

05-Jan-1990 11:55 EDT

MEMORANDUM FOR: JNET%"MELBY@VAXC"@WHSR"@MRGATE

FROM: VMSMail User JNET%"WHSR  
 (\_JNET%"WHSR@WHSR"@MRGATE)

SUBJECT:

*Taiwan - US*

Received: From WHSR(WHSR) by VAXC with Jnet id 3866  
 for MELBY@VAXC; Fri, 5 Jan 90 11:55 EST  
 Date: Fri, 5 Jan 90 11:51 EST  
 From: <WHSR@WHSR>  
 To: MELBY@VAXC  
 Original\_To: JNET%"MELBY@VAXC"

<DIST>  
 SIT: MELBY

<ORIG>  
 REUTER

<TOR>  
 900105111329

<TEXT>

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RR YWR ABR  
 YY WDB

051616 TRD,DIP :BC-TRADE-TAIWAN

TAIWAN BID TO JOIN GATT SAID POSING LEGAL AND POLITICAL PROBLEMS  
 GENEVA, JAN 5, REUTER - AN APPLICATION BY TAIWAN TO JOIN  
 GATT POSES COMPLEX LEGAL AND POLITICAL PROBLEMS FOR THE WORLD  
 TRADE FORUM, DIPLOMATIC SOURCES SAID ON FRIDAY.

THIS IS BECAUSE THE UNITED NATIONS RECOGNISES TAIWAN AS A  
 PROVINCE OF MAINLAND CHINA, AND PEKING, WHICH IS ALSO SEEKING  
 GATT MEMBERSHIP, HAS PREVIOUSLY SUCCEEDED IN KEEPING TAIPEI OUT  
 OF MOST INTERNATIONAL ORGANISATIONS, THE SOURCES SAID.

AN OFFICIAL AT THE GENEVA HEADQUARTERS OF THE GENERAL  
 AGREEMENT ON TARIFFS AND TRADE (GATT) SAID THE LETTER OF  
 APPLICATION, NOW BEING CIRCULATED AMONG THE ORGANISATION'S 96  
 MEMBERS, ASKED DIRECTOR-GENERAL ARTHUR DUNKEL TO START AS SOON  
 AS CONVENIENT THE RELEVANT PROCEDURES FOR TAIWAN TO JOIN.

IT ADDED THAT TAIWAN HOPED THESE COULD BE COMPLETED BEFORE  
 THE SCHEDULED END NEXT DECEMBER OF THE URUGUAY ROUND OF WORLD  
 TRADE NEGOTIATIONS BEING CONDUCTED UNDER GATT AUSPICES, THE  
 OFFICIAL SAID.

NORMAL PROCEDURE WOULD BE TO PUT TAIWAN'S REQUEST ON THE  
 AGENDA OF A MEETING OF GATT'S RULING COUNCIL, WHICH COULD SET UP  
 A WORKING PARTY TO CONSIDER IT, BUT THE OFFICIAL SAID IT WAS  
 STILL UNCERTAIN HOW SOON THIS WOULD HAPPEN.

THE NEXT REGULAR MONTHLY COUNCIL MEETING IS SET FOR JANUARY  
 25. DIPLOMATIC SOURCES SAID THEY EXPECTED IN THE MEANTIME THERE  
 WOULD BE INFORMAL CONTACTS AMONG MAJOR GATT MEMBERS SUCH AS THE  
 UNITED STATES, THE EUROPEAN COMMUNITY AND JAPAN ON THE TAIWAN  
 BID.

THE GATT OFFICIAL SAID TAIWAN BASED ITS APPLICATION ON

GATT'S ARTICLE 33 WHICH SAYS "A GOVERNMENT ACTING ON BEHALF OF A SEPARATE CUSTOMS TERRITORY POSSESSING FULL AUTONOMY IN THE CONDUCT OF ITS EXTERNAL COMMERCIAL RELATIONS" CAN ACCEDE TO GATT ON TERMS TO BE AGREED WITH EXISTING MEMBER STATES.

DIPLOMATIC SOURCES SAID LEGAL ARGUMENTS WERE LIKELY TO FOCUS ON WHETHER TAIWAN MET THESE CONDITIONS. BOTH PEKING AND TAIPEI INSIST THAT THERE CAN BE ONLY ONE LEGITIMATE CHINA.

NATIONALIST CHINA WAS ONE OF GATT'S 23 FOUNDER MEMBERS IN 1948, BUT A COMMUNIST GOVERNMENT CAME TO POWER THE FOLLOWING YEAR AND QUIT THE ORGANISATION IN 1950, AFTER THE NATIONALISTS FLED TO TAIWAN.

PEKING APPLIED IN 1986 "TO RESUME ITS SEAT" IN THE ORGANISATION, WHICH SETS RULES FOR SOME FOUR-FIFTHS OF INTERNATIONAL COMMERCE BASED ON FREE TRADE PRINCIPLES THAT GUIDE THE WORLD'S MARKET ECONOMIES.

A GATT WORKING PARTY RESUMED CONSIDERATION OF CHINA'S BID LAST MONTH AFTER A SIX MONTHS' PAUSE FOLLOWING PEKING'S CRUSHING OF THE COUNTRY'S PRO-DEMOCRACY MOVEMENT LAST JUNE.

REUTER RF RLH

NNNN