

**Trade Policy Review of the Separate Customs Territory of
Taiwan, Penghu, Kinmen and Matsu (“Chinese Taipei”)**
(First Session on 7 November 2023)

Statement by Hong Kong, China

- Thank you, Chair. Greetings to everyone.
- I would like to start by warmly welcoming the delegation of Chinese Taipei, led by Mr C. C. Chen. HKC is thankful for the comprehensive report by the Secretariat. Thanks also go to **Ambassador CANO RICCIARDI** of Paraguay, for sharing his salient observations as the discussant.

Chinese Taipei and Hong Kong, China

- Chinese Taipei has long been a key trading and economic partner of Hong Kong, China.
- In terms of merchandise trade, Chinese Taipei was our second largest trading partner in 2022, with total trade volume amounting to US\$94.7 billion. Despite the challenges brought by the COVID-19 pandemic, our bilateral trade in goods has in fact recorded impressive growth for three consecutive years since 2020.
- As far as services trade is concerned, Chinese Taipei was our 7th largest trading partner in 2021 with total trade value reaching US\$5.2 billion. Again, it represented growth of over 30% from the pre-pandemic level in 2020.

Chinese Taipei and WTO

- We appreciate that Chinese Taipei is a staunch supporter of open trade. We are also fellow participants in the various Joint Statement Initiatives. Furthermore, we share Chinese Taipei’s views that it is essential to have a well and fully functioning dispute settlement mechanism and that we should start the selection processes for filling the vacancies on the Appellate Body. We look forward to working with Chinese Taipei and other Members to reinvigorate the dispute settlement system of the WTO.

Trade Policy of Chinese Taipei

- With respect to the trade policy of Chinese Taipei, Hong Kong, China has the following observations:
- First, on **trade facilitation**, we are glad to note that Chinese Taipei has fulfilled its transparency obligations under the Agreement on Trade Facilitation. We appreciate Chinese Taipei's contribution to the discussions on trade facilitation, including the initiative it took in sharing its experience in implementing its Customs Port Trade Single Window system at the Committee on Trade Facilitation.
- Second, on **standards and other technical requirements**, we appreciate the efforts of Chinese Taipei in ensuring conformance of the Chinese Taipei's standards (CNS) to international standards, which should help reduce unnecessary barriers to trade. In particular, we observe that there is a high equivalency rate between CNS and international standards, with an average of 99% in all areas, and an equivalency rate of 100% in 16 areas.
- Third, like Hong Kong, China, **services** continue to be the main driving force of Chinese Taipei's economy, accounting for about 60% of its GDP and employment. We appreciate that Chinese Taipei has undertaken a number of trade facilitative measures mainly in the financial services sector during the review period. We look forward to Chinese Taipei's further liberalisation of its services trade regime for increased participation of foreign investment across the board.
- However, we think certain measures could be made more facilitating.
- For **tariffs**, we note from the Secretariat Report that the applied MFN rate for six tariff lines appear to have exceeded the bound rate. We request Chinese Taipei to review the tariffs of these lines and bring them into conformity with Chinese Taipei's tariff commitments.
- We also note from the Secretariat Report that the simple average applied rate, which stands at 7.1% in 2023, has not improved much from the last review. The average rate for agricultural products at 17.6% remains substantially higher than that for non-agricultural products at 5.1%, and among the non-agricultural products, fish and fishery products carry the highest average tariff at 19.9%. Agricultural products and fishery products are also the types of goods to which non-*ad valorem* tariffs

mainly apply. We encourage Chinese Taipei to consider further liberalising its tariff regime, particularly the high tariffs for agricultural and fishery products, and convert non-*ad valorem* rates to *ad valorem* rates to enhance the predictability of its tariff regime.

- On **agriculture**, we take note that Chinese Taipei has launched the New Innovative Agriculture Programme during the review period to enhance farmers' welfare, improve infrastructure and boost competitiveness. Farmers are also given financial support through funds dedicated to credit guarantee, damage redress and insurance. While these are commendable efforts to ensure food security, we note that Chinese Taipei's latest domestic support notification to the WTO only covered up to the calendar year 2019. We encourage Chinese Taipei to step up efforts in submitting timely notifications for the sake of transparency and effective monitoring of Members' implementation of commitments.
- Last but not least, we thank Chinese Taipei for their timely response to our written questions, and we wish Chinese Taipei a successful trade policy review.
- Thank you.

Hong Kong Economic and Trade Office in Geneva
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