

Explanation on the Fourth Chiang-Chen Talks

Reaching Across the Taiwan Strait

Advancing to the World Market



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Foreword

Resuming Institutionalized Negotiations, Reconciling Cross-Strait Confrontation

Since May 20, 2008, the government of the Republic of China (ROC) has resumed institutionalized cross-strait negotiation mechanisms after a nearly 10-year hiatus, in line with the position of "replacing confrontation with negotiation" and "replacing conflict with reconciliation." In June and November 2008 and April this year (2009), the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Strait (ARATS) successively held three "Chiang-Chen Talks" in Beijing, Taipei and Nanjing, respectively. During the talks, the two sides signed nine agreements, including the 'SEF-ARATS Minutes of Talks on Cross-Strait Charter Flights,' "Agreement Concerning Mainland Tourists Traveling to Taiwan," "Cross-Strait Air Transport Agreement," "Cross-Strait Sea Transport Agreement," "Cross-Strait Postal Service Agreement," "Cross-Strait Food Safety Agreement," "Cross-Strait Air Transport Supplementary Agreement," "Cross-Strait Financial Cooperation Agreement" and "Cross-Strait Joint Crime-Fighting and Judicial Mutual Assistance Agreement." They also reached one consensus on allowing "mainland investment in Taiwan."

Replacing Confrontation with Negotiation, Realizing Mutual Benefit and a Win-win Outcome

Cross-strait institutionalized negotiations have created a platform for the two

sides to build mutual trust. They have also improved relations, upheld peace and stability in the Taiwan Strait, and created conditions for regional co-prosperity and development. The Fourth Chiang-Chen Talks were held on December 21 to 22 this year in Taichung. Three agreements were inked during the talks, including agreements on: cooperation on the inspection and quarantine of agricultural products, cooperation on standards inspection, measurement and certification, and fishery labor cooperation. All of these agreements concern economic livelihood of the Taiwanese that urgently require priority and as a result, order of cross-strait economic and trade exchanges has been strengthened.

Issues at the Fourth Chiang-Chen Talks

Cross-Strait Cooperation on the Inspection and Quarantine of Agricultural Products

Protecting the health of the Taiwanese people

With the accession of Taiwan and mainland China to the World Trade Organization (WTO) and the implementation of direct cross-strait transport links, cooperation between the two sides is urgently needed to find effective solutions to the issues of epidemic spread, quarantine and inspection, and the quality and safety of agricultural products in the cross-strait agricultural trade. After signing this agreement, the two sides can establish a mechanism for

notifying major epidemics, safety and health incidents, and laws and regulations concerning inspection and quarantine of agricultural products (including animal feed). It will strengthen safeguards against the spread of disease and pests from Mainland animal and plant products, uphold the agricultural ecology, and protect the health of the people of Taiwan.

Expanding Taiwan's agricultural exports

The bilateral trade in agricultural products in the Taiwan Strait area is steadily increasing. However, the lack of real-time communication and negotiation channels between officials in implementing agricultural import and export clearance, inspection and quarantine work often affects the timeliness of agricultural product clearance and realization of business opportunities. This agreement will establish a direct contact window between quarantine and inspection authorities and other competent agencies of the two sides to enable timely resolution of quarantine and inspection issues and customs barriers to agricultural imports and exports. It will expedite customs clearance and reduce the time and cost of inspection, quarantine, and customs clearance operations, ensuring the quality and safety of agricultural products, further facilitating Taiwan's fruit exports and other agricultural products to the Mainland, and

thereby helping such products expand market share there.

No further opening of Mainland agricultural imports

This agreement only establishes a negotiation, inquiry, and notification mechanism for quarantine and inspection problems currently affecting agricultural trade. It does not involve the opening up of Taiwan to Mainland agricultural products or market access issues. Taiwan currently controls the import of agricultural products from mainland China through a “positive list” approach. The government will continue to control the import of all Mainland items that are not included on this list (over 800 items representing 37% of the total) to uphold the rights and interests of Taiwanese farmers.

Taiwan's current quarantine mechanism will not be affected

This agreement will be implemented in accordance with Taiwan's "Quarantine Requirements for the Importation of Animals or Animal Products," "Quarantine Requirements for the Importation of Plants or Plant Products," and other related quarantine regulations.

Mainland cattle, sheep, pigs, chickens, ducks, geese, apples, citrus, bananas and other animals, plants and products thereof that do not meet quarantine

requirements will not be permitted into Taiwan. Moreover, once the agreement is signed, the two sides will establish mechanisms to strengthen mutual notification, certificate verification, announcement of substandard products, and emergency handling. This will be conducive to understanding epidemics in mainland China, enhancing source quarantine measures, and more effectively preventing the entry of avian flu, foot-and-mouth disease, codling moth, *Bactrocera correcta*, and other major animal- and plant-borne diseases and pests.

Cross-Strait Fishery Labor Cooperation

Institutionalized protection of the rights and interests of fishermen

The past limitations on cross-strait relations prevented both sides across the Strait from establishing a normal assignment and introduction mechanism for the offshore employment of Mainland crewmembers by fishing boat owners in the coastal waters of Taiwan. This has resulted in less-than-ideal management and even led to hostage-taking at sea and bloodshed on Taiwanese fishing boats, crew flight, and other illegal situations, causing loss of life and property for Taiwanese fishing boat owners and high administrative costs for the government. After this agreement is signed, coordinated management by the

Mainland side can reduce the occurrence of such illegal incidents, reduce administrative costs in Taiwan, and further safeguard the life and property of Taiwan fishing boat owners.

Sound "offshore employment" management system

After the agreement is signed and comes into effect, Mainland crewmembers can only be assigned and introduced by Mainland operating companies and Taiwan intermediary agencies respectively designated by the competent authorities of the two sides. This will normalize the order of cross-strait fishery labor cooperation, strengthen the management system between the two sides, and, by enabling transparency in crew insurance and salaries, consistency in working conditions on board, and other welfare protections, prevent exploitation of crewmembers, excessive salary deductions, and other inappropriate actions. It will also prevent crewmembers from unscrupulously seeking additional fees from fishing boat owners.

The signing of this agreement does not mean opening Taiwan to Mainland labor

In promoting the cross-strait fishery labor cooperation agreement, the government will maintain the current policy of "offshore employment, offshore operations, and temporary transit settlement." Fishing boat owners will be conditionally allowed to employ Mainland crewmembers to assist with fishing operations in waters at least 12 nautical miles offshore. The current method has been in practice for 15 years. This agreement does not change the policy that Mainland labor will continue to be banned from entering the Taiwanese market.

Mainland crew member salary will not be governed by the Employment

Service Act and Labor Standards Act

Mainland crewmembers are treated as offshore employees and are not subject to the Employment Service Act, Labor Standards Act, or other related regulations. Their salary is regulated by international labor market conditions, crewmember quality and experience, and the willingness of labor and employers on the two sides—not by the basic salary protections under the Labor Standards Act. In the future, the salary of Mainland crewmembers will be freely negotiated between workers and employers on the two sides, and their wage level will be ultimately decided by market mechanisms.

Cross-Strait Cooperation on Standard Inspection, Measurement and

Certification

Helping industries upgrade competitiveness and expand international markets

The main cooperation scope of this agreement pertains to the four major areas—including product standards, measurement, inspection and certification—that are related to industrial development and the safety of consumer goods. After the agreement is signed, the two sides will be able to cooperate in emerging technology areas that lack international standards and which are advantageous to cross-strait cooperation. This will help Taiwan's industries to tap the Mainland's vast domestic market at the earliest possible time. Moreover, any cooperation leading to the establishment of international standards would help Taiwan's industries to break free from the European and U.S. patent restraints on product manufacturing and marketing. The agreement could also give Taiwan's industries a place in the ecological chain of international standards.

Eliminating unsafe products and protecting consumer rights and interests

In the future, both sides will establish a safety management system for consumer goods based on "advance precaution, prompt in-progress handling,

and post review and improvement." They will also establish channels for dialogue between responsible agencies across the Strait, the exchange of information on consumer goods safety, the notification of information on unsafe consumer goods, and regulatory cooperation on market supervision and management. This will not only help implement source management but also effectively prevent unsafe Mainland consumer goods from exporting into Taiwan, thereby safeguarding the rights, interests and safety of Taiwan consumers.

Mainland imports to Taiwan will still be inspected

When it comes to cross-strait inspection cooperation, emphasis is placed on communication, understanding and confidence-building. Mainland exports to Taiwan's will still need first to be certified under Taiwan's regulatory inspection standards and procedures, and then be subject to border or market supervision and sample inspections in keeping with risk management principles. Products that fail to meet inspection standards will be banned from being exported into Taiwan, and improvement and strengthened review will be required according to related regulations governing such cases. Therefore, once this agreement becomes effective, Mainland exports to Taiwan will still undergo strict

inspection. In the future, if there is the need for both sides to mutually recognize their respective product inspections, they need to build mutual trust under the precondition that they are equal in their ability to test and inspect related products. At the same time, the government will solicit opinions from various sectors of society in Taiwan before choosing product items so as to prevent the importation of goods that could adversely affect Taiwan's industries.

Conclusion

Agreements Prioritize Economic and Trade Relations and Working for the Benefit of the People

The economy is the lifeblood of Taiwan's survival and development. In the face of mainland China's economic rise in recent years and the accelerating trend of globalization and regional economic integration, cross-strait economic and trade relations have become the most critical and undeniable element in Taiwan's economic development. Mainland China is now Taiwan's biggest trade partner, biggest export market, and largest source of trade surplus. It is also the main destination for outward investment by Taiwanese businesses. In view of the extremely close cross-strait economic and trade relations, the government is duty-bound, under the premise of maintaining Taiwan-centric identity, to correct the past mistake of not establishing an institutionalized cross-strait economic

and trade system, which has led to the erosion of Taiwan's competitiveness.

Taiwan First, Benefiting the People

Currently, cross-strait institutionalized negotiations have gradually stabilized and matured, with relations between the two entering the phase of mutual non-denial. The four Chiang-Chen Talks all have been carried out under the principles of "equality" and "dignity," and so will future cross-strait negotiations. In promoting cross-strait negotiations, the ROC government has always adhered to the principle of "putting Taiwan first for the benefit of the people." When it comes to determining the issues, formulating plans, preparing procedures, and making other related arrangements regarding cross-strait negotiations, the first priority has always been given to considering whether or not Taiwan-centric identity can be manifested and the interests of the 23 million people of Taiwan can be upheld. The government also has adhered to the principle of equality in cross-strait relations, defended national sovereignty and dignity, and absolutely has not allowed Taiwan's sovereignty to be undermined or national dignity to be dwarfed in any way.

Cross-Strait Agreements Have Given Momentum to Taiwan's Economic Development

The twelve agreements signed and one consensus reached by the SEF and the

ARATS all relate directly to the interests of the people. The three agreements signed at the fourth cross-strait talks further embody the spirit of prioritizing the economy and the livelihood of the people, as well as promote the normalized and institutionalized development of cross-strait economic and trade relations.

The forging of the agreements for cross-strait cooperation on the inspection and quarantine of agricultural products and cross-strait cooperation on standard inspection, measurement and certification, in addition to the food safety agreement, will form a safety net for cross-strait trade in various goods (including food, farm and fishery products, feed, general industrial products, etc.) which can thus protect the health and consumer safety of the people of Taiwan. The inking of the fishery labor cooperation agreement will not change Taiwan's current policy on "offshore employment." On the contrary, it will institutionalize and enhance safety in the employment of Mainland fishermen by improving the current management mechanism through negotiations. The cooperation on standard inspection, measurement and certification aims to make cross-strait economic and trade interactions conducive to upgrading Taiwan's international competitiveness.

The fruits of these negotiations belong to all of the people. In the future, the

government will continue to make efforts to let even more people feel they are enjoying the benefits.

Negotiations Have Facilitated Improvements in Cross-Strait Relations and Progress Toward a New Era of Peace and Stability

Dialogue and negotiations are the conditions necessary for the benign development of cross-strait relations. The resumption of institutionalized negotiation mechanisms has heralded a new era for cross-strait relations that embody the spirit of "shelving controversies and pursuing a win-win solution." It also symbolizes the coming of a new epoch in cross-strait negotiations. In the future, the government will continue to uphold the principles of handling "easy issues first and difficult issues later," "urgent issues first and less pressing issues later," and "economic issues first and political issues later." It will prioritize negotiations on the handling of issues relevant to the livelihood of the people and economic development to further institutionalize and normalize cross-strait economic and trade relations.

We hope that based on the foundation of the four rounds of talks, both sides across the Taiwan Strait will continue to work together through institutionalized negotiation mechanisms, accumulate experience, and broaden cross-strait negotiations to achieve various benefits for the people, while also contributing

to the building of mutual trust, mutual benefit, and a win-win situation, so as to usher in a new era of peace and stability in the cross-strait relations.