

## ECFA spells doom for local service businesses

Written by Lin Kien-tsu 林建雄

Friday, 04 December 2009 08:13

---

After signing the proposed economic cooperation framework agreement (ECFA) with Beijing, Taiwan will have to open most of its service sector businesses to China within a limited period of time.

The production value of Taiwan's service sector exceeds 70 percent of the nation's total economic output, and service sector employees make up 60 percent of the total work force. Within the service sector, commercial services — including the retail, wholesale and hospitality industries — account for 20 percent of the nation's total output. With 2.5 million employees — 25 percent of Taiwan's work force — it is the sector with the biggest work force.

The government plans to open the nation's retail, wholesale and hospitality industries to Chinese investment in line with the treatment given to other WTO member states. Once an ECFA is signed, Chinese businesspeople will be able to invest and run businesses in these industries. Chinese will also be allowed to open shops in the nation's urban and rural areas, on big roads and back streets.

Taiwan and China share a common language. In overpopulated China, many people hope to make money in Taiwan. Chinese enterprises and self-employed entrepreneurs lack legal and ethical understanding and use illegal means to beat the competition. They have the backing of their authoritarian country, which claims that Taiwan is part of its territory. This will make it difficult for Taiwanese retailers to survive, meaning they may in the end be taken over.

Based on the treatment given to other WTO member states, Taiwan will have to grant residence and work permits to Chinese retail managers. The initial visa is valid for three years, which is then renewable on a one year basis indefinitely. This would cause two problems.

First, if a Chinese enterprise or individual entrepreneur opens a store in Taiwan, a Chinese manager will be sent to head the store. A small shop, however, would only have three or four workers, including the manager. That means one local worker would lose his job if a Chinese store replaces a Taiwanese one.

In light of the large number of small businesses here, the unemployment rate will surge once Taiwan opens its retail, wholesale and hospitality industries to Chinese investment. Chinese enterprises bend the rules by labeling the large number of Chinese workers it hires as managers, consultants or experts. Chinese firms hiring illegal Chinese workers for Chinese projects overseas is a good example. Can the Taiwanese government and administrative system stop this?

Second, because of the unclear "one China" situation, it will be difficult to deny Republic of China (ROC) citizenship and identity cards to Chinese workers once they have resided in Taiwan for a certain period of time. This will lead to political and social problems, with new immigrants replacing local residents. It could even lead to ethnic conflicts like the confrontation

## ECFA spells doom for local service businesses

Written by Lin Kien-tsu 林建雄

Friday, 04 December 2009 08:13

---

between Hans and Uighurs in Urumqi, China.

Retailers and businesses in the hospitality industry, from big hotels to tiny breakfast shops, provide a key employment channel. Unfortunately, the government has failed to state the negative impact an ECFA will have on this employment channel, and it will not allow a referendum or allow open debate.

One of the solutions for the Taiwanese to save themselves is to not vote for candidates supported by Ma in the local government elections tomorrow. Otherwise, he may think the public supports an ECFA.

Lin Kien-tsu is a member of the Taiwan Association of University Professors.

TRANSLATED BY EDDY CHANG

Source: [Taipei Times - Editorials 2009/12/04](#)