
Negotiation Results of the Ninth Round of Cross-Strait High- Level Talks between the SEF and the ARATS

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I. Introduction

- The ROC government continues to promote the orderly operation of institutionalized cross-strait negotiations by the principle of "putting Taiwan first for the benefit of the people." This has been beneficial to cross-strait interactions and has created a secure and stable environment for national development.
- The two sides of the Taiwan Strait have held nine rounds of high-level talks between the SEF (Strait Exchange Foundation) and the ARATS (Association for Relations Across the Taiwan Straits) through institutionalized negotiations channels. These talks have resulted in 19 agreements and two consensuses. They also demonstrate the interactive framework of "mutual non-denial of authority to govern between the two sides" and establish clear norms for the order of cross-strait exchanges.

II. Overview of the Ninth Round of High-Level Talks

- On May 17, the MAC authorized the SEF to sign the "Cross-Strait Trade in Services Agreement" with the ARATS.
- On both June 14 and June 20, the SEF and ARATS held preparatory consultations in Taipei at the vice chairman level.
- The Ninth Round of High-Level Talks was successfully held on June 21 in Shanghai of the Mainland.

III. Major Results of the Ninth Round of High-Level Talks

1. Signing of the “Cross-Strait Trade in Services Agreement”
2. Confirming Negotiation Issues and Arrangements for the Tenth SEF-ARATS High-Level Talks
3. Reviewing the Results of 18 Agreements Signed between the SEF and the ARATS

III. Major Results of the Ninth Round of High-Level Talks

1. Signing of the “Cross-Strait Trade in Services Agreement”

(1) Background of the signed Agreement

- The Economic Cooperation Framework Agreement (ECFA) was signed in June 2010. According to the ECFA, the two sides should promptly conclude negotiations on investment, trade in services, trade in goods, and dispute settlement agreements, therefore competent authorities on both sides began consultations concerning the trade in services agreement since March 2011. The Cross-Strait Trade in Services Agreement is the first free trade agreement concluded on the basis of the ECFA and Article 5 of the WTO General Agreement on Trade in Services (GATS). The WTO will be notified soon according to regulations.
- The negotiations on the trade in services agreement aim to gradually reduce or eliminate restrictive measures on trade in services imposed by numerous competent authorities on both sides.

III. Major Results of the Ninth Round of High-Level Talks

1. Signing of the “Cross-Strait Trade in Services Agreement”

(2) Contents of the Agreement (1/2)

- **Text of the Agreement:** The agreement specifies obligations that the governments of the two sides shall abide by when adopting measures affecting trade in services.
- **Annex (Specific Commitments):** According to WTO classification of services industry, 11 sectors including business, telecommunications, construction, distribution, environmental services, health and social services, tourism and travel services, entertainment, cultural and sporting services, transportation, financial service, and others have made market-opening commitments. **The Mainland will open 80 service sub-sectors and Taiwan will open 64 service sub-sectors.**

III. Major Results of the Ninth Round of High-Level Talks

Table 1: Commitments to Market Opening of the Cross-Strait Trade in Services Agreement

Sector	Taiwan Commitments				Mainland Commitments		
	WTO-	WTO=	WTO+	(Mainland China's Investment)	CEPA-	CEPA=	CEPA+
Non-Finance	19	18	18	28	13	37	15
Finance	4	4	1	9	1	9	5
Sub-total	23	22	19	37	14	46	20
Total	64(55+9)				80(65+15)		

Table 2: Commitments to Market Opening of the Cross-Strait Trade in Services Trade Agreement (Non-financial)

Sectors	Taiwan Commitments				Mainland Commitments		
	WTO-	WTO=	WTO+	Mainland China's Investment +	CEPA-	CEPA=	CEPA+
Accounting, auditing and bookkeeping services	No commitments				●(1)	●(2)	
Architectural design, engineering, and integrated engineering services	No commitments				●(3)	●(2)	●(2)
Computer and related services		●		√		●(2)	
Real estate services	No commitments				●(1)		
Aircraft leasing		●		√	Committed to opening under the WTO		
Private passenger car finance leasing		●		√	Committed to opening under the WTO		
Other machinery and equipment leasing (excluding telecommunications equipment and electrical equipment leasing)	●			√	Committed to opening under the WTO		
Advertising services (excluding the radio and television advertising industry)	●			●	Committed to opening under the WTO		
Market research services	●			●		●(1)	
Management consulting services		●		●	Opened under the WTO		
Technical testing and analysis services	●		●	●(2)		●(1)	●(2)
Technical testing and analysis services for non-clinical trial and inspection of medical equipment	●			●	Committed to opening under the WTO		

Table 2: Commitments to Market Opening of the Cross-Strait Trade in Services Trade Agreement (Non-financial) (continue)

Sectors	Taiwan Commitments				Mainland Commitments		
	WTO-	WTO=	WTO+	Mainland China's Investment +	CEPA-	CEPA=	CEPA+
Consulting services incidental to animal husbandry (not involving poultry incubation and livestock and poultry breeding)	●			√	Committed to opening under the WTO		
Services incidental to mining		●		√	No commitments (also no commitments under the WTO)		
Consulting services related to science and technology (limited to geological, mineral and other scientific surveying services)	●			●	Committed to opening under the WTO		
Equipment maintenance and repair services		●		√	Committed to opening under the WTO		
Building cleaning services		●		√		●(1)	
Photographic services		●		√		●(1)	
Packaging services		●		●	Committed to opening under the WTO		
Printing and auxiliary services			●	●		●(4)	●(1)
Exhibition services			●	●	●(1)	●(1)	●(1)
Duplicating services		●		√			●(1)
Translation and interpretation services		●		√		●(1)	
Mailing list compilation services	●			●	No commitments (also no commitments under the WTO)		
Courier services		●		●	Committed to opening under the WTO		

Table 2: Commitments to Market Opening of the Cross-Strait Trade in Services Trade Agreement (Non-financial) (continue)

Sectors	Taiwan Commitments				Mainland Commitments		
	WTO-	WTO=	WTO+	Mainland China's Investment +	CEPA-	CEPA=	CEPA+
Telecommunications services specific services of Type II telecommunications enterprises (value-added telecommunications in the Mainland)	●			●	●(1)	●(1)	●(1)
Audiovisual services (distribution of movies and audiovisual products)	●			●		●(4)	●(1)
Construction and related engineering services	●			●		●(4)	
Distribution services (wholesale)		●		∨	●(1)	●(1)	
Distribution services (retail)	●			∨			
Distribution services (distribution)		●		∨	Committed to opening under the WTO		
Environmental services	●			●		●(1)	●(1)
Hospital services	●			●		●(4)	
Medical equipment renting or leasing services without operators		●		∨	Committed to opening under the WTO		
Social services (welfare institutions for the elderly and handicapped)			●	●	●(2)		
Tourist hotels		●		∨	Committed to opening under the WTO		
Restaurants		●		∨	Committed to opening under the WTO		
Travel agencies and tourism services	●			●			●(2)
Cultural and entertainment services (performance venue operation)			●	●	●(1)		
Cultural and entertainment services (online games)			●	∨		●(1)	

Table 2: Commitments to Market Opening of the Cross-Strait Trade in Services Trade Agreement (Non-financial) (continue)

Sectors	Taiwan Market Opening Commitments				Mainland Market Opening Commitments		
	WTO–	WTO=	WTO+	Mainland China's Investment +	CEPA–	CEPA=	CEPA+
Cultural and entertainment services (performance venue operation)			●	●	●(1)		
Cultural and entertainment services (online games)			●	√		●(1)	
Sporting services (sporting venue operations)			●	●		●(1)	
Amusement parks and theme parks			●	√	No commitments (also no commitments under the WTO)		
Maritime auxiliary services			●	√	●(1)		●(1)
Air transport services sales and marketing	●			●		●(1)	
Air cargo terminal operation			●	●	No commitments (also no commitments under the WTO)		
Road passenger transportation		●		√	●(1)	●(1)	
Road freight transportation			●	√			●(1)
Maintenance and repair of road transport equipment	●			√	No commitments (also no commitments under the WTO)		
Road transport support services (road passenger terminals, stations, and dispatch stations)			●	√	No commitments (also no commitments under the WTO)		
Road transport support services (highway bridge and tunnel management)			●	√	No commitments (also no commitments under the WTO)		
Road transport support services (parking lot services)			●	√	No commitments (also no commitments under the WTO)		

Table 2: Commitments to Market Opening of the Cross-Strait Trade in Services Trade Agreement (Non-financial) (continue)

Sectors	Taiwan Commitments				Mainland Commitments		
	WTO–	WTO=	WTO+	Mainland China's Investment +	CEPA–	CEPA=	CEPA+
Aerial tramway transportation services			●	√	No commitments (also no commitments under the WTO)		
Warehousing services	●			●	Committed to opening under the WTO		
Forwarding services	●			●		●(1)	
Laundry and dyeing services			●	●	No commitments (opened in practice)		
Hairdressing and other beauty services			●	●	No commitments (opened in practice)		
Funeral facility services			●	●			●(1)
Trademark agencies	No commitments (also no commitments under the WTO)					●(1)	
Subtotal	19	18	18	28	13	37	15
Total	55 commitments					65 commitments	

Table 3: Commitments to Market Opening of the Cross-Strait Trade in Services Trade Agreement (Financial)

Sectors	Taiwan Commitments				Mainland Commitments		
	WTO-	WTO=	WTO+	Mainland China's Investment +	CEPA-	CEPA=	CEPA+
Insurance		●(1)		●		●(1)	
Banking	●(1)	●(3)		●(4)		●(6)	
Securities and futures	●(3)		●(1)	●(4)	●(1)	●(2)	●(5)
Subtotal	4	4	1	9	1	9	5
Total	9 commitments				15 commitments		

Some highlight: (CHN to TWN)

- E-commerce: joint venture, 55%, Fujian province
- Large retail chain stores: JV, 75%
- Movies: unlimited
- Hospitals: wholly-owned, some provinces
- Security firms: JV, 51%, full license, Shanghai, Sehngzhen, and Fujian
- Banks: branches in same provinces, and TVB

Some highlight: (TWN to CHN)

- Banks: no OECD experience required, 10%, 15%, 20% of shares with varies types of ownership
- Security firms: QDII to TWN US\$1 billion
- Printing firms: 50% shares
- Hotels: no restriction
- Beauty and hair salon: no restriction
- Only capital and investors (and managers) are allowed to TWN.

III. Major Results of the Ninth Round of High-Level Talks

1. Signing of the “Cross-Strait Trade in Services Agreement”

(2) Contents of the Agreement

- Annex (Specific Provisions on Service Providers): Regarding treatment granted by the two sides that are preferential to that of WTO, the agreement requires that the service providers of either side must have substantive business on its own side for a certain number of years (3 to 5 years) in order to enjoy preferential treatment granted by the other side when establishing a business office on the other side.

III. Major Results of the Ninth Round of High-Level Talks

1. Signing of the “Cross-Strait Trade in Services Agreement”

(3) Benefits of the Agreement Signing (1/2)

- **Substantively increase ECFA benefits:** the items opened up in the Agreement have grown 7 to 8 folds of that in the ECFA. Some highlights have been shown as above.
- **Expand mutual trust across the Strait:** negotiation on the Agreement is a huge task. **The conclusion of the Agreement not only demonstrates the sincerity of both sides in enforcing the ECFA, it also demonstrates an expansion of mutual trust,** which is beneficial to the future negotiations on ECFA follow-up agreements of trade in goods and dispute settlement.

III. Major Results of the Ninth Round of High-Level Talks

1. Signing of the “Cross-Strait Trade in Services Agreement”

(3) Benefits of the Agreement Signing (2/2)

- **Promote participation in regional economic integration:** The signing of the agreement conveys a message to the international community that Taiwan will further liberalize its trade. This will help related countries accelerate the signing of FTAs with Taiwan, including Singapore, New Zealand, the Trans-Pacific Strategic Economic Partnership (TPP), and Regional Comprehensive Economic Partnership (RCEP).
- **Help Taiwan investors into the Mainland market:** The preferential treatments of the Agreement will grant investors better access into the Mainland market. The agreement will also help foreign firms with investments in Taiwan over a certain period of time to enter the Mainland market.

III. Major Results of the Ninth Round of High-Level Talks

2. Confirming Negotiation Issues and Arrangements for the Tenth SEF-ARATS High-Level Talks

- (1) ECFA Follow-up Agreements: The two sides aim to complete negotiations and sign the "Trade in Goods Agreement" and "Dispute Settlement Agreement" by the end of this year.
- (2) The two sides have agreed that agreements can be signed on other issues with consensus, including "Cooperation on the Avoidance of Double Taxation and Strengthening of Tax Cooperation," "Reciprocal Establishment of Institutions by the SEF and the ARATS," "Earthquake Monitoring Cooperation," and "Meteorological Cooperation." They also agreed to promote exchanges between their competent authorities on environmental protection issues.

III. Major Results of the Ninth Round of High-Level Talks

3. Reviewing the Results of 18 Agreements Signed by the SEF and the ARATS (1/2)

- The two sides jointly reviewed the enforcement situation of the key agreements signed by the SEF and ARATS, including travel, air transport, joint crime-fighting and mutual judicial assistance, food safety, the ECFA, and investment protection and promotion. **In particular, Taiwan reiterated public opinion and concern on issues of domestic concern, including repatriation of major economic criminals and compensation in the melamine incident and other major food safety cases.**

III. Major Results of the Ninth Round of High-Level Talks

3. Reviewing the Results of 18 Agreements Signed by the SEF and the ARATS (2/2)

- During the talks, Taiwan proposed transit facilitation for mainland tourists visiting Taiwan. Taiwan is now actively developing Taoyuan International Aviation City as an East Asia air hub. At this time of rapid economic growth and increasing outbound travel from the Mainland, a cross-strait air route network would encourage Mainland travelers to transfer in Taiwan and help Taoyuan Airport to develop transfer functions. Moreover, this facilitation opening measure would enhance the competitiveness of the flight transfer market on both sides. The Mainland side was therefore urged to promptly handle this issue according to aviation norms.

IV. Government Follow-up Actions and Future Outlook for Cross-Strait Relations

1. Government Follow-up Actions

- The ruling and opposition parties in the Legislative Yuan have reached a consensus to review the trade in services agreement in details. The MAC will strengthen communication with the congress to complete congressional procedures as soon as possible. Moreover, the MAC will strengthen communication to industrial circles to defuse concerns, build support, and let businessmen and the people to gain the benefits of the agreement.
- Regarding the negotiation agenda for the tenth round of cross-strait talks, negotiations have commenced and phased progress has been achieved on some issues. As for newly included issues, the MAC and related agencies will set up a taskforce to promote various work, conduct a full assessment, and carefully deliberate to strive for the best interests of the country.

IV. Government Follow-up Actions and Future Outlook for Cross-Strait Relations

2. Future Outlook for Cross-Strait Relations

Looking ahead, the government will pursue the overall objectives outlined in President Ma's National Vision on "Golden Decade, Cross-Strait Peace," including "consolidating the sovereignty of the Republic of China, making the best use of cross-strait advantages to strengthen Taiwan, highlighting Taiwan's soft power and core values of freedom, democracy, human rights, and the rule of law, and building long-term peace and stability in the Taiwan Strait." On the basis of seeking "prosperity, security, and dignity," efforts will be made to advance peace, stability, and positive development in cross-strait relations and create a favorable environment for Taiwan's economic development and global presence.



The End
Thank You!