

Important Documents on the Government's Mainland Policy



Mainland Affairs Council
Executive Yuan
Republic of China

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President Ma Ying-jeou's National Day Address

Date: Oct. 10, 2010

Ma Ying-jeou
President, Republic of China

Reform, Innovation and the Pursuit of Justice

Legislative Yuan President Wang Jin-pyng, Sao Tome and Principe President Fradique Bandeira Melo de Menezes, Solomon Islands Prime Minister Danny Philip and Mrs. Philip, Honorable Elizabeth F.Y. Renner, Speaker of the National Assembly of the Republic of The Gambia, delegations from around the world, members of the diplomatic corps in the ROC, Vice President Vincent C. Siew, Presidents of the Five Yuan of the ROC, distinguished guests, compatriots from overseas, fellow citizens, journalists, and friends watching television:

Good morning to you all!

The bond between the ROC and Taiwan

Today we celebrate the grand occasion of the 99th National Day of the Republic of China. As we commemorate the sacrifices and contributions made by the revolutionary idealists of yore to save a nation in peril, we are keenly aware that we must dedicate ourselves to the historical mission of building on past accomplishments to create a brighter future.

The course of the ROC's development has been a winding path full of difficulties. Everyone in Taiwan is both a participant in and a contributor to that development. We have warded off Communist China's attempts at invasion and ensured the security of Taiwan and the Penghu, Kinmen and Matsu islands; we have striven energetically to progress, making it safely through several global economic crises. On this piece of land we have toiled hard, instituting local self-governance and universal education, building a strong national defense, and creating the dual miracles of a prosperous economy and a democratic political system. These are achievements unsurpassed in the Chinese-speaking world, for which reason we are deeply proud of Taiwan.

Today, we continue to grow and develop on this land. We share a collective destiny and embrace a common dream. We cherish Taiwan and identify with the Republic of China. We wish the best for Taiwan and want the ROC to flourish. Next year will mark the Republic's centennial. Let us celebrate the birth of our nation together and create for it a more resplendent second century.

Doing what it takes to push reform

My fellow citizens: Since the second rotation of power between political parties two years ago, the most important missions of this administration have been reform, innovation and the pursuit of justice. The isolationist policies and corruption of the previous administration caused a great deal of damage to Taiwan, so we must boldly pursue thoroughgoing reform without delay.

Over the past two-plus years, this administration has pushed forward with a number of

groundbreaking reforms touching upon society, the economy, education, environmental protection, national defense, cross-strait relations, and foreign affairs. Our goal has been to improve Taiwan in every respect—to create a brand new, more competitive Taiwan.

Taking governmental re-engineering as an example, we have acted to reduce the executive branch from 37 to 29 Cabinet-level ministries and commissions. This is a project that previous administrations over the past two decades wanted to do but could not accomplish. We are accomplishing it.

We have increased the number of our special municipalities to five by merging and upgrading several counties and cities, and have scheduled elections for them with the aim of achieving balanced development in northern, central and southern Taiwan, thereby enhancing the competitiveness of cities and boosting regional economies. This is another momentous reform that we have succeeded in doing.

Some say that promoting reform will offend vested interests and cost election votes. I cannot go along with that way of thinking. Taiwan is now in a race against time. We cannot put off reform for the sake of winning elections. Were we to do so, we would let down our people as well as generations to come. We have a well-informed public. I believe that only reform can secure our future, and that by securing our future we can win people's hearts.

My fellow citizens: The world is changing rapidly. Taiwan must recognize the importance of economic integration in the Asia-Pacific region and the economic rise of mainland China. We certainly cannot afford to play the ostrich by burying our heads in the sand.

Over the past two years and more, we have improved cross-strait relations and pushed for peace and prosperity while expanding our participation in international affairs. The commencement of direct cross-strait flights and visits by mainland Chinese tourists to Taiwan has coincided with resumption of our participation in the World Health Assembly, from which we had been absent for 38 years, and our accession to the Government Procurement Agreement of the World Trade Organization after earlier bids to do so had failed for six years. Further, in our relations with the United States we have re-established high-level trust, resumed important arms purchases, and re-started talks on the Trade and Investment Framework Agreement. As a special partner of Japan, we established a new representative office in Sapporo last December and are scheduled at the end of this month to inaugurate two-way flights between Songshan Airport in Taipei and Haneda Airport in Tokyo. Elsewhere, travelers with ROC passports now enjoy visa-free entry to the United Kingdom, Ireland, New Zealand, and Fiji. The European Parliament, moreover, has adopted resolutions in support of Taiwan on numerous occasions, and we have successfully advanced substantive relations with other friendly nations.

In addition, we have concluded 14 agreements with mainland China. Each one is premised on the principles of parity, dignity and reciprocity, and puts Taiwan first for the benefit of its people. Throughout this process, we have staunchly defended the sovereignty and dignity of Taiwan.

The Cross-Straits Economic Cooperation Framework Agreement (ECFA) that Taiwan and

mainland China inked this June came into force on September 12. It is the most important cross-strait agreement in the past two years, a milestone in economic cooperation between Taiwan and mainland China. We have not opened up to mainland laborers or allowed additional agricultural import items but, instead, have created more business and job opportunities for our agricultural sector as well as our traditional manufacturing and service industries. The early harvest provisions of the ECFA could generate fully 60,000 job opportunities and NT\$190 billion in business for Taiwan. This course of action puts us in position to join in the process of Asia-Pacific regional economic integration. We have averted economic marginalization and accelerated the internationalization of our economy.

My fellow citizens: Our pragmatic policies in handling cross-strait relations and foreign relations have won the international community's strong affirmation, and the efficacy of government reforms has begun to show. The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan has forecast that our economy will grow by 8.24% this year, among the best performances in Asia. Of the world's top 30 trading nations, we had the highest import growth rate and the second-highest export growth rate in the first two quarters of this year, demonstrating that we have begun a robust economic recovery following a recession that lasted for over a year.

Over the past year, the number of employed people has increased by 285,000, and in August the unemployment rate dropped to 5.17%, the first time in 19 years that it decreased in that month. The average salary has increased as well, manifesting the growing vigor of our labor market.

Thanks to our policies of liberalization and deregulation, Taiwan's competitiveness has made great strides. In the 2010 World Competitiveness Yearbook released in May by the Switzerland-based International Institute for Management Development, Taiwan ranks as the eighth most competitive economy among the 58 countries surveyed, up 15 notches from the previous year. This is Taiwan's best performance in the survey in 16 years, and we are confident of doing still better in the future.

Taiwan's economic recovery is the fruit of the collective efforts of all its people. This government has considerable room for improvement, however, in its handling of various social and environmental problems as well as educational and judicial reform issues. We must humbly listen to the voice of the people, and strive constantly to do better. I will persist in pursuing reform and move boldly forward in order not to betray the public's trust.

Meeting public expectations with concrete action

Issues concerning disparities of wealth, environmental protection, educational reform and judicial reform have recently become the focus of intense public scrutiny. Here, I would like to stress that the core principle of this administration is the imperative to build a just society, and I promise that with regard to any issue pertaining to social justice, environmental justice or judicial integrity, we will take active steps to meet the expectations of our people.

Narrowing the wealth gap

The wealth gap in Taiwan has been widening for the past decade, reflecting an imbalance in wealth accumulation. Taiwan's economy is making a rapid recovery, to be sure, but if the fruits of economic development cannot be shared by all, what is the point of economic growth, however fast it may be?

The pursuit of economic growth, while important, is no more than a means to an end—the end being to build a just and prosperous society with egalitarian distribution of wealth. I therefore wish to stress that, from now on, strategies for Taiwan's economic development will not focus exclusively on growth, but absolutely must place equal importance on growth and fairness. In other words, as we boost economic growth, we must devise means to alleviate the problems of unemployment and poverty.

This government will do all in its power to adjust industrial structure, increase employment opportunities, expand social welfare benefits, and look after the needs of vulnerable groups. At the same time, we must also continue to promote tax reform. Putting it simply, the government will definitely not sit idly by and leave impoverished families with nowhere to turn to for help. Wherever there is poverty, our government must give caring attention and extend a helping hand.

Balancing economic and environmental concerns

My fellow citizens: Last year's Typhoon Morakot disaster caused the loss of more than 700 precious lives. This government has taken to heart the bitter lessons of that experience. For over a year now, we have dedicated ourselves to post-disaster reconstruction work and reorganization of disaster preparedness systems. At the same time we have pushed for central and local government agencies to carry out disaster preparedness and relief drills. We are working to raise the level of vigilance at all levels of government and society in the hope that tragedies of this nature will not recur.

Last month as Typhoon Fanapi approached, our central government, armed forces, police and fire departments, and local governments at all levels were fully mobilized to prepare for disaster. To minimize the damage, they first evacuated more than 16,000 people from risky areas. If the more than 100 people of Laiyi Village in Pingtung County had not been evacuated in time, for example, there may have been a replay of last year's Xiaolin Village tragedy [in which hundreds of lives were lost in a landslide]. This again demonstrates the correctness of our strategy, in the face of extreme, ever-changing weather conditions, to emphasize disaster preparedness over disaster relief, and evacuation over other preparedness measures; to hope for the best, but prepare for the worst; and to prepare for disasters in advance, deploy troops with an eye to disaster preparedness, and ensure readiness for rescue operations.

A number of issues have given rise to controversy over the question of environmental protection versus economic development. Some of the more notable disputes concern the Academia Sinica biotechnology park, the Central Taiwan Science Park environmental impact assessment, and Kuokuang Petrochemical Technology Company's development plans. From the perspective of our nation's sustainable development, equal importance should be placed

on environmental protection and economic growth. But in the event it is judged that economic development will severely impact or damage the environment, environmental protection should take priority. The severity of possible impacts or damage should be determined by scientific, rational assessments. Though we must pursue economic growth, it is even more important to protect our environment and health.

More comprehensive concern for our land is therefore essential. Priority must be given to the restoration and preservation of environmentally sensitive areas, including important agricultural land, mountain forests, wetlands, grasslands and rivers, as well as of cultural heritage sites and scenic areas. At the same time, we must improve the industrial structure as well as the current environmental impact assessment system, incorporating them as essential aspects of national land planning. With the goal of sustainable development of the nation's lands in mind, in the future this government must pay greater attention to people's opinions concerning the development or expropriation of land, show greater concern for the land, and take a long-term perspective so as to ensure sustainable development.

Deepening educational reform

My fellow citizens: Children are our hope for the future. I pledge to expedite efforts to forge public consensus and create the necessary conditions to institute 12-year compulsory education. First, we will start compulsory education a year earlier so that all five-year-olds can attend kindergarten tuition-free. We already began with offshore islands and remote areas this year, and will expand the program next year to cover the whole nation.

Furthermore, we absolutely must not neglect impoverished and disadvantaged children. Through reallocation of educational resources, we must revamp learning environments that are not beneficial to them and help them acquire effective knowledge and skills from their schools so they can rise above poverty. We definitely must ensure that impoverished children have the same opportunities as others to realize their life's dreams.

Spearheading participatory judicial reform

Bribe taking by judges, the quality of court verdicts and the efficiency of judicial processes have recently been the focus of sharp public criticism. We believe that the judiciary must of course be independent, but it must not be isolated from society or behave in a manner contrary to reasonable expectations of the public. The judiciary must be able to protect law-abiding citizens. This is the most fundamental standard of justice.

Future judicial reform must be participatory in nature. It should be undertaken from the perspective of ordinary people, with an understanding of what the public expects of the judicial system, and with empathy for the suffering they must undergo in the litigation process. A new Judicial Yuan president and vice president have been installed. Together with the minister of justice and the prosecutor-general, who took office half a year ago, they constitute a new judicial team. I am confident that this team will be responsive to public expectations and play an active role in participatory judicial reform.

Government agencies will also work together to re-examine relevant regulations and legal

procedures, improve the quality of court verdicts, enhance efficiency, and institute a friendly court environment. They will also expedite the passage of a Judges Act and establish mechanisms for evaluating the performance of judges and prosecutors, with an eye to keeping the good, eliminating the corrupt, and re-establishing the public's trust.

Our plan to establish an anti-corruption agency demonstrates our determination to eliminate and prevent all manner of corruption. This administration is committed to eradicating criminality. We absolutely will not compromise with the forces of corruption.

Human rights protections are another important aspect of judicial integrity. In May of last year, we ratified two United Nations human rights covenants—the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights—and are now actively working to amend any domestic laws and regulations that may run counter to the standards set out therein. To further promote the development and protection of human rights and basic freedoms, I hereby announce the establishment of a Human Rights Consultative Committee under the Office of the President. Vice President Siew will chair the committee, and is in charge of setting it up. The committee will be composed of both public officials and private citizens, who will discuss and develop human rights policies and issue regular human rights reports, so as to raise the level of human rights in Taiwan.

Promoting cross-strait relations, expanding international participation

Fellow citizens: We have recently seen great improvement in relations between Taiwan and mainland China and a marked relaxation in cross-strait tensions. Mainland authorities have recently mentioned the possibility of removal of missiles aimed at Taiwan. We feel this has a positive significance for cross-strait relations and hope that it becomes a reality as soon as possible.

Of course, our hopes for Taiwan's security cannot rest solely upon improvements in cross-strait relations. Thus, it is our necessary and unchanging policy to develop our independent military capabilities while continuing to import weapons of a defensive nature that we cannot manufacture ourselves. We will also continue to boost multilevel cross-strait economic, cultural and social ties, building confidence and resolving differences, so as to maintain lasting peace across the Taiwan Strait.

The Republic of China is a country with independent sovereignty. We conduct relations with mainland China under the framework of the ROC Constitution and on the basis of the “1992 Consensus.” Although at this stage the two sides of the Taiwan Strait cannot accord de jure recognition to each other, we nevertheless should be able to pragmatically adopt a policy of de facto “mutual non-denial.”

The people on the two sides of the Taiwan Strait are ethnic Chinese—“descendants of the legendary emperors Yan and Huang.” As the two sides pursue closer cross-strait ties, we hope to also expand cooperation with mainland China in the international sphere. We want to avoid antagonism and gradually develop a virtuous cycle of mutually beneficial, win-win interaction.

Taiwan is a full democracy. Any agreement that we sign with the mainland must receive

public support, and is subject to parliamentary supervision. At the same time, we will maintain the cross-strait status quo of “no unification, no independence and no use of force” under the framework of the ROC Constitution, uphold the principle of putting Taiwan first for the benefit of its people, safeguard the Republic of China’s sovereignty, and maintain Taiwan’s dignity.

In the future, we will continue to strengthen cooperation with all of our diplomatic partners as well as other nations, including the United States, Japan, countries in Southeast Asia, New Zealand, Australia and European Union member states. We will actively seek to participate in international organizations and their activities and, in the spirit of humanitarianism, provide aid to developing partner countries. This administration is committed to enhancing the ROC’s international status and, with a pragmatic and flexible approach, will actively work to sign free trade or economic cooperation agreements with our trading partners—all with the aim of building up Taiwan while linking with the Asia-Pacific region and deploying globally.

Here, I would like to stress that the ROC plays four roles in the world: first, as a peacemaker; second, as a provider of humanitarian aid; third, as a promoter of cultural ties; and fourth, as a creator of new technologies and business opportunities. Though our territory is small, our aspirations are ambitious. We look forward to integrating with the world community. We are eager to take on the challenges of globalization, and hope to make contributions to the international community. We want to win respect for the ROC, and be the type of country that stirs people’s hearts.

Conclusion

My fellow citizens: The people who live on this piece of earth have never meekly bowed to fate. We have managed to grow amid adverse circumstances and, step by step, realize the ideal of a democratic republic as envisioned by our founding father, Dr. Sun Yat-sen. Looking to the future, we are full of confidence and optimism!

Democracy and freedom have come to define the spirit of Taiwan. A rich social diversity has made Taiwan’s culture and lifestyle a “benchmark” for Chinese communities around the world. Many of Taiwan’s young people have become international standouts in the areas of academics, sports, art, cuisine, design and invention. We see embodied in them Taiwan’s potential, Taiwan’s confidence and Taiwan’s hope.

Fellow citizens: The ROC centennial is just around the corner. The story of the first century of the Republic opened against a background of social upheaval, but our nation went on to record extraordinary achievements through peaceful development. The ROC’s second century will kick off with a “golden decade” prelude. Now, we begin to write a brand-new chapter.

This is the responsibility we undertake in remembrance of our ancestors and national martyrs, as well as our promise to our children and future generations!

In closing, please join me in shouting: Long live the Republic of China! Long live Taiwan’s democracy! Thank you.

Office of the President welcomes mainland Chinese leader Wen Jiabao's statement that missiles aimed at Taiwan will eventually be withdrawn

Date: Sep. 24, 2010

Press Release

Office of the President

The Office of the President said that it welcomes the pragmatism displayed by mainland Chinese leader Wen Jiabao in a statement expressing his belief that the removal of missiles aimed at Taiwan will eventually be realized. Wen's words show political goodwill on the part of the mainland, and will be conducive to peace in the Taiwan Strait and regional security.

Tension between the two sides of the Taiwan Strait has gradually decreased since President Ma Ying-jeou took office. In particular, the international community has reacted very positively to the peaceful relations that have followed in the wake of liberalization of the Three Links, opening of Taiwan's doors to tourists from mainland China, and the signing of the cross-strait Economic Cooperation Framework Agreement. This trend reflects international mainstream values and is the result of the joint efforts by the two sides, and people on both sides also are pleased by these developments.

President Ma has repeatedly stated publicly that Taiwan is a democratic society and that Taiwan's future shall be decided by its 23 million people. At the present stage, the government, based on the framework of the ROC Constitution, will continue to maintain the status quo of "no unification, no independence, and no use of force." In addition, based on the 1992 Consensus, the government will operate on the principle of putting Taiwan first for the benefit of the people, and it will also promote the development of mutual benefit and shared prosperity between the two sides of the Taiwan Strait.

Protecting the country by promoting peace – Change has begun

Date: June 7, 2010

Press Release

Office of the President

President Ma Ying-jeou unveiled his “six steps to a better Taiwan” at a press conference marking the second anniversary of his inauguration. These six steps are to strengthen the country through innovation; revive the country by promoting culture; save the country through environmental protection; stabilize the country by adhering to the constitution; secure the country by providing social services; and protect the country by promoting peace. This approach will create the foundation for a golden decade, he said. All major policy changes adopted during his two years in office have been predicated on the key pre-condition of cross-strait peace, and improvements in this regard have resulted in a much rosier outlook on Taiwan’s competitiveness. The president expounded on the idea of “protecting the country by promoting peace,” commenting as follows:

I believe that the major reforms promoted over the past two years are being reflected in the nation’s competitiveness scores. The government’s insistence on protecting the country and fostering regional stability through peace have been widely applauded by the international community. If the benefits of cross-strait reconciliation can be expanded to the sphere of foreign relations, Taiwan will be able to promote many internal reforms amid a peaceful external environment. This type of policy will not damage the ROC’s sovereignty or dignity in any way, and the entire world is witnessing these changes.

The most prominent result of the government’s efforts to improve cross-strait relations has been an increase in interaction between the two sides. Increased interaction, reduces tensions and significantly lowers the potential for the outbreak of armed conflict. At the same time, neighboring countries are becoming friendlier to Taiwan since we have become a peacemaker rather than a troublemaker.

Confrontation between the two sides has given way to negotiation, and conflict to reconciliation, and the world community is in virtually unanimous support of this development, as it has helped to reduce regional tension and foster stability. At the same time, increased job opportunities have arisen here in the wake of the start of direct transportation between the two sides of the Taiwan Strait, the opening of Taiwan to mainland Chinese tourists, and the decision by Taiwan-invested firms in mainland China to come back and list their shares here instead of in Hong Kong.

While Taiwan is improving ties with mainland China, its relations with the United States, Japan, the European Union, New Zealand, Australia, and Southeast Asian nations are also taking a turn for the better. In particular, mutual trust has been re-established at the highest levels with some of the most influential nations. This has helped make it possible for Taiwan to become a party to the Agreement on Government Procurement and participate in the World Health Assembly. The development of cross-strait relations and the expansion of international relations are complementary to each other. Moreover, the smoother the development of

cross-strait relations, the better the ROC's relations will be with the international community. And once ties with the global community have strengthened, Taiwan's public will have even greater confidence and willingness to further build cross-strait relations. Everyone will benefit from this virtuous cycle.

The improvement of relations with mainland China has caused some people to grow concerned about whether the ROC's sovereignty might suffer and whether Taiwan's dignity be harmed. In fact, we have signed 12 agreements with mainland China, and in each case we have achieved the objective of "putting Taiwan first for the benefit of the people." This proves that we needn't sacrifice our sovereignty or suffer indignities in order to achieve cross-strait peace and prosperity.

New Inflection Point for Taiwan, New Era for Asia – Choosing Correctly at a Critical Juncture

Date: July 6, 2010
Ma Ying-jeou
President, Republic of China

At the fifth meeting between Taiwan's Straits Exchange Foundation (SEF) Chairman Chiang Pin-kung and mainland China's Association for Relations Across the Taiwan Strait (ARATS) Chairman Chen Yunlin, held on June 29 in Chongqing, the SEF and the ARATS signed the Economic Cooperation Framework Agreement (ECFA). If the agreement is approved by the Legislative Yuan, it is expected that the ECFA will take effect on January 1 of next year. In addition to having a far-reaching effect on cross-strait relations and further solidifying peace and prosperity on both sides of the Taiwan Strait, the ECFA will also influence the structure of cross-strait economic ties and the nature of competition and cooperation in the Asia-Pacific region. President Ma made the following comments in explaining his observations and thoughts on this situation:

I believe that the signing of the ECFA is extremely important for Taiwan, for cross-strait relations, for the Asia-Pacific region, and even for the entire world. First, the ECFA is a major step for Taiwan in overcoming economic isolation, as it heads off the threat of economic marginalization. Second, the ECFA is a major step forward for the two sides of the Taiwan Strait in economic reciprocity and cooperation. Under a systematized framework, the agreement will help Taiwan generate more business opportunities and increase the number of jobs here. Third, the ECFA constitutes a major step in hastening economic integration in Asia. In the future, the value of Taiwan will become more important in the eyes of the Asia-Pacific region and the global community. Taiwan has a strong chance of becoming a springboard for companies from throughout the world seeking to enter the mainland market.

The signing of this agreement also enables us to fulfill four promises that we previously made to the public. Firstly, nothing in the content of the ECFA relates to the opening of Taiwan's doors to laborers from mainland China, nor does it further liberalize imports of mainland agricultural products. Secondly, the content of the agreement proves that it was not signed with only the interests of major enterprises in mind. The ECFA focuses broadly on the interests of the Taiwan economy as a whole, including small- and medium-sized enterprises (SMEs), vulnerable industries, laborers, and farmers. In addition, the agreement will enable 18 more agricultural products from Taiwan to be sold to mainland China, including bananas, oranges, tea, grouper fish, and milkfish. Third, this agreement has forged tariff concessions on various goods and services, and has also liberalized markets. The two sides have also signed a cross-strait cooperative agreement on the protection of intellectual property rights. This is an extremely important step, for it will create more opportunities for Taiwan's cultural and creative industries to develop in mainland China. Meanwhile, the government has included investment guarantees as a topic for discussion in the next round of negotiations. Fourth, this agreement was negotiated and signed under the principles of equality and reciprocity, as well as "putting Taiwan first for the benefit of the people." The ECFA has not damaged the nation's

sovereignty, nor has it compromised Taiwan's dignity.

However, the ECFA is just one among many measures we are taking to further boost Taiwan's economy. We need to move quickly to take advantage of this opportunity by re-examining various policies and methods that have already served their purpose, and by finding new ways to spark the economy. Taiwan has an extremely advantageous geographical location in East Asia. We are also a nation with lots of outstanding and enterprising people. We are an open society that emphasizes the values of democracy and freedom. Meanwhile, Taiwan features outstanding and diverse educational opportunities. However, in the years prior to our administration taking office, we failed to capitalize on Taiwan's strengths. We became stuck, making it impossible for us to fulfill our potential. After our administration took office, however, we adopted policies that emphasized deregulation and re-construction. In principle, we have moved in the direction of liberalization. For instance, we have reduced the inheritance tax and business income tax, and expanded public investment. In addition, we have liberalized direct transportation between the two sides of the strait, initiated the "three links," and opened our doors to mainland Chinese tourists. At the same time, we have signed an agreement with mainland China for direct flights between Taipei's Songshan Airport and Shanghai's Hongqiao Airport, and we have signed another agreement with Japan for direct flights between Songshan Airport and Tokyo's Haneda Airport. So it takes a comprehensive approach to truly help Taiwan break through the barriers facing it and free us of the various restrictions that have been placed upon us. Signing of ECFA is like equipping Taiwan with a pair of wings that will enable our economy to take off.

Amid these circumstances, there are several things we must do to keep Taiwan's economy moving forward. The first key task is to find a way to strengthen Taiwan's economy and attract investments from home and abroad. Secondly, we are using laws and regulations as a means to strengthen innovation and integrate the work of our government-related R&D institutions to boost the ability of Taiwan industry to innovate, develop name brands, and provide greater added-value in the service sector. It is also very important that we strengthen the basic building blocks of our economy. The Ministry of Economic Affairs recently identified 10 extremely fundamental industrial technologies that we will rely on over the next five to 10 years to enable us to become an industrial powerhouse. To be sure, the ECFA will play an important role in fueling this work.

Without a doubt, this effort to transform the economy is extremely difficult and immense, and in the process of transformation, some industries may not be able to adapt well. Some may even experience setbacks. The government must make necessary preparations. The Ministry of Economic Affairs and the Council of Labor Affairs are budgeting NT\$95 billion to be used over a 10-year period to provide assistance to industries that could be especially vulnerable to negative impact from the ECFA. These are the preparations we have made to counter the impact of free trade. In other words, this is not only a problem we will face in dealing with goods from mainland China. In the future, we will face similar challenges as well when we sign free trade agreements or economic cooperation agreements with other nations.

Secondly, we need to strengthen cross-strait cooperation. Mainland China is also in transition,

from the world's factory to the world's market. Because the global financial tsunami triggered a worldwide economic downturn last year, and because home appliances now sell briskly in remote areas of mainland China, the whole world is now paying very close attention to mainland China's domestic consumer market, and we certainly cannot allow ourselves to be left out in the cold. Therefore, we plan to instruct our trade promotion agencies, such as the Taiwan External Trade Development Council, to assist Taiwan enterprises in developing markets in the mainland.

Thirdly, we need to establish a global presence. Taiwan's development absolutely cannot and will not solely rely on mainland China. Therefore, we must diversify and manage risks, and seek a global presence. Our geographic advantage attracts foreign companies to invest in Taiwan. Ever since I began talking about signing an ECFA with mainland China, the American Chamber of Commerce in Taipei, the European Chamber of Commerce Taipei, the Japanese Chamber of Commerce and Industry, and many foreign companies have become more interested in investing in Taiwan. Consequently, we can become a platform for multinational enterprises seeking to invest in mainland China.

Our vision is to welcome the world to Taiwan and to send Taiwan out into the world. We expect to change Taiwan's economic role in the Asia-Pacific region through signing of the ECFA and many other supplementary measures designed to build on existing strengths. As for the concrete methods to achieve this, the Executive Yuan will establish a "task force for the promotion of global business" that within three months will formulate a global business promotion plan. Agencies that supervise various industries, such as the Ministry of Economic Affairs, the Ministry of Finance, the Financial Supervisory Commission, and others will work together to launch an all-out effort. Besides recruiting companies from the United States, Europe, and Japan, we also hope that Taiwan companies operating in mainland China will come back and invest in Taiwan. The task force will also regularly examine the results of the recruitment efforts. In addition, a "task force on global economic strategy" will be established under the National Security Council to supervise and follow various work, such as innovation, overtures to foreign firms, and investment. The task force will first hold consultations with related agencies under the Executive Yuan, after which the Executive Yuan will propose concrete projects. These initiatives will be promoted step by step. I am confident that this mechanism will coordinate and integrate our efforts, maximizing the results of this work.

At this point, I would like to urge the Legislative Yuan to speedily screen and pass the ECFA, firstly because the ECFA requires the amendment of various laws, and secondly because it is a policy of material significance. A policy that fundamentally redefines how our enterprises will deploy their resources—in mainland China, Asia, and the entire world—needs to be reviewed by the legislature, which represents the will of the people. We plan to arrange for Premier Wu to go to the Legislative Yuan to report on the ECFA. He will clearly explain to everyone how we plan to proceed and what the benefits will be for us. We hope that this arrangement will enable our parliamentarians to fully understand that the moves we are making to integrate into the global economy are beneficial to Taiwan, and that this is the correct decision at this critical point in time. We also hope that legislators will fully support the ECFA. I especially hope and welcome lawmakers from the opposition parties to exercise rational oversight, and

welcome them to offer their opinions on the ECFA. If our legislature carries out its oversight role in a rational and speedy manner, both our business sector and the general public will be able to enjoy the benefits brought by the agreement. We also hope that during the course of the review special attention will be given to the method of the review, as this will impact the willingness of our trading partners to work with us to forge free trade agreements or economic cooperation agreements in the future. Having finished with our preparatory work, we hope that the legislature will now review the ECFA in a speedy manner, enabling this agreement to be an important first step in creating a golden decade for Taiwan.

ECFA to create new opportunities, pave way for golden decade of Made-in-Taiwan products

Date: June 25, 2010

Ma Ying-jeou

President, Republic of China

The government and mainland China are currently negotiating an Economic Cooperation Framework Agreement (ECFA). In fact, the pact is a work in progress that will gradually be completed over time. The early harvest list which includes the necessary items is only the first step of the bilateral agreement. Items that have not been included in the early harvest list may be included in the next stage after further negotiation. President Ma is extremely concerned about the impact that the ECFA will have on weaker industries here. Seventeen traditional industries, including textiles and bedding, will not be included in the early harvest list. Meanwhile, the president has asked the Ministry of Economic Affairs to formulate a set of supplementary measures to assist various industries in order to lessen the impact of the ECFA. President Ma expressed his confidence in MIT (Made in Taiwan) products. Socks industry in a good example, he said. In the past, socks were regarded as ordinary clothing items. Today, however, Taiwan factories have significantly increased the value of socks productions through R&D, introducing sweat-wicking, anti-odor, and anti-bacterial socks made from materials that are conducive to good health. The government is working to create an environment that features fair competition so as to enable outstanding MIT products that exhibit a high degree of innovation to be marketed and sold throughout the world. President Ma commented as follows:

Taiwan has relied on its brains to hold its own on the world stage. In the tumult brought on by the recent global recession, we have still been able to rely on our competitive strengths to stand out among the crowd.

The government has three objectives in promoting the ECFA. First, it is aiming to help the people of Taiwan to do business and boost the competitiveness of Taiwan. The government, however, will neither throw Taiwan's doors open to mainland laborers nor increase the number of mainland agricultural products allowed to be imported. The third goal is to reduce or eliminate tariffs, guarantee investments, and protect intellectual property rights.

I've made three trips to Shetou Township in Changhua County to look at the textile industry there. I asked them how they compete given that the wages here are so much higher than in mainland China. They smiled at me and said that they are not competing against mainland Chinese wages. Rather, they are competing against Italian design. Our industries know how to compete. For instance, in Taoyuan County there is a parasol maker that produces umbrellas that go for NT\$20,000. Their most expensive one is NT\$100,000. These umbrellas are artwork. Everyone needs to work to make their products more special, giving them added value. This is how MIT products will become even more competitive.

Promoting outstanding MIT products is not simply a response to the ECFA. In the future, we are going to face the same issue when we sign free trade agreements with other nations. These

sorts of challenges are going to come to the forefront as we liberalize our markets. We must have ambition and confidence, and we must realize that only through raising product quality and boosting added value will our products be competitive.

Mainland China is currently Taiwan's largest export market. At the peak, Taiwan was exporting some US\$100 billion of goods to the mainland each year. Given the vastness of mainland China and its cheap labor, Taiwan firms will find the competition very stiff when they enter this market. In contrast, mainland China's cheap products will quite easily find a foothold in Taiwan's market. In light of this, it was decided at ECFA negotiations in April that products from 17 traditional industries, including textiles and bedding, would not be included in the early harvest list.

Some people are concerned that our manufacturers will be impacted by the import of mainland China's cheap products and labor-intensive goods. That is why the government is doing everything it can during negotiations to not liberalize imports of those items. However, in cases where we do end up opening the door to import items that could impact local industry, we will be prepared. The Ministry of Economic Affairs is drafting industry revitalization and guidance measures, a mechanism to improve the structure of specific industries, and a system to provide relief to impacted industries. A budget of NT\$95 billion is planned for the coming decade to help offset the negative impacts of the ECFA.

Taiwan won US\$50 million in business opportunities in 2009 after becoming a party to the Agreement on Government Procurement (GPA). We expect this number to reach US\$500 million this year. The government will continue to help companies develop more overseas markets. We hope that ECFA negotiations can be concluded soon, thereby providing our industry with an environment for fair competition.

While some in Taiwan have expressed concerns about the signing of the ECFA with mainland China, the government will certainly abide by the principle of "putting Taiwan first for the benefit of the people." The two sides must participate as equals in all negotiations, our dignity must be ensured, and the results must be mutually beneficial. With respect to the ECFA, renowned Japanese strategist Dr. Kenichi Ohmae expressed his support for the pact in a speech on the theme of "global economic development trends and prospects for cross-strait cooperative relations." Dr. Ohmae stated:

If you look at other countries in Asia, dependence on China is increasing in most countries. Some of you are worried whether you aren't overdependent on China. I would say no. You are leading the group. You're taking advantage of your strength, but are not overdependent.

Your country has been an outstanding performer, and to a large extent, this is due to your success with trading with China. Your government has also done an exceptionally good job in providing a competitive environment compared with Korea, China itself and Japan. Your international competitive rankings have been very impressive.

Taiwan has all types of knowledge, so you have good strategy to win niches. And the people of Taiwan know China inside out... ECFA is a very carefully crafted vitamin for Taiwan's continued success. It can strengthen Taiwan's economy and enable Taiwan to continue to

succeed. Your relationship with China is the envy of Koreans. They felt admiration at first, but it's now turning into fear, particularly after ECFA.

The Core Interests of the People of Taiwan Form an Important Foundation for the Development of Cross-Strait Relations

Date: Oct. 2, 1010

Symposium on “Continuity and Change: Cross-Strait Relations from 2008 to 2010”

National Taipei University

Lai Shin-yuan

Minister of the Mainland Affairs Council, Executive Yuan

President Hou, Legislator Fai, Distinguished Participants, Ladies and Gentlemen, Good morning!

I am very happy to be invited to participate in today's symposium on “Continuity and Change: Cross-Strait Relations from 2008 to 2010,” held jointly by National Taipei University and the publishers of the magazines “Prospection and Exploration” and “Studies on Chinese Communism.” I also feel extremely honored to be able to meet together and exchange views with all of the distinguished participants here today.

The theme of today's symposium -- “Continuity and Change” – very well describes the developments and changes in cross-strait relations over the past more than two years since May 20, 2008. On November 2, 1987, the government announced lifting the ban on visiting the relatives in the Mainland, resuming cross-strait exchanges after a nearly 40-year suspension. During the following 20 years, economic, trade and people's exchanges across the Strait steadily warmed up. However, relations between the two governments stalled and regressed, once even to the brink of war. It was not until over two years ago the breakthrough change appeared, the key to which has been the implementation of different thinking and methods of the ROC government's Mainland policy since President Ma Ying-jeou came into office.

“Putting Taiwan first for the benefit of the people” is the highest guiding principle of President Ma's Mainland policy. “Putting Taiwan first” means upholding Taiwan's identity, while “for the benefit of the people” means that the fruits of institutionalized cross-strait negotiations shall be shared jointly by all the people instead of by certain major business groups.

In September 2005, President Ma was still the mayor of Taipei City. While mentioning the Three Links issue, he said, “What is wrong with promoting this policy if Taiwan is put first and the benefits are well taken care of?”

On March 17, 2007, as the former chairman of the opposition party, President Ma stated that Taiwan should adopt a proactive policy on cross-strait relations, resolving unfavorable factors through various types of negotiation and under the principle of “putting Taiwan first for the benefit of the people.” This policy should also maintain the status quo under the condition of benefiting the people, while “minimizing the threats and maximizing the opportunities” presented by the Mainland to Taiwan.

“Putting Taiwan first for the benefit of the people” is an inviolable guideline that the government must follow in carrying out its Mainland policy. It is also a long-standing conviction as well as a clear and consistent position held by President Ma. Since May 20, 2008, when the new government came into power and resumed institutionalized cross-strait negotiations, the two sides have signed 14 agreements and reached one consensus. All of the signed agreements have been submitted to the Legislative Yuan to ensure public supervision. Besides, all of the provisions are set out in black and white and are open to the public for inspection. These agreements are concrete realizations of the guiding principle of “putting Taiwan first for the benefit of the people.” In regards to aspects such as the economic livelihood and the order of exchanges, the public is also gradually feeling the substantial benefits created by the cross-strait agreements. Take the case of opening up to Mainland tourists to Taiwan for example. To date, 1.43 million person-times of Mainland tourists have visited Taiwan to witness Taiwan’s free, democratic and open social atmosphere, generating an over NT\$70 billion profit for tourism-related industries. Another example is the “Cross-Strait Agreement on Joint Crime-Fighting and Judicial Mutual Assistance.” Since the Agreement came into force, the two sides have jointly cracked 21 major cross-border crime cases and arrested 1,268 criminals. Most of these cases were related to telecommunication fraud, one of the biggest headaches of the people of Taiwan. A total of 17 telecommunication fraud cases were solved, leading to the arrests of 1,254 suspects. These cases are all specific examples of the results of cross-strait agreements.

The cross-strait agreements have much to do with the people, and the benefits of these agreements for the people are specifically expressed in public opinion surveys. According to such surveys, the majority of Taiwan’s public opinion supports handling issues resulted from cross-strait exchanges through institutionalized negotiations. In July this year, China Credit Information Service conducted a public opinion survey showing a percentage of support as high as 79.3 on this issue, while a public opinion survey by Global Views Monthly also showed a support rate at 66.4 percent. According to the public opinion surveys conducted by various sectors, over 60 percent of the people approve of the several cross-strait negotiations held by the Straits Exchange Foundation and the Association for Relations Across the Taiwan Straits. They also believe that, in terms of the negotiation process as well as the final outcome of the agreements, the government has been able to uphold Taiwan’s interests without dwarfing its national sovereignty. Over the past more than two years, the government has successfully practiced President Ma’s position of “replacing confrontation with negotiation,” which has earned a high level of public support and laid a solid foundation for institutionalized cross-strait negotiations. Over the past 10 years, President Ma has consistently adhered to his position of “putting Taiwan first for the benefit of the people.” Moreover, the government’s Mainland policy over the past two years has been the most farsighted, feasible and correct path to take while facing a thorny and difficult cross-strait relationship.

Through the realization of institutionalized negotiations, the government will certainly uphold Taiwan’s dignity and the sovereignty of the Republic of China, as well as defend the Constitution of the ROC in the process of promoting cross-strait reconciliation. This is not only President Ma’s pledge at a press conference on the anniversary of his second year in

office but also the government's duty. In the process of cross-strait exchanges, we will firmly guard and staunchly protect Taiwan's interests and stand with the people of Taiwan.

What are in Taiwan's interests? Tariff concessions under the ECFA Early Harvest List are estimated to generate an annual profit of about NT\$3.3- 3.8 billion for the grouper aquaculture industry. In addition, Taiwan's Minister of Health has attended the World Health Assembly for two consecutive years, enabling Taiwan to again stand on the stage of international health cooperation. This is not only beneficial to the livelihood of the people, but also conducive to our national survival. All of this represents the government's efforts to work for and defend Taiwan's interests. Taiwan's interests pertain to the welfare of 23 million people, with a comprehensive scope and numerous items. The government will carefully consider the developing situation and prioritize the order of policy implementation, as in Mainland policy meaning the well-known position of "economic issues first and political issues later, easy issues first and difficult issues later, and urgent issues first and less pressing issues later."

President Ma's policy ideas contain deep thinking and a long-term layout. In a speech presented on the second anniversary of his inauguration, President Ma stated six positions: "strengthening the country through innovation, reviving the country by promoting culture, saving the country through environmental protection, stabilizing the country by adhering to the Constitution, securing the country by providing social services, and protecting the country by embracing peace." On "protecting the country by embracing peace," the President said: "Peaceful means should be used to establish order in the Taiwan Strait. The objective of cross-strait relations is to expand reconciliation between the two sides of the Taiwan Strait to the diplomatic arena, giving Taiwan a peaceful external environment. This in turn will enable Taiwan to calmly and unhesitatingly focus its attention on carrying out domestic reforms without interference. I want to reiterate that the government will adhere firmly to the principle of "no unification, no independence, and no use of force" under the framework of the Constitution of the ROC and apply the "1992 Consensus" as the foundation for the development of cross-strait relations. The government will first promote reconciliation, followed by cooperation, and lastly the establishment of peace. Gradual development like this contains important meaning." The President emphasized "gradual development," which has profound meaning in terms of the direction of time. In moving from cross-strait reconciliation to diplomacy, the President also placed spatial direction in a global framework. According to the President's policy planning, the government will promote its Mainland policy in a cadenced and methodical way, as well with a clear objective. The vision and policy objective of the ROC's Mainland policy is to further defend and develop the core interests of the people of Taiwan with the aim of realizing the highest guiding principle of "putting Taiwan first for the benefit of the people."

The core interests of the people of Taiwan is not a new concept. Seen in terms of the classifications of the government's Mainland policy objectives, Taiwan people's core interests should include at least the following items:

- (1) "Democracy": Democracy is the basic principle of social development, a way of life,

and a basic value in Taiwan. In his inaugural address on May 20, 2008, President Ma clearly stated that: “The key to the ultimate resolution of cross-strait issues does not lie in sovereignty disputes but in core values and way of life.” The freedom and pluralism of Taiwan exist in the ideas, thoughts, and daily life of the people. We are accustomed to resolving political disputes with democratic means. The vital social forces of Taiwan also depend on the political platform of democracy to enable the vulnerable to seek economic democracy and social democracy. Therefore, democracy is already the most important core interest in Taiwan.

- (2) “Sovereignty”: The Republic of China is a sovereign and independent country. We have our own government, own national defense, own diplomacy, and own elected president. The people of Taiwan enjoy all of the rights and obligations of the people of a sovereign country, and this is an undeniable and objective fact. The Republic of China is a sovereign and independent country, and it is the highest common factor that both Taiwan’s ruling and opposition parties can accept. When it was the ruling party, the Democratic Progressive Party also repeatedly emphasized that “the Republic of China is a sovereign and independent country.” The position of the ROC government is that no changes in the external objective environment shall damage the sovereignty of the ROC.
- (3) “Security”: Taiwan has the right to protect its security. The ROC government elected by the entire citizenry bears the responsibility to protect the people’s safety of life and property, therefore Taiwan must have a solid self-defense capability.
- (4) “The right to freely choose the future of cross-strait relations”: The 23 million people of Taiwan have the right to freely choose and decide Taiwan’s future. This is the consensus of the ruling and opposition parties in Taiwan. Any position on the future of cross-strait relations comes within the domain of freedom of thought and freedom of speech and is protected by the ROC Constitution.
- (5) “The right to meaningfully participate in the international sphere”: As members of the global village, the people of Taiwan have the right to participate in international affairs. Meaningful participation in the international sphere is a strong expectation of the vast majority of Taiwan people.
- (6) “The right not to be discriminated against”: As an economic and trade power, Taiwan has the right to enjoy a trade environment of fair competition. We have the right to participate in regional economic integration as well as the right to negotiate and sign economic agreements with trading partners.
- (7) “The survival right for the vulnerable”: In the process of regional economic integration, Taiwan’s traditional industries, agriculture, and workers have the right to be protected and not to be sacrificed.

The core interests of the people of Taiwan, therefore, are the right of the people of Taiwan to survive. This is a fundamental right that cannot be discounted and which the government is obligated to protect. Only when Taiwan people’s core interests are understood and respected

can cross-strait relations continue to develop healthily and lay a lasting foundation for cross-strait peace, bringing cross-strait relations past the point of no return so that irreversible permanent peace can be reached. Simply stated, the core interests of the people of Taiwan form an important foundation for the development of cross-strait relations.

Compared with the more-than-60-year period of separate governments across the Taiwan Strait, and the more-than-400-year history of on-and-off disputes between Taiwan and mainland China, the last two years and four months in fact represents a very short time. However, during this short period, cross-strait institutionalized negotiations have achieved fruitful results: 14 agreements and one consensus, all of which hard-won; coupled with the transformation of cross-strait relations from tension and confrontation to peace and stability today. This is extremely precious, so both sides should cherish these achievements. We also approve of the goodwill and efforts made by mainland China over the past more than two years. I believe that countries and political powers exist for the people, therefore the people on both sides are the real protagonists in cross-strait relations. So long as the ROC government staunchly protects the core interests of the people of Taiwan, they can rest assured and have greater confidence in the government and in institutionalized cross-strait negotiations. This is the only way that cross-strait relations can continue to develop in a cadenced and healthy way. Difficulties and challenges will be faced in the future development of cross-strait relations. The two sides need to seek a way to resolve these problems with mutual tolerance and understanding. With the collective wisdom of the Chinese people, I am confident that permanent peace and stability in the Taiwan Strait can be expected.

Peace, Democracy and Prosperity: The Utmost Conjunctions of ROC Mainland Policy and EU Development Experience

Date: Sep. 14, 2010

European Parliament Speech

Lai Shin-yuan

Minister of the Mainland Affairs Council, Executive Yuan

Dr. Tannock, Members of the European Parliament, Ladies and Gentlemen,

Good morning to you all!

I am delighted to have this opportunity to visit the European Parliament. I deeply appreciate the invitation and kind arrangements for this visit by Dr. Tannock as Chairman of the EP-Taiwan Friendship Group. It is a very special honour for me to meet with all of you here.

In my speech to you today, I will draw lessons from the development experience of the EU to explain the main significance and value of the development of cross-strait relations. I have titled my speech: “Peace, Democracy and Prosperity: The Utmost Conjunctions of ROC Mainland Policy and EU Development Experience.”

1. The historic experience and current situation of the EU and cross-strait relations

Europe and Asia have been closely bound in history through sharing the bitter afflictions of war. During World War Two, we both suffered terribly as countless battles were fought across our two continents.

This most widespread war in the history of mankind is a common memory of my parents' generation. When I was small, I often heard my mother speak about how she would lie down beside the ridge between rice fields to hide from air raids.

The passage of the years can never erase such memories. They remain as vivid as if they happened yesterday. But during the more than six decades that have gone by since then, mankind has stood up amid the post-war ruins and sought to establish mechanisms for mutual cooperation.

Today's European Union and the current relationship across the Taiwan Strait are both concrete models of man and women's endeavour to avoid conflict and turn confrontation into cooperation.

The EU is the most successful example of regional integration in the history of international relations. It has grown from the original 6-nation European Coal and Steel Community to today's 27-member union. And it has expanded its realm of unity from economic and trade cooperation to cooperation in the judicial, legislative and political spheres under the Treaty of Lisbon.

This evolution of the EU in its course of integration over the past fifty-some years has been a truly astounding achievement.

Just like Europe, Taiwan experienced the devastation of World War Two followed by the confrontation of the Cold War. From August 23rd to October 5th 1958, mainland China fired 475 thousand artillery shells at Taiwan's offshore island of Kinmen. Thereafter, the shelling of Kinmen from Xiamen continued right up to 1979.

Today, just three decades later, there are no more shells flying over from Xiamen to Kinmen. Instead, there are more than a thousand travelers a day journeying to and fro between the two places. Cross-strait relations have evolved from war, confrontation, and non-contact to the gradual beginnings of benign interaction. This experience bears similarity to the EU's, but also has its unique distinctions.

Since taking office on May 20, 2008, President Ma has maintained a pragmatic stance toward cross-strait relations. Acting under the principle of "putting Taiwan first for the benefit of the people," and advocating "no unification, no independence, and no use of force," he has actively pursued the establishment of a new model of interaction between Taiwan and mainland China. On this basis, he has opened a new chapter of peaceful stability and co-prospering co-existence in the history of our region. This is the primary achievement of the mainland policy conducted by the ROC government under President Ma's leadership.

2. Dialogue and negotiation are key to the building of lasting peace across the Taiwan Strait

Since May 2008, the ROC government has done its utmost to become a responsible stakeholder in the Asia-Pacific region. We have striven to be a peacemaker, working actively to replace confrontation with negotiation, to avert conflict with conciliation, and to become a key force of concord-building in the East Asian region. The kernel of this key force is the opening of cross-strait dialogue and negotiation.

When Robert Schuman, the first President of the European Parliamentary Assembly, delivered the Schuman Declaration proposing the formation of a European Coal and Steel Community, he opened his speech with the famous pronouncement that:

"World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it."

This is exactly how the ROC government has acted in face of the situation in the Taiwan Strait.

In the first few years of the 21st century, the two sides of the Taiwan Strait came close to the brink of war. Since President Ma took office the year before last, the two sides have recognized that the issues between them cannot be resolved by confrontation and conflict. Instead, both sides have set their minds to improving cross-strait relations.

Through joint effort on both sides, and with mutual exhibition of goodwill, we have restored the institutionalized negotiations that had been cut off for a decade. That is the pragmatic means by which we have transformed the threat of war into a turning point in cross-strait relations.

Under the situation that neither side recognizes the other's governing authority, we have developed a rather creative means for government officials from Taiwan and mainland China to sit down together and engage in direct dialogue and negotiation. This is achieved through the mechanism of institutionalized talks between Taiwan's Straits Exchange Foundation (SEF) and the mainland's Association for Relations Across the Taiwan Strait (ARATS).

During the past two and a quarter years, the ROC government has held five rounds of high-level talks with mainland China, resulting in the signing of 14 cross-strait agreements. At the latest round of talks, on June 29 this year, we signed the Cross-Strait Economic Cooperation Framework Agreement (ECFA) and the Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation.

These achievements have created a cooperative relationship that is mutually beneficial to both sides of the Taiwan Strait. They have alleviated the longstanding tensions of the past standoff across the strait, and opened unprecedented new horizons for cross-strait relations. They have also enhanced the prospects for building up regional concord and prosperity in East Asia.

Over the past two years, the Mainland Affairs Council has commissioned numerous public opinion surveys by academic institutions, to sound out public views on the conduct and results of cross-strait negotiations. These polls have shown a positive assessment by a large majority of Taiwan's people, with nearly 80 percent of Taiwanese expressing support for solving the problems of cross-strait contact through institutionalized negotiations.

Acting under the framework of the ROC constitution, our government adheres firmly to the cross-strait status quo of "no unification, no independence, and no use of force." We also insist on conducting cross-strait exchanges and interaction in accordance with "the 1992 Consensus", on a footing of "equality and dignity," and under the principle of "putting Taiwan first for the benefit of the people."

The institutionalized negotiations are only a starting point. Cross-strait relations will surely continue to move forward.

Since Taiwan is a democratic society, the direction and cadence of the development of cross-strait relations must depend on the support of public opinion. The needs of the 23 million Taiwanese people are the compass for the development of cross-strait relations.

At present, the mainstream wish of the Taiwanese people is for "the maintenance of the status quo." All of the public opinion surveys commissioned by the Mainland Affairs Council in the past two years show that close to 90 percent of the Taiwanese people support maintaining the status quo.

This "status quo" is that the Republic of China is a sovereign and independent country. This is an established fact. It is also the consensus of the majority in Taiwan's society.

We will maintain the status quo by adhering to the "three noes" principle of "no unification, no independence and no use of force." Against this background, Taiwan's future will be only decided by the democratically and freely exercised choice of its 23 million citizens.

Hence, our government is taking steady and orderly steps to promote the advancement of cross-strait relations in accordance with established goals.

As I have repeatedly stated in other forums: The current priorities of cross-strait negotiation are issues concerning economic and trade dealings and the welfare of our people. The environment and conditions are not yet ripe for addressing political and military issues. Before we can address such matters, we need first to establish consensus on them within Taiwan, and the public still need to attain understanding of the issues concerned.

3. Prosperity: ECFA attains our strategic goal of “deeply cultivating Taiwan and positioning globally”

Mainland China’s launch of its reform and opening policy set it off on a course of rapid economic growth, and its global economic ranking has bounded up since the turn of the century. According to the latest trade figures issued by Germany’s Federal Statistical Office (Destatis) in January, China has already overtaken Germany to become the world’s largest exporter.

After Japan’s Ministry of Economy, Trade and Industry had projected that China’s GDP could overtake Japan’s this year, the mainland China’s central bank pronounced in July that it had already done so, making the mainland economy the second-largest in the world. Also in July, a report by the UK’s National Institute of Economic and Social Research (NIESR) projected that China’s GDP would overtake US GDP in 2019, while the World Bank and Deutsche Bank have forecast this to happen in 2020.

Although mainland China’s internal economic development still has many problems, its rapidly rising economic might is definitely an important factor influencing the trends of global economic development.

Since Taiwan sits so close to the mainland, we are the first to feel the progression and effects of mainland China’s economic development. Moreover, cross-strait economic and trade ties are already very close.

In view of these circumstances, we consider that our interests are best served by tapping into the opportunities presented by mainland China’s economic rise, and creating an environment that is favorable to the global deployment of Taiwan’s enterprises. This can help us enhance our international competitiveness, and achieve our national sustainable development goals.

ECFA is an important catalyst of Taiwan’s economic globalization development strategy. When the two sides of the Taiwan Strait concluded the signing of ECFA on June 29 this year, many countries around the world hastened to express their welcoming and approval of this step. It is evident that this agreement carries import not only for its two signatories, but has also drawn attention in economies and markets around the world.

I believe that ECFA will generate both internal and external benefits for Taiwan. On the internal side, it will create a new wave of industrial propulsion for Taiwan’s economic development; and on the external side, it will have a chain effect in spurring interaction between Taiwan and the international economy.

From the perspective of regional economic integration, we know it is likely that an extensive free trade area will be established in Asia before 2020. I believe that, after ECFA goes into effect, Taiwan's economy will become more internationally aligned. Our government will take advantage of ECFA to strive to expand the space for development of Taiwan's industries and enterprises, to draw more foreign investment to Taiwan, and to actively negotiate FTAs with other countries. This will enable Taiwan to pursue an all-round economic development strategy for achieving timely inclusion in regional economic integration.

Already, on August 5, Taiwan jointly announced with Singapore that we are entering discussions on signing an economic cooperation agreement. In the future, Taiwan will work step by step toward opening up further economic and trade interaction with our trade partners.

I am especially grateful to the EP-Taiwan Friendship Group for issuing a statement, at the end of June, in support of Taiwan's signing of ECFA , and for giving its stamp of approval to the improvement of cross-strait relations and strengthening cross-strait economic cooperation. I also warmly appreciate your support for the EU and Taiwan to negotiate and sign trade enhancement measures (TEM), and your call for Taiwan passport holders to be granted visa-free entry to Schengen countries as early as possible. These are very wise proposals.

4. Democracy: The positive influence of Taiwan values on the development of cross-strait relations and regional concord

The idea of democracy that originated in Europe was one of the great enlightenments in the history of human civilization. Last year, the European Parliament published a book entitled Building Parliament: 50 Years of European Parliament History 1958~2008, in which I found the following passage:

“Europe was not initially created with democracy in mind. Yet Europe today is realistic only if it espouses the canons of democracy. In other words, political realism in our era means building a new utopia, that of a supranational or post-national democracy, while for two centuries the DNA of democracy has been its realisation within the nation-state.”

My dear friends, I paid around 30 euros to buy this book from you. I thought that was a little bit expensive, and that this book should be sold at a lower price to make it affordable to a wider readership. But the content of this book, especially the vision expressed in that passage, is a priceless treasure. Truly, without democracy, there would not be a European Union.

For many years, the EU has tried to use its China policy to extend the influence of democracy to mainland China, on political, economic, social, military, and human rights issues. I believe that these efforts have also been helpful to promoting lasting peace in cross-strait relations. And they exactly match one of the aims of the ROC's mainland policy.

As I quoted from your book: “Europe was not initially created with democracy in mind.” However, when the Republic of China was founded 99 years ago, it embraced the aims of democracy and freedom from the outset. Our founding fathers' goal was to establish Asia's first democratic republic. Today, this democratic ideal has been put into practice concretely and taken root deeply in Taiwan.

Not long after taking office, at a meeting with US Congresswoman Jean Schmidt on May 29 2008, President Ma remarked that the outcome of the 2008 presidential election was the first time in a Chinese society that the party in power had changed twice. He said this was a rare achievement, and he was confident Taiwan's successful democratic experience would serve as an example for other nations.

In England, a long and rocky half millennium passed between King John's signing of the Magna Carta in 1215 and King William III's enactment of the Bill of Rights in 1689. For the ROC, too, the course of democratization in Taiwan over the past 60 years has not been all smooth sailing on calm seas.

Like every country in the world, we have suffered historic wounds that even today are hard to heal. Political incidents in Taiwan's past took away the freedom, the health, and even the lives of many people, and fractured many families. The grievances created by these tragic events have haunted our society.

After the lifting of martial law in Taiwan in 1987, the government spent a very long time, and put great resolve and sincerity into, making apologies, enacting compensation laws, and restoring reputations, to salve these wounds of history and promote reconciliation in our society.

This process of striving to put into practice transitional justice and the legal enshrinement of human rights was a keystone in the democratic development of the ROC. It formed the foundation that enabled the second peaceful transfer of political power in Taiwan. It holds positive significance and reference value not just for Taiwan, but for all Chinese people, and for other countries too.

The essence of democracy does not, of course, consist only of competing for political power, but extends to everyone's participation in political power, and even to the establishment of a fair and just society.

When mainland China's premier Wen Jiabao was interviewed by the Financial Times and spoke about the future reform of China's political system, he mentioned the need to "better ensure people's rights to democratic election, democratic decision making, democratic management, and democratic supervision."

On August 20 this year, when speaking about the 30-year development of the Shenzhen Special Economic Zone, he further remarked that: "We not only need to carry out reform of the economic system, but also need to carry out reform of the political system. Without the safeguard of reform of the political system, the fruits of our reform of the economic system will all be lost. ... We need to guarantee the people's democratic rights. ... We need to take an institutional approach to solving the problem of over-concentration of power and the lack of restraints on its exercise, by creating conditions that enable the people to criticize and supervise the government."

My friends, although reform cannot be achieved at one stroke, we hope mainland China will be resolute in the pursuit of reform. Taiwan's experience of democratization tells us that the

path of reform is always circuitous, but as long as one stays close to the will of the people, and always keeps the people's welfare in mind, the fruits of reform can be counted on.

It is a source of pride to us that Taiwan's democratization was carried out without any bloodshed or turmoil, and without any military coup. We believe that our democratic experience holds universal value, and is worthy of reference by people everywhere in the world.

I would like to quote what President Ma said in an interview by Japan's Yomiuri Shimbun newspaper on June 5, 2008. When asked by the reporter about what kind of role Taiwan should play in China's democratization process, President Ma replied: "The best role Taiwan can play is what it is doing now in expanding its contacts with mainland China. The vote-counting process in our March 22 presidential election could be watched by our mainland compatriots in their living-rooms. This was unprecedented. Not long after the counting began, posts and replies about the election began to appear on mainland websites. This was also unprecedented. So there actually is no need to take any particular action. In the natural course of events, the mainland people will be able to make their own evaluations. I think this is also a very important asset of Taiwan's. We do not need to give instruction to the mainland, telling them to do this and do that. I think this is the best way."

President Ma's words clearly demonstrate how, in the course of cross-strait contacts, democracy is Taiwan's asset and our most precious soft power. Hence, Taiwan does not fear to deal with mainland China.

Moreover, during the past two years, mainland Chinese have made more than two million visits to Taiwan, for various purposes including tourism. And from early next year, mainland Chinese will be able to come to Taiwan to study in university and graduate school. The impressions that these visitors take back from Taiwan will surely have some influence in shaping thinking in mainland China.

At the same time, we also consider that the restoration of institutionalized cross-strait talks provides mainland China with a practice field for peaceful development, and gives Taiwan the chance to make a contribution to lasting peace in the Taiwan Strait.

Mainland China has made a commitment to the world that China's rise will be peaceful. Taiwan can take its experience of engaging in institutionalized talks with mainland China over the last two years, and say to the world: We place expectation in this commitment.

Here, I would like to state two things to you. In the process of developing relations with mainland China, Taiwan will fully reflect the core values of democratic countries in the international community. We will also give mainland China a deeper understanding of Taiwan's system of democratic pluralism and its mode of operation. This level of perception will be beneficial to the development of cross-strait relations and the consolidation of regional concord.

5. Outlook for the future

Although the EU model may not be applicable to the cross-strait situation, Taiwan has long

paid close attention to the deepening and widening of the EU integration process. And we have drawn a lot of inspiration from the EU's experience in the development of consensual decisions on foreign, security, and other policies after the signing of the Lisbon Treaty.

Within Taiwan, the development of cross-strait relations is still a subject of much contention. And within the EU, there are still many fundamental differences and divisions regarding the progress of integration.

But Taiwan and the EU have many values and ideals in common, while our core values trace an identical line of development. I am sure it would be very fruitful if we could establish channels for policy dialogue and diverse exchanges between Taiwan and the EU or the European Parliament, and join efforts to promote the benefits of democracy and freedom.

At this stage, our continuing dialogue with mainland China serves to promote peace and stability in the East Asian region. This matches the common interests of both sides of the strait, the European Union, and the international community at large, and has received unanimous approval.

The Taiwanese people are highly supportive of our government's policy of promoting cross-strait peace, and we feel optimistic about the future development of cross-strait relations.

The knotty issues between the two sides of the Taiwan Strait cannot be resolved within a short time. Nonetheless, our government will continue to interact with the mainland in an active and steady manner. We also applaud the goodwill and effort displayed by mainland China during the past two years and more.

Both sides of the Strait are trying to address and solve problems with mutual tolerance and understanding, to pave the way toward the ultimate goal of securing perpetual peace in the Taiwan Strait.

Ladies and gentlemen, thank you very much for your attention. Now I will be very glad to hear your opinions and instruction.

Taiwan's Mainland Policy: Borrowing the Opponent's Force and Using it as One's Own – Turning the Threat of War into Peace and Prosperity

Date: Aug 5, 2010

American Enterprise Institute Speech

Lai Shin-yuan

Minister of the Mainland Affairs Council, Executive Yuan

Dr. Gary Schmitt, distinguished guests:

Good morning!

I would like to thank the American Enterprise Institute for inviting me here and giving me the chance to join this meeting of distinguished scholars and experts. It is a very special honor for me.

The purpose of my speech today is to highlight the main significance of recent developments in cross-strait relations. I will cover four aspects of this, namely: cross-strait negotiations; the cross-strait Economic Cooperation Framework Agreement (ECFA); the relationship of Taiwan's soft power with cross-strait relations; and political and military issues of cross-strait relations.

1. Conducting cross-strait negotiations, to establish lasting peace and stability in cross-strait relations

First, let me briefly describe what the government of the Republic of China's mainland policy has achieved in the past two years.

Since May 20, 2008, under President Ma's leadership, the ROC's mainland policy has sought to calm the previously angry waves and turbulent billows of the Taiwan Strait. In the language of popular music, we inherited a situation of "Dire Straits", and have been building a "*Bridge Over Troubled Water*".

During these two years, we have been striving to tear down the walls of hostility that had been built across the Taiwan Strait over a long period. Step by step, we have carried out an arduous mission that could not have been accomplished in the past. By opening negotiation and dialogue, we have turned the formerly tense situation of cross-strait relations into a driving force for the national development of the Republic of China. We have made cross-strait relations into a vital force for building peace and harmony in the Taiwan Strait and the Asia-Pacific region.

The government of the Republic of China's basic position has been to pursue cross-strait exchanges and interaction under maintenance of the status quo, with strict adherence to the mantra of "no unification, no independence, and no use of force." We have advocated that both sides should put aside political disputes, and conduct negotiations in a pragmatic frame of thinking. We have insisted that negotiations be conducted on a footing of equality and dignity. And we have always acted under the principle of "putting Taiwan first for the benefit of the people."

On this basis, we have held five rounds of high-level talks with mainland China, at which 14 cross-strait agreements have been concluded. The coverage of these agreements includes tourism, direct flights and shipping, postal services, food safety, finance, crime-fighting, fishery affairs, agricultural product inspection and quarantine, and product standards, metrology, testing and certification. At the 5th round of talks, on June 29 this year, we signed the Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation, and, most importantly, ECFA.

The results of these negotiations have alleviated the tense standoff that formerly marked cross-strait relations. They have generated cooperative ties that are beneficial to both sides. They have opened a historic new era of unprecedented positiveness in cross-strait relations. And by all of this, they have underpinned the prospects for peace and stability in the Asia-Pacific region.

The Mainland Affairs Council of Taiwan regularly commissions academic institutions to conduct public opinion surveys. Over the past two years, these surveys have shown a consistently high level of public support for institutionalized cross-strait negotiations. In poll after poll, we have seen close to 70 percent of Taiwanese approving of this as a means of solving problems arising from cross-strait connections. And in the latest survey, conducted last month, the public support for this was even more apparent, with 79.3 percent of the people expressing approval.

The public have also expressed high satisfaction with individual agreements. The signing of the IPR agreement was given an approval rating of 73.1 percent; the signing of ECFA was endorsed by 61.1 percent. These figures demonstrate that Taiwan government's policy on the Mainland has earned wide approval from Taiwanese public opinion.

2. ECFA's key importance to the further globalization of Taiwan's economy

In this next part of my address, I will talk about ECFA. ECFA is the most important outcome of the cross-strait negotiations pursued by President Ma's administration. It is also the cross-strait agreement that has received the most attention and discussion in international media.

ECFA was formally signed by the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Strait (ARATS) on June 29 of this year. It has been widely welcomed around the world, with the United States, Japan, the EU, Germany, France, Singapore, New Zealand, Thailand etc., and WTO director-general Pascal Lamy among those expressing approval.

The signing of this agreement is a major step in the development of cross-strait relations. It provides a basic framework for establishing orderly interaction in cross-strait economic and trade affairs. There are three key aspects of ECFA that I would like to highlight for you:

- (1) Firstly, ECFA possesses great significance for promoting the systemization of cross-strait economic and trade affairs and the globalization of Taiwan's economy.**

Taiwan is America's 9th-largest trade partner and the world's 17th-largest exporter.

Globalization of Taiwan's economy is vitally important for maintaining its competitiveness. But in the first eight years of the 21st century, Taiwan faced great difficulties on this front.

Firstly, the high level of hostility in cross-strait relations precluded the creation of institutional safeguards for cross-strait economic and trade activity. This increased the risks and costs for Taiwanese businesses, foreign businesses and foreign investors operating between the two sides of the Taiwan Strait.

Secondly, since other countries paid close heed to mainland China's attitude, they shut Taiwan out when they actively pursued regional economic integration, and Taiwan was increasingly isolated.

But now ECFA has cemented a fundamental change in this situation. We believe that ECFA will bring greater stability and greater predictability to cross-strait economic and trade activity. It is a vital starting point for the Republic of China to set forth again on the path of economic globalization.

Let me put this in the context of the worldwide march toward regional economic integration. By 2020, it is highly likely that an extensive free trade area will have been established in the Asian region. ECFA will enable Taiwan to push forward with the international alignment of Taiwan's economy. It will enable Taiwan to gain inclusion in regional economic integration. It will enable Taiwan to avoid being marginalized, and to keep a place in global industrial chains. This situation will be beneficial not only to Taiwan, but to all of our economic partners, too. American firms will be able to gain great advantage from it for their investment positioning in Asia.

(2) Secondly, ECFA will help Taiwan maintain its economic autonomy in the process of regional economic integration

There is a huge gulf in size between the economies on the two sides of the Taiwan Strait. Taiwan must have a safety valve to prevent excessive impact on domestic industries, with the social problems that could cause. Hence, when we negotiate ECFA, we insist on putting the words "taking into account each party's economic conditions" in the preamble, to serve as a safety valve for Taiwan's interests.

One of the concrete meanings of "taking into account each party's economic conditions" is that, when ECFA is put into effect, consideration must be given to the special nature of cross-strait relations and the differences between the economic scale and industrial development conditions on either side of the Strait. This is to ensure that Taiwan's sensitive, vulnerable industries are not severely impacted.

"Taking into account each party's economic conditions" also means that our government can take account of actual conditions in reducing or eliminating barriers to cross-strait trade and investment. We can carry this out gradually, in cautious, carefully sequenced steps, to create a fair environment for trade and investment.

(3) Thirdly, ECFA's early harvest program is an outcome of trade negotiations conducted in accordance with the principle of proportionality

The day before the signing of ECFA, the Wall Street Journal carried an editorial about it entitled “Taiwan’s Trade Harvest.” This was an accurate title, and an excellent choice of words. Taiwan certainly will be a beneficiary of ECFA.

Under ECFA’s early harvest program, Taiwan will gain greater benefit from early tariff reductions than mainland China. The list of items on which mainland China will drop its tariffs for Taiwan is twice as long as Taiwan’s corresponding list. Moreover, the application of these reductions to each side’s cross-strait exports will give Taiwan 4.8 times greater benefit, applying to export shipments worth US\$13.8 billion versus imports worth US\$2.9 billion.

This fairly reflects the current balance of trade across the Taiwan Strait, with Taiwan exporting roughly four times as much to mainland China as mainland China exports to Taiwan. Hence, it cannot be regarded as mainland China “granting favors” to Taiwan or any such thing. It is simply and evidently the outcome of trade negotiations conducted in accordance with the principle of proportionality.

In summary, ECFA has brought Taiwan back into the eyes of the world. It has refocused international attention on Taiwan’s economic importance, and on its credentials for becoming a regional economic and trade hub. In addition, we have designed a safety valve that greatly reduces potential shocks to our society from the process of regional economic integration. From Taiwan’s perspective, to borrow a phrase from domestic baseball, ECFA is a “combined achievement of offence-defense” agreement that provides for offensive and defensive needs equally well.

3. Taiwan’s soft power versus the Mainland’s rise

Next, I will say something about Taiwan’s soft power in its relationship to cross-strait relations. Soft power is Taiwan’s most precious asset for facing the trend of regional economic integration. It is also a very important bargaining chip when we conduct cross-strait negotiations.

According to a report by IHS Global Insight, America’s 110-year reign as the world leader in manufacturing output could be lost to mainland China as early as next year. Mainland China’s economic rise is an undeniable fact. While there are still countries that do not know how to respond to it, some may ask how Taiwan dares to sign an agreement like ECFA. Considering the massive gulf in size between the two sides’ economies, what are Taiwan’s calculations in making this agreement?

In particular, given mainland China’s unwavering political goal of unification, is the daring move of Taiwan a case of what the old Chinese saying calls “asking a tiger for its skin?” Is it a highly dangerous move?

My answer is: “Of course not!” The negotiation and signing of ECFA is not at all a dangerous move. On the contrary, it is a measure for reducing danger.

During the past two years, every action taken by Taiwan to improve cross-strait relations has been a step toward turning the threat of war into peace and prosperity. It is one of the most successful examples of this strategy in modern history.

If we look back over the history of mankind, we can see that many capitalist countries used to pursue trade expansion by exerting the power of their ships and guns to break down trade barriers. Many countries came into confrontation and resorted to arms because of tariff walls. It was these painful lessons that prompted the formation of GATT after World War Two, as a means of replacing confrontation with negotiation. Later, after GATT's transformation into the WTO, the trend of regional economic integration took hold around the world, and free trade agreements (FTAs) came into proliferation.

That path from GATT to today's spreading web of FTAs is a chronicle of mankind's efforts over the past sixty years to avoid mercantilism-triggered war. Taiwan's pursuit of institutionalized cross-strait negotiations, and its signing of ECFA and other agreements with mainland China, far from being a highly dangerous move, is in fact one of the most successful models of replacing confrontation with negotiation since the formation of GATT.

The signing of ECFA and other agreements with Taiwan has given mainland China an opportunity to show its positive face to the world. It has enabled Beijing to choose this regulated and orderly path of economic and trade systemization instead of using force to deal with the Taiwan Strait question. Taiwan has furnished the linchpin for turning the threat of war into peace and prosperity. President Ma's Mainland policy is one of the finest blessings bestowed by the Chinese people on the whole of mankind in modern history.

What are Taiwan's bargaining chips in negotiations with mainland China? For a start, there is the major role Taiwan plays in mainland China's economy. The statistics speak for themselves: Taiwanese businesses have invested more than US\$200 billion in mainland China; cross-strait trade is worth more than US\$100 billion a year; and Taiwanese businesses employ more than 14 million workers in mainland China.

Besides this direct input into mainland China's economic well-being, Taiwan's role in the global economy is also a strong bargaining chip. Taiwan is the world's 17th-largest exporter. We have a well established position and networks in markets worldwide. These are valuable counters for us at the negotiating table.

And then there is Taiwan's status as a democratic nation. The workings of democracy mean that our government policy must be rooted in the will of the people. The will of the people is another important bargaining chip in Taiwan's negotiations with mainland China.

Taiwan is drawing on all of these advantages to rationally respond to mainland China's rise. We are also using these advantages to secure the most favorable negotiating outcomes for Taiwan, and at the same time to maintain Taiwan's autonomy.

Taiwan is not "asking a tiger for its skin." A more appropriate analogy can be taken from a tactic in the martial art of taijiquan: "borrowing the opponent's force and using it as one's own," which is also sometimes rendered in English as "using four ounces to deflect a thousand pounds." That is how we are using wisdom to face up to mainland China's rising power, drawing on its influence in the global division of labor to provide assisting force for Taiwan's connection with global markets.

The fact that mainland China's rise cannot be ignored gives Taiwan all the more importance in the global scheme of affairs. A few of our American friends seem to think that, because the situation in the Taiwan Strait is no longer tense, Taiwan's status in US foreign policy is less important than before. I do not agree with this point of view. This kind of thinking is a throwback to a Cold War mindset.

In the past, Taiwan was called an “unsinkable aircraft carrier.” That was because, in the days when the world was divided into capitalist and communist camps, each shut off from the other, Taiwan's geographic location put it in the front line of the capitalist world's face-off with mainland China. But after the disintegration of the communist camp and mainland China's launch of its reform and opening-up policy, Taiwan took on a completely different role.

Since the late 1980s, Taiwan's capital, business people, technologies, and specialist personnel have played a significant part in mainland China's economic rise. Taiwanese enterprises have taken their experience and well-honed know-how in global division-of-labor systems to mainland China. They have also contributed their good reputation, built up over many years of operating in global markets, to mainland China. These vital inputs from Taiwan have enabled mainland China to develop trade with other countries relatively smoothly. They have also been a key factor in mainland China emergence as the so-called “workshop of the world.”

The process of mainland China's economic rise has in some respects repeated the Taiwan experience. This is the manifestation of Taiwan's soft power. The participation of Taiwanese capital, business people, technology, and specialist personnel in mainland China's economic transformation has amplified Taiwan's influence within mainland China. It has also spurred a metamorphosis of the economic and trade realm in mainland China.

The Taiwan experience has hitherto served as one of the key factors in the transformation of mainland China's economy and trade, and this role is set to continue in the future. Moreover, with the expansion and deepening of cross-strait contacts in the social, cultural and other spheres, the influence of the Taiwan experience in mainland China will not be limited only to the realm of economy and trade. The United States should attach importance to such influence, and further strengthen relations with Taiwan to support its positive effects.

Let me cite one example, as a concrete illustration of this idea. While American companies were angrily hurling accusations and complaints about IPR issues at China, this June Taiwan signed an agreement with mainland China that can give concrete IPR protection to our businesses. But more than this, I also noted that, in the process leading up to the signing of IPR agreement, mainland China dispatched no fewer than ten expert groups, including groups of academics, judges, and private specialists, to visit Taiwan's IPR court. This is a significant manifestation of Taiwan's soft power. It is also a demonstration of Taiwan's influence in mainland China.

This presently unfolding aspect of the Taiwan experience is worthy of note by the Western world, led by the United States, as it learns how to do business with mainland China. US-led Western capitalism and mainland China's state capitalism are competing in world markets,

and Taiwan is in a prime position to benefit from this situation. Located on the western boundary of the Pacific Rim economic zone, facing the collision and contest between these two powerful forces, we are adept at picking what we need from both forces to augment Taiwan's advantages.

This year, Taiwan's economic recovery has been the strongest in the world. This is mainly thanks to the correctness of our Mainland policy, which has enabled us to provide the right basic conditions for leveraging the effects of Taiwan's soft power. At the same time, we have also benefited from the support of the United States and other allies, which has enabled Taiwan to face mainland China tall and unwaveringly.

In face of mainland China's economic rise, countries around the world need Taiwan to play this linchpin role. Conversely, Taiwan needs the support of its international friends, to ensure that it can continue to exert its influence on mainland China to best effect.

The ROC government has repeatedly requested the United States to continue and step up its arms sales to Taiwan. We have also contended against the US conferring with mainland China about such arms sales. Our purpose in making arms purchases is to bolster Taiwan's self-defense capabilities. This is essential for giving us the confidence and conditions Taiwan needs for dealing and negotiating with mainland China.

4. Mainland China must forsake the thinking of using military force as a means of resolving cross-strait differences

This brings me to the fourth and final focal area of this speech: political and military aspects of cross-strait relations.

Here, I wish to state emphatically that mainland China must forsake the thinking of using military force as a means of resolving cross-strait differences. I have openly stressed many times before in other forums, and will stress it again here today: At present, the timing and conditions are still not ripe for the two sides of the Taiwan Strait to embark on political and military talks. A sense of urgency on one side alone cannot be sufficient reason for demanding the other side to meet its subjective expectations.

I will say again what I have said before: "Cadence and direction" are very important. What Taiwan's 23 million people need is a compass for the development of cross-strait relations. We will act in accordance with our established objectives in pursuing stable and orderly progress in cross-strait relations.

I also must emphasize that the Republic of China is a sovereign and independent country. This is an established fact, which mainland China cannot deny. If cross-strait relations are to develop further, the Mainland will need to understand and face up to this fact. Most of all, mainland China will need to respect this fact!

Taiwan has four primary strategic objectives: First, to preserve our free and democratic system; second, to maintain the current state of peace and stability; third, to expand our participation in the international community; and fourth, to make our country safer and more prosperous. The Republic of China is a highly democratic sovereign nation. Taiwan's future

will certainly be decided by the democratic, freely exercised choices of its 23 million citizens. It cannot be decided unilaterally by mainland China.

Even though cross-strait relations have greatly improved, they are still heavily impeded by two factors. First, mainland China is still continuing to expand its military deployment against Taiwan. And second, the Mainland authorities are still not willing to change the policy and law that sanction the use of force against Taiwan. These are the obstacles to the development of cross-strait relations, and they need to be eliminated. Mainland China must change its thinking and adjust its policy. Only thus will the way be open for the two sides in the future to establish full confidence in each other. And only thus will the way be open for the achievement of true peace.

5. Conclusion: The outlook and challenges

In conclusion, I would like to point out that, though opportunity has now arisen for cross-strait relations to develop peacefully and stably, the train of ensuing challenges has only just begun. This is a task that both sides must address in concert.

Despite the closeness of contacts and dealings now taking place across the Taiwan Strait, there are still many different views within Taiwan about the development of cross-strait relations. This is a legacy of the acute confrontation and hostility that prevailed across the Strait in the past.

Our government has a responsibility to face up to and tolerate differences of opinion within our society. We strongly support that the government should continue to adhere to a high level of transparency in handling important cross-strait issues and conducting cross-strait policy. We need to initiate better communication and discussion of views, set up opinion spaces and platforms for public discussion, and take on board all shades of opinion within society. These can help us reduce contention and resistance, and boost the building of social consensus.

Let me close with an appeal to the American government. The US is a longstanding ally of the Republic of China. Our two countries should enhance substantive and effective official-to-official policy dialogue concerning the development of cross-strait relations and regional security issues. We need to work together to promote democracy, freedom, security and prosperity, and to propel cross-strait relations toward a new realm of true peace with reconciliation.

Ladies and gentlemen, thank you for your kind attention. As you are all experts in cross-strait affairs, I attach a lot of value to your feedback and advice. I look forward now to hearing your views and comments on what I have told you here today and the matters I have referred to.

Explanation on the Fourth Chiang-Chen Talks Reaching Across the Taiwan Strait, Advancing to the World Market

Date: Dec. 14, 2009
Mainland Affairs Council, Executive Yuan

Foreword

Resuming Institutionalized Negotiations, Reconciling Cross-Straight Confrontation

Since May 20, 2008, the government of the Republic of China (ROC) has resumed institutionalized cross-strait negotiation mechanisms after a nearly 10-year hiatus, in line with the position of “replacing confrontation with negotiation” and “replacing conflict with reconciliation.” In June and November 2008 and April this year (2009), the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Strait (ARATS) successively held three “Chiang-Chen Talks” in Beijing, Taipei and Nanjing, respectively. During the talks, the two sides signed nine agreements, including the “SEF-ARATS Minutes of Talks on Cross-Straight Charter Flights,” “Agreement Concerning Mainland Tourists Traveling to Taiwan,” “Cross-Straight Air Transport Agreement,” “Cross-Straight Sea Transport Agreement,” “Cross-Straight Postal Service Agreement,” “Cross-Straight Food Safety Agreement,” “Cross-Straight Air Transport Supplementary Agreement,” “Cross-Straight Financial Cooperation Agreement” and “Cross-Straight Joint Crime-Fighting and Judicial Mutual Assistance Agreement.” They also reached one consensus on allowing “mainland investment in Taiwan.”

Replacing Confrontation with Negotiation, Realizing Mutual Benefit and a Win-win Outcome

Cross-strait institutionalized negotiations have created a platform for the two sides to build mutual trust. They have also improved relations, upheld peace and stability in the Taiwan Strait, and created conditions for regional co-prosperity and development. The Fourth Chiang-Chen Talks were held on December 21 to 22 this year in Taichung. Three agreements were inked during the talks, including agreements on: cooperation on the inspection and quarantine of agricultural products, cooperation on standards inspection, measurement and certification, and fishery labor cooperation. All of these agreements concern economic livelihood of the Taiwanese that urgently require priority and as a result, order of cross-strait economic and trade exchanges has been strengthened.

Issues at the Fourth Chiang-Chen Talks

Cross-Straight Cooperation on the Inspection and Quarantine of Agricultural Products

Protecting the health of the Taiwanese people

With the accession of Taiwan and mainland China to the World Trade Organization (WTO) and the implementation of direct cross-strait transport links, cooperation between the two sides is urgently needed to find effective solutions to the issues of epidemic spread, quarantine and inspection, and the quality and safety of agricultural products in the cross-strait agricultural trade. After signing this agreement, the two sides can establish a mechanism for

notifying major epidemics, safety and health incidents, and laws and regulations concerning inspection and quarantine of agricultural products (including animal feed). It will strengthen safeguards against the spread of disease and pests from Mainland animal and plant products, uphold the agricultural ecology, and protect the health of the people of Taiwan.

Expanding Taiwan's agricultural exports

The bilateral trade in agricultural products in the Taiwan Strait area is steadily increasing. However, the lack of real-time communication and negotiation channels between officials in implementing agricultural import and export clearance, inspection and quarantine work often affects the timeliness of agricultural product clearance and realization of business opportunities. This agreement will establish a direct contact window between quarantine and inspection authorities and other competent agencies of the two sides to enable timely resolution of quarantine and inspection issues and customs barriers to agricultural imports and exports. It will expedite customs clearance and reduce the time and cost of inspection, quarantine, and customs clearance operations, ensuring the quality and safety of agricultural products, further facilitating Taiwan's fruit exports and other agricultural products to the Mainland, and thereby helping such products expand market share there.

No further opening of Mainland agricultural imports

This agreement only establishes a negotiation, inquiry, and notification mechanism for quarantine and inspection problems currently affecting agricultural trade. It does not involve the opening up of Taiwan to Mainland agricultural products or market access issues. Taiwan currently controls the import of agricultural products from mainland China through a “positive list” approach. The government will continue to control the import of all Mainland items that are not included on this list (over 800 items representing 37% of the total) to uphold the rights and interests of Taiwanese farmers.

Taiwan's current quarantine mechanism will not be affected

This agreement will be implemented in accordance with Taiwan's “Quarantine Requirements for the Importation of Animals or Animal Products,” “Quarantine Requirements for the Importation of Plants or Plant Products,” and other related quarantine regulations.

Mainland cattle, sheep, pigs, chickens, ducks, geese, apples, citrus, bananas and other animals, plants and products thereof that do not meet quarantine requirements will not be permitted into Taiwan. Moreover, once the agreement is signed, the two sides will establish mechanisms to strengthen mutual notification, certificate verification, announcement of substandard products, and emergency handling. This will be conducive to understanding epidemics in mainland China, enhancing source quarantine measures, and more effectively preventing the entry of avian flu, foot-and-mouth disease, codling moth, *Bactrocera correcta*, and other major animal- and plant-borne diseases and pests.

Cross-Strait Fishery Labor Cooperation

Institutionalized protection of the rights and interests of fishermen

The past limitations on cross-strait relations prevented both sides across the Strait from establishing a normal assignment and introduction mechanism for the offshore employment of Mainland crewmembers by fishing boat owners in the coastal waters of Taiwan. This has resulted in less-than-ideal management and even led to hostage-taking at sea and bloodshed on Taiwanese fishing boats, crew flight, and other illegal situations, causing loss of life and property for Taiwanese fishing boat owners and high administrative costs for the government. After this agreement is signed, coordinated management by the Mainland side can reduce the occurrence of such illegal incidents, reduce administrative costs in Taiwan, and further safeguard the life and property of Taiwan fishing boat owners.

Sound “offshore employment” management system

After the agreement is signed and comes into effect, Mainland crewmembers can only be assigned and introduced by Mainland operating companies and Taiwan intermediary agencies respectively designated by the competent authorities of the two sides. This will normalize the order of cross-strait fishery labor cooperation, strengthen the management system between the two sides, and, by enabling transparency in crew insurance and salaries, consistency in working conditions on board, and other welfare protections, prevent exploitation of crewmembers, excessive salary deductions, and other inappropriate actions. It will also prevent crewmembers from unscrupulously seeking additional fees from fishing boat owners.

The signing of this agreement does not mean opening Taiwan to Mainland labor

In promoting the cross-strait fishery labor cooperation agreement, the government will maintain the current policy of “offshore employment, offshore operations, and temporary transit settlement.” Fishing boat owners will be conditionally allowed to employ Mainland crewmembers to assist with fishing operations in waters at least 12 nautical miles offshore. The current method has been in practice for 15 years. This agreement does not change the policy that Mainland labor will continue to be banned from entering the Taiwanese market.

Mainland crew member salary will not be governed by the Employment Service Act and Labor Standards Act

Mainland crewmembers are treated as offshore employees and are not subject to the Employment Service Act, Labor Standards Act, or other related regulations. Their salary is regulated by international labor market conditions, crewmember quality and experience, and the willingness of labor and employers on the two sides—not by the basic salary protections under the Labor Standards Act. In the future, the salary of Mainland crewmembers will be freely negotiated between workers and employers on the two sides, and their wage level will be ultimately decided by market mechanisms.

Cross-Strait Cooperation on Standard Inspection, Measurement and Certification

Helping industries upgrade competitiveness and expand international markets

The main cooperation scope of this agreement pertains to the four major areas – including product standards, measurement, inspection and certification – that are related to industrial development and the safety of consumer goods. After the agreement is signed, the two sides

will be able to cooperate in emerging technology areas that lack international standards and which are advantageous to cross-strait cooperation. This will help Taiwan's industries to tap the Mainland's vast domestic market at the earliest possible time. Moreover, any cooperation leading to the establishment of international standards would help Taiwan's industries to break free from the European and U.S. patent restraints on product manufacturing and marketing. The agreement could also give Taiwan's industries a place in the ecological chain of international standards.

Eliminating unsafe products and protecting consumer rights and interests

In the future, both sides will establish a safety management system for consumer goods based on "advance precaution, prompt in-progress handling, and post review and improvement." They will also establish channels for dialogue between responsible agencies across the Strait, the exchange of information on consumer goods safety, the notification of information on unsafe consumer goods, and regulatory cooperation on market supervision and management. This will not only help implement source management but also effectively prevent unsafe Mainland consumer goods from exporting into Taiwan, thereby safeguarding the rights, interests and safety of Taiwan consumers.

Mainland imports to Taiwan will still be inspected

When it comes to cross-strait inspection cooperation, emphasis is placed on communication, understanding and confidence-building. Mainland exports to Taiwan's will still need first to be certified under Taiwan's regulatory inspection standards and procedures, and then be subject to border or market supervision and sample inspections in keeping with risk management principles. Products that fail to meet inspection standards will be banned from being exported into Taiwan, and improvement and strengthened review will be required according to related regulations governing such cases. Therefore, once this agreement becomes effective, Mainland exports to Taiwan will still undergo strict inspection. In the future, if there is the need for both sides to mutually recognize their respective product inspections, they need to build mutual trust under the precondition that they are equal in their ability to test and inspect related products. At the same time, the government will solicit opinions from various sectors of society in Taiwan before choosing product items so as to prevent the importation of goods that could adversely affect Taiwan's industries.

Conclusion

Agreements Prioritize Economic and Trade Relations and Working for the Benefit of the People

The economy is the lifeblood of Taiwan's survival and development. In the face of mainland China's economic rise in recent years and the accelerating trend of globalization and regional economic integration, cross-strait economic and trade relations have become the most critical and undeniable element in Taiwan's economic development. Mainland China is now Taiwan's biggest trade partner, biggest export market, and largest source of trade surplus. It is also the main destination for outward investment by Taiwanese businesses. In view of the extremely close cross-strait economic and trade relations, the government is duty-bound, under the

premise of maintaining Taiwan-centric identity, to correct the past mistake of not establishing an institutionalized cross-strait economic and trade system, which has led to the erosion of Taiwan's competitiveness.

Taiwan First, Benefiting the People

Currently, cross-strait institutionalized negotiations have gradually stabilized and matured, with relations between the two entering the phase of mutual non-denial. The four Chiang-Chen Talks all have been carried out under the principles of "equality" and "dignity," and so will future cross-strait negotiations. In promoting cross-strait negotiations, the ROC government has always adhered to the principle of "putting Taiwan first for the benefit of the people." When it comes to determining the issues, formulating plans, preparing procedures, and making other related arrangements regarding cross-strait negotiations, the first priority has always been given to considering whether or not Taiwan-centric identity can be manifested and the interests of the 23 million people of Taiwan can be upheld. The government also has adhered to the principle of equality in cross-strait relations, defended national sovereignty and dignity, and absolutely has not allowed Taiwan's sovereignty to be undermined or national dignity to be dwarfed in any way.

Cross-Strait Agreements Have Given Momentum to Taiwan's Economic Development

The twelve agreements signed and one consensus reached by the SEF and the ARATS all relate directly to the interests of the people. The three agreements signed at the fourth cross-strait talks further embody the spirit of prioritizing the economy and the livelihood of the people, as well as promote the normalized and institutionalized development of cross-strait economic and trade relations. The forging of the agreements for cross-strait cooperation on the inspection and quarantine of agricultural products and cross-strait cooperation on standard inspection, measurement and certification, in addition to the food safety agreement, will form a safety net for cross-strait trade in various goods (including food, farm and fishery products, feed, general industrial products, etc.) which can thus protect the health and consumer safety of the people of Taiwan. The inking of the fishery labor cooperation agreement will not change Taiwan's current policy on "offshore employment." On the contrary, it will institutionalize and enhance safety in the employment of Mainland fishermen by improving the current management mechanism through negotiations. The cooperation on standard inspection, measurement and certification aims to make cross-strait economic and trade interactions conducive to upgrading Taiwan's international competitiveness.

The fruits of these negotiations belong to all of the people. In the future, the government will continue to make efforts to let even more people feel they are enjoying the benefits.

Negotiations Have Facilitated Improvements in Cross-Strait Relations and Progress Toward a New Era of Peace and Stability

Dialogue and negotiations are the conditions necessary for the benign development of cross-strait relations. The resumption of institutionalized negotiation mechanisms has heralded a new era for cross-strait relations that embody the spirit of "shelving controversies

and pursuing a win-win solution.” It also symbolizes the coming of a new epoch in cross-strait negotiations. In the future, the government will continue to uphold the principles of handling “easy issues first and difficult issues later,” “urgent issues first and less pressing issues later,” and “economic issues first and political issues later.” It will prioritize negotiations on the handling of issues relevant to the livelihood of the people and economic development to further institutionalize and normalize cross-strait economic and trade relations.

We hope that based on the foundation of the four rounds of talks, both sides across the Taiwan Strait will continue to work together through institutionalized negotiation mechanisms, accumulate experience, and broaden cross-strait negotiations to achieve various benefits for the people, while also contributing to the building of mutual trust, mutual benefit, and a win-win situation, so as to usher in a new era of peace and stability in the cross-strait relations.

Explanation of the Topics of the Third Chiang-Chen Talks and Follow-up Cross-Straight Talks

Date: 2009-4-7

Lai Shin-yuan

Minister of the Mainland Affairs Council, Executive Yuan

Vice-Chairperson Gao and Vice President Yang of Feng Chia University, Friends from the Business, Government and Academic Circles of Central Taiwan, Ladies and Gentlemen, Good Morning!

Foreword

The Mainland Affairs Council (MAC) is holding the “Mainland Policy and Cross-Straight Negotiations” symposium today at Feng Chia University. I am greatly honored and delighted to be able to invite representatives of the business and academic circles of central Taiwan, representatives of county, city and township governments, and friends from the media to attend this symposium. Taichung is where I grew up, and I have never changed my household registration in this city since birth. I am a bona fide Taichung native. So I feel a special sense of closeness and affinity when hearing the views of fellow hometown residents here in Taichung.

The MAC continuously seeks, through symposiums, informal discussions and other means, to broadly promote understanding of the government’s Mainland policy and awareness of issues related to the Chiang-Chen Talks, as well as to directly hear and understand the public’s views. For the venue of today’s symposium, we have chosen Taichung. I would like to especially thank Feng Chia University President Chang, Vice President Lee, Vice-Chairperson Gao, and the many participating professors for their enthusiastic support. I would also like to thank my fellow colleagues and the students who have helped with the arrangements to ensure the smooth holding of this symposium.

Basic Thinking on Cross-Straight Policy

Cross-strait relations are undeniably very important to the survival and development of Taiwan. It has also long been an issue of deep concern in the international community. In Taiwan, it is also the sphere in which the differences of opinions are greatest and the public sentiment toward the issue has been strong. The government’s cross-strait policy has a deep and lasting impact on Taiwan. Since the new government took office on May 20, 2008, cross-strait relations have entered a new era. The government has adopted new modes of thinking in the formulation of cross-strait policy. Under a global way of thinking, it seeks to normalize cross-strait relations and achieve cross-strait peace and development to safeguard Taiwan’s prosperity and security and regional peace and stability. When it comes to the ROC’s Mainland policy, the government’s position is very clear: The Republic of China (ROC) is an independent sovereign country. Under the framework of the ROC Constitution and the premise of “no unification, no independence and no use of force” and “maintaining the status quo,” we will actively improve cross-strait relations, maintain peace and stability in the Taiwan Strait, and create conditions for regional co-prosperity and development. The

highest guiding principle of the government in promoting cross-strait relations is to adhere to the principle of “putting Taiwan first for the benefit of the people.” “Putting Taiwan first” refers to President Ma’s insistence on the need to safeguard Taiwan-centric identity; and “for the benefit of the people” means that policy measures must be consistent with the interests of the people of Taiwan. Moreover, those interests must be shared by all of the people. The government will sequentially and steadily promote policy measures conducive to benign cross-strait interactions and normal contact. And it will pragmatically promote cross-strait negotiations and exchanges to usher in a new era of “mutual benefits, win-win outcomes, coexistence, and co-prosperity” in the Taiwan Strait.

As we are all aware, cross-strait negotiations and dialogue are the keys to resolving cross-strait issues. Since the two sides still have a sovereignty dispute, the promotion of cross-strait negotiations depends on an approach of shelving controversies and of mutual non-denial so as to pragmatically resolve the issues related to the interests of the people on both sides.

In terms of priorities, the government is fully aware that the economy is the lifeline for Taiwan’s survival and development. Therefore, an urgent task at this time is to handle the ever-closer cross-strait economic and trade relationship. During the eight years of the Democratic Progressive Party (DPP) administration, cross-strait trade grew 2.8 folds, and the value of accumulated Mainland-bound investment by Taiwan enterprises grew by 3.8 folds. The Mainland is now Taiwan’s biggest trade partner, biggest export destination, and biggest source of trade surplus. It is also the most important area for outbound investment by Taiwanese businesses. In the face of close cross-strait economic and trade relations, the government has an obligation to fundamentally adjust the unreasonable restrictions produced by past regulatory policies and resolve the various problems it has engendered. The government must also use institutionalized negotiation channels between the two sides to first resolve the various problems emerging from close cross-strait economic, trade cultural, social exchanges.

Resumption of Institutionalized Cross-Strait Negotiations

Therefore, since May 20, 2008, the priority policy objectives of the government have been to resume cross-strait negotiations and to normalize cross-strait economic and trade relations. Immediately after taking office, President Ma pushed for the resumption of the institutionalized negotiation channel between the Straits Exchange Foundation (SEF) and mainland China’s Association for Relations Across the Taiwan Strait (ARATS) after a nearly 10-year hiatus. In June and November, the SEF and ARATS held high-level talks and signed six agreements, including agreements on weekend charter flights, Mainland tourist visits to Taiwan, cross-strait air transport, cross-strait sea transport, postal services, and food safety. On December 15, 2008, the two sides simultaneously launched direct cross-strait shipping links, weekday charter flights, direct flight paths without having to detour, and cross-strait direct postal service, realizing the long-awaited goal of direct sea and air transport links.

The six agreements are all policies that the DPP wanted to promote during the period of its administration. The Ma administration was able to complete it within a half year. This was

possible mainly because of the previously established foundation for negotiations. The rebuilding of the platform for institutionalized cross-strait negotiations has had a catalytic effect on cross-strait negotiations. It also symbolizes the arrival of a new era in cross-strait negotiations.

Economic Benefits of and Public Support for the Six Agreements

All eyes are on the economic benefits that the six agreements bring for Taiwan. The average daily number of Mainland tourists visiting Taiwan has increased from 200 to 300 before to nearly 2,000 recently. This has markedly invigorated Taiwan's domestic tourism and travel market. Direct sea and air transport links not only help the public and companies save time and money. In addition, the implementation of direct transport links has helped Taiwan reestablish its strategic position in the economies of Asia and even the Asia-Pacific region. All of these are conducive to transforming Taiwan into an Asia-Pacific operations center for transnational enterprises and a global headquarters for Taiwanese businessmen, which will greatly enhance the international competitiveness of Taiwan's economy.

The public is also very satisfied with the government's promotion of cross-strait negotiations and exchanges. According to public opinion surveys, the overwhelming majority of the Taiwanese people express approval and support for the recent easing and stability of cross-strait relations, as well as the new government's approach to "working for the benefits of the people" in cross-strait exchanges. With regard to negotiations between the SEF and the ARATS, over 70 percent of the public support resolving cross-strait exchange issues through the institutionalized cross-strait negotiation mechanism. And 60 to 80 percent of the public support or feel satisfied with the six agreements.

The international community, including Taiwan's major allies—the United States, European Union and Japan, have welcomed and expressed strong approval for the improvements in the cross-strait situation and the safeguarding of regional peace and collective security. We can say that the situation in the Taiwan Strait and cross-strait relations have entered a new and unprecedented phase.

Outlook for the Third Chiang-Chen Talks

The two Chiang-Chen Talks firmly established a normalized operation mechanism for institutionalized cross-strait negotiations. The SEF and the ARATS have agreed to hold the Third Chiang-Chen Talks in the first half of this year. This round of talks will retain the main principle of negotiations on "normalizing cross-strait economic and trade relations," including the four major issues of regular cross-strait flights, cross-strait financial cooperation and Mainland investment in Taiwan, joint crackdowns on crime, and mutual judicial assistance. Experts of the competent authorities on both sides across the Strait have continuously engaged in communications about operational matters. We anticipate that after having discussed operational matters, we can proceed with the preparatory consultations for the Third Chiang-Chen Talks to make specific arrangements concerning the time and venue of the meeting and the signing of the agreement.

With regard to joint crackdowns on crime and mutual judicial assistance, the two sides will

establish a mechanism for mutual judicial assistance in civil and criminal matters. They will also establish a normalized cooperation mechanism focusing on the fight against various types of crime, investigative cooperation, information exchange, and expatriation of criminals, so as to safeguard the rights and interests of the people on both sides and enable more efficient handling of judicial cases.

With regard to regular cross-strait flights, the two sides will normalize cross-strait air flights based on the existing weekday charter flights. Measures will also be taken to optimize flight paths and expand flights and flight points to fully upgrade the service quality and efficiency of air transport.

Regarding cross-strait financial cooperation, there are four sub-issues involved: The signing of three memoranda of understanding (MOUs) on supervision and management in the banking industry, securities and futures industry, and insurance industry; and establishment of a cross-strait currency settlement mechanism. The three MOUs are highly technical in nature. They also involve the different demands of various industries and a very broad scope of financial cooperation, including market access and financing for Taiwan businesses, which are key issues of deep concern to both sides. Therefore, according to current planning, the SEF and the ARATS will sign an overall financial cooperation agreement. Sections common to all three MOUs, along with the currency exchange and other financial cooperation issues, will be included within the scope of the agreement. In addition, the financial supervisory agencies responsible for each of the banking, securities, futures, and insurance industries will be entrusted to further arrange the details of the supervision and management cooperation and follow-up signing of the three MOUs. The signing of a cross-strait financial cooperation agreement will also symbolize the entry of new era in cross-strait finance contacts.

On Mainland investment in Taiwan, the main issue is to achieve two-way cross-strait investment to correct the distorted structures of the unidirectional flow of capital from Taiwan to the Mainland. Emphasis will be placed on communication and dialogue on the policies, laws and regulations, the approach to deregulation and investment items, and other aspects related to easing restrictions on Mainland investment in Taiwan's manufacturing industry, service industry, the i-Taiwan 12 Projects and real estate sector. After continued communication, the two sides have expressed a high level of interest in promoting Mainland investment in Taiwan. The Mainland side will also form a delegation to pay an inspection visit to Taiwan. Through various follow-up arrangements, Taiwan will gradually open up to Mainland investment so as to inject new momentum into Taiwan's economy.

Major Significance of Promoting an ECFA

Apart from the above-mentioned issues, the cross-strait Economic Cooperation Framework Agreement (ECFA) has probably attracted the most outside attention. The MAC has produced a brochure and position paper on the government's basic policy thinking and plans regarding the ECFA. I have brought these here with me today to distribute to you all for reference. I hope that these background materials will help increase your awareness and understanding of the ECFA.

On this occasion, I would like to make an additional explanation regarding several key points about the ECFA. First, it should be emphasized that the ECFA is by no means an “unequal” agreement signed to push Taiwan toward full economic integration with mainland China. It is also by no means a “miracle pill” that will allow Taiwan to stimulate its economy through dependence on the Mainland. Rather, it is a “roadmap to cross-strait economic and trade normalization.” It is also a “stepping stone for Taiwan’s return to the world stage.”

Taiwan’s economy is export-driven. Exports account for over 70 percent of Taiwan’s gross domestic product (GDP). Exports and trade surplus are the main engines of Taiwan’s economic growth. Starting from next year (2010), the “ASEAN-China,” “ASEAN-Korea,” “ASEAN-Japan,” and “ASEAN + 3” free trade areas (FTAs) will be established. The tariff-free treatment mutually enjoyed by the member countries of these FTAs will have a considerable impact on Taiwan’s exports. The affect will be felt especially quickly on major export sectors such as petrochemicals, machinery, and auto parts. It could also potentially lead to an exodus of domestic industries and create unemployment problems. The government must immediately respond to this crisis and resolve it. On the other hand, we also consider the fact that the rapidly developing cross-strait economic and trade relationship has become the most important part of Taiwan’s economy. In many areas, there are still no clearly written rules between the two sides and there is still a lack of systematic protection. On the one hand, the signing of an ECFA with the Mainland can set rules for normalizing cross-strait economic and trade relations so that Taiwanese and foreign enterprises can engage in cross-strait economic and trade activities in a stable and predictable manner. On the other hand, the vast improvement to cross-strait relations will also make other governments more active in signing FTAs with Taiwan. This will spare Taiwan from the threat of marginalization, link Taiwan’s economy more closely with world markets, and expand the development space for Taiwanese businesses. That is why the ECFA can be considered a “roadmap for the normalization of cross-strait economic and trade relations” and a “stepping stone for Taiwan’s return to the world stage.”

Secondly, I also must emphasize that the ECFA does not involve the issue of sovereignty, nor does it have any bearing on the issues of unification versus independence. Since the Ma administration took office, the two sides have shelved controversies and signed six agreements on tourism, charter flights, air transport, sea transport, postal services, and food safety. The people of Taiwan can now travel across the Strait with greater convenience, and cross-strait transport costs have fallen sharply. At the same time, the import of Mainland products into Taiwan is subject to stricter customs, inspection and quarantine controls than before, and Mainland tourists still have to pass through customs when visiting Taiwan. There has been absolutely no compromise or change to the sovereignty of the ROC. In promoting the ECFA, the government is also adhering to a firm position and clear principles; namely, that the ECFA will only stipulate the rules governing cross-strait economic cooperation and absolutely does not involve the issue of unification or independence and sovereignty. The ECFA negotiations will adhere to the principle of “putting Taiwan first for the benefit of the people” and be carried out on the premise of “equality, dignity and mutual benefit.” There absolutely will be no self-belittlement, nor will there be any political preconditions.

The ECFA issue also involves cross-strait negotiations. The Ministry of Economic Affairs and the MAC are intensifying efforts to domestically communicate and forge consensus on the ECFA. However, this issue is still not at the stage when cross-strait negotiations can be held. Nevertheless, the fourth Chiang-Chen Talks will definitely touch on the ECFA issue. Therefore, the ROC side will, during preparatory consultations or other suitable occasions, exchange views with the Mainland side on whether or not to include the ECFA issue in the Third Chiang-Chen Talks agenda. If there is a consensus, we will not exclude the possibility of making related arrangements. However, it must be emphasized that dialogue and negotiations are on two different levels. If the dialogue produces a consensus, the two sides must make preparations before the subject of the dialogue can become an issue for cross-strait negotiations. A lot of outsiders have intentionally misinterpreted that the two sides are already holding negotiations on the content of the ECFA. I must particularly clarify here today that these misguiding statements are entirely inconsistent with the facts.

Topics of Future Cross-Strait Negotiations

All the issues arising in the future from cross-strait exchanges can be included in the agenda by arrangement between the two sides and resolved by equal negotiations through institutionalized channels. Regarding issues not included in the Third Chiang-Chen Talks, especially issues of deep concern to Taiwanese businesses and other economic and trade issues, the two sides discussed during the Second Chiang-Chen Talks the prioritization of issues for follow-up negotiations. These include: Expanding food safety cooperation, cross-strait epidemic reporting mechanism, quarantine and inspection of agricultural products, cross-strait investment protection agreement, avoidance of double taxation, establishment of a mediation mechanism for cross-strait economic and trade disputes, cross-strait cooperation on standard inspection, measurement and certification, cross-strait intellectual property rights protection, cross-strait fishing industry labor cooperation and handling of fishery disputes, and cross-strait cultural, educational and media exchanges. Both sides believe that these issues can be prioritized in follow-up negotiations. At the same time, both sides have carried out related research and have gained an understanding of each other's opinions through exchanges, with a view to facilitating the future arrangement of dialogue and negotiations through the SEF-ARATS platform.

Conclusion

I am delighted to have had this opportunity today to visit Taichung and explain to you the government's Mainland policy and the progress of cross-strait negotiations. I very much hope that in the future there will be more opportunities and more time to jointly discuss cross-strait relations and Mainland policy with business, government and academic leaders in central Taiwan so that the people of central Taiwan will have a greater sense of participation in cross-strait affairs, and also can truly enjoy the benefits brought about by various cross-strait measures. Finally, I wish you all success in all of your endeavors and good health!

Outcome and Explanation of the 2nd “Chiang-Chen Talks”

Date: Nov. 7, 2008

Lai Shin-yuan

Minister of the Mainland Affairs Council, Executive Yuan

Dialogue and consultation are key benchmarks of promoting the normal development of cross-strait relations. In June this year, earnest effort by both sides successfully revived the institutionalized consultation that had been broken off for a decade. On November 3, Mr. Chen Yunlin, Chairman of the Mainland’s Association for Relations Across the Taiwan Strait (ARATS), visited Taiwan at the invitation of Straits Exchange Foundation (SEF) Chairman Chiang Pin-kung. On the following day, November 4, the 2nd round of “Chiang-Chen talks” took place.

This was the highest level visit to Taiwan by a representative of the Mainland authorities in the six decades since the political division of the two sides of the Taiwan Strait in 1949. Under mandate of their respective governments, the two chairmen successfully concluded their talks and signed four agreements, opening a new phase of peaceful development and stable interaction in cross-strait relations.

I. Main Results of the Talks

- 1. Concluding the signing of four agreements:** The four agreements signed on direct air transport, direct sea transport, postal cooperation and food safety will have actively positive effects in facilitating contacts between the people on the two sides of the Strait, promoting bilateral economic and trade interflows, and strengthening food sanitation and safety. Taking direct cross-strait air transport for example, the straightening of the flight path will shorten the flight time between Taoyuan and Shanghai from 2 hours and 24 minutes to 1 hour and 22 minutes, saving 62 minutes and 40~45% of fuel costs for each journey. This will translate into savings to travelers and airlines of at least NT\$3 billion a year. After direct shipping goes into effect, vessels crossing the Taiwan Strait will no longer have to make a detour via Ishigaki or Hong Kong, reducing the time of each voyage by 16 to 27 hours, and reducing shipping costs by 15~30%. Adding in the saving of third territory visa charges, the cost of each voyage will be reduced by NT\$300,000, enabling shippers to save at least NT\$1.2 billion a year.

More importantly, the realization of direct cross-strait air and sea transport is a key step forward in promoting the normalization of cross-strait relations. At the same time, it also re-establishes Taiwan’s strategic position in the economies of Asia and even the Asia-Pacific region, raises Taiwan’s overall competitiveness, and bolsters connections between Taiwan and international markets. We believe that, after the implementation of direct air and sea transport, Taiwan will be able to attract more investment by transnational enterprises, and serve as an operations base for access to the markets of Mainland China and Southeast Asia.

- 2. Achievements in reviewing and expanding the effectuation of existing agreements:** The two sides also conducted a review of the implementation status of the consensus

reached in the two agreements signed at the 1st “Chiang-Chen talks” in June, and presented opinions on spurring on and improving their effectuation. For example, regarding the agreement on visits to Taiwan by Mainland tourists, since the results of its implementation had fallen far short of expectations and targets, the two sides expressed strong intent to improve the situation, and have jointly adopted pertinent improvement measures.

3. **Reaching consensus on issues for subsequent discussion:** The two sides conducted discussion on prioritizing issues for the next stage of talks, including:

strengthening the order of cross-strait exchanges, such as jointly fighting crime, expanding food sanitation and safety cooperation, and inspection and quarantine measures for agricultural products;

cross-strait financial cooperation, such as establishing a cooperative mechanism for banking supervision, a memorandum on cross-strait securities and futures supervision, and promoting cross-strait financial dealings;

cross-strait economic and trade cooperation, such as a cross-strait investment protection agreement, avoidance of double taxation, a cross-strait economic and trade dispute arbitration mechanism, cross-strait standards inspection and certification cooperation, and cross-strait IPR protection;

cross-strait fishery cooperation, such as cross-strait fishing industry labor cooperation, and handling of fishery disputes; and **cross-strait educational and news exchanges**.

Both sides are highly willing to conduct follow-up talks, and matters on which there is consensus will be included in the scope of agreements to be signed at the next round of talks.

II. The Main Significance and Effect of this Round of Talks

1. Further consolidating the mechanism for institutionalized consultation

- (1) This symbolizes that cross-strait relations have advanced into a new stage of institutionalized talks and of give and take.
- (2) Meetings and exchanges between the two sides will be more regularized and institutionalized, and will return to mechanistic operation.

2. Greatly heightening the level of cross-strait interaction

The members of this Mainland delegation included high-level representatives of various government departments including the Taiwan Affairs Office, the Ministry of Commerce, the Ministry of Health, the Ministry of Transport, the Civil Aviation Administration, the State Administration of Foreign Exchange, the Securities Regulatory Commission, the Banking Regulatory Commission, and the Insurance Regulatory Commission, who engaged in talks and interaction with high-level officials from various departments of our government including the Mainland Affairs Council, the Ministry of Transportation and

Communications, the Department of Health, the Ministry of Justice, the Council of Agriculture, and the Commission of Financial Supervision. ARATS Chairman Chen Yunlin and a number of deputy ministers and important delegates were also received by the President and the Chairperson of the Mainland Affairs Council. These greatly raised the level of interaction between the two sides, and opened a new chapter for benign cross-strait interaction.

3. Highlighting focal points of the current stage of cross-strait talks

- (1) This round of discussion and dialogue highlighted the essentiality of resolving issues related to cross-strait interaction and orderliness of exchanges, including: the four agreements and issues of food safety, agricultural product inspection, epidemic notification, and joint crime fighting, all concerning the order of cross-strait exchanges and the welfare and rights of the people.
- (2) The current stage of cross-strait talks is being conducted according to the principle of “economics first, politics later,” with the prioritization of essentially economic issues concerning Taiwan’s economic development.

4. Materializing a new model of cross-strait talks and interaction on a basis of parity

- (1) ARATS and the SEF adhered to the principles of “parity and dignity” in the conduct of the talks, solving all kinds of problems stemming from cross-strait exchanges.
- (2) Officials from government authorities on both sides took part in the talks, expanding official formal interaction, and aiding the solution of substantive problems.

5. Stabilizing cross-strait relations and promoting regional peace

Peace and stability in the Taiwan Strait is the common wish of the international community. The successful convening of the 2nd round of “Chiang-Chen talks” has served to promote benign cross-strait interaction and the gradual build-up of mutual trust between the two sides of the Strait, and symbolizes that the two sides have entered an era of discussion in place of confrontation. Our side’s positive actions have given further demonstration to the world of our endeavor and determination to initiate improvement in cross-strait relations.

III Conclusion

When President Ma and Minister Lai met Chairman Chen Yunlin and other members of his delegation, they especially stressed the needs for both sides to follow principles on “facing reality, mutual non-denial, creating benefit for the people, and cross-strait peace”. They also emphasize the irrationality of confrontation in international space and militarily, in order to help the international community and the Mainland understand Taiwan’s standpoint and principles. The reconciliatory trend between the two sides is laying sound foundations for the normalization of cross-strait relations, and is an active and positive force for promoting peace and development in the Asia-Pacific region. Such is the weighty contribution of this latest round of cross-strait talks to regional peace.

Since the holding of the second round of “Chiang-Chen talks,” some domestic political parties and associated individuals have expressed misgivings, and have launched demonstrations and protest activities, causing a very slight blemish to the talks. But in the international community, the United States and the European Union have already declared their stance of welcoming cross-strait dialogue and the signing of cross-strait agreements. For the future, we will do our utmost to enhance communication with people in Taiwan who do not see eye to eye with us, and will step up our efforts to explain the situation to important members of the global community of nations, to promote the broadest possible consensus and understanding. We also hope that Mainland China will positively face up to the political reality of non-subordination in cross-strait interaction, for only thus will the two sides of the Taiwan Strait be able to join with other countries in striving to build a region of sustainable peace.

The majority of the public approves the negotiation results of the Fifth Chiang-Chen Talks

Date:2010-07-06

Press Release

Mainland Affairs Council, Executive Yuan

The Economic Cooperation Framework Agreement (ECFA) and the Cross-Strait Agreement on Intellectual Property Right Protection and Cooperation were signed at the Fifth Chiang-Chen Talks held last week. The Mainland Affairs Council (MAC) announced today (July 6, 2010) the results of its latest public opinion survey. The survey indicates that 73 percent of the public have a positive assessment of the two agreements, and that nearly 80 percent (79.3%) of the public approve the continuation of institutionalized negotiations to resolve issues related to cross-strait exchanges.

The MAC stated that over 60 percent (61.1%) of the public are satisfied with the overall results of the ECFA negotiations and also approve of the non-tariff access for 18 Taiwan agricultural and fishery products to the Mainland market (63.6%). Furthermore, over half of the public (53.1%) believe the government has protected Taiwan's vulnerable industries.

Regarding the benefits of the ECFA, the survey figures indicate that the large majority of the public (62.6%) believes that the Agreement will help Taiwan negotiate and sign free trade agreements with other countries and that it also has a positive influence on the long-term development of Taiwan's economy (59.2%). Regarding the Cross-Strait Agreement on Intellectual Property Right Protection and Cooperation, over 70 percent of the public (73.1%) feel satisfied.

The MAC went on to say that, on the widely concerned issue of how the negotiation results would affect Taiwan's interests and sovereignty, the survey indicates that 66.8 percent of the public believe that the two agreements uphold Taiwan's interests, and 58.9 percent of the public think that the agreements do not dwarf Taiwan's national sovereignty. The MAC stated that the public opinion survey results show that the outcome of the cross-strait reciprocal negotiations is approved by the majority of the people of Taiwan. Moreover, ensuring that the benefits of the negotiations are jointly shared by all the people also has been the unwavering goal of the government's efforts. On this point, the majority of the people also expressed approval.

The MAC commissioned China Credit Information Service to conduct a telephone survey of adults aged 20 or older in the Taiwan Area from July 2 to 4, 2010. A total of 1,114 effective samples were collected, with a sampling error of about 2.94 percent based on a 95 percent confidence level.

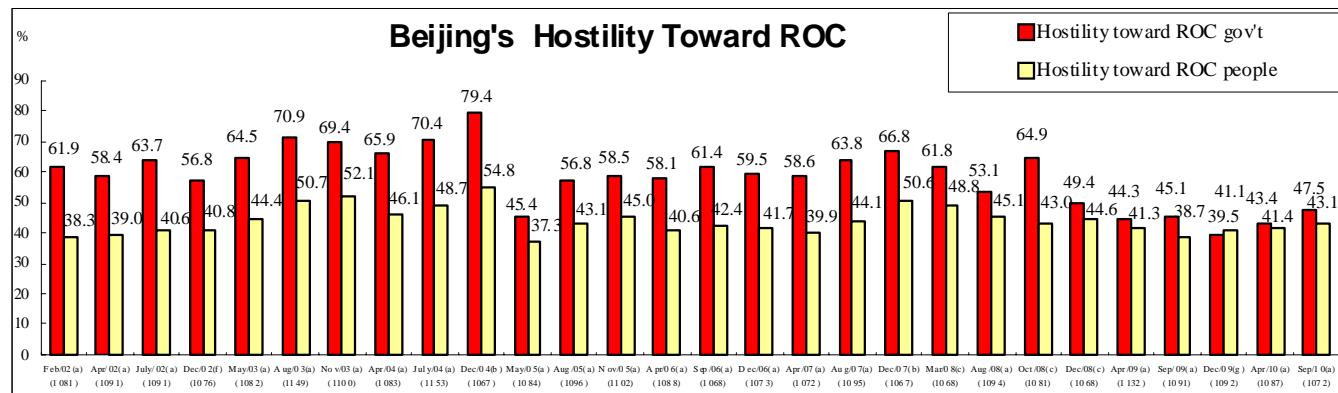
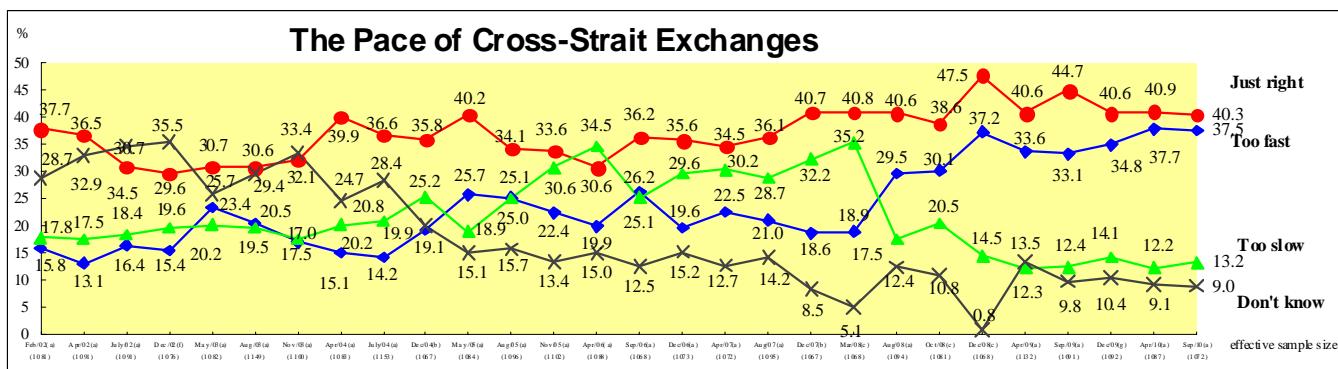
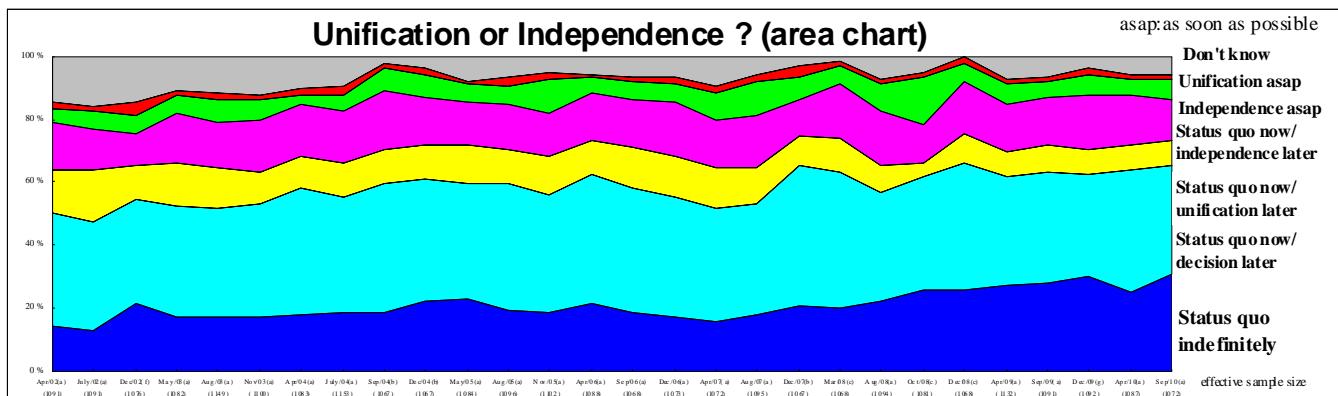
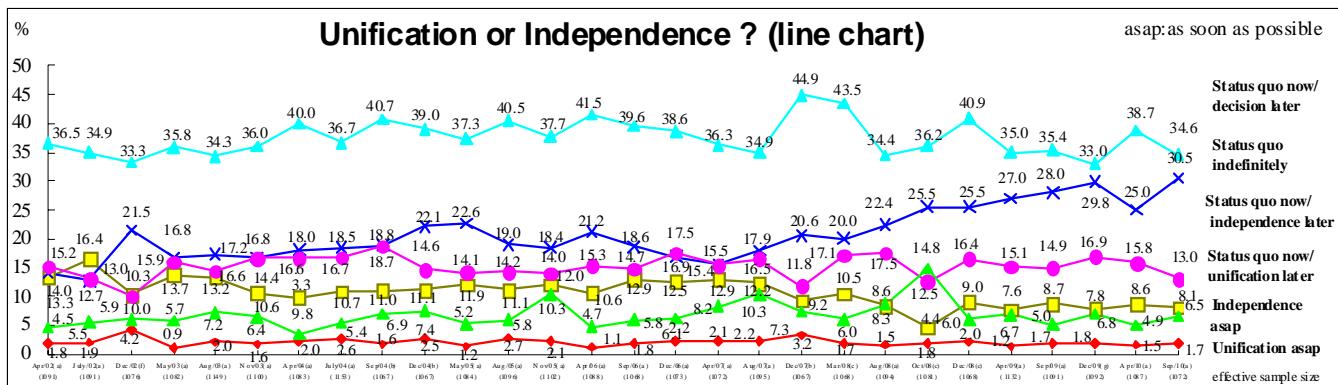
Public Opinion on Cross-Straits Relations in the Republic of China

Mainland Affairs Council, Executive Yuan, Republic of China, Sep 2010

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Respondents : Taiwanese adults aged 20~69 accessible to telephone interviewers

About us

Introduction

For more than five decades, cross-strait relations between Taiwan and China have evolved from military confrontation to relatively peaceful standoff. In November 1987, the Republic of China on Taiwan, out of humanitarian concerns and in response to the wishes of the general public, eased restrictions on civilian travel to China for family visits. Since then, subsequent liberalization and deregulation measures have been taken to relax restrictions step-by-step, thus leading to structural changes in cross-strait relations.

Since the spring of 2005, cross-strait relations have appeared to be in a less critical condition. Opportunities for improving cross-strait relations have surfaced due to some positive interactions across the Strait, including the smooth implementation of the Lunar New Year charter flights for Taiwanese businessmen in China, and China's designation of Vice-Chairman Sun Yafu and Deputy Secretary-General Li Yafei of the Association for Relations across the Taiwan Strait (ARATS) to attend the memorial services of the late Chairman Koo Chen-fu of the Straits Exchange Foundation on behalf of ATATS Chairman Wang Daohan. Despite these positive developments, China enacted the “anti-separation law” (the so-called anti-secession law) in March 2005. This law is intended to resolve the Taiwan issue through non-peaceful means and unilaterally change the status quo spirit of democracy but also undermined regional security. As a result, China has inflicted strong resentment from the Taiwanese people and received severe international condemnation.

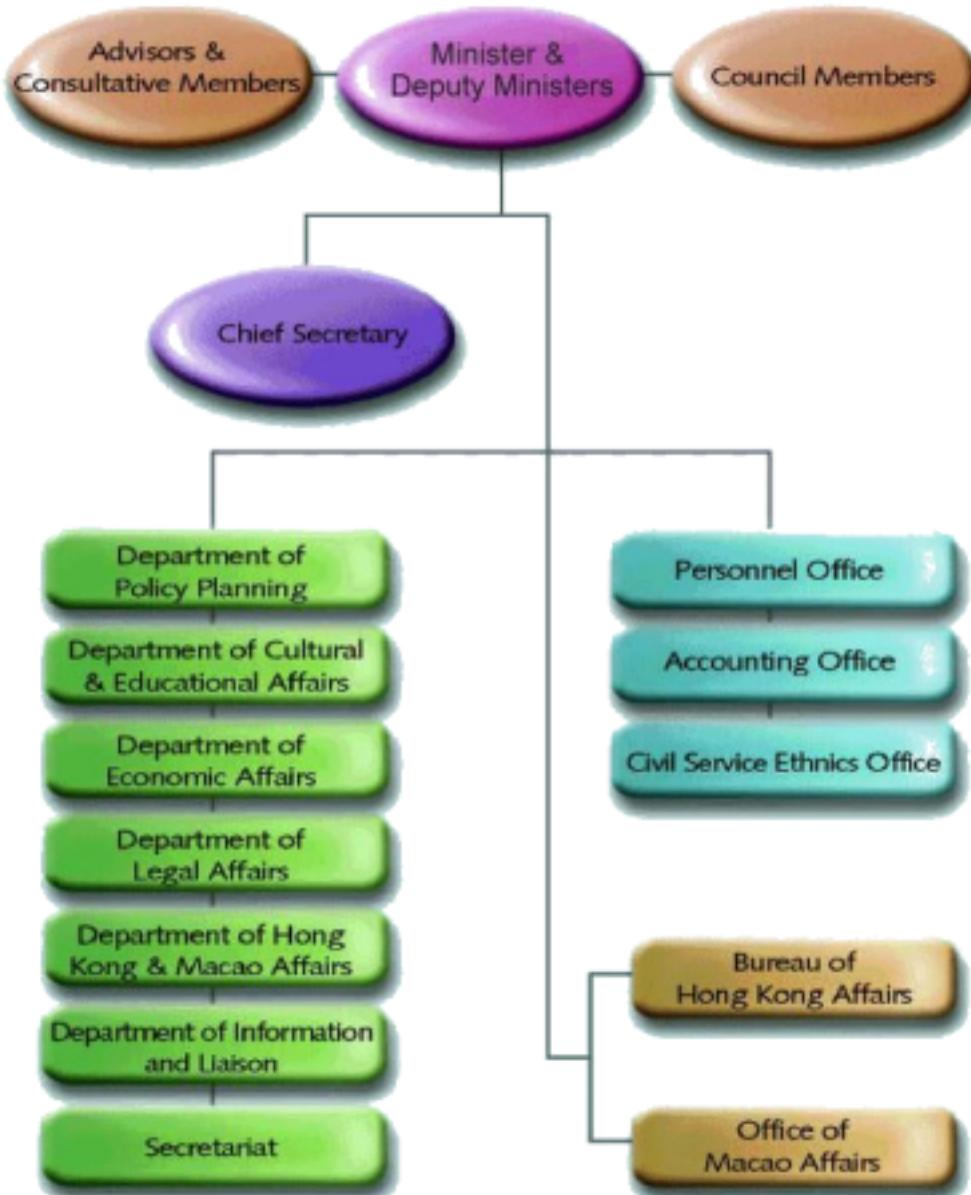
In the long-term, peace and stability will remain the basis of the Taiwanese government’s cross-strait policy. We insist that under the principles of democracy, freedom, and peace, both sides of the Strait should resolve their differences through dialogues. We hope to jointly address the cross-strait issues with other major countries. Taiwan will continue to fully perform its function in playing the role of maintaining stability in the Asia-Pacific region.

Establishing the Mainland Affairs Council

Frequent contacts between private sectors across the Strait have led to the increase in postal and telecommunication exchanges, and the volume of re-export trade between the two sides of the Strait. With such a trend, issues emerging from the preceding situation became increasingly multifaceted and complex. It is against this background that the Executive Yuan established the “Inter-agency Mainland Affairs Committee” in August 1988, as a task force to coordinate policy matters related to China. A year later, the workload and the complexity of issues soon exceeded the capacity of the

Committee and its limited part-time staff. In view of this, in April 1990, the government invited academics, specialists, public representatives, as well as media executives, to jointly consult on establishing a designated agency to strengthen China policy-making and to enhance policy implementation efficiency. The “Organization Act for the Mainland Affairs Council” was subsequently drafted and passed by the Legislative Yuan on January 18, 1991. The promulgation of the “Mainland Affairs Council” (hereinafter “MAC”)- An authorized agency directly under the Executive Yuan that is responsible for handling China affairs.

Organizational Structure of Mainland Affairs Council



Overall Structure of Mainland Policy Formulation

Authorities and Responsibilities

Many areas of the China policy are directly related to national security, thus the president has the authority over these areas as stipulated under the Constitution of the Republic of China. Other areas of responsibilities fall under the Executive Yuan and its agencies. In sum, the mechanism overseeing China affairs involves the president, the Executive Yuan, and the related cabinet-level agencies.

(A) The Office of the President

The president makes decisions on major policies, whereas the National Security Council, following the president's instructions, is responsible for formulating major policies on national security. When deemed necessary, the president may, ex-officio, create an advisory body.

(B) Decision-Making and Policy Implementation Structures The Executive Yuan

The Executive Yuan is responsible for the decision-making and the implementation of general policy matters relating to China. In the policy-making process, cabinet-level agencies act as planning units on issues under their respective jurisdictions, with MAC responsible for coordinating amongst the different agencies and review. Once the Executive Yuan reaches a policy decision, policy implementation will fall under the authorities of the respective ministries.

Mainland Affairs Council (MAC)

The MAC is responsible for overall research, planning, review, and coordination of China policy and affairs, as well as the implementation of specific inter-ministerial programs.

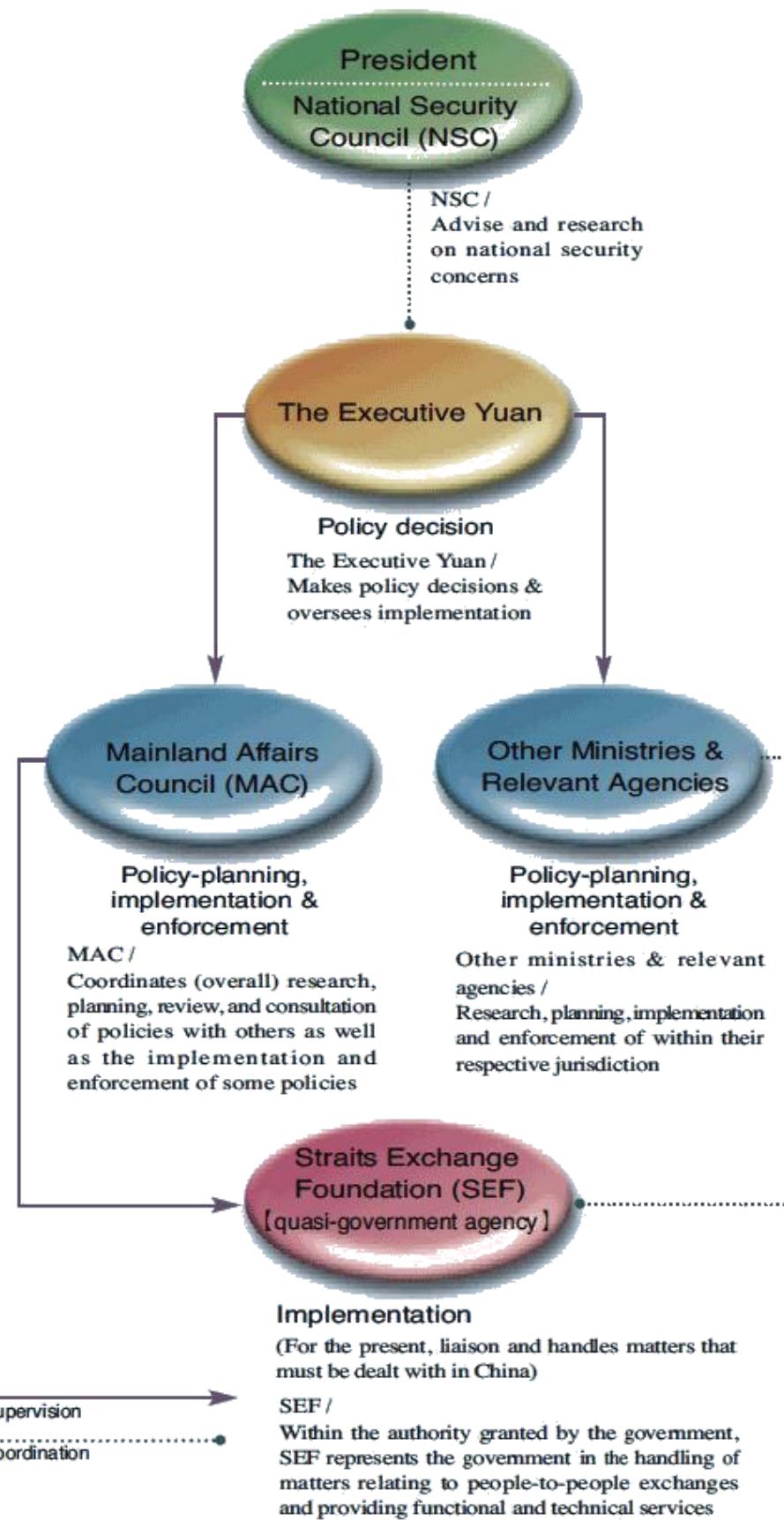
Other Ministries

Each ministry is responsible for the research, planning, and implementation of China affairs and policies under their respective jurisdictions.

Straits Exchange Foundation (SEF)

The SEF has authorization from the government and acts as a quasi-government agency. Its main functions are to provide governmental services on matters related to cross-strait civilian exchanges and to offer policy suggestions in line with actual practice.

ROC MAINLAND POLICY Formulation and Implementation





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