

Financial MOU to be inked soon: Wu

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A memorandum of understanding (MOU) on financial supervisory cooperation between Taiwan and China could be signed next week at the earliest, Premier Wu Den-yih (吳登毅) said in an interview with the Central News Agency (CNA) yesterday.

Signing the MOU is a “necessity” for Taiwan and China because it would be beneficial to cross-strait cooperation in the financial sector, Wu said, adding that there was “no doubt about that.”

To settle the controversy over which side should host the signing ceremony, Wu suggested that the agreement be signed in the form of an exchange of letters.

Expectations that the MOU would be signed soon have run high since Vice Premier Eric Chu (吳敦義) said on Friday that “there would be news on the MOU in a day or two.”

In another interview earlier yesterday, Wu told the Chinese-language United Evening News that he had temporarily sent the draft version of the MOU back to the Financial Supervisory Commission (FSC), because there were conditions that needed to be met before signing the deal.

Wu said the government needed to go through two procedures before inking the deal with China — first, the FSC, the Mainland Affairs Council and the Ministry of Economic Affairs have to brief the legislature on the draft MOU; and second, related administrative measures, including on banks’ credit lines, have to be revised.

Wu said current regulations stating that a bank’s lending capacity should be based on the paid-up capital of its main branch should be changed back to the previous regulation limiting it to the branch’s paid-up capital.

However, Wu seems to have misstated the current regulation, which states that a bank’s credit line should be determined by the net worth of its main branch — not its paid-in capital.

Later last night when approached by reporters, Wu said that the proposed revision was designed to address public concern that Chinese banks — which often have a larger capital base than Taiwanese banks — could dominate the market if they were allowed to operate in Taiwan.

Wu said he expected the FSC to revise the measures tomorrow.

In the interview with CNA yesterday afternoon, Wu added a third condition, saying the FSC should get local banks to understand the contents of the MOU, after which Taiwan and China would hold further talks on opening their financial markets.

Wu said that although signing the MOU with China falls under the executive branch’s jurisdiction, the Executive Yuan would like to brief the legislature in advance to allow all

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lawmakers to understand the content of the MOU and reduce misunderstandings.

Legislative Speaker Wang Jin-pyng (王金平) said the legislature had scheduled officials to brief lawmakers on Monday on the draft MOU.

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