

MAC Urges Prompt Passage of the Trade in Services Agreement, Government will Set Rigorous Safeguards and Corresponding Measures

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The Ministry of Economic Affairs (MOEA) and Mainland Affairs Council (MAC) express appreciation toward the Legislative Yuan for its dedication in the examination of the Cross-Strait Trade in Services Agreement and also to all parties for their exhortation and supervision. They also solemnly issued the following statement:

- 1. The executive branch respects related procedures of the Legislative Yuan:** Since the Executive Yuan submitted the Trade in Services Agreement to the Legislative Yuan on June 27 last year (2013), the MOEA, MAC and other related ministries and departments have fully cooperated with congressional demands, attended 20 public hearings, and provided analysis and impact assessment data. In addition, they have continued to proactively hold or attend, at the invitation of legislators, industry parties, agencies and schools, various seminars, symposiums and public hearings related to the Trade in Services Agreement, to explain the importance of the agreement for Taiwan's economy and participation in regional economic integration. It is hoped that all parties will jointly support the prompt passage of the agreement by the Legislative Yuan. Moreover, the executive branch fully respects the procedures and results of the Legislative Yuan in the handling of this case.
- 2. Safeguard mechanisms have been formulated for any potential risks resulting from the agreement:** Over the past period, various sectors have been concerned about the potential impacts the Trade in Services Agreement may bring to national security and industries, as well as the risks posed for employment. The government has also continuously explained to the public that there are related safeguard mechanisms have established for both the agreement and current

existing regulations.

For example, Article 3 of the agreement stipulates that neither side will open its job market to the other side. Article 8 states that, if the implementation of this agreement causes a substantive negative impact on the service sector, the affected party may demand consultation with the other party to actively seek solutions. Article 11 stipulates that the agreement may not hinder any exceptional measures adopted by the other side related to national security; Article 17 stipulates that upon three years after the date of the agreement implementation, any commitment may be modified or revoked at any time; and Article 19 stipulates for both sides to convene annual meetings to review the agreement.

With respect to currently existing laws, both the *Regulations Governing Investment in Taiwan by Persons of the Mainland Area* and the *Permit Guidelines for the Entry of People from the Mainland Area into the Taiwan Area* mandate strict controls on the entry of Mainland capital and people to Taiwan, including prior review, post-management and penalty mechanisms. The government will continue to rigorously inspect future cases of Mainland investment, as well as restrict Mainland enterprise investments with military background or purposes. Investments will also be prohibited in cases where there are concerns over exclusive occupancy, oligopoly or monopoly position, political, social or cultural sensitivities or national security, or potential negative influence on national economic development or financial stability. These mechanisms are sufficient to maximize benefits and minimize risks of the Trade in Services Agreement. The government will continue to follow these principles and implement control mechanisms in the future, while at the same time, it also welcomes advice and suggestions from all sectors.

3. Corresponding measures are in place in case of potential impacts the Trade in Services Agreement may bring to industries and workers: In addition to the above-mentioned safeguard mechanisms, the government has formulated a "Program to Assist Industries in Adjusting to Trade Liberalization." After the signing of the Trade in Services Agreement, total budget of this program has increased from the original NT\$95.2 billion to NT\$98.21 billion. The program provides three adjustment support strategies targeted at three different groups, being revitalization guidance, industrial transformation and damage relief. It is hoped

that these support strategies will upgrade companies' competitiveness and guide their transformation, while at the same time, also provide employment counseling, skill training and subsidy support for affected workers.

The Trade in Services Agreement is not only related to the development of Taiwan's service industry, but also to the progress of cross-strait trade in goods agreement negotiations , Taiwan's free trade agreements negotiation with other countries and accession to the Trans-Pacific Partnership, the Regional Comprehensive Economic Partnership and other arrangements for regional economic integration. It is of significant impact on Taiwan's future exports of goods and services. Related authorities will bear in mind the criticism and advice of various parties concerning the process and outcome of the Trade in Services Agreement negotiations, and will continue to actively make improvements to live up to the people's expectations. The government will continue to adhere to the initial intention of "helping the people do business and increasing Taiwan's competitiveness," create a sound competitive environment for industries, and continue efforts to enhance the well-being of the people.