

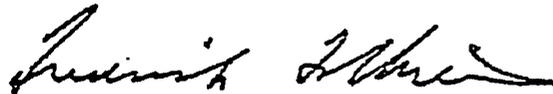


- (4) The Ministry of Finance will not use the transitional discretionary power contained in our Customs Law, as amended on July 1, 1986, to apply a duty paying list or any similar scheme of officially established prices.

Both sides also agree to consult regarding any matter relating to the implementation of the understanding reached with respect to the case on customs valuation under section 301 of the Trade Act of 1974, as amended.

It is our understanding that, in recognition of these measures, AIT will request the Office of the United States Trade Representative to terminate the case on customs valuation practices in Taiwan initiated under section 301 of the Trade Act of 1974, As amended.

Sincerely yours,



Fredrick F. Chien  
Representative



AMERICAN INSTITUTE IN TAIWAN

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*Taiwan  
Customs  
Valuation*

August 22, 1986

Dr. Fredrick F. Chien  
Representative  
Coordination Council for  
North American Affairs  
5161 River Road  
Bethesda, Maryland 20816

Dear Dr. Chien:

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

"Dear Mr. Dean:

According to the understanding reached by the Coordination Council for North American Affairs and the American Institute in Taiwan during the CCNAA and AIT trade talks, held in Washington, D.C. on August 4-8, 1986, this letter sets forth measures that the CCNAA side will undertake in connection with implementation of the GATT Customs Valuation Code.

1. Effective immediately, the CCNAA side will not apply the duty paying list to any goods of U.S. origin imported into the territory represented by the CCNAA.

2. The Ministry of Finance will issue and publish in the Ministry of Finance Gazette, not later than September 1, 1986, a regulation which abolishes the duty paying list effective October 1, 1986. The Ministry of Finance regulation will further specify that we will employ only the following methods of customs valuation in hierarchical order:

- transaction value of imported goods;
- transaction value of identical goods;
- transaction value of similar goods;
- deductive method;
- computed method; and
- fallback method.

3. The Ministry of Finance will distribute, not later than September 1, 1986, the above regulation to our customs officials advising them of the abolition of the duty paying list effective October 1, 1986 and instructing our customs officials to use transaction value and those methods of customs

valuation contained in the domestic Customs Law which implements the substantive provisions of the GATT Customs Valuation Code and its interpretative notes no later than that date.

4. The Ministry of Finance will not use the transitional discretionary power contained in our Customs Law, as amended on July 1, 1986, to apply a duty paying list or any similar scheme of officially established prices.

5. Both sides also agree to consult regarding any matter relating to the implementation of the understanding reached with respect to the case on customs valuation under section 301 of the Trade Act of 1974, as amended.

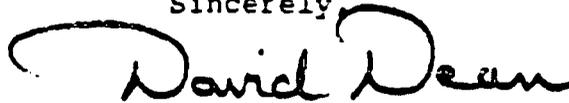
It is our understanding that, in recognition of these measures, AIT will request the Office of the United States Trade Representative to terminate the case on customs valuation practices in Taiwan initiated under section 301 of the Trade Act of 1974, as amended.

Sincerely,

Dr. Fredrick F. Chien  
Representative, CCNAA"

Based on the commitments contained in your letter and the implementation of these commitments by the dates specified, I am pleased to inform you that effective October 7, 1986 the Office of the United States Trade Representative will terminate the case on customs valuation practices in Taiwan under section 301 of the Trade Act of 1974, as amended.

Sincerely,

A handwritten signature in black ink that reads "David Dean". The signature is written in a cursive, flowing style with a large, sweeping initial "D".

David Dean  
Chairman of the Board  
and Managing Director