

Opportunities from Taiwan's Accession
to the
WTO Government Procurement Agreement

On July 15, Taiwan became the 41st covered economy to join the World Trade Organization (WTO) Government Procurement Agreement (GPA). This is the first accession to the GPA since 2001. Taiwan and the other members of the WTO GPA agreed on the terms of Taiwan's accession in December 2008. This allows U.S. firms to have increased access to Taiwan's extensive government procurement sector, valued at \$21 billion in 2007.

Economic Overview

The United States and Taiwan are significant trading partners with two-way trade in 2008 exceeding \$61 billion. Taiwan's GDP was \$393 billion US\$ in 2008 with a 0.1% growth rate. In 2008, Taiwan was the 13th largest U.S. export market and 12th largest U.S. import market. In 2008, Taiwan was the world's 26th-largest economy among the 180 economies.¹ Taiwan was the world's 16th-largest merchandise exporter and 17th-largest merchandise importer.²

WTO Government Procurement Agreement

The GPA is a WTO plurilateral agreement that requires its members to conduct their procurements in a fair, transparent and predictable manner and not discriminate between domestic and foreign suppliers for procurements covered by the agreement. As part of its accession to the WTO GPA, Taiwan has offered extensive coverage of its central, sub-central and state-owned enterprises. Taiwan's accession guarantees U.S. industry access to 32 central level ministries and commissions, including Ministry of National Defense and the Ministry of Transportation and Communications contracts. U.S. industry will also have access to Taipei City and Kaohsiung City government contracts, as well as access to 44 universities and technical schools and three veteran's hospitals. Taiwan has provided access to procurements of numerous services including engineering services, data processing services and certain telecommunications services.

Government Procurement Opportunities at a Glance

Taiwan is currently engaged in two major infrastructure projects to improve transportation, communications and education within Taiwan. These two projects are in addition to normal government procurement activities.

In an effort to stabilize Taiwan's economic growth, the government has created the Special Act for Expanding Investment in Public Works to Revitalize the Economy program. This program

¹ As ranked by the IMF in its World Economic Outlook Database, April 2009

² Based on WTO statistics for 2007

includes creation of a four-year plan (2009 to 2012) for improving public works to create long term economic revitalization worth \$500 billion NT\$ (approximately US \$15 billion). The Special Act program has six main target projects which are:

1. Completing a fast and convenient transportation network;
 - a. 18 sub-projects
2. Building a safe and disaster-free environment;
 - a. 8 sub-projects
3. Raising the quality of cultural and living environment;
 - a. 20 sub-projects
4. Strengthening national competitiveness infrastructure;
 - a. 13 sub-projects
5. Improving transportation facilities of offshore islands and
 - a. 3 sub-projects
6. Fostering prime R&D manpower and helping stabilize schooling and employment.
 - a. 2 sub-projects

Within these six targets, there are 64 sub-projects which include everything from creating bicycle trails to developing offshore island facilities. All of these projects are being coordinated by entities covered under its GPA commitments including the Ministry of Transportation and Communications, Ministry of Economic Affairs and Ministry of Education.

Taiwan has also initiated the *i*-Taiwan 12 Projects. This is a series of infrastructure projects worth more than \$130 billion NT\$ (approximately US \$4 billion) over an eight-year (2008 to 2016) period. The *i*-Taiwan 12 Projects include the expansion of existing science parks, building new ones, and revitalizing the nation's many industrial parks; creation of more and better-organized free-trade, value-added industrial zones and transshipment centers; and more synergistic clustering of related enterprises, many of which are likely eligible for U.S. exporters to bid on under the GPA.

U.S. Industry Perspective

Sectors at a Glance

The United States exported \$24.9 billion in products to Taiwan in 2008. Key export categories with high potential for growth for U.S. manufacturers include:

Information Technology: Information technology equipment is the top U.S. export to Taiwan with exports totaling \$8.3 billion or 35% of U.S. exports to Taiwan in 2008. Top exports include electronic integrated circuits, processors and semiconductors and semiconductor assembly machinery.

Aerospace: The United States exported \$1.5 billion or 7% of U.S. exports to Taiwan in 2008. Top exports include aircraft, aircraft parts and turbo jet engines.

Metals: The United States exported \$2.1 billion or 9% of U.S. exports to Taiwan in 2008. Top exports include stainless steel, steel waste and scrap and aluminum.

Scientific and Medical Equipment: The United States exported \$432 million or 2% of U.S. exports to Taiwan in 2008. Top exports include laboratory reagents, electro-diagnostic equipment and medical instruments and appliances.

Construction Equipment: The United States only exported \$29 million or less than one percent of U.S. exports to Taiwan in 2008. Top exports include front-end loaders, boring or sinking machinery, and track-laying tractors.

Major U.S. Cities at a Glance

For the first half of 2008, the United States exported \$7.1 billion in products to Taiwan from ten major U.S. cities.

Metro area	U.S. exports to Taiwan for the Jan to June 2008	Total for Jan to June 2008	Percentage of exports to Taiwan
Los Angeles	887,623,503	29,945,956,116	2.96%
Austin	875,439,578	3,978,562,570	22.00%
Houston	826,426,652	40,198,629,485	2.06%
Seattle	813,852,203	27,058,128,152	3.01%
Portland	755,426,382	9,977,685,447	7.57%
San Jose	743,518,791	14,042,144,591	5.29%
New York/New Jersey	716,532,015	49,955,231,891	1.43%
Minneapolis	571,812,140	12,901,158,928	4.43%
Dallas	499,833,523	11,473,074,073	4.36%
San Francisco	458,687,348	10,381,940,037	4.42%

Taiwan's GPA Coverage

Central Level Entities

Office of the President
Executive Yuan
Ministry of Interior
Ministry of Finance
Ministry of Economic Affairs
Ministry of Education
Ministry of Justice
Ministry of Transportation and Communications
Mongolian & Tibetan Affairs Commission
Overseas Compatriot Affairs Commission
Directorate-General of Budget, Accounting and Statistics
Department of Health
Environmental Protection Administration
Government Information Office
Central Personnel Administration
Mainland Affairs Council
Council of Labor Affairs
Research, Development and Evaluation Commission
Council for Economic Planning and Development
Council for Cultural Affairs
Veterans Affairs Commission
Council of Agriculture
Atomic Energy Council
National Youth Commission
National Science Council
Fair Trade Commission
Consumer Protection Commission
Public Construction Commission
Ministry of Foreign Affairs
Ministry of National Defense
National Palace Museum
Central Election Commission

Annex 1 - - Central government contracts valued at over \$194,000 US or 130,000 SDR for goods and services and approximately \$7.45 million US or 5,000,000 SDR for construction services.

Sub-central Entities

I. Taiwan Provincial Government

Secretariat, Taiwan Provincial Government
Petition Screening Committee, Taiwan Provincial Government
Regulation Committee, Taiwan Provincial Government

II. Taipei City Government

Department of Civil Affairs
Department of Finance

Department of Education
Department of Economic Development
Public Works Department
Department of Transportation
Department of Social Welfare
Department of Labor
Taipei City Police Department
Department of Health
Department of Environmental Protection
Department of Urban Development
Taipei City Fire Department
Department of Land Administration
Department of Urban Development
Department of Information and Tourism
Department of Military Service Secretariat
Department of Budget, Accounting and Statistics
Department of Personnel
Department of Anti-Corruption
Commission of Research, Development and Evaluation
Commission of Urban Planning
Commission for Examining Petitions and Appeals
Commission of Laws and Regulations
Department of Rapid Transit Systems
Department of Civil Servant Development
Xinyi District Office
Songsshan District Office
Daan District Office
Zhongshan District Office
Zhongzheng District Office
Datong District Office
Wanhua District Office
Wenshan District Office
Nangang District Office
Neihu District Office
Shilin District Office
Beitou District Office)

III. Kaohsiung City Government

Bureau of Civil Affairs
Bureau of Finance
Bureau of Education
Department of Economic Development
Bureau of Public Works
Bureau of Social Affairs
Bureau of Labor Affairs
Bureau of Police
Bureau of Health
Bureau of Environmental Sanitation
Bureau of Mass Rapid Transit
Kaohsiung Fire Department
Department of Land Administration
Bureau of Urban Development
Department of Information

Department of Military Service
Research and Development Commission
Commission of Rules and Regulations
Commission for Examining Petitions and Appeals
Secretariat
Department of Budget, Accounting and Statistics
Department of Personnel
Department of Anti-Corruption
Bureau of Human Resource Development
Urban Planning Committee
Yanchem District Office
Kushan District Office
Zuoying District Office
Nanzih District Office
Sanmin District Office
Sinsing District Office
Cianjin District Office
Lingya District Office
Cianjhen District Office
Cijin District Office
Siaogang District Office

Annex 2 - - State-level government contracts valued at over \$296,000 or 200,000 SDR for goods and services and. For construction services valued at approximately \$22.2 million US or 15,000,000 SDR during the first year after the Agreement goes into effect. The construction services threshold will drop to \$7.45 million or 5,000,000 SDR after the third year the Agreement goes into effect and where it will remain.

State-owned Enterprises

Taiwan Power Company
Chinese Petroleum Corporation, Taiwan
Taiwan Sugar Corporation
National Taiwan University
National Chengchi University
National Taiwan Normal University
National Tsing Hua University
National Chung Hsing University
National Cheng Kung University
National Chiao Tung University
National Central University
National Sun Yat-Sen University
National Chung Cheng University
National Open University
National Taiwan Ocean University
National Kaohsiung Normal University
National Changhwa University of Education
National Dong Hwa University
National Yang Ming University
National Taiwan University of Science & Technology
Taipei National University of the Arts

National Taiwan Sport University
National Yunlin University of Science & Technology
National Pingtung University of Science & Technology
National Taiwan University of Arts
National Taipei College of Nursing
National Kaohsiung First University of Science & Technology
Taipei University of Education
National Hsinchu University of Education
National Taichung University
National Chiayi University
National University of Tainan
National PingTung University of Education
National Dong Hwa University (Meilun Campus)
National Taitung University
National Teipei University of Technology
National Kaohsiung University of Applied Sciences
National Formosa University
National Taipei College of Business
National Taichung Institute of Technology
National Kaohsiung Marine University
National Ilan University
National Pingtung Institute of Commerce
National Chin-Yi University of Technology
China Engraving & Printing Works
The Central Mint of China
Taiwan Water Supply Corporation
Second Office of Ministry of Economic Affairs
National Taiwan University Hospital
National Cheng Kung University Hospital
Veterans General Hospital-Taipei
Veterans General Hospital-Taichung
Veterans General Hospital-Kaohsiung
Taiwan Railway Administration
Keelung Harbour Bureau
Taichung Harbour Bureau
Kaohsiung Harbour Bureau
Hualien Harbour Bureau
Bureau of Taipei Feitsui Reservoir Administration
Taipei Water Department
Central Police University

Annex 3 - - Government-controlled entities (or state-owned enterprises) valued at \$593,000 US or 400,000 SDR. For construction services valued at \$22.2 million US or 15,000,000 SDR for the first year. The construction services threshold will drop to \$7.45 million US or 5,000,000 after the third year the Agreement goes into effect and where it will remain.