

## **Lin Chu-chia: Cross-Strait Trade in Services Agreement will Create a Freer and More Open Environment to Expand Market and Development Niches for Taiwanese Service Industries with Competitive Advantages**

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At a seminar held this morning (July 26) jointly by the MAC and National Chiayi University (NCYU) for scholars in the Yunlin-Chiayi area, Mainland Affairs Council (MAC) Deputy Minister Lin Chu-chia said that building a free and open environment would stimulate greater potential for development of Taiwanese service industries with a competitive advantage. Moreover, the Cross-Strait Trade in Services Agreement will help Taiwanese companies to develop in the Mainland market, attract more foreign capital to Taiwan's economy, and expand the space for industrial development. It is also an important step forward for Taiwan's integration in the regional economy.

Today's seminar was co-hosted by Deputy Minister Lin and Chen Chun-pin, director of the Graduate Institute of Public Policy at NCYU. Deputy Minister Lin explained the current Mainland policy, as well as the major content of the Cross-Strait Trade in Services Agreement and institutionalized negotiations. Deputy Minister Lin fully exchanged views with scholars in the Yunlin and Chiayi area. The participants also enthusiastically provided policy advice.

Deputy Minister Lin said that the two sides of the Taiwan Strait have different economic structures and industrial advantages. In the premise of maintaining Taiwan's economy identity, the government has promoted economic and trade relations to complement the advantages of the two sides while always adhering to the principle of "maximizing benefits and minimizing impact". Therefore, when the government negotiated the Trade in Services Agreement with the Mainland, it first considered Taiwan's industrial development needs and the industry's opinions. The government also further considered the status of the Mainland's opening to other countries and regions and sought to secure even greater benefits and protections for the Taiwan side when different demands were proposed by the two sides to open up markets. Of the 64

sectors on Taiwan's market-opening list, only 37 sectors were newly opened to Mainland investment. All of these sectors are areas in which Taiwanese companies are highly competitive. Moreover, the 80 sectors opened by the Mainland all exceed World Trade Organization commitment levels, including in e-commerce, securities, banking, cultural and creative, transportation and logistics, environmental services, and healthcare industries. The Trade in Services Agreement will help providers of related services in Taiwan to expand in the Mainland market. It also contains favorable terms for the protection of business ownership, expansion of business scope and market facilitation, creating more business opportunities. The Agreement will also attract more Mainland investment in Taiwan and further invigorate the development of Taiwan's service market.

Deputy Minister Lin indicated that, during negotiations for the Cross-Strait Trade in Services Agreement, all of the involved government agencies conducted professional assessments and planned complementary measures carefully. However, extensive incorrect information from external sources recently has stirred unnecessary fears among some people, and has created concern and even panic among some businesses due to misunderstandings. 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 restaurant, Chinese herbal medicine wholesaling and car rental industries. Due to the fact that the government has already established a mechanism to review Mainland investment both before and after its entry into Taiwan market, and has also punishment system in place for violations, so there have been no major Mainland investments in any of these sectors, nor has Mainland investment led to 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. Overall, Mainland investments in Taiwan's service industry have needed Taiwan's human resources, creating more job opportunities.

Deputy Minister Lin explained that the government has promoted the Cross-Strait Trade in Services Agreement to further protect the rights and interests of service providers. In particular, the Agreement clearly defines contact and handling mechanisms between the two sides related to the problem of "unspoken rules" in the Mainland market, an issue of concern to Taiwanese companies. The Agreement also stipulates emergency consultation mechanisms to find timely solutions if developments lead to adverse affects. Furthermore, earlier when promoting the Cross-Strait Economic Cooperation Framework Agreement (ECFA), 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 will also review applicable conditions, guidance measures and necessary funding to strengthen relevant support mechanisms for service sectors that could be affected adversely.

Scholars in Chiayi and Yunlin joined the seminar and 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.