Taiwan AIT-CCNAA Agreement Concerning Trade Matters (With Annexes)

AMERICAN INSTITUTE IN TAIWAN

October 24, 1979

Konsin C. Shah, Representative

Coordination Council for North

American Affairs

5161 River Road

Washington, DC 200106

Dear Mr. Shah:

I have the honor to refer to recent discussions concerning our bilateral trade. During those discussions, it was noted that as a result of the Tokyo Round trade negotiations, reductions in United States tariffs are expected that will benefit exports from Taiwan, and it was agreed that in consideration of these concessions, measures will be implemented in Taiwan that will benefit exports from the United States. This letter describes these reciprocal action more fully.

It is understood that among the Tokyo Round concessions to be made by the United States and to be implemented domestically on a non-discriminatory basis will be included certain tariff concessions which have been discussed among us and which are included in the United States' Schedule XX deposited with the GATT, a copy of which has been furnished to your delegation. Those tariff concessions enumerated in Annex I to this letter will also be implemented in the United States on a non-discriminatory basis. We understand that those items contained in the U.S. Schedule XX for which exports from Taiwan constituted ten percent or more of total U.S. imports in 1976, as well as all articles described in Annex I to this letter, have been considered in establishing the initial bilateral balance. It is further understood that the implementation in the United States of tariff concessions referred to in this letter will begin on January 1, 1980, in accordance with the staging schedules enumerated in Annex I to the United States Schedule XX and as described in Annex I to this letter.

In consideration of the implementation of the above action, we understand that all tariff and non-tariff measure concessions previously offered affecting trade with the United States will continue in effect in Taiwan, and any concessions not yet implemented, with the exception of those items subject to deferred staging as enumerated in Annex II, will be implemented as of January 1, 1980 in Taiwan. We note with satisfaction that the concessions concerning apples and automobiles have already been implemented.

With regard to tariff measures referred to in this letter, both sides shall have the same rights a GATT Contracting Partv would have with respect to articles bound in the GATT for which it becomes or ceases to be a principal or substantial supplier.

We further understand that obligations substantially the same as those applicable to developing countries set forth in certain non-tariff agreements concluded in the Tokyo Round will observed in Taiwan i.e., the agreements on subsidies and countervailing measures, customs valuation, licensing, government procurement, and technical barriers to trade as well as the provisions likely to be set forth in an agreement on commercial counterfeiting to be concluded. We expect that the benefits of several non-tariff agreements concluded in the Tokyo Round, i.e., the agreements on subsidies and countervailing measures, customs valuation, licensing, government procurement and technical barriers to trade as well as benefits likely to be set forth in an agreement on commericial counterfeiting to be concluded, will be extended in the United States to exports from Taiwan.

It is understood none of these concessions will be nullified or impaired by actions which would be inconsistent with the provisions of the General Agreement on Tariffs and Trade or the agreements referred to above. We believe that these assurances reflect commitments appropriate to Taiwan's stage of development.

We understand that discussions between the two sides will continue at a mutually convenient date aimed at defining bilateral obligations and an appropriate dispute settlement mechanism for matters falling within the purview of those non-tariff agreements enumerated above.

We are confident that amicable adjustments will be made if necessary to ensure that the bilateral undertakings described in this exchange of letters remain appropriately balanced.

Every effort will be made to consult through appropriate channels on any trade matters, including those covered by this letter.

It is further understood that both sides will consider favorably incorporating matters covered by this letter into other arrangements at an appropriate time.

Sincerely,

David Dean

Chairman of the Board

and Managing Director

October 24, 1979

Mr. David Dean

Chairman of the Board and

Managing Director

American Instiitute in Taiwan

1700 North Moore Street

Arlington, Virginia 22209

Dear Mr. Dean:

I have honor to acknowledge receipt of your letter of today's date, which reads as follows:

"Dear Mr. Shah:

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It is further understood that both sides will consider favorably incorporating matter covered by this letter into other arrangements at an appropriate time.

Sincerely,

(signed)

David Dean

I have the honor to inform you that the concessions and measures described in your letter with its Annexes will be implemented in Taiwan.

Accordingly, your letter correctly reflects the understandings reached during the course of recent discussings concerning our bilateral trade.

Sincerely,

Kohsin C. Shah

Representative

ANNEX I

Tariff item number	Brief product description	Base Rate	Concession Rate	Stage
126.71	pepper seed	3¢/lb	free	1/
138.50a/	vegetables, fresh chilled or frozen slice or reduced in size, nes ex frozen kidneybeans	17.5%	9%	1/
141.10	beans, except soybeans in brine or packed in salt	0.7¢/lb	free	1/
141.20	beans except soybeans prepared or preserved, not in salt or brine	3¢/lb on entire contents of container	1.5¢/lb on entire contents of container	1/
141.30	cabbage, prepared and preserved	8.5%	4%	1/
141.70	waterchestnuts, in salt,pickled otherwise preserved	17.5%	7%	

1/

141.81a/

other vegetables, prepared or preserved other than packed in salt or brine; ex bamboo shoots in airtight containers, sweet ginger

17.5%

9%

1/

145.30

nuts, edible, nes, not shelled

2.5¢/lb

1.3¢/lb

1/

145.48

peanuts, shelled or blanched

7¢/lb

3¢/lb

1/

145.60a/

nuts, nspf, prepared or preserved other than shelled or blanched ex canned litchi, canned longan

28%

14%

1/

147.30

kumquats, packed in airtight containers

0.5¢/lb

0.25¢/lb

1/

148.35

melons, prepared or preserved

35%

17.5%

1/

154.45

pineapples, candied, crystallized or glace

8.5%

3.4%

1/

154.55a/

fruit, candied crystallized or glace, ex prunes, plums, mangoes, kumquats

10%

5%

1/

161.15

cassia, cassia buds and cassia vera, ground

1.5¢/lb

free

1/

161.19

cinnamon and cinnamon chips, ground

1.5¢/lb

free

1/

182.11

pastes, hash, puddings, etc, of vegetables and/or meat, fish, nes

17%

8%

1/

182.15

bean cake, bean stick, miso and similar products

14%

7%

1/

182.45

thin soy sauce

6%

3%

1/

182.98a/

edible preparations, nspf ex grass jelly, spring rolls, stuffed steamed bread dumplings, prepared watermellon seed

10%

5%

1/

184.65

animal feed, nes including offals prepared and preserved, inedible

4%

2%

1/

206.47

wooden forks and spoons

8.5%

5.3%

1/

222.50

blinds, shutters, curtains

20%

8%

1/

460.35

geraniol

7.5%

3%

3/

493.21

natural camphor

2.4¢/per lb

free

1/

515.64

stone and articles of stone

13.5%

6.9%

1/

545.21

glass containers

11¢ per gross

free

2/

545.31

glass inners for vacuum flasks

4¢ each plus 20% ad val

1.6¢ each plus 8% ad val

1/

607.52
new number 606.39

ferrosilicon

1¢ per lb on silicon content b/

1.9%

4/

646.04

copper thumb tacks

8%

3.2%

1/

646.80

base metal padlocks

6¢ per doz plus 4% ad val c/

2.3%

2/

648.57

hoes and rakes and parts

7.5%

3%

2/

649.71

pens, knives with folds, blades

25%

10%

1/

653.85

iron or steel cast articles

4%

free

2/

654.1015
new number 654.07

aluminum cast cooking and kitchen ware

1.7¢/per lb plus 8.5% ad val d/

3.9%

2/

696.35

pneumatic craft

6%

2.4%

1/

732.10

bicycles

$1.50 each

60¢ each

2/

734.51

badminton equipment and parts

14%

5.6%

1/

734.60

croquet equipment and parts

8%

3.2%

2/

737.70

confetti, paper decorations

10%

4%

<u>1/</u>

750.26

whiskbrooms of broom corn

20%

8%

<u>1/</u>

750.35

feather dusters

7%

2.8%

<u>1/</u>

760.65

billiard chalk and tailors' chalk

5%

free

<u>1/</u>

771.05

cellulose acetate

3.7¢/per lb

1.4¢/per lb

<u>3/</u>

791.80

leather articles, nspf of reptile leather

14%

5.6%

<u>1/</u>

a/ A new item number will be established for these products.

b/ Will be, converted to 2.2% ad valorem

c/ Willl be converted to 5.7% ad valorem

d/ will be converted to 9.8% ad valorem

1/ Duty reduction will be in annual stages equivalent to 3 percent ad valorem beginning January 1, 1980, and continuing until the full concessional rate reached.

2/ Duty reduction will be in eight equal annual stages beginning January 1, 1980, with the full concession rate becoming effective on January 1, 1987.

3/ The first stage of reduction shall become effective on the effective for the United States of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade, entered into on April 12, 1979. The full concession rate shall become effective upon the expiration of a period 6 years and 6 months commencing with the effective of the stage reduction. The second stage shall become effective upon expiration of a perioid of 6 months commencing with the effective date of the first stage. During the full stage period, the amount of reduction from base rate to full concession rate shall become effective in 8 equal stages, the last 7 of which shall be annual stages.

4/ This concession will be implemented one stage on January 1, 1982.

Tariff item number	**Brief product description**	**Base Rate**	**Concession Rate**	**Staging**
0202 (1)	ex turkeys	65%	35%	From Jan 1, 1982 to Jan 1, 1983, cut 5% each year; on Jan 1, 1984, cut 10%
0202 (2)	ex ducks	75%	40%	From Jan 1, 1981 to Jan 1, 1982, cut 5% each year; from Jan 1, 1983to Jan 1, 1984, cut 10% each year
0804 (2)	dried grapes (a) in bulk			

NT$30
kg

NT$15
kg

From Jan 1, 1983 to Jan 1, 1984, cut NT$3 each year

0804 (2)

(b) packed in boxes

NT$33

NT$17

From Jan 1, 1982 to Jan 1, 1983, cut NT$3 each year; on Jan 1, 1984, cut $4

1303 (10)

other vegetable saps & extracts

45%

25%

From Jan 1, 1983 to Jan 1, 1984 cut 5% each year

2005

jams, fruit jellies, marmalades, puree & fruit pastes

85%

60%

On Jan 1, 1981, cut 10%; Jan 1, 1982-Jan 1983 cut 5% each year

2006 (1)

fruit, table and pie, preserved, in bottles or cans

85%

45%

On Jan 1, 1980, 10%; Jan 1, 1981, Jan 1, 1982, cut 5% each year; Jan 1, 1983-Jan 1, 1984 cut 10% each year

2006 (7)

other than fruit, table and pie, preserved, in bottles or cans, ground nuts, roasted, pears, lichees, sugar cane, preparation for use as infant food

85%

45%

On Jan 1, 1980, cut 10%; Jan 1, 1981-Jan 1, 1982, cut 5% each year; Jan 1, 1983-Jan 1, 1984, cut 10% each year

2906 (2)

phenol-alcohol
(a) for perfumery purpose

40%

25%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

2906 (2)

(b) other

25%

20%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

2938

provitamins and vitamins, natural or reproduced by synthesis

30%

20%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

2942 (5)

other (for medicinal use) other than opium alkaloids, cannabis indica, cocaine alkaloids, and synthetic narcotics, such as emetine, yohimbine alkaloids, strychnine quinine, ephedrine, caffeine etc

25%

20%

On Jan 1, 1984 cut 5%

3003 (1)

antibiotics

30%

20%

From Jan 1, 1983 to Jan 1, 1984,cut 5% each year

3003 (2)

sulpha drugs

30%

20%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

3209 (9)

stamping foils (b) of synthetic resin base

60%

40%

From Jan 1, 1981 to Jan 1, 1984, cut 5% each year

4801 (2)

(f) other paper-board (including kraft paperboard

40%

30%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

6910

sinks, wash basins, baths and like sanitary fittings

75%

45%

From Jan 1, 1980 to Jan 1, 1983, cut 5% each year; on Jan 1, 1984, cut 10%

7320

tube & pipe fittings of iron or steel

30%

25%

On Jan 1, 1984, cut 5%

7338 (2)

(a) sanitary ware iron, enamelled

85%

55%

On Jan 1, 1980, cut 10%; Jan 1, 1981-Jan 1, 1984, cut 5% each year

7410 (1)

stranded wire cables, cordage and rope of copper wire

25%

20%

On Jan 1, 1984 cut 5%

8315 (1)

welding rods (a) carbon steel

45%

30%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

8406 (2)

internal combustion piston engines
(c) for other motor vehicle use

45%

30%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

8410 (2)

liquid elevators

25%

15%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8411 (1)

air pumps, vacuum pumps, turbopumps

15%

10%

On Jan 1, 1984, cut 5%

8412

air conditioning machines, self-contained
(1) complete

45%

30%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

8415 (3)

domestic refrigerators, electrical
(a) complete

35%

30%

On Jan 1, 1984, cut 5%

8419 (1)

dish washing machines

45%

30%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

8440 (2)

domestic washing machine
(a) electric

45%

30%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

8462

ball, roller or needle roller bearings
(2) parts
(b) steel race for bearings

30%

20%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8506

(2) electric food grinders,food mixers and the like for domestic use

45%

35%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8506

(3) electro-mechancial domestic appliances, with self contained electric motor other than electric fans, ventilating fan and vacuum cleaners, electric food grinders, food mixers, juice extractors, floor polisher, meat slicers and the like for domestic use.

45%

35%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8512

electric instanteneous or storage water heaters and immersion heaters (4) other

50%

30%

From Jan 1, 1981 to Jan 1, 1984, cut 5% each year

8514 (2)

repeaters, voice telephones

25%

15%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8515 (10)

radio facsimile

25%

15%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8521

semiconductors and cathode ray tubes
(2) integrated circuits

20%

10%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8521

(3) other

20%

10%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8523 (1)

solely for telecommunication use
(a) coaxial cable

25%

15%

From Jan 1, 1983 to Jan 1, 1984, cut 5% each year

8702 (1)

motor cars
(a) sedan, convertible, sports

75%

65%

For those with piston displacement under/of 2000 c.c., cut 10% on Jan 1, 1980; for those with piston displacement over 2000 c.c., cut 5% each year from Jan 1, 1983 to Jan 1, 1984

9205

other wind musical instruments

50%

35%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year

9206

percussion musical instruments

50%

35%

From Jan 1, 1982 to Jan 1, 1984, cut 5% each year