

# Written Policy Report by the Executive Yuan to the Third Session of the Ninth Legislative Yuan: Content on Cross-Strait Relations

Date: February 6, 2017

## **XV. Cross-Strait Relations**

1. Adhering to the consistent position of promoting the peaceful and stable development of cross-Strait relations and showing the greatest goodwill and flexibility

(1) Since taking office, President Tsai has reiterated in her May 20 inaugural address and National Day Address that the government respects the historical fact and political foundation of the talks in 1992 between the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS). Moreover, the government will pragmatically handle cross-Strait affairs and promote the peaceful and stable development of cross-Strait relations according to the Constitution of the Republic of China (ROC), Act Governing Relations between the People of the Taiwan Area and the Mainland Area, and relevant legislation. It will also endeavor to maintain the existing cross-Strait mechanisms and continue to keep the door for communication and dialogue wide open, including the communication and liaison mechanism between the Mainland Affairs Council (MAC) and the Taiwan Affairs Office (TAO), as well as the institutionalized negotiation mechanisms between the SEF and the ARATS. It will promote orderly cross-Strait exchanges and economic and trade cooperation, improve the legal basis for cross-Strait negotiations and exchanges, and protect the rights and interests of the people on both sides. In promoting cross-Strait policy, the government will be transparent in its decision-making and abide by democratic principles and procedures. It will follow the latest public opinion and the greatest consensus in Taiwan and adhere to the principles of peace and shared benefits to create the long-term well-being of the people in cross-Strait interactions.

(2) Peaceful and stable cross-Strait relations concern Taiwan's national security and form an important link in building peace and security in the Asia-Pacific region. To grasp the overall situation and study and assess future developments, the government will, through various channels, study and collect information on the impact of mainland China's Taiwan policy direction and important cross-Strait issues on relations between the two sides, as well as developments in mainland China and the region. It will

deliberate response strategies, follow the trend and pulse of public opinion on cross-Strait relations, and act on the policy concept of listening to public opinion.

## 2. Reviewing agreement implementation status, safeguarding the rights, interests and well-being of the people

(1) The government regularly reviews the operation status of the 21 cross-Strait agreements signed and now in force to assess their potential impact. Inter-ministerial meetings are held at appropriate times, inviting the competent authorities for the agreements to study and discuss response strategies to facilitate the stable operation of the agreements. The agreements not yet in force will be successively handled once legislation of the Cross-Strait Agreement Supervisory Act is completed, according to the relevant provisions and in consideration of the general situation and views of various circles in society.

(2) Implementation of agreements on cross-Strait sea and air transport: With respect to air transport, the two sides signed the "Minutes of Talks on Cross-Strait Charter Flights," "Cross-Strait Air Transport Agreement," and a supplementary agreement. From July 4, 2008 to November 30, 2016, there were more than 400,000 cross-Strait flights, carrying over 68.28 million passengers and 1.31 million tons of cargo. In 2017, cross-Strait flight service for the Lunar New Year holiday was expanded by specific arrangements made through communication between aviation authorities on the two sides and confirmed in writing on November 29, 2016. In the area of sea transport, from the implementation of the Cross-Strait Sea Transport Agreement signed between the two sides on December 15, 2008, to November 30, 2016, a total of 149,000 cross-Strait voyages were made through Taiwan ports carrying more than 17.13 million twenty-foot container equivalents (TEUs) of cargo, totaling 756.4 million tons, and more than 1.5 million passengers.

(3) Implementation of the Cross-Strait Postal Service Agreement: The two sides opened direct postal service after this agreement came into effect on December 15, 2008. Statistics indicate that, as of December 15, 2016, the number of letters (including small parcels) sent daily between the two sides has averaged 29,925, while the number of registered letters (including small parcels) sent daily has averaged 2,799. Direct service has reduced average mail delivery times by about one to two days. Furthermore, on February 26, 2009, Chunghwa Post began providing inward remittance services with mainland China. In 2016, the Cross-Strait Postal Service Agreement continued to operate normally. Under the agreement, Chunghwa Post and the China Post Group held a business exchange in July; the Cross-Strait Postal

Exchange Association and Taiwan Postal Association held an annual work meeting in November in Yunnan, mainland China; and the China Post Group was invited to visit Taiwan in December.

(4) Implementation of the Cross-Strait Agreement on Travel by Mainland Residents to Taiwan: From June 19, 2008, when this agreement came into effect, to November 30, 2016, Taiwan received more than 11.78 million mainland Chinese group visitor arrivals. From June 28, 2011, when Taiwan began allowing visits by individual Mainland tourists, to the end of November 2016, there were more than 4.49 million such visitors. From January to November in 2016, the number of Mainland tourist arrivals in Taiwan totaled 2,570,000, down 16.1% from the same period in 2015. Since May, the number of Mainland tourist arrivals has continued to decline compared with the same period in 2015. In May to November 2016, the number of group visitor arrivals from mainland China fell by about 49.3%, while the number of independent travelers declined by about 8.4%.

(5) Implementation of the Cross-Strait Financial Cooperation Agreement and four memorandums of understanding (MOUs) (banking, securities and futures, insurance, and currency clearance): This agreement came into effect on June 25, 2009; the three financial MOUs became effective on January 16, 2010; and the currency clearance MOU came into effect on November 1, 2012. Developments as of the end of November 2016 are as follows: In the banking sector, 13 domestic banks have been approved to establish 28 branches, 11 sub-branches, and three subsidiaries in the Mainland. In addition, Mainland banks have established three branches and two offices in Taiwan. In the securities and futures industry sector, one securities firm has been approved to take an equity stake in a Mainland futures company. Four investment trust firms have established fund management companies through equity stakes and have started operations. One of the firms has been approved by the Financial Supervisory Commission to divest its holdings. One investment trust firm has set up an office and nine securities firms have set up 15 offices. In the insurance sector, 12 domestic insurers and three insurance brokers have been approved to make equity investment in the Mainland and have been authorized by mainland China to invest in equity stakes in seven insurers, two insurance brokers and one insurance agency. They have also established 13 representative offices. In the area of currency management cooperation, as of the end of November 2016, RMB settlement by all banks through the Taipei Branch of the Mainland's Bank of China totaled RMB334.3 billion.

(6) Implementation of the Cross-Strait Economic Cooperation Framework Agreement (ECFA): From September 12, 2010, when the agreement came into effect, to September 30, 2016, Taiwanese companies

saved US\$37.37 billion by reduced tariff payments on exports to the Mainland of the 539 items on the Early Harvest List for Taiwan. As of the end of October 2016, mainland Chinese companies saved US\$369 million through reduced tariffs on the export to Taiwan of the 267 items on the Early Harvest List for the Mainland side.

(7) Implementation of the Cross-Strait Investment Protection and Promotion Agreement: Since February 1, 2013, when the agreement came into effect, to November 30, 2016, the Taiwan side accepted 280 investment dispute cases and submitted 168 of those cases to the Mainland for assistance in handling. Assistance procedures were completed for 97 of those cases.

(8) Implementation of the Cross-Strait Customs Cooperation Agreement: From February 1, 2013, when the agreement came into effect, to November 30, 2016, companies made approximately 8,380 telephone inquiries on issues related to ECFA Early Harvest List products. On October 1, 2016, the two sides implemented incentive measures for mutual recognition of customs authorized economic operators (AEOs) at trial points, including the Keelung and Kaohsiung customs offices in Taiwan and the Nanjing, Fuzhou, and Xiamen customs offices in mainland China. This measure can enable faster and more convenient and secure cross-Strait cargo clearance.

(9) Implementation of the Cross-Strait Agreement on Joint Crime-Fighting and Judicial Mutual Assistance: From June 25, 2007, when the agreement came into effect, to November 30, 2016, the two sides mutually provided judicial documents, conducted investigations, gathered evidence, and assisted with arrests and repatriation in over 90,000 cases. Mainland China has repatriated 463 Taiwan criminals and criminal suspects. The two sides have jointly broken 185 cases and arrested 8,829 suspects. Among these cases, 88 involved fraud and the arrest of 6,904 suspects. Furthermore, under the agreement framework, stronger assistance is available to families visiting relatives who have been deported to mainland China for involvement in cross-border telecommunications fraud. The government has also continued to fight for repatriation to Taiwan to face trial according to law.

(10) Implementation of the Cross-Strait Food Safety Agreement: From November 11, 2008, when the agreement came into effect, to November 30, 2016, the two sides have promptly reported and requested information in 3,835 cases on food-related problems. In addition to notification of product flow and case status in food safety incidents, including incidents involving plasticizers and mixtures of non-edible oils with edible oils, substandard vegetables, fruits, condiments, and other Mainland-sourced items consumed

daily by the public that are uncovered during inspections are impounded or destroyed according to the law. Furthermore, border spot checks have been strengthened and information on Taiwan inspection regulations and standards are provided to mainland China to inform Mainland manufacturers to make improvements and maintain public food safety.

(11) Implementation of the Cross-Strait Agreement on Intellectual Property Right Protection and Cooperation: From September 12, 2010, when the agreement came into effect, to November 30, 2016, the Taiwan Intellectual Property Office (TIPO) under the Ministry of Economic Affairs received 730 requests from people in Taiwan for assistance in handling cases involving infringement of their intellectual property rights in mainland China or difficulties encountered in the process of applying for protection in mainland China. TIPO completed assistance in the handling of 533 cases. Of this total, 44 cases were reported to the Mainland side are pending completion of assistance, and legal assistance was provided in 153 cases.

(12) Implementation of the Cross-Strait Agreement on Medical and Health Cooperation: The cross-Strait authorities for disease prevention regularly exchange statistics on epidemics as a reference for disease prevention. Mainland China has promptly provided Taiwan with information on the H7N9 influenza epidemic to strengthen disease prevention and control. The agreement mechanism also strengthens import inspections to ensure the quality and safety of mainland Chinese herbal medicines used by the people of Taiwan. Furthermore, the competent authorities of the two sides promote cooperation on pharmaceutical R&D. On April 25, 2016, the Food and Drug Administration under the Ministry of Health and Welfare and the China Food and Drug Administration announced that cross-Strait clinical trials for new drugs could be performed by eight medical institutions on the two sides and that clinical trial results conforming to provisions for Good Clinical Practice (GCP) could serve as a basis for the review and registration of drugs on the two sides. Joint trials successively conducted by the two sides have significantly helped to accelerate the process of cross-Strait cooperation on drug development.

3. Spreading the message of Taiwan's soft power and sharing Taiwan's pluralistic democratic values through mutual learning among young students from both sides

(1) Taiwan began allowing Mainland students to study at junior colleges and universities in 2011. A total of 9,327 such students were studying in Taiwan during the 2016 school year. From January to November 2016, a total of 32,599 Mainland students conducted research and pursued advanced studies in Taiwan.

The government will continue to steadily promote the enrollment of Mainland students in Taiwan so that more young people from mainland China can visit Taiwan, learn together with Taiwanese students, experience Taiwan's multiculturalism, share their experience in mainland China, and expand their horizons. The government will also continue to promote the inclusion of mainland Chinese students in the national health insurance system to create a friendly study and living environment for Mainland students in Taiwan.

(2) In 2016, the government continued to arrange the Taiwan Multicultural Exploration Camp and Cross-Strait Young Student Volunteer Service Camp to advance mutual learning among young students from both sides of the Taiwan Strait. These activities also aim to help Mainland students to more deeply understand the current status of Taiwan's multicultural society and experience the principles of democracy and freedom, development of a civil society, and respect for and protection of human rights in Taiwan. A total of 563 young students from both sides participated in the 10 camp sessions. The government also held the Cross-Strait Relations Young Student Camp, joined by 292 junior college and university students. Through special courses, lectures, interaction, and discussions, this event enhanced awareness among young Taiwan students on current government policy and the development of cross-Strait relations, as well as understanding of Taiwan's cultural soft power.

(3) Mass communication graduate students in mainland China were invited to visit Taiwan for two-month learning exchanges aimed at strengthening cross-Strait news information exchange. The participants took mass communication courses and visited electronic and print media organizations to observe and learn. The government also arranged a "Cross-Strait Media Exchange: Interviewing in Taiwan" activity, during which mainland Chinese journalists were invited to conduct special interviews in Taiwan on the topics of green building and wetland conservation. Through the exchange activities, young students and media personnel from mainland China could further understand the freedom of the press and pluralistic values of society in Taiwan. In addition, a forum was arranged on the impact of new media development on digitization in the film and music industry. Cross-Strait scholars and experts in related fields and media insiders were invited to discuss and share ideas, presenting the diversity and openness of new media in Taiwan.

4. Continuing to promote cross-Strait economic and trade exchanges and counseling services for Taiwanese businesspeople in the Mainland

(1) Continued promotion of economic and trade exchanges on the existing foundation:

a. Cross-Strait trade amounted to US\$95.53 billion in the first 11 months of 2016, down 3.7% from the same period in 2015. During the same comparison period, the government approved 280 mainland-bound investments with a total amount of US\$8.85 billion, down 26.7%. It also approved 141 Mainland investments in Taiwan with a total amount of US\$230 million, up 59.6%, increasing the cumulative number and amount of such investments to 930 and approximately US\$1.67 billion, respectively.

b. On February 1, 2016, Taiwan officially enacted a policy allowing mainland Chinese flight passengers to transit in Taiwan. Mainland residents in the first pilot cities of Nanchang, Kunming, and Chongqing are now allowed to transit at Taoyuan Airport. As of the end of December 2016, a total of 415 such transit trips were made in Taiwan, with the United States, Germany, and Canada among the major destinations.

(2) Strengthening assistance and service work for Taiwanese businesspeople in the Mainland: The government has continued to strengthen assistance and service work for Taiwanese businesspeople in mainland China in response to economic change in the Mainland and the new cross-Strait situation. In 2016, such assistance to protect and maintain the rights and interests of Taiwan businesspeople in mainland China included 771 cross-Strait economic and trade consulting service cases answering matters of concern to Taiwanese businesspeople; 292 service cases involving complaints. Also in 2016, 49 local service sessions integrating domestic professional organizations experienced in counseling Taiwan businesspeople were provided to help Taiwan businesspeople in the Mainland transform and upgrade operations and expand in the Mainland's domestic market. The government also continued to provide related books for Taiwanese businesspeople (including online editions) and extensive information through the Taiwan Businesspeople Information Web to help Taiwanese businesspeople access information on the investment environment and market changes in mainland China.

5. Improving laws and regulations on cross-Strait exchanges to establish a sound and orderly environment for exchanges

(1) Reviewing regulations on cross-Strait exchanges to establish a stronger legal basis:

a. In conjunction with policy directions announced in the president's inaugural speech, the MAC reviewed the Act Governing Relations between the People of the Taiwan Area and the Mainland Area

and related laws and regulations to safeguard the rights and interests of the people and establish sound and orderly cross-Strait interactions.

b. Inspection and management mechanisms for mainland Chinese personnel visiting Taiwan will continue to be reviewed based on the status of cross-Strait personnel contact and exchanges to understand the latest trends and key items of cross-Strait exchanges, as well as to strengthen safety management actions to establish an environment for orderly cross-Strait exchanges and benign development.

c. Regarding stronger management of Mainland visits by civil servants, the government has, since August 2016, successively asked various agencies to review whether outgoing heads and other retired or discharged personnel have improperly reduced the Mainland travel restriction period and to re-approve reasonable restriction periods. Regarding the management of overseas travel by retired or discharged civil servants and military personnel, the Ministry of the Interior, MAC, Ministry of Justice, and other relevant agencies deliberated amendments to strengthen regulations. In areas involving laws, legislative amendment procedures will be promptly completed in conjunction with the proceedings of the Legislative Yuan.

d. The MAC has formulated draft amendments to Article 65 (adoption system) of the Act Governing Relations between the People of the Taiwan Area and the Mainland Area. On November 18, 2016, the Executive Yuan submitted the amendment to the Legislative Yuan for deliberation.

e. In conjunction with the competent authorities, the MAC has continued to review spouse-related bylaws authorized under the Act Governing Relations between the People of the Taiwan Area and the Mainland Area to ensure they advance with the times and conform with cross-Strait policy and practical operational needs. In 2016, 20 related laws were reviewed and amended. In the future, the MAC will continue to promptly study amendments to related laws in conjunction with various agencies.

(2) To strengthen the travel and personal safety of Taiwan persons visiting the Mainland, the MAC announced travel alerts for Taiwanese people traveling to the Mainland, sent care text messages providing information on government emergency service hotlines, and coordinated with the SEF to improve service efficiency and implement government-entrusted matters.

## 6. Pragmatically promoting Taiwan exchanges and cooperation with Hong Kong and Macao and upgrading substantive relations

(1) In regards to Taiwan and Hong Kong, the government continues to hold consultations with the government of Hong Kong on the Taiwan-Hong Kong Double Taxation Avoidance Agreement on Sea Transportation Businesses, Taiwan-Hong Kong food safety cooperation, and other issues.

(2) Draft amendments to Article 29-1 of Act Governing Relations with Hong Kong and Macao were formulated to provide a legal basis for mutual relief from sea and air transportation taxes by Taiwan, Hong Kong, and Macao. On December 10, 2015, the Taiwan-Macao Double Taxation Avoidance Agreement on Aviation Businesses was signed. Initial review of the agreement was completed during joint meetings of the Legislative Yuan's Internal Administration Committee and Economics Committee on December 26 and 28, 2016.

(3) The government pragmatically promoted exchanges and interactions between Taiwan, Hong Kong, and Macao. In 2016, it helped 168 groups comprising 3,145 people from business, government, academic, and nongovernmental organizations to visit Hong Kong and Macao and to visit Taiwan for exchanges.

(4) The government continues to promote visits from Hong Kong and Macao to Taiwan for exchanges and tourism. In January to November 2016, Hong Kong and Macao residents made more than 1.29 million visits to Taiwan.

## 7. Strengthening explanation and communication of cross-Strait policy to enhance understanding and support in various sectors

(1) To explain issues related to the government's cross-Strait policy to the public, the MAC continued to convey policy information through its website, Facebook, and other platforms (for example, the MAC's 166 Facebook posts have attracted 2.58 million views). It also advertised through Airport MRT lightboxes and print media channels to prevent cross-border telecommunications fraud. In addition, the MAC held eight local scholar forums and nine student forums at the ministry. It also has explained cross-Strait policy at related events to strengthen face-to-face communication with various sectors.

(2) The MAC received 124 forums from other countries, including politicians, think tank scholars, diplomatic personnel in Taiwan, and overseas compatriots. It issued 53 major press releases and policy information explaining the position of the ROC government and the status of cross-Strait interactions to promote international understanding of and support for the government's policy stances. Furthermore, in conjunction with the promotion of major cross-Strait policy issues, the MAC held press conferences and seminars and issued press releases and reference materials at appropriate times in news operations, using the media to promptly explain government policy to the public.

(3) To strengthen communication with the legislature on major cross-Strait policy issues, the MAC arranged visits with 49 Legislative Yuan members of the ruling and opposition parties and caucus officials. Among these visits, the MAC presented reports on major cross-Strait issues to Legislative Yuan President Su Jia-chyuan, members of the various parties, and caucus officials to inform them about the status of cross-Strait relations and the promotion of major policy issues. The MAC also presented operational and special reports to the Legislative Yuan and attended public hearings and coordination meetings on 86 occasions.