

**Country Report 2003**  
By Samson Pao, Secretary General of TAFE -R

**1. General report**

With the rapid political, economic, and social changes affecting the modern world, Taiwan (formally known as the Republic of China) has now entered a new transitional period of democratization after a historic change of the governing party in 2000.

Taiwan Country Report 2003 has consistently provided the most current and authoritative information on Taiwan with its annual updates of major events, political and social trends, statistics, and historical information. This year's edition contains new facts, figures, and developments in an even more timely and objective format to clearly describe Taiwan of 2003

**(1) Background up to date**

<b>Category</b>	<b>Subcategory</b>	<b>Units</b>	<b>Data</b>	<b>Time period</b>
<b>Population</b>	<b>Registered persons</b>	--	<b>22,605,000</b>	<b>as of December 2003</b>
"	<b>Crude birth rate</b>	<b>per thousand</b>	<b>11.25</b>	<b>as of December 2003</b>
"	<b>Crude death rate</b>	<b>per thousand</b>	<b>6.19</b>	<b>as of December 2003</b>
<b>Economy</b>	<b>Per capita GNP</b>	<b>US\$</b>	<b>3,343</b>	<b>third quarter, 2003 (P)</b>
"	<b>Average national income</b>	<b>US\$</b>	<b>2,991</b>	<b>third quarter, 2003 (P)</b>
"	<b>Economic growth rate</b>	<b>percent</b>	<b>4.18</b>	<b>third quarter, 2003 (P)</b>
"	<b>Savings rate</b>	<b>percent</b>	<b>23.92</b>	<b>third quarter, 2003 (P)</b>
"	<b>Exports</b>	<b>million US\$</b>	<b>14,038</b>	<b>December 2003 (P)</b>
"	<b>Imports</b>	<b>million US\$</b>	<b>13,191</b>	<b>December 2003 (P)</b>
"	<b>Foreign exchange reserves</b>	<b>billion US\$</b>	<b>206.63</b>	<b>as of December 2003</b>
"	<b>Trips abroad by ROC citizens</b>	--	<b>5,360,500</b>	<b>November 2003</b>
"	<b>Trips to the ROC by foreign nationals</b>	--	<b>2,410,300</b>	<b>November 2003</b>
<b>Culture, education, and media</b>	<b>Education's share of GNP</b>	<b>percent</b>	<b>6.09</b>	<b>SY2002</b>
"	<b>Public libraries</b>	--	<b>512</b>	<b>2002</b>
"	<b>Newspapers</b>	--	<b>602</b>	<b>as of June 2003</b>
"	<b>Magazines</b>	--	<b>4,405</b>	<b>as of June 2003</b>
"	<b>News agencies</b>	--	<b>841</b>	<b>as of June 2003</b>
"	<b>Publishing houses</b>	--	<b>6,701</b>	<b>as of June 2003</b>
"	<b>Record companies</b>	--	<b>4,713</b>	<b>as of December 2003</b>
"	<b>Radio stations</b>	--	<b>174</b>	<b>as of December 2003</b>
<b>Politics and foreign affairs</b>	<b>Political parties</b>	--	<b>101</b>	<b>as of June 2003</b>
"	<b>Social groups</b>	--	<b>5,213</b>	<b>as of June 2003</b>
"	<b>Vocational groups</b>	--	<b>244</b>	<b>as of June 2003</b>
"	<b>Countries with diplomatic ties</b>	--	<b>27</b>	<b>as of November 2003</b>
"	<b>Membership in international non-governmental organizations</b>	--	<b>1,065</b>	<b>as of April 2003</b>
"	<b>Membership in international</b>	--	<b>18</b>	<b>as of April 2003</b>

	governmental organizations			
Work force	Total labor force	–	10,131,000	as of November 2003
"	Labor participation rate	percent	57.40	as of November 2003
"	Unemployment rate	percent	4.71	as of November 2003

**Notes:**

- (P) Indicates a figure based on preliminary data
- Source: The Monthly Bulletin of Statistics of the Republic of China and the Statistical Yearbook of the Republic of China published by the [Directorate General of Budget, Accounting and Statistics, Executive Yuan](#), and the "Statistical Table on Population in the Taiwan and Fukien Areas in the Republic of China" compiled by the [Ministry of the Interior](#) and the [GIO's](#) Statistical Booklet.

**2003 The Taiwan economy**

Resumed positive growth in 2002, following the unprecedented negative growth in 2001. The momentum continued in the first quarter of 2003, as growth reached 3.5%. However, the domestic Economy was severely affected by the spread of the SARS epidemic in the second quarter, turning to a negative growth of 0.1%. Growth strengthened to 4.2% in the third quarter, as the spread of SARS was brought under control by late June. Thanks to rising optimism about the global economy and the emerging effect of increased government Spending, the last quarter saw 5.2% expansion. The economy grew 3.2% in 2003 with consumer prices falling by 0.3%.  
2004

In 2004, the momentum of the global economic recovery and world trade acceleration is expected to be notable and strong enough to keep Taiwan's export expansion as fast as 2003. The positive wealth effects created with the warming-up of the stock and real estate markets will help boost private consumption. Private investment is expected to grow at a double-digit rate, driven by plant expansions in the option-electronic and semiconductor industries and such large projects as high-speed railway and the 6th naphtha cracker plant.

**(2) Major Market Issue**

Jan. 2003 Cabinet has announced an "Infrastructure Expansion Program" that calls for spending NT\$50 billion this year in such areas as agriculture, sewage systems, urban development, and tourism. The program is expected to increase the island's gross domestic product (GDP) by NT\$37.1 billion this year, raise the annual economic growth rate by 0.38 percentage points, and stimulate 40,000 job opportunities.

The Executive Yuan predicts that the effects of the program in boosting economic growth and GDP will extend through next year and 2005, raising growth by 0.19 percentage points in 2004 and 0.18 percentage points in 2005 and increasing GDP by nearly NT\$19 billion each year.

In coordination with the implementation of the "Infrastructure Expansion Program," the Executive Yuan also approved a draft "Statute for Infrastructure Expansion and Economic Revitalization" bill which delineates the scope of the infrastructure expansion program, sources of funds, amount of spending, methods of disbursement, land rezoning, and ratios of the spending burden to be borne by the central and local governments. The Directorate General of Budget, Accounting and Statistics will draw up a special budget for the program after the statute is passed by the Legislative Yuan.

General Principles," local governments at the city, county, and town or township levels will be allowed to impose special taxes, temporary taxes, and surtaxes in accordance with the needs of their autonomous fiscal administration. These

taxes may be collected for up to four years for special and surtaxes, and up to two years for temporary taxes. The taxes cannot be levied, however, until the local representative assemblies enact the necessary legislation. For the full text of the "General Principles for Local Taxation,

The Executive Yuan notes that the establishment of free ports is one of the key points of the Challenge 2008 – National Development Plan, and that it is an essential part of the "Global deployment with deep tillage in Taiwan" policy. The draft statute was sent to the Legislative Yuan for deliberation on Oct. 1, 2002, and on Dec. 23 of that year won the approval of the Legislative Yuan's economics and energy, transportation, and finance committees. This approval shows a high degree of consensus that free ports will provide single service windows, that companies operating in them will enjoy autonomous management, and that commodities At same time, To develop the knowledge-based economy and encourage companies to engage in innovation and R&D, the Executive Yuan Development Fund has decided to provide NT\$50 billion worth of R&D loans in cooperation with the Ministry of Economic Affairs (MOEA). The Development Fund will provide the necessary capital at an annual interest rate of 1%, and the loans will be screened by the Industrial Development Bureau (IDB) of the MOEA. Recipients will include Internet firms, manufacturers, and technical service providers, and the loans will be limited to a maximum of 80% of the total spending of approved projects, or NT\$65 million. The term of the loans will be limited to seven years. When a company submits a loan application to the IDB, the IDB will first carry out a financial examination of the applicant and will organize a technology or development plan screening committee to help with the technical assessment. Loans that pass the financial and technical assessments will be sent to the examination committee for approval.

On Mar. 2003, The Council for Economic Planning and Development approved the Hsinchu Biomedical Park plan, which projects, within 20 years, an investment of NT\$21.7 billion in development, the attraction of more than NT\$14 billion in capital from at home and abroad, the production of NT\$42.4 billion in economic effect, and the stimulation of a biomedical production value of over NT\$500 billion in Taiwan.

The Hsin Chu Biomedical Park will be located in an industrial zone at the Jubei station of the High-Speed Railway. According to the development schedule, the National Taiwan University Medical School will establish a preparatory office this March and a private development company will be set up in October with a target of August 2006 for the beginning of operations and the provision of more than 10,000 high-level jobs. The park will include a medical center which covers a hospital with 500 beds and a cancer center, a national research center; a clinical experimentation ward, and an area for biotechnology industries. Its total area will cover 38.3 hectares. The goal of the park is to be developed into an Asian medical education and research center.

Before the "IPR e-Network Paperless Project" aimed at meeting the WTO requirement that member countries complete intellectual property rights (IPR) e-service systems and basic service platforms by 2005. The main points and expected results of the project are briefly described below:

1. A common platform will be used to promote online IPR applications. A single window encompassing all related agencies will bring convenience to the public and upgrade the performance of government re-engineering; in addition, it will save government funds and shorten application time. The ratio of online applications is projected to reach 80% in 2007.
2. Administrative procedures and forms will be simplified, and 24-hour online services will be provided.
3. An IPR knowledge databank will be built up for the retrieval of information by the public.
4. Domestic companies will be assisted in avoiding IPR infringement and copying disputes.
5. An Internet link with the World Intellectual Property Organization (WIPO) will help to protect Taiwan's own intellectual property rights.

After a dozen years of effort, the European Union finally announced the establishment of the European Economic and Trade Office in Taiwan on Mar. 10. The Taipei-based office, which is headed by senior official Brian McDonald, is the EU's first permanent representation in Taiwan and is the result of an EU strategy to strengthen its presence in Asia. Chris Patten, who is in charge of external affairs for the EU, stated that the establishment of the new office reflects the

stable development of business relations between the EU and Taiwan, and that the flow of trade and investment between the two sides has made Taiwan an important economic partner for Europe.

Faraway conflicts in Gulf, the Carrier increase the rate because of re-route via China, but the short result, all cargo market prices back to normal during the end of Mar. 2003.

2<sup>nd</sup> week of May, Taiwan's health department reported another 22 probable and suspect cases, taking the island's infections to 360, third highest after China and Hong Kong. The death toll remains at 13. China Airlines ask if the government possible to consider Cargo open Charter traffic right between Taiwan and China. The result will help for the Cancel passenger flight, cause of the cargo space shortage and not only take longer time on transit Airport to Airport. But increasing of transportation cost 13% against Apr. 2003. .

According to the past record 70% of cargo are depended on the Passenger Flight to China via Hong Kong and Macau. The authorities according to the direction from President Chen started to evaluation of open policy. The Carrier already prepared for this new operation subject to the approval from Taiwan and China government.

The Air Cargo traffic is decreasing to almost destination worldwide against last year and supply over demand except Hong Kong route.

Our record stated this period with major partner as follows:-

Japan:	-20.67%
USA:	+16.70%
UK:	-52.13%
HKG:	+45.49%
Germany:	-34.42%
Thai:	-48.49%
Malaysia:	+176.93%
SIN:	+21.69%
Canada:	-48.74%

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Total weight: -6.34% (2003: 340,922 kgs / 2002: 364,013 kgs)

Taiwan initiated its SARS prevention measures very early, so that local transmission has been very limited, and effectively controlled. Moreover, there have been no SARS deaths in Taiwan and no cases of Taiwanese people spreading the disease abroad. After the first suspected case appeared on March 14, 2003, Taiwan immediately took the initiative to report it to the World Health Organization (WHO) and its office for the West Pacific region. As of April 16, there have been 27 possible cases, of which only three may be attributed to local transmission. These have not yet caused any death or a spread of the disease through local communities. Through the comprehensive efforts of our government agencies and medical organizations, SARS has been effectively contained in Taiwan.

Due to these efforts, the WHO removed Taiwan from its list of areas hit hardest by SARS on April 12. Taiwan is now listed together with the U.S. and the U.K. as an "area with limited local transmission and no evidence of international spread since March 15, and no transmission other than close person-to-person contact." Taiwan's present status is thus

different from that of areas like Toronto, Singapore, Hanoi, Mainland China (Canton, Beijing and Shanxi), and Hong Kong, where widespread transmission has occurred. The business very slow during the SARs period.

WTO recorded that Taiwan's export value in 2002 is put at US\$130.3 billion, an increase of 6% over the previous year. Taiwan accounted for 2% of all exports worldwide last year, ranking 14th in the world and fifth in Asia, ahead of Singapore. The island's imports in 2002 amounted to US\$112.6 billion, a growth of 5% over 2001 and accounting for 1.7% of total global imports. This performance put Taiwan in 16th place among the importers of the world, and sixth in Asia. The report also predicts that Taiwan should be able to maintain its 2002 level of trade this year, but that the impact from the severe acute respiratory syndrome SARS

2003 06 25 - Reference with the report from PC home on line news, indicated that After experiencing one of their biggest-ever crises in April and May following the outbreaks of severe acute respiratory syndrome (SARS), Taiwan-based air carriers are expected to brace for a flood of passengers in the coming peak season in summer.

After the WHO removed Taiwan from its travel advisory list on June 17, many countries began to eliminate restrictions on travel by Taiwanese or to lift their advisories against traveling to Taiwan. For example, Turkey and Vietnam have resumed issuing visas to our citizens; the UK, Australia, Singapore, Israel, Germany, Finland, and Denmark have lifted travel advisories on Taiwan to their citizens. The market back to normal after subject announcement, Industry sources said that business turnovers of Taiwan-based airlines in June, July and August are expected to surge from their May performances, with outbound travel already showing signs of recovery.

For the moment, flights to destinations in Southeast Asia, such as Bali, as well as to Europe and the U.S., are becoming more popular, while passenger loads on flights bound for Hong Kong and Macau—which were seriously affected by SARS with over 50% of flights combined or canceled in April and May—almost increased in June.

China Airlines, Taiwan's largest air carrier, said its June passenger number is more than double its May figure, while EVA Airways Corp, the island's second largest air carrier, said its June passenger record is at least three times its May level.

Despite the re-emergence of travelers and tourists, many aviation firms still remain reserved about their profits on the grounds that ticket prices this summer are about 30% cheaper than last year's levels and passenger loads might also be 30% less than the past average, the industry sources said.

China Airlines estimated that its business turnover hit around NT\$4.03 billion in May, down 38.89% from year-earlier level of NT\$6.71 billion. CAL forecast that it might resume almost all normal flights in July, since its June operations have shown noticeable improvement.

EVA Airways announced its May business turnover at NT\$3.76 billion, down 25.35% from one year earlier. Its combined business volume for April and May dropped by NT\$1.7 billion from the same two-month period last year, while its projected June operation earnings might slide by NT\$1.5 billion from one year earlier.

### **(3) Free Port Project**

The Legislative Yuan's special meeting held on July 10th passed the Act for the Establishment and Management of Free Ports. Applications for the establishment of free ports will be accepted as early as the third quarter of this year. The advent of free ports is expected to greatly strengthen the global competitiveness of Taiwan's global logistics operations. Some of the main points of the new act are described below:

1. Free ports will be considered to be outside of Taiwan's customs area, and goods will be able to flow freely into a port, or between ports, for warehousing, transshipment, and value-added processing. Such goods will also be

- exempt from customs duties as well as commodity and business taxes, and will enjoy simplified customs administration and customs clearance procedures.
2. In addition to using normal visa (or visa-free) procedures for entering Taiwan, foreigners wishing to enter and exit free port zones may have their related enterprises within the ports apply on their behalf and then procure a visa upon arrival. The entry of personnel from Hong Kong, Macao, and mainland China can apply to enter the ports for business purposes in accordance with regulations governing relations between Taiwan and mainland China, with rules to be separately established.

According to a study carried out by the Chunghwa Institution for Economic Research on behalf of the Council for Economic Planning and Development, the establishment of free ports will lead to, between the years 2003 and 2007, create an annual average increase of more than NT\$120 billion in both exports and production value, and boost of over NT\$88 billion in imports. In addition, it will provide an approximate 170,000 new jobs.

Ericsson has followed the example of other major multinationals, including Hewlett Packard, Intel, Dell, Microsoft, IBM, and Sony. Following announcements by SAMAG of Switzerland and Applied Materials and Intel of the U.S. during this year that they would set up international logistics and distribution centers in Taiwan, Hitachi Asia, Fujitsu Microelectronics Asia, and Bayer (Southeast Asia), all based in Singapore, and IBM of the U.S., have also revealed similar plans for the island.

The plans include Hitachi's logistics and distribution center for computer parts and TFT-LCD panels, Fujitsu's logistics and distribution center for computer parts, and Bayer's logistics and distribution center for chemical and pharmaceutical products as well as agricultural chemicals.

Heavy Backlog on Air cargo especially on traffic between Taiwan to Europe during the Month of Oct.2003. And Nov. because of space is transferred to China demand who agree to pay high rate. We believe the situation will be continuing practice like this in future.

In recent years, the government has been endeavoring to transform Taiwan into a mature democracy, as well as an internal and liberal economy. At the same time, it has actively improved the national standard of living with a view to turning Taiwan into a modern developed country before the end of the 20th century. During such transitional period, the IDB has implemented the following measures to upgrade industrial capability and to cope with changes in the external environment resulting from a more liberal economy, higher environmental awareness, and enhancing employment relations. In order to secure the competitiveness of Taiwan's industries in international markets, the IDB will, in accordance with the "Challenge 2008 - National Development Plan" formulated by the Council for Economic Planning and Development, coordinate with the private sector to promote emerging key industries. By establishing exemplary industries, such as the semiconductor industry, visual display industry, digital content industry and biotechnology industry, to serve as the locomotive for the development of associated industries, the IDB intends to make Taiwan as the R&D, manufacturing and operation center for these industries in the world. By promoting the R&D service industry, information application industry, distribution service industry and the care-taking service industry, IDB aims to industrialize R&D activities, increase the added value of the information service industry, and enhance the competitiveness of the distribution industry. In addition, the government will promote the development of the green industry in order to safeguard the environment in Taiwan.

2003 was a stellar year for Taiwan's foreign trade, with total trade for the year reaching US\$271.5 billion, an 11.7% increase year-on-year. Exports grew by 10.4% to US\$144.24 billion for the year, helped along to a large extent by the huge success of trade missions that crisscrossed the world looking for new export opportunities under the Ministry of Economic Affairs (MOEA) flagship plan for expanding exports. With the global economy looking to continue to improve this year and Taiwan's foreign trade expected to see more remarkable growth, the Bureau of Foreign Trade (BOFT) will be looking to continue to help local firms make inroads into overseas markets under the MOEA's flagship plan. The Latin America trade mission – the first such mission of the year under this plan – is scheduled to visit Mexico, Colombia, Peru, and Argentina between March 20<sup>th</sup> and April 4<sup>th</sup> to explore export opportunities.

The trade mission's first stop – Mexico – has a population of over 100 million people, is a member of NAFTA, and has signed 32 free trade agreements with countries all around the world. In 2002 Mexico's foreign trade was valued at US\$337.3 billion, making it the 12<sup>th</sup> largest trading nation in the world. The fact that during 2002, bilateral trade with Taiwan accounted for a mere 0.3% of Mexico's total foreign trade, suggests that there is ample room for increasing bilateral trade. That Taiwanese exports to Mexico in 2003 fell 5.8% over previous year levels to just US\$887 million underlies the need to develop that market. For even with decreased exports, Mexico continued to be the largest importer of Taiwanese goods and services in the Latin American region. Colombia has a population of 44 million and is the fourth largest market for Taiwanese exports in the region after Mexico, Brazil and Chile. In 2003 exports to Colombia were valued at US\$128 million, a 2.6% increase over the previous year. Peru has a population of 27 million and is Taiwan's seventh largest export market in the Latin American region. In 2003, exports to Peru came in at US\$115.52 million, a 13.7% increase over 2002 levels.

Argentina has a population of 36 million and is the sixth largest market for Taiwanese goods and services in the area. In 2003 exports to Argentina grew by 154.2% to reach US\$115.75 million.

The ROC's Ninth Economic Development Plan of the mid-1980s endorsed the policies of economic liberalization, globalization and uniformity. Since this time, all branches of the government have been working to implement measures for the realization of such policies.

#### **(4) The Main Measure**

The main measures adopted by the government and the results achieved thus far are as follows:

##### **I. Promoting trade liberalization, reducing tariffs and opening markets**

**1. Removal of import restrictions:** Since 1986, the government has worked to simplify import/export procedures and relax restrictions and licensing regulations on the import/export of all categories of goods. Furthermore, in accordance with the Foreign Trade Law, the government adopted a negative list in the administration of goods import/export in July 1994. As of April 20, 2000, only 2.45% of the 10,241 items listed under ten-digit HS codes were subject to controls and 1.5% was subject to restrictions. Importation of all other items has been fully liberalized. The government has also taken steps to ensure that licensing regulations are transparent and uniform, so as to comply with international guidelines.

**2. Tariff reductions:** In line with the spirit of trade liberalization, the ROC government has pursued tariff reductions over recent years. The nominal tariff on agricultural products fell from 12.7% in 1985 to 11.77% in 1999, while the tariff on industrial goods fell from 6.11% to 2.40% over the same period.

**3. Relaxing restrictions on trade with socialist countries and Mainland China:** Beginning in August 1988, the ROC gradually opened up its market to the indirect import of raw materials and semi-finished products from Mainland China. On July 1, 1996, a negative list for the import of industrial goods from Mainland China was adopted, and as of April 2000, a total of 5,678 agricultural and industrial items could be imported, amounting to 55.44% of all items covered by ten-digit HS codes.

##### **II. Actively promoting ROC participation in international organizations and activities**

**1. Applying for accession to the GATT/WTO:** In 1990, the ROC formally applied for accession to the GATT, and in September 1992, it was granted observer status. In January 1995, the ROC became an observer in the WTO. The ROC has conducted over 200 rounds of consultations relating to its accession with all 26 members that have requested such talks. All such bilateral consultations have been concluded, with only Hong Kong still remaining to sign an agreement.

**2. Participating in all APEC meetings and hosting a variety of seminars:** The ROC formally became a member of APEC in November 1991. It has participated actively in APEC Working Groups for Trade Promotion (WGTP), Committee for Trade and Investment (CTI), Senior Officials Meetings (SOM), annual Ministerial-level meetings, and working group meetings. In

addition to this, the ROC has hosted trade promotion organization meetings and seminars on credit guarantee systems. The ROC is currently continuing to promote trade and investment liberalization and facilitation under the APEC framework, and working to draft action plans and improve coordination between related agencies.

3. ROC participation in OECD related seminars demonstrates its strong desire to play an active role in the activities of international organizations and to obtain feedback from the international community.

### **III. Strengthening bilateral economic and trade relations**

In response to the formation of regional economic blocs and the liberalization of international trade, the ROC has focused on regional economic factors and market characteristics when working to promote bilateral economic and trade relations. A number of different working plans have been drafted as a result, including the action Plan for Improvement of Trade Deficit with Japan? action Plan for Strengthening Promotion in Korea? guidelines for Strengthening Trade with North America? guidelines for Strengthening Trade with ASEAN? guidelines for Strengthening Trade with Central and South American Trading Partners? policy for Strengthening Trade Cooperation with Central America? And action Plan for Strengthening Trade with Europe? In addition to this, the ROC holds annual trade consultations with the EU, the US, Canada, South Korea, Germany, the Netherlands, New Zealand and Australia, among others, to remove obstacles to trade and improve substantive bilateral economic and trade relations with each country.

### **IV. Assisting companies in increasing their international market competitiveness**

In the face of fierce competition from Mainland China and the countries of South East Asia, the Board of Foreign Trade of the ROC has been actively working to assist local companies in increasing their international market competitiveness through implementing a number of trade promotion measures. Such measures have included the initiation of the Product Image Improvement Plan? And improving training for trading personnel. Several other measures have been adopted in response to the new international trading environment and the challenges it poses. These measures are as follows:

1. Establishing an export promotion service unit: This unit has, in cooperation with all major business associations, arranged for informal discussions, seminars and explanatory tours to be held on export business opportunities and to provide answers to the problems faced by traditional exporters. The units has also held trade consultations with companies to introduce export opportunities in a more direct manner and has provided guidance to firms on a case-by-case basis.
2. Sending missions overseas to participate in trade exhibitions and promote trade expansion.
3. Promoting the "Worldwide Purchasing Center"? Plan and inviting foreign enterprises to purchase goods in the ROC.
4. Requesting that the Small and Medium Enterprise (SME) Credit Fund allocate NT\$30 billion in funding for loans to SMEs to enable them to develop their export businesses.
5. Expanding export insurance and export financing.
6. Assisting exporters in establishing sales offices and warehouses overseas.
7. Providing low interest financing for the export of machinery to the US.
8. Assisting firms in responding to the effects of Taiwan entry into the WTO and exploring the opportunities accession will present.
9. Assisting firms in responding to allegations from foreign countries of dumping and/or subsidization.
10. Assisting traditional industries in establishing e-commerce systems to effectively exploit the potential of the Internet in maximizing sales.

### **V. Promoting positive mutual relations across the Taiwan Strait**

Cross-strait economic and trade exchanges are built on the premise of the preservation of Taiwan security and economic competitiveness, and they serve to promote mutual trust and benefit, develop positive bilateral relations and create win-win situations. Relations are currently still based on the principle of unification through mutually benefit



exchange, and cross-strait trade therefore continues to be limited to indirect trade. Regulations governing the indirect export of ROC goods to Mainland China are identical to those governing exports to other countries and regions. Imports from Mainland China to the ROC are permitted providing they are not counter to national security interests and will not have any adverse effects on related industries. According to the latest survey report issued by the Intelligent Community Forum (ICF) of the World Teleport Association (WTA), Taipei's implementation of its Cyber City Plan in 1998 and its efforts toward the establishment of e-government, e-communities, and e-schools have transformed it from a "high-tech industrial city" into a "high-touch city of the digital future" and resulted in its inclusion among the world's

## **(5) New Go South Policy**

### **Introduction to the New Go-South Policy**

#### **1. Objectives**

- (1) To help Taiwanese businesses to diversify risks caused by focusing exclusively on "going west," allocate resources globally, and create an international environment more conducive to the division of labor.**
- (2) To speed up integration with Southeast Asian economies, enhance and sustain substantive economic and trade relations with Southeast Asia, and avoid being marginalized.**
- (3) To enact effect package measures on trade and investment with certain target countries and to promote the signing of FTAs with ASEAN countries, thereby creating a win-win situation for all parties.**

#### **2. New measures**

**"The Package Measures and Detailed Plans to Enhance Trade and Investment in Southeast Asia" are for the purpose of responding to recent changes in the international situation and to promote the objectives of the new go-south policy, and they include the following primary tasks:**

- (1) Strengthening financial support systems for Taiwanese investment in Southeast Asia;**
- (2) Providing services to Taiwanese business people who are investing in Southeast Asia that facilitate management and investment;**
- (3) Establishing a general entry point on the Internet for Southeast Asian trade and investment, in order to assist business people evaluate the benefits and risks of investing in Southeast Asia;**
- (4) Promoting investment in Southeast Asia by niche industries;**
- (5) Assisting businesses to seek opportunities under the WTO framework;**
- (6) Strengthen regional integration by promoting the signing of free trade agreements with Southeast Asian countries.**

### **2003 Taiwan Trade Mission**

#### **(Middle East)**

**The deputy Minister of Economic Affairs, Mr. Steve Ruey-long Chen, led a 33-company "2003 Taiwan Trade Mission to Middle east" to visit Egypt (Cairo), Jordan (Amman) and Saudi Arabia (Jeddah and Riyadh) from September 18 to October 3. During this time, Mr. Chen met with high-ranking government officials and business leaders in the three countries' commerce ministries and chambers of commerce.**

### **2003 Taiwan Trade Mission**

#### **(South Asia)**

Taiwan's vice Minister of Economic Affairs, Dr. Shih Yen-shiang, led the "2003 Taiwan Trade Mission to South Asia" to visit Bangladesh (Dhaka, Chittagong) and India (Bombay, New Delhi) from October 21 to November 2. During this time, Mr. Shih delivered a lecture titled "Taiwan's Industrial Development and Business Opportunities" at the "Third Joint Meeting of the Bangladesh-Taiwan Business Council" and the "Ninth Joint Meeting of the India-Taiwan Business Council" respectively. In order to enhance relations with Bangladesh, Dr. Shih met with Mr. Mahmudur Rahman, Executive Chairman of the Board of Investment, and Mr. Amir Khasru Mahmud Chowdhury, Minister of Commerce. In India, Mr. Shih called on Pro' Ramamurthy V.S., Vice Minister of Science and Technology, and other high-ranking government officials.

#### **Taiwan Trade Mission to Australia and New Zealand**

Vice Minister Chii-Ming Yiin led a trade mission to Australia and New Zealand from July 27 to August 6, 2003. During this time, the trade mission visited Sydney and Melbourne in Australia and Auckland in New Zealand.

The trade mission held two trade talks in Sydney and Melbourne on July 29 and 31 respectively. These talks attracted over 400 buyers, and the business deals set up on the spot amounted to USD 0.8 million, with expected follow-up deals reaching over USD 600 million. The main products items were in the areas of computer equipment and parts, goods for construction and hardware, gifts and stationery.

Because of the advanced development of Australia's information technology and biotechnology sectors, Vice Minister Yiin hosted four industrial round table meetings in Sydney and Melbourne that covered the electronic appliance, information security, computer, and biotechnology industries. Taiwan's participants in the round table meetings included Dr. Ta-yang Hwang (Director, Office of Committee for Information Industry, Ministry of Economic Affairs), Dr. Bor-Fuei Hwang (Director, Development Center for Biotechnology), Dr. Zhor-Ying Kuo (Director, Biomedical Engineering Center, Industrial Technology Research Institute), Mr. Ruey-Ming Yang (Managing Director, Formosoft International Inc.), Mr. Trei-Sheng Yei (Managing Director, U-Tech Media Corporation), Mr. William Wang (Managing Director, TECO Australia Pty. Ltd.), Mr. Justin Fan (Manager, TECO Australia Pty. Ltd.), Mr. Paul Wang (Director, First Bilateral Trade Division, Bureau of Foreign Trade), and Mr. James Chu (Director, Economic Division, Taipei Economic and Cultural Office, Canberra). Australian participants included Mr. Bruce Thompson (Chairman, Electronics Industry Action Agenda Implementation Group), members of the Australian Electrical and Electronic Manufacturers' Association, Mr. Chris Joscelyne (Chairman, Australian IT Security Forum), Mr. Matthew Viney (Parliamentary Secretary, Innovation and Industry, Legislative Council of Victoria), Dr. Amanda Caples (Director, Biotechnology, Department of Innovation, Industry and Regional Development), and representatives from other biotechnology companies and research centers. These four industrial round table meetings functioned successfully to establish bilateral communication and exchange between Taiwan's and Australia's industrial and research sectors.

In Auckland, New Zealand, the trade mission's trade talk on August 4 attracted over 150 buyers. Follow-up business deals are expected to total approximately USD 1.95 million.

#### **(6) Foreign Trade**

2003 was a stellar year for Taiwan's foreign trade, with total trade for the year reaching US\$271.5 billion, an 11.7% increase year-on-year. Exports grew by 10.4% to US\$144.24 billion for the year, helped along to a large extent by the huge success of trade missions that crisscrossed the world looking for new export opportunities under the Ministry of Economic Affairs (MOEA) flagship plan for expanding exports. With the global economy looking to continue to improve this year and Taiwan's foreign trade expected to see more remarkable growth, the Bureau of Foreign Trade (BOFT) will be looking to continue to help local firms make inroads into overseas markets under the MOEA's flagship plan. The Latin America trade mission – the first such mission of the year under this plan – is scheduled to visit Mexico, Colombia, Peru, and Argentina between March 20<sup>th</sup> and April 4<sup>th</sup> to explore export opportunities.

The trade mission's first stop – Mexico – has a population of over 100 million people, is a member of NAFTA, and has signed 32 free trade agreements with countries all around the world. In 2002 Mexico's foreign trade was valued at US\$337.3 billion, making it the 12<sup>th</sup> largest trading nation in the world. The fact that during 2002, bilateral trade with Taiwan accounted for a mere 0.3% of Mexico's total foreign trade, suggests that there is ample room for increasing bilateral trade. That Taiwanese exports to Mexico in 2003 fell 5.8% over previous year levels to just US\$887 million underlies the need to develop that market. For even with decreased exports, Mexico continued to be the largest importer of Taiwanese goods and services in the Latin American region. Colombia has a population of 44 million and is the fourth largest market for Taiwanese exports in the region after Mexico, Brazil and Chile. In 2003 exports to Colombia were valued at US\$128 million, a 2.6% increase over the previous year. Peru has a population of 27 million and is Taiwan's seventh largest export market in the Latin American region. In 2003, exports to Peru came in at US\$115.52 million, a 13.7% increase over 2002 levels.

Argentina has a population of 36 million and is the sixth largest market for Taiwanese goods and services in the area. In 2003 exports to Argentina grew by 154.2% to reach US\$115.75 million.

The BOFT will arrange for members of the trade mission to meet with members of the business communities of the countries visited to discuss trade opportunities. We will also arrange for the trade mission to call on major trade associations and visit with influential manufacturers in the four Latin American countries in order to improve bilateral trade and cooperation.

**(7) Top Seven Intelligent Communities of 2003 (see Table 1).**

The report points out that this is the first time Taipei has made the "intelligent community" ranking. The other six cities in the group for 2003 are Glasgow, Scotland, UK; Spokane, Washington, USA; Sunderland, UK; Victoria, Australia; Western Valley, Nova Scotia, Canada; and Yokosuka, Japan. This was the fifth year in a row that the ICF has announced the Intelligent Community rankings. The rankings are determined according to five indicators: broadband infrastructure, knowledge workforce, overcoming the Digital Divide, access to risk capital, and economic development marketing. For more related information, please visit this website: <http://www.intelligentcommunity.org/html/TopSeven.html>.

**Table 1 Top Seven Intelligent Communities, 2001-2003**

2001	2002	2003
Bario , Malaysia	Bangalore , India	Glasgow , Scotland , UK
Ennis , Ireland	Calgary , Alberta , Canada	Spokane , Washington , USA
LaGrange , Georgia , USA	Florida High Tech Corridor Council , USA	Sunderland , UK
Nevada , Missouri , USA	LaGrange , Georgia , USA	Taipei , Taiwan
New York , New York , USA	Seoul , South Korea	Victoria , Australia
Singapore	Singapore	Western Valley , Nova Scotia , Canada
Sunderland , UK	Sunderland , UK	Yokosuka , Japan

Source: Intelligent Community Forum

**(8 ) Air freight Forwarder and Customs Broker are Small & Medium Enterprise & Environment**

**1. Small and Medium Enterprises in Taiwan,**

2003 is presented in three parts, with the first part comprising of five chapters dealing with the environment for SMEs and their overall performance. The second part covers the many developmental issues currently being faced by SMEs in

Taiwan, comprising of three chapters covering job creation by venture philanthropy SMEs, the strategy for SME development as outlined in the Challenge 2008 National Development Plan, and the relationship between SME development and human resources in the era of e-commerce. The final part comprises of two chapters on guidance policy and special programs for SMEs provided by the government. Air Forwarders are belong with details of the international activities engaged in by the government on behalf of SMEs. A summary of these chapters is presented below.

## **2. Macroeconomic Environment**

Following the onset of the global economic downturn in 2001, the governments of countries all over the world began to adopt expansionary fiscal and monetary policies which led to a temporary improvement in early 2002. However, the global economy was still suffering from excess capacity and as a result, business confidence failed to recover. In addition, there were constant upheavals in the international financial markets with several Latin American nations suffering serious debt problems, whilst Japan's banking system was groaning under a heavy burden of bad debts. Consequently, the global economy was unable to achieve any genuine recovery in 2002, and unemployment has, as a result, become a serious problem all over the world.

The Taiwanese economy had been in recession in 2001, but quickly recovered to regain growth of 3.54 per cent in 2002 due to the powerful upsurge in foreign trade which produced a trade surplus of US\$18.1 billion in 2002, the highest since 1988. This surplus stemmed mainly from trade with mainland China, thus reflecting the growing dependence on mainland China by the Taiwanese economy. Having become a member of the WTO in January 2002 Taiwan is now obliged to open up its domestic market and further reduce its tariff rates, thus

Making the business environment ever more competitive. Both the war in Iraq and the SARS epidemic which struck during the second quarter of 2003 had severe impacts on the Taiwan economy, although growth resumed shortly afterwards. Furthermore, with the continuing upturn in the global economy, significant stimulus should now be provided to private sector investment as a result of the government's implementation of the Challenge 2008 National Development Plan, and the execution of the high speed railway project and other major public construction projects. Taiwan's economy is therefore expected to grow at a rate of around 3 per cent in 2003.

## **3. SME Development**

In 2002, Taiwan achieved an economic growth rate of 3.54 percent, with the operational performance of both large and small enterprises reflecting this upturn in the economic situation. There were a total of 1,104,706 SMEs in Taiwan in 2002, 26,544 more than in 2001, representing a growth rate of 2.5 per cent; SMEs continue to account for 97.7 per cent of all enterprises. Approximately 40 per cent of SMEs had been in existence for ten years or more in 2002 (the figure for 2001 Summary xv was around 43 per cent) and the number of new SMEs (that in existence had fallen by 3.6 per cent as compared to a fall of 2.0 per cent in 2001. There were 9,454,000 persons employed by all enterprises in 2002, with 7,361,000 of these being employed by SMEs, representing a 1.0 per cent increase on 2001. Total sales for SMEs grew by 9.6 per cent in 2002, as compared to the 3.7 per cent growth achieved by large enterprises. As a result, SMEs' share of total sales rose from 28.4 per cent in 2001, to 29.5 per cent in 2002. Domestic sales rose by 10.9 per cent for SMEs but fell by 0.2 per cent for large enterprises, thus lifting the SMEs' share of total domestic sales from 31.1 per cent in 2001 to 33.4 per cent in 2002. However, it was large enterprises that performed better in export sales with a 13.2 per cent increase, as compared to the 3.9 per cent for SMEs. As a result, SMEs' share of total exports fell from 20.7 per cent in 2001, to 19.3 per cent in 2002. SMEs in the commercial sector continued to rank top in terms of the number of enterprises, domestic sales and direct exports, enjoying positive growth in all performance indicators. SMEs in the manufacturing sector had negative growth in the number of enterprises, but positive growth in every other indicator. In the manufacturing sector 71.2 per cent of

enterprises reported that their overseas operations accounted for less than 50 per cent of total operating revenue, leaving only 28.8 per cent with overseas operations accounting for 50 per cent or more. The smaller the enterprise, the more likely it was to be oriented towards overseas operations.

The various economic forecasting institutions all anticipate that the global economy will start to recover in 2003, with the prospects for economic growth in mainland China being good. Under these circumstances, Taiwan is to achieve an economic growth rate of around 3% in 2003, and it is therefore necessary to examine how Taiwan's SMEs should respond to the changes in the domestic and international environment

## 2. Economics & Market

In January 2004 Taiwan's business indicators showed continued improvement on the financial side of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.5% and 0.7%, respectively. The monitoring indicators continued to flash "yellow-red" for the second time in four years, after flashing "green" for the previous five consecutive months. With global economy and trade remaining on the up side, and both domestic and foreign demand encouragingly buoyant, the outlook for the economy has become significantly brighter.

### (1) Industrial Production

Monthly break down available at: <http://www.cepd.gov.tw/analysis/BCINews.htm?CFID=11510&CFTOKEN=16679021>

<b>Annual Change in Industrial Production Index (%)</b>		<b>5.48</b>
<b>Annual Change in Manufacturing Production Index (%)</b>		<b>5.42</b>
<b>Annual Change in Building Construction Production Index (%)</b>		<b>13.01</b>
<b>Exports</b>	<b>Amount (US\$ 100 Million)</b>	<b>1 442.4</b>
	<b>Annual Rate of Change (%)</b>	<b>10.4</b>
<b>Imports</b>	<b>Amount (US\$ 100 Million)</b>	<b>1 272.6</b>
	<b>Annual Rate of Change (%)</b>	<b>13.1</b>
<b>Balance</b>	<b>Amount (US\$ 100 Million)</b>	<b>169.8</b>
	<b>Annual Rate of Change (%)</b>	<b>-6.0</b>
<b>Export Orders Received</b>	<b>Amount (US\$ 100 Million)</b>	<b>1 700.3</b>
	<b>Annual Rate of Change (%)</b>	<b>12.64</b>
<b>Wholesale &amp; Retail Trade, Restaurants</b>	<b>Amount (NT\$ 100 Million)</b>	<b>81 025</b>
	<b>Annual Rate of Change (%)</b>	<b>3.56</b>
<b>Wholesale Trade</b>	<b>Amount (NT\$ 100 Million)</b>	<b>53 993</b>
	<b>Annual Rate of Change (%)</b>	<b>3.47</b>
<b>Retail Trade</b>	<b>Amount (NT\$ 100 Million)</b>	<b>24 620</b>
	<b>Annual Rate of Change (%)</b>	<b>4.14</b>
<b>Eating &amp; Drinking Places</b>	<b>Amount (NT\$ 100 Million)</b>	<b>2 411</b>
	<b>Annual Rate of Change (%)</b>	<b>-0.17</b>
<b>Price Annual Change in Consumer Price Index (%)</b>		<b>-0.28</b>

<b>Annual Change in Wholesale Price Index (%)</b>		<b>2.48</b>
<b>Unemployment Rate (%)</b>		<b>4.99</b>
<b>Annual Change in Manufacturing Labor Productivity Index (%)</b>		<b>3.11</b>
<b>Annual Change in Manufacturing Unit Labor Cost Index (%)</b>		<b>-0.78</b>
<b>Approved Overseas Chinese and Foreign Investment</b>	<b>Amount (US\$ 100 Million)</b>	<b>35.76</b>
	<b>Annual Rate of Change (%)</b>	<b>9.29</b>
<b>Approved Outward Investment</b>	<b>Amount (US\$ 100 Million)</b>	<b>39.69</b>
	<b>Annual Rate of Change (%)</b>	<b>17.76</b>
<b>Approved Indirect Mainland Investment</b>	<b>Amount (US\$ 100 Million)</b>	<b>45.95</b>
	<b>Annual Rate of Change (%)</b>	<b>19.08</b>
<b>Economic Growth Rate (%)</b>		<b>3.15</b>
<b>Annual Change in Private Consumption Expenditure (%)</b>		<b>0.82</b>
<b>Annual Change in Government Consumption Expenditure (%)</b>		<b>0.65</b>
<b>Annual Change in Private Sector Investment (%)</b>		<b>-3.04</b>
<b>Annual Change in Public Enterprises Investment (%)</b>		<b>-6.16</b>
<b>Annual Change in General Government Investment (%)</b>		<b>-0.66</b>

#### Consumption Expenditure

			GNP	GDP	= Private Consumption Expenditure	+ Government Consumption Expenditure	+ Gross Fixed Capital Formation	+ Increase in Stocks
<b>2003</b>		<b>p</b>	<b>101 814</b>	<b>98 476</b>	<b>61 866</b>	<b>12 614</b>	<b>17 244</b>	<b>- 346</b>
	<b>Q1</b>		<b>25 937</b>	<b>24 797</b>	<b>16 407</b>	<b>3 312</b>	<b>3 755</b>	<b>- 256</b>
	<b>Q2</b>		<b>23 593</b>	<b>22 759</b>	<b>14 021</b>	<b>2 825</b>	<b>3 934</b>	<b>244</b>
	<b>Q3</b>		<b>25 759</b>	<b>25 182</b>	<b>16 189</b>	<b>3 180</b>	<b>4 153</b>	<b>- 192</b>
	<b>Q4</b>	<b>p</b>	<b>26 526</b>	<b>25 737</b>	<b>15 249</b>	<b>3 297</b>	<b>5 403</b>	<b>- 142</b>
<b>2004</b>		<b>f</b>	<b>105 881</b>	<b>102 570</b>	<b>63 926</b>	<b>12 746</b>	<b>19 255</b>	<b>97</b>
	<b>Q1</b>	<b>f</b>	<b>26 933</b>	<b>25 802</b>	<b>16 942</b>	<b>3 388</b>	<b>4 090</b>	<b>- 250</b>
	<b>Q2</b>	<b>f</b>	<b>24 464</b>	<b>23 656</b>	<b>14 573</b>	<b>2 862</b>	<b>4 414</b>	<b>131</b>
	<b>Q3</b>	<b>f</b>	<b>26 813</b>	<b>26 246</b>	<b>16 726</b>	<b>3 192</b>	<b>4 683</b>	<b>78</b>

	Q4	f	27 672	26 866	15 685	3 304	6 067	138
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<b>B-1 Foreign Trade</b>									
Unit: US\$ Million									
			Foreign Trade			Annual Rate of Change		Export Orders Received	Annual Changes%
			Exports	Imports	Balance	Exports (%)	Imports (%)		
<b>2002</b>			<b>130 597</b>	<b>112 530</b>	<b>18 067</b>	<b>6.3</b>	<b>4.9</b>	<b>150 952</b>	<b>11.2</b>
<b>2003</b>			<b>144 180</b>	<b>127 249</b>	<b>16 931</b>	<b>10.4</b>	<b>13.1</b>	<b>170 028</b>	<b>12.6</b>
	Feb.		<b>9 825</b>	<b>8 408</b>	<b>1 417</b>	<b>22.2</b>	<b>28.9</b>	<b>11 166</b>	<b>9.9</b>
	Mar.		<b>12 613</b>	<b>10 915</b>	<b>1 697</b>	<b>10.2</b>	<b>7.4</b>	<b>13 489</b>	<b>6.1</b>
	Apr.		<b>11 457</b>	<b>10 426</b>	<b>1 031</b>	<b>5.5</b>	<b>7.0</b>	<b>13 503</b>	<b>4.6</b>
	May		<b>11 260</b>	<b>9 510</b>	<b>1 750</b>	<b>2.0</b>	<b>0.8</b>	<b>13 706</b>	<b>4.3</b>
	June		<b>11 596</b>	<b>10 297</b>	<b>1 300</b>	<b>3.3</b>	<b>7.1</b>	<b>13 829</b>	<b>11.7</b>
	July		<b>11 629</b>	<b>10 366</b>	<b>1 263</b>	<b>4.4</b>	<b>-2.6</b>	<b>14 501</b>	<b>14.8</b>
	Aug.		<b>12 290</b>	<b>10 396</b>	<b>1 895</b>	<b>12.9</b>	<b>14.2</b>	<b>14 386</b>	<b>10.7</b>
	Sep.		<b>12 548</b>	<b>10 978</b>	<b>1 569</b>	<b>11.5</b>	<b>4.1</b>	<b>15 398</b>	<b>20.4</b>
	Oct.		<b>13 091</b>	<b>10 892</b>	<b>2 199</b>	<b>14.0</b>	<b>6.9</b>	<b>16 138</b>	<b>19.9</b>
	Nov.		<b>13 796</b>	<b>12 381</b>	<b>1 414</b>	<b>15.9</b>	<b>32.5</b>	<b>15 180</b>	<b>13.1</b>
	Dec.		<b>14 015</b>	<b>13 187</b>	<b>828</b>	<b>20.5</b>	<b>33.4</b>	<b>15 715</b>	<b>20.5</b>
<b>Cumulative Change from the Same Period of Last Year (%)</b>			<b>21.3</b>	<b>17.7</b>	<b>63.6</b>	<b>--</b>	<b>--</b>	<b>7.05</b>	<b>--</b>

<b>B-3 Import by Key Trading Partners</b>							
Unit: US\$ 100 Million							
	1998	1999	2000	2001	2002	2003	2004
							(1-2)
<b>Total</b>	<b>1 046.7</b>	<b>1 106.9</b>	<b>1 400.1</b>	<b>1 072.4</b>	<b>1 125.3</b>	<b>1 272.5</b>	<b>237.3</b>
<b>NAFTA</b>	<b>210.7</b>	<b>213.1</b>	<b>269.6</b>	<b>196.4</b>	<b>194.0</b>	<b>182.3</b>	<b>33.4</b>
<b>U.S.A.</b>	<b>196.8</b>	<b>196.9</b>	<b>251.3</b>	<b>182.3</b>	<b>180.9</b>	<b>168.2</b>	<b>31.0</b>
<b>Canada</b>	<b>11.6</b>	<b>11.2</b>	<b>12.8</b>	<b>10.0</b>	<b>9.5</b>	<b>10.8</b>	<b>1.7</b>
<b>Mexico</b>	<b>2.3</b>	<b>4.9</b>	<b>5.5</b>	<b>4.2</b>	<b>3.6</b>	<b>3.3</b>	<b>0.7</b>

<b>Asia</b>	<b>529.0</b>	<b>606.0</b>	<b>784.8</b>	<b>586.5</b>	<b>640.8</b>	<b>741.1</b>	<b>139.1</b>
<b>Japan</b>	<b>270.0</b>	<b>305.9</b>	<b>385.6</b>	<b>258.5</b>	<b>272.8</b>	<b>326.4</b>	<b>62.5</b>
<b>H.K.</b>	<b>19.5</b>	<b>20.9</b>	<b>21.9</b>	<b>18.5</b>	<b>17.4</b>	<b>17.3</b>	<b>3.1</b>
<b>Korea</b>	<b>56.7</b>	<b>71.9</b>	<b>89.9</b>	<b>67.1</b>	<b>77.1</b>	<b>86.9</b>	<b>16.5</b>
<b>Vietnam</b>	<b>3.4</b>	<b>3.9</b>	<b>4.7</b>	<b>4.2</b>	<b>4.5</b>	<b>4.5</b>	<b>0.8</b>
<b>ASEAN</b>	<b>122.1</b>	<b>140.4</b>	<b>197.2</b>	<b>155.4</b>	<b>161.1</b>	<b>169.8</b>	<b>30.0</b>
<b>Singapore</b>	<b>27.0</b>	<b>33.1</b>	<b>50.1</b>	<b>33.7</b>	<b>35.4</b>	<b>38.6</b>	<b>6.8</b>
<b>Thailand</b>	<b>19.7</b>	<b>23.8</b>	<b>27.7</b>	<b>21.8</b>	<b>21.7</b>	<b>23.6</b>	<b>4.3</b>
<b>Malaysia</b>	<b>36.2</b>	<b>38.8</b>	<b>53.3</b>	<b>42.1</b>	<b>41.5</b>	<b>47.5</b>	<b>8.4</b>
<b>Indonesia</b>	<b>21.0</b>	<b>22.9</b>	<b>30.2</b>	<b>25.2</b>	<b>25.9</b>	<b>29.2</b>	<b>5.7</b>
<b>Philippines</b>	<b>18.2</b>	<b>21.7</b>	<b>35.9</b>	<b>32.5</b>	<b>36.5</b>	<b>30.8</b>	<b>5.0</b>
<b>Europe</b>	<b>205.9</b>	<b>175.8</b>	<b>190.1</b>	<b>149.9</b>	<b>146.4</b>	<b>162.4</b>	<b>30.0</b>
<b>E.U.</b>	<b>176.3</b>	<b>144.2</b>	<b>154.8</b>	<b>128.3</b>	<b>120.0</b>	<b>131.0</b>	<b>23.9</b>
<b>Germany</b>	<b>51.5</b>	<b>53.1</b>	<b>55.4</b>	<b>42.5</b>	<b>44.2</b>	<b>49.6</b>	<b>8.5</b>
<b>U.K.</b>	<b>16.8</b>	<b>17.2</b>	<b>19.4</b>	<b>14.4</b>	<b>13.6</b>	<b>14.2</b>	<b>2.6</b>
<b>Netherlands</b>	<b>15.7</b>	<b>17.1</b>	<b>20.9</b>	<b>15.2</b>	<b>14.4</b>	<b>12.9</b>	<b>3.2</b>
<b>France</b>	<b>53.3</b>	<b>18.9</b>	<b>18.3</b>	<b>21.3</b>	<b>15.5</b>	<b>16.3</b>	<b>2.6</b>
<b>Italy</b>	<b>14.8</b>	<b>13.1</b>	<b>13.9</b>	<b>10.8</b>	<b>10.9</b>	<b>11.3</b>	<b>2.1</b>
<b>Belgium</b>	<b>5.7</b>	<b>5.2</b>	<b>5.5</b>	<b>5.1</b>	<b>4.8</b>	<b>4.8</b>	<b>0.9</b>
<b>Other EUR. Countries</b>	<b>29.5</b>	<b>31.6</b>	<b>35.3</b>	<b>21.6</b>	<b>26.4</b>	<b>31.4</b>	<b>6.1</b>
<b>New Zealand</b>	<b>3.5</b>	<b>3.6</b>	<b>3.8</b>	<b>3.5</b>	<b>3.4</b>	<b>3.8</b>	<b>0.6</b>
<b>Australia</b>	<b>29.1</b>	<b>29.6</b>	<b>35.0</b>	<b>30.8</b>	<b>28.3</b>	<b>27.3</b>	<b>5.2</b>
<b>Others</b>	<b>68.4</b>	<b>78.8</b>	<b>116.8</b>	<b>105.3</b>	<b>112.4</b>	<b>155.6</b>	<b>29.0</b>
<b>APEC</b>	<b>772.4</b>	<b>853.6</b>	<b>1 091.1</b>	<b>804.6</b>	<b>854.1</b>	<b>948.2</b>	<b>180.3</b>

### B-5 Import by Composition

	<b>Total Amount (US\$ Million)</b>	<b>Capital Goods</b>	<b>Agricultural &amp; Industrial Raw Materials</b>	<b>Consumer Goods</b>
<b>1995</b>	<b>103 550.0</b>	<b>16 872.0</b>	<b>74 560.5</b>	<b>12 117.5</b>
<b>1996</b>	<b>102 370.0</b>	<b>18 355.2</b>	<b>70 636.3</b>	<b>13 378.6</b>
<b>1997</b>	<b>114 424.7</b>	<b>21 734.8</b>	<b>77 131.5</b>	<b>15 558.3</b>



1998		104 665.3	24 301.0	66 772.5	13 591.9
1999		110 689.9	29 239.2	70 978.1	10 472.8
2000		140 010.6	39 256.2	89 778.1	10 976.3
2001		107 237.4	26 860.4	70 482.6	9 894.3
2002		112 530.1	25 921.5	76 173.7	10 434.9
2003	r	127 248.5	26 032.6	89 670.0	11 545.9
Sep.	r	10 978.5	2 076.3	7 894.9	1 007.3
Oct.	r	10 892.3	2 382.4	7 509.4	1 000.4
Nov.	r	12 381.0	2 732.7	8 591.9	1 056.5
Dec.	r	13 187.3	2 942.8	9 144.2	1 100.3

#### Import by Commodity

					Cumulative Change from the Same Period of Last Year (%)	
<b>Total</b>		<b>140 010.6</b>	<b>107 237.4</b>	<b>112 530.1</b>	<b>127 248.5</b>	<b>32.6</b>
<b>1. Vegetable Products</b>		<b>2 040.3</b>	<b>1 986.7</b>	<b>2 078.3</b>	<b>2 383.0</b>	<b>17.8</b>
<b>2. Prepared Foodstuffs; Beverages and Tobacco Products</b>		<b>2 120.3</b>	<b>2 052.2</b>	<b>2 006.9</b>	<b>2 234.2</b>	<b>13.4</b>
(1) Prepared Foodstuffs		915.6	904.4	946.3	1 003.7	15.1
<b>3. Minerals</b>		<b>14 094.0</b>	<b>12 763.6</b>	<b>12 617.8</b>	<b>16 332.1</b>	<b>21.4</b>
(1) Crude Petroleum		8 088.1	6 808.5	6 752.5	9 564.4	17.1
<b>4. Chemicals</b>		<b>13 085.1</b>	<b>10 231.9</b>	<b>11 340.2</b>	<b>13 494.7</b>	<b>36.8</b>
(1) Organic Chemicals		5 638.5	3 901.3	4 368.1	5 550.0	31.5
<b>5. Plastic and Articles Thereof</b>		<b>3 554.9</b>	<b>2 864.2</b>	<b>3 114.4</b>	<b>3 397.2</b>	<b>32.6</b>
(1) Plastics		1 943.8	1 507.0	1 527.3	1 526.7	18.3
<b>6. Wood, Articles of Wood and Allied Products</b>		<b>1 176.1</b>	<b>847.7</b>	<b>912.7</b>	<b>973.0</b>	<b>19.9</b>
(1) Lumber		486.2	338.7	362.4	382.3	10.1
<b>7. Pulp, Paper and Printing Products</b>		<b>2 168.4</b>	<b>1 786.9</b>	<b>1 708.7</b>	<b>1 924.9</b>	<b>15.0</b>
<b>8. Textile Products</b>		<b>2 896.9</b>	<b>2 358.6</b>	<b>2 470.1</b>	<b>2 399.9</b>	<b>9.4</b>
(1) Cotton		325.4	305.4	330.0	280.7	7.5
<b>9. Pearls, Precious Stones, Precious Metals; Imitation Jewellery; Coin</b>		<b>1 419.4</b>	<b>972.4</b>	<b>837.3</b>	<b>1 018.3</b>	<b>78.3</b>
(1) Gold		794.7	479.4	420.9	594.7	89.8
<b>10. Basic Metals and Articles Thereof</b>		<b>11 044.3</b>	<b>7 783.6</b>	<b>9 187.0</b>	<b>11 292.0</b>	<b>48.6</b>
(1) Iron & Steel and Articles Thereof		5 620.5	3 788.2	4 852.0	6 259.1	44.4
(2) Metal Products (Excluding Iron & Steel)		5 423.7	3 995.5	4 335.6	5 032.8	54.4

and Articles Thereof)

<b>11. Machineries and Electrical Equipments</b>	<b>66 033.5</b>	<b>47 549.3</b>	<b>50 115.4</b>	<b>52 933.2</b>	<b>26.7</b>
(1) Electronic Products	27 282.7	21 026.8	23 105.2	25 391.9	29.2
(2) Machineries	17 062.8	10 489.0	9 764.7	11 468.6	49.0
(3) Electrical Machinery Products	5 354.4	4 282.4	4 615.7	4 942.7	18.2
(4) Information & Communication Products	11 282.6	8 119.5	8 246.4	6 093.9	- 20.1
(5) Household Electrical Appliances	504.4	449.1	566.2	627.2	44.7
<b>12. Vehicles, Aircraft, Vessels and Associated Transport Equipment</b>	<b>4 704.8</b>	<b>4 237.9</b>	<b>3 469.5</b>	<b>3 886.8</b>	<b>46.2</b>
<b>13. Precision Instruments, Clocks and Watches, Musical Instruments</b>	<b>9 116.3</b>	<b>6 213.5</b>	<b>6 614.4</b>	<b>8 627.4</b>	<b>104.0</b>
<b>14. Others</b>	<b>6 556.3</b>	<b>5 589.4</b>	<b>6 057.2</b>	<b>6 352.2</b>	<b>21.2</b>

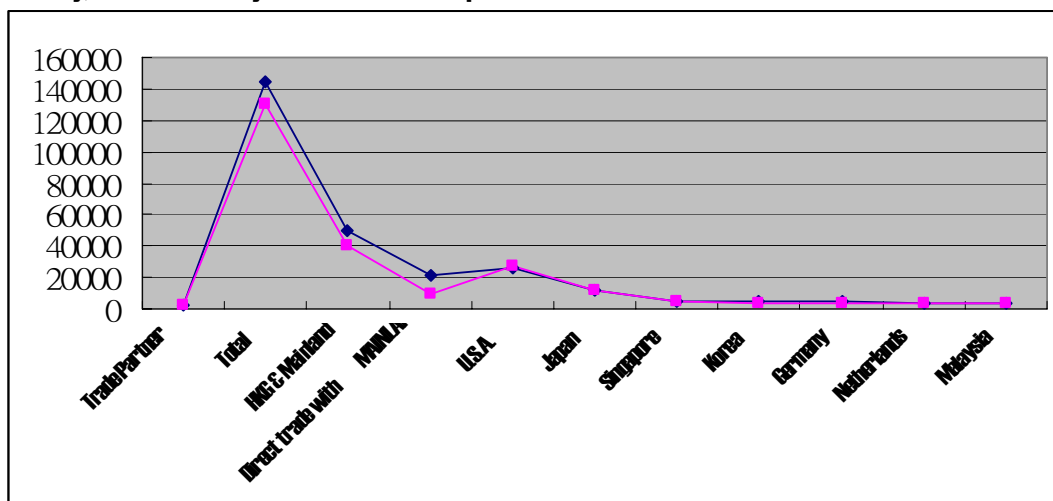
### 3. Trade Market Analysis

#### Major Trade Partner on export & Import

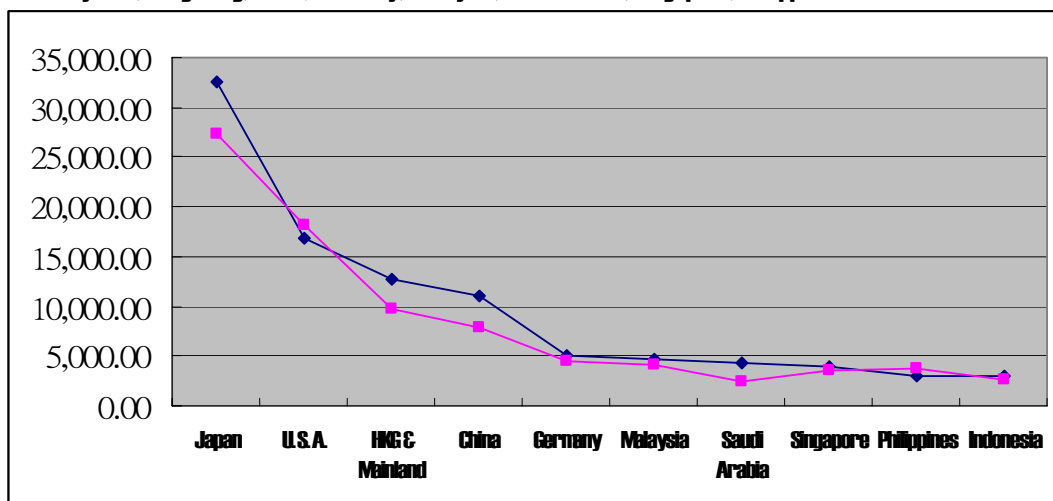
US Million Dollar	Export			Import		
Trade Partner	2003	2002	Annual Change Rate [%]	2003	2002	Annual Change Rate [%]
<b>Total</b>	<b>144,240.10</b>	<b>130,596.70</b>	<b>10.4</b>	<b>127,258.40</b>	<b>112,530.20</b>	<b>13.1</b>
<b>Hong Kong &amp; China</b>	<b>49799.2</b>	<b>40790.4</b>	<b>22.10</b>	<b>12687.3</b>	<b>9686.3</b>	<b>32</b>
Direct trade	21,435.20	9,945.00		10,962.00	7,947.70	
<b>MAINLAND</b>						
<b>U.S.A.</b>	<b>25,946.70</b>	<b>26,763.70</b>	<b>-3.1</b>	<b>16,820.10</b>	<b>18,094.30</b>	<b>-7</b>
<b>Japan</b>	<b>11,922.10</b>	<b>11,983.80</b>	<b>-0.5</b>	<b>32,635.90</b>	<b>27,277.30</b>	<b>19.6</b>
<b>Singapore</b>	<b>4,983.30</b>	<b>4,377.80</b>	<b>13.8</b>	<b>3,866.10</b>	<b>3,543.60</b>	<b>9.1</b>
<b>Korea</b>	<b>4,573.60</b>	<b>3,866.50</b>	<b>18.3</b>	<b>8,687.80</b>	<b>7,711.10</b>	<b>12.7</b>
<b>Germany</b>	<b>4,208.80</b>	<b>3,836.00</b>	<b>9.7</b>	<b>4,966.90</b>	<b>4,421.50</b>	<b>12.3</b>
<b>Netherlands</b>	<b>4,126.20</b>	<b>3,772.00</b>	<b>9.4</b>	<b>1,295.00</b>	<b>1,437.90</b>	<b>-9.9</b>
<b>Malaysia</b>	<b>3,046.50</b>	<b>3,132.60</b>	<b>-2.7</b>	<b>4,749.00</b>	<b>4,151.90</b>	<b>14.4</b>
<b>U Kingdom</b>	<b>2,884.30</b>	<b>2,908.80</b>	<b>-0.8</b>	<b>1,416.20</b>	<b>1,356.80</b>	<b>4.4</b>
<b>Viet Nam</b>	<b>2,665.10</b>	<b>2,287.20</b>	<b>16.5</b>	<b>453.4</b>	<b>448.4</b>	<b>1.1</b>
<b>Thailand</b>	<b>2,565.90</b>	<b>2,292.70</b>	<b>11.9</b>	<b>2,364.90</b>	<b>2,170.80</b>	<b>8.9</b>
<b>Philippines</b>	<b>2,300.70</b>	<b>1,971.50</b>	<b>16.7</b>	<b>3,081.00</b>	<b>3,651.60</b>	<b>-15.6</b>
<b>Australia</b>	<b>1,895.40</b>	<b>1,586.60</b>	<b>19.5</b>	<b>2,726.60</b>	<b>2,832.60</b>	<b>-3.7</b>
<b>Indonesia</b>	<b>1,514.50</b>	<b>1,462.90</b>	<b>3.5</b>	<b>2,921.50</b>	<b>2,588.10</b>	<b>12.9</b>
<b>Canada</b>	<b>1,470.40</b>	<b>1,533.60</b>	<b>-4.1</b>	<b>1,078.80</b>	<b>945</b>	<b>14.2</b>
<b>Italy</b>	<b>1,460.20</b>	<b>1,254.00</b>	<b>16.4</b>	<b>1,131.60</b>	<b>1,089.70</b>	<b>3.8</b>
<b>France</b>	<b>1,251.00</b>	<b>1,122.80</b>	<b>11.4</b>	<b>1,628.30</b>	<b>1,551.30</b>	<b>5</b>
<b>Saudi Arabia</b>	<b>361.1</b>	<b>335.4</b>	<b>7.7</b>	<b>4,275.50</b>	<b>2,406.30</b>	<b>77.7</b>

Iran	252.8	196.4	28.7	1,879.70	763.1	146.3
Other	17,012.40	15,122.10	12.5	18,593.00	16,402.30	13.4
Europe	20,453.50	18,553.80	10.2	16,242.70	14,643.40	10.9
ASEAN - 5	14,410.90	13,237.50	8.9	16,982.50	16,106.00	5.4

For export 2003 compared with 2002, there is a increasing of 10.4%, Mainland China, USA, Japan, Singapore, Korea, Germany, Holland and Malaysia is total ten trade partner.



For export 2003 compared with 2002, there is a increasing of 13.1 %,Japan still Number one our import source country, follow by USA, Hong Kong, China, Germany, Malaysia, Saudi Arabia, Singapore, Philippines and Indonesia.



#### 4.. Transportation and Telecommunications

A well-developed transportation network is essential to Taiwan's export-oriented economy. Therefore, transportation has always been an important priority in national development programs, from the Ten Major Construction Projects 十大建設 of the 1970s through the Six-year National Development Plan 國家建設六年計畫 and the Asia-Pacific Regional Operations Center Plan 亞太營運中心計畫 of the 1990s. In the Challenge 2008 National Development Plan

挑戰二〇〇八國家發展重點計畫 formulated in 2002, improving the transportation infrastructure was made one of the government's major tasks. The importance of having a good transportation infrastructure was extremely evident after the September 21, 1999, earthquake, as damaged roads and bridges hampered rescue efforts and threatened to paralyze the island's economy. Considerable resources are thus being devoted to ensure that businesses in Taiwan enjoy the advantages of an extensive and efficient transportation network. At the beginning of this century, the Taiwan government is integrating advanced technologies with humanitarian concerns in construction, services, and equitable resource distribution.

## Railways

Taiwan's modern railway system provides frequent and convenient passenger service between all major cities on the island. As of December 2001, Taiwan's railway network totaled 1,097 kilometers, an equivalent of 0.05 kilometers per 10,000 people, or 31 meters per square kilometer of land. This railway system transported 12.4 million tons of freight in 2001, 14.57 percent less than in 2000. The number of passengers carried increased 2.82 percent to a total of 186 million.

When Taiwan was returned to the sovereignty of the Republic of China in 1945, its railways were in a desolate state and the majority of its tracks and trains damaged or destroyed because of the Second World War. After initial reconstruction work was completed, the Taiwan railway system underwent a thorough modernization over a period of five decades, and the locomotives were changed from steam diesel to electric. The North Link officially entered service in February 1980, and the South Link was completed in 1992. The complete railway network that is now in place has assumed a significant role in providing inland transportation services for the country's economic development.

The Taiwan Railway Administration (TRA) offers four types of passenger train services. The fastest express class is the Zhichang (Tzuchiang) express, which only stops at major stations. The next fastest express class, with more frequent stops at lesser, but still large stations, is the Jyuguang (Chukuang) express. The third class of trains, the Fusing (Fuhsing) express includes stops at every station on designated commuter routes. Finally, local trains serve mostly long routes, stopping at every station and generally yielding to higher-priority Zhichang, Jyuguang, and Fusing trains.

The TRA continuously upgrades both its equipment and facilities. It signed a modern fiber-optic network investment agreement with EHome Telecom in January 2001, making it the most successful case so far of a state-run enterprise investing in the telecommunications business. In coordination with government plans to promote domestic tourism and enhance the quality of railway tours, the TRA launched a sightseeing service in 2001, with its first run between Taipei and Hualien.

In July 1999, the TRA began work on a railway structural renovation project that will last through June 2006. This project includes across-the-board enhancements to the rail structure operated by the TRA, effective measures to eliminate incidents resulting from delayed rail maintenance, and the replacement of existing steel rails with U.I.C. (Union International Communiation, an international standard for steel rails) 60 kg steel rails to improve rail rigidity and passenger comfort. The project will be completed at a cost of US\$234 million and will effectively cut down on maintainance, reduce noise and vibration, lengthen the operating life of trains, and increase the speed on Taiwan's Western Railway to 130 km/hr.

The TRA has completed many major construction and business renovation projects in recent years, including the double tracking of the mountain line between Jhunan 竹南 and Fenyuan 芬園 and the electrification of the Kaohsiung-Pingtung Line 高屏線. Future projects include renovating Taiwan's track structure; beautifying railroad routes; and improving rail elevation, protective equipment for overhead and level crossings, and train safety facilities. The TRA also invested heavily in service improvements with the purchase of 810 Zhichang express commuter cars, all of which are now in service. In the aspect of business renovation, the TRA has adjusted its pricing structure, received ISO 9000 certification, upgraded ticketing services, strengthened inquiry services, improved travel and transport facilities, built a barrier-free

environment, and streamlined other services. The TRA has also diversified itself by investing in telecommunications businesses and land development, so as to improve its financial structure.

### High-speed Railway

The Taiwan government has begun the development of a high-speed railway (HSR) system. The Bureau of Taiwan High Speed Rail (BOTHSR) under the Ministry of Transportation and Communications (MOTC) is responsible for the implementation of this project. The planned 345-kilometer HSR route will pass through the western corridor of the island and cover ten stations: Taipei 臺北, Taoyuan 桃園, Hsinchu 新竹, Miaoli 苗栗, Taichung 臺中, Changhua 彰化, Yunlin 雲林, Chia-I 嘉義, Tainan 臺南, and Kaohsiung 高雄.

In May 1995, the Legislature approved construction of the HSR using the Build-Operate-Transfer (BOT) model—the first major infrastructure project in Taiwan to be constructed by the private sector under this model. The invitation to tender BOT bids for the HSR was officially announced on October 29, 1996. On July 23, 1998, the MOTC and the Taiwan High Speed Rail Consortium (THSRC) signed the Taiwan North-South HSR Construction and Operation Contract and the Taiwan North-South HSR Station Development Contract, officially granting construction and operation concessions for the project to the THSRC.

The overall construction cost of the HSR project is estimated to be US\$13.1 billion, of which 75.5 percent will come from private investment. In addition to the funds for the HSR itself, the MOTC has allocated an additional US\$1.3 billion for the construction of roads connecting the train stations to neighboring commercial areas to improve accessibility. The government has already acquired 1,100 hectares of land for construction of the route, and the HSR is expected to begin operations in October 2005. Once operational, travel time from Taipei to Kaohsiung will be cut from 4.5 hours by existing train or highway vehicles to just 90 minutes.

The THSRC has signed a Core System Electrical and Mechanical Equipment Contract with Taiwan Shinkansen Corporation, assuring that the Japan Shinkansen System will be adopted by Taiwan HSR. Bidding has been held for other civil engineering works, such as for station design, and all of the 12 major civil works contracts have already been awarded to local and international contractors. The THSRC has signed a Syndication Loan Contract in the amount of US\$10 billion with a syndicate of 25 local banks, led by the Chiao Tung Bank.

### Underground Railway Projects

To eliminate traffic jams, reduce noise interference, improve environmental quality, and integrate the Taipei Rapid Transit Systems, the High Speed Rail Project and the Taipei Railway Underground Project were initiated. The latter project was originally meant to be implemented in three stages, but a fourth stage was added in 1998, and similar projects are currently being planned for other major cities.

### Transportation Administration

Transportation facilities are administered by several government agencies, including the national Ministry of Transportation and Communications (MOTC) and various municipal-level agencies. Each agency has different responsibilities depending on the type of transportation.

The MOTC has eight offices, departments, and divisions, three of which are devoted to various modes of transportation: Railways and Highways, Posts and Telecommunications, and Navigation and Aviation. Numerous other MOTC committees are responsible for setting and administering transportation and communications policies. Local municipal units are primarily responsible for developing adequate municipal transportation facilities, but also have significant power over provincial and national transportation facilities located within their city limits.

The private sector participates in many areas of transportation, but it is especially prominent in the airline, airport, and shipping sectors. Private sector influence is certain to expand in the future as the government moves toward greater privatization and encourages increased private investment.

The first and second stages of the Taipei Railway Underground Project which connected Wanhua 萬華 with Huashan 華山 (including Taipei Main Station) and Huashan with Songshan 松山, respectively, are already operational. Construction of the third stage from Wanhua to Banciao 板橋 began in July 1992 and was completed in October 2002. The fourth stage, the Nangang Extension Project, will extend the line further from Songshan to Nangang 南港. Construction of this fourth section, which was coordinated with the development of the Nangang Economic and Trade Park, began on November 1, 1998, and is scheduled for completion by the end of 2009. Detailed designs and peripheral construction works for this section are now in progress.

Underground railway projects for Kaohsiung, Taichung, and Tainan are currently in various stages of planning and implementation. The Kaohsiung Railway Underground Project completed its integrated plans in November 1999, pending final approval by the Executive Yuan, and is currently in the detailed design and related construction work stages. The Taipei Railway Underground Project Office started overseeing the integrated planning of the Taichung and Tainan projects on August 23, 1999, and has already completed the integrated planning for both. The MOTC has submitted the plans for Taichung and Tainan to the Executive Yuan for approval.

### **Upgrading Eastern Railways**

Government plans to industrialize the east coast and balance urban and rural development require considerable improvement in the region's railway facilities. In January 1991, the Executive Yuan approved the TRA's Eastern Railway Improvement Project, which focuses on modernizing the 337 kilometers of railway consisting of the Ilan line, the North Link line, and the Hualien-Taitung line. Construction started in July 1991 and is scheduled to be completed in June 2003 at a total cost of US\$1.57 billion. Improvements will include electrification, double tracks, heavy rails, a centralized traffic control system, new locomotives, repair facilities, and the relocation of the Hualien depot.

### **Harbors and Shipping**

Maritime transportation is vital to Taiwan's trade-oriented economy. At the end of 2001, the ROC's 115 shipping lines had a fleet of 249 vessels that were over 100 gross tons each, or 4.74 million gross tons in total (7.39 million deadweight tons, DWT). The ROC's fleet of container ships is listed at the top of the world. The largest operator in Taiwan is the Evergreen Marine Corporation, which is the second largest container operator in the world.

For many years, people from Taiwan's southern and central regions have called for cultural and economic parity with their fellow citizens in the island's capital-city area. In response to this pressure, the Taiwan government approved a bill in 2001 granting certain city and county governments the right to manage adjacent harbors. These harbor-city merger plans will apply to the international harbor facilities in Kaohsiung, Hualien, Taichung, and Keelung, with the local governments of each responsible for setting up a port management committee to coordinate city planning, transportation, environmental protection, public safety, fire prevention, and health between the port and its host city or county. The mergers are expected to increase local revenue, and therefore boost local development.

Taiwan has six international harbors: Keelung, Suao, Taichung, Hualien, Anping, and Kaohsiung. The total cargo handled by these ports totaled 10.42 million TEUs (Twenty-foot Equivalent Units, a measurement for cargo equivalent to a standardized 20-foot container) in 2001.

### **Kaohsiung Harbor**

In 2001, Kaohsiung Harbor handled nearly 7.5 million TEUs, making it the fourth largest container port in the world.

**Kaohsiung Harbor has 118 operating berths totaling 26.6 kilometers in length that can simultaneously accommodate up to 155 ships of sizes up to 100,000 DWT, or 6,000 TEU. The port's water area is approximately 12.42 square kilometers, and the inner harbor has a depth of 16 meters. Navigation channels for Kaohsiung Harbor are 18 kilometers long, have a tidal range of 0.75 meters, a constant wind speed averaging 2.2 meters/second, and an average temperature of 25 deg C.**

**The harbor has 5 container terminals, 26 container wharves, 62 gantry cranes, and 293.5 hectares of container yards. It also has two grain silos: one 80,000-metric-ton silo and one 100,000-metric-ton silo. Container Terminal Number Five was completed at the end of 2000.**

**Kaohsiung Harbor's container terminals provide prompt, accurate, and comprehensive logistical services. The harbor effectively manages import, export, and transshipment containers. Its strategic location makes it the ideal choice for a marine transportation hub in East Asia. Of the six leading ports in the Asia-Pacific region (Kaohsiung, Singapore, Hong Kong, Pusan, Shanghai, and Tokyo), Kaohsiung Harbor's links are closer to the other five ports by an average of 53 hours of navigation time.**

#### **Anping Harbor**

**Anping Harbor is located on the western coast of southern Taiwan. It has a 7.5-meter- deep channel navigable by ships of 6,000 DWT. The harbor currently has a 320-meter wharf 3.5 meters deep, a 532-meter wharf 7.5 meters deep, and a 320-meter wharf 9 meters deep. The harbor is managed by the Anping Harbor Branch Bureau of the Kaohsiung Harbor Bureau. Anping Harbor is currently under Phase I expansion to accommodate 20,000-DWT vessels. It has developed into a multifunctional harbor with routes covering Southeast Asia, Northeast Asia, China, Hong Kong, and Taiwan's offshore islands. With intensive development, Anping Harbor will help bring prosperity to southern Taiwan.**

#### **Keelung Harbor**

**Located near the northern tip of Taiwan, Keelung Harbor has 57 berths. The harbor has two container terminals, one each on its eastern and western banks. Each terminal has 15 berths measuring a total of 3,517 meters in length, and is equipped with 28 gantry cranes capable of handling 13-18 rows of containers. Other facilities at Keelung Harbor include 202,264 square meters of marshaling yards (of which 80,045 square meters are for rent) and a 50,500-metric-ton grain silo equipped with three vacuum loaders.**

**In 2001, Keelung Harbor handled nearly 1.82 million TEUs, making it the 29th largest container port in the world. To meet the requirements of global shipping and strengthen the harbor's competitiveness, the phase I and II dredging programs were completed in January 2001, increasing the depth of the main channel to 15.5 meters and enlarging the diameter/width of its turning basin to 650 meters. Keelung Harbor can now accommodate 60,000-DWT conventional cargo ships and Post-Panamax type container ships. In addition, several conventional cargo berths are being converted into container piers. Lastly, to promote operational efficiency and improve quality of service, the Keelung Harbor Bureau began allowing private companies to perform cargo handling and other services in the port on January 1, 1999.**

#### **Taichung Harbor**

**Taichung Harbor is a man-made port covering a total area of about 5,000 hectares. Located on the west coast of central Taiwan, the harbor was designed to help cope with the fast growing needs of national economic development. The port has not only relieved some of the shipping traffic from the heavily used Keelung and Kaohsiung Harbors, it has also aided in balancing population distribution and economic development of Taiwan itself.**

**Taichung Harbor's main channel and harbor basin are both 14 meters deep during low tide. The port has 45 deep-water wharves and eight container piers at the present time, and since the majority of its equipment is automated, Taichung**

Harbor is a very efficient port. In 2001, the harbor handled 1.07 million TEUs worth of cargo weighing 75 million metric tons.

#### **Hualien Harbor**

Located on Taiwan's east coast, Hualien Harbor is a relatively small port with 25 deep-water berths totaling 4,742 meters in length. With the completion of a fourth extension in 1991, Hualien Harbor is now capable of simultaneously berthing one 100,000-metric-ton-class vessel in a special terminal for unloading coal, six 60,000-metric-ton vessels, two 30,000 metric tons vessels, fourteen 5,000- to 15,000-metric-ton vessels, and two vessels under 5,000 metric tons. It also has several shallow water wharves with a total length of 504 meters for accommodating fishing boats and other small vessels. In 2001, the harbor handled 15.26 million metric tons of cargo.

Hualien Harbor is the only international port on Taiwan's eastern coast, and is located by the world's second largest marble and granite mine. Recently, active measures have been taken to set up its warehousing transit exclusive zone, as well as a sightseeing port and leisure park.

#### **Suao Harbor**

Suao Harbor is situated on the northeast coast of Taiwan and serves as an auxiliary port for Keelung Harbor. The total water area of the harbor is about 2.9 square kilometers. The harbor currently has 13 operating berths totaling 2610 meters in length that are 7.5-15 meters deep and capable of accommodating Post-Panamax vessels. Imports and exports passing through Suao Harbor in 2001 exceeded 4.78 million metric tons.

#### **Taipei Harbor**

Taipei Harbor serves as an auxiliary port for Keelung Harbor and is located on the south bank of the Danshuei River near Bali Township's Syuntang Village in Taipei County. Since the primary purpose of the harbor is to relieve some of the heavy traffic burden confronting Keelung Harbor, Taipei Harbor has been undergoing a three-phase expansion of its facilities. The first phase of construction, which involved the construction of two nine-meter-deep berths totaling 340 meters in length and a 70-hectare stacking yard, has already been completed. The second phase, the construction of an outer breakwater 3,810 meters in length, commenced in July 1997 and was completed in February 2002. The third and final phase is set to be completed by 2011. Total imports and exports handled through Taipei Harbor exceeded 3.5 million metric tons in 2001. To enhance the port's competitiveness and comply with privatization policies, plans are being made to lease Taipei Harbor's facilities and open it to public and private investment.



## Civil Aviation

In the middle of 2002, a total of 38 airlines, including code-share airlines, provided flight services to destinations in Taiwan. Of these airlines, 32 foreign carriers and 6 domestic airlines (EVA Airways, Mandarin Airlines, China Airlines, TransAsia Airways, UNI Airways, and Far Eastern Air Transport Corporation) operated scheduled international air services to and from Taiwan. Six companies, including two helicopter operators, also offered domestic passenger flight services.

There are currently two international airports in the Taiwan area: Chiang Kai-shek (CKS) International Airport at Taoyuan in northern Taiwan and Kaohsiung International Airport in the south. In addition, there are 15 domestic airports in operation: Taipei, Hualien, Taitung, Taichung, Tainan, Chia-I, Pingtung, Magong, Cimei, Orchid Island, Green Island, Wangan, Kinmen, Beigan, and Nangan (both on Matsu). Since domestic air travel is expected to grow at an annual rate of about 10 percent over the next five years, work is currently under way to expand capacity at most of Taiwan's airports, with facilities at the CKS, Tainan, Hualien, Magong, Taitung, Pingtung, Hengchun, and Beigan airports already undergoing renovations.

Due to the global economic recession, overall air transportation in Taiwan decreased in 2001, compared with 2000. The number of inbound and outbound international passengers decreased 1.4 percent from 19.8 million in 2000 to 19.5 million. The total number of passengers for this same period, including international and domestic passengers, decreased 4.8 percent to 46.0 million. The international air cargo handled decreased 2.4 percent from 1.30 million tons in 2000 to 1.27 million tons, while the number of flights dropped from 586,560 in 2000 to 561,910 in 2001.

There are two terminals at CKS International Airport. The second terminal opened on July 28, 2000, providing an annual handling capacity of 17 million inbound/outbound and transit passengers. To shuttle passengers and airport staff between Terminal I and II, a people moving system connecting the two terminals was completed in the middle of 2002. A mass rapid transit link is also being planned to connect the airport with Taipei City by 2006.

In addition to the CKS International Airport, the Kaohsiung International Airport also serves the ROC's civil air transportation system. Since the opening of the new international passenger terminal on January 11, 1997, further expansions of airport facilities have continued in order to transform Kaohsiung into a regional business operations center. Completion of the planned construction and expansion projects at the airport are also expected to attract greater investments by transport businesses and international couriers, increasing airport operations and the city's offshore transshipments.

Taiwan authorities have been negotiating additional air traffic rights for domestic carriers operating international air services. In 2001 and the first half of 2002, Taiwan revised or concluded new aviation agreements with Brunei, Germany, India, Indonesia, Austria, England, Luxembourg, Belgium, Thailand, Japan, Macau, and Hong Kong. Taiwan also plans to sign aviation accords with other countries with market potential.

The Sun Yat-sen Freeway is also becoming saturated in southern Taiwan, and preliminary plans were drawn up to widen the section between Yuanlin and Kaohsiung at the end of 1997. This US\$1.39 billion project would begin at the Yuanlin

### Airlines Providing Scheduled International Services to/from Taiwan

Air Canada	Mandarin Airlines
Air France Asia**	Martinair Holland*
Air Macau	Northwest Airlines
Air New Zealand	Pacific Airlines
Air Nippon	Philippine Airlines
American Airlines**	Polar Air Cargo*
Cargolux Airlines International*	Qantas Airways
Cathay Pacific Airways	Royal Brunei Airways
China Airlines	Saudi Arabia Airlines*
Continental Micronesia	Singapore Airlines
Dragon Air	Singapore Airlines Cargo*
EVA Airways	Swiss Air**
Evergreen International Airlines*	Thai Airways
Far Eastern Air Transport Corp.	TransAsia Airways
Federal Express Airways*	UNI Airways
Garuda Indonesia Airlines	United Airlines
Gemini Air Cargo*	United Parcel Service*
Japan Asia Airways	Viet Air
KLM Royal Dutch Airlines	
Malaysian Airlines	

\*Cargo services only

\*\*Code-sharing services only

interchange and run 158 kilometers to the Wujia interchange 五甲交流道 in Kaohsiung. One lane would also be added to each side of the freeway, and two lanes are under consideration for a 4.3-kilometer stretch running through the Kaohsiung metropolitan area. For some sections, bidding and construction started at the beginning of 1998. The project is expected to be completed by 2007.

The volume of traffic on the Sun Yat-sen Freeway has grown by an average of 11 percent annually since its opening. This heavy traffic load, combined with a hot climate, abundant rainfall, and overloaded trucks and trailers, has caused considerable damage to the freeway's surface. To maintain road quality, many five-year road surface repair projects have been completed since 1982.

### **New Freeways**

With the rapid growth of traffic on the Sun Yat-sen Freeway, the Taiwan Expressway Network project was proposed in 1990 to alleviate some of the traffic load. This project included construction of the Second Freeway, the Taipei-Ilan Freeway, the Eastern Expressway, the Southern Cross-island Expressway, and the Central Cross-island Expressway.

The Second Freeway is generally divided into the Second Northern Freeway and its extension. The northern section was opened to traffic in 1996. With a length of 99 kilometers, the main route stretches from northern Taipei to Hsinchu. In addition, it includes a 6-kilometer-long Taipei connecting route and a 12-kilometer-long inner beltway to the CKS International Airport. Construction of the Extension to the Second Freeway was begun in 1993 and connects Keelung in the north with Pingtung in the south. The main route is 333 kilometers long, and it has four branches totaling 68 kilometers in length, including a 45-kilometer southern section between Tainan and Kaohsiung counties that was opened to traffic in early 2000. The Second Freeway is scheduled to be completed in 2003.



In Taiwan, highways are not just built to connect people and places, but also for aesthetic purposes.

The Taipei-Ilan Freeway, which has been under construction since July 1992, will connect the Second Freeway in eastern Taipei with northern Ilan County. Most of the 31-kilometer freeway, including 11 tunnels (the longest of which is 12.9 kilometers long) and 27 bridges, has already been completed. Additional plans, however, call for extending the freeway another 24 kilometers past the Ilan Plain to Suao. The entire project is scheduled for completion in 2003. Once finished, the current three-hour drive from Taipei to Ilan will be shortened to a mere 40 minutes.

The remaining portions of the Taiwan Expressway Network Project, including the Eastern Expressway from Suao via Hualien to Taitung (240 kilometers), the Southern Cross-island Expressway from Taitung to Pingtung (76 kilometers), and the Central Cross-island Expressway from Taichung to Hualien (127 kilometers), are all in the design or planning stages.

### **Freeway Traffic Control**

During holidays, traffic volume is generally 30 to 50 percent above normal. Accordingly, the Taiwan Area National Freeway Bureau (TANFB) under the Ministry of Transportation and

**Communications has adopted a ramp metering control system to maintain an acceptable flow of traffic. This system was introduced on four national holidays in 1993, and after proving to be fairly effective, was gradually extended to include long holidays, weekends, and normal weekdays. The TANFB has implemented a fully automated ramp metering control system over the entire Sun Yat-sen Freeway at a cost of US\$14.1 million.**

# Taipei Metropolitan Area Mass Rapid Transit Systems Developing Network



### Red Line (Tamsui Line)

- R12 NTU Hospital
- R13 Taipei Main Station
- R14 Chungshan
- R15 Shuanglien
- R16 Minchuan W. Rd.
- R17 Yuanshan
- R18A Chientan
- R20 Shihlin
- R21 Chihshan
- R22 Mingte
- R23 Shihpai
- R24 Chih An
- R25 Chiye
- R26 Peitou
- R27 Hsin Peitou
- R28 Fuhshing Kang
- R29 Chungyi
- R30 Kuandu
- R31 Chuwei
- R32 Hung Shulin
- R33 Tamsui

### Blue Line (Nankang Line)

- BL37 Yungning

- BL38 Tucheng
- BL39 Haishan
- BL40 Nantzu
- BL 1 Panchiao
- BL 2 Hansheng Rd.
- BL 3 Hsinpu
- BL 4 Chiangtzu Tsui
- BL 5 Lungshan Temple
- BL 6 Hsimen
- BL 7 Taipei Main Station
- BL 8 Shantao Temple
- BL 9 Chunghsiao Hsinsheng
- BL10 Chunghsiao Fuhsing
- BL11 Chunghsiao Tunhua
- BL12 Sun Yat-sen Memorial Hall
- BL13 Taipei City Hall
- BL14 Yungchun
- BL15 Houshan Pi
- BL16 Kunyang

- ### Orange Line (Chunggho Line)
- O47 Sanchung Primary School
  - O46 Sanho Junior High School
  - O45 St. Ignatius High School
  - O44 San-Min Senior High School

- O43 Lu Choli
- O59 Huilung
- O60 Tanfeng
- O 1 Fu Jen Catholic University
- O 2 Hsinghuang
- O 3 Touchien Chuang
- O 4 Hsiense Temple
- O 5 Sanchung
- O 6 Tsailiao
- O 7 Taipei Bridge
- O 8 Ta-Chiao Primary School
- O 9 Minchuan W. Rd.
- O10 Chungshan Primary School
- O11 Hsingtien Temple
- O12 Sungchiang Nanking
- O13 Chunghsiao Hsinshen
- O14 Tungmen
- O15 Kuting
- O16 Tinghsi
- O17 Yungan Market
- O18 Ching-An
- O19 Nanshih Chiao

- ### Brown Line (Mucha Line)
- BR 2 Chungshan Middle School

- BR 3 Nanking E. Rd.
- BR 4 Chunghsiao Fuhsing
- BR 5 Ta-An
- BR 6 Technology Building
- BR 7 Liuchang Li
- BR 8 Linkuang
- BR 9 Hsinhai
- BR10 Wanfang Hospital
- BR11 Wanfang Community
- BR12 Mucha
- BR13 Taipei Zoo

### Green Line (Hsintien Line)

- G 1 Hsintien
- G 2 Hsintien City Hall
- G 3 Chichang
- G 4 Ta Pinglin
- G 5 Chingmei
- G 6 Wanlung
- G 7 Kungkuang
- G 9 Taipower Building
- G10 Kuting
- G11 CKS Memorial Hall
- G12 Hsiao Nanmen

Source: Taipei Rapid Transit Corporation

## **Kaohsiung Mass Rapid Transit System Development Plan (First Phase)**

**Mantraco Handled the Logistics service after ETA.**

**Kaohsiung, the second largest city in Taiwan, is also Taiwan's premier harbor. Rapid industrial development and population growth have accentuated the need for efficient metropolitan transportation. Accordingly, the Kaohsiung City Government 高雄市政府 has completed the first phase of the Kaohsiung Metropolitan Area Mass Rapid Transit System Development Plan, which was approved by the Executive Yuan in January 1994. The Kaohsiung Mass Rapid Transit (KMRT) system is designed to integrate high-speed and regular railways with the city bus system, thus providing a comprehensive mass transportation network.**

**The US\$6 billion network will consist of a Red Line and an Orange Line with 37 stations and a total length of 42.7 kilometers. Two additional lines and extensions to both are currently in their planning stages. The KMRT project will be constructed under the BOT approach and has already been approved by both the Executive Yuan and the Kaohsiung City Council. In 2000, the Kaohsiung Rapid Transit Corp. (KRTC) won the bid to construct the system at US\$5.38 billion. According to the requirements of the contract, the concession period is 36 years, i.e., 6 years for construction and 30 years for operation. So far, construction has proceeded smoothly and according to schedule. The KMRT project is expected to conduct its first test run in December 2004, start partial operations in April 2007, and begin full operations of the Red and Orange lines in October 2007.**

### **Rapid Transit in Other Cities**

**Following Taipei's lead, many other cities in Taiwan aside from Kaohsiung have also initiated plans for MRT systems. These cities include Taichung, Tainan, and Taoyuan. Private participation in MRT projects for all of these cities is currently under study; however, the only project to pass the planning stage so far is Kaohsiung's MRT.**

### **Telecommunications**

**TAFAR and TCBA-ROC's member on group purchasing communication and success to receive more than 40% discount effective for cost cutting.**

**To comply with WTO requirements, Taiwan has increasingly liberalized its telecommunications sector, established a mechanism for fair competition, and accelerated the development of its broadband network infrastructure.**

**Mobile phone, radio paging, trunking radio, and mobile data services were open to the private sector in 1997; followed by satellite communications in 1998; cable leasing and 1900MHz digital low-power cordless phone services in 1999; fixed networking and international submarine cable leased-circuit services in 2000; and international simple resale (ISR) and third-generation mobile telecommunications services in 2001.**

**Local phone services are currently available via fixed networks throughout Taiwan. Chunghwa Telecom Co., Ltd. (CHT), which dominates Taiwan's telecommunications market, was joined by three private competitors in fixed networking in 2001. These networks are all interconnected, facilitating dial-up connections to selected local phone service providers and a choice of long-distance and international phone service providers. Local and toll-free phone subscribers have been allowed to retain their original phone numbers even after they have switched to a new service provider. As of November 2002, local phone subscribers totaled 13.09 million, pushing the penetration rate up to 58.2 percent.**

**Since their liberalization at the end of 1997, mobile phone services have become more diverse, and the number of subscribers has increased. As of November 2002, mobile phone users totalled 23.80 million, or a penetration rate of 105.7**

percent. The MOTC auctioned off five licenses for broadband wireless telecommunications service providers in February 2002.

CHT currently employs a fiber-in-the-loop technique to provide telecommunications services to some residential and commercial buildings, communities, and schools in remote areas, which together account for only 1 percent of its subscribers. Based on the success of this techniques, plans are underway to extend its use to government organizations, educational and medical institutions, commercial buildings, and industrial parks.

In compliance with the government's liberalization policies, local and long-distance leased-circuit cable services are being opened to public utility corporations employing cable transmission networks in order to increase competition, lower operating costs, and facilitate the establishment of faster networks by related service providers. The MOTC began accepting applications in June 1999 from electric power, mass transportation, petroleum, and cable radio and television systems, and by the end of 2002, had issued 27 licenses.

As Taiwan's Internet penetration rate rose, e-commerce developed and demand for broadband networking expanded. Permits were issued to three companies for establishing international submarine cable leasing operations, expanding the international submarine cable traffic capacity, lowering related costs, and enhancing Taiwan's competitive edge in the global telecommunications market.

## 5. Ocean Logistics

### Operational Effectiveness Statistics Keelung

Data Accounting & Statistics Dept. of Keelung Harbor Bureau	Source: & Harbor	Incoming Vessels		Throughput	Tonnage Handled	No. of Container Handled
		V.	G.R.T.	(M.t.)	(M.t.)	(TEU)
<b>2003 Accumulative total</b>		<b>9,119</b>	<b>111,404,297</b>	<b>28,429,244</b>	<b>93,103,938</b>	<b>2,000,706.50</b>
<b>January</b>		<b>708</b>	<b>9,355,105</b>	<b>3,052,906</b>	<b>7,274,318</b>	<b>160,554.00</b>
<b>February</b>		<b>564</b>	<b>7,053,940</b>	<b>1,955,981</b>	<b>6,062,822</b>	<b>128,754.25</b>
<b>March</b>		<b>764</b>	<b>9,415,495</b>	<b>3,210,977</b>	<b>7,907,888</b>	<b>174,986.25</b>
<b>April</b>		<b>759</b>	<b>9,301,859</b>	<b>2,880,560</b>	<b>7,660,540</b>	<b>168,483.25</b>
<b>May</b>		<b>772</b>	<b>9,132,774</b>	<b>2,591,267</b>	<b>7,972,897</b>	<b>169,200.00</b>
<b>June</b>		<b>753</b>	<b>9,396,847</b>	<b>3,005,583</b>	<b>7,733,834</b>	<b>167,686.50</b>
<b>July</b>		<b>828</b>	<b>9,611,554</b>	<b>2,954,907</b>	<b>8,016,107</b>	<b>168,040.25</b>
<b>August</b>		<b>807</b>	<b>9,602,676</b>	<b>2,925,859</b>	<b>7,796,709</b>	<b>161,341.75</b>
<b>September</b>		<b>782</b>	<b>9,396,243</b>	<b>2,836,884</b>	<b>7,664,989</b>	<b>166,410.50</b>
<b>October</b>		<b>842</b>	<b>9,933,823</b>	<b>3,014,320</b>	<b>8,531,776</b>	<b>179,178.50</b>
<b>November</b>		<b>746</b>	<b>9,232,183</b>	. . .	<b>7,953,157</b>	<b>174,205.75</b>
<b>December</b>		<b>794</b>	<b>9,971,798</b>	. . .	<b>8,528,901</b>	<b>181,865.50</b>
<b>VS 2002</b>	<b>Number</b>	<b>34</b>	<b>-7,606,321</b>	. . .	<b>4,192,903</b>	<b>82,109.00</b>
	<b>%</b>	<b>0.37</b>	<b>-6.39</b>	. . .	<b>4.72</b>	<b>4.28</b>

Recently Update: 2004/1/19					
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#### Operational Effectiveness Statistics Taichung

Month	Total		Inbound		Outbound	
	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage
2003/1	917	12,730,046	453	6,346,117	464	6,383,929
2003/2	741	10,282,117	371	5,119,476	370	5,162,641
2003/3	1,002	14,084,921	501	7,097,646	501	6,987,275
2003/4	982	14,085,314	494	7,034,128	488	7,051,186
2003/5	969	13,078,734	482	6,549,389	487	6,529,345
2003/6	941	12,718,477	470	6,311,358	471	6,407,119
2003/7	1,046	13,566,109	529	6,918,627	517	6,647,482
2003/8	970	13,004,714	479	6,401,674	491	6,603,040
2003/9	977	13,119,374	488	6,568,522	489	6,550,852
2003/10	1,021	13,834,861	513	6,905,323	508	6,929,538
2003/11	917	12,605,136	456	6,266,088	461	6,339,048
2003/12	1,025	14,007,866	516	7,077,933	509	6,929,933

#### Operational Effectiveness Statistics Kaohuang

Year/Month	Total In&out No. of Ship	Total In&out Total Tonnage	Entry No. of Ships	Entry total Tonnage	Exit No. of ships	Exit total tonnage
92(2003)	37,718	685,449,691	18,878	343,221,677	18,840	342,228,014
2003/1	3,203	58,662,055	1,599	29,172,502	1,604	29,489,553
2003/2	2,669	48,388,943	1,344	24,511,722	1,325	23,877,221
2003/3	3,124	56,905,323	1,565	28,617,328	1,559	28,287,995
2003/4	3,260	60,484,162	1,626	29,997,299	1,634	30,486,863
2003/5	3,314	60,059,838	1,657	30,115,031	1,657	29,944,807
2003/6	2,981	56,638,713	1,494	28,489,574	1,487	28,149,139
2003/7	3,226	60,185,387	1,617	30,016,503	1,609	30,168,884



2003/8	3,228	57,150,310	1,617	28,562,765	1,611	28,587,545
2003/9	3,128	56,041,358	1,571	28,281,029	1,557	27,760,329
2003/10	3,319	58,218,054	1,655	28,985,184	1,664	29,232,870
2003/11	3,095	55,662,027	1,550	27,618,607	1,545	28,043,420
2003/12	3,171	57,053,521	1,583	28,854,133	1,588	28,199,388

Related to ocean freight:

As of Jan. 5, 2004, manifests for imports to the US arriving by sea, air and land will need to be reported electronically to US Customs prior to shipping.

Keelung Harbor is a primary destination for regional shipping and a transshipment point for deep-sea shipping routes. It handled 2,007,000 TEUs in 2003, accounting for 16% of Taiwan's total container handling capacity.

Keelung Harbor offers convenient transportation access, with direct links to Taipei and beyond via the Sun Yat-sen Freeway, Second Northern Freeway, Taipei-Keelung Highway, and the railway, as well as access to the Lanyang Plain and Suao Harbor to the east via the Coastal Highway. Keelung Harbor is adjacent to three large industrial zones, the Northern Taiwan Technology Park, container yards, and other related facilities that can provide supporting services.

Keelung Free Port is to cover an area of 67 hectares (see Table 2), including 53 hectares around West Wharfs 11 to 33 and more than 14 hectares around East Wharfs 6 to 22. It is projected to start operating in September this year, and to go into full operating in January 2006. It will initially engage in existing operations such as distribution, transshipment, and freight forwarding, with international logistics, freight consolidation, repackaging, packaging, repair, assembly, and other value-added services being added later on.

According to the Keelung Harbor Bureau's plan, in its initial period of full operation the Keelung Free Port will attract about NT\$1.15 billion in investment and generate direct and indirect jobs for 2,100 persons (350 of them direct). Production value inside the free port will increase by approximately NT\$700 million.

Table 2 Development Area of Keelung Free Port Source: Keelung Harbor Bureau, Mar. 3, 2004

AREA	DEVELOPMENT SCOPE	LAND AREA (HA)
Area 1	West Wharfs 11-33	53
Area 2	East Wharfs 6-22	14
Total		67

Source: Keelung Harbor Bureau, Mar. 3, 2004

Kaohsiung is Taiwan's largest international harbor, serving 372 shipping routes to 367 ports in 102 countries. Its container handling totaled 8,843,000 TEUs in 2003, accounting for 73% of Taiwan's total. Following its opening to private operators on Jan. 1, 1998 the port's cargo loading and unloading costs have dropped and its efficiency has continuously improved. The harbor's Offshore Shipping Center, currently the only one in Taiwan, began providing transshipment services for ships sailing between Taiwan and mainland China in April 1997; from 127,509 TEUs that year, the number of containers handled there soared to 630,337 TEUs last year.



**Kaohsiung Free Port will have a planned area of 397.69 hectares (see Table 3) and is projected to start operating next January. As the free port continues to provide container-related operations, development will proceed of the wharf 34-35 area, the back area of the third container center, the land around the elevated interchange at the fourth container center, and the area at the rear of wharf 122 for the expansion of international logistics and other services.**

**The Kaohsiung Harbor Bureau predicts that the free port will integrate with neighboring areas including the multifunction trade park, the economic processing zone, Taiwan Sugar's Kaohsiung logistics park, Kaohsiung International Airport, and inland container yards to produce a multiplier effect. After its inauguration, Kaohsiung Free Port will attract approximately NT\$3.45 billion in new investment, provide 500 new jobs, and boost the production value of free-port enterprises by about NT\$1.2 billion.**

**Table 3 Development Area of Kaohsiung Free Port**

<b>Harbor Control Area</b>	<b>No. of Plots</b>	<b>Land Area (sq. m.)</b>
<b>Jhongdao Commercial Harbor Area (first container center)</b>	<b>8</b>	<b>190,146.00</b>
<b>Cianjhen Commercial Harbor Area (second container center)</b>	<b>23</b>	<b>512,321.00</b>
<b>Siaogang and Daren Commercial Harbor Area (third and fifth container centers)</b>	<b>76</b>	<b>2,129,277.98</b>
<b>Jhongsing Commercial Harbor Area (fourth container center)</b>	<b>359</b>	<b>1,145,180.11</b>
<b>Total</b>	<b>476</b>	<b>3,976,925.09</b>

**Source: Kaohsiung Harbor Bureau, Mar. 3, 2004**

**On February 2, 2003, US Customs began implementing new rules that require manifests for cargo containers heading to the US to be submitted 24 hours prior to shipping from a foreign port. This year, those regulations will be expanded to include exports to the US traveling by air or overland. Originally, the regulations required manifests to be filed eight hours prior to loading for express air cargo and 12 hours in advance for non-express air cargo.**

**After receiving feedback from shippers, the US adjusted its regulations so that while all manifests for air cargo heading to the US from airports in North America, Central American, and north of the equator in South America must be reported to customs officials through the Automated Manifest System (AMS) must give advance notice, manifests for air cargo originating from other areas need only be given four hours prior to reaching the US.**

**US Customs already announced through the Federal Register that as of January 5 2004, manifests for cargo entering the US by sea, air, and overland must be reported electronically in advance.**

**The Bureau of Foreign Trade (MOEA) has put together a brief summary of major regulations on the electronic submission of manifests to US customs:**

- 1. Sea: Under the revised regulations, manifests for cargo traveling by sea should be submitted through AMS 24 hours prior to loading at foreign ports. Starting from December 5<sup>th</sup>, all carriers and non-vessel operating common carriers will have 90 days to register with the AMS and begin using the system to provide US customs with advance reporting of manifests for cargo destined for US ports.**
- 2. Air: Except in the case of emergencies or forced landings, air cargo destined for the US will be turned away by customs officials unless a manifest has been submitted electronically. Under the revised regulations, manifests for air cargo on flights from North America, Central America, and South American countries north of the equator must be submitted through the Air Automated Manifest System (AAMS) prior to takeoff. Manifests for air cargo on flights from other areas must be submitted through the AAMS four hours prior to arrival in the US.**

Information should include: 1) Master Airway Billing number; 2) flight number; 3) destination airport code; 4) origin airport code; 5) estimated time of arrival; 6) cargo quantity and weight; 7) cargo type, preferably using the first six digits of the HS code; US customs will not accept vague or generalized descriptions; 8) address of both shipper and receiver.

3. Rail: Under the revised regulations, manifests for cargo traveling by rail are to be submitted using AMS two hours before reaching the first stop in US territory.
4. Highway: Under the revised regulations, manifests for cargo traveling along highways are to be submitted between 30 minutes and one hour before reaching the US border, depending on the type of road taken by the vehicle carrying the cargo.

## 6. Air Logistics Market

Rank	General Cargo		Ramp Release		Total		Air Market Share	
	Shipment	Weight	Shipment	Weight	Shipment	Weight	Ratio	total
1	14,887	28,283,019	0	0	14,887	28,283,019	4.77%	4.77%
2	25,592	23,922,880	357	49,120	25,949	23,972,000	4.04%	8.81%
3	42,378	23,430,967	0	0	42,378	23,430,967	3.95%	12.77%
4	19	4,815	6,300	18,085,289	6,319	18,090,104	3.05%	15.82%
5	29,926	17,565,467	0	0	29,926	17,565,467	2.96%	18.78%
6	18,051	16,175,422	1	14	18,052	16,175,436	2.73%	21.51%
7	18,025	14,370,855	0	0	18,025	14,370,855	2.42%	23.93%
8	22,055	13,841,878	0	0	22,055	13,841,878	2.33%	26.27%
9	12,995	12,324,993	0	0	12,995	12,324,993	2.08%	28.34%
10	6,168	12,293,124	0	0	6,168	12,293,124	2.07%	30.42%
11	41,183	12,126,450	0	0	41,183	12,126,450	2.05%	32.48%
12	32,235	11,926,490	0	0	32,235	11,926,490	2.01%	34.47%
13	19,650	10,777,515	0	0	19,650	10,777,515	1.92%	36.29%
14	16,199	10,005,908	0	0	16,199	10,005,908	1.69%	37.98%
15	10,357	9,875,420	0	0	10,357	9,875,420	1.67%	39.65%
16	31,619	9,847,398	0	0	31,619	9,847,398	1.66%	41.31%
17	10,162	9,343,366	0	0	10,162	9,343,366	1.58%	42.88%
18	7,451	8,792,831	0	0	7,451	8,792,831	1.48%	44.36%
19	18,048	8,734,460	0	0	18,048	8,734,460	1.47%	45.84%
20	12,869	8,712,035	31	7,755	12,900	8,719,790	1.47%	47.31%
21	19,492	8,471,371	2	70	19,494	8,471,441	1.43%	48.74%
22	4,659	8,171,170	0	0	4,659	8,171,170	1.38%	50.12%

**The Year of 2003** 產業及環境因素分析

Top Market leader  
22  
50.12%

Medium Market Leader  
28  
19.19%

Basic Market Service Provider  
50  
14.825%

646 members share the balance of 15.87%

航承746會員  
報關531會員

Local Based Member

中小會員生存動感

92年前22名佔出口總量50.12%，前50名佔出口總量69.31%，前100名佔出口總量84.13%。

4

### First Level of market leader 22 members occupied more than 50% of market share

名次 rank	General Cargo		Fresh Cargo		Total		Air Market Share	
	筆數 No. of shipment	重量 Gross Weight	筆數 No. of shipment	重量 Gross Weight	筆數 No. of shipment	重量 Gross Weight	重量 市場佔有 Market Share	累計% Sub total
1	14,887	28,283,019	0	0	14,887	28,283,019	4.77%	4.77%
2	25,592	23,922,880	357	49,120	25,949	23,972,000	4.04%	8.81%
3	42,378	23,430,967	0	0	42,378	23,430,967	3.95%	12.77%
4	19	4,815	6,300	18,085,289	6,319	18,090,104	3.05%	15.82%
5	29,926	17,565,467	0	0	29,926	17,565,467	2.96%	18.78%
6	18,051	16,175,422	1	14	18,052	16,175,436	2.73%	21.51%

7	18,025	14,370,855	0	0	18,025	14,370,855	2.42%	23.93%
8	22,055	13,841,878	0	0	22,055	13,841,878	2.33%	26.27%
9	12,995	12,324,993	0	0	12,995	12,324,993	2.08%	28.34%
10	6,168	12,293,124	0	0	6,168	12,293,124	2.07%	30.42%
11	41,183	12,126,450	0	0	41,183	12,126,450	2.05%	32.46%
12	32,235	11,926,490	0	0	32,235	11,926,490	2.01%	34.47%
13	19,650	10,777,515	0	0	19,650	10,777,515	1.82%	36.29%
14	16,199	10,005,908	0	0	16,199	10,005,908	1.69%	37.98%
15	10,357	9,875,420	0	0	10,357	9,875,420	1.67%	39.65%
16	31,619	9,847,398	0	0	31,619	9,847,398	1.66%	41.31%
17	10,162	9,343,366	0	0	10,162	9,343,366	1.58%	42.88%
18	7,451	8,792,831	0	0	7,451	8,792,831	1.48%	44.36%
19	18,048	8,734,460	0	0	18,048	8,734,460	1.47%	45.84%
20	12,869	8,712,035	31	7,755	12,900	8,719,790	1.47%	47.31%
21	19,492	8,471,371	2	70	19,494	8,471,441	1.43%	48.74%
22	4,659	8,171,170	0	0	4,659	8,171,170	1.38%	50.12%

1. The market leader produced more than 3 times of rank 22
2. on first level of air freight forwarder only on rank 4 is major on handling of fresh cargo

#### Medium Level of market leader

23	33,344	7,133,955	0	0	33,344	7,133,955	1.20%	51.32%
24	7,298	6,587,234	0	0	7,298	6,587,234	1.11%	52.49%
25	10,185	6,162,872	24	6,785	10,209	6,169,657	1.04%	53.47%
26	14,400	5,760,560	0	0	14,400	5,760,560	0.97%	54.44%
27	6,734	5,139,162	0	0	6,734	5,139,162	0.87%	55.31%
28	15,020	5,090,222	0	0	15,020	5,090,222	0.86%	56.17%
29	14,181	5,016,121	0	0	14,181	5,016,121	0.85%	57.01%
30	3,365	4,695,449	0	0	3,365	4,695,449	0.78%	57.81%
31	6,210	4,611,856	0	0	6,210	4,611,856	0.78%	58.58%
32	11	1,006	1,488	4,374,157	1,499	4,375,163	0.74%	59.32%
33	5,608	4,235,886	0	0	5,608	4,235,886	0.71%	60.04%
34	7,366	4,076,531	1	295	7,367	4,076,826	0.69%	60.72%
35	9,025	3,945,013	0	0	9,025	3,945,013	0.67%	61.39%
36	2,233	3,796,332	0	0	2,233	3,796,332	0.64%	62.03%
37	8,218	3,591,694	0	0	8,218	3,591,694	0.61%	62.63%
38	3,147	3,529,591	0	0	3,147	3,529,591	0.60%	63.23%
39	9,045	3,270,769	0	0	9,045	3,270,769	0.55%	63.78%

40	6,912	3,249,175	106	2,423	7,018	3,251,598	0.55%	64.33%
41	3,981	2,415,744	2,864	827,579	6,845	3,243,323	0.55%	64.88%
42	5,351	2,018,983	502	1,205,640	5,853	3,224,623	0.54%	65.42%
43	3	603	1,638	3,042,124	1,641	3,042,727	0.51%	65.93%
44	4,765	2,951,595	6	3,702	4,771	2,955,297	0.50%	66.43%
45	4,630	2,918,503	0	0	4,630	2,918,503	0.49%	66.92%
46	5,322	2,883,714	0	0	5,322	2,883,714	0.49%	67.41%
47	6	1,169	1,561	2,870,584	1,567	2,871,753	0.48%	67.90%
48	4,234	2,866,655	0	0	4,234	2,866,655	0.48%	68.38%
49	0	0	1,205	2,770,009	1,205	2,770,009	0.47%	68.85%
50	11,779	2,739,048	0	0	11,779	2,739,048	0.46%	69.31%

1. Medium Level of market leader are 28 members, who occupied 19.19% market share.
2. the rank 23 almost 3 times handling volume than rank 50 ◦

#### Basic Level of market leader

51	1,745	2,710,249	0	0	1,745	2,710,249	0.46%	69.76%
52	5,131	2,635,406	0	0	5,131	2,635,406	0.44%	70.21%
53	4,501	2,552,590	25	5,573	4,526	2,558,163	0.43%	70.64%
54	2,530	2,526,663	0	0	2,530	2,526,663	0.43%	71.07%
55	5,919	2,484,896	0	0	5,919	2,484,896	0.42%	71.49%
56	5,497	2,470,249	0	0	5,497	2,470,249	0.42%	71.90%
57	3,606	2,400,525	1	560	3,607	2,401,085	0.40%	72.31%
58	3,710	2,346,976	4	4,955	3,714	2,351,931	0.40%	72.70%
59	983	2,303,035	151	40,672	1,134	2,343,707	0.40%	73.10%
60	3,456	2,249,758	8	5,895	3,464	2,255,653	0.38%	73.48%
61	4,561	2,174,901	0	0	4,561	2,174,901	0.37%	73.85%
62	4,315	2,138,002	32	10,228	4,347	2,148,230	0.36%	74.21%
63	6,803	2,086,469	0	0	6,803	2,086,469	0.35%	74.56%
64	3,783	1,733,796	458	309,584	4,241	2,043,380	0.34%	74.91%
65	6,423	2,005,646	52	554	6,475	2,006,200	0.34%	75.24%
66	4,794	1,855,098	0	0	4,794	1,855,098	0.31%	75.56%
67	1,816	1,847,731	0	0	1,816	1,847,731	0.31%	75.87%
68	3,146	1,846,274	0	0	3,146	1,846,274	0.31%	76.18%
69	2,795	1,793,335	0	0	2,795	1,793,335	0.30%	76.48%
70	1,793	1,755,433	0	0	1,793	1,755,433	0.30%	76.78%
71	3,654	1,730,306	0	0	3,654	1,730,306	0.29%	77.07%

72	4,837	1,724,657	0	0	4,837	1,724,657	0.28%	77.36%
73	4,767	1,703,124	0	0	4,767	1,703,124	0.28%	77.65%
74	4,547	1,671,651	0	0	4,547	1,671,651	0.28%	77.93%
75	3,422	1,648,917	0	0	3,422	1,648,917	0.28%	78.21%
76	2,402	1,648,802	0	0	2,402	1,648,802	0.28%	78.49%
77	3,316	1,616,309	0	0	3,316	1,616,309	0.27%	78.76%
78	7,266	1,602,986	0	0	7,266	1,602,986	0.27%	79.03%
79	4,880	1,543,675	0	0	4,880	1,543,675	0.26%	79.29%
80	0	0	831	1,508,989	831	1,508,989	0.25%	79.54%
81	875	160,679	1,533	1,346,684	2,408	1,507,363	0.25%	79.80%
82	4,223	1,501,203	0	0	4,223	1,501,203	0.25%	80.05%
83	1,813	1,488,073	0	0	1,813	1,488,073	0.25%	80.30%
84	3,177	1,475,228	0	0	3,177	1,475,228	0.25%	80.55%
85	21,327	1,436,667	0	0	21,327	1,436,667	0.24%	80.79%
86	2,996	1,435,394	0	0	2,996	1,435,394	0.24%	81.04%
87	1,625	1,432,018	3	625	1,628	1,432,643	0.24%	81.28%
88	2,130	1,417,814	0	0	2,130	1,417,814	0.24%	81.52%
89	6,178	1,363,406	0	0	6,178	1,363,406	0.23%	81.75%
90	4,062	1,360,513	0	0	4,062	1,360,513	0.23%	81.98%
91	2,936	1,346,463	8	1,840	2,944	1,348,303	0.23%	82.20%
92	2,506	1,317,889	0	0	2,506	1,317,889	0.22%	82.43%
93	4,361	1,314,431	0	0	4,361	1,314,431	0.22%	82.65%
94	4,312	1,290,344	0	0	4,312	1,290,344	0.22%	82.87%
95	3,799	1,239,783	117	35,732	3,916	1,275,515	0.22%	83.08%
96	887	1,269,121	0	0	887	1,269,121	0.21%	83.29%
97	2,664	1,257,613	0	0	2,664	1,257,613	0.21%	83.51%
98	1,966	1,244,052	0	0	1,966	1,244,052	0.21%	83.72%
99	1,998	1,225,052	0	0	1,998	1,225,052	0.21%	83.92%
100	2,098	1,220,719	0	0	2,098	1,220,719	0.21%	84.13%
Total first 100	808,724	462,291,197	19,309	36,517,437	828,033	498,808,634	84.13%	

1. Basic Level of market leader are 50 members, who occupied 14.82% market share.

2. the rank 51 near 2.2 times handling volume than rank 100 ◦

3. 646 members only occupied 15.87% are face the problem for survival.

### Member Situation on The Air Forwarders Association & Customs Broker's Association

No. of Members	Air Freight Forwarder	Customs Broker
Record from the year of 2002	679	525
First quarter of 2003 entry record	17	3
Resignation or out of business	-1	-6
Second quarter of 2003 entry record	16	5
Resignation or out of business	-2	-5
third quarter of 2003 entry record	18	8
Last quarter of 2003 entry record	12	9
Resignation or out of business	-6	-8
End of 2003 Record	733	531
First two month of 2004 entry record	13	1
Resignation or out of business		-1
End of Feb. 2004 record	746	531

### Cargo Terminal Performance

Air cargo Terminal	Inbound	outbound	transit	Package outbound	Package Inbound	Express Outbound	Ground total
集散站	進口	出口	轉口	快遞出	快遞進	快遞出	合計
ACT 華儲	189,138,024	264,866,186	85,125,565	5,526,533	18,455,296	4,568,019	567,679,623
EVT 永儲	38,120,192	140,551,160	0	0	0	0	178,671,352
FGT 遠翔	72,209,276	131,732,580	0	0	0	0	203,941,856
Eva 榮儲	82,562,111	50,457,823	156,572,144	0	16,418,962	16,101,804	322,112,844
FedEx 聯邦	0	0	0	0	11,665,304	42,399,196	54,064,500
UPS 優比速	0	0	2,106,969	0	3,188,308	8,671,610	13,966,887
Sub total	382,029,603	587,607,749	243,804,678	5,526,533	49,727,870	71,740,629	1,340,437,062
ACTKHH 華儲高雄	26,135,901	50,555,130	1,825,849	287,157	0	0	78,804,037
Sub total	26,135,901	50,555,130	1,825,849	287,157	0	0	78,804,037
Grand Total	408,165,504	638,162,879	245,630,527	5,813,690	49,727,870	71,740,629	1,419,241,099

### Customs Report:

After several Customs-Business dialogues, the Directorate General of Customs has completed integrating the Declaration Forms for bonded goods, which have been reduced from 33 to 12. A pilot test for these new forms of exportation has come into operation since April 1st, 2003, while for importation the test will start on May 1st. Both are scheduled to officially put into operation from July 1st, 2003.

Currently, there are five categories of bonded zone, namely, bonded factory, cargo processing zone, science-based industrial park, bonded warehouse and bonded logistics. These zones used to have 33 declaration forms based on their transaction types and clearance procedures. The integration has largely simplified the forms into 12 categories which belong to two groups respectively, i.e. B (bonded factory), and D (bonded warehouse).

For fully realizing the new system, the Directorate General of Customs called a meeting in March, gathering the relevant stakeholders to discuss the operating procedures, error removal, contact person designation and so forth, so that to assure the success of the facilitating measures.

In order to implement e-government policy and facilitate procedures of Customs operation, R.O.C. Customs has been committed to promoting the service of on-line application.

Currently, there are 23 items of on-line services in 4 categories (Import/export, duty drawbacks, bonded factories, and export processing zones) available at the customs websites. For example, the applicant can easily complete the whole application process to claim the deposit after re-exportation by only keying in some data on line at their office or home.

For expending the services, 29 more items are expected to be added. Besides, there are 68 different kinds of application forms available for free downloading. Customs encourage the trade communities to take advantage of these convenient measures.

#### 2003 Total Exports and Imports Value of: by year and month

Value: N.T.\$1000

Year/Momth	Export			Import			Balance
	Gross	Less Re-Imp	Net	Gross	Less Re-Exp	Net	
2003.1	348,652,323	1,914,722	346,737,601	329,947,766	14,226,073	315,721,693	31,015,908
2003.2	340,429,968	2,166,453	338,263,515	292,162,330	12,267,566	279,894,764	58,368,751
2003.3	436,645,024	2,342,168	434,302,856	378,977,897	19,569,180	359,408,717	74,894,139
2003.4	397,901,749	2,420,095	395,481,654	363,131,822	19,455,572	343,676,250	51,805,404
2003.5	391,291,274	1,948,290	389,342,984	331,429,299	14,896,932	316,532,367	72,810,617
2003.6	401,353,788	2,485,161	398,868,627	357,396,125	16,734,490	340,661,635	58,206,992
2003.7	399,701,943	1,933,250	397,768,693	357,323,500	18,225,004	339,098,496	58,670,197
2003.8	422,173,894	2,078,273	420,095,621	358,129,540	21,588,921	336,540,619	83,555,002
2003.9	427,747,305	2,088,710	425,658,595	375,354,020	21,178,553	354,175,467	71,483,128
2003.10	441,692,489	2,022,290	439,670,199	368,594,132	18,906,698	349,687,434	89,982,765
2003.11	468,082,054	2,513,077	465,568,977	421,326,732	22,097,207	399,229,525	66,339,452
2003.12	476,804,182	2,342,521	474,461,661	449,949,671	21,336,465	428,613,206	45,848,455

#### 2003 Total Exports and Imports Value of: by year and month

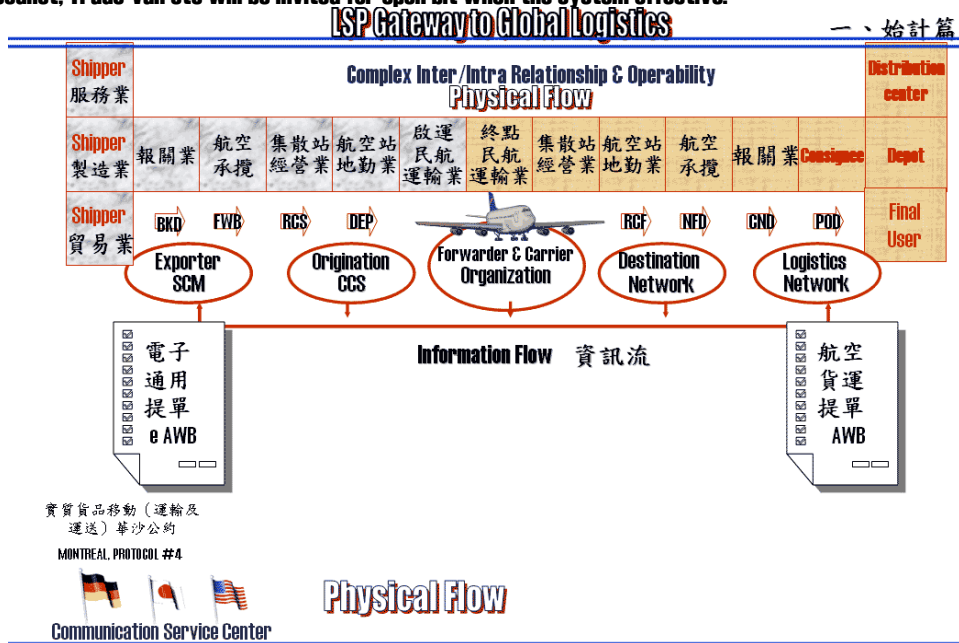
Value: N.T.\$1000

Year/Momth	Export			Import			Balance
	Gross	Less Re-Imp	Net	Gross	Less Re-Exp	Net	
2003.1	338,296,697	2,227,971	336,068,726	257,628,535	12,078,148	245,550,387	90,518,339
2003.2	281,564,271	1,243,372	280,320,899	228,986,983	8,529,572	220,457,411	59,863,488
2003.3	400,640,201	2,198,690	398,441,511	356,611,120	15,461,183	341,149,937	57,291,574
2003.4	379,605,798	2,251,854	377,353,944	341,492,436	13,474,829	328,017,607	49,336,337
2003.5	381,869,877	2,154,612	379,715,265	327,304,637	12,206,404	315,098,233	64,617,032
2003.6	383,346,855	2,392,970	380,953,885	329,351,981	12,871,442	316,480,539	64,473,346
2003.7	372,580,482	2,272,813	370,307,669	356,762,908	13,413,082	343,349,826	26,957,843
2003.8	366,586,981	2,166,567	364,420,414	307,311,634	13,169,066	294,142,568	70,277,846

2003.9	384,356,290	2,032,853	382,323,437	361,431,948	15,915,678	345,516,270	36,807,167
2003.10	401,230,761	2,161,560	399,069,201	357,081,372	13,913,088	343,168,284	55,900,917
2003.11	412,390,949	1,782,448	410,608,501	324,622,604	14,480,430	310,142,174	100,466,327
2003.12	405,036,937	1,848,218	403,188,719	345,094,756	17,384,653	327,710,103	75,478,616

### 8. IBS Project

The LSP by Air decided to install the IBS System.( LSP Information Barebones System Project Plan), the project under leader of Mr. Samson Pao, Secretary General of TAFA-R & TCBA-ROC. The government will support NT 22 millions dollar to support the project take office., the General assembly of association already approved to use the surplus of 2001,2002 and 2003 to support the situation appraisal and formulation the project. The project is designed under co-location operation. ( Hi-net, Seednet, Trade-van etc will be invited for open bit when the system effective.







**Area and Mainland Area and the “Consolidated List of Conditional Import Items of Mainland China Origin and Regulations Governing Import of Mainland China Origin Commodities.”**

**On July 1, 1994, the Board of Foreign Trade (hereinafter referred to as “BOFT”) put into effect the “Negative List” system of trade administration in order to accelerate the processes of trade liberalization and transparency. In line with international norms of trade, this system imposes the least degree of import restriction or regulation, based on the principle of making free import the rule, and restriction the exception. Based on Article 11 of the Foreign Trade Act, the import of goods is to be liberalized, except where restrictions may be imposed due to the requirements of international treaties, trade agreements, national defense, social security, culture, hygiene, and environmental/ecological protection or policy. The nomenclatures of the goods that are subject to import restrictions are publicly announced by the Ministry of Economic Affairs (hereinafter referred to as “MOEA”) on the “List of Commodities Subject to Import Restriction,” i.e., the “Negative List of Commodities,” which is structured as follows:**

- 1. Table 1: This lists commodities subject to import bans. Therefore, a commodity on this list cannot be imported unless the BOFT, for some special reason, grants an import permit as an exception.**
- 2. Table 2: This lists commodities that can be imported subject to certain conditions. The importers of these commodities must comply with the requirements set forth in the table (e.g., by obtaining consent letters issued by the relevant authorities) and cannot import these commodities until after BOFT issues the import permits.**

**B. For the commodities not on the “Negative List,” imports are not subject to any restriction. No import permits are required to import them, and importers can apply directly for the customs clearance of these commodities. However, some of them are still subject to other regulations and require certificates, market licenses, or supervisory approval granted by the relevant competent authorities before they may be imported. Those commodities and the requirements to which they are subject for importation have been compiled by BOFT into the “List of Commodities Assisted by Customs for Import Examination.” Customs is entrusted to examine whether such commodities conform to the listed requirements and will release them for import only if they meet those requirements.**

#### **II. Imports with and without Permits**

**Importers wishing to import commodities on the “Negative List” are required to apply for import permits in accordance with the regulations specified on the list, except where other regulations may apply for goods from Mainland China. If the commodities are not included on the “Negative List” and the importers belong to one of the following six categories, then no import permit is required:**

- A. Firms that are duly registered with BOFT as importers/exporters.**
- B. Government agencies and government-run enterprises.**
- C. Legally registered private schools at or above the elementary level.**
- D. Passengers and crew members of ships and aircraft, as long as the quantity and value of goods that they bring in as luggage are within the limits set by Customs.**
- E. Embassies and consulates of various countries in the ROC, international organizations, and diplomatic organizations in the ROC, as long as they have applied for duty-free import of articles for official and private use from the Ministry of Foreign Affairs.**
- F. Other importers who import commodities not on the “Negative List” through marine shipment, air freight, or parcel post at an FOB price less than US\$20,000 or its equivalent.**

**However, if the imported commodities are on the “List of Commodities Assisted by Customs for Import Examination,” the applicable import regulations on that list will be followed when an import application is filed with Customs.**

#### **III. The Use of Electronic Permits in the Importation of Goods**

- A. Starting on December 1, 1999, the BOFT began using electronic import permits in order to speed up customs clearance for imported goods and simplify the procedures for applying for import permits. The new system**

- reduces the time and labor needed by importers/exporters to shuttle back and forth among the relevant authorities for the necessary permits. Importers may now apply for import permits through the Internet.
- B. Equipment needed to apply for electronic import permits: The importer will need to have computer equipment that is connected to the Internet and can view the BOFT website, such as, for example, PC 586 (cache memory 256 kb, RAM 64 MB, hard disk 2.5 GB), MS Windows 95 (or a more recent version), MS Office 97, MS IE 4.01, a telephone line and modem (of transmission speed 56k or higher)
- C. Procedure for importers applying for electronic import permits: Importers are expected to use user IDs and passwords in the application process:
1. Before importers (i.e., government agencies, state-run enterprises, and importers/exporters duly registered as such by BOFT) apply for the electronic import permit, they are required to apply to BOFT for a user ID and password by filling out the "Electronic Export/Import Permit Password Application Form." Customs brokers who are commissioned by importers/exporters that use the electronic import permit must also fill out the "Electronic Export/Import Permit Password Application Form" and attach photocopies of their business license and customs registration license.
  2. After BOFT approves the application form, it will send the user ID and password to the applicant via registered mail.
  3. The applicant is expected to keep the user ID and password in a safe place and not divulge them to others. For security considerations, the applicant will also be required to change the password the first time he or she logs on to the BOFT's computerized permit system.
  4. Applicants who need to revise their data (e.g., address, telephone number, etc.) must fill out another "Electronic Export/Import Permit Password Application Form" to apply for the change.
  5. Applicants can log on to the BOFT's system through the Internet by going to the BOFT website (<http://www.trade.gov.tw>), then selecting the link (in Chinese) to the "Electronic Export/Import Permit Password Application Form." The information they input there is immediately transmitted to BOFT.

#### **IV. Quota Administration of Imported Goods**

Taiwan has been a member of WTO since January 1, 2002. To abide by the various commitments it made during the WTO accession process, BOFT has eliminated area/number restrictions on 18 kinds of agricultural products, including peaches, lemons, apples, grapes, pears, and grapefruit. The import of 23 more sensitive agricultural and fishery products (including rice) and automobiles is being opened with the tariff quota method. The import of rice is not free for the time being, but it may be imported under special quantitative restriction.

The import of products subject to tariff quota, as listed above, must be done in accordance with the Ministry of Finance's Enforcement Rules of Tariff Quota. With regard to automobiles, the Department of Customs Administration of the Ministry of Finance has entrusted BOFT to handle the relevant procedures. After a business obtains the Certificate of Tariff Quota, it must then process the import through customs. Automobiles that are imported within the quota are subject to low tariff rates. The first-come first-serve method is followed for customs quota certificates for automobiles imported from the United States, Canada, and the EU, and the businesses directly process the import through customs. With regard to the 23 kinds of agricultural and fishery products, the Department of Customs Administration of the Ministry of Finance has entrusted Central Trust of China to handle the relevant procedures and quota distribution. After a business obtains the Certificate of Tariff Quota, it must then process the import through customs. Goods in excess of the quota amount may still be imported, but they are subject to a high tariff rate.

#### **V. Regulations on the Import of Strategic High-Tech Commodities**

- A. The categories of items subject to regulation as strategic high-tech commodities:
1. Commodities that the Ministry of Economic Affairs (MOEA), in consultation with relevant agencies, specifies and announces publicly.
  2. Other commodities not on the MOEA's list, if their end-uses or end-users may be involved in the production or development of nuclear, biological or chemical weapons, missiles, or other weapons of mass destruction.

3. Imported commodities for which the government of the exporting country requires an International Import Certificate or other relevant certificate issued by the ROC.
- B. Importers who are applying for an International Import Certificate (hereinafter abbreviated "IC") are required to submit the following documents to BOFT:**
1. A complete set of IC application documents;
  2. A statement of intended use of the imported commodities concerned;
  3. Other documents as required in accordance with the applicable regulations.
- The IC remains valid for six months. The importer is required to notify the foreign exporter concerned to apply to the government of the exporting country for an export permit within the same period of validity. Failure to do so within that period will result in the invalidation of the IC.
- C. Importers who are applying for a Written Assurance Certificate (hereinafter abbreviated "WA") are required to submit the following documents to BOFT:**
1. A complete WA application form in triplicate;
  2. A statement of the intended use of the import commodities concerned (the local end-user shall be indicated);
  3. Other documents as required in accordance with the applicable regulations.
- After the issuance of a WA, BOFT retains one copy and the other two are returned to the importer.
- D. Importers who are applying for a Delivery Verification Certificate (hereinafter abbreviated "DV") are required to submit the following documents to BOFT:**
1. A complete Application for Delivery Verification Certificate form, with the import confirmation stamp of the customs authority on all pages.
  2. An original copy and one photocopy of the IC or WA issued by BOFT.
  3. Other documents as required in accordance with the applicable regulations.
- E. Concerning the import of chemical substances from countries that are parties to the Chemical Weapons Convention (CWC):** The Industrial Development Bureau of the MOEA was the original authority (beginning in July, 1998) in charge of processing importers' applications for and the issuance of the "End-Use Certificate for Chemicals of Chemical Weapons Convention," in harmony with the regulations of countries that are parties to CWC. Under ROC law, this has been incorporated into the "Regulations on the Export and Import of Strategic High-Tech Commodities." Beginning on July 1, 1999, the authority to process and issue the End-Use Certificates has been assigned to BOFT, the Export Processing Zone Administration, the Hsinchu Science-based Industrial Park Administration, and other relevant government agencies. The English name of "End-Use Certificate for Chemicals of Chemical Weapons Convention" is fixed, based on Article 6 of the "Regulations on the Export and Import of Strategic High-Tech Commodities."
- F. When applying for End-Use Certificates, importers must apply to the relevant certifying agencies, depending on their identity:**
1. Businesses (not including those located in Export Processing Zones or the Hsinchu Science-based Industrial Park), legal entities, schools, corporate groups, or individuals must apply to the BOFT.
  2. Businesses located in the Export Processing Zones or the Hsinchu Science-based Industrial Park must apply to the Hsinchu Science-based Industrial Park Administration.
  3. Government agencies and institutions must apply to their governing authorities.
  4. Military agencies and institutions forces must apply to their governing military agencies and institutions, and follow the current procurement procedures in place for weapons, equipment, and other items for military use.
- G. When an importer applies for an End-Use Certificate for Chemicals of Chemical Weapons Convention, he or she must first fill out the form, "Application for End-Use Certificate for Chemicals of Chemical Weapons Convention" (one form, in triplicate). If the "Description of Goods" blank on the first page of this application form is not large enough to list the details of the commodities being imported, then the importer may attach the "Commodity Description Supplement" (one form, in triplicate). Importers must also attach the following documents, depending on their identity:**
1. "End-Use Table of CWC-Controlled Chemical Substances" (also known as "Form M333")

- a. If the end-user is a manufacturer, then this form must be filled out and attached to the Application Form.
  - b. If the end-user is a legal entity, corporate group, school or individual, then this form is not required.
2. A copy of the factory registration license or other relevant identification documentation
- a. If the end-user is a manufacturer, then a copy of the factory registration license must be attached
  - b. If it is a company located in the Science-based Industrial Park, then a copy of the park business license must be attached.
  - c. If it is a company located in the Export-Processing Zone, then a copy of its profit-seeking business license in that zone must be attached.
  - d. If it is a legal entity, corporate group, school or individual, then the relevant identification documents must be attached)
3. A statement of the concrete chemical reaction formulae or detailed description of the manufacturing process involving the controlled chemical substances (to be provided by the end-user).  
Applicants may personally deliver or mail the application forms to the certifying agencies.

#### **VI. Regulations on the Import of Mainland Chinese Commodities**

- A. Conditions on permitting imports from Mainland China:** According to Article 8 of Rules for Permitting Trade Between Taiwan Area and Mainland Area, MOEA publicly announces which commodities from the Mainland are permitted for import into Taiwan, provided that they meet the following conditions:
1. Their import does not endanger national security;
  2. Their import does not have any serious negative impact on related domestic industries.
- B. Regulations on commodities imported from the Mainland:**
1. Since April 1, 1998, the ROC has used the "Classification of Import & Export Commodities of the ROC" and has published the "Consolidated List of Conditional Import Items of Mainland China Origin and Regulations Governing Import of Mainland China Origin Commodities."
  2. Items marked "MWO" in the "Import Regulations" column of the "Classification of Import & Export Commodities of the ROC" are on the "List of Mainland Commodities Subject to Import Restriction" (i.e., the "Negative Mainland List"); items marked "MPI" belong to the "Consolidated List of Conditional Import Items of Mainland China Origin"; other items marked neither "MWO" nor "MPI" are on the "Consolidated List of Mainland Commodities Permitted for Import."
  3. Since the details of the commodities marked "MPI" cannot be listed one by one in the "Classification of Import & Export Commodities of the ROC," the more detailed "Consolidated List of Conditional Import Items of Mainland China Origin and Regulations Governing Import of Mainland China Origin Commodities" has been compiled, and this is used as the basis of implementation. The commodities on this list include the following two main categories:
    - a. Items for which the annotation "EX" appears after the CCC code: This annotation indicates that the commodities are permitted for import if they match the specified Chinese and English names and descriptions.
    - b. Items for which annotations in the form "MXX" (such as "M63" or "M80") appear after the CCC code: These annotations indicated that other special regulations apply for their import.
  4. Furthermore, importers should apply to the BOFT for import permits for Mainland commodities that are marked on the various lists as follows:
    - a. Items for which the annotation "I2I" appears in the "Import Regulation" column of the "Classification of Import & Export Commodities of the ROC" (indicating that BOFT issues the import permit);

- b. Items for which the annotation “MP1” appears in the “Import Regulation” column of the “Classification of Import & Export Commodities of the ROC” (indicating that the Mainland commodity is conditionally permitted for import);
  - c. Items for which the annotation in the form “MXX” (like “MG3”) appears in the “Special Regulations” column of the “Consolidated List of Conditional Import Items of Mainland China Origin and Regulations Governing Import of Mainland China Origin Commodities.”
- All other items are exempt from import permit requirements.
- 5. Regulations on exemption from import permits for small quantities of Mainland Chinese commodities: Small quantities of Mainland Chinese industrial products that are not listed in the “Negative List” (CCC chapters 25 to 97) and that have an FOB value of NT\$30,000 or less may be imported permit-free, as long as there are 24 pieces/units or less and the total does not exceed 40 kg in weight, unless they belong to one of the following categories of commodities:
    - a. They are not on the “Consolidated List of Mainland Commodities Permitted for Import” issued by the MOEA.
    - b. They are commodities announced by MOEA as permitted for import from the Mainland but subject to other regulations (as indicated with codes in the form of “MXX” as described above).
- C. Mainland Chinese commodities that are permitted for import include:
- 1. Items publicly announced by the MOEA as permitted for import.
  - 2. Antiques, cultural works relating to religions, tribal art-works, works of art, materials for the maintenance of cultural assets, and commodities for cultural or educational activities, in small quantities.
  - 3. Sample products for exclusive use in research or development.
  - 4. Items listed as permissible for import pursuant to the Regulations Governing Permission for Importation of Industrial Technology from Mainland Area.
  - 5. Animals for use by schools, research institutes and zoos.
  - 6. Raw materials, parts and components imported by Duty-Bonded Factories for processing to export, and goods/articles for reconditioning to export.
  - 7. Raw materials, parts and components imported by the Export Processing Zone or the Science-based Industrial Park for processing to export, and goods/articles for reconditioning to export.
  - 8. Chinese medicines for medical treatment.
  - 9. Publications, motion pictures, video programs and broadcasting and television programs as permitted by the Government Information Office of the Executive Yuan.
  - 10. Articles carried in by incoming passengers not exceeding the amount approved and announced by the Directorate General of Customs of the Ministry of Finance.
  - 11. Articles carried in by crewmembers of vessels or aircraft in compliance with the relevant requirements.
  - 12. Harvested fishery products as compensation for settlement on fishery disputes at sea between the Taiwan area and Mainland area.
  - 13. Other items permitted through special approval by the competent authority.
- D. Trade between the Taiwan and Mainland areas may be done directly, and the buyer or seller may be a company in the Mainland, but shipment of the commodities must go through a third region or off-shore shipping center. Published materials, movie films, videotaped programs and radio or television programs that are shipped via post and articles brought into ROC territory by tourists and the service personnel of ships and aircraft in accord with the relevant regulations are not subject to this restriction. Import permits and other import documentation must be clearly marked with the words “Made in Chinese Mainland.”

## VII. Regulations Concerning Labeling of Origin for Imports and Certificates of Origin

- A. Commodities imported into the ROC are generally not required to show labeling of origin except for textile products in Chapters 61 and 62 (CCC617 and 6217) of the “Classification of Import & Export Commodities of the ROC” and other products for which relevant domestic regulations apply (such as the “Law Governing Food

Sanitation” and “Pharmacist Law”). However, if the imported commodity already has labeling of origin, then the label may not be false, otherwise the violation will be handled according to the provisions of the “Rules on Imported Commodities with False Marks of Origin,” and punishment will be meted out according to Article 28, Paragraph 1, Item 5 of the Foreign Trade Act.

The true, accurate origin of Chapter 61-62 textile products must be labeled on the products themselves, and the marker must be both conspicuous and secure. Labeling is deemed “conspicuous” when the position of a sewed or stamped label of any textile can easily be seen, or the labeling meets the requirements of international convention in customary labeling for specific commodities. Labeling is deemed “secured” when the fabric label sewed of or on the commodity itself, or the stamped origin label, does not fade away easily and it is reasonably expected that the country of origin can be identified easily by customers after transportation.

B. The ROC’s regulations on the import of commodities do not specify in principle that importers must provide certificates of origin from other countries, but there are two exceptions:

1. During negotiations between the ROC and the United Kingdom (UK), the UK requested that the ROC help to prevent the sale of so-called “Scotch Whiskey” not produced in Scotland. Therefore the ROC requires that imports of Scotch Whiskey be accompanied with a “certificate of age and origin for Scotch whiskey: (C&E 94.J)” issued by UK Customs.
2. To prevent Mainland Chinese agricultural products being falsely reported as imports from Southeast Asian countries and thereby affecting ROC farmers’ incomes, the Council of Agriculture requested that certificates of origin be required for certain agricultural products from that region. Therefore the ROC requires certificates of origin issued by the governments of the exporting countries or their authorized units for the following seven product categories:
  - a. CCC0902: Tea, whether or not flavored (8 items);
  - b. CCC0307.10.19.00-7: Other oysters, live, fresh or chilled;
  - c. CCC0307.10.20.00-4: Oysters, frozen;
  - d. CCC0703.10.20.00-4: Shallots, fresh or chilled;
  - e. CCC0709.90.90.11-3: Bamboo shoots, fresh or chilled;
  - f. CCC0710. 80.90.10-3: Bamboo shoots, frozen;
  - g. CCC0712.90.90.30-5: Shallot, dried;
  - h. CCC2005.90.90.92-2: Shallot, fried.

#### **Conclusion:**

For upgrade of education level in our association, our association cooperated with National Taiwan University, to make situation appeal for set up “ATL & CPL program and using the standard of American Transport & Logistics Association. As well as The Logistics Association. Referring to the last category (item “L”), a few references (taken from the larger list) have been added to reflect those currently identified and recommended as being “key” in preparation for the Certified Professional Logistician (CPL) examination being offered through SOLE’s educational program activity. While an individual preparing for CPL recognition should, in addition to having the necessary experience in the field, be familiar with the entire “body of knowledge” (i.e., literature in the field), review and study of these few key references may help in response to a short-term need.

When addressing the subject of logistics, one should become familiar not only with the available literature in this field but with some of the subject areas that are closely aligned with logistics. “Logistics,” by nature, is interdisciplinary and acquiring knowledge in these related areas is essential if one is to progress and successfully accomplish his/her objectives in the field. With this in mind, this bibliography has been developed to cover a few selected references in each of the following areas:

- A. Logistics, Logistics Engineering, and Integrated Logistic Support (ILS).
- B. Systems, Systems Engineering, and Systems Analysis.

- C. Concurrent Engineering.**
- D. Software and Computer-Aided Systems.**
- E. Reliability Engineering.**
- F. Maintainability Engineering and Maintenance.**
- G. Human Factors and Safety Engineering.**
- H. Production, Manufacturing, Quality, Quality Control, and Quality Assurance.**
- I. Operations Research and Operations Management.**
- J. Engineering Economy, Life-Cycle Cost Analysis, and Cost Estimation.**
- K. Management and Supporting Areas.**
- L. Selected References for the CPL Program.**

The project will take 3 years period to review the following reference data to formulated the education material:

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Hope this subject possible to help all LSP – Logistics Service Provider and LSU-Logistics Service User to increasing the quality standard of their staffs for component creation.

End of country report