

Pact brings little benefit: US academic

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The cross-strait service trade agreement is a “perfect political agreement” to bring Taiwan into China’s fold and presents no economic benefits to Taiwan, US academic John Tkacik said.

Tkacik, senior fellow at the Virginia-based International Assessment and Strategy Center, made the remarks on Saturday at a forum in Taipei hosted by the World Taiwanese Congress and the Taiwan National Alliance.

The cross-strait service trade pact, signed in June last year, and the Economic Cooperation Framework Agreement (ECFA) signed in 2010 are incomparable with other trade agreements Taiwan holds with other nations, such as the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC) or the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP), said Tkacik, a retired US diplomat with 35 years of service in Taiwan, China and Mongolia.

ASTEP and ANZTEC were signed under the WTO framework and enjoyed legal protection such as third party mediation and other resolutions and the equal stature of WTO members ensured a real increase in Taiwan’s export, whereas the cross-strait service trade agreement does not fall under such a category of trade agreements, he said.

The tertiary sectors in Taiwan and China are fundamentally different; the Chinese government is heavily involved in all of its tertiary sector, leading to a larger scale and more xenophobia, while the Taiwanese tertiary sector is smaller, but more vibrant, Tkacik said.

Chinese industries opened to Taiwan in the agreements are in Fujian Province and are excessively restricted, Tkacik said, adding that this observations led him to believe the Chinese were simply treating Taiwan as an extension of Fujian Province.

The more competitive Taiwanese financial industry would only exert minimal influence on its Chinese counterpart, Tkacik said.

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Chinese investors would hold off investments in printing and electronic businesses due to the many restrictions, but Taiwanese middle-class economy would still be heavily impacted, he said.

In response to media inquiries, Tkacik said that only a few would benefit from the service trade agreement despite the seemingly rising number of Taiwanese businesspeople asking the government to ratify the agreement.

Taiwan as a whole would suffer if the agreement was ratified, Tkacik said, adding that he was perplexed why Taiwanese businesspeople needed more liberty when there is a far more illiberal investment environment in China than other nations.

On President Ma Ying-jeou (馬英九) administration's claims that the service trade agreement would help Taiwan's bid to join the Trans-Pacific Partnership (TPP), Tkacik said the opposite would probably be true as the service trade agreement would only muddy waters on increased economic integration between Taiwan and the US due to the pact's lack of transparency.

It may cause the US to reconsider whether Taiwan would be China's backdoor into the US market, Tkacik added.

Legislative committees on Wednesday began a joint review of the pact, but no progress has been made.

More confrontations are expected when the legislature tries to continue the review this week.

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