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# A New China-Taiwan Agreement Protects Investors

This is the VOA Special English Economics Report.

China and Taiwan may disagree on political issues. But on Thursday they reached an agreement to protect investors. The agreement is important because China and Taiwan do not have diplomatic relations. China claims Taiwan as its territory. But Taiwan has been self-governing since nineteen forty-nine.

The sides agreed to open new industries to investment and to inform the other within twenty-four hours if an investor is arrested. Talks on the deal have lasted two years. But they have been slowed because of the different legal systems in the two areas.

Chinese negotiator Chen Yunlin and Chiang Pin-kung of Taiwan signed the agreements in Taipei. They set up a way to negotiate, or an arbitration mechanism. The deal also will open new areas of business and industry to investment.

Chinese interests had held back investment because of fears of a change in Taiwan's government.

Market experts expect Chinese investors to buy shares of Taiwanese companies listed on Taiwan's stock exchange. Experts think high-technology and travel industries will receive a lot of investment over the short term.

Taiwanese share prices are considered undervalued although companies are doing well. Jack Huang is a lawyer in Taipei. He says China will buy stocks and seek partnerships with Taiwanese companies, especially in technology.

**JACK HUANG ACT IN ENGLISH:** "Quite a bit of the investment dollars, either from the Chinese companies or from the Chinese government wealth fund, they will find a decent percentage of that include Taiwan stocks. All things considered, Taiwan stocks are undervalued, Taiwan companies are fundamentally sound."

Taiwan's economy is over four hundred thirty billion dollars. Taiwan permits Chinese investors to buy directly into Taiwanese companies in two hundred forty-

seven industries. They can also buy up to a ten percent share in most companies.

Experts in Taiwan say China wants to invest in the island to support efforts at political reunification. The Nationalist Party, or KMT, of Chiang Kai-shek went to Taiwan at the end of the country's civil war in the nineteen forties.

Today, Taiwan has several political parties. The main opposition party held power for eight years starting in two thousand. President Ma Ying-jeou of the KMT has sought closer economic ties with the mainland. In twenty-ten, China invested one billion dollars in Taiwan in 2010 after a deal that year reduced tax rates.

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