

Outcome and Explanation of the 2nd “Chiang-Chen Talks”

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Dialogue and consultation are key benchmarks of promoting the normal development of cross-strait relations. In June this year, earnest effort by both sides successfully revived the institutionalized consultation that had been broken off for a decade. On November 3, Mr. Chen Yunlin, Chairman of the Mainland’s Association for Relations Across the Taiwan Strait (ARATS), visited Taiwan at the invitation of Straits Exchange Foundation (SEF) Chairman Chiang Pin-kung. On the following day, November 4, the 2nd round of “Chiang-Chen talks” took place.

This was the highest level visit to Taiwan by a representative of the Mainland authorities in the six decades since the political division of the two sides of the Taiwan Strait in 1949. Under mandate of their respective governments, the two chairmen successfully concluded their talks and signed four agreements, opening a new phase of peaceful development and stable interaction in cross-strait relations.

I. Main Results of the Talks

- 1. Concluding the signing of four agreements:** The four agreements signed on direct air transport, direct sea transport, postal cooperation and food safety will have actively positive effects in facilitating contacts between the people on the two sides of the Strait, promoting bilateral economic and trade interflows, and strengthening food sanitation and safety. Taking direct cross-strait air transport for example, the straightening of the flight path will shorten the flight time between Taoyuan and Shanghai from 2 hours and 24 minutes to 1 hour and 22 minutes, saving 62 minutes and 40~45% of fuel costs for each journey. This will translate into savings to travelers and

airlines of at least NT\$3 billion a year. After direct shipping goes into effect, vessels crossing the Taiwan Strait will no longer have to make a detour via Ishigaki or Hong Kong, reducing the time of each voyage by 16 to 27 hours, and reducing shipping costs by 15~30%. Adding in the saving of third territory visa charges, the cost of each voyage will be reduced by NT\$300,000, enabling shippers to save at least NT\$1.2 billion a year.

More importantly, the realization of direct cross-strait air and sea transport is a key step forward in promoting the normalization of cross-strait relations. At the same time, it also re-establishes Taiwan's strategic position in the economies of Asia and even the Asia-Pacific region, raises Taiwan's overall competitiveness, and bolsters connections between Taiwan and international markets. We believe that, after the implementation of direct air and sea transport, Taiwan will be able to attract more investment by transnational enterprises, and serve as an operations base for access to the markets of Mainland China and Southeast Asia.

- 2. Achievements in reviewing and expanding the effectuation of existing agreements:** The two sides also conducted a review of the implementation status of the consensus reached in the two agreements signed at the 1st "Chiang-Chen talks" in June, and presented opinions on spurring on and improving their effectuation. For example, regarding the agreement on visits to Taiwan by Mainland tourists, since the results of its implementation had fallen far short of expectations and targets, the two sides expressed strong intent to improve the situation, and have jointly adopted pertinent improvement measures.
- 3. Reaching consensus on issues for subsequent discussion:** The two sides conducted discussion on prioritizing issues for the next stage of talks, including:
strengthening the order of cross-strait exchanges, such as jointly fighting crime, expanding food sanitation and safety cooperation, and inspection and quarantine measures for agricultural products;

cross-strait financial cooperation, such as establishing a cooperative mechanism for banking supervision, a memorandum on cross-strait securities and futures supervision, and promoting cross-strait financial dealings;

cross-strait economic and trade cooperation, such as a cross-strait investment protection agreement, avoidance of double taxation, a cross-strait economic and trade dispute arbitration mechanism, cross-strait standards inspection and certification cooperation, and cross-strait IPR protection;

cross-strait fishery cooperation, such as cross-strait fishing industry labor cooperation, and handling of fishery disputes; and **cross-strait educational and news exchanges**.

Both sides are highly willing to conduct follow-up talks, and matters on which there is consensus will be included in the scope of agreements to be signed at the next round of talks.

II. The Main Significance and Effect of this Round of Talks

1. Further consolidating the mechanism for institutionalized consultation

- (1) This symbolizes that cross-strait relations have advanced into a new stage of institutionalized talks and of give and take.
- (2) Meetings and exchanges between the two sides will be more regularized and institutionalized, and will return to mechanistic operation.

2. Greatly heightening the level of cross-strait interaction

The members of this Mainland delegation included high-level representatives of various government departments including the Taiwan Affairs Office, the Ministry of Commerce, the Ministry of Health, the Ministry of Transport, the Civil Aviation Administration, the State Administration of Foreign Exchange, the Securities Regulatory Commission, the Banking Regulatory Commission, and

the Insurance Regulatory Commission, who engaged in talks and interaction with high-level officials from various departments of our government including the Mainland Affairs Council, the Ministry of Transportation and Communications, the Department of Health, the Ministry of Justice, the Council of Agriculture, and the Commission of Financial Supervisory. ARATS Chairman Chen Yunlin and a number of deputy ministers and important delegates were also received by the President and the Chairperson of the Mainland Affairs Council. These greatly raised the level of interaction between the two sides, and opened a new chapter for benign cross-strait interaction.

3. Highlighting focal points of the current stage of cross-strait talks

- (1) This round of discussion and dialogue highlighted the essentiality of resolving issues related to cross-strait interaction and orderliness of exchanges, including: the four agreements and issues of food safety, agricultural product inspection, epidemic notification, and joint crime fighting, all concerning the order of cross-strait exchanges and the welfare and rights of the people.
- (2) The current stage of cross-strait talks is being conducted according to the principle of “economics first, politics later,” with the prioritization of essentially economic issues concerning Taiwan’s economic development.

4. Materializing a new model of cross-strait talks and interaction on a basis of parity

- (1) ARATS and the SEF adhered to the principles of “parity and dignity” in the conduct of the talks, solving all kinds of problems stemming from cross-strait exchanges.
- (2) Officials from government authorities on both sides took part in the talks, expanding official formal interaction, and aiding the solution of substantive problems.

5. Stabilizing cross-strait relations and promoting regional peace

Peace and stability in the Taiwan Strait is the common wish of the international community. The successful convening of the 2nd round of “Chiang-Chen talks” has served to promote benign cross-strait interaction and the gradual build-up of mutual trust between the two sides of the Strait, and symbolizes that the two sides have entered an era of discussion in place of confrontation. Our side’s positive actions have given further demonstration to the world of our endeavor and determination to initiate improvement in cross-strait relations.

III Conclusion

When President Ma and Minister Lai met Chairman Chen Yunlin and other members of his delegation, they especially stressed the needs for both sides to follow principles on “facing reality, mutual non-denial, creating benefit for the people, and cross-strait peace”. They also emphasize the irrationality of confrontation in international space and militarily, in order to help the international community and the Mainland understand Taiwan’s standpoint and principles. The reconciliatory trend between the two sides is laying sound foundations for the normalization of cross-strait relations, and is an active and positive force for promoting peace and development in the Asia-Pacific region. Such is the weighty contribution of this latest round of cross-strait talks to regional peace.

Since the holding of the second round of “Chiang-Chen talks,” some domestic political parties and associated individuals have expressed misgivings, and have launched demonstrations and protect activities, causing a very slight blemish to the talks. But in the international community, the United States and the European Union have already declared their stance of welcoming cross-strait dialogue and the signing of cross-strait agreements. For the future, we will do our utmost to enhance communication with people in Taiwan who do not see eye to eye with us, and will step up our efforts to explain the situation to important members of the global community of nations, to promote the broadest possible consensus and understanding. We also hope that

Mainland China will positively face up to the political reality of non-subordination in cross-strait interaction, for only thus will the two sides of the Taiwan Strait be able to join with other countries in striving to build a region of sustainable peace.