

Wang Yu-chi: Cross-Strait Trade in Services Agreement Secures Huge Opportunities for Taiwanese Buisnesses in the Mainland and Lays Foundation for Taiwan Participation in Regional Economic Integration

July 3, 2013

No. 46

Minister Wang Yu-chi of the Mainland Affairs Council (MAC) stated today (July 3) that the Cross-Strait Trade in Services Agreement secures a huge market and vast business opportunities in the Mainland for Taiwanese companies determined to tap the service industry, and also lays a foundation for Taiwan's participation in regional economic integration. Minister Wang emphasized that the government will seize various opportunities in the future to communicate with people of different occupations and from different backgrounds in hope of gaining support from all sectors.

The MAC held the "2013 Regional Scholars Forum" in Hualien today introducing the government's current Mainland policy, and principals and professors of local universities were invited to attend. Minister Wang said at the forum that there were two major tasks set for the MAC this year, the first being the recently signed Cross-Strait Trade in Services Agreement, and the second being the establishment of reciprocal institutions by the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS). Negotiations on the establishment of reciprocal institutions have progressed smoothly and many consensuses have been reached. The Taiwan side is also actively seeking to secure the Mainland's agreement

to humanitarian visiting functions, an issue of which has attracted a high level of attention among both governing and opposition party in Taiwan. The government will also adhere to the principles of openness and transparency and update the people on latest developments.

Regarding the importance of the Cross-Strait Trade in Services Agreement, Minister Wang said that, once the Agreement comes into effect, Taiwan's service industry would be positioned more advantageously than other foreign enterprises to compete in the Mainland market. He also stated that, more importantly, as a trade-oriented economy, Taiwan cannot close its doors to the outside world, nor can it avoid competition or stand apart from the global trend of regional economic integration. The signing of the Cross-Strait Trade in Services Agreement and future follow-up agreements to be negotiated under the Cross-Strait Economic Cooperation Framework Agreement (ECFA) are all preparatory stages for Taiwan's future participation in trade liberalization and regional economic integration agreements such as the the Trans-Pacific Strategic Economic Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP).

Minister Wang pointed out that, among the 64 service items listed in the Agreement opened up by the Taiwan side, 27 items had been successively opened to Mainland investment starting 2009, and that only 37 items were newly added into the open market list in the Agreement. He further stated that the government has made utmost effort to gain market access for Taiwanese companies and has set numerous hurdles to Mainland investment in Taiwan. Taking the printing industry for example, Mainland investors are not allowed to establish new companies or have

equity ratios exceeding 50% in a Taiwanese company, which prevents the Mainland side from gaining management control over a Taiwanese company. In comparison, the Taiwan side is allowed to establish sole proprietorship companies in the Mainland's huge printing industry market.

Regarding Taiwan's Chinese herbal medicine (CHM) industry, Minister Wang said that only the CHM wholesale market was opened to the Mainland side this time, while the CHM retail sector remains closed to Mainland investment. Moreover, since Mainland investment was first allowed in Taiwan in 2009, there has been only one case of Mainland CHM wholesale investment in Taiwan. Taiwan's CHM industry has not been affected, but rather, CHM supply is likely to have increased through the opening of the market.

As to the beauty and hairdressing industry, Minister Wang stressed that Taiwan's beauty and hairdressing industry emphasizes high quality and professional skills, the businesses are managed with great care and are of unique features, therefore have already built a high loyal customer base. The competitiveness of Taiwan's service industry lies in the respect and consideration shown to customers. He also pointed out that the establishment of, large beauty and hairdressing salon chains in Taiwan have not led to disappearance of small, community-based beauty and hairdressing businesses either, therefore, there should be no need for professionals in the beauty and hairdressing industry to be overly concerned.