

Excerpt of Draft Explanation concerning Cross-Strait Sea Transport Agreement

— The Results of the Second Chiang-Chen Meeting (Sea Transport)

Mainland Affairs Council
November 4, 2008

The signing of the Cross-Strait Sea Transport Agreement between the SEF and ARATS on November 4 has achieved the following major breakthroughs in cross-strait sea transport:

1. Cross-strait vessels as the main force in direct transport

- (1) Vessels registered in the ownership of shipping companies on the two sides of the strait can engage in direct cross-strait transport of passengers and cargo.
- (2) Vessels owned by companies on either side of the strait and registered in Hong Kong can similarly engage in direct cross-strait transport of passengers and cargo.
- (3) Flag-of-convenience vessels owned by shipping companies on either side of the strait and that are currently already engaging in offshore shipping center transport, cross-strait third-territory container line transport, and sand and gravel transport, also can participate in direct cross-strait transport of passengers and cargo.

2. Broad opening of ports

- (1) Taiwan will open 11 ports, namely: the six ports of Keelung (including Taipei), Kaohsiung (including Anping), Taichung, Hualien, Mailiao and Budai (initially to be carried out on a special case basis) and the five “small three links” ports of Liaoluo and Shueitou on Kinmen, Fuao and Baisha on Matsu, and Magong on Penghu.

- (2) The mainland will open 48 seaports and 15 river ports, for a total of 63 ports, listed as follows: the 48 seaports of Dandong, Dalian, Yingkou, Tangshan, Jinzhou, Qinhuangdao, Tianjin, Huanghua, Weihai, Yantai, Longkou, Lanshan, Rizhao, Qingdao, Lianyungang, Dafeng, Shanghai, Ningpo, Danshan, Taizhou, Jiaxing, Wenzhou, Fuzhou, Songxia, Ningde, Quanzhou, Xiaocuo, Xiuyu, Zhangzhou, Xiamen, Shantou, Chaozhou, Huizhou, Shekou, Yantian, Chiwan, Mawan, Humen, Guangzhou, Zhuhai, Maoming, Zhanjiang, Beihai, Fangcheng, Qinzhou, Haikou, Sanya and Yangpu, and the 15 river ports of Taicang, Nantong, Zhangjiagang, Jiangyang, Yangzhou, Changshou, Changzhou, Taizhou, Zhenjiang, Nanjing, Yanhu, Ma'anshan, Jiujiang, Wuhan and Chenglingji.

3. Putting aside disputes, temporarily not displaying flags

Having discussed the problem of flag display by vessels registered on either side of the Taiwan Strait in the spirit of putting aside disputes, the two sides have agreed to observe the relevant arrangements made in the Taiwan-Hong Kong Shipping Negotiations in 1997, with vessels registered on either side abstaining from flying their flag on the stern or mainmast of the vessel between entering and leaving the other side's ports, but flying additional company flags for vessel identification.

4. Transport capacity arrangements, equal participation

The two sides' operation of direct cross-strait passenger and cargo transport will be based on the principles of equal participation and orderly competition, with rational arrangement of transport capacity.

5. Mutual tax exemption, to lower costs

The two sides will mutually exempt each other's shipping companies from the payment of business and income tax on revenue derived from participation in cross-strait shipping.

6. Mutual establishment of entities to facilitate operations

The two sides' shipping companies may establish offices or business entities on each other's side of the strait to facilitate the development of transport service related business.

7. Cooperation in disaster rescue for safety protection

The establishment of a sea disaster search and rescue liaison and cooperation mechanism, to jointly protect the safety of life, property and the environment at sea. When an accident occurs at sea, the two sides, in addition to promptly notifying each other, will promptly undertake rescue and assistance in accordance with the principles of proximity and convenience.