

**COMMUNICATION FROM THE SEPARATE CUSTOMS TERRITORY
OF TAIWAN, PENGHU, KINMEN AND MATSU**

Transitional Review Mechanism in connection with Paragraph 18 of
the Protocol on the Accession of the People's Republic of China

The following communication, dated 21 November 2003, from the Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is being circulated to the Members of the Council for Trade in Services.

**Written Questions to China from the Separate Customs Territory of Taiwan,
Penghu, Kinmen and Matsu concerning Trade in Services**

I. TELECOMMUNICATION SERVICES

1. We noted that China has replied to the questions raised by several Members on this subject in the TRM exercise last year. However, we would like to follow up a few remaining issues and we appreciate China's further clarification.
2. Given that China has already made a commitment to adopt the Reference Paper on Basic Telecommunications, which is important in terms of market access commitments, we would be interested in knowing exactly how China plans to implement the Reference Paper through its *Telecommunication Law*.
3. It is noted that China's *Telecommunication Law* and *Administrative Regulations of Foreign-invested Telecommunications Business* stipulate certain qualification requirements for telecommunications businesses operating in China.
4. We hope that China would conduct the review procedures in a transparent and objective manner, which is also consistent with its accession commitments.
5. The geographical scope in which foreign-invested telecommunication companies are allowed to operate is regulated by China's *Administrative Regulations of Foreign-invested Telecommunications Businesses* and determined by the supervisory department for the information industry under the State Council, in accordance with the relevant regulations.
6. Could China please advise us which government department will be issuing the measures in this respect?

II. TOURISM AND TRAVEL-RELATED SERVICES

7. China's *Administrative Regulations on Travel Agencies* impose an economic needs test (ENT) on new foreign-invested travel agencies

8. Could China please explain why this additional requirement, which was not listed in its schedule of GATS commitments, is necessary?

III. TRANSPORT SERVICES

9. China agreed in its accession commitments that the minimum registered capital of a joint-venture freight forwarding agency shall be no less than US\$ 1 million. However, its *Notification on Issues Relating to the Experimental Establishment of Foreign-Invested Logistic Enterprises*, effective from 20 July 2002, stipulates that only foreign enterprises having more than US\$ 5 million registered capital will be permitted.

10. It would be appreciated if China could explain the reasons for this increase in the capital requirement in the light of its accession commitments.

IV. PROFESSIONAL SERVICES: ACCOUNTING , AUDITING AND BOOKKEEPING

11. According to Article 2 of its Provisional Rules on Evaluating Registration of Membership by Foreign Accountants, foreigners that have passed China's CPA tests and wish to apply for a licence to practice as a CPA in China, must have accumulated more than two years' experience as an independent auditor within China, must have a fixed residence or fixed contact point within China and, at the time of application, the residency requirement is at least one year. These requirements, however, are not contained in China's WTO commitments.

12. It would be appreciated if China could explain why these above-mentioned requirements are necessary.
