

Lin Chu-chia: Service Industry is Taiwan's Strong Card and Taiwan will Enjoy Expanded Markets and Better Competitiveness through Opening Measures

July 23, 2013

No. 55

At a seminar held this morning (July 23) jointly by the MAC and Ming Chuan University for scholars in the counties of Taoyuan, Hsinchu and Miaoli, Mainland Affairs Council (MAC) Deputy Minister Lin Chu-chia said that Taiwan's service industry is an important driver for the overall economic development. Taiwan should seize opportunities presented by the rapid growth of the Mainland's service industry and must face the world. The Cross-Strait Trade in Services Agreement helps Taiwan businesses to develop in the Mainland market. It also accelerates the signing of free trade agreements (FTAs) between Taiwan and other countries and creates favorable conditions for Taiwan's integration in the regional economy.

Today's seminar was the fourth regional scholars seminar to be held this year by the MAC with local universities. The seminar was co-chaired by Deputy Minister Lin and Yang Kai-huang, director of the Cross-Strait Research Center at Ming Chuan University. Deputy Minister Lin explained the government's Mainland policy and the major achievements of institutionalized cross-strait negotiations, including the recent high-profile Cross-Strait Trade in Services Agreement. Deputy Minister Lin also exchanged views with experts and scholars in Taoyuan, Hsinchu and Miaoli and listened to their policy advice.

Deputy Minister Lin said that the two sides of the Taiwan Strait have different industrial structures and advantages. During cross-strait negotiations on trade in services, the government proposed opening to the Mainland side based on Taiwan's industrial development needs, opinions of industry, and the status of the Mainland's opening to other countries or regions. Given that Taiwan needs to walk out into the world, it has to exchange its small market for a big market. The 64 sectors opened by Taiwan under the Service Agreement are among Taiwan's most competitive industries, while the 80 sectors opened by the Mainland

exceed World Trade Organization commitment levels, including in e-commerce, securities, banking, cultural and creative, transportation and logistics, environmental services and healthcare industries. The Agreement is expected to benefit all Taiwanese industries, help companies to develop in the Mainland market, and create more business opportunities.

Deputy Minister Lin indicated that the government always conducts professional assessment and planning in line with the principles of "maximizing benefits and minimizing impact" and "proceeding in an orderly manner" before negotiations with the Mainland. A lot of incorrect information from external sources regarding the opening of Taiwan's printing, hairdressing and beauty, and small passenger car leasing industries has stirred unnecessary concerns in the business community. On this matter, Deputy Minister Lin further explained that many service providers in fact do not oppose Mainland investment in Taiwan. After learning that the government will enact supporting measures and establish strict examination and management mechanisms, businesses have also been willing to work with the government to minimize the adverse impact of Mainland investment in Taiwan. When promoting the Cross-Strait Economic Cooperation Framework Agreement (ECFA) earlier, the government had developed a "Program to Assist Industries in Adjusting to Trade Liberalization," earmarking NT\$95.2 billion to assist domestic enterprises, including NT\$36.5 billion for labor and unemployment related measures. Following the signing of the Cross-Strait Trade in Services Agreement, the government not only will further strengthen existing support mechanisms, but will also use provisions under the Agreement regarding emergency consultations to seek solutions through negotiations between the two sides.

Deputy Minister Lin emphasized that the Cross-Strait Trade in Services Agreement does not allow Mainland laborers to work in Taiwan, but rather only opens Taiwan to investment from the Mainland. Since June 2009, the government has permitted Mainland investment in some of Taiwan's service industries. Among the sectors opened up to investment that recently have attracted widespread concern are the retail, restaurant, and Chinese herbal medicine wholesaling industries. However, there has not been any large Mainland investment in any of these sectors,

nor has Mainland investment led to a monopoly or oligopoly in Taiwan's industries. Moreover, the 398 Mainland investments made in Taiwan over the past four years have involved the employment of 216 Mainland white-collar managers in Taiwan, but the number of jobs created for Taiwanese employees has been 31.3-fold higher at 6,771. Consequently, Mainland investment in Taiwan's service industry has actually created more job opportunities. Therefore, the people of Taiwan need not be overly worried.

This seminar was joined by scholars and experts from Taoyuan, Hsinchu, and Miaoli. The participants enthusiastically engaged in interaction and exchanges. The direct two-way communication during the seminar helped to build understanding and support for the government's Mainland policy among scholars and experts in these areas.