

Associated Press (April 24, 2009)

Taiwan (or Chinese Taipei) and China To Increase Economic Cooperation

By DEBBY WU Associated Press Writer

Taiwan and China will discuss a partial free trade agreement and sign pacts this weekend to increase economic cooperation, a senior Taiwanese negotiator said Friday.

The statement by Straits Exchange Foundation Chairman Chiang Pin-kung comes amid efforts by President Ma Ying-jeou to turn the corner on his predecessor's pro-independence policies and open a new era in relations with the mainland, from which Taiwan split during a civil war in 1949.

The semiofficial Straits Exchange Foundation is the Taiwanese body responsible for conducting talks with Beijing. Its Chinese counterpart is called the Association for Relations Across the Taiwan Strait.

In recent months Ma has made a partial free trade agreement with Beijing a top goal, saying it is necessary to help Taiwan maintain its competitive standing in the region.

The pact, known as the Economic Cooperation Framework Agreement, would permit the free flow of many goods, services and capital between the island and China. However, key items such as agricultural produce would be exempt, largely as a concession to Taiwanese farmers.

Chiang told reporters the two sides will discuss the pact during high-level talks Sunday in the eastern Chinese city of Nanjing.

"The president has instructed me to conduct a dialogue with Chinese representatives on the issue during the talks," he said.

He said the two sides will also sign an agreement changing the designation of the direct flights between them from charter to scheduled, and increase their frequency.

Other pacts to be signed include one permitting cooperation on cross-border criminal investigations, and a general financial framework to set the stage for banks to establish branches in the other side's territory and to allow for the creation of a currency-clearing mechanism, Chiang said.

He said a statement allowing Chinese to invest in Taiwan would come at some point during the weekend. Taiwanese officials have said that any investment agreement is likely to preclude Chinese access to sectors deemed critical to the island's security.

The upcoming talks will be the third round of high-level negotiations between China and Taiwan since Ma took office last May.

In the first two rounds, the sides agreed to begin daily charter flights, direct sea and postal service, and to increase the number of Chinese tourists visiting Taiwan.

China still claims Taiwan is part of its territory although it has been administered separately for the past 60 years.