

## **Straits Exchange Foundation Press Release**

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### **SEF-ARATS Eleventh Round of High-Level Talks Successfully Completed; Cross-Strait Agreement on the Avoidance of Double Taxation and Enhancement of Tax Cooperation and Cross-Strait Collaboration Agreement on Flight Safety and Airworthiness Signed and Agenda Set for the Twelfth Round of Talks**

The eleventh round of high-level talks between the Straits Exchange Foundation (SEF) and Association for Relations Across the Taiwan Straits (ARATS) was held today (August 25, 2015) at the Shimao Intercontinental Hotel in Fuzhou, mainland China. SEF Chairman Lin Join-sane and ARATS Chairman Chen Deming this afternoon signed the Cross-Strait Agreement on the Avoidance of Double Taxation and Enhancement of Tax Cooperation and Cross-Strait Collaboration Agreement on Flight Safety and Airworthiness, as well as confirmed four follow-up negotiation issues to be included in the twelfth round of talks.

Chairman Lin stated that cross-strait relations have moved steadily forward in the year and a half since the holding of the last round of talks. The two sides accomplished historic exchange visits by the heads of cross-strait competent authorities and established mechanisms for communication and liaison between the two sides. With various sectors of Taiwan society paying closer attention to cross-strait affairs, the handling of cross-strait agreements has involved stricter procedural review and security assessments, as well as full communication with the various parties and the general public. It is hoped that this handling process will give the people greater confidence in institutionalized cross-strait negotiations and the agreements resulting from such talks.

Chairman Lin also said that institutionalized cross-strait negotiations were resumed over seven years ago on the basis of the "1992 Consensus" to pragmatically resolve problems. Since negotiations resumed in 2008, the SEF and the ARATS have held 11 rounds of high-level talks and signed 23 agreements that have truly achieved considerable benefits and provided institutionalized protections for the people of both sides. The eleventh round of SEF-ARATS talks held today build further on the dividends reaped from cross-strait peace. Chairman Lin also stressed that the SEF and the ARATS should continue, on the basis of the "1992 Consensus," to promote negotiations on issues aimed at improving the well-being and happiness of the people on both sides and enabling the sustainable, peaceful, stable and prosperous development of cross-strait relations.

Regarding issues discussed at the talks, Chairman Lin noted that more than 93,000 Taiwan businesses are invested in the Mainland and that the Mainland has growing investments in Taiwan. The Cross-Strait Agreement on the Avoidance of Double Taxation and Enhancement of Tax Cooperation was finally signed at the latest round of talks following extensive discussions on operational issues and exchanges of views. In the future, the two sides will discuss and formulate appropriate measures to reduce taxes on various types of income gained from cross-border economic activity based on the principle of "reciprocity and mutual benefit" and taking into account the provisions of their respective tax laws, economic and trade exchange circumstances, tax treaties and policies, and other factors. It is hoped that these measures will achieve the positive benefits of "one reduction, two increases" and the "three gains", namely

reducing individual and corporate income tax burdens; increasing each side's investment competitiveness on the other side, and reaping gains for the people, businesses, and the government.

Chairman Lin also stated that while there are currently 84 weekly cargo flights, the number of regular cross-strait passenger flights will soon increase from the current 840 weekly flights to 890 weekly flights. As a requirement for every flight, qualified maintenance crews carry out airworthiness inspections and aircraft sign-off operations before every take-off to ensure flight safety. However, due to the fact that the two sides are yet able to mutually certify existing products and parts/components, specialists' presence are now required at airline maintenance inspections. The signing of the Cross-Strait Collaboration Agreement on Flight Safety and Airworthiness will promote cooperation between the cross-strait authorities for civil aviation flight safety and airworthiness supervision and management to reduce all potential flight risks and ensure life safety. Therefore, once the agreement comes into effect, airlines on the two sides may, in accordance with the pact, entrust maintenance organizations on the other side to perform aircraft maintenance sign-off operations. This will help to reduce airlines' operating costs and enhance competitiveness and flight safety. It will also reduce equipment-related flight delays, promote the development of the cross-strait civil aviation industry, and also, effectively enhance flight safety and convenience for the people on the existing foundation for flight safety and create a flight environment that provides travelers with a greater peace of mind, safety, convenience and protection.

The two sides also achieved considerable consensus, following extensive discussions, on the promotion of Mainland tourist transits in Taiwan. Such transits would accord with general civil aviation conventions and are aimed to reduce flight overload pressure at Beijing, Shanghai, Guangzhou and other departure and transfer airports in the Mainland. They would also provide greater choice for the convenience for outbound and transfer passengers, as well as support the development of the aviation industry on both sides. This would be a mutually beneficial measure. However, more time is still needed for the revision of related laws and regulations and the adjustment of operating procedures in the Mainland. It is hoped that the two sides may jointly work to implement and promote such transits before this year-end to create more benefits for the people.

Regarding negotiation issues for the twelfth round of talks, the two sides agreed to continue promotion of negotiation on four issues on which related discussions have yet been concluded, namely the Cross-Strait Trade in Services Agreement, Cross-Strait Dispute Settlement Agreement, reciprocal establishment of SEF-ARATS institutions, and cooperation on environmental protection. They also agreed that agreements may be signed once a consensus has been reached. During the meeting, the two sides also discussed and broadly exchanged views on conservation of fishery resources, joint protection of the ecological system, cooperation on investigations of civil aviation flight accidents, and exchanges and cooperation in education, culture, technological and other fields, as well as the possibility of further research on future bilateral cooperation.

At the talks today, both sides also discussed and exchanged views on the implementation of agreements previously signed between the SEF and the ARATS, including pacts on joint crime-fighting and mutual judicial assistance, medical and health cooperation, food safety, and investment protection and promotion. Both sides affirmed the effective implementation of these agreements. For example, the contact window established under the Cross-Strait Food Safety Agreement has enabled prompt mutual notification of unsafe food product information in 2,430 cases, ensuring food safety and health of people on both sides. The Agreement on Joint Cross-Strait Crime-Fighting and Mutual Judicial Assistance has enabled the two sides to mutually provide judicial documents, conduct investigations and gather evidence, and assist with

arrest and repatriation in over 72,000 cases, and through exchange of crime-related information, the two sides have jointly cracked 153 cases resulting in 7,490 arrests. In addition, the Mainland has repatriated to 410 criminals and criminal suspects to Taiwan, contributing significantly to the maintenance of social order. With regards to implementation problems on the repatriation of major economic criminals, a high-profile issue in Taiwan, and the Mainland's protection of Taiwan business investment interests, the Taiwan side reiterated public opinion and the people's concerns and expressed hope for the Mainland to actively handle these problems. The Taiwan side also suggested that the third meeting on the effective implementation and promotion of the agreements be held before the year-end, during which the two sides may discuss the results of the agreement implementation and items waiting further promotion. It is hoped that the signed cross-strait agreements may be fully implemented and their benefits become more apparent so as to better advance the well being of the people.

At the talks, Chairman Lin again extended Taiwan's most sincere concerns and condolences over the major explosion in Tianjin recently. He also stated that Taiwan businesses have launched donation drives and that Taiwan stands ready to provide any assistance needed. He also thanked the Mainland side for its timely expression of care and assistance following the dust explosion at Formosa Fun Coast in New Taipei City. The sincere mutual care and assistance shown towards each other side across the Strait is full proof of the saying "a friend in need is a friend indeed," and acts as the greatest driver to further build mutual trust and understanding between the two sides.

The SEF said that this round of formal talks came to a successful close due to the cooperation among the SEF, ARATS, and relevant competent authorities of the two sides. Chairman Lin also specifically thanked the negotiation representatives of the two sides, media friends, and all of the participants for their dedication and contribution. Today's talks proceeded smoothly in a harmonic atmosphere whereby both sides successfully completed their tasks. The SEF negotiation team will be returning to Taiwan tomorrow (August 26, 2015).