

Taiwan, Guatemala reps conclude FTA negotiations

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Representatives of Taiwan and Guatemala successfully concluded the final round of negotiations for a free trade agreement (FTA) between the two countries July 31 in Guatemala City by signing a memorandum of understanding to proceed with the signing of the agreement itself at an as yet unspecified time in the near future, after legal experts review the fine points of language and make technical adjustments.

Following the signing of the FTA, it will be submitted to the legislatures of the two countries for ratification, the Ministry of Economic Affairs (MOEA) said in a statement released Aug. 1.

Guatemala, the largest economy in Central America and commanding around 36 percent of the sub-continent's collective gross domestic product, will be Taiwan's second free trade partner after Panama. The Taiwan-Panama FTA was signed in August 2003 and took effect in January 2004.

The agreement was concluded after three previous rounds of negotiation. Vice Economics Minister Chen Ruey-long headed the Taiwanese delegation, which consisted of representatives from the Council of Agriculture, the Ministry of Economic Affairs, the Ministry of Finance and the Ministry of Transportation and Communications.

The Guatemala delegation was led by Vice Economics Minister Enrique Lacs.

Under the pact, Guatemala will extend free-tariff treatment to 447 agricultural products from Taiwan, or 45.8 percent of the total listed Taiwanese products, while another 221 agricultural products, or 22.6 percent, are excluded, and tariffs on the remainder will be reduced by stages, the amount and timing to be determined later. Taiwan, in turn, will grant tariff exemptions to 644 or 41 percent of listed Guatemalan agricultural products, maintain current levels for 12.5 percent, and gradually lower tariffs on the rest.

With respect to industrial products, Guatemala will allow imports of 3,509 items, or 66.18 percent, of the total number of Taiwan-made products specified in the draft agreement. The value of these items amounts to approximately 60 percent of Taiwan's current level of exports to Guatemala, indicating that Taiwanese manufacturers will have more opportunities to market their goods in Guatemala, according to the MOEA statement.

Under the terms of the FTA, the two countries will sign a commercial aviation pact granting Taiwan-registry airline companies the right to stop over and pick up passengers in Guatemala on the way to other destinations. Guatemala will also allow Taiwanese carriers to change the types of aircraft and number of flights in accordance with market demand.

As for marine transport, the FTA allows citizens of each country to set up shipping-related businesses in the other country and to enjoy most-favored-nation docking and customs inspection arrangements, which can enhance the competitive edge of shipping businesses of both countries and is beneficial not only to trade but also to tourism and cultural exchange between the two countries, said the statement.

In addition, Taiwanese businessmen are also allowed to invest in Guatemala and then extend their operations, or market their goods, to the United States and other countries in Central America under the terms of the Central American Free Trade Agreement to which Guatemala is a signatory.

In an article published Aug. 5 in the Chinese-language Economic Daily News, Christina Liu, an opposition

People First Party legislator and professor of finance at the National Taiwan University, urged Taiwanese businesspeople to take advantage of the Taiwan-Guatemala FTA to invest in Guatemala and use it as a springboard for entering the American market.

"It is worth trying to explore regions different from China that can serve as both manufacturing base and market, thereby reducing Taiwan's foreign investment risk," she opined.