

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

December 28, 1981

Mr. David Dean
Chairman of the Board and Managing Director
American Institute in Taiwan
1700 North Moore Street
17th Floor
Arlington, Virginia 22209

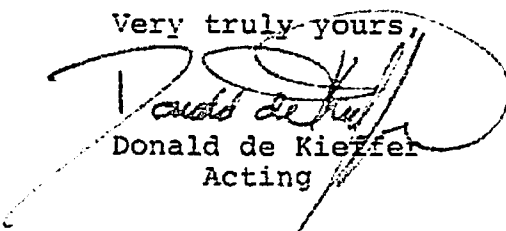
Dear Mr. Dean:

As a result of discussions between the American Institute in Taiwan and the Coordination Council for North American Affairs during December 7-9, it was agreed that the United States and Taiwan would reduce a number of tariffs on articles of interest to each party. In order to implement the agreement under the authority of Section 124 of the Trade Act of 1974, it is necessary to have an exchange of letters between AIT and CCNAA. Attached are draft letters and annexes that describe the agreement. This material has been cleared by the interagency Trade Policy Staff Committee.

I request that you exchange the attached letters with Dr. Tsai Wei-ping of CCNAA no later than January 2, 1982. Section 124 authority expires on January 3rd.

Thank you very much.

Very truly yours,


Donald de Kieffer
Acting

DdK:atjj



AMERICAN INSTITUTE IN TAIWAN

1700 N. Moore St.
17th Floor
Arlington, Virginia 22209
(703) 525-8474

I certify this to be
a true copy of the original.

Peter Allgeier, USTR

December 31, 1981

Dr. Tsai Wei-ping
Representative
Coordination Council for
North American Affairs
5161 River Road
Bethesda, Maryland 20816

Dear Dr. Tsai:

As a result of discussions that occurred during December 7-9, 1981, concerning our bilateral trade, it was agreed that the parties represented by the American Institute in Taiwan will implement a number of tariff reductions that will benefit exports from the parties represented by the Coordination Council for North American Affairs. These tariff concessions are enumerated in Annex I to this letter. The reductions will be implemented on a Most Favored Nation basis in accordance with the staging schedule presented in Annex I.

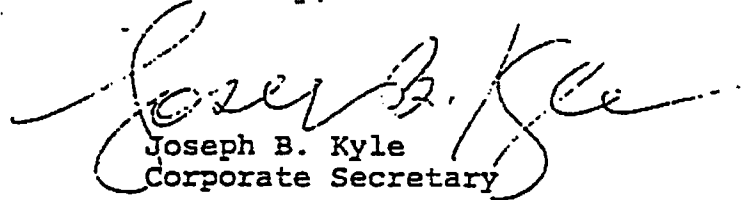
We understand that, in consideration of the implementation of the above tariff reductions, the parties represented by the Coordination Council for North American Affairs will make the tariff reductions enumerated in Annex II, in accordance with the staging schedule in that Annex.

With regard to the tariff concessions in Annexes I and II, both parties shall have the same rights that a GATT contracting party would have with respect to articles bound in the GATT. After the agreement has been in effect for three years, it may be terminated by either party in six months after a notice of such termination to the other party.

With respect to other topics that were raised during the recent discussions, I would like to direct your attention to Annex III of this letter.

I request that you confirm that you concur with the contents of this letter. I propose that this letter with Annexes I, II, and III thereto and your letter of confirmation constitute an agreement between the American Institute in Taiwan and the Coordination Council for North American Affairs, to become effective September 30, 1982, or on a mutually agreed earlier date.

Sincerely,



Joseph B. Kyle
Corporate Secretary

Enclosures:

1. Annex I
2. Annex II
3. Annex III

ANNEX I

Tariff item number	Description of products <u>1/</u>	Rate of duty <u>2/</u>
		<u>(Percent ad valorem)</u>
	Vegetables (whether or not reduced in size), packed in salt, in brine, pickled, or other- wise prepared or preserved (except vegetables in subpart B of part 8 of schedule 1 of the Tariff Schedules of the United States): [Beans, cabbage, chickpeas or garbanzos, black-eye cowpeas, onions, peas, pimientos, tomatoes, water chestnuts]	
	Other: [Packed in salt, in brine, or pickled]	
	Other:	
141.78	Bamboo shoots in airtight containers.....	7.2
	Percussion musical instruments:	
725.32	Drums.....	4.8
	Bagatelle, billiard, and pool equipment (except tables), and parts thereof:	
	[Balls]	
734.10	Other.....	4.0
734.15	Chess, checkers, pachisi, backgammon, darts, and other games played on boards of special design, all the foregoing games and parts thereof (including their boards); mah-jong, and dominoes; any of the foregoing games in combination with each other, or with other games, packaged together as a unit in immediate containers of a type used in retail sales; poker chips and dice.....	4.64
	Lawn-tennis equipment, and parts thereof:	
	Rackets, whether or not strung:	
734.87	Strung.....	4.2
	Beach balls, play balls, toy balls, and other balls for games or sports, not provided for in the foregoing provisions of subpart D of part 5 of schedule 7 of the Tariff Schedules of the United States:	
735.09	Inflatable balls.....	4.8

Tariff item number	Description of products <u>1/</u>	Rate of duty <u>2/</u> (Percent ad valorem)
735.20	Puzzles; game, sport, gymnastic, athletic, or playground equipment; all the foregoing, and parts thereof, not specially provided for	4.64
772.35	Curtains and drapes, including panels and valances; napkins, table covers, mats, scarves, runners, doilies, centerpieces, antimacassars, and furniture slipcovers; and like furnishings; all the foregoing of rubber or plastics.....	3.36

1/ Bracketed matter is included to assist in understanding the product coverage of the concession item and does not itself describe concession products.

2/ The rate shown is the final stage of the concession. The concessions will be implemented in accordance with the following schedule:

Item No.	Rates of duty (percent ad valorem), effective with respect to articles entered on and after--					
	September 30, 1982	January 1, 1983	January 1, 1984	January 1, 1985	January 1, 1986	January 1, 1987
141.78	8.7	8.4	8.1	7.8	7.5	7.2
725.32	6.6	6.3	5.9	5.5	5.2	4.8
734.10	4.0	4.0	4.0	4.0	4.0	4.0
734.15	6.72	6.32	5.92	5.52	5.04	4.64
734.87	4.2	4.2	4.2	4.2	4.2	4.2
735.09	7.84	7.2	6.64	6.0	5.44	4.8
735.20	6.72	6.32	5.92	5.52	5.04	4.64
772.35	4.24	4.08	3.92	3.76	3.52	3.36

After the effective date of the first stage of reduction and before the full concession rate has become effective, in determining the effective date of the full concession rate and the intervals between the effective date of successive stages:

(i) the rate of duty provided for in this table shall be considered as being in effect even though a lower rate (including a free rate of duty) is being applied to an article to which such rate relates; and

(ii) there shall be excluded any time during which a rate of duty higher than that provided for in this table is being applied.

ANNEX II

Tariff item number	Description of Products	Rate of duty <u>2/</u> (Percent <u>ad valorem</u>)
0105-0110	Live poultry for breeding	0.0
0105-9900	Others-for non-breeding	5.0
0405-0110	Eggs, fresh	30.0
0405-0190	Eggs, other	40.0
0405-0200	Egg yolks	40.0
0805-0210	Walnuts, shelled	25.0
0807-0300	Cherries, fresh	40.0
0812-0210	Prunes, dried, packed in boxes	30.0
0812-0220	Prunes, dried, packed in bulk	30.0
1208-0210	Seed, apricot, sweet	25.0
1502-0290	Other tallow produced from fats of bovine cattle, sheep or goats, of acid value 1 or less	10.0
2006-0400	Almonds, prepared or preserved	35.0
2007-0110	Orange Juice	60.0
2914-0100	Acetic acid (including glacial acetic acid)	15.0
2914-0400	Ester and salt derivatives of monocarboxylic acids <u>1/</u>	15.0
2914-0300	Carbonic esters and their salts, and their halogenated, sulphonated, nitrated or nitrosated derivatives <u>1/</u>	15.0
3005-0100	Sterile surgical catgut and similar sterile suture materials	15.0
3005-0500	Dental materials, n.e.s.	20.0
4102-0100	Upper leather of cattle and calf	25.0
4414-0100	Wood sawn lengthwise, sliced or peeled but not further prepared, of a thickness not exceeding 5 mm.	10.0
4821-0810	Diapers for infants	30.0
5802-0300	Other carpets, carpeting, rugs, mats and matting, and "kelem", "schumacks" and "karamanie" rugs and the like (made up or not), of synthetic or regenera- ted fibers.	65.0

ANNEX II

Tariff item number	Description of Products	Rate of duty <u>2/</u>
6202-0111	Of cotton, bed linen, table linen, toilet linen and kitchen linen	50.0
7013-0600	Flower vases	40.0
7013-0700	Ovenware	40.0
7013-0800	Barware	40.0
7103-0311	Single crystal cultured quartz for industrial use	10.0
8501-0320	Transformers, 3,000-70,000 volts	25.0
8504-0100	Electric accumulators, complete	25.0
8516-9900	Other, electric traffic control equipment (not including railway and tramway use)	15.0
8518-0100	High voltage power capacitors	15.0

1/

With respect to tariff concessions on these items, CCNAA notes that the items presently are not manufactured on a large scale by the parties represented by CCNAA. If facilities for production of articles within these tariff classifications are established on a large scale and, as a result, it becomes necessary to introduce new tariff classifications, the following conditions apply: (1) any new tariff categories will be subcategories of the existing tariff numbers, and (2) if reclassification results in higher tariffs affecting U.S. trade, AIT and CCNAA will consult for purposes of restoring the balance of the agreement in accordance with the practices that normally would apply between two GATT contracting parties.

2/

The rate shown is the final stage of the concession. The concessions will be implemented in accordance with the following schedule:

Item No.	Rates of duty (percent ad valorem), effective with respect to articles entered on and after --					
	Sept. 30, 1982	Jan. 1, 1983	Jan. 1, 1984	Jan. 1, 1985	Jan. 1, 1986	Jan. 1, 1987
0105-0110	0	0	0	0	0	0
0105-9900	5	5	5	5	5	5
0405-0110	39	38	36	34	32	30
0405-0190	61	57	53	49	45	40
0405-0200	61	57	53	49	45	40
0805-0210	38	36	34	31	28	25
0807-0300	40	40	40	40	40	40
0812-0210	43	41	39	36	33	30
0812-0220	43	41	39	36	33	30
1003 -0210	38	36	34	31	28	25
1502-0290	23	21	19	16	13	10
2006-0400	69	63	56	49	42	35
2007-0110	60	60	60	60	60	60
2914-0100	20	19	18	17	16	15
2914-0400	20	19	18	17	16	15
2921-0300	20	19	18	17	16	15
3005-0100	15	15	15	15	15	15
3005 -0500	20	20	20	20	20	20
4102-0100	34	33	31	29	27	25
4414-0100	10	10	10	10	10	10
4821-0810	30	30	30	30	30	30
5802-0300	65	65	65	65	65	65
6202-0111	71	67	63	59	55	50
7013-0600	49	48	46	44	42	40
7013-0700	49	48	46	44	42	40
7013-0800	49	48	46	44	42	40
7103-0311	10	10	10	10	10	10

Item No.	Rates of duty (percent ad valorem), effective with respect to articles entered on and after --					
	Sept. 30, 1982	Jan. 1, 1983	Jan. 1, 1984	Jan. 1, 1985	Jan. 1, 1986	Jan. 1, 1987
8501-0320	25	25	25	25	25	25
8504-0100	30	29	28	27	26	25
8516-9900	15	15	15	15	15	15
8518-0100	24	23	21	19	17	15

ANNEX III

The American Institute in Taiwan (AIT) takes note of the request by the Coordination Council for North American Affairs (CCNAA) that import relief be terminated for the following types of mushrooms: straw mushrooms, golden mushrooms, oyster mushrooms and summer oyster mushrooms, in airtight containers; and agaricus mushrooms, in glass jars and/or in butter sauce.

The American Institute in Taiwan also takes note of CCNAA's intention to petition during the 1982 review cycle for inclusion of items of interest to it on the list of eligible items for the United States Generalized System of Preferences (GSP). Serious consideration will be given to GSP petitions on those products. The Coordination Council for North American Affairs also expressed particular interest in the following items: TSUSA Numbers 112.05, 112.30, 114.20 and 141.88. Serious consideration will be given to GSP petitions on those products or, subject to principal supplier positions and appropriate domestic advice, tariff reductions in the event that new tariff negotiating authority becomes available in the future.

During the discussions, CCNAA requested tariff reductions on the items enumerated below. As these items were not among those on which advice was sought from the United States International Trade Commission under section 124 of the Trade Act of 1974, tariff concessions on these items are not legally possible under that section. The Coordination Council for North American Affairs requested that the American Institute in Taiwan take note of CCNAA's interest in tariff reductions on these items in the event that new tariff negotiating authority becomes available in the future. AIT responded that if such authority were forthcoming, AIT would give serious and as favorable as possible consideration to including these items within the scope of its negotiating mandate.

TSUSA NUMBERS

141.70	653.85	700.61	732.14
144.20	653.93	700.62	732.18
204.50	654.07	700.63	732.24
206.47	654.12	700.64	732.26
206.96	657.24	700.67	734.51
240.19	685.50	700.69	734.90
355.25	687.43	727.35	737.25
534.94	688.10	731.15	737.95
545.85	696.10	732.02	750.35
646.84	696.35	732.06	751.05
648.97	700.57	732.08	770.53
653.47	700.58	732.10	770.71
653.48	700.59	732.12	771.45
			790.39

北美事務諮詢委員會駐美國辦事處

Coordination Council for North American Affairs
Office in U.S.A.
5161 River Road, Washington, D.C. 20016

RECEIVED

DEC 31 1981

December 31, 1981

Dear Mr. Kyle:

I have the pleasure to acknowledge the receipt of your letter of December 31, 1981 which reads as follows:

"As a result of discussions that occurred during December 7-9, 1981, concerning our bilateral trade, it was agreed that the parties represented by the American Institute in Taiwan will implement a number of tariff reductions that will benefit exports from the parties represented by the Coordination Council for North American Affairs. These tariff concessions are enumerated in Annex I to this letter. The reductions will be implemented on a Most Favored Nation basis in accordance with the staging schedule presented in Annex I.

We understand that, in consideration of the implementation of the above tariff reductions, the parties represented by the Coordination Council for North American Affairs will make the tariff reductions enumerated in Annex II, in accordance with the staging schedule in that Annex.

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With respect to other topics that were raised during the recent discussions, I would like to direct your attention to Annex III of this letter.

I request that you confirm that you concur with the contents of this letter. I propose that this letter with Annexes I, II, and III thereto and your letter of confirmation constitute an agreement between the American Institute in Taiwan and

the Coordination Council for North American Affairs, to become effective September 30, 1982, or on a mutually agreed earlier date."

In reply, I have the pleasure to accept the proposals as set forth in your letter quoted above and in Annexes I, II, and III thereto, and to confirm that your letter and this letter in reply shall constitute an agreement between AIT and CCNAA to become effective September 30, 1982, or on a mutually agreed earlier date.

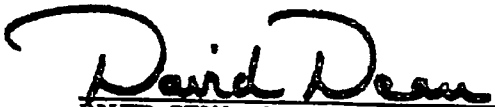
Sincerely yours,



Tsai Wei-ping
Representative

Mr. Joseph B. Kyle
Corporate Secretary
American Institute in Taiwan
1700 N. Moore Street
17th Floor Arlington, VA 22209

I CERTIFY THAT THIS IS A TRUE COPY OF THE SIGNED ORIGINAL.



DAVID DEAN, CHAIRMAN OF THE BOARD
AND MANAGING DIRECTOR
AMERICAN INSTITUTE IN TAIWAN