

**Global Deployment and
Cross-strait Economic and Trade Relations:
Conclusions from the Conference on Sustaining
Taiwan's Economic Development
(Draft)**

Panel on Global Deployment and
Cross-strait Economic and Trade Relations

Conference on Sustaining Taiwan's Economic Development

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Consensuses

A. Basic understandings of global deployment and cross-strait economic and trade relations

1. Only by boldly pursuing innovative concepts and creating comparative advantages in the wake of globalization can Taiwan raise its international competitiveness and sustain its economic development.
2. Taiwan must face the fact that the economic rise of China and India has greatly altered the global market. It must recognize the opportunities and risks that these changes present to Taiwan's economic development. Only by paying due attention to risk management can the dynamic changes in the global market be transformed into long-term economic advantages for Taiwan.
3. The development of cross-strait economic and trade relations has positive and negative effects. In pursuing the division of labor across the Taiwan Strait, Taiwanese businesses have poured investment into China, thereby expanding cross-strait trade and, to a certain extent, contributing to sustaining the momentum of Taiwan's economic development. Cross-strait economic and trade relations have, however, been consistently tilted in China's favor in terms of human resources, capital, and technology

transfers. Their subsequent impact cannot be ignored. Taiwan must address the pressing issue of how to minimize these negative effects while continuing to promote the development of cross-strait economic and trade relations.

4. The macroeconomic risk posed by cross-strait economic activity and trade lies in the growing dependence of Taiwan's economy on China's market. As of 2005, 53.3 percent of Taiwan's cumulative total external investment had gone to China, reaching 71 percent in 2005 alone. China accounted for 28.4 percent of Taiwan's exports in 2005, for as much as 37.8 percent if Hong Kong is included. Taiwan's increasing reliance on China in recent years has caused concern over the "Sinification" of Taiwan's economy, impacting Taiwan's ability to independently pursue economic development. The government must proactively take on the responsibility of risk management to effectively reduce the overall risk that may arise from the liberalization of cross-strait economic and trade relations.

5. There are a number of major factors underlying Taiwan's growing economic dependence on China's market:
 - a) Business development in Taiwan has relied heavily on contract manufacturing. Under pressure from global competition, local businesses have been forced to carry out large-scale relocation of their production and manufacturing operations to China, where production costs are lower. This

has led to a demand for the further expansion of cross-strait economic and trade relations. A fundamental adjustment to this development is necessary in order to effectively reduce Taiwan's dependence on China's market.

- b) Taiwanese businesses have become habituated to investing in China's market due to its geographic proximity as well as linguistic and cultural similarities. The crucial factor in minimizing these businesses' dependence on China's market lies in providing guidance on how to modify their accustomed way of doing business.
 - c) The rise of neighboring economic zones and new metropolises has weakened Taiwan's overall competitiveness. Unfavorable changes have arisen in the domestic investment environment due to economic and non-economic factors (the latter including political antagonism, negative interactions between the executive and legislative branches, and resultant inefficiency), which, in turn, are important reasons why businesses have stepped up their investment in China.
 - d) Beijing's systematic strategy of attracting Taiwanese investment over the past several years is a major factor that cannot be ignored.
6. Under pressure from global competition, local and foreign businesses have practical demands for, as well as high expectations concerning, direct cross-strait flights and the "three links" (transportation, postal, and commercial links). However,

these links would inevitably accelerate economic integration across the Strait, increasing Taiwan's economic dependence on China, and presenting more challenges to Taiwan's economy. This calls for an appropriate response from the government. Moreover, direct cross-strait transportation involves issues of government authority such as security, the carrying of a flag, the verification of documentation, and transportation management. Such links would be possible only after negotiations have been conducted and an agreement signed between the two governments. To ensure that cross-strait economic and trade relations are in line with Taiwan's overall interests, it is imperative to address the questions of how to induce Beijing to resume institutionalized cross-strait consultations and how to proceed with preparatory work.

7. Facing issues such as globalization and cross-strait economics and trade, the ruling and opposition parties as well as all sectors of society agree that priority should be given to national security and Taiwan's overall interests. There is, however, a disparity of understanding concerning these topics, and there are a plethora of views on cross-strait economic and trade policies. These differences of opinion must be acknowledged. How to formulate policies and plan systems so as to guide enterprises to cooperate with the government, and how to forge a consensus between the ruling and the opposition parties to seek common goals, therefore, are important tasks requiring substantive action to ensure the

sustainable development of Taiwan's economy.

8. Concerning the above-mentioned views, the panelists maintain that in order to enhance global competitiveness and reduce dependence on China's market, efforts must be made in the following areas:
 - a) Building on its current foundation, Taiwan should accelerate efforts to promote research and development (R&D), innovation, branding, and quality of service so as to boost added value in all industries and make the strongest possible effort to sharpen Taiwan's overall competitiveness. Taiwan should also strengthen its ability to serve as a globally well-connected base for value-added services, manufacturing, and R&D.
 - b) Policies should be formulated to encourage enterprises to seek their own "blue ocean" strategy, expand operations in parts of the world other than China, promote strategic global economic cooperation to break through the barriers preventing Taiwan's participation in institutionalized regional economic integration, and reinforce Taiwan's capability to serve as a platform to link the world's nations.
 - c) Premised on the imperative to put Taiwan's interests first while maintaining a global perspective, efforts should be made to increase investment in Taiwan, create job opportunities, balance urban and rural development, and reduce income disparities.

B. Consolidating Taiwan's economic foundation and increasing its advantages in global operations

1. Businesses must sharpen their competitive edge, and stronger efforts should be made to attract foreign investment and encourage overseas-based Taiwanese businesspeople to redirect their investments to Taiwan.

a) The government should continue to promote the upgrading and transformation of businesses and encourage investment in high value-added industries such as R&D, innovation, branding, and a knowledge-based economy as well as in services. No shortcuts, however, exist as far as such upgrading and transformation are concerned. Success will come from a continued effort and long-term investment on the part of both the government and the private sector. In addition to efforts currently being made, innovative actions such as the following should be taken:

(1) Undertake an overall re-examination of the development plans of various industries from the standpoint of promoting overall business efficiency. Augment the capacity of planning, avoid redundancy in utilization of resources, and prevent waste. The government's limited resources should be concentrated on assisting and developing promising, key industries.

(2) Increase labor market efficiency. Draw up plans

concerning the development of human resources over the next one to two decades. Assist businesses in developing relevant skills and cultivating management personnel. Resolve problems concerning the shortage of qualified professionals and the imbalance between labor supply and demand.

- (3) Enliven capital markets. Improve methods of utilizing capital over the medium and long term and strengthen their function of catering to business transformation. Funds managed by the government should be used first on investing in Taiwan. Strict regulations should be in place concerning investment abroad.
- (4) Strive to use land more efficiently. Re-examine the efficiency of the utilization of farmland as well as of state-owned land and the land used by state-run enterprises. Taking environmental costs into account, the government should create a mechanism for efficiency and fairness so as to provide, in an appropriate manner, land that is available for use to businesses. In addition, comprehensive reviews should be conducted on the state of development and utilization of all kinds of industrial parks. An integrated mechanism should also be created to avoid wasting resources in the development process and allowing land to remain idle.
- (5) To encourage investment in Taiwan, different forms of

preferential treatment should be provided to businesses. Preferential measures and assistance, such as recruiting those performing alternative military service who have the capability to do R&D, tax breaks, or financial support should be provided. Investors who choose Taiwan as a priority investment destination can enjoy a greater degree of preferential treatment, as this can help to realize the developmental aim of “cultivating Taiwan while promoting a global perspective.”

- (6) Complementary regulatory measures to accommodate the transformation of businesses should be established. This will minimize social costs associated with such transformation and provide incentives to upgrade or transform Taiwan’s businesses and remove impediments to transformation.
- (7) The accumulation of intellectual property as a form of capital should be accelerated. The government should draft a long-term plan to enhance such accumulation and establish concrete indicators by which to evaluate the plan’s effectiveness.

b) In order to increase Taiwan’s overall economic competitiveness and strengthen the regional advantages its businesses enjoy, so as to meet the challenge of the rise of economic zones and new metropolises in the region, Taiwan must adjust its overall strategy. It can start by

considering its spatial structure and its strategic location.

Concrete measures that should be adopted are as follows:

- (1) In response to the completion of construction and beginning of operations of the Taiwan High Speed Rail as well as to the integration of air and sea transportation construction projects, a re-structuring of existing domestic economic zones is needed. This can be done by integrating public and private resources, coupled with a local liaison mechanism to carry out planning and construction work. In addition, new zones should be made complementary so as to boost overall national competitiveness.
- (2) The government should re-engineer the structural interaction of free-trade ports and their related special industrial zones, review restrictions on the ratio of local versus foreign laborers, and rectify the situation wherein a disproportionate amount of economic incentives is offered to attract businesses outside of the ports to move into these areas. It should also introduce innovative services, develop high value-added regional industries of strategic significance, and increase the functionality of free-trade ports across the board.
- (3) The government should comprehensively revamp its development strategy for international commercial ports and sea transportation, and should formulate and

implement medium- and long-term plans. In light of international transportation trends, the future construction and development of trade ports should integrate their combined effectiveness with regard to transshipment capabilities, business development, and regional construction, with a view to enhancing the overall added value that seaports can provide.

(4) Study and propose short, medium-, and long-term restructuring plans to increase the competitiveness of air transport. A comprehensive evaluation should be made of the problems in the management and operation of international airports, in order to integrate air transport resources, which in turn will boost the overall efficacy of business transformation.

c) Enhancing the ability to attract foreign investment and investments by overseas-based Taiwanese businesspeople.

(1) A platform for the exchange of information and liaisons for use by overseas Taiwanese investors should be established. Information concerning investment opportunities and preferential measures should be provided. Assistance should also be provided to them in resolving problems related to redirecting their investments to Taiwan.

(2) An effective mechanism and a system of incentives to attract businesses to invest in Taiwan should be created. Government resources should be brought

together to proceed in an all-out effort to solicit businesses and investment from overseas, and to realize the concept of one-stop service to increase efficiency and bring in further foreign investment.

- (3) Assistance should be provided to foreign businesses with investment in Taiwan in solving the problem of recruiting qualified personnel.
 - (a) In accordance with the norms and principles of the World Trade Organization, restrictions on transnational transfers of foreign firms' personnel should be dropped.
 - (b) The government should make it easier for foreign professionals recruited by foreign firms to obtain visas and work permits by relaxing restrictions and streamlining the process.
 - (c) A comprehensive set of complementary measures concerning foreign professionals coming to work and live in Taiwan should be formulated.
- (4) Restrictions on foreigners, excluding citizens of China, who invest directly in Taiwan, should be reviewed and revamped. Bearing in mind the preconditions of reciprocity between nations and bringing benefits to Taiwan, the government should revise the laws to allow foreign professionals to provide services in Taiwan.
- (5) A financial environment that facilitates repatriation of

capital by Taiwan's businesspeople to Taiwan should be created.

- (a) Relevant tax systems should be reformed in order to reduce the barriers Taiwan's businesspeople face when repatriating capital to Taiwan. To achieve this, complementary measures such as lowering the estate and gift taxes should be taken.
- (b) The functions of offshore banking units (OBUs) should be expanded so that Taiwanese businesspeople are able to use Taiwan as their base for financial operations and asset management.

2. Actively participating in international economic cooperation and assisting businesses with global deployment

- a) Agreements (such as free trade agreements (FTAs) and bilateral tax agreements) with strategic trade partners should be encouraged. Taiwan should also pay greater attention to, and participate in, the institutionalized economic integration of East Asia.
- b) As long as political obstacles still prevent Taiwan from signing FTAs and participating in institutionalized regional economic integration, the following strategic measures should be taken:
 - (1) The capabilities of the public and private sectors should be combined, and strategic international

economic cooperation promoted, so as to achieve results similar to those of FTAs.

- (2) The influence of Taiwanese businesses' overseas investments and the capabilities of academic institutions in the private sector should be effectively utilized in order to break down obstacles blocking Taiwan's participation in FTAs.
 - (3) Local enterprises should be assisted in investing in countries that have signed regional economic agreements or FTAs with Taiwan, in order that they may obtain indirect benefits from transnational economic integration.
- c) Trade and investment barriers should be removed by utilizing World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC) mechanisms. This will give Taiwanese businesses the opportunity to engage in fair competition in the international market.
 - d) Mechanisms facilitating international trade negotiations should be strengthened, government resources increased, and private sector resources integrated. This will pave the way for Taiwan's participation in FTAs and international economic integration, and enhance Taiwan's role in the WTO and APEC.
 - e) Economic cooperation projects between Taiwan and its Central American allies should be implemented.
 - f) The government should help Taiwanese businesses enter

different markets worldwide in order to avoid a concentration of investment in a single market.

- (1) In the face of oil price increases, skyrocketing profits in oil-exporting countries, and those countries' increased demand for construction services as well as other burgeoning business opportunities, the government should draw up a plan to help businesses invest in oil-exporting areas such as the Middle East. It should also start laying the groundwork for securing alternative energy sources worldwide.
- (2) The government should continuously develop projects for the systematic collection and analysis of information concerning commercial opportunities and national conditions in emerging markets other than China. Moreover, the government should choose specific countries or areas, then concentrate its limited resources on helping enterprises enter those markets. This will enable businesses to develop global operations and diversify their markets.
- (3) A thorough review should be made of the current guidance mechanism for export marketing and foreign investment. The government should proactively make incentives and assistance available to Taiwanese businesses so as to aid them with global development. The establishment of a Global Operations Development Fund should be considered for the same purpose.

- (4) A platform providing information on foreign investment—including information on the economic conditions in, and risk assessments of, various countries, and an advisory mechanism helping businesses plan their global operations—should be established.
- g) Allocation of government resources and personnel in the Ministry of Foreign Affairs and other foreign-affairs-related agencies should be reorganized with a view to promoting participation in international economic cooperation activities and local enterprises' global deployment.
- h) Programs should be designed to foster and train qualified personnel in international economic and trade-related affairs and negotiation, as well as to improve their foreign language abilities in order to strengthen businesses' global deployment capabilities.

C. Adjustment of policies on cross-strait economic and trade relations

1. Strengthening risk management mechanisms for cross-strait economic and trade activities

As risks and negative effects arise in the wake of the development of cross-strait economy and trade, besides the need for local enterprises to be able to apply risk management on their own initiative, the government also has the responsibility to establish and strengthen risk management

mechanisms. By so doing, the potential harm to the nation's overall interests and individual industries' interests which may result from the continued development of cross-strait economic interaction and trade could be averted.

- a) The government should annually assess the impact of cross-strait trade and investment and publish a report on its findings. The report should contain a full range of cross-strait economic and macroeconomic indicators (including evaluations of both positive and negative effects), evaluations of risk in China's financial sector, economy and society, as well as the potential impacts on our national security. The aforementioned indicators may include the respective ratios of Taiwanese businesses' investment in China to Taiwan's GDP, to domestic investment, and to Taiwan's overall foreign investment in China; the proportion of Taiwan's total exports accounted for by exports to China (including Hong Kong); changes in trade structure, economic growth rate, unemployment rate, surplus savings rate, and conditions in foreign-exchange inflow/outflow and reserves. If any abnormality is found, immediate responses should be made to lessen the risk of harm to the overall national economy from cross-strait trade and other economic activities.
- b) The competent authorities should establish effective risk management mechanisms for cross-strait personnel, investment, financial, and technological exchanges, so as to

guard against security threats such as smuggling, illegal entry, and overstaying visas. In addition, these measures can avoid outflow of sensitive technologies, technologies of core industries, and superior hybrids, and lessen the potential risk to Taiwan's overall economy and its financial sector.

- c) The government should strive to facilitate talks on law procedural rules related to cross-strait trade and investment, such as the protection of Taiwanese investments and businesspeople's personal security, arbitration of disputes, protection of intellectual property rights, and allowing Chinese tourists to visit Taiwan. The government should also take actions to address problems relating to the infringement on intellectual property rights. These include Chinese nationals' registration of the brands of Taiwan, famous Taiwanese agricultural products as well as place names and company names associated with them, and their marketing of China-grown products labeled with such names.
- d) The Chinese authorities should be requested to make promises concerning, and carry out, measures to protect the rights and interests of Taiwanese investment in China and the personal security of Taiwanese businesspeople in China.
- e) The Chinese authorities should be requested to recognize professional licenses issued in Taiwan.

2. Issues concerning visits of China's citizens to Taiwan

- a) Priority should be given to the relaxing of restrictions on traveling between Taiwan and China for people engaged in normal business activities:
- (1) Restrictions on the number and professional qualifications of the Chinese personnel of transnational enterprises who come to Taiwan to attend meetings or participate in related activities should be relaxed, in order to raise the willingness of such enterprises to build operations centers in Taiwan.
 - (2) Restrictions on Chinese businesspeople invited by local enterprises to visit Taiwan should be appropriately relaxed.
 - (3) Complementary security management measures concerning Chinese businesspeople visiting Taiwan should be improved.
- b) With a view toward boosting the volume of foreign tourists, the ban on Chinese tourists traveling directly from China to Taiwan (in Category 1) should be lifted while ensuring conformance with the following fundamental policies:
- (1) Taiwan's national identity and consciousness must be maintained, and liberalization absolutely cannot come at the price of undermining Taiwan's sovereignty.
 - (2) Comprehensive complementary security management procedures must be established—including controlling the total number of tourists from China and demanding that they enter and depart in groups—in order to avoid

potential resultant negative effects.

- (3) Taiwan's capacity to play host to Chinese tourists and related measures must be well developed in order to maintain a high level of quality.

3. Cross-strait trade and investment

- a) Taiwan's policy for investing in China should continue under effective risk management.

- (1) When reviewing an application for approval of key investment in China, full consideration should be given to factors such as the applicant's plans to investment in projects of equal scale in Taiwan, its global deployment strategy, technology transfers, changes in local employment and financial plans, as well as the return on investment that the parent company is likely to receive. Further, in order to ensure that the investment is favorable to Taiwan's overall interests, such important factors as the impact that the project will have on related industries and Taiwan's economy should also be considered, and subsequent supervision and evaluations carried out.

- (2) Under the principle of maintaining Taiwan's technological lead and non-export of core technologies, investment projects in China which involve the management of technology export may be considered when the technology in question has already been developed to a mature stage in China or is no longer regulated by the international

community (such as with the Wassenaar Arrangement). However, attention must still be paid to the impact that such investment projects will have on Taiwan's business environment as a whole and local employment.

- b) Opening Taiwan's market to Chinese commodity imports should be promoted with caution.
 - (1) Regular and irregular reviews of plans promoting the opening of Taiwan's market to Chinese imports should be made in accordance with existing review mechanisms, and adjustments to these plans should be implemented gradually.
 - (2) The opening of Taiwan's market to Chinese imports should be well-planned, and negotiations under a WTO framework should be held between representatives of the two sides. Systematic adjustments should be made to these plans when introducing measures aimed at helping industry adapt to relevant changes.
 - (3) When the import of a particular product may affect local industry, the government should adopt defensive trade mechanisms (such as exercising anti-dumping regulations and introducing import relief measures) as a way of safeguarding the rights of local enterprises.

4. Cross-strait financial exchanges

The increase in Taiwanese investment in China has resulted in a huge demand for financial services. Though local financial institutions possess the capabilities and enthusiasm to tailor their

services to the needs of Taiwanese businesses in China, cross-strait financial exchanges involve numerous unpredictable risks. Therefore, firewalls and financial supervisory mechanisms should be established in an orderly manner accordingly.

- a) Predicated on the imperative to safeguard Taiwan's national sovereignty and security, negotiations on an equal footing should be held between the two governments, and agreements establishing cross-strait financial supervisory mechanisms should be made. Opinions from various sectors should be sought and a risk-assessment report on the policy of allowing the offices of Taiwanese banks in China to be upgraded to branches.
- b) The government should continue to press for cross-strait negotiations on the signing of a memorandum of understanding governing the verification of financial documents.

5. Direct cross-strait flights

Direct cross-strait flights have far-reaching effects. Opinion polls over the years show that the majority of Taiwan's people support direct flights under the premise that national security, parity, and dignity are ensured, but oppose such flights if they are launched recklessly or unconditionally. Therefore, direct flights should be introduced when the time is ripe, backed up by comprehensive planning and complementary measures.

- a) To conform with Taiwan's greatest national interest, direct

cross-strait flights should be introduced through an agreement signed by the two governments after negotiations on an equal footing, and under the premise that Taiwan's national sovereignty and security are guaranteed.

- b) After an agreement is signed and implemented, direct cross-strait flights should be carried out in gradual stages so as to ensure orderly, steady progress.

Other Opinions

1. Keeping in mind both national security and businesses' need to maintain international competitiveness, the 40-percent ceiling on Taiwanese businesses' investment in China should be reviewed for possible adjustment.

2. The third item under part C. 3. a) under "Consensus" should read:
(3) A ceiling has been imposed on private businesses' investments in China primarily because of the special nature of the cross-strait relationship and the lack of transparency of information on business operations in China. The situation requires that an over-concentration of business investments in China be prevented. However, some enterprises have already exceeded or have almost reached the upper limit, which has led to a growing demand for a

higher ceiling. Nevertheless, some delegates believe that an over-concentration of investment in China has severely marginalized domestic investment. Past surveys have shown that a majority of the public expects the government to take more stringent measures against businesses' investment in China.

In view of the complexity of this issue, the government should conduct a thorough review of the cap on China-bound investment and its effectiveness, and establish a management mechanism that is more effective, objective, fair, and transparent. This would ensure that while keeping overall risk at a manageable level, the government could handle the investment cap issue by considering such related factors as businesses' global deployment, their parallel investments in Taiwan, the maintenance of Taiwan's technological edge and outflow control over core technologies, the impact on the domestic business environment and local employment, as well as foreseeable risks. The government should also establish countermeasures in response to the effects that this mechanism would have on regulations regarding capital management. At the same time, in order to increase investment in Taiwan, the government should maintain the current investment cap until the average domestic investment rate (fixed capital formation as a percentage of GDP) reaches 25 percent, a situation not seen for the past three years, at which time an adjustment could be considered.

3. In accord with mainstream popular opinion, the government should not further expand the scope of investments by Taiwan's businesses

in China, especially before the government has been able to effectively reduce the impacts of the excessive flow of investment from Taiwan's businesses to China, and before related public consensuses are formed. The current ceiling on listed companies' investments in China should be maintained.

4. The government should promote investing in Taiwan as a replacement for investing in China. The venture capital fund, as part of the Development Fund of the Executive Yuan, and various other funds managed by the government should be forbidden from investing in China.
5. The government should establish a mechanism for encouraging Taiwanese businesses to redirect their investments to Taiwan. However, such investments do not necessarily mean "listing in Taiwan." The government should not open listing to Taiwanese businesses by establishing an "international board."
6. There is still hostility between Taiwan and China. Opening Chinese investment to Taiwan would have a substantial impact on Taiwan's financial security, economic order, and even national security. Therefore, before doubts about these things are dispelled, the time will not be ripe for allowing China-based enterprises to set up offices and invest in Taiwan.
7. The government should periodically provide such reports as a risk

evaluation on China's economy as well as one on the human rights in various provinces and cities in China. These could serve as a basis for reviewing future applications by Taiwan's businesses to invest in China.

8. Financial exchanges between Taiwan and China must be premised on ensuring national sovereignty and security. The governments of the two sides should carry out negotiations and sign agreements to establish a cross-strait financial supervisory system prior to formulating and promoting exchanges in a step-by-step and steady manner.
9. Issues regarding the promotion of direct cross-strait flights and the relaxation of regulations should be considered.
10. Before direct cross-strait direct flights are launched, measures concerning cargo and passenger charter flights and the facilitation of sea transportation should take priority. In this way, more experience can be gained under the principle of not replacing regular direct flights with the normalization of charter flights. Moreover, routine evaluations on results and related impacts should be made to be used in drafting thorough plans and preparations for negotiating direct flights and follow-up measures.
11. Before direct cross-strait direct flights are launched, measures concerning cargo and passenger charter flights and the facilitation of

sea transportation should take priority. In this way, more experience can be gained under the principle of not replacing regular direct flights with the normalization of charter flights. Moreover, routine evaluations on results and related impacts should be made.*

12. The government should promote the facilitation of cross-strait cargo shipping so as to help Taiwan become a shipping center.
13. Under the preconditions of ensuring national sovereignty and security, direct flights between Taiwan and China must be negotiated by the governments of both sides and begun only after agreements have been signed. The use of the normalization of charter flights or standardized charter flights, a method that dodges the issue of sovereignty, to stand in place of direct cross-strait flights is strongly opposed.
14. To prevent Taiwan's businessmen and political figures from lobbying for China and putting pressure on Taiwan's government, a "sunshine law concerning lobbying for China" should be formulated to regulate the lobbying activities of Taiwan's businessmen, public officials, and political party members.
15. A principle of preventing conflicts of interest must be applied to delegates from Taiwan responsible for negotiating with China. Interested parties should be forbidden from acting as delegates to China. This would help to prevent a moral hazard from existing as

well as a danger that Taiwan's national interests could be sacrificed. The government should abolish multiple entrustment mechanisms immediately.

16. All competent departments in charge of different services, including the Ministry of Education (in charge of educational services) and the Department of Health (in charge of medical services), should establish a business development section or task force that, in addition to the current responsibility of providing supervision, should also be responsible for the respective category of service provided by that department.

17. Policies concerning foreign laborers should be re-examined.

18. Land should be provided, free of charge, for investment and the establishment of factories.

*Numbers 10 and 11, while appearing to be repetitive, accord with the original Chinese text.

Should discrepancies exist between the Chinese and English texts, the Chinese version takes priority.