COUNTRY REPORT 2001

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1.Taiwan New Economy

Same as the past, on end of year always, I offer the country report to the public from reference not only on our country, but also our industries.

Taiwan Economy very slow during the year of 2001, even our government's vigorous promotion of the Global Logistics Development Plan (GLDP), the result still very limited. The government declared that GLDP is attracting more and more domestic companies and multinational enterprises to establish their logistics position in Taiwan, indicating that under the framework of the World Trade Organization (WTO) the island's competitive niche as a location for the establishment of American, Japanese, and Asian procurement and delivery bases aimed at mainland China and Southeast Asia. This also shows the island's promising future for the development of the warehousing, express delivery, shipping, processing, and other industries. According to data compiled by the Council for Economic Planning and Development, the following successes in this effort have already been achieved:

--Among domestic enterprises, the CTW Logistics Corporation, China President Logistics, and Jvan An Logistics International Corporation have received permissions from the customs administration to establish logistics centers.

--Among multinational enterprises, Applied Materials has set up in Tao yuan its first logistics center for semiconductor equipment outside of North America. This center cost US$60 million to build, occupies an area of 6,600 square meters, and serves customers in mainland China, Japan, South Korea, Singapore, and other areas as well as Taiwan, making it Applied Materials' center for the distribution of semiconductor equipment, parts, and components for the Asia-Pacific region. After evaluating six countries and territories including Taiwan, Air is, which like Applied Materials is an American company, has determined that the Kao hsiung Air Cargo Park which is being promoted by the Export Processing Zone Administration of the Ministry of Economic Affairs offers a fine geographic position, proximity to Kao hsiung's Hsiaokang International Airport, and good cargo hub functions, and has made a preliminary decision to invest jointly with the Taiwan Sugar Corp. in the construction of an air cargo terminal, logistics center building, and office building there. According to the planned schedule, the first stage of the project will get under way this year and be completed between the end of 2003 and the middle of 2004. Intel has taken note of the strength of Taiwan's information industry and has announced the establishment on the island of its first warehousing center in the Asia-Pacific region; through e-commerce operations, this center needs only one day after receiving an order to delivering the goods. This will make it easier for Taiwan's motherboard makers to meet the challenges of a changing market with greater flexibility and efficiency. Intel has also announced the establishment of a quality support center in Taipei to provide motherboard manufacturers with immediate chip testing, quality assurance, and other services, and to report the results of testing to clients within 24 hours.

In view of the importance of Taiwan's position as an Asian transportation hub, DHL has announced a plan for continuing large-scale investment in Taiwan through the year 2005. The express cargo carrier has signed a cooperative agreement with the Evergreen logistics firm to locate its express cargo hub in Evergreen's second-stage air cargo terminal at Chiang Kai-shek International Airport with the aim of expanding its market share and strengthening its competitiveness. This transshipment hub for express parcels is expected to begin operating shortly.

NYK, which operates Japan's largest merchant shipping fleet, has signed a contract with the Kaohsiung Harbor Bureau for the lease of Wharf 121 in Kaohsiung's Fourth Container Center; NYK plans to use Kaohsiung as its main East Asian hub, and is considering the switching of its container transshipping from Singapore to Kaohsiung.

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.

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 have also held trade consultations with companies to introduce export opportunities in a more direct manner and have 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's 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. Assisting traditional industries in establishing e-commerce systems to effectively exploit the potential of the Internet in maximizing sales.

10. Cross-strait economic and trade exchanges are built on the premise of the preservation of Taiwan's 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.

2.WTO Sector

After 12 years of effort, Taiwan finally became a member of the World Trade Organization (WTO) on Jan. 1 this year. With WTO membership, the nation is required to fulfill the following commitments:

＊Lowering of tariffs

--The average tariff on agricultural products is to be cut from the original 20.02% to 14.01% in the first year of WTO membership (2002), and further to 12.89% between 2003 and 2011.

--The average tariff on industrial products is to be adjusted downward from the original 6.03% to 5.78% in the first year of WTO membership, and further to 4.15% by 2011.

＊Reduction of import controls on agricultural products

--With the exception of volume restrictions on the import of rice, all of the current controls and area restrictions on the import of 41 agricultural products will be replaced by tariff quotas or free imports. Special protective measures may be adopted for 14 sensitive agricultural products, however, in order to alleviate the continuing impact of WTO membership.

--Tariff quotas will replace the area restrictions that are currently imposed on imports of passenger sedans and trucks of up to 3.5 tons, and imports will be gradually opened up.

--Local content ratios for domestically produced automobiles and motor scooters/cycles, import area restrictions, and banned export subsidies will be eliminated.

--Imports of motor scooters/cycles larger than 150cc and diesel-powered passenger sedans will be opened up six months and within two years, respectively, following WTO membership.

＊Opening of the services market

Gradual opening of the services market for lawyers, accountants and other professional services, as well as for the finance, insurance, securities futures, telecommunications, transportation, education, and movie businesses, has already been achieved prior to WTO accession. With WTO membership, the domestic market will be opened wider to the establishment of branches by foreign mutual insurance companies and to practice by foreign lawyers; ratio restrictions on foreign investment in the air freight forwarding business and air cargo hubs will be eliminated; and ratio requirements for the screening of domestically produced movies as well as the collection of domestic movie assistance fees from foreign movies will be cancelled.

＊Other major market-opening measures

The monopoly system for tobacco and alcoholic beverage products will be abolished and such imported products will be switched to the imposition of customs duties, tobacco and wine taxes, and business taxes, while domestically produced tobacco and alcoholic beverage products will be made subject to tobacco and wine taxes as well as business taxes. The collection of harbor construction fees will be stopped, and harbor service fees will be collected on the "user pays" principle. In addition, after Taiwan signs the government procurement agreement the domestic government procurement market, which amounts to an average of about US$6 billion to US$8 billion a year, will be opened to companies from other countries that have signed the agreement. Taiwan will be at the same time be eligible to bid for global government procurement market amounted to about US$200 billion.

3. National Plan

The National Construction Plan for 2002, which was formulated by the Council for Economic Planning and Development (CEPD) and approved by the Executive Yuan (Cabinet), puts Taiwan's economic growth this year at 2.7%. At the same time, it forecasts a 1.2% growth in jobs, an unemployment rate of 4.5%, and a consumer price index increase that remains at the 2001 level of 0.1%.The forecast is based on the postulated international economic environment, changes in domestic public investment policy, and other factors, coupled with an macro-econometric modeling. The plan proposes economic revitalization, promotion of employment, and alleviation of unemployment as priority items for development this year (2002). Economic growth is to be stimulated through the strengthening of innovation and the expansion of public investment, and increased employment is to be promoted through economic growth and restructuring. Forecasts of Taiwan's Economic Growth for 2001 and 2002 Forecasting Institution Time of Forecast 2001 2002 Council for Economic Planning and Development Dec. 2001 -- 2.7%
Directorate General of Budget, Accounting and Statistics Dec. 2001 -2.12% 2.23%
Taiwan Institute of Economic Research Nov. 2001 -1.49% 2.03%,Chung-Hua Institution for Economic Research Dec. 2001 -1.96% 2.36%;Academia Sinica Dec. 2001 -1.89% 3.08%;Taiwan Research Institute Dec. 2001 -- 2.24%;International Monetary Fund Dec. 2001 -2.2% 0.7%;Wharton Econometric Forecasting Associates Nov. 2001 -- 1.5%
Asian Development Bank Nov. 2001 -2.1% 2%.

During the Feb. of 2002, The Ministry of Transportation and Communications (MOTC) has completed formulation of new policies on shipping service development, with direct transport service between Taiwan and mainland China as the centerpiece for the ministry's administration programs.

MOTC officials have been gravely concerned about the heavy loss of cargo containers by

Kaohsiung Harbor although it still ranks as the world's fourth largest international port in handling cargo containers. They believe the new policies will help lure one million TEUs (twenty-foot equivalent units) of containers from Hong Kong each year.

Although top government officials asserted that there will be no changes in major policies toward Beijing, MOTC officials stressed that whether Taiwan can engage in full direct shipping services with the mainland will dictate if Kaohsiung Harbor can secure its advantages of cargo transshipment services across the Taiwan Strait.

Global economic slowdown and Taiwan's reduced import and export value stunted the growth rate in container volume handled at Kaohsiung to just 1.54% in 2001. The low growth rate widened the harbor's lag behind that of Pushan Harbor in South Korea by 200,000 TEUs.

Yet new threat comes from Shanghai as the major harbor city on the eastern coast of the mainland could catch up with the volume of Kaohsiung in the near future.

According to the blueprint worked out by the MOTC, international harbors in Taiwan face strong competition from Hong Kong, Shanghai, and Xiamen in the mainland. Hong Kong poses as Taiwan's biggest competitor mainly because it caters to companies operating in southern China.

But Shanghai is seen as the major potential competitor because it serves mainly enterprises in the Yangtze River area in central China, which is a favorite investment area for companies based in Taiwan. There is a heavy duplication of customers among Kao Hsiung, Hong Kong and Shanghai.

The MOTC also named Taiwan harbors' secondary competitors, including Singapore, Pushan, Yokohama, Tokyo and Kobe. Officials said international harbors in Taiwan might form strategic alliance with these potential partners because there is a low duplication of customers. The economic and finance committee of the Executive Yuan (Cabinet) has decided that free ports zones should be developed in Taiwan as a major focus of the next stage of the Global Logistics Development Plan in order to boost the island's global logistics capability. Planning for the program is to be carried out by the Council for Economic Planning and Development (CEPD) in consultation with other ministries and commissions, and will conform to policy regarding relations between Taiwan and mainland China.

According to the CEPD's preliminary plan, the main objectives of free ports are: (1) to expand on the existing achievements of the Global Logistics Development Plan and continue the promotion of liberalization and internationalization; (2) to meet the challenge of free ports established by neighboring Asia-Pacific countries; (3) to break through the existing restriction on transshipped goods to high-value-added processing; and (4) to enliven the efficiency of operations within the scope of harbors and airports. The free port mode of operation can be considered for the Taoyuan Air City Cargo Park and Kaohsiung Air Cargo Park, which are now under active implementation, as well as for other areas in the neighborhood of airports and harbors, as a means of upgrading operating efficiency and competitiveness.

The initial planning calls for free ports to provide for the free flow of goods within their areas with no need for customs administration or customs clearance, and to offer 72-hour landing visas for foreign business people carrying out commercial activities within the zones. The CEPD will call together representatives from related agencies to form a task force that will carry out detailed planning with reference to operating models from the advanced countries, and will map out, within six months, an implementation program that will be presented to the Executive Yuan for review and approval.

At the same time, The Executive Yuan has passed an Implementation Plan for the Adjustment of Cross-Straits Economic Policy Following WTO Accession, which was proposed by the Mainland Affairs Council, containing detailed plans and an agenda for related regulatory changes for cross-straits trade in commodities and services, movement of capital and personnel, and related liberalization matters (economic opening measures that are not included in WTO rules but should be adjusted along with those rules). According to this plan, the Regulations Governing Trade Between Taiwan and Mainland China are to be revised to eliminate the requirement that buyers and sellers engaging in cross-straits trade must be from a third area; the Regulations Governing Import and Export Financing by Banks in the Taiwan Area for Indirect Trade with Mainland China, and the Regulations Governing Indirect Remittances to Mainland China by Financial Institutions in the Taiwan Area, are to be revised to promote the opening of direct transactions between trading companies on the two sides of the straits; and the Statute for Relations Between the People of the Taiwan Area and the Mainland Area, the Implementation By-Laws for the Statute for Cross-Straits Relations, the Statute for Relations with Hong Kong and Macao, and the Regulations Governing Investment in Taiwan by People from the Mainland Area are to be revised so as to establish a regulatory framework for the opening up of mainland Chinese investment in Taiwan. For the complete text of this plan, visit the website at www.mac.gov.tw/economy/wto/main.htm.

4. Global logistics policy

In line with the government's promotion of the global logistics policy, the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs has completed the planning of a draft Action Plan for the Promotion of Corporate Operations Headquarters which suggests that the relevant ministries and commissions attract companies to set up their operations headquarters in Taiwan by reinforcing the financial support environment, expanding the supply of manpower, instilling core competencies for operations headquarters, improving the supply of land and utilities, providing tax incentives, and offering high-quality, high-efficiency administrative services. The draft program will be implemented after it is examined and approved by the Executive Yuan.

To reinforce the financial support system, the IDB suggests that regulations for the stock market listing of industrial holding companies be relaxed and that restrictions on the raising of funds overseas by operations headquarters be readjusted in order to expand such headquarters' financial support and global deployment flexibility. To expand the supply of manpower, related regulations are to be formulated to relax restrictions on the employment in Taiwan of overseas Chinese graduates of junior colleges and above so as to increase sources of professional technicians needed by operations headquarters. To instill core competencies, planning will be done to help operations headquarters set up training centers and cultivate logistics management professionals. To improve the supply of land and utilities, the Implementation By-Laws for the Taiwan Area of the Urban Planning Law and related regulations will be planned to relax land-use restrictions so that companies will be better able to choose land for the establishment of special operations zones. Public land will be available at preferential prices for the establishment of operations headquarters. To provide favorable taxation conditions for operations headquarters, such headquarters that reach a set scale and have a major economic effect will be exempted from business income taxes on income derived from the management services and R&D of affiliated enterprises, from royalties on patents, and from investment. To offer high-quality, high-efficiency administrative services, it is suggested that the IDB establish an "operations headquarters promotion committee" and set up a one-stop window charged exclusively with providing out services related to operations headquarters.

The IDB figures that there are currently more than 400 enterprises with the potential to establish global or regional operations headquarters in Taiwan. It is estimated that by the year 2011, this program will bring about the establishment of global operations headquarters in Taiwan by 200 enterprises and of regional operations headquarters by 1,000 enterprises, thus providing approximately 200,000 job opportunities. The draft program will be implemented after it is examined and approved by the Executive Yuan.

The Board of Foreign Trade (BOFT) under the Ministry of Economic Affairs announced late last week the list of an additional 2,058 products that can be directly imported into Taiwan from mainland China. The latest import list of 2,058 items, mostly raw materials for manufacturing industries, marked the largest number of items from the other side of the Taiwan Strait to be allowed into the island since Taiwan became a full member of the World Trade Organization (WTO) on Jan. 1 this year.

The BOFT publicized the import list following approval by the Executive Yuan (Cabinet) on Jan, 16 of newly-revised policies that allow direct trade between Taiwan and mainland China, direct imports of mainland products to Taiwan and new monitoring system on imports from the mainland.

With the latest import list, the total number of mainland products that can be directly imported into Taiwan has increased to 7,946, equal to 75% of what is desirable under the WTO framework. The Cabinet approved an import list of 2,126 products from mainland China on Jan. 16. But the BOFT temporarily tabled 68 products on the grounds that some of them are finished products which, if imported, might pose threats to their domestically-produced Taiwan counterparts. The 68 products included confectionery, grains, feedstuffs, edible salt and natural sand.

In the future, the BOFT will conduct a routine review on the mainland Chinese imports every two months, and cross-division meetings will be held every six months to fully monitor the imports from across the Taiwan Strait, according to BOFT officials.

No matter what kind the action from the government, the local business man already loss of their confidence. there is no new and large investment from the overseas as well as Taiwan, until the world economics return to normal. For try to have all our shareholders understand the situation not only about our market and future plan, please allowed me to cut no of page of report, insert more figure of static's on quarterly basis to compared between 2000 and 2001, those background information may help us to know what we should to do in future, to keep our past record continually to avoid failure. May I have pleasure to invite you to see the record for your reference as follows: -

5. Trade Statistics

MONTHLY TRADE STATISTICS 2000-2001

Unit: US$ Million

Month	2001			2000			GROWTH RATE	
	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS
JANUARY	9,846.9	9,301.4	545.5	11,864.2	10,955.7	908.5	-17.0%	-15.1%
FEBRUARY	10,141.3	9,082.8	1,058.5	9,045.7	9,067.6	-21.9	12.1%	0.2%
MARCH	11,738.4	10,030.6	1,707.8	11,949.4	11,538.3	411.1	-1.8%	-13.1%
APRIL	10,870.0	10,513.8	356.2	12,253.7	12,154.2	99.5	-11.3%	-13.5%
MAY	10,167.8	8,944.9	1,222.9	13,137.5	12,697.5	440.0	-22.6%	-29.6%
JUNE	10,386.7	8,648.5	1,688.2	12,391.5	11,557.0	834.5	-16.6%	-25.2%
JULY	9,717.5	9,183.7	533.8	13,572.1	13,468.3	103.8	-28.4%	-31.8%
AUGUST	9,454.9	7,688.8	1,766.1	12,744.7	12,105.9	638.8	-25.8%	-36.5%
SEPTEMBER	7,445.6	7,028.2	417.4	12,938.7	11,784.3	1,154.4	-42.5%	-40.4%
OCTOBER	11,448.5	9,722.3	1,726.2	13,644.5	12,335.5	1,309.0	-16.1%	-21.2%
NOVEMBER	10,185.5	7,947.4	2,238.1	12,687.7	11,947.7	740.0	-19.7%	-33.4%
DECEMBER	10,285.6	8,510.2	1,775.4	120,91.0	10,398.9	1,692.1	-14.9%	-18.2%
TOTAL	122,901.5	107,242.9	15,658.6	148,320.7	140,010.9	8,309.8	-17.1%	-23.4%

From the monthly statistics, both export and import by dollar amount are decreasing compared with the year of 2001, for export result is US$122,901.5 millions , compared with the year of 2000, there is a decreasing of 17.1%; for import result even get worse is US$107,242.9 millions, compared with 2000, the decreasing ratio is 23.4%.

MAJOR EXPORT MARKETS

Unit: US$ Million

COUNTRY	2001	2000
U.S.A.	27,667.6	34,814.7
HONG KONG	26,972.4	31,336.3
JAPAN	12,764.2	16,599.4
GERMANY	4,480.4	4,891.4
SINGAPORE	4,051.9	5,455.8
NETHERLANDS	4,229.2	4,933.8
UNITED KINGDOM	3,329.3	4,508.5
KOREA, REP.	3,275.9	3,907.8
MALAYSIA	3,061.4	3,611.7
PHILIPPINES	2,149.0	3,035.7
THAILAND	2,126.6	2,562.3
CANADA	1,564.3	1,882.2
INDONESIA	1,475.0	1,733.7
AUSTRALIA	1,362.8	1,828.0
ITALY	1,254.5	1,484.5
FRANCE	1,166.0	1,637.6
MEXICO	1,020.1	1,216.3
BELGIUM	675.3	897.1
SAUDI ARABIA	344.9	350.8
KUWAIT	62.8	67.0
OTHERS	19,867.9	21,566.1
TOTAL	122,901.5	148,320.7

The export major market, the United States take over the position of Hong Kong, become to Number one, the followed by Hong Kong Japan, Germany and Singapore as top 5 market of Taiwan, compared with the year of 2000, all market export volume are decreased.

MAJOR IMPORT SOURCES

Unit: US$ Million

COUNTRY	2001	2000
U.S.A.	18,232.1	25,126.2
HONG KONG	1,849.0	2,186.6
JAPAN	25,849.6	38,557.9

GERMANY	4,246.2	5,542.2
SINGAPORE	3,367.2	5,013.8
NETHERLANDS	1,524.2	2,087.4
UNITED KINGDOM	1,442.8	1,937.4
KOREA, REP.	6,705.0	8,988.1
MALAYSIA	4,213.7	5,325.4
PHILIPPINES	3,250.2	3,593.9
THAILAND	2,181.0	2,768.0
CANADA	996.1	1,276.3
INDONESIA	2,523.4	3,015.1
AUSTRALIA	3,084.9	3,501.5
ITALY	1,084.1	1,391.5
FRANCE	2,130.5	18,30.1
MEXICO	417.3	554.9
BELGIUM	510.0	549.7
SAUDI ARABIA	2,745.4	2,690.5
KUWAIT	1,130.3	981.9
OTHERS	19,759.9	23,092.5
TOTAL	107,242.9	140,010.9

The Major import source, same as last year, Japan is number one, since the Hi-Tech parts to support Global Supply Chain market; the United States still on number 2 of the import source, then followed resource is Korea, Germany and Singapore on top 5 import countries of position.

MAJOR EXPORTS

Unit: US$ Million

COMMODITIES	2001	2000	COMPARISON
ANIMALS AND ANIMAL PRODUCTS	1,180.5	1,219.3	-3.2%
MARINE PRODUCTS	1,039.1	1,042.7	-0.3%
VEGETABLE PRODUCTS	274.3	317.3	-13.6%
PREPARED FOODSTUFFS; BEVERAGES AND TOBACCO PRODUCTS	488.0	517.2	-5.6%
CHEMICALS	4,138.7	4,044.1	2.3%
PLASTICS AND ARTICLES THEREOF; RUBBER AND ARTICLES THEREOF	7,994.7	9,055.8	-11.7%
PLASTICS AND ARTICLES THEREOF	2,576.8	2,996.4	-14.0%
RUBBER AND ARTICLES THEREOF	1,036.0	1,106.1	-6.3%

LEATHER AND FUR PRODUCTS	1,000.0	1,181.6	-15.4%
WOOD,ARTICLES OF WOOD & ALLIED PRODUCTS AND PLYWOOD	325.2	397.2	-18.1%
PLYWOOD	33.5	42.1	-20.4%
TEXTILE PRODUCTS	12,636.0	15,217.1	-17.0%
FIBRE, YARN, LINEN AND FABRIC	8,983.7	10,847.0	-17.2%
GARMENTS	1,768.7	2,213.4	-20.1%
OTHER TEXTILE PRODUCTS	1,883.6	2,156.7	-12.7%
FOOTWEAR,UNBRELLA AND PLUME WARE	741.0	920.5	-19.5%
FOOTWEAR	481.9	604.2	-20.2%
ARTICLES OF STONE, PLASTER, CEMENT, CERAMIC, GLASS AND ARTICLES THEREOF	886.1	1,034.9	-14.4%
CERAM PRODUCTS	101.4	132.9	-23.7%
METALS AND ARTICLES THEREOF	11,333.5	13,518.6	-16.2%
IRON AND STEEL & AR TICLES THEREOF	6,890.5	8,315.7	-17.1%
METAL PRODUCTS	4,443.0	5,202.9	-14.6%
MACHINERIES AND ELECTRICAL MACHINERY FACILITIES	66,876.1	82,561.6	-19.0%
ELECTRONIC PRODUCTS	23,610.2	31,673.7	-25.5%
MACHINERIES	8,345.4	9,665.4	-13.7%
ELECTRICAL MACHINERY PRODUCTS	4,667.1	5,371.0	-13.1%
INFORMATION AND COMMUNICATION PRODUCTS	15,670.3	19,562.0	-19.9%
HOUSEHOLD ELECTRICAL APPLIANCES	575.4	650.4	-11.5%
TRANSPORT EQUIPMENTS	4,441.6	5,752.8	-22.8%
PRECISION INSTRUMENTS, CLOCKS AND WATCHES, MUSICAL INSTRUMENTS	3,326.0	4,057.9	-18.0%
OPTICAL, PHOTOGRAPHIC, MEASURING, MEDICAL INSTRUMENTS ETC.	2,591.9	3,224.8	-19.6%
CLOCKS AND WATCHES	114.1	161.0	-29.1%
TOYS, GAMES AND SPORTS REQUISITES; PARTS AND ACCESSORIES THEREOF	1,735.3	2,210.5	-21.5%
OTHERS	5,524.5	6,314.3	-12.5%

CABINET MAKING	1,313.3	1,766.8	-25.7%
TOTAL	122,901.5	148,320.7	-17.1%

Major export by commodities statistics showing, compared with last year, did not have too much change, all most all item are decreasing, except CHEMICALS had small increasing of 2.3%. to showing this market are develop of pharmacy and chemical products to support Knowledge based economy project.

MAJOR IMPORTS

Unit: US$ Million

COMMODITIES	2001	2000	COMPARISON
VEGETABLE PRODUCTS	1,986.4	2,040.4	-2.6%
WHEAT, BARLEY, AND SIMILAR ARTICLES THEREOF	205.4	212.4	-3.3%
MAIZE	586.1	563.0	4.1%
SOYBEAN	502.6	497.3	1.1%
PREPARED FOODSTUFFS; BEVERAGES AND TOBACCO PRODUCTS	2,052.1	2,120.3	-3.2%
PREPARED FOODSTUFFS	904.4	915.4	-1.2%
MINERALS	12,763.7	14,094.0	-9.4%
CRUDE PETROLEUM	6,808.6	8,088.2	-15.8%
CHEMICALS	10,231.0	13,085.2	-21.8%
ORGANIC CHEMICALS	3,901.2	5,638.5	-30.8%
PLASTICS AND ARTICLES THEREOF	2,864.0	3,555.0	-19.4%
PLASTICS FEEDSTACK	1,507.1	1,944.0	-22.5%
WOOD, ARTICLES OF WOOD AND ALLIED PRODUCTS	847.7	1,176.2	-27.9%
WOOD	338.6	486.4	-30.4%
PULP, PAPER AND PRINTING PRODUCTS	1,787.0	2,168.4	-17.6%
TEXTILE PRODUCTS	2,358.6	2,896.9	-18.6%
COTTON	305.3	325.3	-6.1%
PEARLS, PRECIOUS STONES, PRECIOUS METALS IMITATION JEWELLERY, COIN	972.7	1,419.4	-31.5%
GOLD	479.4	794.7	-39.7%
METALS AND ARTICLES THEREOF	7,783.8	11,044.1	-29.5%
IRON AND STEEL & ARTICLES THEREOF	3,788.3	5,620.5	-32.6%

METAL PRODUCTS	3,995.5	5,423.6	-26.3%
MACHINERIES AND ELECTRICAL MACHINERY FACILITIES	47,549.5	66,033.5	-28.0%
ELECTRONIC PRODUCTS	21,027.9	27,282.8	-22.9%
MACHINERIES	10,488.2	17,062.8	-38.5%
ELECTRICAL MACHINERY PRODUCTS	4,282.8	5,354.2	-20.0%
INFORMATION AND COMMUNICATION PRODUCTS	8,119.6	11,282.5	-28.0%
HOUSEHOLD ELECTRICAL APPLIANCES	448.5	504.3	-11.1%
TRANSPORT EQUIPMENTS	4,241.4	4,704.7	-9.8%
PRECISION INSTRUMENTS, CLOCKS AND WATCHES, MUSICAL INSTRUMENTS	6,214.8	9,116.4	-31.8%
OPTICAL, PHOTOGRAPHIC, MEASURING, MEDICAL INSTRUMENTS ETC.	3,728.0	4,527.6	-17.7%
CLOCKS AND WATCHES	210.2	225.4	-6.7%
OTHERS	5,590.2	225.4	-14.7%
TOTAL	107,242.9	140,010.9	-23.4%

Same on export, the inbound only two item had increasing are maize and soybean. The total decreasing ratio is 23.4%

Air Freight Market

From the Airfreight market, reference with the report from the cargo terminal, the cargo physical export by weight United States is 126,329,475 kilo, occupied 22.59% of market share. Compared with last year there is a decreasing of 27.69%. The second rank is Japan the export volume by weight is 76,387,347 kilo, occupied 13.66% of market. Compared with last year is decreasing of 6.17%; the above 3 countries already occupied majorities of market share.

Taiwan Air Cargo Physical Export by Weight

Country	2001	Market Share	2000	Increase/Decrease Ratio
U.S.A	126,329,475	22.59%	174,716,935	-27.69%
Japan	76,387,347	13.66%	81,410,058	-6.17%
Hong Kong	50,332,724	9.00%	57,715,893	-12.79%
Germany	22,614,090	4.04%	24,229,674	-6.67%
Holland	21,617,769	3.87%	18,794,558	15.02%

England	21,251,767	3.80%	26,353,442	-19.36%
Luxemburg	17,874,640	3.20%	7,484,127	138.83%
Korea	16,509,428	2.95%	18,688,841	-11.66%
China	16,293,172	2.91%	7,228,387	125.41%
Singapore	16,183,973	2.89%	21,782,258	-25.70%
Malaysia	12,061,132	2.16%	13,287,975	-9.23%
Thailand	10,694,875	1.91%	12,324,440	-13.22%
France	7,333,764	1.31%	7,832,785	-6.37%
Italy	6,476,766	1.16%	7,042,479	-8.03%
Middle East	6,081,839	1.09%	6,582,719	-7.61%
Australia	6,018,408	1.08%	8,847,645	-31.98%
Marco	5,499,513	0.98%	0	
Philippines	5,498,542	0.98%	6,065,913	-9.35%
Canada	4,941,872	0.88%	6,557,628	-24.64%
Indonesia	4,460,977	0.80%	4,729,714	-5.68%
Vietnam	4,244,437	0.76%	4,638,479	-8.50%
India	4,227,484	0.76%	5,075,964	-16.72%
Sweden	3,550,666	0.64%	560,662	533.30%
Spain	2,939,377	0.53%	3,716,358	-20.91%
Central south America	2,742,829	0.49%	2,867,902	-4.36%
Austria	2,633,568	0.47%	3,012,236	-12.57%
Belgium	2,622,691	0.47%	3,318,635	-20.97%
Switzerland	1,860,151	0.33%	2,271,654	-18.11%
South America	1,764,864	0.32%	1,854,546	-4.84%
Eastern Europe	1,474,976	0.26%	2,238,110	-34.10%
Sri lanka	1,186,016	0.21%	647,613	83.14%
New Zealand	925,486	0.17%	1,104,335	-16.20%
Oceania		0.09%		46.06%

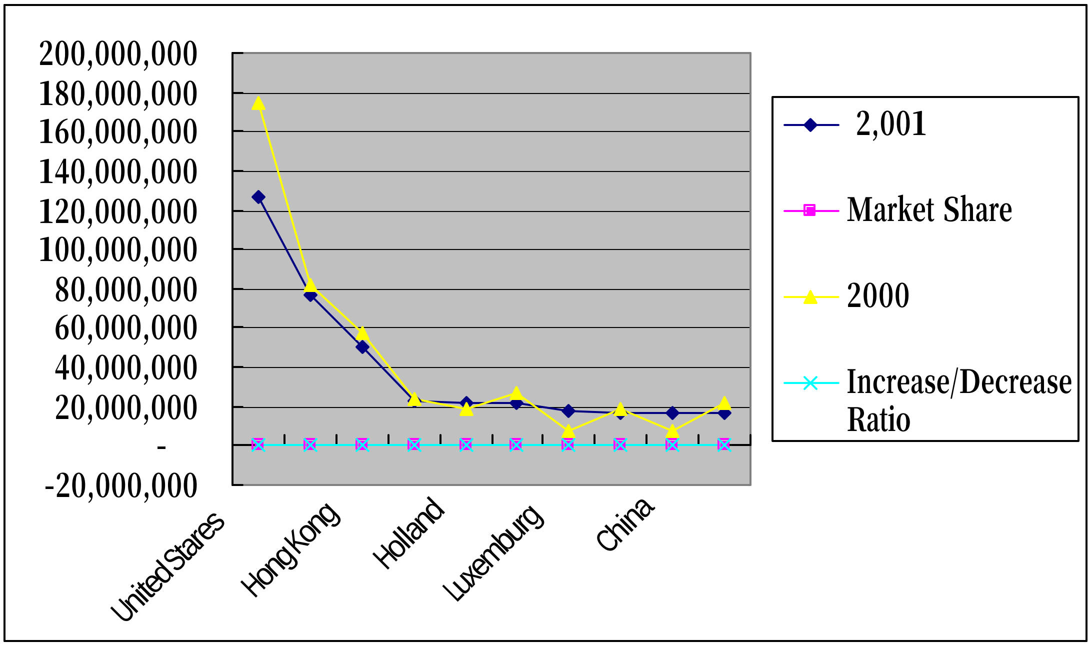
	503,578		344,766	
Norse land	469,437	0.08%	113,011	315.39%
Loo choo	6,699	0.00%	4,452	50.47%
European other countries	10,785,493	1.93%	24,164,070	-55.37%
Asia Other countries	10,597,065	1.90%	23,615,230	-55.13%
Africa other countries	1,374,846	0.25%	1,437,166	-4.34%
Kao Hsiung	50,733,488	9.07%	56,260,122	-9.82%
Total	559,105,224		648,920,782	-13.84%

The General export market is very slow, even Taiwan declared is one of the high-Tec exporting countries and most of shipment are suitable for airfreight, but the physical export figure is totally out of forecast. After 911 New York accidents, and 917 heavy raining damage the City of Taipei, we had almost one week operated without normal power. The communication return to basic from November, the airlines install fuel and war risk surcharges, all freight forwarder had really headache during that period. For the air export market is five hundred fifty nine thousand and one hundred five tons on 2001 compared with the six hundred forty eight and nine hundred and twenty tons of 2000, there is a decreased of 13.84%

Same as before, Top five countries are occupied majority of the market, the Number one still United States but the volume dropped 27.69% compared with 2000. Japan our Number two markets but volume also dropped 6.17% compared with 2000. Hong Kong is our Number three market, every we had so many spare parts to supply the manufacturing in China, but the physical performance is 12.79 decreased against year of 2000.

Germany keep on number fourth of market the result is 6.67% decreased against year of 2000. Since Taiwan Government install Global Logistics strategies, China Airlines pick up Holland as HUB, at same time HIDC highly highlight the strong environment and benefit to use Holland as distribution center in Europe. Holland first time increased 15.02 take over England position as number five.

Aircargo Export of Taiwan



For the import air cargo market had some kind change, the spare part and manufacturing equipment no more occupied majorities position. Looks like Taiwan are from manufacturing male countries step by step walked into worldwide consumer female market.

Japan take over the position of United States as number one country as resource of import, but the volume compared with year of 2000, 26.74% decreased. United States moved to number two, compared with year of 2000, decreased 29.43% is the final result. Hong Kong still is number three decreased 21.53% against past year. Thailand keep on number four decreased 2.95% against past year. Korea takes over some of Japanese market. Since the Korean comsumer goods price and quality had considerable improvement, plus the TV show promoted at this market, is few countries had increased ; from the record we can see there is a 5.6% increasing against past year but also up to grade of rank from Number six to Number five.

The total import air cargo by weight is 19.79% decreased against year of 2000, the detail listed for your reference as follows:-

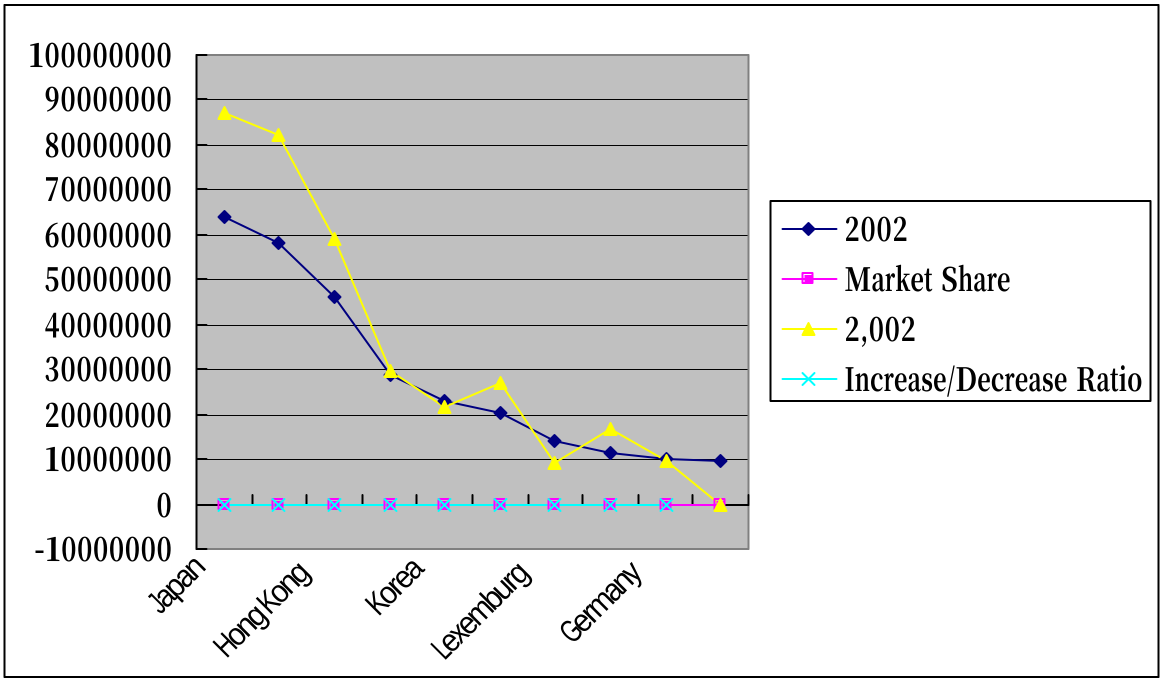
Taiwan Air Cargo Physical Import by Weight

Country	2001	Market Share	2000	Increase/Decrease Ratio
Japan	63,882,697	16.17%	87,205,070	-26.74%
U.S.A	58,121,045	14.72%	82,360,097	-29.43%
Hong Kong	46,264,911	11.71%	58,960,163	-21.53%
Thailand		7.333%	29,841,310	-2.95%

	28,961,990			
Korea	22,978,654	5.818%	21,759,654	5.60%
Singapore	20,085,810	5.086%	26,806,949	-25.07%
Luxemburg	14,224,837	3.602%	9,056,087	57.07%
Holland	11,355,024	2.875%	16,672,659	-31.89%
Germany	10,199,344	2.582%	9,455,735	7.86%
Marco	9,601,961	2.431%	0	
Malaysia	8,530,760	2.160%	11,979,503	-28.79%
England	8,042,256	2.036%	7,632,544	5.37%
Philippines	7,920,632	2.005%	8,349,893	-5.14%
Indonesia	7,886,772	1.997%	8,204,109	-3.87%
France	6,466,254	1.637%	6,744,876	-4.13%
Australia	5,744,083	1.454%	6,818,151	-15.75%
Canada	5,011,001	1.269%	4,421,653	13.33%
Italy	2,295,375	0.581%	1,839,463	24.79%
Switzerland	2,279,513	0.577%	1,959,177	16.35%
Middle East	1,951,116	0.494%	3,625,843	-46.19%
Central & South America	1,943,288	0.492%	1,843,323	5.42%
Belgium	1,710,013	0.433%	1,942,433	-11.97%
Norse land	1,659,646	0.420%	554,508	199.30%
New Zealand	1,601,363	0.405%	1,454,178	10.12%

Sweden	1,473,210	0.373%	116,657	1162.86%
Vietnam	1,400,519	0.355%	1,586,867	-11.74%
China	1,114,172	0.282%	260,044	328.46%
India	801,445	0.203%	511,557	56.67%
Spain	669,449	0.169%	528,480	26.67%
Austria	612,694	0.155%	1,055,357	-41.94%
Eastern Europe	199,179	0.050%	234,933	-15.22%
South Africa	139,832	0.035%	144,250	-3.06%
Sri Lanka	94,678	0.024%	6,814	1289.46%
Oceania	93,754	0.024%	107,266	-12.60%
Loo choo	2,092	0.001%	284	636.62%
Asia other countries	5,317,462	1.346%	17,791,931	-70.11%
European other countries	2,213,076	0.560%	21,422,331	-89.67%
Africa other Countries	457,399	0.116%	442,069	3.47%
Kao Hsiung	31,651,561	8.014%	38,701,202	-18.22%
Total	394,958,867	100.000%	492,397,420	-19.79%

Aircargo Import of Taiwan

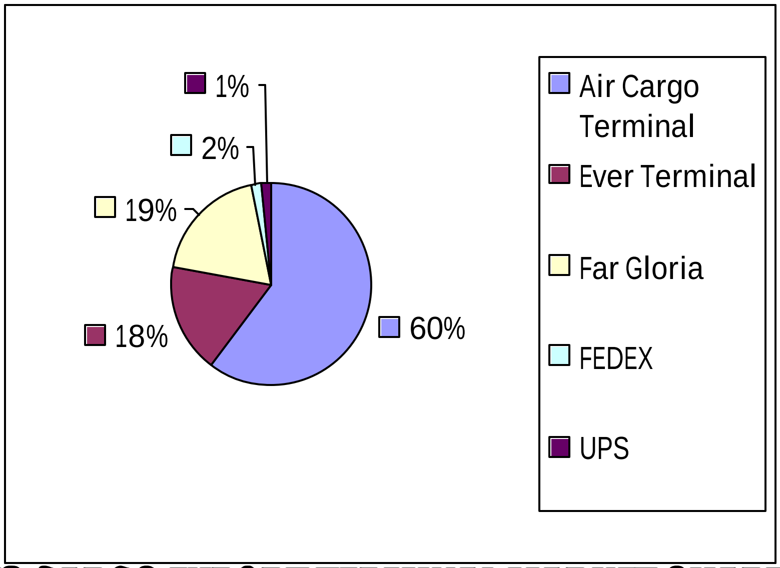


Cargo Terminal Handling STATISTICS 2000-2001

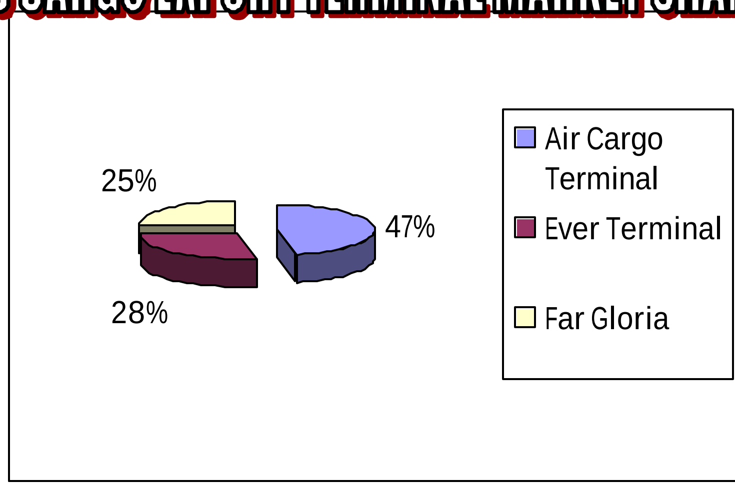
Airport	Terminal	Import	Export	Transit	Express Export	Express Import	Export OBC	Total
CKS	Air Cargo Terminal	253,349,961	238,348,446	90,867,451	10,716,810	20,076,411	6,801,546	620,160,625
CKS	Ever Terminal	43,266,959	140,860,862	0	0	0	0	184,127,821
CKS	Far Gloria	66,690,386	129,162,428	0	0	0	0	195,852,814
CKS	FEDEX	0	0	0	0	8,176,705	12,285,139	20,461,844
CKS	UPS	0	0	2,248,498	0	2,728,989	8,734,425	13,711,912
	SUB Total	363,307,306	508,371,736	93,115,949	10,716,810	30,982,105	27,821,110	1,034,315,016
KHH	Air Cargo Terminal	31,651,561	50,733,488	260,268	217,662	0	0	82,862,979
	SUB Total	31,651,561	50,733,488	260,268	217,662	0	0	82,862,979
	Total	394,958,867	559,105,224	93,376,217	10,934,472	30,982,105	27,821,110	1,117,177,995

Compared with last year, for import decreased 19.78%, export 13.85%; for transit cargo increased 4.37% because of the SEA-Air freight from China via CKS to Worldwide new service from this year. For express cargo export decrease 13.63%, import increased 35.56% since the customs restructure for clearance system for UPS , Fedex and DHL, all our member consider this is a kind of unfair competition market build up by our government. At same time the onboard courier service increased 10.98% on export, there is no service on OBA on import. But the total volume on export & import is decreased 13.49% compared with last year.

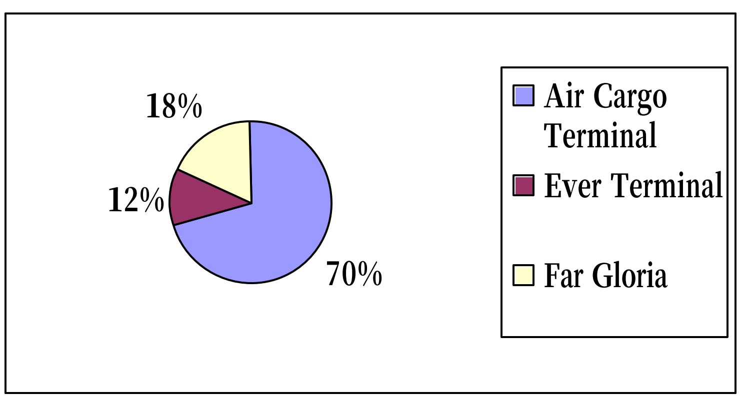
CKS CARGO TERMINAL MARKET SHARE



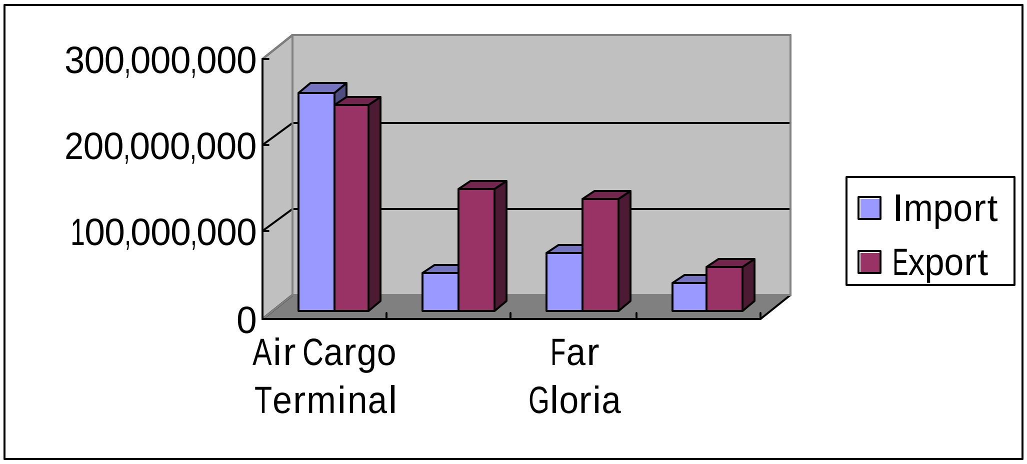
CKS CARGO EXPORT TERMINAL MARKET SHARE



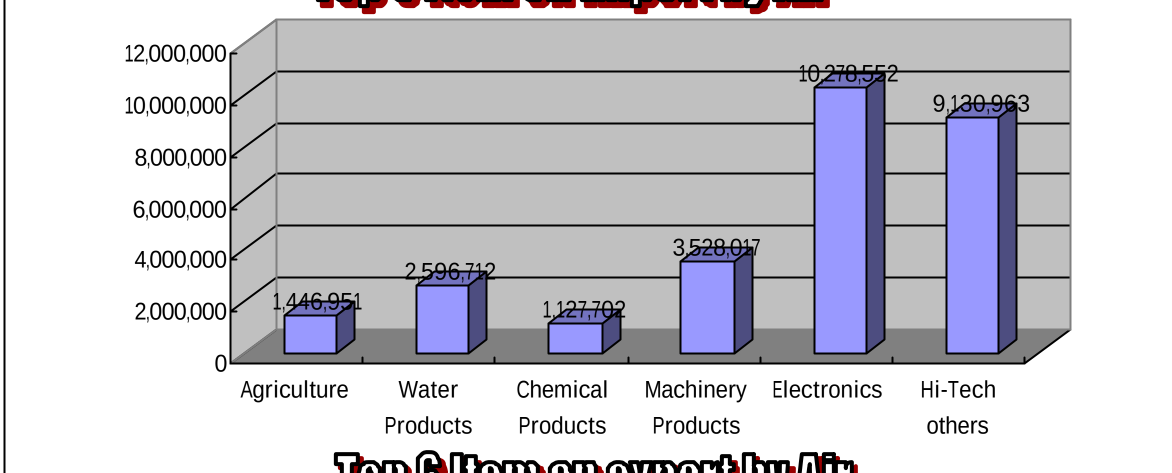
CKS CARGO IMPORT TERMINAL MARKET SHARE



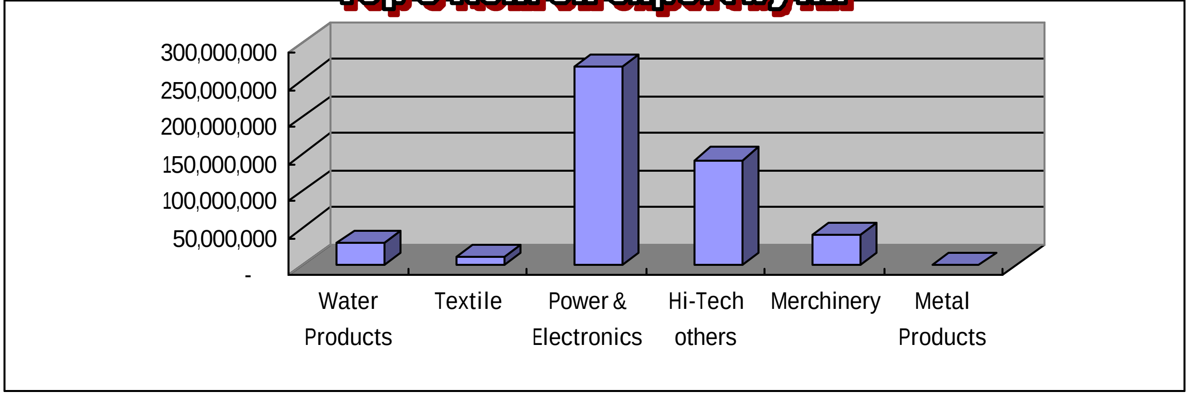
YEAR OF 2001 AIR CARGO RESULT



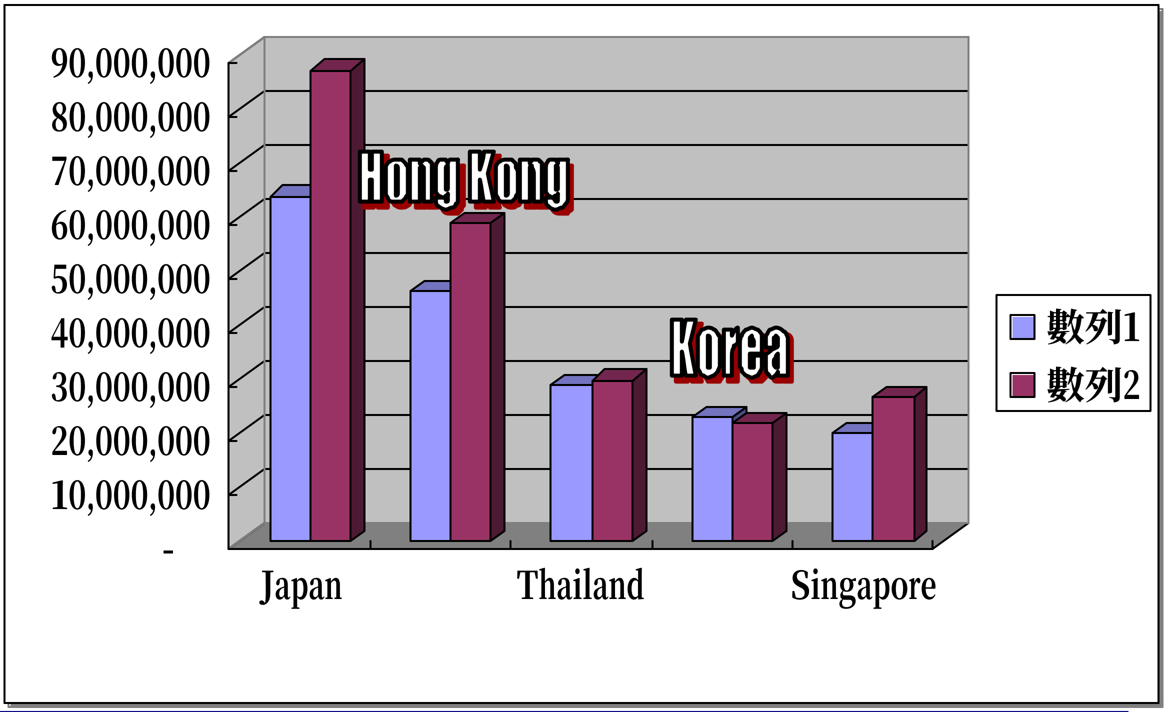
Top 6 Item on Import by Air



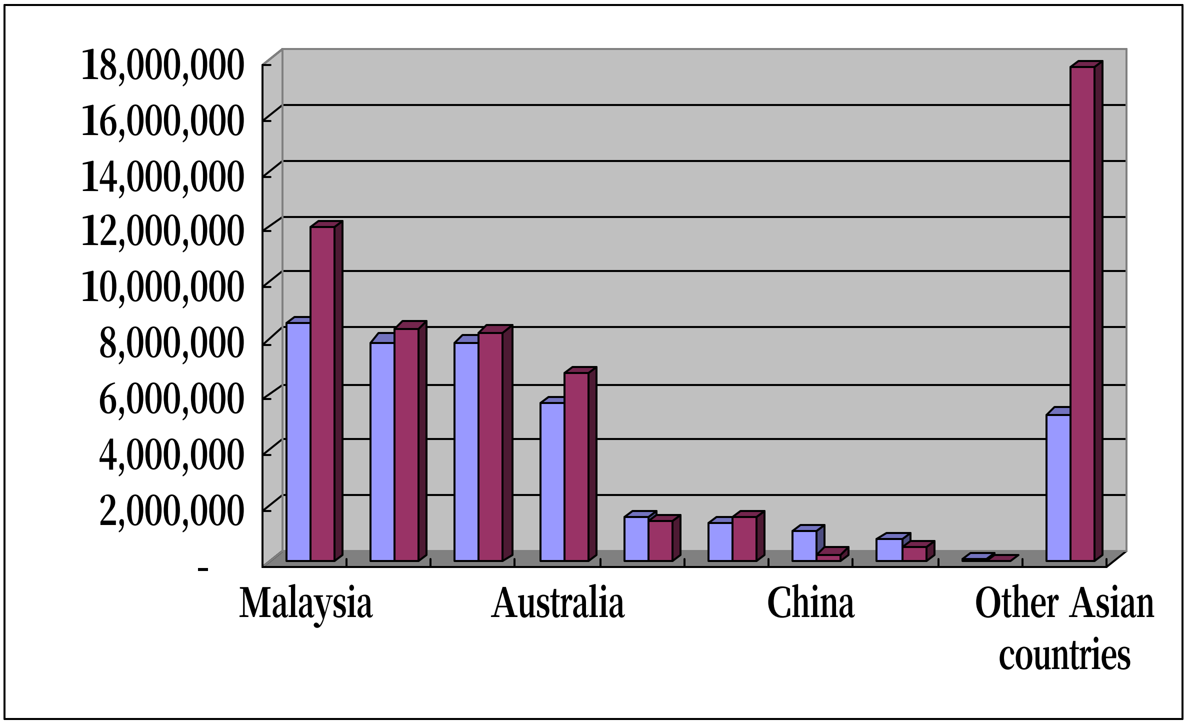
Top 6 Item on export by Air



Import From Asia Pacific Countries

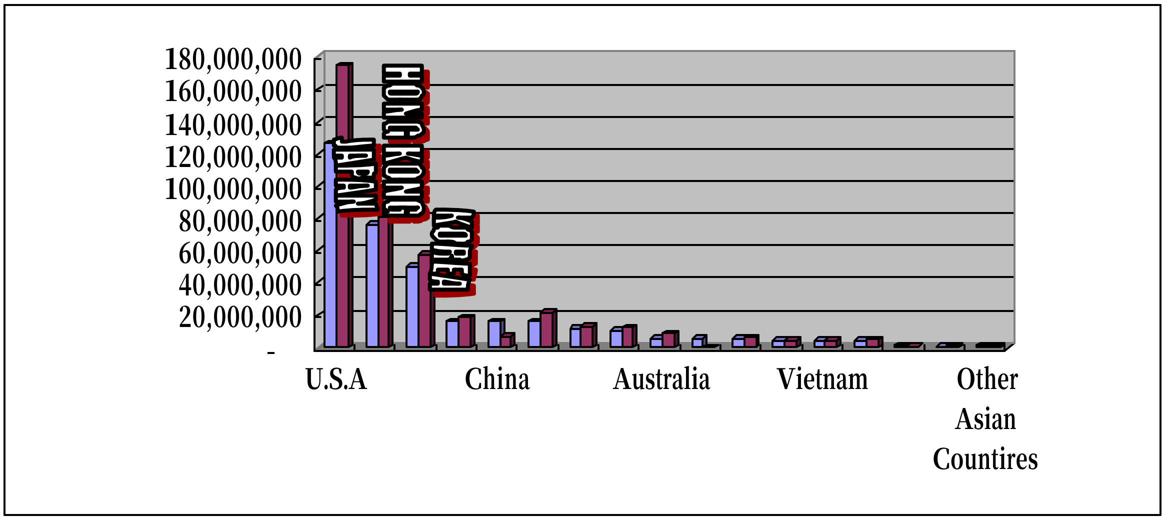


Country	2,001	2,000
Japan	63,882,697	87,205,070
Hong Kong	46,264,911	58,960,163
Thailand	28,961,990	29,841,310
Korea	22,978,654	21,759,654
Singapore	20,085,810	26,806,949



Country	2001	2000	Ratio
Malaysia	8,530,760	11,979,503	-28.79%
Philippines	7,920,632	8,349,893	-5.14%
Indonesia	7,886,772	8,204,109	-3.87%
Australia	5,744,083	6,818,151	-15.75%
New Zealand	1,601,363	1,454,178	10.12%
Vietnam	1,400,519	1,586,867	-11.74%
China	1,114,172	260,044	328.46%
India	801,445	511,557	56.67%
Sri Lanka	94,678	6,814	1289.46%
Other Asian countries	5,317,462	17,791,931	-70.11%

Export to Asia Pacific Countries



Physical result Air Cargo with TC3 Countries

Country	2001	2000	Ratio
U.S.A	126,329,475	174,716,935	-27.69%
Japan	76,387,347	81,410,058	-6.17%
Hong Kong	50,332,724	57,715,893	-12.79%
Korea	16,509,428	18,688,841	-11.66%
China	16,293,172	7,228,387	125.41%
Singapore	16,183,973	21,782,258	-25.70%
Malaysia	12,061,132	13,287,975	-9.23%
Thailand	10,694,875	12,324,440	-13.22%
Australia	6,018,408	8,847,645	-31.98%
Macau	5,499,513	0	
Philippines			-9.35%

		5,498,542	6,065,913	
Indonesia		4,460,977	4,729,714	-5.68%
Vietnam		4,244,437	4,638,479	-8.50%
India		4,227,484	5,075,964	-16.72%
Sri Lanka		1,186,016	647,613	83.14%
New Zealand		925,486	1,104,335	-16.20%
Other Asian Countries		1,374,846	1,437,166	-4.34%

Working Performance of Air Freight Forwarders in Taiwan

Rank	2001	2000	Increasing	Market	Market share
No.	weight	weight	Ratio	Share	sub-total
1	25,370,617	29,428,699	-13.79%	4.54%	4.54%
2	20,602,784	20,813,713	-1.01%	3.68%	8.22%
3	14,816,401	19,967,853	-25.80%	2.65%	10.87%
4	14,361,161	17,852,614	-19.56%	2.57%	13.44%
5	11,912,165	16,088,341	-25.96%	2.13%	15.57%
6	11,854,037	15,108,202	-21.54%	2.12%	17.69%
7	11,799,077	14,393,035	-18.02%	2.11%	19.80%
8	10,810,277	14,123,585	-23.46%	1.93%	21.73%
9	10,025,684	12,885,606	-22.19%	1.79%	23.52%
10	9,851,632	12,532,953	-21.39%	1.76%	25.28%
11	9,777,441	12,359,062	-20.89%	1.75%	27.03%
12	9,744,184	12,007,897	-18.85%	1.74%	28.77%
13	9,055,188	10,756,955	-15.82%	1.62%	30.39%
14	8,650,828	9,900,300	-12.62%	1.55%	31.94%
15	8,622,437	9,898,885	-12.89%	1.54%	33.48%
16	8,466,183	8,157,745	3.78%	1.51%	34.99%
17	8,251,587	7,970,123	3.53%	1.48%	36.47%
18	7,517,871	7,671,103	-2.00%	1.34%	37.81%

19	6,969,403	7,526,355	-7.40%	1.25%	39.06%
20	6,618,993	7,372,615	-10.22%	1.18%	40.24%
21	6,154,427	7,266,277	-15.30%	1.10%	41.34%
22	6,069,130	7,237,472	-16.14%	1.09%	42.43%
23	5,954,152	7,106,540	-16.22%	1.06%	43.49%
24	5,882,373	6,877,060	-14.46%	1.05%	44.54%
25	5,395,429	6,733,343	-19.87%	0.97%	45.51%
26	5,218,390	6,690,457	-22.00%	0.93%	46.44%
27	5,185,702	5,863,117	-11.55%	0.93%	47.37%
28	4,864,290	5,612,807	-13.34%	0.87%	48.24%
29	4,833,296	5,400,588	-10.50%	0.86%	49.10%
30	4,820,031	5,376,766	-10.35%	0.86%	49.96%
31	4,719,196	5,320,035	-11.29%	0.84%	50.80%
32	4,705,207	4,758,092	-1.11%	0.84%	51.64%
33	4,659,173	4,733,522	-1.57%	0.83%	52.47%
34	4,422,527	4,529,940	-2.37%	0.79%	53.26%
35	4,321,716	4,414,588	-2.10%	0.77%	54.03%
36	4,018,200	4,213,489	-4.63%	0.72%	54.75%
37	3,967,007	4,188,520	-5.29%	0.71%	55.46%
38	3,347,871	4,120,309	-18.75%	0.60%	56.06%
39	3,299,594	4,071,926	-18.97%	0.59%	56.65%
40	3,232,512	3,954,807	-18.26%	0.58%	57.23%
41	3,001,577	3,764,041	-20.26%	0.54%	57.77%
42	2,973,371	3,762,544	-20.97%	0.53%	58.30%
43	2,924,813	3,704,143	-21.04%	0.52%	58.82%
44	2,598,288	3,211,388	-19.09%	0.46%	59.28%
45	2,579,547	2,945,717	-12.43%	0.46%	59.74%
46	2,555,500	2,886,419	-11.46%	0.46%	60.20%
47	2,425,598	2,701,867	-10.23%	0.43%	60.63%
48	2,407,271	2,660,130	-9.51%	0.43%	61.06%
49	2,389,226	2,566,082	-6.89%	0.43%	61.49%
50	2,359,841	2,529,857	-6.72%	0.42%	61.91%

The top 31 occupied 50% of the market. Our member On the rank of 31, handled 4719 tons yearly, compared with the year of 2000 under the same rank of member 5320 tons, there is a decreasing of 11.29% with 0.84% market share; for the member leading in the market handled 25370 tons on year 2001 compared29428 tons on the 2000, there is a decreasing of 13.79% with 4.54% of market share.

Ocean Freight of 2001
KEELUNG

Operational Effectiveness Statistics

	Incoming Vessels		Throughput	Tonnage Handled	No. of Container Handled
	V.	G.R.T.	[M.T.]	[M.T.]	[TEU]
1998	8,609	111,985,171	23,958,060	76,148,902	1,706,873.25
1999	8,615	113,842,866	24,473,322	76,542,276	1,665,618.50
2000 Accumulative total	9,165	121,045,686	24,975,629	88,336,130	1,954,573.50
December	785	10,334,406	2,109,247	7,655,827	165,124.00
2001 Accumulative total	9,415	121,001,926	22,238,208	82,418,128	1,815,854.50
January	674	8,995,569	2,153,347	5,895,951	128,067.50
February	694	9,607,011	1,931,021	6,034,719	135,388.00
March	823	10,967,300	2,545,816	7,530,528	164,022.50
April	839	10,357,094	3,071,424	7,063,284	159,412.75
May	814	10,737,551	2,828,477	7,241,842	159,886.25
June	836	10,358,089	2,305,216	6,700,661	150,410.75
July	789	10,063,958	2,445,568	6,638,075	145,429.25
August	917	10,723,639	2,826,111	7,296,175	159,979.75

September		692	9,317,172	2,131,228	6,214,623	141,274.50
October		810	10,033,405	...	7,409,221	161,445.00
November		769	10,179,229	...	7,233,917	157,577.75
December		758	9,661,909	...	7,159,132	152,960.50
Compared with previous month	Number	-11	-517,320	...	-74,785	-4,617.25
	%	-1.43	-5.08	...	-1.03	-2.93
Compared with the same month of previous year	Number	-27	-672,497	...	-496,695	-12,163.50
	%	-3.44	-6.51	...	-6.49	-7.37
Cumulative no. Compared with the same period of previous year	Number	250	-43,760	...	-5,918,002	-138,719.00
	%	2.73	-0.04	...	-6.70	-7.10

Recently Update: 2002/1/9

Data Source: Accounting & Statistics Dept. of Keeling Harbor Bureau

TAICHUNG

Year	Total		Inbound		Outbound	
	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage
1998	11,274	139,833,432	5,640	69,948,179	5,634	69,885,253
1999	11,545	150,764,036	5,769	75,353,636	5,776	75,410,400
2000	11,664	153,097,910	5,833	76,537,659	5,831	76,560,251
2001	10,694	142,286,231	5,343	71,021,435	5,351	71,264,796
Month	Total		Inbound		Outbound	

	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage
2001/1	835	10,847,264	418	5,413,745	417	5,433,519
2001/2	822	10,812,553	410	5,406,446	412	5,406,107
2001/3	984	12,992,233	487	6,442,664	497	6,549,569
2001/4	888	11,465,905	443	5,689,583	445	5,776,322
2001/5	928	12,572,457	467	6,356,745	461	6,215,712
2001/6	848	11,605,835	422	5,774,878	426	5,830,957
2001/7	876	12,073,601	442	6,092,968	434	5,980,633
2001/8	900	12,095,424	448	6,006,155	452	6,089,269
2001/9	853	11,317,129	431	5,728,139	422	5,588,990
2001/10	931	12,525,081	463	6,217,265	468	6,307,816
2001/11	892	11,604,011	445	5,753,324	447	5,850,687
2001/12	937	12,374,738	467	6,139,523	470	6,235,215

KAOHSIUNG

BREAKDOWN OF INBOUND AND OUTBOUND VESSELS & TONNAGE						
						Unit: Ship
	Total		Inbound		Outbound	
Year	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage	Number of Vessels	Total Tonnage
1998	34,956	589,861,340	17,498	295,413,882	17,458	294,447,458
1999	36,293	597,697,535	18,159	299,259,708	18,134	298,437,827
2000	36,007	617,006,106	18,012	309,021,498	17,995	307,984,608
Jan	2,854	50,329,986	1,424	25,083,208	1,430	25,246,778
Feb	2,780	48,543,970	1,392	24,472,994	1,388	24,070,976
Mar	3,174	54,693,253	1,589	27,588,409	1,585	27,104,844
Apr	3,148	54,058,659	1,571	26,960,364	1,277	27,098,295
May	3,100	54,187,174	1,553	27,194,553	1,547	26,992,621
June	3,070	52,846,242	1,522	26,231,120	1,548	26,615,122
July	3,052	54,897,719	1,538	27,715,836	1,514	27,181,883
Aug	3,229	55,314,319	1,617	27,484,778	1,612	27,829,541
Sept	2,731	49,085,974	1,378	24,776,604	1,353	24,309,370
Oct	3,244	55,859,258	1,618	27,565,174	1,626	28,294,084
Nov	2,939	50,949,211	1,462	25,577,191	1,477	25,372,020
Dec	3,037	54,245,106	1,532	27,255,060	1,505	26,990,046

BREAKDOWN OF TONNAGE OF CARGOES HANDLED BY SHIPPING				
				Unit: R.TON.
Year	Total	By ocean-going ship	By pipe line	By ship under 300 tons
1998	328,288,682	286,437,707	41,850,975	-
1999	358,123,785	314,798,469	43,325,316	-
2000	375,405,503	332,256,802	43,148,701	-
2001. Jan	28,293,633	24,537,220	3,756,413	-
Feb	28,145,490	24,756,734	3,388,756	-
Mar	32,451,291	28,750,437	3,700,854	-
Apr	31,568,356	27,985,285	3,583,071	-
May	32,279,813	28,868,520	3,411,293	-
June	31,450,242	28,440,006	3,010,236	-
July	31,974,902	28,499,552	3,475,350	-
Aug	32,178,945	28,995,325	3,183,620	-
Sept	29,943,255	26,584,611	3,358,644	-
Oct	33,212,558	29,374,885	3,837,673	-
Nov	30,237,255	27,337,147	2,900,108	-
Dec	32,007,117	28,645,120	3,361,997	

BREAKDOWN OF CONTAINER TRAFFIC (IN TEU)			
			Unit :TEU
YEAR	Total	Import	Export
1998	6,271,053.25	3,062,479.75	3,208,573.50
1999	6,985,361.25	3,398,908.75	3,586,452.50
2000	7,425,831.50	3,634,739.50	3,791,092.00
2001(Jan-Nov)	6,898,103.50	3,406,287.75	3,491,815.75
Jan	556,125.75	272,008.75	284,117.00
Feb	557,450.75	274,729.00	282,721.75
Mar	665,324.25	323,698.00	341,626.25
Apr	623,570.00	302,854.25	320,715.75
May	648,223.50	323,197.25	325,026.25
June	639,708.00	318,364.00	321,344.00
July	642,080.50	307,536.50	334,544.00
Aug	657,400.00	325,306.25	332,093.75
Sept	616,287.75	299,685.25	316,602.50
Oct	658,826.00	329,555.00	329,271.00
Nov	633,107.00	329,353.50	303,753.50
Dec	642,421.00	324,054.25	318,366.75

		Incoming Vessels		Throughput	Tonnage Handled	No. Of Container Handled
		V.	G.R.T.	[M.t.]	[M.t.]	[TEU]
1998		8,609	111,985,171	23,958,060	76,148,902	1,706,873.25
1999		8,615	113,842,866	24,473,322	76,542,276	1,665,618.50
2000 Accumulative total		9,165	121,045,686	24,975,629	88,336,130	1,954,573.50
December		785	10,334,406	2,109,247	7,655,827	165,124.00
2001 Accumulative total		9,415	121,001,926	22,238,208	82,418,128	1,815,854.50
January		674	8,995,569	2,153,347	5,895,951	128,067.50
February		694	9,607,011	1,931,021	6,034,719	135,388.00
March		823	10,967,300	2,545,816	7,530,528	164,022.50
April		839	10,357,094	3,071,424	7,063,284	159,412.75
May		814	10,737,551	2,828,477	7,241,842	159,886.25
June		836	10,358,089	2,305,216	6,700,661	150,410.75
July		789	10,063,958	2,445,568	6,638,075	145,429.25
August		917	10,723,639	2,826,111	7,296,175	159,979.75
September		692	9,317,172	2,131,228	6,214,623	141,274.50
October		810	10,033,405	...	7,409,221	161,445.00
November		769	10,179,229	...	7,233,917	157,577.75
December		758	9,661,909	...	7,159,132	152,960.50
Compared with previous month	Number	-11	-517,320	...	-74,785	-4,617.25
	%	-1.43	-5.08	...	-1.03	-2.93
Compared with the same month of previous year	Number	-27	-672,497	...	-496,695	-12,163.50
	%	-3.44	-6.51	...	-6.49	-7.37
Cumulative no. Compared with the same period of previous year	Number	250	-43,760	...	-5,918,002	-138,719.00
	%	2.73	-0.04	...	-6.7	-7.1

Recently Update: 2002/1/9; Data Source: Accounting & Statistics Dept. of Keelung Harbor Bureau

IT Development on 2001

In recent years, the Republic of China has faced unprecedented competition in international trade. Diversifying consumer demand calls for rapid marketing of products as well as speedy circulation and traffic of goods. All these require a sound transportation system of which maritime transport plays a crucial role. Because a large volume of Taiwan's imports and exports are totally dependent on Air & Ocean transport, the quality of the latter has direct repercussions on trade activities. It is precisely because of this that people have put great emphasis on upgrading port and Air & Ocean operations handling ability and quality. The issue of full automation of communications among Airlines, shipping companies, their agencies, freight forwarders , warehousing operators and other related operators so as to attain " smooth flow of goods " has thus become Taiwan common goal.

With untiring support from all sectors, the ROC Logistics industry has made a headway in recent past. However, in an atmosphere of competition wherein real-time and quick responses are underscored, a totally new approach has become a must to keep the competitive edge. That explains why the adoption of information technology in improving the competitiveness and efficiency in both port and maritime services and operations has become a major action goal for both government and the industry.

Since both airlines and Airfreight forwarder already had their system back to 5-10 years ago, We did not see any plan on Airfreight part, but for support the Global Logistics Plan by the country, back up service partner of Ocean Logistics become to more import than before, The Port and Maritime by government Operations Automation Plan as follows:-

The automation plan launched by the MOTC covers three major areas: shipping & navigation administration, harbor management and marine terminal administration. The major emphasis of the plan includes:

- Development of port information networks to improve port operations,
- Building a port and maritime information data base to share related data,
- Overhauling the existing port operations management systems to improve networking capability,
- Promotion of port and shipping EDI as a way to speed up automation of port and maritime operations and processing,
- Development of a maritime information net-work to enhance maritime operations, and
- Coordinating the establishment of a tele-communications network to strength the infrastructure.

Development of Port Information Networks

The emphasis of this task lies in building a network among each harbor bureau and its relevant operators, which would allow on-line processing of inbound and outbound permits application and issuing as well as handle requests for harbor and marine terminal services. With each port serving as core, it involves building a port information network—PORTNET which would effectively link each harbor bureau and its relevant operators as well as help upgrade the information department of harbor bureau into port information network center. In compliance with the global trend of developing Community Network System, the task also covers connecting the ports of Keelung, Taichung, Kaohsiung and Hualien into one Port Community Network System which would integrate the information flows of these ports and would reduce unnecessary overlapping of investments on computer systems.

Building a Port and Maritime Information Data Base

The task mainly consists of building an integrated data base needed by maritime transport operators, harbor bureaus and their relevant operators. The data base would allow on-line search and retrieval of needed information through the network. Furthermore, unified management and maintenance of the data base would help assure completeness and accuracy of the information.

Overhauling the existing Port Operations Management Systems

This task would involve updating or disposal of old management systems related to port operations as well as developing management systems for marine terminal operations and other operations. These are seen as necessary for improving the overall efficiency of all port operations units. Furthermore, as a way of integrating internal operations systems, the use of standardized interface and network for information transmission will be carried out.

Promotion of Port and Shipping EDI

The major emphasis of this task is to introduce the UN/EDIFACT standards, develop standard messages and codes, and promote the application of EDI in Taiwan's port and shipping communities. The goal to be achieved includes simplification of sea cargo processing procedures, shortening of processing time as well as automation of port and maritime operations by encouraging use of a standardized EDI information transmission method among ports and operators while they communicate among themselves or with their international counterparts.

Promoting the Establishment of a Maritime Information Network

The task mainly consists of establishing the sound environment for data interchange and sharing among maritime transport related operators to promote a speedy, convenient and safe transmission of information and to facilitate transaction. Taking shipping companies as core, this task will involve establishment of a maritime information network – SHIPNET which is expected to effectively solve current problems on maritime industry information circulation and integration.

Review for the automation situation in Taiwan, we make trace to 11 years ago, the first project is Customs EDI, the time of start is leading the Asia:-

Customs EDI

The first large-scale EDI project in the ROC was the "Customs Cargo Clearance Automation Project." It was promoted by the Cargo Clearance Automation Planning and Promotion Task Force of the Ministry of Finance (MOF), which is now privatized and called Trade-Van Information Ser-vices Co. According to the automation operations needs in air and sea cargo clearance, 79 EDI messages, including 26 messages for air cargo clearance, 46 for sea cargo clearance and 7 for duties collection, were developed based on relevant UN/EDIFACT standards. The project also included the establishment of Taiwan's first comprehensive value added EDI network—Trade-Van to solve the communication problems encountered by the air and sea cargo communities. Trade-Van provides regular services such as electronic data interchange, data base inquiry, E-mail and packet switching. It also offers value added services such as import manifest multiple distribution, electronic duty payments, etc. There are at present some 4,000 users of Trade-Van in Taiwan, which handles more than 20,000 EDI messages on any given day. After Japan and Singapore, the ROC is the third country in Asia to implement full automation of cargo clearance.

Since the trade van, the operator is monopoly in the market, no only the cost of transition is highest in the market, but the service is no way to meet international requirement. For stop the claim from the major user, the customs broker and freight forwarders, a "D" Project is under process, the major purpose is link the virtual (e-commerce – lead by Trade van) and physical (air distribution – lead by The Airfreight Forwarder's Association of Rep. of China) operation under one single unit, to create more better value for all parties involved with Global Logistics project.

Commercial EDI

In 1992, the Department of Commerce of the Ministry of Economic Affairs (MOEA) took charge of implementing the Nationwide Commercial EDI VAN System with the goal of building a standardized, open and automated commercial transaction environment. Current users of Commercial EDI include scores of large chain stores, suppliers and transportation companies, more than ten banks, as well as more than ten center electronic plants and hundreds of satellite factories using a total of 14 types of EDI message. But there are only limited develop, the environment is no ready yet. But when e-commerce back up ebxml format of message open in the market, we had such kind confidence, the EDI will more common in near future on commercial wide.

Manufacturing Industry EDI

In 1992, the Industrial Development Bureau of MOEA took charge of promoting EDI application in Center-Satellite System of the manufacturing sector as a way to improve its information technology application capabilities, to lower down operations costs and to increase competitiveness in the international market. With center factories taking the lead, the number of satellite factories adopting EDI continued to increase. Now, about 200 factories in the automobile, motorcycle and machine tools industry have participated in this project. EDI messages in use include five types for the automobile industry and 12 types universally applicable to the manufacturing industry.

Financial EDI

In 1994, the Financial Information System Center was commissioned by MOF to take charge of promoting EDI application in the finance industry, as well as the establishment of financial EDI standards and the implementation of a financial EDI common system. This was seen as necessary for providing integrated electronic banking services to allow buyers, sellers, suppliers, customs authorities, customs brokers, importers/ exporters, trading partners and other parties to link up with the financial EDI trunk network through their own industry EDI networks. Direct transaction with financial institutions made possible access to individual bank or inter-bank services. There are currently more than 40 types of financial EDI messages and implementation guidelines completed. This project also includes the development of customs duty payment FEDI system, customs duty payment FEDI value added system, commercial EDI electronic funds transfer system, and multiple inter-bank funds transfer system and documentary credit processing system.

Other EDI Projects

Among other government agencies, the Environmental Protection Administration of Exe-cutie Yuan has also developed EDI messages for electronic reporting of pollution conditions based on the UN/EDIFACT syntax rules and patterned after the U.S. method. Other industries such as publishing, construction and shipping, etc. are in the process of planning and developing their respective EDI messages. Furthermore, firms with close business contacts with foreign counterparts (such as those in the electronic industry) have, in response to strong requests by their foreign partners, undertaken the implementation of EDI-related systems. Their message standards are patterned after those of their foreign business counterparts. The use of the Chinese language in EDI application in Taiwan is an unavoidable issue. The Taipei EDIFACT Committee of the National Bureau of Standards of MOEA, through its EDI Sanitization Working Group, has made a thorough study of this issue and has completed designing a feasible structure for Chinese-language transmission. The structure has been forwarded to the UN/EDIFACT Working Group of the CEFACT to serve as reference for future revisions on UN/EDIFACT syntax rules. Thus, future use of UN/EDIFACT to transmit Chinese-language message is not likely to pose a problem.

Coordinating the Establishment of a Telecommunications Network

This task would involve integration and coordination of the telecommunications needs of harbor bureaus, shipping companies and relevant operators, including information, digital and radio, to establish a telecommunications network.

The Maritime Transport Network (MTNet)

To further integrate operations in the maritime industry, carry out the mission of developing a Maritime Transshipment Center under the backup of the telecommunications center, as well as attain full automation of port and maritime operations, the MOTC has further entrusted the Data Communication Business Group of Chunghwa Telecom Co., Ltd. to plan and implement the Maritime Transport Network-MTNet. The network will serve as the overall network foundation of port and maritime operations automation. It will, through Internet/ Intranet technology, provide an open platform that would lead towards the integration of port and maritime telecommunications. On top of PORTNET and SHIPNET, the MTNet will be developed by building Intranets for internal use by maritime transport operators, Extranets for use among maritime transport operators and a central web site (www.mtnet. gov.tw) that will serve as the unified on-line destination of requests for harbor, maritime transport, customs clearance and other related services. It will also offer information services on maritime transport related data, such as vessel arrival and departure information, vessel scheduling, cargo tracking, provisional booking, etc.

The Port and Shipping EDI Promotion Plan

In line with its goal of fully promoting application of EDI in Taiwan's port and shipping communities, the MOTC has entrusted the Institute for Information Industry to carry out the "Port and Shipping EDI Promotion Plan." The said plan covers the following major tasks:

1. Port and Shipping EDI Promotion and Services

This task involves adopting a variety of approaches to popularize and speed up implementation of port and shipping EDI in Taiwan, such as the establishment and maintenance of communication channels with international EDI organizations and experts, holding of symposia/ conferences/training workshops, publication of promotional materials, establishment of a port and shipping EDI web site (www.mtedi.org.tw) and offering of information and consulting services, etc.

2. Planning and Implementation of a Shipping EDI Pilot System

This task mainly involves planning and development of a shipping EDI pilot system, as well as choosing units with optimum levels of computerization, willingness and demonstration value for conducting trial operations. Three partners from among existing container freight stations, container terminals, shipping companies, etc. have been chosen for the trial run of the pilot system in August, 1998. It is hoped that the pilot system can effectively demonstrate the benefits of the system and speed up port and shipping EDI application in Taiwan.

Developing of Shipping EDI – Messages

The Electronic Signatures Law, which was listed as a priority item in the Plan to Develop Knowledge-based Economy in Taiwan, was passed by the Legislative Yuan on Oct. 31 and implemented on Nov. 14. This new law has already become the foundation of the legal environment for the development of domestic e-commerce and the promotion of e-government in Taiwan. It also establishes complete rules governing rights and obligations under the network authentication mechanism, and for the legal effectiveness of electronic documents and electronic signatures. With the legal protection of electronic documents, electronic signatures, and digital signatures, e-banking, for example, will experience faster and more diversified development. This will boost the speed of global logistics operations and greatly reduce the costs of in-person processing and save a great deal of paper.

The new Electronic Signatures Law contains 17 articles, the main points of which are as follows:

*Purpose of legislation: To promote the popularization and utilization of electronic trading, assure the security of electronic transactions, and boost the development of e-government and e-commerce.

*The agency in charge for the new law is the Ministry of Economic Affairs.

*With the consent of both parties concerned, electronic documents may serve as the originals of written documents; the legally required safekeeping of written documents may be accomplished with electronic documents; and signatures or chops required by law or regulation may be accomplished by using electronic signatures.

*Electronic documents bearing digital signatures should employ certification issued in accordance with the law, and the certification will continue to be effective and within the scope of application.

*Certification agencies and management:
1.Certification agencies should produce real operating standards for certification, and should state clearly the procedures for its operations and for its provision of authentication services. After being approved by the authority in charge, these operations and procedures should be published on the certification agency's public website for inquiry by the public, and only then will the agency be allowed to provide certification services to the public.
2.For certification agencies that violate the regulations, the authority in charge will be able to impose a fine of not less than NT$1 million and not more than NT$5 million, and to require rectification within a set time limit. Continuous fines may be imposed on those that exceed the time limit without making the necessary changes. For serious offenses, part or all of the

offender's business may be suspended.
3.A certification agency that causes harm to a party directly concerned because of its operation or provision of certification services and the related operating procedures, or causes harm to a well-intentioned third party because of the third party's confidence in the certification, should bear responsibility for compensation.
4.Under the principles of international reciprocity and a similarity of security conditions, certifications issued by foreign legal organizations and registered certification agencies will, with the permission of the agency in charge, have the same force as certifications issued by domestic certifying agencies.

Although this law has completed the legislative process, regulations require that the date of implementation be set by the Executive Yuan. The reason for this is to allow coordination with the formulation of the implementation by-laws. Related government work in the future, therefore, will be focused on formulating accompanying measures and especially on integrating authentication systems and standards, as well as on maintaining the network market environment.
Suitable messages will be chosen from among the 33 types of UN/EDIFACT messages applicable to port and maritime operations. After joint meetings among maritime transport related operators and units, EDI messages suitable for Taiwan's maritime operations will be developed. These messages are necessary for creating the common data interchange environment that would assure wholeness and consistency in future shipping EDI operations. Three messages, including BAPLIE, CODECO and COARRI, have been successfully developed and used in the above- mentioned pilot system.

4. Enlistment of Service Companies and Guidance Program

The open and fair operation of a mechanism for service companies' enlistment and guidance will on the one hand promote participation of excellent IT companies (suppliers) in port and shipping EDI guidance work while on the other hand providing a pool of comprehensive and reliable technical support services from which maritime transport operators (users) could freely choose. This set-up will create sound interaction between supply and demand and in the long run contribute to a stable and sustained development in Taiwan's port and shipping EDI application.

9. SAIT Group IT Development

On the year of 2001, we understand NNR group is going to develop the system under web solution, to avoid duplicate investment, we did not create any new system to meet current Global Logistics Market requirement, but we are using current system to improve of the function to help the sales and marketing.

For Web Solution: -

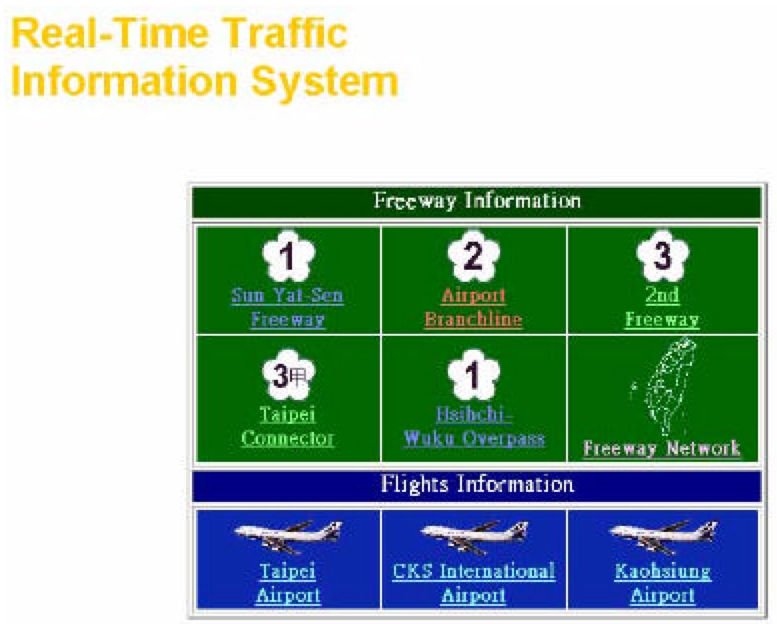
Intranet Utilities

– upgrade the internal rule portion on Chinese portion, all system explanation plus the confidential part are under security protection to under this sector.

1) Chinese Dictionary – e dictionary available as utilities to our staffs using.
2) Post zip code information national wide available.
3) Agency Agreement
4) Emergency communication and personal contact information.
5) Ocean manual

Internet

- At same time we have daily news and announce available under web solution open to the public.
- Link with Ministry of communications,, Air Schedule and Freeway information available both on Domestic and International.



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- Link with port authorities to have Forecast of arrival and Departure available on real time basis too.
- Link with Central weather Bureau to have the up to date weather information available on real time basis open to the public internationally.

The Industrial Development Bureau of the Ministry of Economic Affairs (MOEA) established a Taiwan Technology Marketplace on Nov. 5 to provide online disclosure of technology for which investors or purchasers are being sought. This will help accelerate the transfer and commercialization of technology.

The MOEA points out that this e-marketplace incorporates accounting, legal, and other services aimed at facilitating the rapid transfer or sale of technology. The MOEA also notes that Taiwan's industries have all used global resources actively in recent years to cope with changes in international competitive factors, developing production activities and operating models in the direction of high-value-added activities. For this reason, they have had a strong demand for technology needed to carry out innovation. The Taiwan Technology Marketplace was set up precisely to nurture the growth and maturation of Taiwan's technology trading services, thus achieving the goal of strengthening the island's technology trading market environment and mechanism. The network's website is www.twtm.com.tw.

The Airfreight Industries through the Trade-van Network under Web mail system, The Airfreight Forwarder's Association, offer free e mail box and web to the members to establish the e-marketplace for Cargo industries, now is under function.

10. Review Taiwan's Economic Problems

President Chen Shui-bian pointed out, in his inauguration speech on May 20, 2000: "(1) Faced with the continuous advancement of information technology and the impact of trade liberalization, Taiwan's industrial development will have to move in the direction of the knowledge-based economy era, high-tech industries will have to innovate constantly, and traditional industries will have to transform and upgrade. (2) Government is a supporter and a server. The responsibility of a modern government is to heighten its administrative efficiency, improve the domestic investment environment, maintain financial order and stock market stability, and help the development of its economy to move in the direction of full liberalization and internationalization through fair competition."

This concept is embodied in the "Plan to Develop Knowledge-based Economy in Taiwan," which was proposed in August 2000 and approved by the 2,696th meeting of the Executive Yuan on the 30th of that month as a blueprint for the development of the new economy, and it has already been formulated into a concrete strategy: "The Building of an Infrastructure for Internet Application – To draft an integrated plan for consolidating physical goods distribution and virtual business transaction to assure the development of global logistics operations." The objective of this effort is to establish a comprehensive set of principles for industrial development.

To coordinate with the vision of developing Taiwan into a "green silicon island," maintain local companies' competitive advantages of flexibility and linkage, and heighten the capability of the nation's enterprises to utilize global logistics so that they can cope with the rapid changes that are currently taking place in the economic environment, therefore, the CEPD has planned for the implementation, a global logistics development program. It will allow all cross-border economic and trade activities, such as the supply of products, the placing of orders, the shipping of goods, and the sale of products to be completed in Taiwan swiftly and conveniently. The goal is to make use of the achievements accumulated under the former "Asia-Pacific Regional Operations Center Plan" in the area of sea and air transportation, as well as Taiwan's outstanding geographic location and manufacturing-related advantages, to carry out integration and help enterprises establish the island as their global logistics base.

Taiwan's Niche as a Logistics Center

1. Global Logistics Management Niche

(1) Viewed from the corporate level– and based on the definition of the U.S. Council of Logistics Management– global logistics means the broadly defined flow of goods encompassing a scope of activities that starts with the procurement of raw materials and extends through design, production, and marketing to after-sales service, resupply, inventory management, and other timely and cost-effective processes, and use of the integration of the flow of commerce, the flow of goods, the flow of information, and other operating systems to achieve the timely delivery of goods and services via the management of supply chains, thereby firmly establishing an advantageous competitive corporate position.

(2) From the government's standpoint, the development of global logistics can raise the gross domestic product (GDP), increase job opportunities, and heighten the ROC's economic position in the world. The concrete means of achieving this are to help companies carry out cross-region integration of resources and, through the simplification of such processes as the flow of commerce, the flow of goods, the flow of information, and the flow of capital, to establish regulations that conform to international practices and trends for everything from product design, manufacturing, assembly, and storage to distribution, so that domestic enterprises engaging in logistics management will be able to achieve an advantageous position through the quick, on-time delivery of goods to customers in neighboring countries

2. Taiwan's Advantageous Developmental Conditions

(1) Advantageous geographic location

Taiwan is situated in the center of the Asia-Pacific region and has the shortest average sailing time to the five major regional harbors: just 53 hours. This compares with average sailing times of 64 hours for Hong Kong, 78 hours for Shanghai, and 124 hours for Singapore. Taiwan also enjoys the shortest flying time to the seven main cities of the Western Pacific: only 2 hours and 55 minutes, compared with 3 hours and 5 minutes for Hong Kong, 3 hours and 25 minutes for Shanghai, and 4 hours and 55 minutes for Singapore.

(2) Substantial improvements in the infrastructure environment (for details, see attachment)

Since the Executive Yuan (Cabinet) began implementing the "Plan for Developing Taiwan into an Asia-Pacific Regional Operations Center" in January 1995, it has laid down a solid foundation for the development of a global logistics center. To promote the manufacturing center, which is part of the regional operations center plan, 19 intelligent industrial parks have been established (12 by the government, seven by the private sector) and the conversion of export processing zones has been completed, and the development of warehousing, transshipping, and other linked industries is gradually taking shape. In the area of the sea transportation center, efficiency has been greatly enhanced and costs greatly reduced at Kaohsiung Harbor; the labor cost for handling each container was slashed by 52% within a single year and the average time between docking and sailing was cut from 21.5 hours in 1994 to just 17.3 hours today, for a reduction of 20%. In the air transportation center portion of the plan, the customs clearance time for air cargo imported through Chiang Kai-shek International Airport has been shortened from 4.2 days in 1995 to two days now, and the number of weekly takeoffs and landings by UPS and FedEx there has soared from 96 in 1996 to 136 today. In the area of the telecommunications center, Chunghwa Telecom has reduced its telecoms fees several times since 1997; by September 2000, the cost of an international direct dial call (using a three-minute call to the United States during normal hours as an example) had been cut from NT$150 to NT$30– a reduction of 80%. The opening of the mobile phone business has brought in NT$40 billion in investment along with US$300 million in foreign capital so far, generating more than 10,000 new jobs and stimulating the booming development of domestic telecoms-related industries.

In addition, to meet the advent of the Internet age, at the end of 1997 the Executive Yuan passed a "National Information Infrastructure Development (NII) Plan" for the joint construction of a domestic Internet infrastructure and popularization of Internet education by the government and the private sector. The implementation of this plan resulted in reaching the goal of "three million subscribers within three years" ahead of schedule, and the promotion of an NII-related legal system has brought about completion of the review of 22 bills and 11 administrative orders, including the Access to Government Information Law, Telecommunications Law, Banking Law, and Consumer Protection Law.

Furthermore, in view of the importance of business-to-business (B-to-B) e-commerce to industrial competitiveness, in June 1999 the Executive Yuan approved an expansion of the original "Industrial Automation Plan" into the "Industrial Automation and Electronic Business (iAeB) Program." Besides continuing the work of promoting the automation of production, warehousing, shipping, and marketing management, the program also selects important industries for the promotion of e-commerce in supply chains and demand chains. The aim of this program is to use tax incentives, technological assistance, personnel training, and other measures to lower costs and heighten the overall competitiveness of the nation's industries so that Taiwan can become an international supply center for e-commerce-oriented products.

The fruits of the plans and programs described above have laid a firm competitive cornerstone for the Republic of China's promotion of e-commerce development and the "Global Logistics Development Plan."

Current condition and Problems in Global Logistics Development

To meet the needs of the corporate development of global logistics, an across-the-board integration of government laws, regulations, and measures must be carried out to bring them in line with the trend toward global logistics. For example, in the area of customs clearance the laws governing the import of goods through a harbor and then its re-export through an airport need to be further relaxed; computer systems linked with sea and air transportation need to be integrated; the two-stage declaration for goods passing between two different customs districts needs to be improved; the situation whereby freight forwarders that provide shipping services for other parties are not allowed to report themselves as consignees needs to be rectified; the requirement of customs escort and seal for cargo moving through different control districts needs to be eliminated; and the inability of airports and harbors to meet the needs of shippers for 24-hour services needs to be corrected.

In regard to the flow of goods, the need for businesses to carry out transactions with each other through different network systems such as EDI and Trade Van affects transaction efficiency; other problems include the difference in modes of conveyance and specifications of pallets, the income tax imposed on overseas suppliers when using Taiwanese logistics services to export goods to Taiwan, the time-consuming procedure for electromagnetic compatibility testing, the difficulty of procuring land, and the inadequacy of logistics personnel.

In the flow of information and funds, the different elements in the e-commerce environment must be coordinated and, in fact, planned and established at the same time; these elements include, for example, the enactment of the Electronic Signatures Law, the security of Internet transactions completed through electronic payment, the expanded promotion of the electronic invoicing system, the protection mechanism for domain names, etc., all of which must all be carried out one by one.

Therefore, to eliminate the obstacles that companies encounter in the development of global logistics and develop Taiwan into a vital link in the international supply chain, as well as to make use of the island's manufacturing superiority to develop high-value-added entrepot services, the government must create a healthy legal environment for global logistics management (in the area of customs clearance, taxation, finance, e-commerce, etc.) as well as for operations, and must also continue improving the infrastructure environment.

Objectives and Strategies

Among the conditions for the development of global logistics in Taiwan, in terms of the related infrastructure it is necessary to constantly enhance service standards and reduce costs in order to provide support for corporate development in the fiercely competitive global environment. The following objectives and strategies have been formulated with that aim in mind:

1. Objectives

- To eliminate problems encountered by enterprises in the process of global logistics development, and build Taiwan into a vital link in the international supply chain.

– To use Taiwan's manufacturing superiority to develop high-value-added entrepot services.

2. Strategies

– To strengthen global logistics-related e-commerce, flow of goods, and infrastructure environment.

1. Globalization and the large influx of developing countries into international competition have meant that Taiwan's traditional products have been displaced by those of developing countries. This has prompted industries to relocate offshore, and has resulted in lower economic growth, higher unemployment, and less equitable distribution of income.
2. The offshore relocation of certain industries has caused related industries to lose markets or co-production, and so has forced them also to move offshore.
3. Taiwan's main competitor is mainland China. It uses a wide range of means, from tariffs, administrative procedures, and generous incentives, to lax environmental and labor standards, and even political intervention, to complement its low-cost land and labor in attracting investment from Taiwan, especially investment in products that other countries import from Taiwan. Such unfair competitive practices speed up the exodus of industries from Taiwan.
4. In these circumstances, Taiwan needs to accelerate the development of its emerging industries. However, Taiwan still lags far behind advanced countries in its technological level, and many industries' key technologies are controlled by foreign manufacturers. As there are considerable obstacles to upgrading of industry and technology, many manufacturers are unwilling to make the necessary effort, but would rather invest in lower-cost developing countries as the way of ensuring their survival.
5. Although Taiwan has developed a competitive IT industry, that has resulted in the Taiwan economy becoming largely dependent on this single industry. Thus, when this industry encounters a slowdown in the US and internationally, there is a major adverse short-term impact on the Taiwan economy. Moreover, the industry's key technologies and marketing channels are still controlled by foreign manufacturers, which means that our manufacturers come under pressure from foreign importers to move production to developing countries. That causes many people to worry about what industries Taiwan will still retain in the future.
6. Although Taiwan is joining the WTO from Jan. 2002, it is still excluded from participation in many international organizations and regional trade blocs, whether already in existence or under formation, because of pressure from mainland China. This might have the effect that, apart from political exclusion, Taiwan will also encounter a certain degree of economic isolation, and consequently lose competitiveness and development opportunities.
7. Taiwan has accumulated many economic problems from the past. One example is the large number of empty housing units and the high price of real estate created by the bubble economy. This phenomenon, combined with poor management in financial institutions, has generated excessively high non-performing loan ratios, and a high probability of crisis erupting in many problem financial institutions.
8. The problems in the financial sector together with the difficulties faced by industry

have given rise to a tightening of credit in the last three years. This has added a further impediment to manufacturing investment and operations, increasing the downward pressure on stocks, raising the chances of firms slipping into financial crisis, and further depressing the economic climate.

9. The recent slowdown in the US and global economies has exacerbated these problems.

10. In face of the problems that I have described, the government needs to adopt expansionary financial and fiscal policies, strengthen public construction, and implement a range of policy reforms to enhance economic vitality. However, these possible directions for effort run up against substantial difficulties.

11. On the financial side, because of the high non-performing loan ratios, ingrained management concepts and shortcomings in the abilities of banks, worsening finances and lack of accounting fidelity among businesses, and limitations in some areas of financial law, it is all but impossible to actively induce an expansion of credit.

12. Over the last ten and more years, taxes have been greatly reduced. The ratio of tax revenues to GDP has fallen well below its level in advanced countries. In the last few years, the government has depended mainly on the sale of state-owned enterprises and issuance of bonds for raising funds. However, state-owned enterprises that can easily be privatized have already been transferred into private hands, while the privatization of remaining SOEs faces many legal or practical hurdles. It will no longer be easy for the government to raise large amounts of funds from privatization. Moreover, the government already faces a heavy burden of interest payment on the bonds it issued on a large scale in recent years, which severely limits its scope for further issuing bonds to meet expenditure.

13. The employment of fiscal policy, as well as policy and legal reforms related to the living environment, public construction, education, administrative efficiency, labor interests, and other areas, all require cooperation from the legislature. However, the opposition parties form a majority in the legislature, and sometimes deliberately thwart the steps that need to be taken. And many members of the general public place their own interests above support for reforms that are badly needed.

14. The confidence of the Taiwan people has always been rather fragile. Now, with the rotation of ruling parties, the political wrangling, and the fall in economic growth, that confidence has taken a tumble. What's more, some self-serving politicians and media, whether by design or not, have stepped up the dissemination of inaccurate comment and rumors to further undermine that confidence. They have, in effect, created a crisis of confidence among the people.

15. Many of the manufacturers from advanced countries that in the past were Taiwan's trade and economic partners are now adopting the strategy of cooperating directly with developing countries. This is reducing the opportunities for Taiwan to boost its economy through cooperation with advanced countries.

16. Taiwan needs a greater consensus and broader resolve to speed up improvements in all areas of its legal system as well as in its infrastructure. Otherwise, our overall development environment and favorable fundamentals will be overtaken by developing countries. Taiwan also needs more cooperation and support from advanced countries, to avoid our being pushed into isolation and to uplift the confidence of our people. 《reference with speech from CEPD-ROC》

11. After WTO member process

Issue After 12 years of effort, Taiwan finally became a member of the World Trade Organization (WTO) on Jan. 1 this year. With WTO membership, the nation is required to fulfill the following commitments:

＊Lowering of tariffs

--The average tariff on agricultural products is to be cut from the original 20.02% to 14.01% in the first year of WTO membership (2002), and further to 12.89% between 2003 and 2011.

--The average tariff on industrial products is to be adjusted downward from the original 6.03% to 5.78% in the first year of WTO membership, and further to 4.15% by 2011.

＊Reduction of import controls on agricultural products

--With the exception of volume restrictions on the import of rice, all of the current controls and area restrictions on the import of 41 agricultural products will be replaced by tariff quotas or free imports. Special protective measures may be adopted for 14 sensitive agricultural products, however, in order to alleviate the continuing impact of WTO membership.

--The area restrictions that are currently imposed on imports of passenger sedans and trucks of up to 3.5 tons will be replaced by tariff quotas, and imports will be gradually opened up.

--Local content ratios for domestically produced automobiles and motor scooters/cycles, import area restrictions, and banned export subsidies will be eliminated.

--Imports of motor scooters/cycles larger than 150cc and diesel-powered passenger sedans will be opened up six months and within two years, respectively, following WTO membership.

＊Opening of the services market

Gradual opening of the services market for lawyers, accountants and other professional services, as well as for the finance, insurance, securities futures, telecommunications, transportation, education, and movie businesses, has already been achieved prior to WTO accession. With WTO membership, the domestic market will be opened wider to the establishment of branches by foreign mutual insurance companies and to practice by foreign lawyers; ratio restrictions on foreign investment in the air freight forwarding business and air cargo hubs will be eliminated; and ratio requirements for the screening of domestically produced movies as well as the collection of domestic movie assistance fees from foreign movies will be cancelled.

＊Other major market-opening measures

The monopoly system for tobacco and alcoholic beverage products will be abolished and such imported products will be switched to the imposition of customs duties, tobacco and wine taxes, and business taxes, while domestically produced tobacco and alcoholic beverage products will be made subject to tobacco and wine taxes as well as business taxes. The collection of harbor construction fees will be stopped, and harbor service fees will be collected on the "user pays" principle. In addition, after Taiwan signs the government procurement agreement the domestic government procurement market, which amounts to an average of about US$6 billion to US$8 billion a year, will be opened to companies from other countries that have signed the agreement. Taiwan will be at the same time be eligible to bid for global government procurement market amounted to about・

The government's vigorous promotion of the Global Logistics Development Plan is attracting more and more domestic companies and multinational enterprises to establish their logistics position in Taiwan, indicating that under the framework of the World Trade Organization (WTO) the island's competitive niche as a location for the establishment of American, Japanese, and Asian procurement and delivery bases aimed at mainland China and Southeast Asia. This also shows the island's promising future for the development of the warehousing, express delivery, shipping, processing, and other industries.

According to data compiled by the Council for Economic Planning and Development, the following successes in this effort have already been achieved:

--Among domestic enterprises, the CTW Logistics Corporation, China President Logistics, and Jvan An Logistics International Corporation have received permissions from the customs administration to establish logistics centers.

--Among multinational enterprises, Applied Materials has set up in Taoyuan its first logistics center for semiconductor equipment outside of North America. This center cost US$60 million to build, occupies an area of 6,600 square meters, and serves customers in mainland China, Japan, South Korea, Singapore, and other areas as well as Taiwan, making it Applied Materials' center for the distribution of semiconductor equipment, parts, and components for the Asia-Pacific region. After evaluating six countries and territories including Taiwan, Airis, which like Applied Materials is an American company, has determined that the Kaohsiung Air Cargo Park which is being promoted by the Export Processing Zone Administration of the Ministry of Economic Affairs offers a fine geographic position, proximity to Kaohsiung's Hsiaokang International Airport, and good cargo hub functions, and has made a preliminary decision to invest jointly with the Taiwan Sugar Corp. in the construction of an air cargo terminal, logistics center building, and office building there. According to the planned schedule, the first stage of the project will get under way this year and be completed between the end of 2003 and the middle of 2004. Intel has taken note of the strength of Taiwan's information industry and has announced the establishment on the island of its first warehousing center in the Asia-Pacific region; through e-commerce operations, this center needs only one day after receiving an order to delivering the goods. This will make it easier for Taiwan's motherboard makers to meet the challenges of a changing market with greater flexibility and efficiency. Intel has also announced the establishment of a quality support center in Taipei to provide motherboard manufacturers with immediate chip testing, quality assurance, and other services, and to report the results of testing to clients within 24 hours.

In view of the importance of Taiwan's position as an Asian transportation hub, DHL has announced a plan for continuing large-scale investment in Taiwan through the year 2005. The express cargo carrier has signed a cooperative agreement with the Evergreen logistics firm to locate its express cargo hub in Evergreen's second-stage air cargo terminal at Chiang

Kai-shek International Airport with the aim of expanding its market share and strengthening its competitiveness. This transshipment hub for express parcels is expected to begin operating shortly.
NYK, which operates Japan's largest merchant shipping fleet, has signed a contract with the Kaohsiung Harbor Bureau for the lease of Wharf 121 in Kaohsiung's Fourth Container Center; NYK plans to use Kaohsiung as its main East Asian hub, and is considering the switching of its container transshipping from Singapore to Kaohsiung.

12. Forum and Education of Industries

On Nov. 5, 2001, TAFA-R and IATA offer DR AWARENESS SEMINAR to the public, there are 539 student from the staffs and officer of government, Airlines, Cargo Terminal, university and our members, divided into 5 class , Mr. F. L. Yu, the director General of CAA/ROC open speech to highlight of the importance of DGR movement on airfreight.

This is a half day Seminar divided into 3 section, Samson Pao, secretary General of TAFA-R, make presentation to report the market and DGR development in Taiwan area. By the same time he present the SAIT group Quality control of DGR under the formulation of cargo 2000 standard.

Major speaker is Neil McCulloch from IATA Montreal, he is responsible the management of IATA's programs and initiatives in the fields of cargo safety and dangerous goods including the design and editorial content of the IATA dangerous goods regulations and related DGR Information products. He provides the technical support to the Dangerous Goods support team and association's representative to external government organization including the United Nations Committee of Experts on the Transportation of Dangerous Goods and the International Atomic Energy Authority. Neil joined IATA in 1991 from the province of Alberta's Dangerous Goods Control program, Senior Compliance Office with the Compliance and Information Centre, a novel and innovative approach to support law enforcement personnel in application of Dangerous Goods regulations. Neil holds a Master of Science degree in Chemical Engineering from the University of Alberta. His speech covering:

1. What is IATA, IATA and Dangerous Goods Incidents and Accidents Statistics
3. What are Dangerous Goods
4. How the Regulations Work
5. Training Obligations
6. Compliance and Enforcement
7. Awareness Initiatives
8. How the Regulations are Developed

9. What the Regulations regulate
10. Compliance with the Regulations
11. IATA's Support of the DG Regulations
12. Latest Changes to the Regulations
13. Safety and Regulatory Issues
14. Dangerous Goods Net work
15. Dangerous Goods -- A Team Effort
16. Conclusion

Final conclusion from Ms Chua Soon Keow, (Cai Shun Jiao) is the Senior Manager in charge of the IATA Agency Accreditation Services in Asia/Pacific. Based in Singapore, her responsibilities include the management of the IATA Agency Card, Travel Industry Designators Programmes and the publication of handbooks like the Cargo Agent and Travel Agent Handbooks. She provides agency support to the various IATA Cargo Advisory Panels in the region and to the IATA field Managers too. In addition, she is the de facto Secretary to the Orient Assembly insofar as it concerns the Passenger Agency Programme Brunei, Hong Kong, Korea, Taiwan, Indonesia, Malaysia, Philippines, Singapore, Thailand, Cambodia, Laos, Myanmar and Vietnam. She is also the link between IATA and the Airlines and the various freight forwarder's associations and travel agent associations.

She has more than 20 years experience in civil aviation including the last 12 years with IATA. Prior to joining IATA, she was a higher executive officer with the Civil Aviation Authority of Singapore. While with the Civil Aviation Authority, she has been involved in many bilateral air services negotiations, decoration of the Changi Airport's second terminal and in the master planning of the Changi Airport and the Changi Airfreight Centre. Her last contributions were proposals for the building of the Cargo Agent's Building 'D' and the temporary warehouse for the interim to cope with the demand for warehouse space then, and acquisition of land for expansion of Changi Airport and the Airfreight Centre. Shun Jiao holds a Bachelor of Laws degree from the University of Singapore, a Certificate of Postgraduate Practical Course in Law from the Board of Legal Education, Singapore and, a Certificate in Air Transport Economics from the Bureau of Air Transport, Philippines/Massachusetts Institute of Technology.
She started to summarised the speech from Mr. Yu, director General of CAA/ROC; also highlight the presentation on Mr. Samson Pao, regarding the highly market demand in now and future of DGR handling. Under the UN and ICAO requirement she appreciated the cooperation to TAFA-R for this success seminar

Follow up the forum; we nominated 12 members to have the working manual, quality system and physical function demonstration and inspection by the ISO/TS-ROC with the cooperation from CAA/ROC. All of them are passed and certificate issued accordingly.

TAFA-R and IATA Almost end of year, on Dec. 18, 2001, we had the 217 delegates from Taiwan, Hong Kong, Macao and China hold a Logistics forum in Taipei. The representative from the all districts report their local logistics market. CEPD and Customs delegate presented the local situation about improvement to meet the WTO requirement. And next meeting will moved to China under the same topic for closing the relationship of our industries. (The forum presentation well record. The CD available covering the speaker's power point presentation and video subject to request.