

Chang Hsien-Yao: Cross-Strait Trade in Services Agreement Enhances Taiwan's International Competitiveness

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Deputy Minister Chang Hsien-yao of the Mainland Affairs Council (MAC) attended a promotional event at Qing'an Temple in Shanhua District, Tainan City this evening (November 22, 2013). Standing before a statue of Matsu, Deputy Minister Chang explained to the residents of Shanhua the necessity of signing the Cross-Strait Trade in Services Agreement. He said that the signing of the pact would enable positive growth in the overall production value of Taiwan's service industry and economy. It will attract more foreign investment to Taiwan, as well as encourage other countries to facilitate the signing of economic cooperation agreements with Taiwan, thereby enhance Taiwan's international competitiveness.

Deputy Minister Chang stated that, over the last decade or so, countries around the world have been accelerating the signing of free trade agreements (FTAs) or economic cooperation pacts to expand trade. For example, Korea has in recent years been proactive in signing FTAs with the United States, European Union, Singapore, ASEAN and the Mainland. As Taiwan's exports are highly similar to those of Korea, it would not only lose to Korea, but also miss the opportunity of deploying globally and participating in regional economic integration if it were to fall behind in this round of trade competition. The consequences would be a reduction in Taiwan's export trade, and in the end, a decrease in Taiwan's international competitiveness.

Deputy Minister Chang said that, during a public hearing held by the Legislative Yuan, the issue of foremost concern was that, once the Trade in Services Agreement came into effect and Taiwan opened up to investment by the Mainland's service industry, Mainland workers would use the opportunity to flood Taiwan's workforce and snatch jobs from Taiwanese people. On this point, Deputy Minister Chang reassured the public that the Trade in Services Agreement definitely would not allow Mainland laborers to work in Taiwan. Once the Agreement came into effect, Mainlanders to Taiwan would still be required to meet current regulations. Under strict qualification requirement and quota restriction conditions, the Agreement would only allow entry to Taiwan by executives of Mainland enterprises to perform operations and

management activities or director and supervisory affairs; a small number of managers, supervisors and professional and technical personnel would also be allowed entry, but may not obtain work permits, may not engage in service industries requiring professional certification, and may not obtain permanent residency or citizen identification. Consequently, the issue of Mainland laborers working in Taiwan would not become a problem as outside parties have claimed.

Regarding the widespread concern that big Mainland enterprises or its low-priced products would monopolize the market, Deputy Minister Chang said that the government had already established risk management and supporting response measures in 2009 when Taiwan first opened up to investment from the Mainland, which would restrict and prohibit investments that may cause exclusive occupancy, oligopoly or monopoly. Additionally, provisions established under the Fair Trade Act may also regulate cases of monopolization through low-priced goods.

Deputy Minister Chang pointed out that opening up to the outside world may bring about challenges, but that it is also an opportunity to stimulate domestic industrial advancement. The most important elements of the Taiwan service industry are the “people” and the high quality of services provided by the sector. The government hopes that through the Trade in Services Agreement, Taiwan's advanced service industry may upgrade, become more internationalized, and grow stronger through the Mainland market. Deputy Minister Chang expressed confidence that, by establishing the objective, adhering to the principle of openness, and formulating guidance and transformation mechanisms to reduce damage to potentially impacted industries, Taiwan can face up to the challenges and evolve into a better environment.

During the promotional event, Deputy Minister Chang held a pop-quiz session. The district residents enthusiastically posed questions to Deputy Minister Chang in a warm exchange. The participants also affirmed Deputy Minister Chang's intentions in visiting rural areas to explain the government's policies directly to the people. The participants felt that this face-to-face mutual communication was helpful in enhancing approval and support for the government's Mainland policy.