

# **The Cross-Strait Agreement on Trade in Services**

## **Introduction**

The Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS) have signed the Cross-Strait Agreement on Trade in Services in Shanghai during the ninth round of Cross-Strait talks. The Cross-Strait Agreement on Trade in Services is one of the follow-up agreements under the Cross-Strait Economic Cooperation Framework Agreement (ECFA). This new agreement stipulates in writing the various matters related to gradually reducing or eliminating restrictions on trade in services across the Taiwan Strait. It will help local businesses expand their market share in the mainland Chinese market and contribute to the economic development of Taiwan.

This Agreement is divided into three parts: the text, the Schedules of Specific Commitments on Trade in Services, and the Specific Provisions of Service Suppliers.

The text puts in writing the various obligations that the two sides must abide by. It sets rules on things affecting trade in services such as transparency requirements, administration of regulatory measures, prevention of unfair competition, an emergency negotiation mechanism, free movement of payments and capital transfers, principle of fair and equitable treatment and other important topics that Taiwanese service suppliers are concerned with.

The Schedules of Specific Commitments on Trade in Services list service sectors or sub-sectors and related commitments on market liberalization of the two parties. The schedule is a “positive list,” meaning that service sectors or subsectors not explicitly listed in the schedule are not open.

The two parties negotiated a large number of service sectors, including: business services; communication services; construction and related engineering services; distribution services; environmental services; health-related and social services; tourism and travel-related services; recreational, cultural, and sporting services; transport services; and financial services. The two parties made commitments on eliminating or reducing limitations on equity participation, expanding business scope in terms of geography or lines of business, and undertaking trade facilitation measures.

In mode 3 and additional commitments, Taiwan made 64 commitments and mainland China made 80 commitments.

### **Expected Benefits**

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

In this agreement, we have extended the scope of areas open for mainland Chinese investment, including management consulting, advertising, market research services, technical testing and analysis, consulting services related to science and technology, packaging, printing, exhibition services, mailing list editing, telecommunication, land transport of courier services, film import quota, construction services, environmental services, hospital services, social services, travel agency services, operation of theaters and sports facilities, sales and marketing of air transport services, storage and warehousing services, freight transport agency services, washing and cleaning services, hairdressing and other beauty services, funeral parlor and crematorium services, insurance,

banking, and securities services. With this expanded scope of areas open for mainland Chinese investment, we expect to attract more overseas investment in Taiwan.

Considering the controversial issue of labor movement, both sides agreed to apply the “Annex on Movement of Natural Persons Supplying Services” under the GATS to this agreement, meaning that this agreement will not apply to any governmental measures affecting natural persons seeking access to the employment market of either Party, nor will it apply to measures regarding citizenship, residence or employment on a permanent basis.

Considering the progressive nature of services liberalization, the Agreement includes an article to mandate future negotiations of market access on the basis of consensus. This agreement will also set up a communication mechanism between both sides to monitor implementation.

Now that the agreement has been signed, both sides will be focusing on negotiating the Agreement on Trade in Goods, which will improve market access in the mainland for Taiwanese products.

By signing the Cross-Strait Agreement on Trade in Services, we hope to send a strong signal to the world that both sides of the Taiwan Strait look forward to peace and prosperity. With this encouraging development, we hope that more countries will be willing to discuss economic cooperation agreements with us.

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