaken by Chinese Taipei in certain areas, e.g. tariffs. However, we also note that the "complexity and peak rates" of Chinese Taipei's tariff have remained unchanged. In this regard, we would like to seek clarification on the specific policy developments relevant to Chinese Taipei's tariff regime and its future plans to address tariff peaks and complex TRQ system.

##### **Answer:**

*We will make the necessary adjustments to our tariff regime, including those regarding our TRQ system and tariff peaks, to meet the needs of domestic industries and comply with international agreements.*

## **3. Trade Policies and Practices by Measure**

### **Page 41 para 3.3**

During the review period, the scope of export prohibitions and licensing was expanded. Export loans, guarantees and credit insurance at preferential terms have assisted manufacturers expand export markets in line with the New Southbound Policy objectives. Measures involving various tax and non-tax concessions such as grants, and low-interest loans continued to support production and trade.

**Question N°8:** Please provide more information on the "expanded" scope of export prohibitions and licensing.

##### **Answer:**

*In order to comply with international environmental agreements, such as the CITES, the Stockholm Convention, the OSPAR Convention, and the Rotterdam Convention, as well as to prevent drug abuse, additional items have been subjected to export prohibition or export licensing under Article 11 of the Foreign Trade Act, such as hazardous narcotic materials and invasive alien species, in accordance with.*

**9.1.1.1 Customs procedure****Page 42, para 3.9**

Customs may grant authorized economic operator (AEO) status to ten categories of "economic operators in the supply chain".<sup>10</sup> There are two types of AEOs, General AEOs (AEO-G, involving importers/exporters) and Security and Safety AEOs (AEO-S). The benefits of AEO status depend on the type of certificate granted to the economic operator, and could include fewer customs controls (such as less documentation examination and reduced random inspection rate), simplified customs procedures, and flexibility in customs duties payment.<sup>11</sup> AEO programme participation is voluntary. As at March 2018, there were 699 (618 in 2014) AEOs of which 125 were importers and 125 exporters.<sup>12</sup> Chinese Taipei maintains AEO mutual recognition agreements (MRAs) with the United States (November 2012), Singapore (July 2013), Israel (December 2013) and the Republic of Korea (December 2015); AEOs recognized by the customs authorities of these Members enjoy the benefits of trade facilitation in Chinese Taipei, and vice versa.<sup>13</sup> A pilot AEO programme with China has been implemented from October 2016. An action plan regarding an AEO MRA with India has been in place since 11 October 2017. Work for the negotiation of AEO MRAs with other trading partners (e.g. the European Union and Japan) has been ongoing.<sup>14</sup>

**Question N°9:** Please provide information on the granting of AEO status. What are the specific benefits of an AEO by type of certificate, i.e., General vis-à-vis Security and Safety AEOs) ?

**Answer:***The specific benefits provided for AEOG and AEOS*

*AEOS, which is subject to more severe application requirements than AEOG, allows the eligible exported goods to enjoy the benefits of cross-border mutual recognition. Benefits of AEOG and AEOS are briefly described as follows:*

1. *The specific benefits granted to the goods imported/exported by AEOG:*
  - (1) *Lower examination rate; simplified examinations may apply to the imported goods selected for physical examinations; and exported goods selected for physical examinations may be exempted from examinations.*
  - (2) *Where imported goods of an AEOG have been released from Customs by providing a guarantee, the consolidated payment of duties, taxes, and other charges may be calculated on a monthly basis.*
  - (3) *An AEOG is entitled to apply for the provision of an affidavit as substitute for the guarantee for the payment of duties, taxes, and other charges.*
  - (4) *An AEOG may apply for release of re-imported locally made goods from Customs with a written affidavit when making the import declaration, and be written off from the original export declaration afterwards.*
2. *The specific benefits granted to the goods imported/exported by AEOS*
  - (1) *Lowest rate of document review and examination.*
  - (2) *Simplified examinations may apply to the imported goods selected for physical examinations. Additionally, priority may be given to the examination of AEOS goods.*
  - (3) *Where imported goods of an AEOS have been released from Customs by providing a guarantee, the consolidated payment of duties, taxes, and other charges may be calculated on a monthly basis.*
  - (4) *An AEOS is entitled to apply for providing an affidavit as substitute for the guarantee for the payment of duties, taxes, and other charges.*
  - (5) *A single contact window handles cases where goods are not released. The single contact window enables Economic Operators to make enquiries and solves problems pertaining to customs clearance procedures.*
  - (6) *An AEOS may apply for release of re-imported locally made goods from Customs with a written affidavit when making the import declaration, and be written off from the original export declaration afterwards.*
  - (7) *An AEOS may apply for non-intrusive inspections of goods.*
  - (8) *Goods with a declared Customs Value of more than NT\$100 million (around US\$ 32 million) may be released without documentation review and physical inspection.*
  - (9) *According to article 52 of the Customs Act, temporarily imported goods may be released without providing the deposit for payment of duties, taxes, and other charges on the condition that an affidavit is provided.*

**3.1.1.2 Customs Valuation****Page 45, para 3.17**

Imports of used motor vehicles continue to be valued on the basis of the deductive c.i.f. price of "model year of imported cars" or the "trade-in price" in the exporting economies plus freight and insurance, or reasonable means as provided under Article 7 of the WTO Customs Valuation Agreement.<sup>31</sup> Imports of used cars accounted for 6.9% (8.4% in 2013) of total imports of motor vehicles in 2017. In the case of incoming goods on which only a rental or royalty is incurred, without a transfer of ownership, the customs value is determined on the basis of the rental or royalty amount plus the transportation fee and insurance fee.

**Question N°10:** What is Chinese Taipei's rationale on the use of deductive method on imported used motor vehicles?

**Answer:**

*In general, imported used motor vehicles are usually not sold commercially. The used motor vehicles are usually purchased and then used by individuals in foreign countries for a period of time before importation. Therefore, there is no transaction value to determine the customs value of imported goods. In this case, the customs value of used motor vehicles will be adjusted downward by a depreciation factor determined by the age of the vehicle of the same brand and model year, or a deductive value of the domestic sales price of imported used vehicles of the same brand and model year. However, if the importer can provide documents to factually prove the sales, then the customs value of imported goods could be determined and calculated on the basis of the transaction value.*

**3.1.3.2 Applied MFN Tariffs****Page 47, para 3.24**

Tariff protection varies substantially across and within sectors averaging 17.8% for agricultural products and 5.1% for industrial goods in 2018 (WTO definitions) (Table 3.1). Average tariffs are highest for vegetable products (HS section 02), at 21.6% (Chart 3.1). Manufacturing tariffs are highest for transport equipment (HS section 17) at 9.2%, and for textiles and textile articles (HS section 11) at 8.7%. By according varied and substantial levels of protection to selected sectors, especially agriculture, tariffs distort competition by favouring some activities. Reducing high tariffs would improve Chinese Taipei's resource allocation and welfare.

**Question N°11:** What is Chinese Taipei's procedure for a tariff modification petitioned by an interested party (industry)? Aside from betel nuts, what are other specific agricultural products with high tariff rates?

**Answer:**

1. *Suggestions for tariff modifications by interest parties should be sent to the Ministry of Finance (MOF), and the MOF will pass them on to the competent authorities responsible for industrial policies to evaluate their feasibility. If the competent authorities deem such to be feasible, a draft for modification will be submitted to the Customs Tariff Commission under the MOF for further review. Once the draft is finalized by the Commission, it will be submitted by the MOF to undergo the executive and legislative process before entering into force.*
2. *Regarding the high tariff rates on our agricultural products, **please see pages 102, 153-155 of the Secretariat Report.***

**3.1.3.2 Applied MFN Tariffs****Page 48, Para 3.25**

The tariff structure has changed little since the last Trade Policy Review of Chinese Taipei. Over 98% of tariffs are levied at ad valorem duties, and therefore transparent. There are some 150 different rate bands (92 ad valorem duties, 42 alternate duties, and 16 specific duties), same as in 2013 but differently allocated, and of which 49 involve decimal rates; alternate duties apply to 0.8% of total tariff lines (72). Tariff rates continue to range from zero to 1,059.6% (betel nuts, see below and Table A3.1). In 2018, 81.2% of rates are 10% or below, and rates of over 30% apply to 1.6% of tariff items, compared to 82.7% and 1.7% in 2013 respectively (Chart 3.2). The Chinese Taipei tariff could be rationalized, for example, by reducing the large number of rate bands and removing decimal rates.

**Question N°12:** How does Chinese Taipei conduct tariff review? What is the general procedure? Are there plans to (a) convert non-advalorem tariffs to ad-valorem tariffs, (b) reduce the number of

tariff bands and (c) simplify tariff rates (i.e., whole numbers, and removal of less than 1% tariff rate)?

**Answer:**

1. A tariff review could be initiated through suggestions from various industrial sectors, according to the industry's policy needs, or for implementing the tariff reduction commitments made under Free Trade Agreements or Economic Cooperation Agreements.
2. With regard to the general procedure for a tariff review, please refer to the answer to the previous question.
3. To simplify our tariff structures, we have been studying the feasibility of substituting ad valorem duties for alternate duties applied on certain agricultural products. In 2014, for example, we concluded that the amendment of 9 lines (including agricultural and fishery products) selected from the 81 tariff lines in our Customs Import Tariff on which alternate duties were applied could be put into our draft revision of Customs Import Tariff. The amendment became effective in July 2015.
4. Moreover, to fulfill our commitment to the Declaration of the Expansion of Trade in Information Technology Products of the WTO, duties on 160 tariff lines of information technology products will be eliminated by 1 July 2021. This move will eliminate some of the tariff lines with decimal rates.

### 3.1.3.3 MFN Tariff dispersion and escalation

#### Page 49, Para 3.26

Since the previous Review, indicators of tariff dispersion declined (coefficient of variation, standard deviation) whereas tariff escalation showed little change (Table 3.1 and Chart 3.3).

**Question N°13:** Can you provide examples of product groups (fully processed products, its raw materials or semi-processed inputs) where tariff escalation existed? Are there plans to minimize or remove the occurrence of tariff escalations?

**Answer:**

1. Example of tariff escalation:

	Tariff No.	Description of Goods	Tariff Rate
1	1801.00.10	Cocoa beans, whole or broken, raw	Free
2	1806.90.10	Mixes and bases with a basis of cocoa, for making ice cream	5%
3	1806.90.51	Milk powder, prepared, containing 5% or more but less than 10% by weight of cocoa calculated on a totally defatted basis	12%

2. Suggestions for minimizing or removing the occurrence of tariff escalation on certain product groups will always be seriously considered.

### 3.1.3.7 Duty concessions/exemptions

#### Page 51, Para 3.33

To accelerate industrial development and accommodate domestic supply and demand, the authorities continued to reduce or exempt tariffs on industrial raw materials, and temporarily reduce tariffs on staple goods and daily necessities.<sup>51</sup> They consider that these measures greatly contribute to domestic price stability, economic development, and industrial competitiveness. The MOF may adjust customs duties temporarily in order to deal with an "extraordinary" economic situation, domestic or overseas, to accommodate the supply of goods, or to provide a "reasonable operational environment" without seeking approval from the legislature.<sup>52</sup> Adjustments are allowed within 50% of the statutory duty rate or quantity, and may be applied for up to one year. Between 2012 and 2017, the authorities undertook 6 temporary adjustments of tariff rates affecting 20 items including milk and cream, pork fat free of lean meat, pork lard, other pork fat and animal fats, pork lard and poultry fats, and 4 categories of goose meat; forgone tax revenue due to the implementation of these temporary adjustments was estimated at NT\$193.4 million for this period.

**Question N°14:** What is considered as "extraordinary economic situation"?

**Answer:**

Soaring prices or serious shortages in the supply of certain daily food products in the domestic market, which may well affect economic development or social stability, are typical examples of extraordinary economic situations.

**3.1.6.1 Anti-dumping and countervailing****Page 54 Para 3.44**

During the review period, the legislative framework was revised in certain areas. The legal basis for the implementation of anti-dumping and countervailing measures consists of Articles 67, 68 and 69 of the Customs Act and the Regulations Governing the Implementation of the Imposition of Countervailing and Anti-Dumping Duties, both of which are considered by the authorities to be in accordance with the WTO Anti-Dumping Agreement provisions.<sup>65</sup> Some articles of the Regulations were amended in 2016 to: update the processing and deliberating procedures for withdrawal of cases (Articles 15 and 15-1); revise the regulations for acceptance and deliberation procedures, implementation and inspection procedures, and administration of violation procedures of price undertaking (Articles 23, 24, 25 and 25-1); update application provisions for investigating new shippers, as well as procedures for deliberating and providing guarantees during the period of investigation (Article 35-1); and, update regulations for price undertaking measures that will continue to apply during the sunset review period (Article 44).

**Question N°15:** What are the salient features of the amendment of the said law consistent with WTO Anti-Dumping Agreement?

**Answer:**

*The relevant updated and consolidated versions of the laws and regulations are available on the website <https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350034>.*

*Some articles of the Regulations were amended in 2016 to: update the processing and deliberating procedures for withdrawal of cases (Articles 15 and 15-1); revise the regulations for acceptance and deliberation procedures, implementation and inspection procedures, and administration of violation procedures of price undertaking (Articles 23, 24, 25 and 25-1); update application provisions for investigating new shippers, as well as procedures for deliberating and providing guarantees during the period of investigation (Article 35-1); and, update regulations for price undertaking measures that will continue to apply during the sunset review period (Article 44).*

**Page 54-55 Para 3.44-3.50**

**Question N°16:** Does Chinese Taipei initiate trade remedy (anti-dumping, countervailing, and safeguard) investigations *motu proprio* or only upon request of interested parties?

**Answer:****1. Anti-dumping and countervailing measures:**

*According to Article 2 of the Regulations Governing the Implementation of the Imposition of Countervailing and Anti-dumping Duties, the the Ministry of Finance (MOF) may initiate an anti-dumping or countervailing investigation based on an application from interested parties, referral from other government agencies, or on its own initiative.*

**2. Safeguard measures:**

*According to Article 6 of the Rules for Handling Import Relief Cases, the Ministry of Economic Affairs (MOEA) may, upon petition by the relevant authority in charge of the said industry, the injured domestic industry, the association or union representing the injured domestic industry or the relevant entities, refer the case to the International Trade Commission to proceed with investigation.*

**3.1.6.1 Anti-dumping and countervailing****Page 55 Para 3.45**

The MOF and the MOEA continue to share responsibility over anti-dumping and countervailing investigations. The former is focused on dumping/countervailing determination and measure adoption, whereas the International Trade Commission (ITC) under the latter determines injury to domestic industries. Their websites provide information on investigations, reviews, and measures adopted.

**Question N°17:** Please delineate the function of MOF and MOEA relative to conduct of anti-dumping and countervailing investigations? How does International Trade Commission (ITC) under MOEA determine injury to domestic industries?

**Answer:****1. With respect to countervailing or anti-dumping investigations, the MOF is responsible for investigating whether the imported product is subsidized or dumped, whereas, the MOEA is**

*responsible for investigating whether the subsidized or dumped imported products cause injury to the domestic industry. The aforesaid investigations for which the MOEA is responsible shall be conducted by the International Trade Commission (ITC) of the MOEA.*

2. *With respect to the determination of whether the dumped or subsidized imports are causing injury to the domestic industry, the ITC shall conduct an investigation and a comprehensive evaluation of the following: (1) the increase of imports; (2) the effect of the imports on the market price of the domestic like product; (3) the impact of the imports on the domestic industry, including an evaluation of the economic factors having a bearing on the state of the industry.*

### **3.1.6.1 Anti-dumping and countervailing**

#### **Page 55 Para 3.46**

During the period under review, recourse to anti-dumping action remained relatively stable.<sup>66</sup> Between 2013 and 2016, Chinese Taipei initiated 11 anti-dumping investigations (12 in 2009-12) involving carbon steel plate (Brazil, China, India, Indonesia, Republic of Korea, Ukraine), certain flat-rolled steel products, plated or coated with zinc or zinc-alloys (China, Republic of Korea), Portland cement type I, II and its clinker (China), benzoyl peroxide (China), computer to plate (China), SUS 300 series flat-rolled products of stainless steel, cold-rolled (cold-reduced) (China), and towelling products (China).<sup>67</sup> As of end-2017, 19 anti-dumping measures were in force on 7 products mainly carbon steel plate (6 cases), certain flat-rolled steel products (2 cases) and flat-rolled products of stainless steel (2 cases); 5 measures were in place in June 2013.<sup>68</sup> At the same time, action affected mostly products originating in Asia (12, China (7), Republic of Korea (3), India (1) and Indonesia (1)), and to a lesser extent Brazil and Ukraine. Most final measures consisted of definitive duties; in five cases price undertakings were adopted. Seven measures were reviewed and extended to a total period of six years.

**Question N°18:** In what form do the AD and CVD definitive measures take? Can you provide further information about the five (5) price undertakings? Can you provide further information on the initiation and procedure of the seven (7) measures that was reviewed for extension?

#### **Answer:**

1. *The definitive anti-dumping or countervailing measures will be taken in the form of anti-dumping or countervailing duties or price undertaking.*
2. *From 2013 to 2017, five price undertakings were accepted, including toweling products, certain footwear, SUS 300 series cold-rolled stainless steel, and carbon steel plate from China or the Republic of Korea.*
3. *From 2013 to 2017, seven measures were reviewed for extension, including toweling products (anti-dumping duty and price undertaking), certain footwear (anti-dumping duty and price undertaking), Portland cement type I, II and its clinker, benzoyl peroxide and sodium formaldehyde sulfoxylate from China. Prior to the imposition of an anti-dumping duty having exceeded four years and six months, the MOF shall make a public notice that the period of imposition is approaching five years. If the interested parties consider that continued imposition is necessary, they may apply for the initiation of a sunset investigation within one month from the publication of the aforesaid public notice. The MOF shall make a public notice prior to the expiration of the imposition period of whether to initiate a sunset investigation. With respect to the case where the initiation of the sunset investigation has been decided, the MOF will request the exporter to respond to a questionnaire, or provide relevant information. The sunset investigation shall be completed within one year. The anti-dumping duty shall remain in force pending a determination of the sunset investigation.*

### **3.1.6.1 Anti-dumping and countervailing**

#### **Page 55 Para 3.47**

Chinese Taipei has not taken any countervailing measures so far. On 16 April 2018, Chinese Taipei published the notice of initiation of countervailing duty investigation against certain incoming flat-rolled steel products, plated or coated with zinc or zinc-alloys, carbon steel plate, SUS300 series flat-rolled products of stainless steel, cold-rolled (cold-reduced), as well as initiation of both anti-dumping and countervailing duty investigations on the imports of certain carbon cold-rolled steel products and certain flat-rolled products of stainless steel, hot-rolled all originating in China.<sup>69</sup> Public hearings to collect feedback from concerned parties and gauge public opinion before formally launching the investigation were to be held. The MOF is expected to announce its preliminary countervailing duty (and anti-dumping duties) on Chinese steel products in August 2018 and its final decision in October of the same year. Since its last Trade Policy Review, Chinese Taipei has regularly

submitted semi-annual reports on anti-dumping and countervailing actions to the relevant WTO Committees (Section 2.3.1 and Table A2.1).

**Question N°19:** Please elaborate Chinese Taipei's basis for computation of AD and CV duties.

**Answer:**

1. *The basis for computation of anti-dumping (AD) and countervailing (CV) duties is in accordance with provisions of the WTO Anti-dumping Agreement and the Agreement on Subsidies and Countervailing Measures.*
2. *When calculating the dumping margin, for the exporters or producers who have fully responded to the questionnaires, the MOF will calculate the normal values and export prices of the firms' subject products, with necessary adjustments, based on the information provided in the questionnaires. As for non-cooperative exporters or producers, the MOF will use the best information available to calculate the dumping margin.*
3. *When calculating the subsidy amount, for governments, their exporters or producers who have fully responded to the questionnaires, the MOF will calculate the amount of benefit given to the recipient based on the information provided in the questionnaires. As for non-cooperative governments, their exporters or producers, the MOF will use the best information available to calculate the benefit to the recipient conferred.*

**3.1.6.2 Safeguards**

**Page 55, Para 3.49**

No safeguards were taken under the provisions of the WTO Agreement on Safeguards during the review period. An investigation on all imports of high density polyethylene (HDPE) and linear low density polyethylene (LLDPE) was opened in July 2013, and negative injury was determined in April 2014.

**Question N°20:** Can you provide a brief overview on the SG investigations and their reviews? What form of SG definitive measures were previously applied?

**Answer:**

*No safeguard investigation has ever been initiated, except for the investigations on HDPE and LLDPE mentioned in the secretary report.*

**3.3.1.2.4 Sector-specific support**

**Page 64, Para 3.81**

During the review period, tax and non-tax incentives supported agricultural activities (Tables A3.6 and A3.7, and Sections 3.3.1.1.2, 3.3.4.2 and 4.1.1.5). According to the authorities, promoting import-substitution forms part of its new agricultural policy elements (Section 4.1).<sup>109</sup> According to its 2017 WTO notification, in 2011 and 2012 Chinese Taipei provided product- and non-product-specific support to agriculture, the former in the form of guaranteed prices, contract guaranteed, drying subsidy, freight subsidy, purchase, and the latter in the form of input subsidies (agricultural machinery, fertilizers, waiver/reduction of electricity fees) (Section 4.1.1.5.1).<sup>110</sup> During the review period, the submission of relevant WTO notifications of domestic support was delayed due to the time required to collect and calculate the data; the authorities indicated that these notifications would be submitted soon. Non-tax incentives were also available for fisheries including aquaculture (Section 4.1.3.6). Oil used by farmers and fishermen is exempt from VAT, and additional support in the form of discounts is available for gasoline and diesel used by fishermen; the authorities consider that these subsidies are not sector-specific (Sections 3.3.4.2 and 4.1.3.6).

**Question N°21:** Please provide further information on the import-substitution promotion being part of the new agricultural policy elements.

**Answer:**

*To cope with climate change and unstable international food supplies, the government launched the "Plantation Adjustment System and Fallow Land Revitalization Program" in 2013 to revitalize fallow lands and increase self-sufficiency. This program was transformed into the "Environmental Green Payment on Land Area" in 2018. Under this Program, farmers are encouraged to grow import-substitution crops to support local production and local consumption. The policy is also helpful for stabilizing domestic food supplies, maintaining food security, as well as achieving the goal of shortening food mileage, energy conservation and carbon reduction.*

**3.3.3.1 Food standards-setting framework****Page 73 Para 3.114**

Reportedly, Chinese Taipei's slow process for establishing MRLs for pesticides, low number of approved MRLs, and zero tolerance policy for pesticides without established MRLs have resulted in incoming agricultural shipments being stopped at the ports of entry and other restrictions. Concerns also relate to MRLs that are considered not Codex standards- or science-based.<sup>169</sup> In 2014, the COA devised a set of review standards to ensure consistency in the treatment of overseas test reports on field efficacy and residues. The authorities indicated that they follow the principle of establishment of pesticide MRLs consistent with international standards on the basis of scientific principles, and in line with the COA's requirements for using pesticide. Furthermore, the levels at which the MRLs are set depend on the dietary pattern and total intake in Chinese Taipei, and they are eventually established on the basis of risk assessments. The process of evaluating the pesticide MRLs of incoming crops is subject to the same principles as those for local crops.

**Question N°22:** Please provide information on Chinese Taipei's plans on the MRLs for pesticides.

**Answer:**

1. *We establish pesticide MRLs based on international standards (such as Codex US, EU, Japan etc.) and scientific principles. Furthermore, the levels at which the MRLs are set depend on the dietary pattern and total dietary intake of consumers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and will eventually be established on the basis of risk assessments. The process of evaluating the pesticide MRLs follows above-mentioned risk assessment principles to protect food safety, and is the same for both imported and domestic crops.*
2. *The concise procedures for establishing tolerance levels of pesticide residues in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is as follow:*
  - (1) *Prepare all relevant documentation and apply to the competent authority;*
  - (2) *Carry out risk assessment procedure;*
  - (3) *Convene an expert consultation committee meeting and review documents;*
  - (4) *Commence administrative procedures for the draft and official document, including pre-notification, public announcement and notification to WTO;*
  - (5) *Officially announce the regulatory order.*

**4.1.1.4.5 Export promotion, restriction and prohibition****Page 104 Para 4.21**

Chinese Taipei helps farmers to enhance global recognition of their agricultural products and increase exports by conducting and facilitating international marketing programmes, holding overseas exhibitions, and building brand images. As noted in Chinese Taipei's previous review, the coverage of beneficiary products in this programme is wide, including fish (tuna, grouper, and tilapia), orchids, tea, soya bean and fruits (bananas and mangos)

**Question N°23:** Please provide further information on the assistance programs being provided to the farmers.

**Answer:**

*The assistance programs being provided to farmers include the following:*

1. *Production subsidies: Increasing agricultural production through program support in subsidy schemes in fertilizer and agricultural electricity, encouraging cultivation of import-substitution crops, and a direct payment program for rice paddies.*
2. *Agricultural insurance programs: Stabilizing the income of farmers by agricultural insurance and natural disaster aid.*
3. *Environmental payments on farmland: Protecting farmlands and fostering multiple land usage, including protection of production environments, and subsidies for organic and environmentally-friendly farming practices.*

**4.1.1.5.1 Notified support levels****Page 104 Para 4.23**

A complete and up-to-date picture of domestic support levels, as notified to the WTO, was not available, since Chinese Taipei's most recent domestic support notification only covers 2011 and 2012. In the context of this Review, the authorities indicated that a new notification will be submitted soon. Total domestic support for agriculture, including Green Box, and Amber Box (i.e. including de



minimis levels), amounted to NT\$52.8 billion in 2012 and fluctuated in the preceding years (Table A4.1).

**Question N°24:** Are there updates on the complete and up-to-date notification of Chinese Taipei on domestic support?

**Answer:**

*The notification for domestic support measures from 2013 to 2015 will be submitted as soon as possible.*

### **4.3 Manufacturing**

#### **4.3.1 Overview**

#### **Page 119 Para 4.97**

Challenges faced by the manufacturing sector include: obstacles to industrial transformation (an over-concentration of electronics and original equipment manufacturers (OEM)), and a lack of key materials, equipment and system integration solutions as well as the fact that final goods are not branded (although IC components are used in global value chains); difficulties in accessing international markets; low levels of investment; and labour shortages.<sup>77</sup> At the time of Chinese Taipei's previous Review, the manufacturing sector had been negatively affected by the relocation of manufacturing activities to lower cost locations in the region<sup>78</sup>; however the authorities indicated that as production costs in China have risen, relocation of manufacturing to China is no longer on an increasing trend. In response to these challenges, industrial upgrading is one of the objectives and strategies contained in the 17th mid-term development plan (NDP 2017-2020) (Section 2.2). Additionally, a Five-Plus-Two Industries Innovation Plan emphasizes accelerating overall industrial upgrades through innovation (Section 2.2). Innovation in the chip design and semiconductor industries is also being encouraged; the aim is to shift the industrial base away from its traditional concentration on contract manufacturing and gear it towards high-value added, service-and solutions-orientated business models. The focus is primarily on emerging applications development, such as Internet of Things (IoT), artificial intelligence and automobile electronics. Supporting policies are being put in place such as to build the appropriate ecosystem and encourage investors to support innovation in semiconductor technologies (such as new IC design algorithms, new processes under 3 nanometre and 3D integrated circuit packaging).<sup>79</sup> The authorities indicated that new legislation facilitating the recruitment of overseas professionals should help to alleviate labour shortages (Section 2).

**Question N°25:** We would like to seek further information on the implementation of the Five-Plus-Two (5+2) Industrial Innovation Plan in terms of fostering industrial upgrades through innovation.

**Answer:**

1. *The innovative development model needs to take into account employment, wages, income distribution, and regional inequality. It aims to ensure that all citizens share the benefits of economic growth. In planning for future industrial developments, the Ministry of Economic Affairs has been focusing on promoting the five key innovation-oriented industries – Smart machinery, the Asian Silicon Valley initiative, the biotech & pharmaceutical industry, green energy, and the defense industry plus the circular economy, aiming to support across-the-board industrial transformation and upgrading.*
2. *The innovation promotion strategies are outlined as follows:*
  - (1) *Smart Machinery: Promote the introduction of intelligent technology into the precision machinery industry, establish a smart machinery ecosystem, and introduce smart manufacturing to various industries.*
  - (2) *Asian Silicon Valley: By relaxing regulations, cultivating talent and encouraging local innovation, we aim to drive economic growth through innovation and entrepreneurship; through deepening of domestic and international links, we promote industrial transformation and upgrades with the Internet of Things (IoT).*
  - (3) *Green energy: Promote cross-industry integration of large enterprises, cooperate with international manufacturers (e.g. aircraft cabin assembly plants), establish an industry supply system through personnel training in the domestic market, and refocus on the Asia-Pacific market.*
  - (4) *Biotech & pharmaceutical industry: Integrate the resources of domestic biotechnology and pharmaceutical manufacturers, form alliances, develop niche products that meet the needs of the target market, and promote system integration and intelligent application for products to better compete internationally.*

- (5) *Defense Industry: Establish independent design, manufacturing, assembly and key technologies; construct an independent military aircraft and ship supply chain, and expand the dual-use market; at the same time, promote the optimization of the information security industry structure, and create an innovation and entrepreneurship ecosystem for the information security industry.*
- (6) *Circular Economy: Using the strategy of "circulating industrialization" and "industrial recycling," we will develop innovative materials and promote the high value of renewable resources. Meanwhile, we will construct an industrial park for recycling of emerging materials, establish a circular economy information platform, and promote symbiosis in the recycling industry.*

#### **4.4.4. Transport Services**

##### **4.4.4.1 Maritime Transport**

###### **Page 131 Para 4.154**

The main laws governing the sector are the Shipping Act, the Law of Ships, and the Commercial Port Law.<sup>137</sup> Over the review period, the Shipping Act was amended once, in 2014, to reflect developments in Chinese Taipei's free trade and maritime cooperation agreements.<sup>138</sup>

**Question N°26:** Please provide further information on the applicable laws and regulations of Chinese Taipei with regards to acquisition and registration of ships? What are the scheme/procedure on ship acquisition and registration? Does Chinese Taipei provide incentives to shipping companies?

###### **Answer:**

1. *According to Article 27 of the Shipping Act and Section 2 of the Regulations for Administrating Vessel Carriers, the application for ship acquisition by shipping companies shall be submitted to the competent authority. Regarding the procedure of ship acquisition, please refer to the Application for Building/Purchase/Sale Registration of Vessel (Chinese edition only). (<https://motclaw.motc.gov.tw/wfrmDownload.aspx?ID=13509&type=Law>)*
2. *Regarding ship registrations, applicants have to follow the Law of Ships and the Ship Registration Law. They shall submit their proposal of ship purchase to the shipping administration authority prior to purchase. The proposal will then be forwarded to the MOTC for approval. Applicants shall register the proprietorship at the shipping administration authority of the port of registry within 3 months upon receiving the Ship Inspection Certificate and the Tonnage Certificate.*
3. *There are no incentives for shipping companies.*

#### **4.4.4 Transport Services**

##### **4.4.4.2 Air Transport**

###### **Page 132 Para 4.160**

Chinese Taipei has two international airports (Taoyuan International Airport) and (Kaohsiung International Airport) and 15 domestic airports. All airports are publicly owned and managed (Section 3.3.5).<sup>148</sup> The Taoyuan International Airport is operated by a fully publically owned corporation ("Taoyuan International Airport Corporation"). The other 16 airports are public agencies. No concessions have been granted to private-sector companies. Major infrastructural works in progress include the construction of a third terminal at Taoyuan International Airport which should increase airport capacity by 20 million passengers per year. No other major infrastructural works are being undertaken or planned.

**Question N°27:** What is the status of the said construction of the third terminal of Taoyuan Airport?

###### **Answer:**

*The project is divided into 13 tenders, of which 7 tenders have commenced construction with progress according to schedule. Bids for the main terminal building opened for tender twice, but did not receive any bids. Currently, the design is in the process of being reviewed.*

#### **4.4.4 Transport Services**

##### **4.4.4.2 Air Transport**

**Question N°28:** There is a recent order of the Civil Aviation Administration of China (CAAC) to all foreign airlines to reflect certain Separate Customs Territories as part of China. How is this being implemented by Chinese Taipei? What are its implications for foreign airlines which have not complied with the order?

**Answer:**

1. Our carriers were not among the foreign airlines requested by China's Civil Aviation Administration to change the designation on their websites. The language used on our carriers' websites has not changed.
2. We regard any conduct of political interference in the operation of private business practices and international enterprises not only unreasonable, but also inconsistent with the trend of international air transportation developments. These kinds of incorrect information will lead to confusion for consumers.
3. As a Member of the WTO, we only recognize Member's domestic regulatory measures if they are carried out in a reasonable, objective and impartial manner. We thank like-minded Members, as well as foreign airlines and other actors of the international community that have stood up and shown moral fortitude.

**ADVANCE QUESTIONS - ADDITIONAL****3.8 Bilateral and Multilateral Economic Integration****Page 15 Para 3.24**

3.24. In an effort to elevate our alignment with and readiness to participate in high-level regional trade agreements (RTAs) such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), during the review period the government undertook a major regulatory review, benchmarking the rules and obligations under the CPTPP and other recent RTAs. A number of legislative revisions and legislative initiatives, including revisions to the Pharmaceutical Affairs Act as well as the Ocean Fishery Management Act and its related laws, have already been completed, while the Act for Control of Cosmetic Hygiene and Safety has passed the third reading in the Legislative Yuan. Other proposals for legislative amendments, including amendments to the Plant Variety and Plant Seed Act, Agro-pesticides Management Act, Draft Digital Communication Act, Patent Act, Trademark Act, Copyright Act, and Postal Act have also been deliberated. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu will continue to review trade and investment regulations in order to develop a free and open economy and explore further opportunities to participate in regional economic integration mechanisms, including the CPTPP and RCEP.

**Question Add. 1:** Please provide the details of the amendments undertaken resulting from the regulatory review and benchmarking of rules and obligations under the CPTPP and other recent RTAs.

**Answer:**

Our government has been actively promoting trade liberalization by harmonizing its trade regime with international norms. We have therefore referenced the high standards of the CPTPP to modify our trade regime by putting forward 12 legislative amendments in the past two years. Seven amendments have been completed, while the remaining five are under review. The amendments cover the areas, including IPR, distant water fishing, pharmaceutical affairs, plant variety protection, agro-pesticides management, cosmetic hygiene control, digital communications, etc.

**Summary****Page 12 Para 22**

Chinese Taipei's mobile phone and mobile broadband penetration rates remain high. There remain limits on overseas investment in certain types of telecommunications companies. A partially publicly owned telecom company continues to retain a dominant position in several market segments.

**Question Add. 2:** Will Chinese Taipei open its mobile phone and broadband supply to foreign investments in the future?

**Answer:**

1. In the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, telecom enterprises are classified into Type I and Type II. A Type I telecom enterprise refers to a facilities-based telecom operator that installs telecommunications line facilities and equipment in order to provide telecommunications services, while a Type II enterprise refers to a service-based telecom operator other than Type I telecom operators.
2. In comparison to our accession commitments to the WTO, the cap on direct foreign ownership in a Type I telecom enterprise has been increased to 49%, while the sum of direct and indirect

*shareholding by foreign nationals in a Type I telecom enterprise has remained at 60%. For a Type II telecom enterprise, there is no limitation on foreign ownership.*

3. *Where mobile phone and broadband services are supplied by a Type I telecom enterprise, the enterprise shall be subject to the abovementioned foreign investment cap; where mobile phone and broadband services are supplied by a Type II telecom enterprise, such as a MVNO, there is no limitation on foreign investment.*
4. *We review the foreign ownership policy in Type I telecom enterprises at irregular intervals. Currently, there is no further plan to relax the foreign investments cap in Type I telecom enterprise.*

#### **1.2.4.2 Privatization**

##### **Page 20 Para 1.15**

During the review period public-sector involvement in the economy has remained relatively unchanged and spread over several activities, as there has been virtually a standstill in the widely opposed privatization process (Section 3.3.5). Publicly-owned enterprises and public utilities continued to be a major source of government revenue and used as industrial development or food security policy tools.

**Question Add. 3:** What are the enterprises and utilities that still remain publicly owned? Are there plans to privatize these enterprises and utilities in the future? Given the widely opposed privatization process, how does Chinese Taipei intend to pursue the process? Can a timeline be provided on the implementation of the privatization process?

##### **Answer:**

1. *Privatization plans for the CPC Corporation, Taiwan, Taiwan Power Co., Taiwan Sugar Corp. and Taiwan Water Supply Corp. are as follows :*
  - (1) *CPC Corporation, Taiwan (CPC): The privatization plan is pending conclusion of a relevant legislation.*
  - (2) *Taiwan Power Co. (TPC): According to the Electricity Act, the TPC will be divided into an enterprise electricity generation and an enterprise for electricity transmission and distribution. We will review the privatization plan of the TPC after it begins the process of separation of electricity generation and electricity transmission and distribution.*
  - (3) *Taiwan Sugar Corp. (TSC): The privatization is now under review.*
  - (4) *Taiwan Water Corp. (TWC): Certain tasks of the TWC, such as collecting water fees, recording water meters, operating water purification stations, are being contracted to the private sector. There is no plan to privatize the TWC.*
2. *State-owned financial enterprises are in charge of maintaining the stability of the domestic financial market. The Taoyuan International Airport Corporation, Taiwan International Ports Corporation, and Chunghwa Telecom are crucial to the people's livelihood and public interest. Therefore, there are no privatization plans for these enterprises. With regard to the Taiwan Tobacco and Liquor Corporation (TTLC), the prerequisite for releasing shares is to reach a consensus between the TTLC and its employees. Because there is no such consensus at the moment, there is neither a timetable nor a specific plan for releasing shares of the TTLC.*

#### **Trade Policy Formulation and Objectives**

##### **Page 30 Para 2.10**

2.10. The Office of Trade Negotiations (OTN) continues to be responsible for international trade negotiations. In September 2016, supervision of the OTN was upgraded in order to achieve better coordination between the various agencies involved in negotiations to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

##### **Page 36 Para 2.33**

2.33. No other RTAs are being negotiated. However, Chinese Taipei continues to seek to join the CPTPP and is undertaking preparatory work, inter alia, by updating its CPTPP impact assessment study, performing regime gap analysis, and through adjustment and support outreach. Chinese Taipei also seeks to participate in the RCEP and other sub-regional economic integration efforts.

**Question Add. 4:** Please describe the process of how OTN pursues trade negotiations.

**Answer:**

*One of the objectives of the OTN is to promote multilateral and bilateral economic and trade negotiations. In doing so, the OTN takes responsibility over the formulation of strategies for trade negotiations, the policy coordination and communication required in domestic regulatory adjustments, as well as coordinate our negotiating positions. The process also involves extensive communication with domestic industries, stakeholders, and the public. The OTN also explains negotiating guidelines and matters in question to the legislators as necessary, so as to enhance transparency and create maximum economic and trade benefits for our industries.*

**2.2 Trade Policy Formulation and Objectives****Page 31 Para 2.16**

A New Southbound Policy, launched in 2016, aims to foster economic cooperation and integration with ASEAN, South Asia, New Zealand, and Australia. The elaborated work plan is aimed at realigning the role of Chinese Taipei in Asian development and seeking new opportunities and momentum for its own development. It focuses on the following areas: economic and trade cooperation, talent exchanges, resource sharing and institutional links and connectivity. Additionally, resources will be used to promote five new flagship projects: regional agricultural development; medical and public health cooperation and the development of industrial chains; industrial talent development; industrial innovation and cooperation; and the NSP forum and youth exchange programme, and three prospective areas (e-commerce, tourism, and infrastructure).

**Question Add. 5:** Please provide further information on the use of "resources" to promote the five new flagship projects. Since the implementation of the New Southbound Policy, what has been its impact with respect to trade, investment and economic relations with target countries?

**Answer:**

1. *The New Southbound Policy's five flagship projects include talent cultivation, medical cooperation, industrial supply chain development, industrial innovation, regional agriculture development as well as policy forums and youth exchange platforms. We strive to promote the policy through optimizing the resources of various ministries and agencies, local governments, parliaments and civil society. Apart from expanding the government budget, we encourage private sectors to invest their funds and workforce, so as to deploy business in New Southbound Policy markets.*
2. *Since the promotion of the New Southbound Policy in 2016, our trade with partner countries has significantly increased. In 2017, trade with New Southbound Policy countries grew by 15.5%, while facilitating bilateral investment. In 2017, New Southbound Policy countries invested 270 million U.S. dollar in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, with a growth rate of 15.8%. Meanwhile, our investments in those countries during this period totaled 3.68 billion U.S. dollar, with a growth rate of 54.51%.*
3. *The New Southbound Policy facilitates comprehensive interaction with 18 Asia-Pacific countries. Not only does it help form closer ties with our partner countries on trade and investment, but also responds to the needs of partner countries' industrial policies and development. As response, we bridge our industry advantages with business opportunities in the industry chain thereby deepening partnerships and creating win-win results. The achievements of this policy have gained resounding affirmation from our partner countries.*

**1.3.2.1 Regional Trade Agreements (RTAs)****Page 34 Para 2.26**

2.26. As at January 2018, Chinese Taipei had regional trade agreements (RTAs) in force with China, El Salvador, Guatemala, Honduras, New Zealand, Nicaragua, Panama, Paraguay, and Singapore. All these RTAs have been notified to the WTO Committee on Regional Trade Agreements (CRTA), with the exception of the RTA with China (the Cross-Straits Economic Cooperation Framework Agreement (ECFA)), for which an early announcement has been made, and the RTA with Paraguay. The main features of all of these RTAs together with details of the status of their consideration by the WTO CRTA, are detailed in Table A2.2. The authorities indicated that the RTA with China will be notified to the WTO once the follow-up agreements (see below) have been concluded.

**Page 34 Para 2.27**

Since the previous review, RTAs have entered into force, with Singapore, New Zealand and Paraguay.

**Question Add. 6:** What has been the impact of the ECFA and the FTAs with Singapore and New Zealand on trade and investments?

**Answer:**

1. *Since ANZTEC entered into force, we have eliminated tariffs on 8,787 product lines as of January 1, 2018, which is a 98.7% level of liberalization. As for New Zealand, it has completely removed duties on all our exports. In 2017, we exported U.S.\$468 million worth of goods to New Zealand, for an increase of 9.6% over the previous year. Comparatively, we imported U.S.\$839 million worth of goods from New Zealand, for an increase of 3.3% over the previous year. As for investment from 2014 to July 2018, we approved 31 New Zealand investment cases, totaling around US\$3.03 million, with agriculture, forestry, fishery and animal husbandry, wholesale and retailing, and information services as the major targets for investment. As for our investment in New Zealand, there are 11 investment cases, amounting to U.S.\$1.91million, with financial services, electronic manufacturing, and plastic fabrication as the main sectors.*
2. *The "Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership" (ASTEP) entered into force on April 19, 2014. Total bilateral trade value for the first year after ASTEP's entry into force reached U.S.\$28.18 billion, up 0.7% from that of the previous year. Despite impacts from the plunge in global trade and the fact that bilateral trade value fell to U.S.\$24.58 billion in 2015 and to U.S.\$23.67 billion in 2016, the value of trade rebounded in 2017 to U.S.\$26.34 billion, increasing 11% over the previous year. As for bilateral investment, from 2014 to 2017, the Investment Commission approved 85 investment cases in Singapore, totaling around U.S.\$2.8 billion, with the major targets for investment being wholesale and retailing, electronic products and component manufacturing, and finance and insurance. Meanwhile, Singapore has invested in 657 cases in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, totaling around US\$8.72 billion.*
3. *As for the Economic Cooperation Framework Agreement (ECFA), the ECFA Early Harvest list for goods and services was implemented completely on January 1, 2011. As of March 2018, the total tariff reduction for the early harvest products of both sides amounted to an estimated U.S.\$5.41 billion and U.S.\$485 million, respectively. Our trade-in-services (non-financial) investments on the Early Harvest list to China amounted U.S.\$873 million, while investments from China to us amounted to U.S.\$417 million from 2011 to June 2018.*

**2.3.2.1 Regional Trade Agreements (RTAs)**

**Page 35 Para 2.32**

2.32. There have been no further developments with respect to agreements on trade in goods, trade in services or dispute settlement under the Cross-Straits Economic Cooperation Agreement with China since 2014.

**Question Add. 7:** How does Chinese Taipei envision to move forward with this engagement?

**Answer:**

*Once our legislators pass the Cross-Strait Agreement Oversight Bill, we will engage with China on cross-strait economic cooperation in accordance with the Bill.*

**2.3.2.1 Regional Trade Agreements (RTAs)**

**Page 37 Para 2.39**

2.39. Chinese Taipei also provides a range of tax incentives for investments in various sectors. These tax incentives include: VAT exemptions; tax credits; exemptions from stamp, deed, securities transaction, business, land value and house taxes; five-year tax holidays; tax deferrals for acquisition of shares; and tax exemptions on royalty payments.<sup>40</sup> In addition, favourable conditions exist for investors in free trade zones. These conditions include, inter alia, exemptions from (i) customs duty; (ii) commodity, business, tobacco and liquor taxes; (iii) public health and welfare duties on tobacco products; and (iv) trade promotion service fees and harbour service fees.

**Question Add. 8:** Please indicate sectors covered by tax incentives.

**Answer:**

*Most of these tax incentives are functional tax incentives, such as R&D tax credit, and are provided to industries engaged in qualified activities instead of a specific industry.*

## 17 KINGDOM OF SAUDI ARABIA (ADDITIONAL)

### WT/TPR/G/377 – WTO Government Report

## 2. ECONOMIC AND TRADE ENVIRONMENT

### 2.1 Macroeconomic Environment

In section 2.2. and as shown in Table 2.1, the real GDP growth rate of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu was 2.86% in 2017, which was significantly higher than the previous year (1.41%) indicating the resilience of the economy.

**Question Add. 1:** Can you explain the main driver of this economic growth in 2017 comparing to the previous years? What is the expected growth for 2018?

**Answer:**

1. *In 2017, real GDP grew 2.89% (according to the latest data released on August 17, 2018). It was mainly driven by strong overseas demand, especially for electronic components and machinery.*
2. *Following a spurt of growth in the first half-year of 2018, the economic momentum is expected to continue in the second half of 2018. However, high oil prices, trade conflicts, and geopolitical tensions will probably add downside risks to the world economy. Consequently, our real GDP is generally predicted to grow by 2.69% in 2018.*

### 2.2 Developments in External Trader.

In section 2.4, the report mentioned that due to an upswing in the global economy and sluggishness during the reference period, both the imports and exports of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu in 2017 reached double-digit growth. The trade surplus also experienced positive growth during the review period expanding by 16.5% over the previous year.

**Question Add. 2:** How did you succeed to generate this growth in exports side during this challenging period of global economy and its demand? Did the Four-Year National Development Plan (2013-2016) have any impact on this growth?

**Answer:**

1. *The steady recovery of the global economy and trade were the major driving forces for our high export growth in 2017. However, this good performance can also be attributed somewhat to the consolidated efforts of the government and the business sector to diversify exports, including:*
  - (1) *Diversifying export products: Accelerating industrial upgrading and transformation to expand the variety of export products and improve their quality in order to enhance international competitiveness.*
  - (2) *Diversifying export markets: Developing closer ties with emerging markets such as countries in South and Southeast Asia, while consolidating our relations with conventional partners such as the U.S., European nations and Japan.*
  - (3) *Engaging in meaningful trade liberalization and reinforcing ongoing efforts to conclude and participate in regional economic cooperation agreements: Preparing for accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); we have formulated and implemented improvements to our economic and trade regulatory regime, including wide-ranging regulatory adjustments to achieve greater alignment with international practices and standards across such areas as digital communication, patents, postal services and pharmaceuticals.*
2. *The Four-Year National Development Plan (2013-2016) provided concrete strategies and measures for enhancing export growth momentum, such as:*
  - (1) *Accelerating industrial upgrading and transformation to increase domestic value-added content of exports and job creation opportunities*
  - (2) *Diversifying export products and markets to mitigate the impact of global shocks.*
  - (3) *Expanding economic and trade ties and promoting trade in services to boost economic growth.*

### 2.2 Developments in External Trader:

From section 2.6, you mentioned that the major category of products exported by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu was electrical machinery and equipment, accounting for 44.5% of total exports.

**Question Add. 3:** Does the government have specific support (treatment) for this industry? How does the government involve in this industry compared to private sector?

**Answer:**

1. *We have developed the manufacturing industry for electronic and electric machinery products via creating diverse applications, developing manufacturing technology and cultivating advanced technology talents while providing a fair environment for industrial development to elevate our international competitiveness. We are committed to the solid supply chain relationships we have with Japan, the European Union, the United States and China. Additionally, we are one of the critical and active members of the Information Technology Agreement (ITA). Our high degree of trade liberalization resulted in the expansion of intra-industry trade and our high export concentration in electronic and electrical machinery and equipment.*
2. *The main role of the government is to build a sound investment environment for the industry. We also endeavour to help enterprises solve operational difficulties so they can grow based on a level playing field.*

### 2.3 Development of Foreign Investment

In section 2.8, you reported that the outbound foreign direct investment (FDI) from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu generally showed growth trends on a year-by-year basis from 2014 to 2017. On average, outbound and inbound investment during 2014-2017 amounted to US \$20.5billion and US\$7.6billion.

**Question N°4:** What kind of efforts the government making to switch the trend between the inbound and the outbound investments? Is there any monitoring mechanism for impacts of FDI on different sectors of economy and the local content and knowhow? If yes, can you provide us a short description for it?

**Answer:**

1. *We are currently focusing on enhancing our economy's investment environment and intensifying industrial innovation and transformation. We intend to implement related policies so as to provide a new economic growth model and increase our competitiveness. These efforts are as follows:*
  - (1) *Practical improvements within the "five shortages" issue: We have identified shortages of land, skilled talent, labor, water, and electricity as issues affecting local investment. In response, we have created short-, mid-, and long-term strategies to alleviate these shortages. As part of this, we occasionally convene inter-ministerial meetings on boosting investment to accelerate the removal of barriers to investment. In addition, we are enhancing the structure and functions of the InvesTaiwan Service Center, thereby further building an environment that encourages enterprises to invest in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*
  - (2) *Active implementation of the Forward-looking Infrastructure Development Program: Construction and improvement of infrastructures in key areas are being actively implemented, and this will help drive private investment and create a strong foundation for our future development.*
  - (3) *Intensifying the "5+2 Industrial Innovation Program": The foundation for this program has been laid, and we are intensifying its promotion in order to facilitate industrial diversification and economic development. The key sectors in this program include smart machinery, green energy technology, the Asia Silicon Valley project, the biopharmaceutical industry, the defense industry, new agriculture and the circular economy*
2. *Foreign investors are required to apply for approvals for investments in advance.*
3. *Generally speaking, most cases are approved as long as the required documents are complete, except for ones involving industries restricted from foreign investments. These cases require competent authorities to examine the investment projects according to the relevant laws and regulations.*
4. *According to Article 7 of the Statute for Investment by Foreign Nationals, the investor is prohibited from investing in the following industries:*
  - (1) *Those which may negatively affect essential security, public order, good customs and practices, or public health; and*
  - (2) *Those which are prohibited by the law.*
5. *To further enhance the transparency and predictability of our investment regime, the Investment Commission of the MOEA is undertaking draft amendments for the Statute for Investment by*



*Foreign Nationals. These draft amendments will go through the legislative process after a review of public opinion has been completed.*

6. *In addition, investments conducted by foreign investors are regulated by the Negative list for Investment by Foreign Nationals - including Prohibited Industries and Restricted Industries. The revised Negative List for Investment by Foreign Nationals entered into effect on February 8, 2018. The Investment Commission will regularly review this Negative List.*

### **2.3 Development of Foreign Investment**

Section 2.10 shows that the leading sources of inbound investments were the Netherlands, the British Overseas Territories in the Caribbean, the United Kingdom, Japan, and American Samoa, accounting for 74.12% of the total inbound FDI.

**Question Add. 5:** Is there any specific agreement or privilege for these mentioned countries to invest? Is there any promotion for specific sector than others? Can you provide us with breakdown of FDI by countries?

**Answer:**

1. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu provides a long-term, stable, friendly and transparent investment environment that is attractive for foreign investment. We provide equal and fair treatment to investors from all countries and have been active in signing bilateral investment agreements with other countries and agreements designed to avoid double taxation. For further information on these topics, please refer to the following websites:*  
[https://www.dois.moea.gov.tw/en/Home/relation1\\_1](https://www.dois.moea.gov.tw/en/Home/relation1_1) (Bilateral Investment Agreement)  
[https://www.dois.moea.gov.tw/en/Home/relation1\\_2](https://www.dois.moea.gov.tw/en/Home/relation1_2) (Agreements on avoiding double taxation)
2. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu does not provide any investment incentives for specific industries or sectors.*

*Regarding a breakdown of the FDI, please refer to the attachment.*

### **3. Development of Trade and Investment Policies**

#### **3.2 Macroeconomic Policy**

In section 3.2, it was mentioned that to foster domestic economic development, priority has been given to meeting the infrastructure needs over the next three decades. To this end, the "Forward-looking Infrastructure Development Program" was formally launched in 2017 to provide a framework for future infrastructure development.

**Question Add. 6:** Can you provide us with more details about this development program? How is the government planning to finance all these different projects? Will the private sector and international investors be part of it and if yes, in which sector?

**Answer:**

1. *In an ongoing effort to build infrastructure for domestic economic development over the next 30 years, the government is actively making a comprehensive plan to expand infrastructure investment. The Forward-looking Infrastructure Development Program includes funding for 8 categories: railway projects to provide safe and fast transportation, water environments to build resilience against climate change, green energy infrastructure to foster environmental sustainability, digital infrastructure to create a smart and connected economy, urban and rural projects to balance regional development, child care facilities to reverse declining birth rate trends, infrastructure to ensure food safety, and human resources infrastructure to nurture talent and boost employment.*
2. *Under the special act governing forward-looking infrastructure projects, the program will be funded by a special budget of NT\$420 billion (US\$13.9 billion) over four years (September 2017 - August 2021).*

### **3. Development of Trade and Investment Policies**

#### **3.2 Trade and Investment Policy**

Section 3.5 mentioned that the government continues to strengthen economic and trade relations with important trading partners to enhance linkages with various supply chains and to enhance technology cooperation. Furthermore, it launched the New Southbound Policy to provide an overarching framework for the development of a new and comprehensive relationship with additional

partners in the Asia-Pacific region, and to redefine the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's critical role in this region for the 21st century.

**Question Add. 7:** Can you provide us more details about the New Southbound Policy? What criterions you have to frame your new partnership?

**Answer:**

1. *The New Southbound Policy is an important economic and trade strategy that responds to the changing global economic situation by redefining our position in Asia and seeking a new direction to dynamically drive economic development. This policy has changed our engagement priorities with Southeast Asian countries by shifting from trade and investment of the past to comprehensive bilateral exchanges. We are promoting this policy by further extending its domestic market demand and making full use of its soft power, while coordinating efforts to optimize the resources and energies of various ministries and agencies, local governments, and civil society to formulate work plans that focus on the following four areas: 1) economic and trade cooperation, 2) talent exchanges, 3) resource sharing, and 4) regional connectivity. By developing and promoting five flagship projects and three highly potential sectors, we expect to create a new mode for cooperation that seeks mutual benefits and win-win synergy, while gradually building mutual trust and a sense of community involving the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu and the countries of ASEAN, South Asia, New Zealand, and Australia.*
  - (1) *The five flagship project are: 1) talent cultivation, 2) medical cooperation and industrial supply chains, 3) innovative industries, 4) regional agriculture, and 5) policy forums and youth exchange platforms.*
  - (2) *The three highly potential sectors are: e-commerce, infrastructure, and tourism.*
2. *As we are geographically closely positioned to Southeast Asia, frequent exchanges occur between our peoples. More than 300,000 people from ASEAN countries reside in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Furthermore, ASEAN countries are a main destination for our outbound investments, with a cumulative investment value reaching nearly US\$ 100 billion. This is evident of our close bilateral relations. The International Monetary Fund has forecasted the average economic growth rate for countries in ASEAN and South Asia to reach 5.4% in 2018, which surpasses the average global growth rate. Furthermore, in consideration of their younger populations, emerging middle classes, the potential needs of their domestic markets, as well as recent changes internationally, we have targeted 18 countries in ASEAN and South Asia to alleviate the risks of over-concentration in a few markets. We have conducted dynamic interaction and responded to the needs of partner countries' industrial policies and development by bridging our industrial advantages with business opportunities via industrial chains and deepened partnerships to create win-win results.*

### **3. Development of Trade and Investment Policies**

#### **3.7 Regulatory Reform and Liberalization**

In section 3.19, you discussed different policy reforms. One of them is the tax reform. In order to establish a competitive, fair, and reasonable income tax system that complies with international taxation trends, the amendments to the Income Tax Act were promulgated on 7 February 2018.

**Question Add. 8:** What is the expected impact of income tax deduction on government fiscal revenues and how does it affect the professionals from abroad to stay in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu?

**Answer:**

*According to the income tax reform which was put into practice in 2018, the personal standard deduction for individual income tax was raised from NT\$90,000 to NT\$120,000 (NT\$240,000 for a taxpayer filing with his or her spouse); the special deduction for wage income and the special deduction for the disabled were raised from NT\$128,000 to NT\$200,000, respectively; and the special deduction for pre-school children was raised from NT\$25,000 to NT\$120,000 per child per year. These increases in deductions range from 33% to 380% of previous levels. For professionals from abroad who reside in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu for 183 days or more in a taxable year can also apply for the previous four deductions. With these amendments to the income tax system, we can relieve the tax burden on salary earners, middle-and-low income earners, and taxpayers who have children. Thus, we expect that the tax reform will increase households' disposable income, directly stimulate consumption, indirectly encourage investment, and boost economic development. This will also have a positive effect on tax revenue.*

Kingdom of Saudi Arabia Q5 attachment

STATISTICS ON APPROVED OVERSEAS CHINESE AND FOREIGN INVESTMENT BY AREA

(unit: US\$1,000)

Year	Asia Area				North American Area				European Area			
	Sub-total		Japan		Sub-total		United States of America		Sub-total		United Kingdom	
	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount
1952	0	0	0	0	0	0	0	0	0	0	0	0
1953	1	160	1	160	1	1.881	1	1.881	0	0	0	0
1954	1	14	1	14	3	2.028	3	2.028	0	0	0	0
1955	1	141	1	141	2	4.423	2	4.423	0	0	0	0
1956	3	1.323	3	1.323	3	1.143	3	1.143	0	0	0	0
1957	7	887	7	887	1	11	1	11	0	0	0	0
1958	5	1.385	5	1.385	0	0	0	0	0	0	0	0
1959	1	460	1	460	1	100	1	100	0	0	0	0
1960	3	503	3	503	5	14.029	5	14.029	0	0	0	0
1961	5	1.387	5	1.387	1	4.288	1	4.288	0	0	0	0
1962	17	2.767	17	2.767	9	808	9	808	0	0	0	0
1963	11	2.876	11	2.876	10	9.028	10	9.028	1	527	0	0
1964	6	2.240	6	2.240	7	10.196	7	10.196	0	0	0	0
1965	16	2.385	16	2.385	17	31.104	17	31.104	1	43	1	43
1966	42	3.210	42	3.210	16	17.744	16	17.744	2	746	1	19
1967	83	16.553	83	16.553	20	15.935	20	15.935	2	218	2	218
1968	116	18.079	116	18.079	22	37.834	22	37.834	1	1.519	1	1.519
1969	88	19.032	88	19.032	37	28.816	37	28.816	2	20.239	1	72
1970	61	29.774	61	29.774	19	68.820	19	68.820	3	1.881	2	900
1971	22	13.112	22	13.112	24	44.323	24	44.323	1	250	1	250
1972	34	9.244	34	9.244	25	38.368	25	38.368	2	4.308	1	100
1973	118	48.953	118	48.953	38	68.259	38	68.259	5	11.875	3	1.084
1974	59	41.888	59	41.888	28	78.768	28	78.768	0	13.531	0	0
1975	28	26.203	28	26.203	15	42.264	15	42.264	2	4.139	0	258
1976	32	32.392	32	32.392	16	35.465	16	35.465	0	21.998	0	45
1977	25	30.282	25	30.282	23	61.536	23	61.536	0	24.043	0	0
1978	52	54.869	52	54.869	22	72.574	22	72.574	0	3.378	0	865
1979	49	55.468	49	55.468	26	81.860	26	81.860	0	13.327	0	889
1980	38	89.142	38	89.142	23	189.854	23	189.854	4	9.121	2	4.665
1981	29	66.038	29	66.038	31	206.127	31	206.127	4	6.902	3	2.736
1982	25	152.367	25	152.367	52	91.998	52	91.998	4	14.725	0	360
1983	37	197.541	37	197.541	40	99.268	40	99.268	4	7.289	3	983
1984	32	115.577	32	115.577	51	241.250	51	241.250	5	56.823	2	37.692
1985	35	146.124	35	146.124	53	340.641	53	340.641	3	87.130	3	84.039
1986	91	255.919	91	255.919	66	146.937	66	146.937	15	119.984	7	59.801
1987	213	432.238	213	432.238	93	446.505	93	446.505	10	47.895	5	18.965
1988	218	444.937	218	444.937	85	160.838	85	160.838	21	73.240	12	36.181



Area	European Area		Middle America				Oceania				Total	
	Netherlands		Sub-total		British Virgin Islands		Sub-total		Independent State of Samoa			
Year	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount
1955	0	0	0	0	0	0	0	0	0	0	3	4.564
1956	0	0	0	0	0	0	0	0	0	0	6	2.466
1957	0	0	0	0	0	0	0	0	0	0	8	898
1958	0	0	0	0	0	0	0	0	0	0	5	1.385
1959	0	0	0	0	0	0	0	0	0	0	2	560
1960	0	0	0	0	0	0	0	0	0	0	8	14.532
1961	0	0	0	0	0	0	0	0	0	0	6	5.675
1962	0	0	0	0	0	0	0	0	0	0	26	3.575
1963	1	527	0	0	0	0	0	0	0	0	22	12.431
1964	0	0	0	0	0	0	0	0	0	0	13	12.436
1965	0	0	0	0	0	0	0	0	0	0	34	33.532
1966	1	727	0	0	0	0	0	0	0	0	60	21.700
1967	0	0	0	0	0	0	0	0	0	0	105	32.706
1968	0	0	0	0	0	0	0	0	0	0	139	57.432
1969	1	20.167	0	0	0	0	0	0	0	0	127	68.087
1970	1	981	0	0	0	0	0	0	0	0	83	100.475
1971	0	0	0	0	0	0	0	0	0	0	47	57.685
1972	1	4.208	0	0	0	0	0	0	0	0	61	51.920
1973	2	10.791	0	0	0	0	0	0	0	0	161	129.087
1974	0	13.531	0	0	0	0	0	0	0	0	87	134.187
1975	2	3.881	0	0	0	0	0	0	0	0	45	72.606
1976	0	21.953	0	0	0	0	0	0	0	0	48	89.855
1977	0	24.043	0	0	0	0	0	0	0	0	48	115.861
1978	0	2.513	0	0	0	0	0	0	0	0	74	130.821
1979	0	12.438	0	0	0	0	0	0	0	0	75	150.655
1980	2	4.456	0	0	0	0	0	0	0	0	65	288.117
1981	1	4.166	0	0	0	0	0	0	0	0	64	279.067
1982	4	14.365	0	0	0	0	0	0	0	0	81	259.090
1983	1	6.306	0	0	0	0	0	0	0	0	81	304.098
1984	3	19.131	2	1.269	2	1.269	0	0	0	0	90	414.919
1985	0	3.091	0	0	0	0	0	0	0	0	91	573.895
1986	8	60.183	0	4.804	0	4.804	0	0	0	0	172	527.644
1987	5	28.930	2	20.010	2	20.010	0	0	0	0	318	946.648
1988	9	37.059	9	106.862	9	106.862	0	0	0	0	333	785.877
1989	10	159.253	25	207.357	25	207.357	0	0	0	0	355	1.485.198
1990	11	49.880	17	65.670	17	65.670	0	0	0	0	294	1.625.188
1991	7	54.852	12	60.314	12	60.314	0	0	0	0	235	1.306.175
1992	8	68.645	13	36.706	13	36.706	0	0	0	0	229	758.372
1993	7	85.752	10	38.316	10	38.316	0	0	0	0	178	695.796
1994	10	79.870	22	75.636	22	75.636	1	1.864	1	1.864	224	910.316
1995	7	75.411	28	151.062	28	151.062	0	5.676	0	5.676	274	2.303.876
1996	6	28.548	51	417.442	51	417.442	0	2.909	0	2.909	308	1.519.731

Area	European Area		Middle America				Oceania				Total	
	Netherlands		Sub-total		British Virgin Islands		Sub-total		Independent State of Samoa			
Year	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount
1997	19	103.865	106	659.243	106	659.243	1	21.324	1	21.324	414	2.220.622
1998	18	125.493	189	711.465	189	711.465	6	1.772	6	1.772	730	2.405.405
1999	16	192.741	200	1.215.765	200	1.215.765	4	2.452	4	2.452	704	3.213.791
2000	20	310.965	244	1.560.352	244	1.560.352	8	7.580	8	7.580	839	4.624.000
2001	16	525.563	184	841.948	184	841.948	16	50.936	16	50.936	648	3.288.516
2002	16	306.680	199	643.309	199	643.309	45	92.451	45	92.451	671	2.440.557
2003	19	274.818	209	663.359	209	663.359	49	108.915	49	108.915	659	2.493.912
2004	18	328.882	166	673.914	166	673.914	60	143.379	60	143.379	661	2.527.381
2005	21	406.381	163	862.739	163	862.739	86	206.978	86	206.978	654	3.144.886
2006	42	5.417.195	277	999.910	277	999.910	105	212.991	105	212.991	1.074	10.610.621
2007	58	6.313.591	363	1.218.050	363	1.218.050	187	357.378	187	357.378	1.326	12.687.558
2008	34	1.620.085	227	686.587	227	686.587	117	348.676	117	348.676	999	6.409.896
2009	23	991.474	181	674.319	181	674.319	90	228.195	90	228.195	875	3.282.451
2010	22	426.996	181	749.531	181	749.531	137	242.548	137	242.548	951	2.785.910
2011	16	528.975	202	790.717	202	790.717	146	259.592	146	259.592	1.150	2.851.807
2012	34	1.199.435	297	1.043.110	297	1.043.110	193	377.453	193	377.453	1.482	3.502.418
2013	35	236.900	462	1.140.906	462	1.140.906	229	380.283	229	380.283	1.702	2.811.251
2014	30	497.785	520	1.190.033	520	1.190.033	312	507.464	312	507.464	1.681	3.160.291
2015	24	307.417	475	1.070.246	475	1.070.246	322	422.171	322	422.171	1.639	2.807.792
2016	36	6.708.222	317	1.182.459	317	1.182.459	218	316.632	218	316.632	1.335	9.103.468
2017	25	1.895.393	209	926.879	209	926.879	257	386.927	257	386.927	1.246	5.194.413
201801-07	19	2.432.328	92	449.608	92	449.608	122	172.399	122	172.399	704	4.296.043
Total	669	32.046.841	5.654	21.139.897	5.654	21.139.897	2.711	4.858.946	2.711	4.858.946	26.835	112.156.209

**18 CHINA (ADDITIONAL)****WT/TPR/S/377 – WTO Secretariat Report****SUMMARY, para. 12**

As from 2017, overseas companies undertaking online sales of services to local consumers have been required to register as businesses, obtain a tax identity number and file VAT in Chinese Taipei.

**Questions Add. 1:** Is the practice of Chinese Taipei requiring overseas companies to register VAT similar to a simplified registration method of the EU's VAT Mini One Stop Shop, or the normal VAT registration method with the same standards as local taxpayers?

**Answer:**

*In order to control tax sources, we created a VAT system for foreign companies selling cross-border electronic services. As of May 1, 2017, companies that sell cross-border electronic services to individual domestic purchasers shall register for business and file VAT in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Considering that these companies don't have fixed places of business in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, an online taxation registration platform was built to simplify the registering procedure for these companies and decrease their compliance costs.*

**Questions Add. 2:** If the same registration method is applied as with local taxpayers, overseas companies undertaking online sales of services to local consumers must register VAT in Chinese Taipei and file tax declaration on time. It will greatly increase the company's tax compliance costs, and the policy implementation effect may also be far from satisfactory. How does Chinese Taipei view this issue and how to ensure that overseas companies comply with this system?

**Answer:**

*Please refer to our response to Questions Add. 1*

**Page 21, para. 1.14**

In January 2018, Chinese Taipei enacted a tax reform aimed at improving tax collection, distributing wealth more equitably and stemming the flow of highly skilled labour overseas.

**Questions Add. 3:** We would like to know more about this tax reform, such as the types of taxes involved, changes in tax rates, adjustments to tax incentives, etc., and whether this tax system reform has an impact on investors outside Chinese Taipei.

**Answer:**

*The amendments to the Income Tax Act were made on February 7, 2018. The main contents of the income tax reform are as follows:*

- 1. Relieve the tax burden on salary earners, middle and low income earners, and taxpayers with children.  
The amount of four deduction items of individual income tax has been raised: the standard deduction, the special deduction for wage income, the special deduction for the disabled, and the special deduction for pre-school children.*
- 2. The highest marginal tax rate for the individual income tax was reduced from 45% to 40% to encourage professionals to stay in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, so as to enhance the willingness to invest, and improve international competitiveness.*
- 3. Enhance the willingness to invest and create employment opportunities.*
  - (1) We have adopted a new dividend tax regime by abolishing the partial imputation tax system on dividends. As a result, by combining the income tax of profit-seeking enterprises with the individual income tax on dividends, the top aggregate tax burden (including income tax of profit-seeking enterprises and individuals) has been reduced from 49.68% to 42.4% (= 20% + 80% × 28%).*
  - (2) The tax rate of the income tax of profit-seeking enterprises has been raised from 17% to 20%, which is lower than the OECD average tax rate of 23.5%. It still allows enterprises to operate competitively around the world while helping the government maintain a sound fiscal position.*



- (3) *In addition to the above adjustments, we have reduced the surtax rate on undistributed earnings of companies from 10% to 5%. Reducing the aggregate tax burden on an enterprise's retained earnings will allow some relief of the tax burden, promote enterprises to accumulate capital to finance the need of innovation and upgrading in the future.*
- (4) *We raised the withholding tax rate on foreign dividends from 20% to 21%, which is lower than that of other countries such as 22% in South Korea, 26.375% in Germany, and 30% in the United States. If the foreign-invested shareholder's country of residence has a tax agreement with us, the tax burden will not be affected. This will reduce the difference of the tax burden between domestic and foreign investors.*
4. *Simplify the tax system in line with international trends*  
*By abolishing the partial imputation tax system on dividends, we have deleted the provisions regarding the imputation credit account that profit-seeking enterprises shall maintain, calculate and record, as well as related penalties.*

*Through the amendments to the income tax system, we expect that the tax reform will increase disposable income, directly stimulate consumption, indirectly encourage investment, thereby driving profit growth for enterprises. Also, we assist enterprises to transform and attract professionals to stay in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsubay establishing a competitive investment tax environment. This will bring positive effects on tax revenue.*

**Page 43, para. 3.7**

The usage rate of pre-entry declaration rose from 10% of total general declarations in 2011 to 20% in 2014, 17.6% in 2015, and 18.4% in 2016.

**Questions Add. 4:** What are the requirements of the customs for pre-entry declaration? Why did the usage rate of pre-entry declaration decrease after 2014?

**Answer:**

1. *For information on the requirements of the customs for pre-entry declaration, please see the Regulations Governing the pre-entry Customs Declaration of Import/Export Goods. (<https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350012>)*
2. *The usage rate of pre-entry declaration has not dramatically fluctuated, staying at around 18% over recent years.*

**Page 43, para. 3.8**

3.8. Since August 2013, Customs has operated the Customs-Port-Trade (CPT) Single Window, which allows documentation related to customs procedures including customs declarations, trade licensing and SPS permits, to be submitted and processed electronically.

**Questions Add. 5:** What is the proportion of customs declarations through Single Window? In addition to customs declaration and application for relevant licenses, what functions are there or will be available in the Single Window system? Is there a corresponding plan and timetable?

**Answer:**

1. *The percentage of customs declarations lodged through the CPT Single Window is about 99.99%.*
2. *For traders, there are also several useful services available on the CPT Single Window, such as electronic-payment for duties or fees, online information inquiries on the status of clearance, and application for duty and tax refund. Moreover, the CPT Single Window serves as an information sharing platform for participating government agencies to conduct data exchange. There is no plan to add more functions to the CPT Single Window at present.*

**Page 44, para. 3.10**

Chinese Taipei conducted time release studies (TRS) in line with the World Customs Organization's guidelines in 2011 and 2014. Since January 2017, Customs has operated a TRS online system allowing online public consultation of relevant data on the "broad-sense release time" (time required from arrival to release of containerized goods) gathered after 2016.

**Questions Add. 6:** Is the TRS online system an independent investigation system or an auxiliary one? Please introduce how the TRS online system works. At present, what is the time spent on each link of the goods from arrival to release?



**Answer:**

1. Through the CPT Single Window, our Customs is able to track the movement and transaction status of containerized goods from their arrival to release, by integrating information acquired from various parties involved in the whole import process such as port authorities and container terminals, making this an independent study system. The Single Window allows us to measure release time on a more accurate and real-time basis, compared to the questionnaire surveys adopted by the TRS.
2. As of January 2017, information on the "broad-sense release time" (time required from arrival to release) of containerized goods has been made available to the public. The time spent on each step from arrival to release can be accessed via:  
<http://portal.sw.nat.gov.tw/PPL/RedirectorNonLoginAction?appId=APGQ&privilegeId=GQ01%3FclassType%3D12>.

**Page 45, para. 3.14**

In 2017, Customs deployed advanced infrastructure with cloud computing services and also re-designed its official website by introducing responsive web design (RWD) technology allowing for easy access with various mobile devices anytime and anywhere.

**Questions Add. 7:** How is cloud computing technology applied at the Customs? What other advanced technologies has the Customs used to improve service levels?

**Answer:**

To build reliable and efficient IT infrastructure, Customs introduced cloud computing (i.e. Infrastructure as a Service, IaaS) to establish the Customs cloud. It allows Customs to develop the innovative application in a flexible manner. For example, Customs is working on big data analysis in the aforementioned cloud to identify potential high-risk targets.

**Page 105, para. 4.29**

Table 4.8 Guaranteed purchases of rice

**Questions Add. 8:** Please provide the quantity of guaranteed purchases of rice for the past 3 years and the proportion of total production.

**Answer:**

Unit: 1000 metric tonnes, %

year	Quantity of guaranteed purchases	Proportion of total production
2015	363	23%
2016	398	25%
2017	467	27%

**II. Other Questions**

**Questions Add. 9:** According to relevant provisions of Article 9 of the Measures for the Administration of Financial Business Transactions and Investment Licensing Between Chinese Taipei and Mainland China (Jin Guan Yin Fa Zi No. 10000310960), mainland banks can only establish a branch or invest in a local financial institution in Chinese Taipei. However, there are no institutional restrictions on local banks and foreign banks. Since the opening of offshore business in Chinese Taipei must be undertaken through the establishment of an international financial business branch, due to the above-mentioned regulatory restrictions, it is currently not possible for mainland banks to set up a second institution for offshore business in Chinese Taipei. It is not conducive for mainland banks to play the role of promoting cross-strait economic and trade exchanges. Please give explanation on this regulation.

**Answer:**

Due to excessive competition in our financial market, when domestic banks or foreign banks invest in domestic banks, the number of entities making equity investments should be one in principle, except for merger models that help accelerate our financial consolidation. This would avoid negative effects such as conflicts of interest or business competition. This principle does not only apply to banks from China.

**Questions Add. 10:** According to the relevant provisions of Article 69 of the Measures for the Administration of Financial Business Transactions and Investment Licensing Between Chinese Taipei and Mainland China, for the branches of mainland banks participating in interbank lending of the total amount of net interbank lending shall not exceed twice the working capital. However, there is no restriction of the total lending amount for local and foreign banks. Affected by this, mainland banks are constrained by local financing, and it is difficult to deepen their business links with the local market. Please give explanation on this regulation.

**Answer:**

1. *The provisions of Article 69, paragraph 1 (4) of the said Regulations are based on the consideration of prudential supervision, to effectively control and keep financial leverage risks to stay within the scope of the local branch of China's banks' working capital and maintain the stability of NTD interbank call loan market. In addition, there are similar provisions in Article 25 of China's "Interbank Lending Management Regulations".*
2. *As the FSC and its counterparts in China have established a supervisory cooperation mechanism, we recommend for this issue to be addressed through consultation between the two parties.*

**Questions Add. 11:** According to bank feedback, the local credit reporting system is yet open to mainland banks. The Chinese Taipei regulatory authorities have no clear restrictions on the entry of mainland banks into the credit reporting system. However, the local credit reporting center currently requires that mainland banks not submit relevant application materials. Affected by this, mainland banks cannot timely and comprehensively understand the credit information of local customers, which affects credit granting for local customers. Please give explanation on this regulation.

**Answer:**

*The Joint Credit Information Center (JCIC) adopts a membership system, and relevant information (e.g. credit reports) is subject to joint management by member institutions. In accordance with the relevant regulations of the members of JCIC, if a bank wishes to join the JCIC as a member, it should provide relevant documents to the JCIC in its application.*

We have noticed that Chinese Taipei has made a commitment to land-based cross-border courier services in its WTO accession commitments: as part of cross-border cargo handled by air express companies, land services can be provided to all recipients, excepts for those currently reserved by the post department of Chinese Taipei required by the law.

**Questions Add. 12:** What are the services currently reserved by the post department of Chinese Taipei?

**Answer:**

1. *The government instructed the Chunghwa Post Co. Ltd. to be in charge of universal postal services; therefore, at present, pursuant to Article 6 of the Postal Act, the Chunghwa Post Co. Ltd. holds exclusive rights in the delivery of letters, postcards or other correspondence.*
2. *The draft proposal of the amendments to the Postal Act, which rules out the two-way domestic and international trans-border documents from the exclusive rights, is currently going through the legislative process. After the revision of the Act, the Chunghwa Post Co. Ltd. will continue to hold exclusive rights on postcards, aerogrammes, items under a certain weight (500g) and items with a unit price under 13 times basic postage.*

**Questions Add. 13:** How to understand land-based cross-border courier service? Can foreign express delivery companies not provide courier services between two points in Chinese Taipei?

**Answer:**

1. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is surrounded by sea. Our railways and highways do not connect to other economies. Therefore, there is not a land-based cross-border express service industry.*
2. *Foreign express delivery companies that have been approved to operate transportation businesses can provide courier services between two points in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*
3. *Foreign express delivery companies without the license of automobile cargo transportation within designated route(s) cannot provide courier services in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu after delivering goods to our airports or harbors, but they can*

*cooperate with our automobile cargo transportation enterprises that operate within designated route(s) to provide courier services between two points in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

**Questions Add. 14:** What is the current development status of courier services? Is there a need to fulfill the licensing approval process or other requirements for setting up a foreign express delivery company?

**Answer:**

*As courier services may involve several sectors such as air freight forwarder (the Civil Aviation Act), freight forwarder, container terminal operator (the Shipping Act), cargo handling forwarder, cargo handling industry (the Commercial Port Law), automobile cargo transportation, and automobile cargo transportation within designated route(s) (the Highway Act), foreign express delivery companies have to apply for licence in accordance with relevant laws. At present, major express companies such as DHL, TNT, Ubisoft, and FedEx have entered into our market.*

**Questions Add. 15:** What are the specific regulations and requirements for customs clearance for cross-border express mails?

**Answer:**

*The regulations for customs clearance for cross-border express mails are no different from those for other mail items. Key requirements for goods imported or exported by post are as follows:*

- 1. The invoices for imported postal articles should be either attached to their outer packaging or placed in their packing boxes for Customs review.*
- 2. All regulatory requirements applicable to ordinary trade are equally applicable to postal imports or exports.*
- 3. If a postal item sent from overseas has a FOB value exceeding US\$5,000, the recipient is required to submit an import declaration to Customs. For a postal item with a value between CIF NT\$2,000 (approximately US\$64.50) and FOB US\$5,000, no Customs declaration is required. However, if the item is taxable, Customs will issue a duty memo for the Post to collect the applicable duty and taxes accordingly upon delivery of that item. Any single shipments valued below NT\$2,000 is exempt from customs duties and taxes.*

*The text of the Regulations Governing Customs Clearance Procedures for Importing and Exporting Postal Parcels can be found at:*  
<https://law.moj.gov.tw/Law/LawSearchResult.aspx?p=A&k1=%E9%83%B5%E5%8C%85&t=E1F1A1&TPage=1>

## 19 USA (ADDITIONAL)

### Follow-up Questions based on the Secretariat Report (WT/TPR/S377)

#### 3 TRADE POLICIES AND PRACTICES BY MEASURE

##### 3.2.5 Export finance, insurance, and guarantees

**Page 59, paragraph 3.66:** The Secretariat's Report states the publicly owned Export-Import Bank provides export credit, insurance, re-lending, and other kinds of export financing facilities.

**Question 4:** Please explain if any of these export-financing programs cover agricultural products.

**Chinese Taipei Answer:** The export financing and export credit insurance programs of the Eximbank cover agricultural products.

**U.S. Follow-Up Question:** *In response to question 4 regarding 3.2.5 Export finance, insurance, and guarantees: Chinese Taipei stated that "the export financing and export credit insurance programs of the Eximbank cover agricultural products."*

- *Please explain the basis for which Chinese Taipei did not report Eximbank's export financing support activities in its export competition questionnaire (ECQ) response under the Nairobi Decision on Export Competition.*

**Answer:**

*The export financing program is provided for all exports and not specifically for agricultural products. The export financing and export credit insurance provided by Eximbank is in line with market conditions, and there is no special preferential interest rate or insurance rate. The program does not involve any subsidies.*

- *Please indicate whether Chinese Taipei will be providing ECQ responses, including regarding Eximbank's activities, for previous years and going forward as required under the Nairobi Decision.*

**Answer:**

*The export financing program was not reported as it is not specifically for agricultural products and does not involve any subsidies.*

- *Please identify and describe each export financing support programs that cover agricultural products. According to the Export-Import Bank website, there are several export financing programs including general export credit, short-term export credit, export guarantee, comprehensive export credit insurance (short term and open account), and letter of credit insurance.*

**Answer:**

*The export financing and export credit insurance provided by Eximbank has no specific support plan for agriculture products.*

#### 3.3.3 Sanitary and phytosanitary measures

##### 3.3.3.1 Food standards-setting framework

**Page 73, paragraph 3.114:** The Secretariat's Report states "Chinese Taipei's slow process for establishing MRLs for pesticides, low number of approved MRLs, and zero tolerance policy for pesticides without established MRLs have resulted in incoming agricultural shipments being stopped at the ports of entry and other restrictions.." The Report states that the process of evaluating the pesticide MRLs of incoming crops is subject to the same principles as those for local crops.

**Question 15:** Please elaborate on any plans to improve the process for establishing MRLs for pesticides to avoid unnecessary delays.

**Chinese Taipei Answer:** We are establishing an online inquiry system for applications for pesticide MRLs on import crops. The system is expected to launch by the end of this year, after which applicants will be able to track the progress of the application online.

**U.S. Follow-up Question:** *While an online tracking system for MRL applications would seemingly increase transparency of the MRL regulatory process, can Chinese Taipei explain how the online tracking system will speed up the process for MRL approvals?*

**Answer:**

*Applicants will be able to track the progress of the application immediately via the online inquiry system before receiving the formal letter from the TFDA. After the inquiry system is launched, applicants will be able to know the status of their applications anytime and prepare for the next step in the application process in advance. In addition, the TFDA can manage the progress and total time required for all applications via this inquiry system, and ensure a smooth and fast document review processes.*

**Question 16:** Please confirm whether efficacy data and crop grouping requirements are the same for incoming crops as local crops.

**Chinese Taipei Answer:** The process of evaluating the pesticide MRLs of incoming crops is subject to the same principles as those for local crops.

**U.S. Follow-up Question:** *What is the purpose of requiring efficacy data in an application for MRLs for imported agricultural products?*

**Answer:**

*The purpose of requiring efficacy data is to provide scientific references for experts to evaluate whether the tolerance application of the pesticide can be used for domestic crops. Once MRLs are announced, they apply equally to both domestic and imported agro-products.*

### **3.3.4.1 Competition Policy**

**Page 77, paragraph 3.126:** During the review period, the Fair Trade Act (FTA) was amended three times (4 February 2015, 24 June 2015 and 14 June 2017). Its February 2015 amendments, covering 70% of its provisions, were considered the widest in range, the largest in scale and the most influential legal reforms since its entry into force.

**Question 22:** Do the recent amendments to the competition law include additional rights for respondents such as the opportunity to review and rebut evidence? If so, please describe these additional rights.

**Chinese Taipei Answer:** Additional rights for respondents such as the opportunity to review and rebut evidence are not included in the recent amendments to the competition law.

**U.S. Follow-up Question:** *The United States considers the opportunity for respondents to review and rebut evidence as important aspects of competition law. Is Chinese Taipei considering further reforms to its competition law and if so, might these additional rights be included?*

**Answer:**

*During an investigation, the FTC may notify the respondents to appear to make oral statements and submit documents or exhibits to rebut an allegation as provided for in Paragraph 1, Article 27 of the FTA. In this regard, the respondents do have the opportunity to review and rebut evidence under the current FTA.*

## 20 MALAYSIA

### **GOVERNMENT REPORT**

#### **Page 8**

#### **3.3 Industrial Policy and Reform**

3.9. In the past four years, several major industrial development programs such as the Backbone Enterprises Program, and the Industry Upgrading and Transformation Program have been launched to facilitate the potential of carefully selected industries to lead the transformation of industrial innovation models. The objectives of these programs are to advance economic growth, increase employment opportunities and improve income distribution by boosting industrial optimization and transformation.

**Question N°1:** Malaysia is interested to seek further information on the Backbone Enterprises Program. Does the program assist in start-ups of enterprises?

**Answer:**

1. *The Backbone Enterprises Program was proposed in October 2012, it defines the feature of "Backbone Enterprises" as "Businesses with considerable size, solid technological foundation, and unique and proprietary technology in certain fields, are highly competitive in the global market, and have their primary management or production lines within the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu."*
2. *The Ministry of Economic Affairs (MOEA) is responsible for accepting applications from enterprises and for organizing professional review meetings to select potential Backbone Enterprises. The MOEA also provides consulting services in talent, technology, intellectual property and brand marketing to accelerate the growth of the potential Backbone enterprises.*
3. *Any registered company (including start-ups) whose annual revenue less than NT\$ 20 billion (around US\$ 667 million) and less than 2,000 employees is qualified to apply. The selected potential Backbone Enterprises will be prioritized in governmental consulting services.*

3.10. The flagship 5+2 Industrial Innovation Plan was launched in 2016 to serve as the primary industrial development policy undertaking. The aim of this plan is to transform industrial innovation, moving towards high-value-added, service-oriented and solutions-oriented business models. It envisions achieving industrial innovation, job creation, equitable wealth distribution, and sustainability. The seven (5+2) innovative industrial pillars are: the Asia Silicon Valley, Smart Machinery, Green Energy Technology, Biomedical Industry, Defense Industry, New Agriculture, and the Circular Economy. Details of each are briefly outlined below.

**Question N°2:** Malaysia seeks further information on the implementation progress of the flagship 5+2 Industrial Innovation Plan. Was the plan successful in achieving its goal to transform industrial innovation, moving towards high-value-added, service-oriented and solutions-oriented business models?

**Answer:**

1. *Since it was first promoted in July 2016, the 5+2 program has continued according to plans. The authority continues to use measures such as nurturing industrial clusters, strengthening integrated manufacturing capacity, attracting foreign investments and linking to the global innovative momentum to promote industrial transformation.*
2. *Take Smart Machinery as an example, we hope to upgrade our precision machinery to smart machinery, and utilize smart production lines for smart manufacturing to advance local industrial transformation. Considering the differences in business scale, it is difficult to expect all SMEs to transform across-the-board into smart production lines and smart factories. With the help of the Smart Machine Box (SMB) guidance project, we can assist SMEs introduce digital production and smart facility into their operations. In addition, we will implement smart plans for the automobile industry, aerospace industry, water system hardware/hand tool industry, and rubber and plastics industry to create smart machinery benchmark models.*

**SECRETARIAT REPORT****Page 84-85**

3.147. Relevant laws and regulations on government procurement, procurement notices and contract award information are published in the Government Procurement Gazette (currently an e-gazette) as well as on the PCC's website.<sup>226</sup> To enhance the openness and transparency of procurement information, since 1999 Chinese Taipei has maintained an online procurement platform, namely GEPS (Government E-Procurement System), to provide single website e-procurement service for government entities and suppliers.<sup>227</sup> All procuring entities are required to publish their tender notices, tender documentation and award notices in the Government Procurement Gazette and on the platform. A procuring entity may base its decision on whether to receive tenders through GEPS upon "actual needs" relating to the specificity/characteristics of the procured item; the authorities indicated that certain local companies do not have the capacity to meet e-procurement requirements. For GPA covered procurements, summary notices in English are also published through the system. During the review period, there was an annual average of about 250,000 procurements providing e-tender documentation annually, accounting for over 99% of the total number of tenders. By promoting e-tendering documentation, the authorities saved time and reduced human recourses and printing costs estimated at over NT\$ 1 billion per year. In addition, the publishing of the e-Government Procurement Gazette saves printing-related advertisement costs estimated at about NT\$3 billion per year.

**Question N°3:** We seek further information on the participation of foreign supplier/contractor registration system imposed for companies that wish to participate in Government Procurement? If so, seek information on the process?

**Answer:**

*We do not have a foreign supplier/contractor registration system for companies that wish to participate in government procurements.*

**Page 86****3.3.6 Government procurement**

3.153. The Complaint Review Boards for Government Procurement (CRBGP) established at different levels of government are responsible for handling complaints filed by suppliers where there might be a breach of laws and regulations in a procurement whose contract value is over NT\$1 million. If the supplier does not accept the CRBGP's decision, it may file an administrative appeal with the administrative appeal court. Reportedly, arbitration is often the preferred form of dispute settlement for overseas suppliers, rather than mediation, which is the current practice in public procurement contracts.

**Question N°4:** We seek further information mediation process under dispute settlement. Could you provide information on the complaint mechanism provided for contract value below NT\$1 million?

**Answer:**

1. *In the event that a procurement entity and a supplier fail to reach an agreement over a dispute in relation to the performance of the contract in question, the supplier or entity could apply to CRBGP for mediation. The mediation would proceed after the mediation fee has been paid by the applicant. The result of mediation shall either be established upon consensus of the parties, or fail to establish if there is no consensus.*
2. *Pursuant to paragraph 1 of Article 75 and paragraph 1 of Article 76 of the GP Act, for any dispute between a procurement entity and a supplier arising out of the invitation to tender, the evaluation of tender, or the award of contract, the supplier could file a protest for any procurement, regardless of the value of contract, but would not be allowed to file a complaint to the CRBGP if the value of procurement does not reach the threshold for publication (NT\$1 million, about US\$32,446)*

**Question N°5:** What is the interim measure available towards the procurement process while the complaint being heard by CRBGP?

**Answer:**

*Pursuant to paragraph 2 of Article 82 of the GP Act, the CRBGP may notify the procuring entity to suspend the procurement procedures if necessary. A procurement entity could also suspend procurement procedures in accordance with paragraph 1 of Article 84 of the GP Act.*

**Page 87-97****3.3.7 Intellectual property rights**

3.160. With respect to pharmaceutical inventions, important steps have been taken towards ensuring better protection in this area to promote the economy's innovation potential.<sup>251</sup> In December 2017, the Pharmaceutical Affairs Act (PAA) was amended as part of Chinese Taipei's commitment to join the then Trans-Pacific Partnership Agreement (TPP, Section 2.3.2). The amendment was aimed at aligning existing IPRs in this area to the TPP provisions by, inter alia, tightening data exclusivity for new indications and setting up a patent linkage system to ensure that generic drugs are not launched in Chinese Taipei while the original patent is still valid.<sup>252</sup> Additional amendments to the PAA, providing data exclusivity for new drugs with new ingredients and for drugs with newly added or change of indications with international data involving a three year regulatory protection that might be extended to five years for those with domestic clinical trials, have been in place since 31 January 2018; nevertheless, the legislative process for the Patent Linkage amendments has not yet been completed.<sup>253</sup>

**Patent Linkage**

**Question N°6:** With regards to the amendment of the PAA, what are the mechanisms that have been put in place for the patent linkage system? Are there any relevant guidelines or SOP on the patent linkage system?

**Answer:**

*At the present, we have drafted two relevant regulations: the Regulation for Patent Linkage of Drugs and the Regulation for Patent Linkage of Agreement and Notification. The notification of the draft Regulation for Patent Linkage of Drugs was released on September 11, 2018 and reported to the TBT Committee of the WTO.*

**Question N°7:** In the event where there are two or more applicants for the first generic drug, Seek information if the joint marketing exclusivity be equally divided among generic companies?

**Answer:**

*According to Paragraph 3 of Article 48-16 of the Pharmaceutical Affairs Act, if more than one application for a generic drug permit that complies with the requirements regarding the earliest duly prepared application documents is filed on the same date, such applications are jointly subject to the 12-month period of marketing exclusivity.*

**Question N°8:** Seek further information if the PAA contain any provision which allows for submission of generic application to the regulatory agency (TFDA) while the patent of the originator product is still in force (i.e., Bolar Provision)?

**Answer:**

*According to Article 60 of the Patent Act, the effects of the patent right shall not extend to research and trials of pharmaceuticals.*

*Generic drug applicants are allowed to submit registration to TFDA based on Article 39 of the PAA. If the patent of the originator is still valid, the applicant shall obey the regulations of patent linkage of drugs according to Chapter 4 of PAA.*

**Question N°9:** The patent linkage system will ensure that generic drugs are not launched in Chinese Taipei while the original patent is still valid. However, is there a provision in the PAA which allows manufacture for export of such generic drugs?

**Answer:**

*There is no relevant provision in the PAA regulating the manufacture of generic drugs for export while the original patent is still valid in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*



## Data Exclusivity

**Question N°10:** Does the new amendment in PAA pertaining to data exclusivity extend to Biologics? If so, is the period of DE protection similar to that of small molecules?

**Answer:**

*The Pharmaceutical Affairs Act does not distinguish between biologics and small molecules, data exclusivity rules apply to both biologics and small molecules.*

## Page 52 - 54

### 3.1.5 Import prohibitions, restrictions, and licensing

**Question N°11:** Appreciate if further information could be provided for the procedure implemented by the Chinese Taipei government for importation or exportation of human remains, human tissue, microorganism and pathogenic substances?

**Answer:**

*The customs clearance procedures of general import/export goods are conducted in accordance with the Customs Act. However, for special imported/exported air cargos, relevant regulations are as follows:*

1. *Imported air cargos of fresh foods, perishable goods, live animals, plants, hazardous goods, radioactive element, ashes, corpses, bulk cargos, or goods permitted examined and released alongside aircraft by the Customs with special consideration, shall be allowed for pre-entry declaration, provided all required documentation is presented by the concerned duty-payer, and shall be released pursuant to Article 18 of the Customs Act. The respective import manifest may be processed after the arrival of the aircraft and the said examination and release are done.*
2. *Exported air cargos of fresh foods, perishable goods, live animals, plants, hazardous goods, oversize goods that a warehouse cannot accommodate, or goods permitted examined and released alongside the aircraft by Customs with special consideration, shall be allowed for pre-entry declaration, provided all required documentation is presented by the concerned exporter.*

**Question N°12:** If there is such procedure, what are the relevant regulation or Act that regulate the procedure? Particularly for areas of importation or exportation of human remains, human tissues, microorganism and pathogenic substances, if any.

**Answer:**

*For more information about relevant regulations, please see the Regulations Governing the Pre-entry Customs Declaration of Import/Export Goods. (<https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350012>).*

## 21 UKRAINE

### **QUESTION REGARDING THE ANSWER, PROVIDED BY CHINESE TAIPEI TO THE ADVANCE WRITTEN QUESTION 14, SUBMITTED BY UKRAINE (RD/TPR/978)**

#### **Page 37**

Chinese Taipei indicated that "If a disease outbreak occurs in the territory of a country, the country can apply for the recognition of disease-free zone by following our procedure".

#### **Question:**

Ukraine would appreciate if Chinese Taipei could provide detailed information concerning application procedure for recognition of disease-free zone.

#### **Answer:**

1. *For recognition of pest free areas of plant pest(s): An exporting country may apply for recognition of a pest free area of a plant pest in accordance with the Procedures for Recognition of Pest Free Areas, and provide scientific evidences for review. The information is published on BAPHIQ's website. (<https://www.baphiq.gov.tw/en/view.php?catid=11698>)*
2. *For recognition of disease-free status of infectious animal disease(s): If a country considers itself meeting the disease free criteria described in the OIE Terrestrial Animal Health Code, the country can apply for recognition of disease-free status, in accordance with the Procedure for the Recognition of Disease-Free Status of a Foreign Country after the eradication of the disease while conforming to the OIE guidelines for disease-free countries. The information is published on BAPHIQ's website. ([https://www.baphiq.gov.tw/view\\_redirect.php?id=5776&type=f](https://www.baphiq.gov.tw/view_redirect.php?id=5776&type=f))*
3. *Upon receiving the application, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu will commence the review process.*

## QUESTIONS SUBMITTED VIA THE TPR Q&A ONLINE SYSTEM

### 1 ICELAND

#### WT/TPR/G/377 – Government Report

### 3. DEVELOPMENT OF TRADE AND INVESTMENT POLICIES

#### 3.8 Bilateral and Multilateral Economic Integration

##### Page 14, Paragraphs 3.23

Specifically, key initiatives for which the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has been serving as a lead or main sponsor during the review period were the creation of the APEC Women and the Economy Sub-Fund (with the U.S. and Australia);

##### **Question 1:**

The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is among WTO members that are putting women's economic empowerment at the heart of the trade agenda through the Trade Impact Working Group, established under the auspices of the International Gender Champions-Geneva. On the occasion of the 11<sup>th</sup> WTO Ministerial Conference in Buenos Aires more than 120 WTO members and observers launched a joint declaration on women and economic empowerment that aims inter alia at sharing best practices and working together in the WTO to remove barriers for women's economic empowerment and increase their participation in trade.

Iceland notes with interest the information in the report the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu have provided for this TPR on work in APEC they have led or where they have served as main sponsor on inclusive trade, as well as on women and economic development. Could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu share information of the content and/or outcome of this work?

Also, could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu share information on the participation of women in their economy? Have particular barriers that limit women's participation in trade been identified? Have any particular measures been identified to address such barriers or to encourage women's participation in trade and promote women's entrepreneurship, or are such measures being developed?

##### **Answer:**

##### **The outcomes of our initiatives**

*In recent years, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has made various responses to the APEC "Women in STEM" initiative. We have encouraged women to utilize innovative technology to explore business opportunities. Since 2017, we have integrated the concept of gender-based innovation into our APEC projects as follows:*

- 1. From 2013 to 2016, we implemented the APEC-funded project "Innovation for Women and Economic Development".*
- 2. In order to encourage women's participation in science, technology, engineering and mathematics, we promoted the "Gender Innovation for Technology and Science" project, the subject of which was consistent with the APEC Gender Inclusion Guidelines.*
- 3. In 2018, in order to survey the challenges, opportunities and ways of tackling women's participation in agriculture in APEC areas, we are promoting the "APEC GIFTS A+: Promoting Gender Inclusion in Smart Agriculture". This project intends to improve innovation and development in agricultural technology, facilities and environment.*

*In 2017, the APEC Women and Economy Sub-fund, co-funded by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the United States and Australia, was established to encourage APEC economies to implement cross-forum projects that integrate gender perspectives. We welcome APEC economies among various fora to take advantage of this fund to promote gender mainstreaming in the APEC region. This sub-fund aims to institutionalize and provide ongoing support so as to advance APEC's objectives to increase women's economic participation, integrate gender perspectives through international cooperation, and promote "inclusive growth".*

*Barriers to women's participation in trade, and our countermeasures include:*

1. **Lack of access to financing channels**

- (1) Youth Entrepreneurial Business Start-up Loan: limit of NT\$2 million.*
- (2) Phoenix Micro Startup Program: limit of NT\$1 million and no guarantor or collateral needed. The government provides 95% guaranteed coverage as well as two years of preferred interest, thereby alleviating capital and interest burdens for women entrepreneurs.*

2. **Difficulties in accessing markets**

*We have created a website for women entrepreneurs that contains information on their major products. In addition, the government has launched numerous trade promotion projects to assist women in entering international markets. A total of 11 international digital courses were created to help cultivate women's knowledge about developments in international markets. Women students constituted roughly 48% of the classes.*

3. **Lack of professional skills and capabilities**

*The government has established the Female Business Owners Consultative Committee and Female Entrepreneurship Volunteer system to foster cooperation among female-owned businesses and to facilitate the integration of relevant resources and information so that female entrepreneurs can secure more wide-ranging assistance.*

4. **Lack of leadership roles and opportunities to voice opinions**

*The government has established the Female Business Owners Consultative Committee and the Female Entrepreneurship Volunteer system. It has provided individualized and integrated services for women entrepreneurs that are available at different stages and focus on their needs. Female entrepreneurship will be promoted by learning from model women entrepreneurs and their successful experiences.*

5. **Innovation and technology**

*We have implemented the APEC projects "Innovation for Women and Economic Development", "Gender Innovation for Technology and Science" and "APEC GIFTS A+: Promoting Gender Inclusion in Smart Agriculture".*

**2 EU****WT/TPR/S/377 – WTO Secretariat Report****1. Economic Environment****1.2 Recent Economic Developments****1.2.3 Main macroeconomic policy developments****Page 22, para 1.18**

Employment page 22 para 1.18 and page 39 para 2.48 on recruitment of overseas professionals  
 "To enhance the inflow of professionals from WTO members, as from 8 February 2018" Chinese Taipei has relaxed regulations with respect to visa, residence, health insurance as well as tax and retirement benefits".

**EU Question N°1:** Could Chinese Taipei indicate if such changes have already brought impact? If so, are there any figures available? Are the persons attracted more in the manufacturing or in the services sector?

**Answer:**

1. *The Act for the Recruitment and Employment of Foreign Professionals came into force on February 8, 2018. Through the relaxation of visa, work and residency regulations and the enhancement of insurance, tax and retirement benefits, the Act is aimed at building a friendlier work and residency environment and enhancing the inducement for foreign professionals to come to and stay in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, setting an important milestone for the legislation of our talent retention and recruitment.*
2. *Implementation outcomes as of July 31, 2018:*
  - (1) *Issuance of Employment Gold Card: So far, there are a total of 164 applicants, and 68 Employment Gold Cards have been issued, including 27 in the field of science & technology, 16 in the field of economics, 7 in the field of education, 14 in the field of culture & arts, and 4 in the field of finance, providing convenience for these foreign special professionals to freely seek employment and change jobs.*
  - (2) *Other outcomes of the relaxation of work and residency regulations: The Ministry of Labor issued work permits to 19 foreign adult children of legal residents, and to 8 freelance artists who can thus engage in artistic work freely and do not need to apply through an employer; also, 35 foreign special professionals were able to extend their work permit duration from 3 years to 5 years, and they all engage in specialized and technical work. In addition, the Ministry of the Interior approved 63 applications for permanent residency where the applicants correspond to the regulation that once the foreign professionals obtain the permanent residency, the spouses, minor children and disabled adult children can apply for permanent residency after residing in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu for 5 consecutive years.*

**3. Trade Policies And Practices By Measure****3.1 Measure Directly Affecting Imports****3.1.1 Customs procedures, valuation, and requirements / Customs procedures and requirements and customs valuation****Page 42 para 3.9**

2.9 states that a pilot AEO programme has been launched with China in 2016.

**EU Question N°2:**

Could Chinese Taipei give some information about the scope of this programme and the main lessons learnt?

**Answer:**

*The pilot project of cross-strait cooperation on the mutual recognition of AEO was launched between Nanjing, Fuzhou, and Xiamen of China and Keelung and Kaohsiung of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu in October of 2016. However, the actual effect of the current pilot project is relatively limited.*

### 3. Trade Policies And Practices By Measure

#### 3.1 Measure Directly Affecting Imports

##### 3.1.1 Customs procedures, valuation, and requirements / Customs procedures and requirements and customs valuation

###### Page 42 para 3.10

Despite its really good ranking in "doing business" it appears that the average duration of the Time Release Studies in Chinese Taipei has increased since the last period of review to 5 days. This would be in particular due to "a major bottleneck that is the efficiency of the licensing agencies in reviewing and certifying the import and export licences". Para 3.13 reports that "in 2017, Chinese Taipei stood 55th out of 190 economies in the ease of trading across borders, lower than a number of economies in the region and lower than its 18th position of 2013". "In 2015 the most problematic factors for importing were mainly tariffs and NTBs, high cost or delays caused by international transportation, burdensome import procedures, domestic technical requirements and standards and high cost or delays caused by domestic transportation".

**EU Question N°3:** Taking into account that Chinese Taipei intends to continue taking full advantage of global trade, what are the intentions of the Chinese Taipei authorities in this regard?

**Answer:**

*In recent years, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has strengthened border control for food safety, and implemented trade management and documentation review against FTA imports. These measures caused a slight increase of customs release time. However, our Customs has also been actively advancing modernization of customs operations such as paperless operation, intelligent mobile inspection, joint examinations of the goods eligible for being examined and released alongside the airplane with licensing agencies, and inking the AEO MRA with major trading partners following the implementation of the WTO Agreement on Trade Facilitation. We firmly believe that these measures will further simplify the customs procedures, shorten overall customs release times and save costs for traders.*

**EU Question N°4:** The EU would also welcome information regarding the National Trade Facilitation Committee and its role vis à vis the above described issues in particular?

**Answer:**

*In order to implement the WTO Trade Facilitation Agreement, our trade facilitation committee is playing a coordinated role to promote cooperation between Customs and other border management agencies, simplifying the import/export trade procedures, and addressing relevant problems, so as to shorten overall customs release time and reduce trade costs.*

### 3. Trade Policies And Practices By Measure

#### 3.3 Measures Affecting Production and Trade

##### 3.3.1 Incentives

###### 3.3.1.2.4 Sector-specific support

###### 3.84

Page 65 para 3.84 relates to subsidies that are specific to given sectors including aerospace or pharmaceutical or automotive.

**EU Question N°5:** Regarding footnote 117 page 65, the EU would appreciate clarification as to the subsidies that can be granted under certain conditions during a merger and acquisition that covers more than 65% of the total capital of the "bought" entity concerned?

**Answer:**

1. *In order to eliminate obstacles arising from mergers and acquisitions carried out by enterprises, the Business Mergers and Acquisitions Act provides tax incentives for those cases that meet specific conditions under the principle of economic identity. These incentives are meant to reduce the tax burden with respect to the transfer of properties via mergers and acquisitions and shall not be regarded as subsidies.*
2. *Article 39 of the Business Mergers and Acquisitions stipulates:  
In carrying out a division or acquisition of assets or shares by a company pursuant to Articles 27 through 30 of this Act, where the shares are entitled with voting rights as consideration to pay the merged/consolidated and acquired company, and while such shares comprise a value not*

*less than sixty-five percent of the total consideration, or where a company is carrying out the merger/consolidation, the following shall apply:*

- (1) Any and all deeds and certificates so created are exempted from the stamp tax;*
- (2) The title-ship of acquired immovable property is exempted from the deed tax;*
- (3) Transferred securities are exempted from the securities exchange tax;*
- (4) Any commodities or labor services transferred are deemed as not falling within the scope of imposition of the business tax;*
- (5) Transfer of the registration of the title-ship shall be immediately completed after the current value of any land owned by the company with the transfer has been confirmed. The land value increment tax duly borne by the existing land title holder may be registered under the name of the company acquiring the land after the merger/consolidation and acquisition; in the case of any further transfer of that land, the land value increment tax registered shall be paid on a priority basis over any and all liabilities and mortgage from the proceedings of the disposition of such land.*

*After the land value increment tax, under Item 5 of the preceding paragraph, is registered, when shares as the consideration are transferred by the acquired company or divided company such that the shares it holds become less than sixty-five percent of the consideration within three years upon completing the registration of the land transferred, the acquired company or the divided company shall make later payment of the land value increment tax registered; any shortage of the later payment shall be made good by the acquiring company and the surviving company or the newly incorporated company after the division.*

### **3. Trade Policies And Practices By Measure**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.2 Standards and other technical requirements**

##### **3.3.2.1 Standards, testing, and certification**

##### **3.91**

Page 67 para 3.91 reports that "Regulatory impact analysis is one of the elements of Good Regulatory practice and that the BSMT introduces technical regulation on a risk based approach."

**EU Question N°6:** Regarding the notification TPKM/245, the EU welcomes Chinese Taipei commitment to remove the former restrictions applied regarding phthalates DMP and DEP in bicycles. The EU understands that a decision has been taken and that the final result will soon be published once consolidations have been finalised. The EU would appreciate confirmation of this understanding of the very recent developments and a copy of such decision.

#### **Answer:**

1. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu confirms that a decision, as summarized below, has been made at the Technical Committee Meeting on 15 November 2017 to remove the restrictions of DMP and DEP from CNS 15503, which is adopted as the inspection standard of children's bicycles. The new edition of CNS 15503 is expected to be published in November of 2018. After its publication, we will proceed to update the inspection standard for children's bicycles and notify the WTO of the proposal.*
2. *The summarized translation of the decision on DMP and DEP on 15 November 2017:*  
*To revise the standard CNS 15503 "General requirements for the safety of children's products" by removing the restrictions on DMP and DEP, based on the following reasons:*
  - (1) The main use of DMP and DEP is not as additives to plastic products. These two phthalates are rarely used in the plastics industry. Moreover, according to the results of post-market surveillance conducted by the Bureau of Standards, Metrology & Inspection (BSMI), DMP and DEP are rarely detected in toys and children's products.*
  - (2) Currently, there is no regulation restricting the use of DMP and DEP in general products around the world.*
  - (3) Currently, no clear evidence or study shows any adverse effects of DMP and DEP on human health.*

### **3. Trade Policies And Practices By Measure**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.2 Standards and other technical requirements**

##### **3.3.2.1 Standards, testing, and certification**

There are several foreign laboratories authorized to certify organic products. However, a new law introduces the existence of a mutual recognition agreement with the country of a laboratory as a requisite for this authorization to a foreign laboratory.

**EU Question N°7:** Are the certificates currently issued by foreign laboratories going to be revoked if no mutual recognition agreement is reached with the country where they are based? What are the transitional measures considered?

**Answer:**

1. *The Organic Agriculture Promotion Act was enacted on May 30, 2018. Article 42 of the Act stipulates that it will enter into force one year after the enactment date. According to Article 37 of the Act, if those countries announced by the central competent authority as organic equivalent prior to the implementation of this Act fail to reach mutual organic equivalence with the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu within one year of the implementation of this Act, the central competent authority shall abolish the equivalence recognition. Therefore, these clauses effectively give countries a grace period of two years to comply with the requirement of bilateral organic equivalence, and are applicable to all WTO members.*
2. *Enactment of the Act provides two approaches for foreign organic products to access the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu: (1) Country of origin can reach a bilateral arrangement on organic equivalence with the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; (2) The producers are authorized by a foreign certification body that obtained accreditation from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. These approaches resemble those of the EU.*

**3. Trade Policies And Practices By Measure**

**3.3 Measures Affecting Production and Trade**

**3.3.3 Sanitary and phytosanitary requirements**

**3.3.3.1 Food standards-setting framework**

**3.108**

Chinese Taipei requires that unprocessed imported foodstuffs are issued a sanitary certificate, which has to be agreed between the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) and the sanitary/phytosanitary authorities of the country of origin. However, the negotiation of this certificate takes a very long time due to the fastidiousness of the procedure and lack of personnel on CT's administration commensurate with the amount of work that the task implies.

**EU Question N°8:** What measures are being taken to correct the excessively long negotiating periods?

**Answer:**

*Regarding the application for meat and products thereof, various factors can affect the review process, such as the range of completeness of the supporting documents, and the applicant's degree of responsiveness to provide the necessary information. To inform applicants about the progress of their applications, we will notify the exporting countries if we do not receive any supplementary information or response within six months.*

**3. Trade Policies And Practices By Measure**

**3.3 Measures Affecting Production and Trade**

**3.3.3 Sanitary and phytosanitary requirements**

**3.3.3.1 Food standards-setting framework**

**3.109**

"During the review period, the FDA continued to amend food-related laws and regulations to comply with international standards. Its focus areas included: amendments to food regulatory standards and product review; management of food sources, in particular implementing a food safety control system and border inspection of food; inspection of food additives; monitoring of the food safety chain including post marketing monitoring, sampling and testing of food; and food safety and sanitation management. The number of maximum residue levels (MRLs) of Chinese Taipei (CT) is very low compared to other jurisdictions in World Trade Organization (WTO). Also, tolerance for substances with no established MRL is zero".

**EU Questions N°9:** Can Chinese Taipei explain how the adoption of maximum residue levels (MRLs) and the establishment of tolerance policies for substances with no MRL is making progress? Are MRL's and tolerance policies going to be introduced for organic products in the new law on organic products?



**Answer:**

1. According to the Standards for Pesticide Residue Limits in Foods and the Standards for Pesticide Residue Limits in Animal Products, products without listed pesticides levels shall not have any level of pesticides detected.
2. For pesticides and product items approved by the EU but for which no standards have been established in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, it is recommended that exporters should submit the relevant scientific data in their application. The list of required information is available on the TFDA website (<http://www.fda.gov.tw/TC/download.aspx?cid=99&pn=2>, No.11 ZIP file). We welcome exporters to provide detailed information of individual pesticides for reference in the review.
3. The concise procedures for establishing tolerance levels of pesticide residues in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu are as follows:
  - (1) Prepare all relevant documentation and apply to the competent authority;
  - (2) Carry out risk assessment procedures;
  - (3) Convene an expert consultation committee meeting and review documents;
  - (4) Commence administrative procedures for the draft and official document, including pre-notification, public announcement and notification to the WTO;
  - (5) Officially announce the regulatory order.
4. According to the Agricultural Production and Certification Act and the Certification Standards for Organic Agricultural Products and Organic Agricultural Processed Products, organic agricultural products and processed products shall be produced without chemical pesticides, chemical fertilizers, veterinary drugs, or any other chemicals. Meanwhile, packaging materials containing bactericides, fungicides, preservatives, fumigants, pesticides, migratable fluorescent substances, and other prohibited substances, GMOs, etc. and ones with contamination risks are prohibited for use on organic agricultural products. In addition, operators are responsible for taking all necessary precautions to prevent organic agricultural products from mixing with non-organic ones and coming into contact with prohibited materials.
5. The above-mentioned provisions, by their very definitions, imply that an organic agricultural product or processed product can be considered qualified only if no prohibited substances are detected. We use the LOQ values prescribed by the Ministry of Health and Welfare to determine the level that is considered to be "Not Detected" for each prohibited substance, which uniformly applies to all imported and domestic organic products.
6. At present, there are no plans for establishing MRL tolerance for banned substances of organic agricultural products and processed agricultural products.

**3. Trade Policies And Practices By Measure****3.3 Measures Affecting Production and Trade****3.3.3 Sanitary and phytosanitary requirements****3.3.3.1 Food standards-setting framework****3.112**

"Incoming fruit, vegetables, meat and other food products are subject to inspection and testing by FDA inspectors at the port of entry for pesticides, animal drugs and other contaminants such as heavy metals. All established MRLs are implemented across the board for both incoming and locally produced products. All incoming merchandise is subject to market entry inspection upon arrival whereas local products are subject to surveillance or monitoring, reportedly, at a much lower inspection frequency. The authorities indicated that the entry control measures are based on the "Regulations of Inspection of Imported Foods and Related Products" which are risk-based and take into consideration the violations record of importers; as a result the target items, mechanism and criteria for sampling of the entry point inspection and local surveillance differ."

**EU Questions N°10:** What does the revision procedure consist of, when residue of a pesticide is found in an inbound shipment and the exporter does not agree with the test results? Is there a protocol for re-sampling and re-testing? Are the tests repeated by the same testing facility or a different one that did not take part in the original test? Is there any possibility to bring the case before independent laboratories or does it have to be addressed to an FDA facility?

**Answer:**

According to Article 23 of the Regulations of Inspection of Imported Foods and Related Products, the obligatory inspection applicant can apply for re-examination to the original inspection authority within 15 days after receipt of the notification of results. Application for re-examination is limited to one time only, and shall be performed by the original inspection authority using remaining samples for the re-examination.

**EU Question N° 11:** Is Chinese Taipei planning to modify the maximum residue levels (MRLs) to align them with international standards?

**Answer:**

*The MRLs set by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu are based on international standards (e.g., Codex), standards of developed countries (e.g., the U.S., EU, and Japan) as well as scientific principles. They also comply with the Council of Agriculture's standards for pesticide usage. Furthermore, the levels at which the MRLs are set depend on the dietary patterns and total dietary intake of consumers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and are eventually established on the basis of risk assessments. The establishment of the pesticide MRLs of imported crops follows the same principles as those of domestic crops as mentioned above, so as to ensure the safety of the diet of our citizens.*

**3. Trade Policies And Practices By Measure**

**3.3 Measures Affecting Production and Trade**

**3.3.3 Sanitary and phytosanitary requirements**

**3.3.3.2 Quarantine regulations**

**Page 75 paras 3.121 and 3.122**

The EU notes with satisfaction the recent approval of beef imports from Sweden and the Netherlands but does not understand the remaining obstacles for the imports from other EU Member States-. For example, applications from Italy, France, Denmark are still pending-. Given that these EU member States follow the same legislation and can give the exact same guarantees as the Netherlands and Sweden, the EU considers that time is ripe to allow all imports from the EU.

**EU Question N°12:** Could Chinese Taipei indicate its intentions including as regards the timing for the lifting of the current impediments to imports from all other EU Member States?

**Answer:**

*Regarding beef applications, after documentary review and risk assessment, the TFDA will invite experts to conduct on-site inspections. Once the TFDA completes all aspects of its technical review, each case will enter the cross-ministerial mechanism for follow-up administrative work. All cases are currently undergoing the above procedures.*

**3. Trade Policies And Practices By Measure**

**3.3 Measures Affecting Production and Trade**

**3.3.3 Sanitary and phytosanitary requirements**

**3.3.3.2 Quarantine regulations**

**3.122**

Page 75 paras 3.121 and 3.122

At the moment, all EU Member States are free of Highly Pathogenic Avian Influenza in accordance with the recommendations of the OIE. Yet, Chinese Taipei maintains restrictions on seven Member States (Austria, Belgium, Germany, Spain, Italy, Netherlands for example not to mention all). Chinese Taipei continues requiring a formal application process, which obliges EU Member States to make detailed submissions that are then reviewed in all length- The WTO Secretariat notes the long time that those processes take in its report-. Based on experience gained during previous study visits, seminars and numerous exchanges of information, the EU considers that Chinese Taipei should trust that declarations for disease-freedom of EU Member States are credible and reliable. There is no need to do what EU considers a redundant re-evaluation.

**EU Questions N°13:** What are Chinese Taipei views on the above and intentions for the future? Could Chinese Taipei confirm the intention to lift restrictions on European poultry products imposed as a result of incidents of highly pathogenic avian influenza and by when? When is Chinese Taipei going to adopt regionalisation approaches in relation to highly pathogenic avian influenza and African swine fever for continuation of trade, as foreseen in Article 6 of the SPS Agreement? Which zones are currently recognized as free of highly pathogenic avian influenza (HPAI)?

**Answer:**

- 1. Every member of the WTO and OIE has the right to conduct risk assessments and require necessary scientific evidence from the exporting countries. The progress of review depends on the degree of cooperation by the exporting countries. To facilitate the procedure, we will notify the exporting country if we have not received any response for at least half a year. For those*

*countries that were previously deemed as animal disease-free but whose status was revoked later due to disease outbreaks, a simplified application procedure is available for them to reapply for recognition.*

2. *According to the "Quarantine Requirements for the Importation of Poultry Meat", the meat-exporting country must be recognized as free from HPAI and ND by our competent authorities. If the exporting country is recognized as free from HPAI but not from ND, meat heated by methods in accordance with the above-mentioned quarantine requirements is the only option. If there is any outbreak of HPAI in the exporting country, it can apply for recognition of HPAI-free status after HPAI is eliminated.*
3. *Regarding regionalization approaches in relation to HPAI and ASF:*
  - (1) *As a Member of the WTO and OIE, we accept the concept of zoning. We follow the relevant international standards and conduct risk assessments based on science. The same application procedures apply to all trading partners. We have recognized regionalization for the United States, Canada, Australia, Italy (ASF), and Brazil.*
  - (2) *The pork industry is very important for us and we are ASF-free. ASF is extremely infectious with a high mortality rate. There is no vaccine or medicine to prevent or cure the disease. In addition, the zoning delineated for ASF control will be difficult for a small economy. Therefore, zoning for ASF will be considered with cautious discretion.*
4. *The Council of Agriculture announced the "List of Infectious Animal Diseases-free and Infected Countries (Zones)" according to Article 33 of the "Statute for Prevention and Control of Infectious Animal Disease". Belgium, Estonia, Finland, Hungary, Lithuania, Poland, Portugal, Spain, France and the United Kingdom are recognized as HPAI-free countries by the COA among the member states of the European Union.*

### **3. Trade Policies And Practices By Measure**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.4 Competition policy and price controls**

##### **3.3.4.1 Competition policy**

##### **3.127**

The EU notes that reforms have been carried out in this important area. The EU notes page 77 para 3.127 the following " The FTA does not apply to any proper conduct in connection with the exercise of IP rights pursuant to the provisions of the copyright law, the patent law or the trademark law".

**EU Questions N°14:** Could Chinese Taipei elaborate on the scope and impact of this exemption and indicate the rationale for such exemption? Does the EU understand correctly that the compliance with the IP laws precludes the application of any competition law provisions to the concerned undertaking?

##### **Answer:**

1. *Article 45 of the FTA stipulates that conduct in connection with the exercise of intellectual property rights under the Copyright Act, Trademark Act, or Patent Act is not covered by the FTA unless it is improper.*
2. *In examining competition cases involving IP rights, the Fair Trade Commission (FTC) must examine whether the conduct is an exercise of rights pursuant to the IP Acts and whether such conduct is proper in connection with the exercise of rights under the IP Acts. If the conduct in question oversteps the scope of the proper exercise of rights under the IP Acts, such conduct shall fall under the scope of application of the FTA and relevant rules.*
3. *The FTC has enacted the Fair Trade Commission Guidelines on Technology Licensing Arrangements and the Fair Trade Commission Guidelines on the Reviewing of Cases Involving Enterprises Issuing Warning Letters for Infringement on Copyright, Trademark, and Patent Rights as a detailed exposition of criteria for law enforcement.*

### **3. Trade Policies and Practices By Measure**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.4 Competition policy and price controls**

##### **3.3.4.2 Price controls**

##### **Table 3.7 price-stabilisation measure**

Among the measures described, one can read in the column "mid stream" that subsidizing oil used by farmers or fishermen, exemption of 5% business tax, subsidizing use of diesel by farmers and fishermen count among the options that can be used by the authorities.

**EU Question N°15:** Could Chinese Taipei detail how these measures have been used respectively for supporting farmers and fishermen and the amounts involved?

**Answer:**

*We provide a non-specific oil subsidy to vulnerable sectors to reduce any burdens caused by fluctuations in fuel prices. Farmers and fishermen are among the most vulnerable and low-income groups.*

**3. Trade Policies And Practices By Measure**

**3.3 Measures Affecting Production and Trade**

**3.3.5 State trading, state-owned enterprises and privatization**

**3.138**

"State trading enterprises in the WTO are defined as "Governmental and non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports". In page 21 para 1.15, the WTO Secretariat recalls the fact that "Publicly owned entities continue to be a major source of revenue, and are used as industrial development or food security policy tools". In para 3.136 the WTO Secretariat notes that "the Government retains control over some already entirely or partly privatized enterprises".

**EU Question N°16:** Given that the WTO Secretariat reports that there are no data available on trade carried out by those STEs/SOEs, how can Chinese Taipei justify that only two companies are listed as STEs, namely the Central Engraving and Printing Plant and the Food Agency that controls 65% of total rice imports? What is the rationale for not notifying "Taiwan Tobacco & Liquor Corp" listed in table 3.8 or "Taiwan Sugar Corp." given that those enterprises are deemed to export according to the WTO Secretariat?

**Answer:**

*The tobacco, alcohol and sugar markets in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu have been fully liberalized. The Taiwan Tobacco and Liquor Corporation (TTLC) and the Taiwan Sugar Corporation (TSC) no longer enjoy either monopoly or privilege with respect to the manufacture or sale of tobacco, alcohol or sugar. Therefore, TTLC and TSC do not fall under the scope of the definition of state trading enterprises as provided for in Article XVII of the GATT 1994 and thus are not required to notify.*

**3. Trade Policies And Practices By Measure**

**3.3 Measures Affecting Production and Trade**

**3.3.6 Government procurement**

**3.141 and 2.17**

Page 83 para 3.141 shows that total procurement covered under the GPA is about 20% of the total government procurement value while Page 31 para 2.17 refers to the forward looking infrastructure development programme which covers a number of sectors such as railways, water, green energy etc. The EU is aware of the relative difficulty for international business to be aware of public procurement opportunities and seize opportunities.

**EU Question N°17:** Given the scope of the above mentioned programme, does Chinese Taipei have any idea already of the magnitude of the projects that will be concerned and of the possible resort to public procurement to fulfil the objective of development of the necessary infrastructure? Could one reasonably expect that more than 20% of the total government procurement value would be open to foreign bidders?

**Answer:**

- 1. Under the special act governing forward-looking infrastructure projects, the program will be funded by a special budget of NT\$420 billion (US\$13.9 billion) over four years (September 2017 - August 2021).*
- 2. Execution of the infrastructure projects in the program shall be in accordance with the Government Procurement Act, which includes rules on the participation of foreign suppliers.*
- 3. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has been a member of the WTO Agreement on Government Procurement (GPA) since July 15, 2009. Procurements covered by the GPA are conducted in accordance with the GPA rules and are open to suppliers*

*of GPA members. For non GPA-covered procurements, the procuring entities may decide whether to allow the participation of foreign suppliers. Therefore, it is difficult to estimate the share of the total government procurement value that would be open to foreign bidders.*

**3. Trade Policies And Practices By Measure**  
**3.3 Measures Affecting Production and Trade**  
**3.3.7 Intellectual property rights**  
**3.3.7.1.2 Trademarks**  
**3.163**

"During the review period, the Trademark Act was amended in December 2016 to exclude application of confiscation/seizure provisions of the Criminal Code and to maintain the absolute obligation of confiscation under Article 98 of the Trademark Act. "

**EU Question N°18:** What is the reason for this amendment and what could be the practical consequences in terms of range of sanctions in case of infringement?

**Answer:**

1. *According to the amendment to the Criminal Code that took effect on July 1, 2016, provisions on confiscation stipulated under other laws prior to the said effective date will no longer be applied. However, in order to apply the new provisions of the criminal code, the ownership as well as legitimate grounds for obtaining infringing goods shall be ascertained. The addition of burden of proof for ex officio confiscation and ascertaining process would compromise the efficacy of combating counterfeiting. Therefore, in order to maintain the absolute obligation to confiscate infringing goods under the Trademark Act, the Trademark Act was amended in November of 2016 and entered into force in December, 2016.*
2. *All articles or documents that constitute infringement of rights in trademark, certification mark, or collective trademark shall be confiscated, regardless of whether such articles or documents belong to the offenders.*

**3. Trade Policies And Practices By Measure**  
**3.3 Measures Affecting Production and Trade**  
**3.3.7 Intellectual property rights**  
**3.3.7.1.2 Trademarks**  
**3.165**

"Despite the existence of relevant legal and penal provisions, reportedly there are concerns regarding the seemingly unauthorized use by Chinese Taipei companies of luxury brand logos and other promotional materials, thus creating a false impression that trademark owners act as sponsors or conduct co-marketing activities with these companies".

**EU Question N°19:** The EU would appreciate further information from the authorities on the magnitude of these practices and on their efforts to fight such illegal practice and on the results in combatting such practices.

**Answer:**

*Regarding whether a third party using luxury products as promotional gifts constitutes trademark infringement, TIPO hasn't reached any conclusion despite having examined relevant laws and inquired relevant practices of other countries. Should a trademark proprietor believe that the said promotional activity infringes its trademark rights, the proprietor may file a lawsuit with a court of law or report it to the Criminal Investigation Corps and then await adjudication by our judicial authorities.*

**3. Trade Policies And Practices By Measure**  
**3.3 Measures Affecting Production and Trade**  
**3.3.7 Intellectual property rights**  
**3.3.7.1.3 Geographical indications**  
**3.166**

"A system of notification and registration of GIs for wines and spirits that is based on voluntary participation remains in place".

**EU Question N°20:** Could Chinese Taipei give further clarifications as to the legal establishment, effects of registration and future developments regarding the GI register?

**Answer:**

1. We would like to clarify that regarding "a multilateral system of notification and registration of GIs for wines and spirits," which is one of the issues debated in the TRIPS Council of the WTO, no conclusion has yet been made, and we do not have a system of notification and registration of GIs for wines and spirits that is based on voluntary participation in place.
2. Geographical indications (GIs) may be registered with TIPO as geographical certification marks, or geographical collective trademarks. If a third party uses the certification mark/trademark without consent of its proprietor(s) and hence there exists a likelihood of confusion on relevant consumers, the said party may be held civilly and criminally liable for infringement of rights.
3. The GIs for wines and spirits we recognized under bilateral agreements have been uploaded to TIPO's databases as reference for trademark registration examination and used to prevent the registration of a third party's mark.

**EU Question N° 21:** How do the authorities enforce the 2015 amendment to the Tobacco and Alcohol Administration Act requiring alcoholic drinks entering the market to carry the original manufacturer's lot code? What steps have been taken or are envisaged to ensure that this requirement is enforced?

**Answer:**

1. On June 12, 2006, the Ministry of Finance issued an announcement that "importers may make their own number on the label of the imported alcohol product as a substitute for the number of production batch if there is no production batch number on the label of that product. However, such a newly made number on the alcohol product should be traceable to each Customs import declaration or counter checked with the import inspection application so as to facilitate later traceability and recall of the product thereafter." The requirement of labelling "batch numbers" on alcoholic bottles stipulated in the Tobacco and Alcohol Administrative Act and amended on June 18, 2014 is actually not a new requirement but is intended to help relevant businesses comply with the regulations in order to facilitate implementation.
2. When the competent authority finds alcoholic products without labelled batch numbers during market audits, the importers will be notified to correct this within a specified period of time, and may not continue to sell the mislabelled item until the correction is made, according to provisions in Paragraphs 1 and 3 of Article 50 of the Tobacco and Alcohol Administration Act. If the correction has not been made by the deadline, further penalties will be imposed for each violation, and the violating tobacco or alcohol products will be confiscated. The sale of tobacco or alcohol products not in compliance with the regulation will result in forfeiture of the said products.

**3. Trade Policies And Practices By Measure****3.3 Measures Affecting Production and Trade****3.3.7 Intellectual property rights****3.3.7.2 Copyright and related rights****3.173**

"The remainder of the draft amendment of the Copyright Act, including the Standards for Compensation for Fair Use of Works in Paragraph 4 of Article 47 of the Copyright Act which includes works of unknown copyright owners and registration of copyright pledges, is still under review due to ongoing discussion regarding the adjustment of the compensation rate."

**EU Question N°22:** Could Chinese Taipei explain further the mechanism of compensation, notably which kind of non-authorised uses of protected works is covered and the current and the future proceeding for the establishment of the rate? Regarding the amendments to the Copyright law, is Chinese Taipei going to extend the terms of protection from 50 to 70 years and to introduce a legal basis allowing foreign websites blocking?

**Answer:**

1. In fact, Article 47 of the Copyright Act cited in the first question has been modified into Article 57 in the 2017 draft amendments to the Copyright Act, which allow the expansion of the scope of fair use to public transmission under the following conditions:
  - (1) For the purpose of compiling textbooks required to be examined or edited by laws or regulations, the works of another person that have been publicly released may be reproduced or adapted. The textbooks may be distributed or publicly transmitted by the compiler. In addition, the compiler of the textbooks may also reproduce, adapt, or distribute works of another person if he/she does so for the purposes of making supplementary teaching aids

which come along with the textbooks and which are exclusively provided to teachers for teaching.

- (2) In the aforementioned circumstances, the exploiter of the work shall notify its economic rights holder and pay compensation for the use. The compensation rate in such cases shall be set by the competent authority.

Currently, the 2017 draft amendments are still under legislative review. Therefore, the evaluation of whether the rate needs to be adjusted or not will only be possible when the draft amendments are passed by the legislature, and after factors such as how the rate is really being used in the market as well as opinions from related industries have been taken into account.

A quick clarification: The 2016 amendments to the Copyright Act were aimed at the alignment of existing provisions with the new chapter on "Confiscation" of the Criminal Code. They have nothing to do with the compensation rate in question, which is stipulated in the 2017 draft amendments.

2. As for the second question, the current term of protection for copyrighted works is life time plus fifty years or fifty years after publication, which are already in line with WTO/TRIPS requirements. With regard to the extension of the term of protection, as the issue remains highly controversial, it has not been included in the draft amendments this time around.
3. With regard to the issue of blocking foreign rogue website, we proposed website-blocking draft amendment in 2013 and 2017 separately. However, the proposal was met with huge opposition from different sectors, as people feared that their access to information and freedom of speech would be severely compromised. From such examples where similar proposals have been dropped again and again due to public backlash, it is obvious that the blocking of websites is easily associated with the subject of freedom of speech, hence making it highly sensitive, it is believed that more prudent feasibility studies are needed and such decisions should not be rushed hastily.
4. In addition, TIPO has studied the practices of the other WTO members that adopt similar legal systems and found no website-blocking practices in their judicial systems. Hence, we believe that more research and evaluation need to be done before any moves are made on this front.

### **3. Trade Policies And Practices By Measure**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.7 Intellectual property rights**

##### **3.3.7.2 Copyright and related rights**

##### **3.174**

"In October 2017 a draft amendment to the Copyright Act comprising 145 articles expected to change 80% of the current provisions was approved. "

**EU Question N°23:** Could Chinese Taipei explain further the reform as regards the revised definitions of "public broadcasting" and "public " and the adjusted provisions on fair use of copyright works by the general public?

#### **Answer:**

1. The revision of the definition of "public broadcasting" was made with the aim to accommodate possible future technological developments. As such, in addition to keeping conventional means of wire or wireless broadcast that are already listed in the current Act—that is, the usage of term "broadcast" is kept in order to stay in line with the usage of that term in international treaties and legislations of many countries—"other similar means" were also added and enumerated in the draft amendments in question. This is an addition that will give more flexibility to the provision by allowing it to cover possible new means of broadcasting—that is, means that can achieve the effect of communicating to the public—that might emerge in the future. For example, live internet broadcasting, a practice that is currently in place, is something that falls into the category of "other similar means of broadcasting". Also, to emphasize that public broadcasting means broadcasting of real-time, linear programs, the word "simultaneous" is added in the draft amendments after taking references from related Japanese legislations.
2. No changes have been made to the definition of the term "public" in the current Act.
3. As the fair use provisions in the current Act no longer satisfy the demands of today's network and digital era, draft amendments were made to fair use-related provisions covering the following areas: use for legislative or administrative purpose; use for judicial and administrative procedures; use for educational purposes; use of works of public juristic persons; quotations from works; use for non-profit purposes; community antennas, computer program backups; and the republishing of current event-related materials. New fair use provisions related to distance learning and digital collections of public libraries were also added in the draft amendments after

*taking reference from related legislations in other countries.*

4. *In addition, regarding the limitations on economic rights set out in Articles 44 to 63 of the current Copyright Act, the applicability of those articles depends, in addition to the requirements in the respective articles, on the catch-all requirement of whether the use falls "within a reasonable scope," which must be examined based on the four criteria for fair use set out in Article 65. To more clearly define the limitations on economic rights, the amendment clearly specifies the requirements for the application of the respective limitations originally set out in Articles 44 to 63, and deletes the requirement of "within a reasonable scope" (except in Article 51 of the current Act, regarding private reproduction). So it is no longer necessary to further examine those types of fair use under the catch-all fair use requirements of Article 65 of the current Act, exploitation will now be permitted as long as the requirements of the respective individual articles are met. Besides, the exploitation not covered by Articles 44 to 63 is permitted when it meets the four criteria for fair use set out in Article 65.*

### **3. Trade Policies And Practices By Measure**

#### **3.3 Measures Affecting Production and Trade**

##### **3.3.7 Intellectual property rights**

##### **3.3.7.3 Enforcement**

**EU Question N°24:** Could Chinese Taipei provides more details on the ongoing discussions regarding enforcement of IPR notably as regards the fighting against online piracy? Given the importance of online IPR infringements originating from websites outside the jurisdiction of Chinese Taipei, what is the state of cooperation with concerned third countries regarding those situations?

**Answer:**

1. *We have always placed importance regarding IPR protection. Digital infringement such as piracy rogue sites and equipment for illegal streaming, in particular, have in recent years been targeted for in-depth analysis and proactively dealt with. To fight online piracy, our efforts includes: (1) the Criminal Investigation Bureau (CIB) holds a scientific research and development section, responsible for tasks concerning information-processing, communications, and digital forensic investigation works, to improve its digital forensic technologies, and to promote the research, development, and use of professional equipment; (2) the Criminal Investigation Brigade (CIBr) as well as criminal police forces around our territory have all allocated budget to set up investigation task-forces specializing on technology crimes, in the hope of delivering tougher law enforcement and making better use of relevant equipment, thereby curbing infringement on the internet; and (3) many workshops on internet intellectual property infringement investigation and practices are held to strengthen enforcement personnel's cybercrime investigation skills and to facilitate investigation of relevant cases.*
2. *Intellectual Property Office (IPO), Ministry of Economic Affairs and Ministry of Justice (MOJ) have co-hosted the "Set-Top Box and Copyright Act" seminar on July 17th, 2018. They have invited staffs from prosecutors' office, judges and judicial polices to discuss relevant issues regarding online IPR infringements and dilemmas of law practice, expecting to find out the solution and trying to improve the efficiency of maintaining law order. As to the revision of Copyright Act (the Act), IPO is now drafting the new edition of the Act. MOJ has also collected the opinions from relevant institutions in the aforementioned seminar, expecting to reach the consensus with these institutions, and offering it as an important reference for the revision of the Act.*
3. *According to reports by right holders, most overseas rogue websites targeting our audience are based in foreign countries. As such, we have sought assistance from our counterpart through an MOU on IPR enforcement cooperation with the US, by asking it to help shut down such infringing websites in the US. In addition, under the coordination of TIPO, rights-holders and advertising groups have reached a voluntary agreement on Infringing Website List (IWL), which would discourage advertisers from placing ads on infringing websites, thereby disrupting the revenue flow of the infringers. Besides, TIPO has promoted cooperation between rights-holders and Google. Google also suggests these rights-holders to make good use of its copyright protection policy and mechanism. And in response, Google will take actions such as notice and take down, de-ranking, and termination of account to against infringing websites.*



**3. Trade Policies And Practices By Measure**  
**3.3 Measures Affecting Production and Trade**  
**3.3.3 Sanitary and phytosanitary requirements**  
**3.3.3.2 Quarantine regulations**

**3.119**

The Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ), under the COA, continues to be responsible for animal and plant quarantine as well as for quarantine services and prevention and control of important animal and plant diseases and pests. The FDA remains in charge of the safeguarding, quality and sanitation of all agricultural imports. BAPHIQ is the WTO SPS enquiry point. COA's Agriculture and Food Agency (AFA) oversees such programmes as rice procurement and organic certification

**EU questions N°25:** Chinese Taipei has unilaterally recognised 16 EU Member States as equivalent for organic production standards, however when European organic products arrive on the territory, they are inspected by the competent authorities against compliance to local standards, which imply also a zero tolerance to pesticides, although coming from a drift or an unavoidable contamination, and zero tolerance to plasticisers in certain oil products which are unavoidable. What is the reason of such inconsistent behaviour towards what it is recognised as equivalent and when are the burdensome procedures going to be removed?

**Answer:**

*Article 6 of the Imported Organic Agricultural Product and Organic Agricultural Processed Product Management Regulations provides that the COA may request that the applicant provide samples for inspection or testing when it is deemed necessary. Further, in accordance with relevant laws and regulations, prohibited substances of organic agricultural products and processed products shall not be detected. We use the LOQ values prescribed by the Ministry of Health and Welfare to set each prohibited substance's "Not Detected" level and conduct sampling inspection or testing. The methods of such sampling inspection or testing apply uniformly to all imported and domestic organic products.*

**4. Trade Policies By Sector**

**4.1 Agriculture, Forestry, and Fisheries**

**4.1.1.1 Characteristics and policy objectives**

**4.6**

**Page 99 section 4.1.1.1., para 4.6 and para 4.23 page 104**

"In 2016 Chinese Taipei has adopted a new Agricultural Policy including strategies and objectives" The latest DS:1 notification, forwarded in 2017, covers the years 2010 & 2011".

**EU Question N°26:** Can Chinese Taipei give an indication of the timing for the notifications that are, according to the WTO Secretariat" to be done soon"- para 3.81 page 64-? How do the authorities consider compatible the objective of import substitution with the WTO obligations regarding trade in agriculture?

**Answer:**

1. *The notifications will be submitted to the Secretariat by June 2019.*
2. *The import-substitution crops are free import items and are irrelevant to market access issues. The supply of domestically produced grains accounts for a very low proportion of domestic demand. Under the Adjusting the Cropping System and Revitalizing Fallow Land Program, farmers are encouraged to grow import-substitution crops to stabilize domestic food supplies and maintain food security, as well as to shorten food mileage.*

**4. Trade Policies By Sector**

**4.1 Agriculture, Forestry, and Fisheries**

**4.1.1.4.3 Special safeguard measures**

**4.18**

"Over the last years Chinese Taipei has taken an increasing number of Special safeguard measures and the price-based SSG increased".

**EU Question N°27:** Taking into account that self-sufficiency in many sectors is far less than the pursued objective of 40%, how does Chinese Taipei explain the need for the many SSG measures? Some of the SSG measures are taken after really small quantities have been imported (table 4.6), i.e. for red beans for instance 2kg. What is the rationale for such measures and is Chinese Taipei

considering to review its use of SSG measures with the view to allow imports to become more commercially viable?

**Answer:**

1. *Implementation of SSG is in accordance with our WTO accession commitments and Article 5 of the Agreement on Agriculture.*
2. *We will review the SSG measures according to the outcomes of the DDA agricultural negotiations.*

**4. Trade Policies By Sector**

**4.2 Mining and Energy**

**4.2.2.2 Electricity**

**4.84**

"New incentive programmes are in place in order to help achieve renewable targets (Table 4.13). The 2-Year Solar PV Project and the Green Energy Roofs Project are first steps towards meeting the goal of 3 GW of rooftop and 17GW of surface-based solar power installations by 2025. For each of these projects, the incentives take the form of "feed-in" tariffs. The authorities confirmed that there are no local-content requirements. "

It seems that an obstacle to reach the solar energy production targets by 2025 is lack of available land for relevant scale solar production. Another plan to increase supply of land for energy production use is to let publicly owned land to this use.

**EU Question N°28:** Does Chinese Taipei have plans to amend the Agricultural Development Act to allow a change in the use of agricultural land to energy production? Are the authorities aiming to open international bids to foreign power generators? If so, when?

**Answer:**

1. *Under the Regulations Governing Applications for Installing Farming Facilities on Agricultural Land, the Council of Agriculture promotes green energy development on agricultural land based on the premise of ensuring food security and sustainability. There is no plan at this stage to amend the Agricultural Development Act for changing the use of agricultural land.*
2. *According to the Renewable Energy Development Act, the feed-in tariff mechanism is implemented to support solar PV deployment. In the case of state-owned land or government-planned areas of capacity allocation operations, there will be a project bidding mechanism without restrictions on foreign companies to participate in.*

**4. Trade Policies By Sector**

**4.4 Services**

**4.4.5 Tourism services**

**4.180**

Page 135 para 4.180 refers to new subsidy programmes for overseas tours though para 4.173 reports that visitor arrivals have increased year on year reaching 10.7 Million tourists in 2016. In addition it is noted that Chinese Taipei tries to promote sustainable tourism and quality tourism but in fact fly-cruise subsidies per passenger can reach 30 dollars for groups of less than 300 fly cruise passengers and 50 dollars for groups of over 600.

**EU Question N°29:** Could Chinese Taipei give more details about such subsidies- amounts, conditions, purpose- and their impact on the yearly flow of tourists/types of tourists?

**Answer:**

1. *The purpose of these Directions for Fly-cruise Incentives from the Taiwan Tourism Bureau is to promote the development of fly-cruises by encouraging international cruise lines that combine flights and cruises into packages to make the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu one of their ports of call.*
2. *Conditions for incentives: Subsidies shall be given to cruise lines with a fly-cruise schedule that includes accumulated layovers in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu of 48 hours or more. The amount of the subsidy will be based on the number of passengers on the cruise ship.*

**WT/TPR/G/377 – Government Report****9. Government Report****3 Development of Trade and Investment Policies****3.2 Trade and Investment Policy**

Page 7 para 3.6 on the New Southbound Policy and its "connectivity" dimension. "Specifically, the New Southbound Policy is designed to boost links with partners in this region through activities in the following four key areas: (...) Regional connectivity: Expanding institutional cooperation with partner countries and strengthening consultation and dialogue. Effectively utilizing private groups, overseas expatriate networks, and other channels to enhance stability and prosperity in the region".

**EU Question N°30:** Could Chinese Taipei give more details about the settings for regional cooperation in this regard and how the private sector is involved, what are the main players involved?

**Answer:****1. Regional cooperation:**

- (1) *The New Southbound Policy has changed our engagement priorities with Southeast Asian countries from foreign trade and investment to comprehensive bilateral exchanges with Southeast Asian countries. To promote this policy, we are striving to make full use of our soft power, optimizing the resources as well as efforts of various ministries, local governments, and civil society.*
- (2) *Currently, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is focusing on cooperation in the areas of medical and health care, agriculture, disaster relief, and education in order to strengthen regional linkages, such as:*
  - *Encouraging our hospitals to cooperate with Southeast Asian countries in the training of medical and health personnel.*
  - *Establishing agricultural model zones and assisting farmer organizations.*
  - *Sharing experiences and providing assistance in disaster relief.*
  - *Encouraging student exchanges and talent training for industries.*

**2. Involvement of the private sector:**

*Our government and private sector are jointly promoting the New Southbound Policy:*

- (1) *Cultivating human resources for industry: We encourage our universities to collaborate with local industries to provide courses to match the needs of our overseas businesses, and encourage students from the region to study in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*
- (2) *Encouraging our experienced entrepreneurs abroad and expatriate business associations to share their experiences and assist enterprises wishing to explore the regional market.*

**9. Government Report****3 Development of Trade and Investment Policies****3.5 Labor reform**

Page 9 labour reform: The EU notes the reform of the Labor Standard Act in force since last March and the willingness of the authorities to monitor enforcement.

**EU Question N°31:** Could Chinese Taipei give more details about the institutions in charge of monitoring enforcement and the sanctions in case of infringement to the legislation?

**Answer:**

1. *In implementing labor inspections, the Ministry of Labor adopts the principle of division of labor between the central and local governments. The central government is responsible for labor safety and health, while supervision and inspection related to the Labor Standards Act are carried out by local competent authorities. At present, there are 337 inspectors for labor conditions.*
2. *The Labor Standards Act includes administrative penalties and criminal penalties. If the conduct of a business entity is deemed illegal, it shall be fined in accordance with the penalties prescribed in the Act. According to Article 79 of the Labor Standards Act, employers found to have violated provisions prescribed in Article 79 of the Labor Standards Act shall be subject to fines of between NT\$20,000 and NT\$1,000,000. In addition, according to Article 80-1 of the Labor Standards Act, when a business entity is fined for violating the Act, the competent authority shall publicly announce the name of such business entity or its owner(s), the person(s) in charge, and shall also order such business entity to make improvements within a specified period; failure to make those improvements shall be subject to consecutive fines. The competent authority may determine the amount of the fine in accordance with the number of employees that the violation involves, the number of violations accumulated, or the amounts to be paid according to the law.*

**9. Government Report**  
**3 Development of Trade and Investment Policies**  
**3.7 Regulatory Reform and Liberalization**  
**Page 13: fisheries management reform.**

**EU Question N° 32:** The EU notes the reforms adopted and would like to ask Chinese Taipei if there are any available statistics regarding the results of the renewed fight against IUU, for example regarding recidivism?

**Answer:**

1. *With all the fisheries management measures and the new policies on combating IUU fishing, we have continued to rectify the compliance records in relevant RFMOs. As a result, significant improvement has been achieved.*
2. *Our non-compliance record in the ICCAT, IATTC and CCSBT remains low or non-existent. As for the WCPFC and IOTC, the non/partial-compliance records are decreasing year by year. For instance, between 2012 and 2017, the level decreased from 20 to 5.*

**9. Government Report**  
**3 Development of Trade and Investment Policies**  
**3.9 Digital Economy**  
**Page 16 para 3.28 on the digital economy**

The Financial Technology Development and Innovative Experimentation Act that came into force on 30 April 2018 sounds like a positive step to promote innovation in the financial services sector. In this regard, the EU would appreciate clarification on the ability of overseas financial services providers to take part in this mechanism and the extent to which Chinese Taipei will encourage foreign fintech providers to support the development of this sector of the economy?

**EU Question N°33:** Could Chinese Taipei further explicit the conditions under which this flexibility applies?

**Answer:**

1. *The experimental mechanism for FinTech innovation applies to both domestic and foreign applicants. Foreign individuals, sole proprietorships or partnerships and companies are welcome to apply for experiments. Therefore, financial services providers from all over the world may be stationed in our jurisdiction to test innovative financial products or services if they have feasible innovative ideas. The FSC will be happy to offer assistance.*
2. *In addition to the experimental mechanism, the FSC also encourages overseas financial services providers to develop their innovative financial products or services in our jurisdiction. It has launched many major initiatives, such as:*
  - (1) *Setting up a "FinTech Space", a physical cluster for incubating FinTech startups and facilitating related collaboration, including with foreign corporations. It provides services of nurturing, match-making with investors and business partners and working space, enables collaboration among companies, academia and research organizations, and builds strong global networks.*
  - (2) *Signing FinTech cooperation agreements with foreign financial regulators so as to strengthen mutual collaboration, thus assisting FinTech companies to expand into each other's markets.*
  - (3) *Holding the FinTech Taipei 2018 (FinTech festival) to create a platform for idea exchange for FinTech talent and business opportunities. Enterprises from around the world will be invited to the festival to participate in the exhibition and develop new ideas.*
3. *For further information on the Financial Technology Development and Innovative Experimentation Act, please visit <https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=G0380254>.*

### 3 CANADA

#### WT/TPR/S/377 – WTO Secretariat Report

#### 0. Summary / Abstract

##### 0.14

Public-sector involvement in the economy persists as privatization efforts remain widely opposed. Public-sector participation continues to be spread over several activities including rice, sugar, tobacco and liquor, petroleum, aerospace, shipbuilding, electricity, water supply, banking and finance, engineering, and postal services.

#### Question 1:

Can Chinese Taipei please elaborate on the types of public-sector participation in the shipbuilding industry aside from the fishing vessel programs mentioned on page 111, Table 4.11?

#### Answer:

*The CSBC shipbuilding business was a state-owned enterprise before 2008. The types of shipbuilding include container vessels, tankers, bulk carriers, and specialized vessels (such as DCC and tug boats). However, CSBC was privatized on December 18, 2008. At present, only 28.17% shares of the CSBC are owned by the Ministry of Economic Affairs.*

#### 3. Trade Policies And Practices By Measure

##### 3.3 Measures Affecting Production and Trade

##### 3.3.2 Standards and other technical requirements

##### 3.3.2.1.1 Voluntary, compulsory and aligned standards

##### 3.100.

The Secretariat Report indicates that in December 2015, amendments to the School Health Act banned the use of processed food with biotechnology ingredients in school meals. The report states that this ban of genetically modified (GM) ingredients was not supported by scientific evidence and contradicted the GM food approval list issued by the MOHW (Section 3.3.3.1). The report further notes that, as of April 2018, a WTO notification for these amendments was still pending.

#### Question 2:

Could Chinese Taipei indicate if they intend to notify these amendments to the WTO, and if so, when?

#### Answer:

*We will issue relevant notification to the WTO as soon as possible.*

**Question 3:** If, as the report states, this ban was not supported by scientific evidence, could Chinese Taipei elaborate on the factors, criteria or information used to justify such a ban?

#### Answer:

*Our legislators, based on international concerns regarding the reported safety of genetically modified foods, banned the use of processed food with biotechnology ingredients in school meals in order to take extra precautions in the face of potential risks of uncertainty, particularly for students who are in a period of physical and mental maturation. We will continue to communicate with lawmakers on this issue.*

#### 3. Trade Policies And Practices By Measure

##### 3.3 Measures Affecting Production and Trade

##### 3.3.3 Sanitary and phytosanitary requirements

##### 3.3.3.1 Food standards-setting framework

##### 3.114

The report states as follows: "Reportedly, Chinese Taipei's slow process for establishing MRLs for pesticides, low number of approved MRLs, and zero tolerance policy for pesticides without established MRLs have resulted in incoming agricultural shipments being stopped at the ports of entry and other restrictions. Concerns also relate to MRLs that are considered not Codex standards- or science-based."

**Question 4:** Does Chinese Taipei have a standard timeline for establishing MRLs or import MRLs for pesticides?

**Answer:**

*In general, if the applicant can prepare all relevant documentation, it takes approximately two years in most cases to finalize an MRL application. The review time may vary due to the complexity of the case. An application with insufficient data will result in the establishment of the MRLs being impeded.*

**Question 5:** Does Chinese Taipei publish the results of assessments of risk conducted when establishing pesticide MRLs that are not based on Codex standards?

**Answer:**

*In the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the establishment of food safety related standards is based on the standards of Codex, dietary patterns, and the risk assessment conducted by us. International and developed countries' food safety standards are also taken as references, and the risk assessments of the application must meet the requirements of standards before the MRL can be established as a result. After the administrative and legislative processes of MRL establishment are completed, the new MRL will be announced on the TFDA website and the WTO SPS Committee notified.*

**Question 6:** What is Chinese Taipei's procedure for establishing MRLs or MRLs that are supported by data generated in another jurisdiction (import MRLs) for pesticides?

**Answer:**

*The procedures for establishing tolerance levels of pesticide residues in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu are as follows:*

- 1. Prepare all relevant documentation and apply with the competent authority;*
- 2. Carry out risk assessment procedures;*
- 3. Convene an expert consultation committee to review the application;*
- 4. Commence administrative procedures for the draft and official document, including pre-notification, public announcement and notification to WTO;*
- 5. Officially announce the regulatory order.*

**Question 7:** How does Chinese Taipei take Codex standards into account when establishing pesticide MRLs?

**Answer:**

*In the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the establishment of food safety related standards is based on the standards of Codex, dietary patterns, and the risk assessment. The food safety standards of developed countries are also taken into consideration as references in order to harmonize our standards with international standards.*

#### **4. Trade Policies By Sector**

##### **4.1 Agriculture, Forestry, and Fisheries**

##### **4.1.1.1 Characteristics and policy objectives**

##### **4.6.**

According to this section of the Trade Policy Review of Chinese Taipei, the country adopted its New Agricultural Policy in 2016. One of the objectives (pillars) of the policy is "formulating a safety system for agricultural products". To achieve this objective, the government is planning to implement the "Big Granary Project" for non-GMO grain production areas. In addition, according to the information from Chinese Taipei Government, Chinese Taipei will also be undertaking strategies to rebuild the grain crop industry, increasing the land area by about 30,000 hectares by 2020.

**Question 8:** Could Chinese Taipei provide more details on the "Big Granary Project" including how it will be implemented?

**Answer:**

*The "Big Granary Project" is implemented with the following goals:*

- 1. Establish a cultivation service system for scale expansion: Advise farmers who participated in the previous "Small Landlord Big Tenants" program or young farmers to transfer their cultivation to coarse grain crops. They are also given support to purchase agricultural machinery. Adopting this project will be helpful in building a sound cultivation service system, enabling the expansion of cultivation scale.*
- 2. Establish production clusters and post-harvest treatment centers: Introduce contract farming to*

form a union so that they can collectively formulate production plans, purchase materials, and implement pest prevention measures, leading to the establishment of production clusters and regional post-harvest treatment (drying) centers. Furthermore, entrepreneurial management and marketing are also introduced for a better connection with the retail end.

3. *Introduce traceability and certification schemes to create market differentiation: Set up systems that improve product safety via traceability like TAP certification, CAS, organic, or traceability QR codes to coarse grain producers, which provide information for consumers.*
4. *Develop diverse processed products and adopt new marketing approaches to realize the consumption of locally produced items: Counsel industries to develop processed products made from domestic coarse grain to enlarge market demand, which would lead to greater production capacity. The products can be introduced through channels such as direct marketing, farmers' markets, trade fairs, or special exhibitions. Other outlets such as supermarket chains, hyper malls, retailers operated by farmers' and fishermen's associations, and online stores are also being explored for marketing.*

**Question 9:** Could Chinese Taipei elaborate on why the "Big Granary Project" under Pillar II of its New Agriculture Policy (Formulating a safety system for agriculture products) is limited to non-GMO agricultural products?

**Answer:**

According to Article 52 of the Plant Variety and Plant Seed Act, without the approval of the central competent authority, the importation or exportation of transgenic plants is prohibited. Unless the applicant has obtained approval from the central competent authority to conduct field testing, passed the field examination, and submitted the documentation of the approval as issued by the central competent authority concerning the main purposes as declared in the application, a transgenic plant imported from abroad or bred domestically is prohibited from domestic promotion or sale. Accordingly, there is a two-stage process that any transgenic plant must pass before it can be legally promoted or planted for production in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

**Question 10:** Does Chinese Taipei's New Agricultural Policy involve any biotechnology and innovation initiatives?

**Answer:**

1. *"Developing innovative agriculture" is one of the New Agricultural Policy strategies. It is expected to promote agricultural transformation and upgrading through cross-domain cooperation and the introduction of new technologies.*
2. *The ongoing "Smart Agriculture" plan focuses on strengthening automatic/intelligent development and the application of mechanical equipment to save labor and energy, improve agricultural operative effectiveness, and stabilize production capability and the sale of high-quality agricultural products. As for the Agricultural Bioeconomy Development Program, its main targets include crops, livestock industries and aquatic industries, such as new plant and animal species and seedlings, the agricultural genomics technology platform and plant and animal health management (including vaccines, biologics and testing). The strategies can be enforced based on technology and environment approaches.*

#### **4. Trade Policies By Sector**

##### **4.1 Agriculture, Forestry, and Fisheries**

###### **4.1.1.5.1 Notified support levels**

###### **4.24 - 4.25**

According to the Review Document, the current total Aggregate Measurement of Support (AMS) in Chinese Taipei reached NT\$8 billion in 2012, up from NT\$7.2 billion in 2011, and NT\$3.9 billion in 2010 and 2009 respectively. Over the period 2009-12, the product-specific support increased from NT\$4.2 billion to NT\$9 billion; with the most significant support going to rice. However, an important trend is increased support for vegetables. Support for vegetables increased from NT\$217 million to NT\$634 million over the same period.

**Question 11:** Since Chinese Taipei is encouraging the production of soybeans, wheat and corn (Table 3.7, p.79), did the product-specific AMS for these commodities increase over the review period as it did for rice and vegetables?

**Answer:**

1. Since 2011, the "Support for Diversified Crops" project has been put forth to encourage the cultivation of import-substitution crops that are in high demand domestically, with the aim of increasing the value of farmland. Product-specific support for soybeans and feed corn has increased over the review period. Wheat did not receive any support.
2. Since 2013, the estimated product-specific support for soybeans, wheat and feed corn has increased due to the "Adjusting the Cropping System and Revitalizing Fallow Land" measures being put forth to encourage cultivation of import-substitution crops that are in high demand domestically with the aim of revitalizing farmland and increasing the domestic food supply.

**Question 12:** Could Chinese Taipei provide more details on why the AMS increased during the reviewed years? Has there been any change to this upward trend since the end of the review period?

**Answer:**

There is no significant upward trend in the AMS over the review period.

## WT/TPR/G/377 – Government Report

**9. Government Report****3.6.**

Resource sharing: Capitalizing on the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's soft powers to promote bilateral and multilateral cooperation in culture, tourism, medical care, technology, agriculture, and small and medium-sized enterprises. The aim of this outreach is to improve the quality of life in partner countries, as well as to create opportunities for deepening the economic engagement of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu with the respective partners.

**Question 13:** The report indicates that the aim of these outreach are to improve the quality of life in partner countries, could Chinese Taipei elaborate on how these improvements on quality of life are realized through these outreach efforts?

**Answer:**

1. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has accumulated a great deal of experience in improving medical care, education, technology, and agriculture, as well as in assisting the development of small- and medium-sized enterprises. We are willing to share our experiences with our partner countries.
2. Taking natural disasters as an example, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has accumulated abundant disaster relief experience and is home to the largest fire training centre in Asia. We can carry out cooperation with partner countries in disaster prevention capacity enhancement and emergency assistance to reduce injuries, casualties and economic loss.

**3 Development of Trade and Investment Policies****3.3 Industrial Policy and Reform****Para 3.10.**

Chinese Taipei's Industrial Policy and Reform focuses on achieving industrial innovation, job creation, equitable wealth distribution, and sustainability under seven (5+2) innovative industrial pillars: the Asia Silicon Valley, Smart Machinery, Green Energy Technology, Biomedical Industry, Defense Industry, New Agriculture, and the Circular Economy.

**Question 14:** To translate these Industrial Policy and Reform policy into trade terms, how does Chinese Taipei envision to work with partners in cooperation in these seven areas?

**Answer:**

1. We are actively cooperating with partner countries in many aspects, such as technology innovation, international marketing, talent exchange, and so on. In terms of technology, since innovation is an important part of our agenda, we are enhancing linkages with renowned technology clusters worldwide, such as Silicon Valley. And we launched ASVDA Bay Area Office in 2017 so as to integrate resource and establish networks of industries and research institutes. In addition, in order to promote international cooperation in Smart Machinery and the Circular Economy, the Industrial Development Bureau (IDB) assists the private sector in connecting with



*multinational companies and adopting international technology trends through bilateral cooperation forums, business match making and delegation visits to create mutual cooperation opportunities for both sides.*

2. *In terms of New Agriculture, we have developed the platform for bilateral agricultural cooperation with partner countries to discuss issues and cooperation projects based on mutual interests. Through the implementation of the New Agriculture Policy, we have strengthened cooperation projects on developing new agricultural technologies, securing food security and food safety, and enhancing agricultural marketing and sustainability with our partner countries.*
3. *We welcome the interest of any WTO Members who are interested in participating in the above-mentioned areas.*

**Question 15:** Are there any specific trade incentives to encourage trade especially in these seven areas? If so, could Chinese Taipei elaborate on these incentives and the anticipated timeframes?

**Answer:**

*No specific trade incentives are provided to encourage trade in those seven areas.*

<b>General / Unspecified / Other Questions</b>
--

In the World Bank Report on Doing Business: Reforming to Create Jobs, it is mentioned that different organizations can now issue certificates of origin.

**Question 16:** Are there any penalties for exporters that prepare fraudulent certificates of origin?

**Answer:**

1. *Under Article 28 of the Foreign Trade Act, an exporter/importer who uses false certificates of origin may be issued a warning, imposed an administrative fine of an amount not less than NT\$30,000 (about US\$976) and not more than NT\$300,000 (about US\$9,767), or banned from exporting or importing goods for a period not less than one month and not more than one year. In a serious case, its export/import registration can be revoked.*
2. *Exporters that provide fraudulent certificates of origin, and are involved in criminality shall be referred to the competent judicial authority for investigation. If the investigation finds the documents to be indeed fraudulent, exporters may be punished for offenses of forging instruments or seals under the Criminal Code.*

**Question 17:** What steps has Chinese Taipei taken to ensure the integrity of electronic certificates of origins generated in either China or Chinese Taipei?

**Answer:**

1. *Currently, only the electronic data of certificates of origins under the Cross-Straits Economic Cooperation Framework Agreement (ECFA) is transmitted cross-border.*
2. *The certificates of origin issued by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu are managed by an online operating system, covering application, issuance, transmission and storage. To ensure the integrity of electronic certificates of origins, the electronic data is encrypted during transmission.*

## 4 GUATEMALA

### WT/TPR/S/377 – WTO Secretariat Report

## 2. TRADE AND INVESTMENT REGIME

### 2.2 Trade Policy Formulation and Objectives

#### Para 2.15

#### **Question 1:**

Podría la delegación de Taipei Chino ampliar la información relacionada al Plan de Innovación 5+2, cuáles son sus principales objetivos y cuáles son sus líneas estratégicas más importantes?

#### **Answer:**

1. *In order to spur industrial transformation and provide a new engine for economic growth, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has prioritized the "5+2" innovative industries for development plan. These industries all share something in common, i.e., they all address domestic demand and possess local economic characteristics. Thus, it is our intention to use them as a nucleus to spur industrial transformation while pushing forward industrial growth for the next generation.*
2. *This plan was formulated based on the core values of employment, innovation and (equitable wealth) distribution on the one hand, and attention to future, global and local links on the other. So this plan is also expected to create job opportunities and bring more balanced regional development.*
3. *Innovation is important in our agenda, but challenges in the areas of technology, capital, talent and regulation occur during the process of promoting industrial innovation. To give impetus to the 5+2 plan, we are making every effort to provide countermeasures. For example, we have enacted the Act for the Recruitment and Employment of Foreign Professionals, as well as issued the Employment Gold Card to certain foreign professionals, both of which aim to build a friendly environment that attracts international talent to work and live in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.*

## 3 TRADE POLICIES AND PRACTICES BY MEASURE

### 3.3 Measures Affecting Production and Trade

#### 3.3.7 Intellectual property rights

##### Page 93 (Para 3.175)

According to the authorities, at the time of the previous TPR the Copyright Act was: consistent with the TRIPS Agreement and had implemented protection and enforcement standards as stipulated by the WIPO Internet Treaties (i.e. the WIPO Copyright Treaty and the WIPO Performances and Phonogram Treaty) as well as provisions on exceptions and limitations set by WIPO's Marrakesh Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities.

#### **Question 2:**

Cuales han sido las principales medidas que han tomado para la implementación del Tratado de Marrakech ?

#### **Answer:**

*To mirror the exceptions and limitations provided by the WIPO Marrakesh Treaty, we revised Article 53 of the Copyright Act in 2014 to expand the scope of exceptions and limitations of copyrighted works for persons with disabilities (including the visually impaired, learning disabled, and hearing impaired or other persons with a perceptual disability). The amendment not only allows government agencies and non-profit organizations to produce accessible format copies for persons with disabilities, it also permits persons with disabilities and their representatives to produce such copies for non-profit and individual use. The change also allows the circulation and import of accessible format copies legally produced exclusively for use by persons with disabilities, in the hope of facilitating greater access to copyrighted works for them.*

## 5 EL SALVADOR

<b>WT/TPR/S/377 – WTO Secretariat Report</b>
--

### 2. TRADE AND INVESTMENT REGIME

#### 2.4 Investment Regime

##### 2.4.2 Business environment

##### Page 39 (Para 2.47)

**Question 1:**

"Teniendo en cuenta la importancia de las PYME en la economía del Taipéi Chino, agradeceríamos si pudiesen compartir información sobre ¿cuáles han sido las principales acciones realizadas en el marco de la "La Ley de Desarrollo de la Pequeña y Mediana Empresa" revisada en enero de 2016 y los resultados más relevantes obtenidos hasta el momento a través de su implementación, específicamente en la promoción, desarrollo e inserción de este tipo de empresas en el comercio mundial."

**Answer:**

*The Act for the Development of Small- and Medium-sized Enterprises was enacted in 1991. The amendment of Article 36-2 made in 2016 was aimed mainly at encouraging small- and medium-sized enterprises to increase domestic employment and raise salaries for entry-level employees during times of economic downturn. SMEs that pay better salaries to employees can receive tax deductions to their income. This regulation was only implemented for a short period of time, as the economy has recovered. We expect that future amendments to the Act will benefit SMEs by facilitating their participation in international trade.*

## 6 HONDURAS

### WT/TPR/S/377 – WTO Secretariat Report

#### 3. Trade Policies And Practices By Measure

##### 3.3 Measures Affecting Production and Trade

##### 3.3.4 Competition policy and price controls

##### 3.3.4.1 Competition policy

##### 3.126

During the review period, the FTA was amended three times (4 February 2015, 24 June 2015 and 14 June 2017). Its February 2015 amendments, covering 70% of its provisions, were considered the widest in range, the largest in scale and the most influential legal reforms since its entry into force. Significant amendments on the aspect of free competition included: the FTC's independence and exclusive responsibility for FTA enforcement; the distinction of free competition issues from fair competition issues; the threshold in the definition of monopolistic enterprises; the revision of merger regulations and investigation rules; and the establishment of an anti-trust fund to subsidize expenses from litigation, to provide rewards for the reporting of illegal concerted actions, to support relevant research, education and advocacy, and to promote international cooperation.

**Question N°1:** Could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu please provide details to define the monopolistic criteria?

**Answer:**

1. *Definition (Article 7 of the FTA):*

- (1) *The term "monopolistic enterprise" as used in the FTA means any enterprise that faces no competition or has a dominant position to enable it to exclude competition in the relevant market.*
- (2) *Two or more enterprises shall be deemed monopolistic enterprises if they do not in fact engage in price competition with each other and they as a whole have the same status as the enterprise defined in the preceding paragraph.*

2. *Criteria (Article 8 of the FTA):*

- (1) *An enterprise shall not be deemed a monopolistic enterprise as defined in the preceding article if none of the following circumstances exists:*
  - (i) *the market share of the enterprise in the relevant market reaches one half of the market;*
  - (ii) *the combined market share of two enterprises in the relevant market reaches two thirds of the market; and*
  - (iii) *the combined market share of three enterprises in the relevant market reaches three fourths of the market.*
- (2) *Under any of the circumstances set forth in the preceding paragraph, where the market share of any individual enterprise does not reach one tenth of the relevant market or where its total sales in the preceding fiscal year are less than the threshold amount as publicly announced by the competent authority, such an enterprise shall not be deemed as a monopolistic enterprise. (The publicly announced threshold of the total sales at which an enterprise is exempted from being deemed as a monopolistic enterprise is when its total sales in the preceding fiscal year is less than NT\$2 billion).*
- (3) *An enterprise exempt from being deemed as a monopolistic enterprise by any of the preceding two paragraphs may still be deemed a monopolistic enterprise by the competent authority if the establishment of such enterprise or any of the goods or services supplied by such an enterprise to the relevant market is subject to legal or technological restraints, or there exists any other circumstance under which the supply and demand of the market are affected and the ability of others to compete is impeded.*

##### 3.128

The FTC may initiate investigations, upon receiving complaints or ex officio, into any alleged violation that harms the "public interest". Since November 2011, a leniency programme has been in place to encourage enterprises to report illegal concerted action, submit evidence and assist investigations. Where a violation related to monopolistic action, concerted action, resale price fixing, or other competition-restraining action is found, the FTC may order the relevant enterprise to cease the violation and correct its conduct within a prescribed period. The FTC may also issue an administrative penalty ranging between NT\$100,000 and NT\$50 million. If the relevant enterprise fails to cease the violation or take corrective action, the FTC may issue an order with a higher administrative penalty

ranging between NT\$200,000 and NT\$100 million until the enterprise complies with the FTC's order. In the case of serious violations related to monopolization and concerted action, the FTC may impose an administrative penalty of up to 10% of the total sales income of an enterprise in the previous fiscal year.

**Question N°2:** Could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu please provide statistics on the leniency program?

**Answer:**

*The leniency program was introduced to the FTA in 2011. The FTC has received 15 leniency applications between 2011 and 2017. Among them, 3 were eligible for the leniency program.*

## 7 REPUBLIC OF KOREA

### 10. GENERAL / UNSPECIFIED / OTHER QUESTIONS

#### **Question(s) Add. 1:**

The Railways Administration under the Ministry of Transport and Communication (MOTC) has excluded Korean companies from bidding for the railway project by the government of Chinese Taipei. We believe that this measure by the Government of Chinese Taipei is unfair. Korea would like to seek the response from Chinese Taipei on this issue.

#### **Answer:**

1. *The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has been a member of the WTO Agreement on Government Procurement (GPA) since July 15, 2009. Procurements covered by the GPA are conducted in accordance with the GPA rules, and are open to suppliers of GPA members pursuant to our Appendix I to the GPA.*
2. *According to a previous letter sent by the MOEA in 2001, Korean enterprises are welcome to participate in those procurement projects applicable to the WTO GPA procurement standards, particularly those transport items that are covered under HS codes 8601, 8603, 8605, 8607 and 8608. Based on our statistics collected from July 2009 to August 2018, the amount of awarded bids made by Korea for rail equipment or materials was over NT\$ 27.6 billion (about US\$ 900 million).*
3. *For non-GPA-covered procurements, the procuring entities may decide whether to allow participation of foreign suppliers. Generally speaking, domestic companies would be preferred for procurement projects below the GPA threshold. Only designated foreign brands that meet the terms of limited bidding will be open specifically to foreign companies. This method complies with the spirit of the GPA. The increasing amounts of awarded bids mentioned above confirm that there is no discrimination or differential treatment toward Korean companies.*

### 10. GENERAL / UNSPECIFIED / OTHER QUESTIONS

#### **Question(s) Add. 2:**

Although the Korean Government has opened a shipping route between Korean and Japan to Chinese Taipei, the government of Chinese Taipei has banned Korean shipping companies from transporting container cargo between Chinese Taipei and Japan. We believe that the government of the Chinese Taipei needs to open the shipping route between Chinese Taipei and Japan to Korean shipping companies in a reciprocal manner. Korea would like to seek the response from Chinese Taipei to this issue.

#### **Answer:**

*The issue raised should be dealt with in bilateral negotiations. We welcome the Korean government to discuss this issue in a bilateral meeting.*

---