

Absolute Profits for China if CSECC Is Not Transparent

| TBT Forum

The Cross-Strait Economic Cooperation Committee (CSECC) held its first regular meeting on February 22, in which the two parties agreed to set up six workgroups for cargo and services. It was planned that the first round negotiation will be held in mid-March. In response, Taiwan Brian Trust (TBT) organized a seminar in the morning of March 1 for the discussions of the political and economic implications of the Committee.

TBT President Chih-cheng Lo began the talks by introducing the three principles of Wang Yi, the Director of China's Taiwan Affairs Office, in his 2011 message. Wang laid down that the politic should be consolidated, the right direction should be maintained, and the developments should be fuller. In fact, the launch of CSECC and the visit of Chen Yun-lin, Chairman of the Association for Relations across the Taiwan Strait (ARATS), to central and southern Taiwan are both examples of the realization of the three principles. That is, China insists on opposing Taiwan's independence, approving the 1992 consensus, encouraging cross-strait exchanges, and implementing ECFA. This is a tactic to cover vanity with reality. CSECC is reality, while the visit of Chen Yunlin to southern Taiwan is vanity and political. The CSECC conference on the 22nd showed that the two sides agreed in face, but disagreed in reality which turned the conference a failure. A series of negotiations will start from mid-March, which is reality and confrontation. The Congress, especially the opposition party needs to monitor the

negotiations and their impacts on Taiwan's interest and future.

Dr. Tsai-Lung Hung, Assistant Professor of China Study Program at National Tsing Hua University, indicated that the biggest problem with CSECC lies in the dispute of whether the committee can determine economic cooperation issues or facilitate negotiations. The fact that ECFA has not been reported to the World Trade Organization is also a problem. First, ECFA was a hit-and-run agreement without clear timelines for liberalization, which is distinctly different from general FTAs that specify plans and schedules for tax reduction. While the framework is rough and contents are unsure, the CSECC is conferred great accountability and authority as it is responsible for subsequent ECFA negotiations and resolving disputes related to the interpretation, implementation and application of ECFA before the ECFA Dispute Settlement Agreement takes effect. For "Safeguard Measures between the Two Parties Applicable to Products under the Early Harvest for Trade in Goods" the Committee can request consultation. If the trade defense measures are like the safeguard measures, then CSECC will play an increasingly complicated role. Furthermore, Article 11 states clearly that CSECC is an institutional arrangement but the Ma administration declares that the committee is a negotiation facilitator, which is obviously a lie. Secondly, according to WTO, all preferential trade arrangements should be reported to WTO before implementation but Taiwan and China have not

yet informed WTO of the trade preferences despite that early harvest has started. This has violated the WTO regulation. Also, Taiwan enjoys a trade surplus and it is perplexing that Chen Yun lin came to Taiwan for procurement to expand China's deficit.

Taipei Society director Huang Kuo-chang defined CSECC as "an 'amoeba' beyond control". Huang questioned that workgroups are supervised by CSECC and are responsible for interpreting ECFA so the Committee may not be just a platform. Congressional review is not required for the interpretations of ECFA which contradicts the Constitution. If CSECC can settle dispute, doesn't it need a jury? If yes, will the CSECC verdict have binding force? To date, the Ma administration has yet to answer these questions. If, for convenience, the Ma administration authorizes CSECC to render ECFA interpretations that contradict with Taiwan's laws, and result in that CSECC has roles, functions and responsibilities beyond laws, such authorization is manipulation of the committee and means that Ma turns a blind eye on the Constitution, the check-and-balance design and the monitoring mechanism. At last, seeing that CSECC has a role larger than what it was given by regulations, I suggest revising Article 11 of ECFA to prove that Taiwan is a country respecting the order of law and does not give the government any convenience.

In all, the greatest contribution of CSECC is to allow both sides to gain what they want, and the greatest paradox is that there was not shared conclusion. Taiwan expects a "3+1

agreement" but China's Taiwan Affairs Office declared "3 agreements". There is no way to tell exactly how many agreements were made. In a normal, successful conference, there should be a conclusion that serves as the foundation of the next conference. If CSECC is not transparent, it will be difficult to be supervised and in the case of disputes, all disputes will be settle in favor of the stronger side i.e. China. Game rules therefore should be written in black and white and be followed to ensure Taiwan's interests. The first round negotiation in mid-March will be the real starting point. After the congressional session starts, the Congress needs to fulfill its responsibility to monitor the parts of negotiations that involve Taiwan's substantial interests. In the future, inaccessible information will cloud negotiations with China so we need to observe how to build up the transparency. **BT**