



Ministry of Economic Affairs

# Cross-Strait Agreement on Trade in Services

**Shih-Chao Cho**  
**Vice Minister**  
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# Content

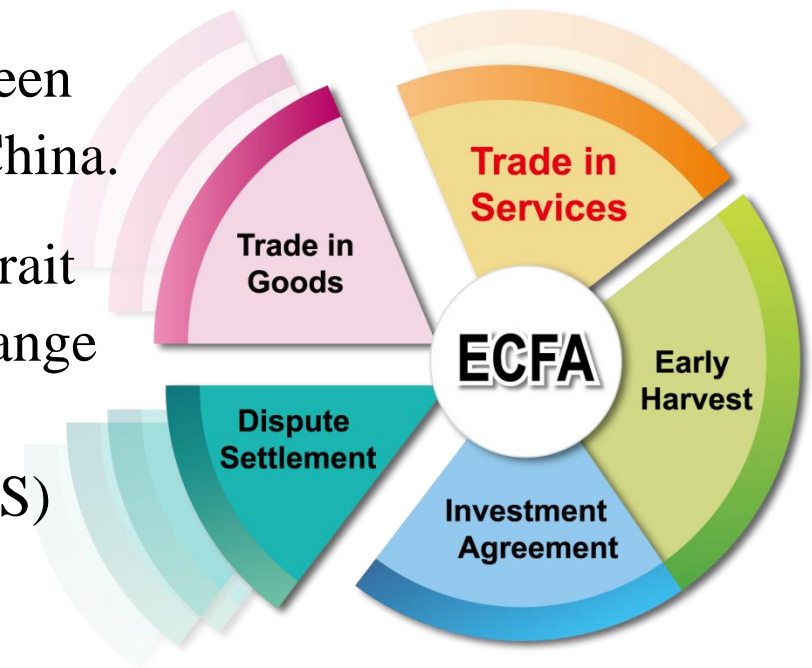
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# Background

1. The Cross-Strait Agreement on Trade in Services (hereinafter referred to as this Agreement) is one of the 4 follow-up agreements under the Economic Cooperation Framework Agreement (ECFA).
2. This Agreement is to promote trade in services and to protect the rights and interests of service suppliers in Taiwan and mainland China.
3. It is the result of negotiations reached between the governments of Taiwan and mainland China.
4. Signed during the Ninth Round of Cross-Strait High-Level Talks between the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS) on June 21, 2013.





# Purpose of the Agreement

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- The purpose of this Agreement is to reduce or eliminate 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-Strait Agreement on Trade in Services will help Taiwanese service suppliers enter the mainland Chinese market with preferable treatment and expand their business opportunities.



# Explanation of the Agreement (1/8)

## ➤ Framework

<p>Texts</p> <p>4 Chapters 24 Articles</p>	<p>Chapter 1 General Aspects</p>	<p>1. Objectives 2. Definition 3. Scope</p>
	<p>Chapter 2 Obligations and Disciplines</p>	<p>4. Fair and Equitable Treatment 5. Publication and Provision of Information 6. Managerial Regulations 7. Business Practices 8. Emergency Negotiations/Emergency Measures 9. Payments and Transfers 10. Restrictions to Safeguard the Balance of Payments 11. Exceptions 12. Cooperation</p>
	<p>Chapter 3 Specific Commitments</p>	<p>13. Market Access 14. Additional Commitments/Other Commitments 15. Schedules of Specific Commitments 16. Progressive Reduction on Restrictions to Trade in Services 17. Modification of Schedules</p>
	<p>Chapter 4 Other Provisions</p>	<p>18. Mechanism 19. Review 20. Dispute Settlement 21. Documentation Formats 22. Annexes 23. Amendments 24. Entry into Force</p>
<p>Annex I</p>	<p>Schedules of Specific Commitments on Trade in Services</p>	
<p>Annex II</p>	<p>Specific Provisions of Service Suppliers</p>	



# Explanation of the Agreement (2/8)

## ➤ Main Contents (1/3)

1. The basic framework is similar to that of other agreements on trade in services or service chapters in FTAs, with the incorporation of issues that Taiwanese service suppliers are concerned with.
2. The main contents include definitions of terms such as “trade in services” and “service suppliers,” 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 other important topics that Taiwanese service suppliers are concerned with.



# Explanation of the Agreement (3/8)

## ➤ Main Contents (2/3)

3. **National Treatment and MFN:** Both sides agree to accord national treatment and most-favored-nation treatment to each other in principle. Given the special cross-strait situation, this does not apply to the existing non-conforming measures. The two sides agree not to increase more restrictions and agree to gradually reduce and eliminate these non-conforming measures.
4. **Movement of Natural Persons:** Both sides agree to apply to this agreement the “Annex on Movement of Natural Persons Supplying Services” under the GATS so that this agreement shall not apply to any government measures affecting natural persons seeking access to the employment market of either Party, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis.



# Explanation of the Agreement (4/8)

## ➤ Main Content (3/3)

5. **Emergency Consultations:** Where the application of this Agreement has substantial adverse effects on the service sector of a Party, the affected Party may ask/request the other Party enter into negotiation to seek positive resolution.
6. **Gradual Reduction of Restrictions:** Considering the feature of progressive liberalization of services and industrial needs, this Agreement provides a mandate that the parties may mutually agree to enter into negotiation on further market access on trade in services in the future.





# Explanation of the Agreement (5/8)

## ➤ Market Access (1/3)

From Taiwan :

1. We have made 64\* specific commitments to mainland China.
  - 27 items are under the currently permitted Chinese Investment Sectors;
  - 37 items are new open or enlarged form the permitted scope:28 non-financial and 9 financial commitments.
2. We extend the scope of areas open for mainland Chinese investment, including: business services, telecommunications, film import quotas, construction services, environmental services, hospital services, social services, travel agencies, transport services, insurance, banking, securities services, etc.

\*Note: refers to the Mode 3 commitments and other commitments of the number of items



# Explanation of the Agreement (6/8)

## ➤ **Market Access (2/3)**

From mainland China:

1. It has made 80\* specific commitments to Taiwan. All of them are beyond the mainland's WTO commitments.
2. It opens the industries of business services, telecommunications (including electronic commerce), motion picture production, distribution services, environmental services, elderly and handicapped welfare institutions, travel agencies, cultural and creative industries, transportation, securities, banking, insurance, etc.

\*Note: refers to Mode 3 commitments and other commitments of the number of items, plus a commitment made to the Mode 2(Film post-production)



# Explanation of the Agreement (7/8)

## ➤ **Market Access** (3/3)

From mainland China:

3. Some important sectors:

- (1) **Electronic Commerce:** Taiwanese e-commerce enterprises in Fujian may have a stake of up to 55%, which is beyond existing commitments made by mainland China to other countries.
- (2) **Securities:** It raises its stake to 49%, or even up to 51% in accordance with the securities patterns and securities companies in different regions; it recognizes Taiwan financial institutions as RMB qualified foreign institutional investors (QFII) to invest in the mainland capital market; it offers Taiwan-funded securities companies convenience in obtaining QFII status.
- (3) **Banking:** Taiwan's banks may apply to establish village banks in the mainland; Taiwanese banks may provide RMB transaction services to Taiwan-funded enterprises which have reinvested via a third place.



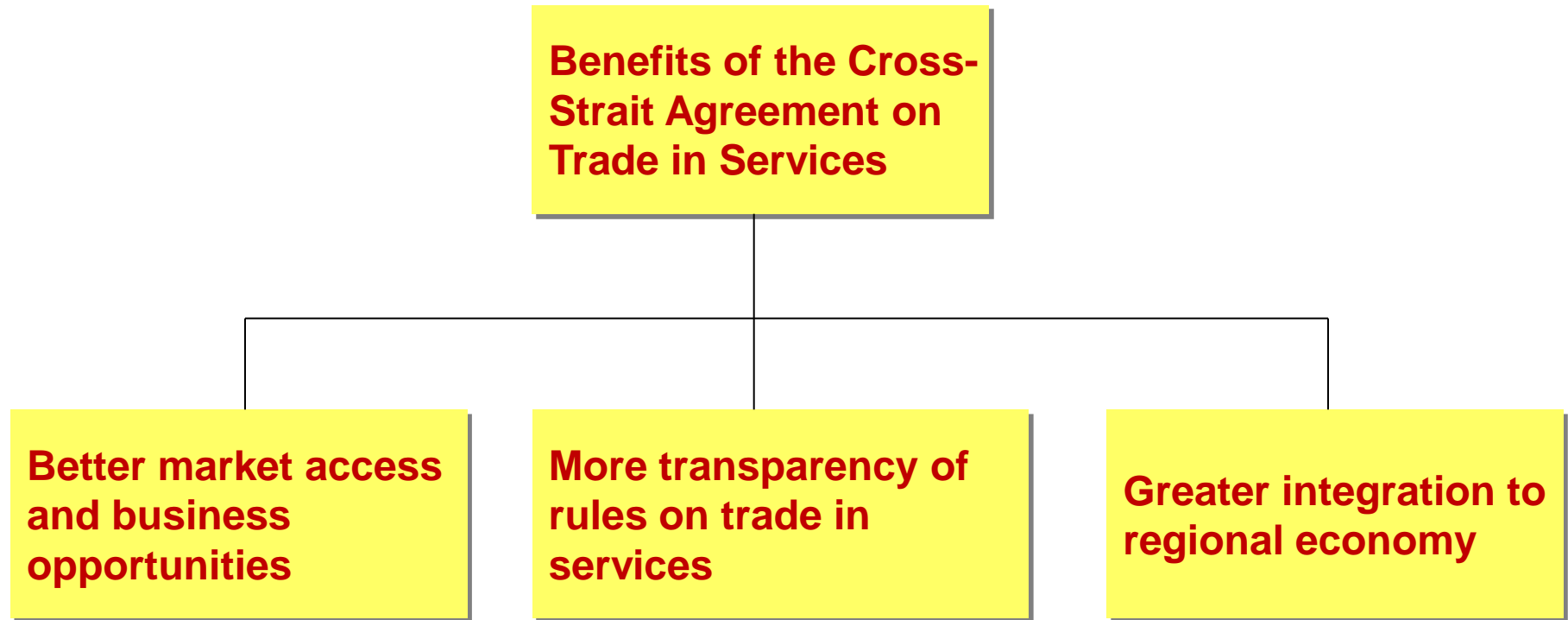
# Explanation of the Agreement (8/8)

## ➤ Specific Provisions Regarding the Definitions of Service Suppliers

1. The service supplier applicable to this Agreement refers to a natural person or juridical person of one Party that provides services to the other Party.
2. For market access commitments that are beyond each Party's respective WTO commitments, a service supplier of one Party that is a juridical person shall simultaneously meet the following conditions:
  - (1) The nature and scope of the services supplied in this Party shall include the nature and scope of the services intended to be supplied in the other Party;
  - (2) Such a service supplier shall have engaged in business operations with the same nature and scope of services for three or five consecutive years depending on the sectors.



# Benefits of the Agreement





# Conclusion

- The services sector plays an important role in Taiwan's economy. Expanding service exports will contribute to the economic development of Taiwan.
- The Cross-Strait Agreement on Trade in Services will strengthen cross-strait trade and economic relations and promote the liberalization of trade in services.
- We have gained many favorable conditions to help our service suppliers enter and compete in mainland China's market. At the same time, we have also extended the scope of sectors that are open to mainland Chinese investment in Taiwan, which will help to attract overseas investment and domestic employment.



**Thank You!**



# GATS: Modal structure

Mode	EXAMPLE (Health)
1 Cross-border Supply	Tele-diagnosis from Country B into Country A
2 Consumption Abroad	A's resident obtains hospital treatment in B
3 Commercial Presence	Hospital operator from B has subsidiary in A
4 Presence of Natural Persons	Physician from B practices in A

Source: Trade in Services Division, WTO