

Q&A about the Cross-Straits Agreement on Trade in Services

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Q1: What is the Cross-Straits Agreement on Trade in Services?

It is an agreement that protects the rights and interests of service suppliers in Taiwan and mainland China. The Cross-Straits Agreement on Trade in Services is part of the whole picture of the Cross-Straits Economic Cooperation Framework Agreement (ECFA). It is an agreement that was reached between the two Parties to stipulate in writing the matters related to gradually reducing or eliminating restrictions on trade in services.

Q2: What is the purpose of the Cross-Straits Agreement on Trade in Services?

The purpose of this Agreement is to reduce restrictions on trade in services, expand the scope of market and business for service suppliers, and enhance cooperation in trade in services between the two Parties.

The implementation of the Cross-Straits Agreement on Trade in Services will help Taiwanese service suppliers enter the mainland Chinese market with preferable treatment and expand their business scale.

Q3: What are benefits of the Cross-Straits Agreement on Trade in Services?

The Cross-Straits Agreement on Trade in Services offers service suppliers of the two Parties better access to each other's service market. Additionally, it marks one of the major steps for Taiwan to join regional economic integration and sign trade agreements with trading partners. It will also enhance the transparency of rules on trade in services and help service suppliers of both sides do business smoothly.

Q4: What are the main contents of the Cross-Strait Agreement on Trade in Services?

The basic framework is similar to that of other agreements on trade in services or service chapters in FTAs, with the text and its two annexes, the Schedules of Specific Commitment on Trade in Services and the Specific Provisions of Service Suppliers.

The main contents of the Cross-Straits Agreement on Trade in Services include the scope of application and exceptions, transparency requirements, administration of regulatory measures, prevention of unfair competition, permission of transfers and payments for current transactions, principle of fair and equitable treatment and others.

Q5: Can the Cross-Straits Agreement on Trade in Services help solve the issue of so-called “hidden rules” in mainland China?

Yes.

The Cross-Straits Agreement on Trade in Services stipulates that both Parties shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner. Where authorization is required for the supply of a service, the competent authorities shall abide by related provisions. Moreover, both Parties agree to establish a mechanism to handle matters related to this Agreement and matters related to trade in services, and both sides will set up contact points for the implementation of this agreement. These practices will be helpful for service suppliers doing business in mainland China.

Q6: Will the implementation of the Cross-Straits Agreement on Trade in Services bring about a major change in policy concerning mainland Chinese investment in Taiwan?

No.

The government has established the policy for mainland Chinese investment in Taiwan based on the principles of “first tight, then liberal,” “gradual and orderly liberalization,” and “further liberalization depending on the outcome of previous liberalization.” The competent authorities have formulated a set of regulations and accompanying measures related to the aforementioned policy. The government will continue to evaluate the impact of mainland Chinese investment on Taiwan’s economy, industries, and society as a whole, and review the policies and related regulations accordingly.

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