

Dealing with Taiwan

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SWP Research Paper

Hanns Günther Hilpert, Alexandra Sakaki and Gudrun Wacker (eds.)

Dealing with Taiwan



Stiftung Wissenschaft und Politik
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- The de facto politically independent Taiwan is coming under increasing pressure from the People's Republic of China (PRC) and its claim to reunification. In addition to militarily threatening gestures, Beijing is employing economic and political means as well as cyberattacks and disinformation campaigns. This threatens the stability and status quo in the Taiwan Strait.
- Taiwan is of immense importance to East Asia's geopolitical dynamics: geo-strategically as part of the first island chain that restricts the PRC's access to the Pacific, and economically-technologically as a leading manufacturer of semiconductors. In the global systemic conflict between liberal-democratic and authoritarian political systems, Taiwan holds a prominent position as a consolidated, pluralistic democracy and political counter-model to the authoritarian system of the PRC.
- It is in the interest of Germany and Europe that peace and stability in the Taiwan Strait are preserved, to make better use of Taiwan's economic and technological potential and to extend value-based support for its free and democratic society.
- Germany is committed to a one-China policy, which rules out any diplomatic recognition of Taiwan. Nevertheless, there is scope to expand and intensify relations below this threshold and thus counter China's policy of intimidating and isolating Taiwan.
- The Taiwan policies of the United States, Japan, Singapore, South Korea, Australia, India as well as European partner countries show that there is room for pursuing closer relations with Taiwan while at the same time adhering to a one-China policy. Thus, options for action exist in foreign and security policy, trade and economic policy, as well as cultural policy.

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Hanns Günther Hilpert, Alexandra Sakaki and Gudrun Wacker

Introduction: Taiwan's Predicament

Taiwan is a de facto independent country, but few states formally recognise it as such. Indeed, as of December 2021, only 14 states, all of which are relatively small, still did so. Taiwan has made a transition from authoritarian rule to a consolidated democracy over the past three decades. Since 2016, when the Democratic Progressive Party (DPP) won Taiwan's presidential and parliamentary elections again, tensions have grown between the People's Republic of China (PRC) and the Republic of China (ROC) on Taiwan. Beijing claims that the island is an "inseparable part" of Chinese territory. The Chinese leadership reacted to the 2016 election results by increasing political, economic and military pressure – even though Taiwan's President Tsai Ing-wen had announced that she would strive for stability in the Taiwan Strait.

China's military threats against Taiwan are causing international concern and alarm. Since March 2019, Beijing has dispatched Chinese Air Force aircraft to fly through Taiwan's Air Defence Identification Zone (ADIZ) southwest of the island (see Map 1, p. 6). In 2021, the Taiwanese Ministry of Defence recorded around 950 such flights, a marked increase on the 380 cases in 2020.¹ To date, no Chinese aircraft have penetrated Taiwan's national airspace, which begins 12 nautical miles off its coast. Nevertheless, these flights are perceived as a provocation in Taiwan. The ADIZ is unilaterally declared by Taiwan in which aircraft are supposed to identify themselves to Taiwanese authorities. Similar zones have also been designated by Taiwan's neighbouring countries, including China.

¹ Taiwan reports only those cases in which the Chinese air force crosses the median line between the mainland and Taiwan, or where applicable – the extension of this line. See Keoni Everington, "Taiwan Girds for Increased Chinese ADIZ Incursions in 2022", *Taiwan News* (online), 30 December 2021, <https://www.taiwannews.com.tw/en/news/4393206> (accessed 10 March 2022).

Of concern to Taiwan is that since March 2020, Chinese aircraft have been flying into the ADIZ at night, sometimes making a sharp left turn towards the direction of Taiwan, which could indicate a possible new attack vector in the event of a military conflict.² Besides the air force, the Chinese Navy has also increased its presence around Taiwan. Moreover, the Taiwanese defence ministry has been irritated by China's military erecting replicas of Taiwanese buildings on several of its training grounds.³

Taiwan not only criticises Beijing's military show of force, but also accuses the Chinese leadership of instigating cyberattacks against government agencies and other actors, as well as deliberately spreading misinformation to influence public opinion.⁴ Moreover, China has also flexed its muscles in the economic sphere in recent years, for example by curbing the flow of Chinese tourists to Taiwan and imposing an import ban on Taiwanese pineapples.

The tensions in the Taiwan Strait have particularly alarmed the United States. Although Washington does not have a formal alliance with Taipei, the Taiwan Relations Act of 1979 insists that the future of Taiwan be decided by peaceful means. In March 2021, the outgoing US Commander for the Indo-Pacific, Admiral Philip Davidson, warned that China might try to take Taiwan by force within the next six years. For his successor Admiral John Aquilino, too, a conflict with China is "much closer to us than most think."⁵ Taiwan's President Tsai expressed a some-

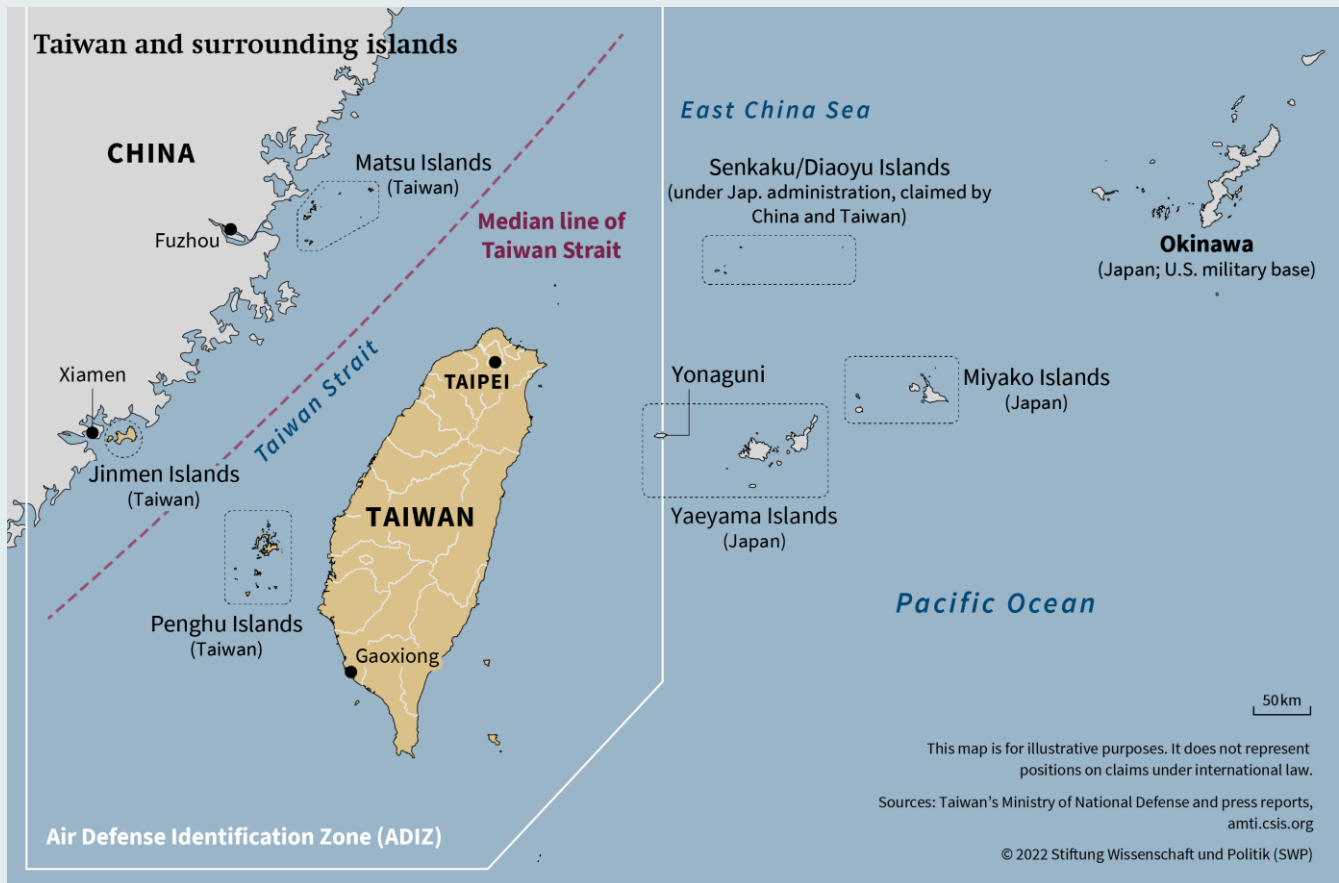
² Michael Cole, *A Primer on China's Aircraft Intrusions into Taiwan's ADIZ* (Ottawa: Macdonald-Laurier Institute, 5 October 2021), <https://www.macdonaldlaurier.ca/primer-chinas-aircraft-intrusions-taiwans-adiz-j-michael-cole-inside-policy/> (accessed 18 November 2021).

³ Ministry of National Defense, *2021 National Defense Report, Republic of China* (Taipei, October 2021), 45, <https://bit.ly/3o8AlqW> (accessed 18 November 2021).

⁴ Ministry of National Defense, *2021 National Defense Report, Republic of China* (see note 3), 46f.

⁵ Brad Lendon, "Chinese Threat to Taiwan 'Closer to Us than Most Think,' Top US Admiral Says", *CNN* (online), 25 March

Map 1



what more cautious assessment in January 2020, stating that the possibility of war simply could not be ruled out.⁶

Changing parameters

Three particular developments have made stability in the Taiwan Strait seem much more precarious today than two decades ago. Firstly, the PRC under Xi Jinping's leadership has gained considerable political, economic, technological and military power. Because the balance of power has shifted in China's favour, the U.S. no longer enjoys the unchallenged status of

being the superior military power in the region.⁷ With medium-range and anti-ship missiles, for example, China has significantly expanded its capabilities to deny access to the region or to restrict freedom of operation in it (anti-access/area denial or A2/AD). According to American media reports, Pentagon simulations of a Taiwan conflict also show that the U.S. now cannot be sure of its superiority.⁸

Secondly, the population of Taiwan is increasingly emphasising its own identity as distinct from main-

2021, <https://edition.cnn.com/2021/03/24/asia/indo-pacific-com-mander-aquilino-hearing-taiwan-intl-hnk-ml/index.html> (accessed 19 November 2021).

⁶ John Sudworth, "China Needs to Show Taiwan Respect, Says President", *BBC News* (online), 14 January 2020, <https://www.bbc.com/news/world-asia-51104246> (accessed 19 November 2021).

⁷ Ashley Townshend, Brendan Thomas-Noone and Matilda Steward, *Averting Crisis: American Strategy, Military Spending and Collective Defence in the Indo-Pacific* (Sydney: United States Studies Centre, 19 August 2019), <https://www.uscc.edu.au/analysis/averting-crisis-american-strategy-military-spending-and-collective-defence-in-the-indo-pacific> (accessed 19 November 2021).

⁸ Chris Buckley and Steven Lee Myers, "'Starting a Fire': U.S. and China Enter Dangerous Territory over Taiwan", *The New York Times* (online), 9 October 2021, <https://www.nytimes.com/2021/10/09/world/asia/united-states-china-taiwan.html> (accessed 19 November 2021).

land China. According to a regularly conducted survey in Taiwan, the proportion of people who identify themselves as Taiwanese has trended upward, while fewer and fewer respondents claim both Taiwanese and Chinese identity.⁹ In a US survey in late 2019, 66% of respondents described themselves as Taiwanese, compared to 28% who considered themselves to be both Chinese and Taiwanese.¹⁰ In the same poll, an overwhelming majority (83%) of young people aged between 18 and 29 stated that they felt exclusively Taiwanese. Thus, the proportion of those favouring more political or other forms of dissociation from the PRC is increasing, a trend from which Beijing could conclude that the prospects for peaceful unification with Taiwan are dwindling.

Thirdly, the relationship between the U.S. and China can increasingly be characterised as a great power conflict in which both sides, driven by mutual mistrust, compete for power and status. Taiwan is of great importance in this geopolitical struggle for supremacy. It is strategically located as part of the first island chain (see Map 2, p. 8). Taiwan also plays a key role in the technology rivalry between the U.S. and China, as it is the world leader in semiconductor manufacturing. For the two great powers, Taiwan is also an object of the systemic conflict between liberal democracy and authoritarianism. Against this background, Taiwan's democratic system is undoubtedly a thorn in Beijing's side, as it offers a counter-model to its own system. The U.S. and China therefore increasingly see Taiwan as a crucial building block in their competition for dominance and in their systemic competition.

Chinese calculus and the risk of military conflict

The growing presence of Chinese aircraft and ships in areas around Taiwan increases the risk of unintended incidents that could escalate militarily. However, assessments differ as to whether China might deliber-

ately choose military action to bring Taiwan under its control. Officially, China favours peaceful unification, but does not rule out the use of military means in principle.¹¹ A speech by President Xi Jinping in 2019 has been seen as an indication of the willingness to act militarily. Xi defined unification with Taiwan as a "core interest," the realisation of which should not be passed on from generation to generation.¹² At the same time, however, he repeatedly referred to China's desire for peaceful unification. Some observers believe that in this speech, the 69-year-old Xi declared his will to realise unification under his leadership as a political legacy – because his successor will belong to a younger generation. A possible window for this would be Xi's very likely third term in office from 2022 to 2027.

However, in recent speeches, Xi has not reiterated the need to avoid passing on the Taiwan issue to future generations. In his speech on the 100th anniversary of the founding of the Communist Party in July 2021, for example, he described reunification as the Party's "historic mission and unshakeable commitment" and again expressed the desire for a peaceful process.¹³ He thus indicated that the Party's legitimacy also depends on whether it can resolve the Taiwan issue. When this could be expected to occur, however, cannot be deduced from Xi's statements.

Moreover, there are a number of reasons why China may decide against using military means to force unification.¹⁴ For one, Xi has formulated an

¹¹ For example, China's 2005 anti-secession law states that non-peaceful means could be used if Taiwan secedes from China or "possibilities for a peaceful reunification should be completely exhausted". See Embassy of the People's Republic of China in the United States of America, "Anti-Secession Law (Full text)", 15 March 2005, <https://www.mfa.gov.cn/ce/ceus/eng/zt/999999999/t187406.htm> (accessed 25 April 2022).

¹² See Xi's speech in Taiwan Work Office of the CPC Central Committee/Taiwan Affairs Office of the State Council, "Working Together to Realize Rejuvenation of the Chinese Nation and Advance China's Peaceful Reunification", 12 April 2019, http://www.gwytb.gov.cn/wyly/201904/t20190412_12155687.htm (accessed 19 November 2021). Xi had made similar remarks in 2013.

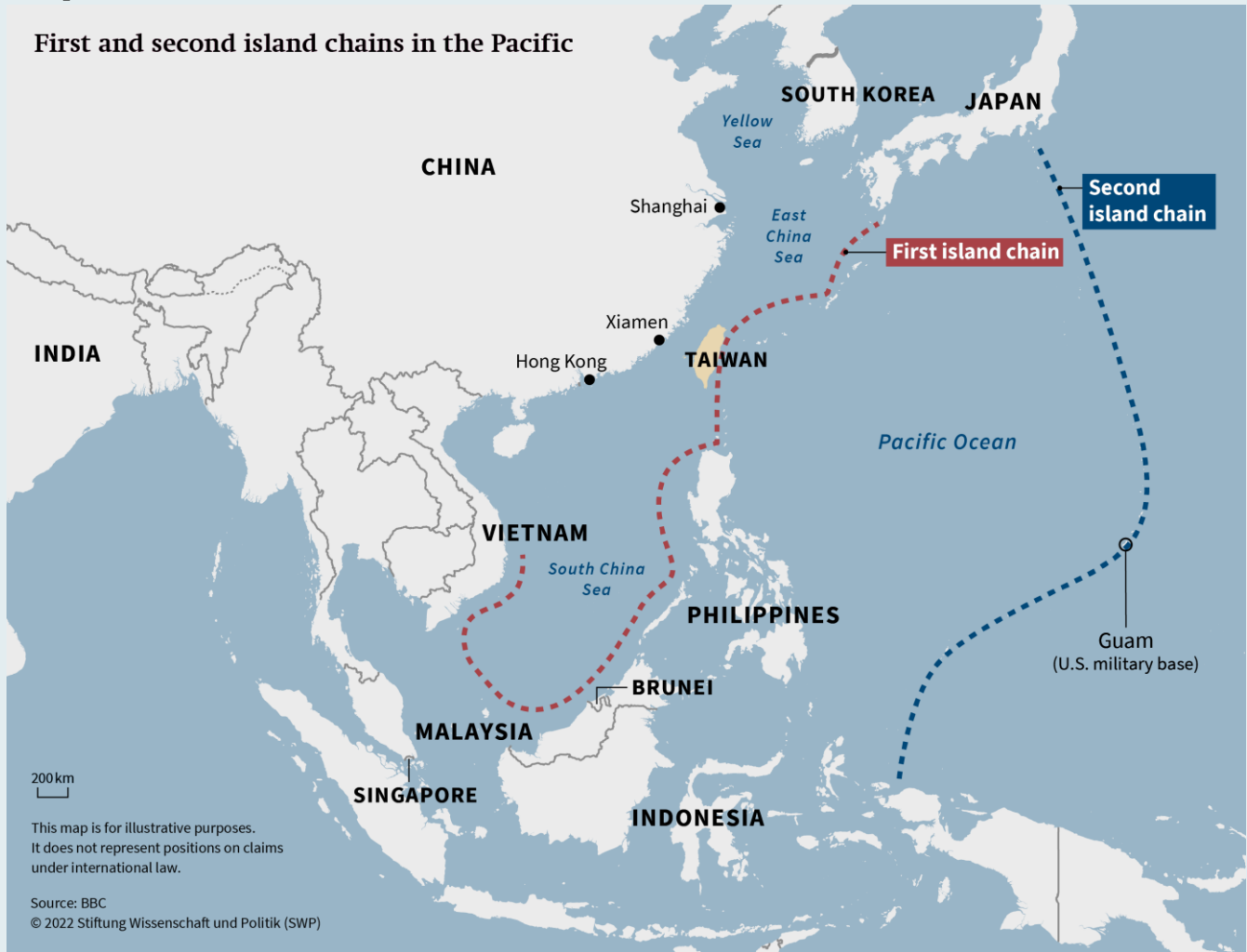
¹³ See "Full Text: Speech by Xi Jinping at a Ceremony Marking the Centenary of the CPC", *Xinhua* (online), 1 July 2021, <https://bit.ly/3LlnDbwSpeechJinping> (accessed 19 November 2021).

¹⁴ On the pros and cons, see the arguments of Bonnie Glaser in the podcast "How Great Is the Risk of War over Taiwan?" (Harvard Fairbank Center for Chinese Studies,

⁹ Election Study Center, National Chengchi University, "Taiwanese/Chinese Identity (1992/06 ~ 2021/12", <https://esc.nccu.edu.tw/PageDoc/Detail?fid=7800&id=6961> (accessed 1 July 2022).

¹⁰ Kat Devlin and Christine Huang, "In Taiwan, Views of Mainland China Mostly Negative" (Washington, D.C.: Pew Research Center, 12 May 2020), <https://www.pewresearch.org/global/2020/05/12/in-taiwan-views-of-mainland-china-mostly-negative/> (accessed 19 November 2021).

Map 2



ambitious domestic agenda for his country for the next few years. A military confrontation would jeopardise these plans because China would not only have to reckon with punitive economic measures being imposed on it by the West, but also with a possible military intervention by the U.S. and its unforeseeable consequences. As long as Beijing hopes to achieve unification peacefully (“winning without fighting”), it is unlikely that the Chinese leadership will decide to annex Taiwan. However, a military conflict cannot be categorically ruled out, because Beijing could also conclude that success is guaranteed and that the price for such action would be acceptable. Further developments in the Russia’s war against Ukraine could also influence China’s considerations. However, it is too

early to predict what lessons China’s leadership and military will draw from the Russian invasion.

China’s attrition tactics

For the time being, the PRC is trying to put pressure on Taiwan’s government and population and to wear them down through so-called grey zone activities. These include disinformation campaigns, cyber-attacks, military sabre-rattling and “exercises” in the immediate vicinity, as well as efforts to isolate Taiwan internationally. This is Beijing’s way of saying that it would not accept any formal independence of Taiwan. Moreover, Beijing’s attrition tactics are also designed to make the island’s population realise that, given the balance of power, unification is inevitable and that resistance is therefore futile.

15 October 2021), <https://www.podcastaddict.com/episode/129908378> (accessed 19 November 2021).

The frequent flights by Chinese aircraft through Taiwan's ADIZ are a great burden on the Taiwanese military, as the latter must be on constant alert to respond to intercept. Through disinformation and other domestic political measures, China is trying to divide Taiwanese society as well as weaken their general confidence and trust in their government. Such activities, through which China influences the will and mind-set of the population, together amount to what Taiwan calls "cognitive warfare."¹⁵ However, the Chinese leadership also provides economic and financial incentives for entrepreneurs, executives, engineers and students from Taiwan in order to bind them to the Chinese mainland. In this way, China wants to attract supporters from the Taiwanese economy¹⁶ and increase dependencies. At the same time, this approach also has the effect of undermining Taiwan's industrial base by luring away talent.

Taiwan's resilience

However, China's threats and attempts at intimidation in recent years have rather tended to strengthen Taiwan's resolve to defend its own democratic rights and freedoms. Taiwan's resilience and stamina is rooted in the country's non-negotiable democratic identity, which is based on liberal norms and values. Its democratic transition since the late 1980s has proved sustainable. From Taiwan's perspective, therefore, the successful status quo cannot be changed simply by decree.

Taiwan's foreign relations are an essential part of the national effort to secure the island's de facto independence. Taipei's political, economic and social ties with foreign actors enable the island to visibly demonstrate its independence and gain more international recognition. Moreover, Taiwan seeks to promote a positive reputation abroad by voluntarily complying with international treaties and norms, even though it cannot itself be a signatory state. Taiwan's economic performance, its capacity for technological innovation and its embeddedness in the international division of labour are also fundamental to the preservation of its independence. Crucially, Taiwan's companies occupy hubs and nodes in global supply chains, while its skills and manufacturing

capacities have become indispensable to the global semiconductor industry.

The international community and the Taiwan question

In order to support Taiwan in its existence as a democratic state and to reduce the risk of military action being taken by Beijing, it is important from an external perspective to strengthen relations with Taipei in all areas – economy, politics, society, science and culture. And even if a one-China policy is adhered to in principle, there is still room for manoeuvre. Doing so requires not only ingenuity and creativity, but also the political will to endure Beijing's reactions – mainly consisting of economic pressure and punitive measures.

The vast majority of members of the international community, in establishing diplomatic relations with the PRC, have committed themselves in one form or another to a one-China policy. This rules out any diplomatic and formal recognition of Taiwan. However, almost all of these countries maintain informal relations with the island and have quasi-embassies there. Moreover, a growing number of Western countries, as well as Japan, Australia and New Zealand, are increasingly vocal in their support for maintaining peace and stability in the Taiwan Strait and reject any attempt to change the status quo unilaterally against the will of the other side.

The authors of this study systematically analyse and compare how countries that Germany and Europe consider important partners have shaped their relations with Taiwan over the years. They look at the U.S., Japan, Singapore, South Korea, Australia, India and Europe, with a focus on the EU as well as France, Germany and the United Kingdom.

The comparative country analyses are intended to reveal what leeway other countries utilise to strengthen relations with Taiwan, thus contributing to stability in the Taiwan Strait and counteracting China's growing superiority.

¹⁵ Ministry of National Defense, *2021 National Defense Report, Republic of China* (see note 3), 46.

¹⁶ *Ibid.*

Gudrun Wacker

Taiwan's Foreign Policy: Walking a Constant Tightrope

The politics of Taiwan (officially the Republic of China, in short: ROC) are determined primarily by three factors. The first factor is the People's Republic of China (PRC). Although Taiwan is, de facto, a country with its own foreign policy and armed forces, its foreign relations are significantly influenced by the PRC. The latter claims to be the only legitimate government of China in its entirety and regards Taiwan as an inseparable part of it. Pertinently, the declared goal of the Chinese leadership in this regard is “reunification” with Taiwan. The second factor is Taiwan's domestic politics. Put simply, both the polarisation of the two dominant political parties and the disputed identity of the island play a role here. While the Kuomintang (KMT), known as the “mainland party,” stands more for the island having a Chinese identity, the Democratic Progressive Party (DPP), known as the “independence party,” proclaims a specifically Taiwanese identity. The third factor is the United States and its role as Taiwan's main security guarantor. Washington is neither interested in an escalation of the conflict between the two sides nor in excessive rapprochement between them.¹

Historical context

The Republic of China (ROC) was a founding member of the United Nations (UN) in 1945 and also had a permanent seat on the UN Security Council. After the ruling nationalist KMT was defeated by the communists in the civil war on the Chinese mainland in 1949, the government withdrew its remaining troops to the island of Taiwan and from there represented

the ROC's claims to the entire Chinese territory.² It also continued to represent China in the UN and the Security Council. The island itself had been annexed by the Chinese Empire in 1683 as part of the coastal province of Fujian. When Japan won the 1894–95 war against China, Taiwan became a Japanese colony under the Treaty of Shimonoseki in 1895 and remained so until 1945. After the end of World War II in the Pacific, Taiwan was returned along with some smaller offshore islands such as Jinmen (Kinmen) and Matsu (both occupied by Japan) as well as Penghu to the ROC, which was ruled by the KMT at the time (see Map 1, p. 6). After retreating to the island in 1949, the KMT took sole rule and established a military dictatorship. Martial law was in force until 1987.

With the visits of U.S. Secretary of State Henry Kissinger in 1971 and U.S. President Richard Nixon in 1972 to the PRC, and the eventual establishment of diplomatic relations (which did not actually materialise until 1979) between Beijing and Washington initiated by these visits, the diplomatic status of the ROC in the international community changed permanently. In 1971, the PRC became a member of the UN in accordance with UN General Assembly Resolution 2758 and, as China's sole representative, it also took over

¹ See also Kwei-Bo Huang, “Taiwan's Foreign Policy and International Space”, in *Routledge Handbook of Contemporary Taiwan*, ed. Gunter Schubert (Abingdon and New York 2016), 465–81 (476).

² The Constitution of the ROC, which came into force on 1 January 1947, applies to the whole of China. “Constitution of the Republic of China (Taiwan), *Laws & Regulations Database of The Republic of China*, 1 January 1947, <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=A0000001>. The Constitution has been amended seven times, most recently in 2005. The amendments now refer to the “free area of the Republic of China”, to which, for example, the provisions on presidential and parliamentary elections apply. For the 2005 amendment, see “Taiwan (Republic of China)'s Constitution of 1947 with Amendments through 2005”, *Constitute*, 26 August 2021, https://www.constituteproject.org/constitution/Taiwan_2005.pdf?lang=en.

the ROC's seat on the Security Council.³ The ROC/Taiwan was also excluded from all UN sub-organisations. At that time, many Western countries came to recognise the PRC diplomatically and followed – in different variants – a one-China policy, as the United States had also acknowledged in the 1972 Shanghai Communiqué. According to this, the Chinese on both sides of the Taiwan Strait took the position that there was only one China, and that Taiwan was part of it.⁴

In some regional organisations, Taiwan had to accept another name instead of “ROC” in order to continue to be represented. When the Asian Development Bank (ADB) was founded in 1966, the ROC initially represented all of China, and was able to remain a member of the bank under the name “Taipei, China” after the PRC joined in 1986. In 1991, Taiwan became a member of the Asia-Pacific Economic Cooperation (APEC) under the name “Chinese Taipei.”⁵ APEC had been founded two years prior, and Taiwan acceded at the same time as the PRC and Hong Kong (the latter then still a British colony).⁶ However, the ROC/Taiwan never gained access to any of the other official regional formats such as the

ASEAN Regional Forum (ARF, founded in 1994). At best, the island is represented in associated informal (Track 2) forums.

Although the ROC was also a founding member of the International Monetary Fund (IMF) in 1945 under the name “China,” it lost its seat to the PRC in 1980.⁷ The same happened with respect to the ROC's membership in the World Bank. The only exception has been the World Trade Organisation (WTO), which the island joined shortly after the PRC on 1 January 2002, as the “Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei).”⁸

Taiwan's foreign policy: institutions and actors

In organisational terms, the foreign policy of the ROC/Taiwan largely corresponds to that of other states with a presidential system. The president sets the general direction and priorities, while foreign representation is the responsibility of the Ministry of Foreign Affairs. This also applies to the quasi-representations maintained by the country in 60 of the world's states (including most EU member states) that do not have official relations with Taiwan.⁹ These unofficial embassies operate under the name of either “Economic and Cultural Office” or “Taipei Representative Office.” Specialised ministries of the ROC, such as for the economy, culture or other sectors, also play a foreign policy role.

Two dedicated institutions were created to plan and coordinate relations between the two sides of the Taiwan Strait. In Taiwan, there is the Mainland Affairs Council (MAC)¹⁰ while its counterpart in the

3 The text of the resolution can be found at *U.N. Resolution 2758*, 25 October 1971, <https://web-archiver-2017.ait.org.tw/en/un-res-2758-voted-to-admit-communist-china.html>. 76 states voted in favour of the resolution, 35 voted against and 17 abstained (including from Southeast Asia). The resolution states: “Decides to restore all its rights to the People's Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the United Nations, and to expel henceforth the representatives of Chiang Kai-shek from the place which they unlawfully occupy at the United Nations and in all the organizations related to it.”

4 Verbatim: “The U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position.” See Department of State Office of the Historian, *Joint Statement of the United States Following Discussions with Leaders of the People's Republic of China*, Shanghai, 27 February 1972, <https://history.state.gov/historicaldocuments/frus1969-76v17/d203>.

5 “Chinese Taipei” is the formula also used for Taiwan's participation in the Olympic Games.

6 On the factors that made Taiwan's admission to APEC possible, see in detail Ming-chin Monique Chu, *No Need to Beg China? Taiwan's Membership of The Asia-Pacific Economic Cooperation as a Contested State* (Southampton: University of Southampton, 2016), <https://bit.ly/BegChina>. APEC members are economies, not states.

7 See Permanent Mission of the People's Republic of China to the United Nations Office at Geneva and Other International Organizations in Switzerland, “China and International Monetary Fund”, Geneva, 19 April 2004, <http://www.china-un.ch/eng/zmjgjjgjbcl/t85557.htm>.

8 See on the implications Steve Charnovitz, “Taiwan's WTO Membership and Its International Implications”, *Asian Journal of WTO & International Health Law and Policy* 1 (2006): 401–31, <https://core.ac.uk/download/pdf/232644556.pdf>.

9 In total, there are more than 90 offices in the 60 countries. See website of the Ministry of Foreign Affairs: Taiwan Republic of China, “ROC Embassies and Missions Abroad”, https://www.roc-taiwan.org/portalOfDiplomaticMission_en.html.

10 Website: *Mainland Affairs Council Republic of China (Taiwan)*, <https://www.mac.gov.tw/en/>.

PRC is the Taiwan Affairs Office (TAO), both of which have the status of ministries.

Two institutions were created specifically to coordinate relations between Beijing and Taipei.

In Taiwan, the Inter-Agency Mainland Affairs Committee was first created in 1988, when the PRC first allowed Taiwanese to visit their relatives on the mainland. The Committee was finally formalised as an independent government institution (the MAC) in 1991. It is responsible not only for the PRC, but also for Hong Kong and Macao, as well as Inner Mongolia and Tibet. According to its constitution, the ROC also continues to formally lay claim to all of China in the tradition of pre-war China. While there were direct meetings held between the heads of the MAC and the TAO during the second term of then Taiwanese President Ma Ying-jeou (2012 – 2016), the official line remains that the PRC and Taiwan do not negotiate with each other. Therefore, direct contacts and negotiations between the two sides are usually the responsibility of representatives of two other unofficial organisations established for this purpose. On the Taiwanese side, this is the Straits Exchange Foundation (SEF) and on the mainland it is the Association for Relations Across the Taiwan Straits (ARATS).

It is not actually the task of the ROC's foreign ministry to conduct and oversee relations with the mainland. Nevertheless, it keeps a close eye on Beijing's attempts to limit Taiwan's international presence. Since 2009, the ministry has published an ongoing list of cases in which it sees Taiwan's sovereignty as being violated by other states or international organisations and associations – mostly as a result of pressure from the PRC.¹¹

Development cooperation is also part of the remit of the ROC's Ministry of Foreign Affairs. In 2009, it published its first white paper on Taiwan's development aid,¹² and reports on international cooperation and development are now released by the ministry at

11 See Ministry of Foreign Affairs Republic of China (Taiwan), "Instances of China's Interference with Taiwan's International Presence", <https://en.mofa.gov.tw/cl.aspx?n=218d65026c0f1d37>.

12 See Ministry of Foreign Affairs Republic of China (Taiwan), *Partnerships for Progress and Sustainable Development. White Paper on Foreign Aid Policy* (Taipei, May 2009), <https://bit.ly/3Kdi7NYWhitePaper>.

irregular intervals.¹³ Development projects are mainly implemented by the International Cooperation and Development Fund (TaiwanICDF or the ICDF),¹⁴ on behalf of the Ministry of Foreign Affairs, and they extend not only to Taiwan's diplomatic partners, all of which are developing countries (with the one exception of the Holy See), but also to other countries. The focus here is on topics in the fields of the environment, agriculture, health, education, as well as information and communication technology. The ICDF also cooperates with international organisations and non-governmental organisations (NGOs).

Because Taiwan is diplomatically recognised by only a few states and has been excluded from almost all international organisations, NGOs play an important complementary role in the country's foreign policy and many of them are financially supported by the ROC government. They often represent Taiwan's only opportunity to participate in international events, such as the Conference of Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC). As early as 2000, the Ministry of Foreign Affairs set up a separate commission for these activities, which has been operating as the Department for NGO International Affairs since 2012.¹⁵

International representation and diplomatic recognition

The number of states maintaining diplomatic relations with the ROC has shrunk dramatically over the decades. From 2000 to 2008, the elected president of Taiwan was a member of the DPP, which advocates

13 The latest is from 2018: Ministry of Foreign Affairs Republic of China (Taiwan), *International Cooperation and Development Report 2018* (Taipei, 28 May 2019), <https://bit.ly/3Nok7ysDevelopmentReport>.

14 ebsite: *International Cooperation and Development Fund*, <https://www.icdf.org.tw/mp.asp?mp=2>.

15 See Website: *Department of NGO International Affairs*, <https://www.taiwanngo.tw/>. On the activities of Taiwanese NGOs and government support, see also Lindsey Ranish, "Protecting Health and Humanitarian Assistance from Government Interference", in *Perspectives on Taiwan. Insights from the 2017 U.S.-Taiwan Policy Program*, ed. Bonnie S. Glaser and Matthew P. Funaiolo, CSIS China Power Project Report (Washington, D.C.: Center for Strategic and International Studies [CSIS], March 2018), 28 – 32, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/180312_Glaser_PerspectivesTaiwan_Web.pdf.

for Taiwan's independence according to the party's statute. During these years, the PRC actively tried to motivate Taiwan's diplomatic allies to switch their official recognition in favour of Beijing. In this period of "chequebook diplomacy," both sides used development aid as an instrument to gain or maintain diplomatic recognition. The PRC also engaged more systematically in blocking Taiwan's access to international organisations, and it accused President Chen Shui-bian of unilaterally and incrementally changing Taiwan's status by dissolving the National Unification Council, introducing new passports, renaming public buildings and taking other steps towards "Taiwanisation."¹⁶ Between 1993 and 2006, the ROC tried every year to improve its status at the UN, either directly or through its remaining diplomatic partners, but the issue never even made it onto the agenda. In 2007, still under Chen Shui-bian's presidency, his government requested the country to be admitted as a full member of the UN under the name "Taiwan." The UN Secretary-General at the time, Ban Ki-moon, categorically rejected this attempt.¹⁷ On the day of the following year's presidential election, the Taiwanese people were also to decide by referendum on Taiwan's representation in the UN. The two rival parties, the DPP and the KMT, each formulated their own questions and put them to a vote. However, both referendums failed to reach the necessary quorum.

When the KMT won both the parliamentary and presidential elections in 2008, a period of rapprochement between the adversaries on both sides of the Taiwan Strait began. The new Taiwanese president Ma Ying-jeou called for a "diplomatic truce" in 2010, and although Beijing never officially responded to this proposal, Taiwan did not lose any of its remaining 23 diplomatic allies for the next eight years.¹⁸ Taiwan also refrained from making direct attempts to be recognised by the UN and instead focused on demanding "meaningful participation" in specialised UN agencies. This approach was at least partially success-

ful. Starting in 2009, the PRC allowed Taipei to participate as an observer in the World Health Assembly (WHA) for several years. Since 2013, Taiwanese representatives have also been allowed by Beijing to participate in the International Civil Aviation Organization (ICAO) Assembly, which comes together every three years. However, a separate invitation had to be issued for each of these events.¹⁹ Other international organisations in which Taiwan still seeks at least observer status but has so far been unsuccessful include Interpol and the UNFCCC.

Since 2016, Beijing's attitude towards Taipei has hardened and the island is losing allies.

However, since Tsai Ing-wen's victory in the presidential election and the DPP's return to power in 2016, the PRC has toughened its approach to Taiwan considerably. Despite strong international support for Taiwan's functional participation in international organisations that do not require statehood, Beijing has again been consistently blocking any move in this direction.²⁰ Since 2017, Taipei has not been invited to the WHA or the ICAO. Even the outbreak of the COVID-19 pandemic did not change Beijing's uncompromising stance. Taiwan was denied access to the WHO or the WHA, as Beijing feared that any concession on international cooperation could be interpreted as recognition of Taiwan's statehood.

Taiwan's diplomatic allies have diminished in number since Tsai Ing-wen took office. In July 2021, Taiwan had official relations with only 15 states, mostly in Central America and the South Pacific.²¹

¹⁹ See Jacques deLisle, "Taiwan's Quest for International Space in the Tsai Era: Adapting Old Strategies to New Circumstances", in *Taiwan in the Era of Tsai Ing-wen. Changes and Challenges*, ed. June Teufel Dreyer and Jacques deLisle (Abingdon and New York, 2021), 239–83 (242–46).

²⁰ To change its uncompromising stance, the PRC demands that Tsai Ing-wen recognise the "1992 Consensus" negotiated in talks between ARATS and SEF. According to this, both parties agree that there is only one China, but each side interprets what "one China" means.

²¹ These were the Marshall Islands, Tuvalu, Nauru and Palau in the Pacific, Eswatini (Swaziland) in Africa, Belize, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines in Latin America and the Caribbean, and the Holy See in Europe. See Ministry of Foreign Affairs Republic of China (Taiwan), "Diplomatic Allies", <https://en.mofa.gov.tw/AlliesIndex>.

¹⁶ Western countries, including the US, also criticised Chen Shui-bian's decisions as destabilising and unnecessarily provocative of Beijing. On the effects of chequebook diplomacy see also the contribution of Mark Harrison in this research paper, pp. 59ff.

¹⁷ See in more detail Sigrid Winkler, *Taiwan's UN Dilemma: To Be or Not to Be*, Taiwan-U.S. Quarterly Analysis (Washington, D.C.: Brookings, 20 June 2012), <https://www.brookings.edu/opinions/taiwans-un-dilemma-to-be-or-not-to-be/>.

¹⁸ With the exception of the Gambia, with which the PRC did not establish diplomatic relations at the time.

In Europe, its only remaining ally in this regard is the Holy See, which is therefore of particular importance.

Maintaining diplomatic relations with at least some states is not only important for Taiwan's self-esteem and dignity. These relations also provide opportunities for participation, albeit limited, in international affairs, as well as for state visits and travel by senior politicians who are barred from visiting other states.²² Such official trips have also typically been used for stopovers (to "refuel") and unofficial meetings, especially in the U.S.²³ Moreover, in the past Taiwan stood a better chance of being invited to international meetings if they were hosted in one of the states with which it had diplomatic relations.

Foreign policy: principles and priorities

Since the beginning of its democratisation process in the 1980s, Taiwan has gone through various phases in its foreign policy, each of which has been strongly influenced by whoever held the presidency at the given time. Lee Teng-hui (KMT), the first democratically-elected president of the ROC,²⁴ pursued a flexible foreign policy with the primary aim of improving the ROC's international standing, even if this required making some concessions in terms of its name. His successor Chen Shui-bian (DPP, 2000–2008) pursued a zero-sum diplomacy – also as a reaction to Beijing's mistrust and refusal to talk – , which not only his political opponents at home, but also Western observers dubbed "scorched earth diplomacy." Thus, this also put considerable strain on Taiwan's relations with the United States, as Washington saw Chen's policy as unnecessarily provoking the PRC.

The KMT's Ma Ying-jeou (president from 2008 to 2016) then returned to the pragmatic and flexible

stance that had prevailed during Lee's reign, referred to as "viable diplomacy."²⁵ The emphasis of this was on consolidating the remaining diplomatic relations based on a "diplomatic truce," improving relations with other states (especially with the United States and Japan), enabling Taiwan's functional participation in international organisations (including through NGOs), revitalising Taiwan's economy using bilateral and regional free trade agreements (FTAs) such as the Regional Comprehensive Economic Partnership (RCEP) and the Trans-Pacific Partnership (TPP) and, finally, deploying cultural diplomacy as an expression of Taiwanese soft power.²⁶ After the turbulent period under Chen Shui-bian, this pragmatic approach was able to bring back to normal and stabilise relations with the United States in particular. As far as international leeway was concerned, the results were mixed, as explained above: the few successes achieved remained dependent on the goodwill of the PRC, because Beijing did not want to set any precedents that would have endured beyond another change of government in Taipei.

President Tsai Ing-wen, who has been in office since 2016, continued the direction and principles of the previous government, but set her own priorities. In contrast to Ma Ying-jeou's government, the succeeding DPP government could not count on an accommodating attitude from Beijing, although Tsai expressed commitment to stability in the Taiwan Strait. She at least managed to convince Washington

aspx?n=1294&sms=1007. Between 2016 and 2019, in addition to The Gambia, Taiwan lost Sao Tome and Principe, Panama, El Salvador, the Dominican Republic, Burkina Faso and the Pacific island states Solomon Islands and Kiribati. See deLisle, "Taiwan's Quest for International Space in the Tsai Era" (see note 19), 250.

²² Typically, these restrictions refer to the offices of president, vice-president, prime minister, foreign minister and defence minister, also known as the "Big 5".

²³ See also deLisle, "Taiwan's Quest for International Space in the Tsai Era" (see note 19), 249ff.

²⁴ Lee Teng-hui's term in office lasted from 1988 to 2000. The first democratic presidential election was held in 1996.

²⁵ On the various phases up to Ma Ying-jeou see Kwei-Bo Huang, "Taiwan's Foreign Policy and International Space" (see note 1), 465ff. For a brief account of *scorched earth diplomacy* specifically in Southeast Asia, see e.g. Tingting Yang, *Southeast Asian Relations with Taiwan, 2000–2016: An Assessment of Vietnam and Singapore*, Thesis (Monterey, CA: Naval Postgraduate School, September 2017), 19f., <https://apps.dtic.mil/sti/pdfs/AD1046953.pdf>.

²⁶ Kwei-Bo Huang, "Taiwan's Foreign Policy and International Space" (see note 1), 471–76. On the institutional and substantive weaknesses in Taiwan's exercise of *soft power* during Mas's reign, see Gary D. Rawnsley, "Taiwan's Soft Power and Public Diplomacy", *Journal of Current Chinese Affairs* 43, no. 3 (2014): 161–74, <https://journals.sub.uni-hamburg.de/giga/jcca/article/download/772/772-797-1-PB.pdf>. One criticism here is that the ROC was presented to the outside world during this phase primarily as the preserver of traditional Chinese culture, rather than focusing on achievements such as peaceful democratisation.

that there would be no surprises to fear from her, as had been the case under Chen Shui-bian.²⁷

A central feature of foreign policy under Tsai, which also played a role under Ma, is that Taiwan consciously and voluntarily adheres to internationally agreed standards and complies with international treaties, even if it has no prospect of formally signing these agreements. Taiwan acts as if it were a member of the main international organisations and tries to contribute to achieving or implementing their goals.²⁸ In this way, Taiwan presents itself as a responsible actor in the international community and as an exemplary democracy. This approach applies to the observance of human rights, the fight against climate change and the achievement of the UN's Sustainable Development Goals (SDGs).²⁹ In terms of development cooperation, Taiwan follows OECD standards.³⁰ Under the Tsai government, Taiwan has consciously used its "warm power" to counter the diplomatic instruments of the PRC. Meanwhile, Beijing's arsenal has come to be

called "sharp power" by some Western analysts because the Chinese leadership exerts economic pressure, uses systematic disinformation and aggressive "wolf-warrior" diplomacy, among other methods.³¹

Taiwan's "as if" behaviour plays out in an interesting manner in the disputes in the East and South China Seas. Taiwan's maritime claims are historically congruent with those of the PRC³² and it has upheld them, including under Tsai Ing-wen's presidency. However, Taiwan's government refers to principles of the UN Convention on the Law of the Sea and advocates guaranteeing freedom of navigation and over-flight rights.³³ Taiwan was also prepared to participate in the negotiations in The Hague on the South China Sea, but was denied the opportunity to do so. For this reason alone, Taiwan rejected the Permanent Court of Arbitration's ruling.³⁴

Under Tsai's government, Taiwan re-launched a campaign in 2017 to upgrade its status at the UN³⁵ based on three demands: improved access of Taiwanese people to the UN system; an end to discrimination against Taiwanese citizens when entering UN buildings³⁶; and, finally, the inclusion of Taiwan in meetings, mechanisms and activities in the SDG context. In substance, this campaign represents nothing new,

27 When Tsai ran as a presidential candidate against Ma Ying-jeou in 2011, an Obama administration official had expressed concern about her ability to maintain stability in the Taiwan Strait. See Anna Fifield, Robin Kwong and Kathrin Hille, "US Concerned about Taiwan Candidate", *Financial Times*, 15 September 2011, <https://www.ft.com/content/f926fd14-df93-11e0-845a-00144feabdc0>. In 2015, Tsai again travelled to the US as a candidate and was able to dispel doubts about Taiwan's reliability as a partner of the U.S. See Vincent Wei-cheng Wang and Jacques deLisle, "U.S.-Taiwan Relations: Continuity and Change in a Triangular Dynamic", in *Taiwan in the Era of Tsai Ing-wen. Changes and Challenges*, ed. Dreyer and deLisle (see note 19), 161–207 (161).
28 See also deLisle, "Taiwan's Quest for International Space in the Tsai Era" (see note 19), 257–66.

29 The demand to be included in meetings, mechanisms and activities of the SDGs is one of the three pillars Taiwan mentions in its campaign in the UN in 2017.

30 Taiwan also has observer status in three OECD committees (steel, competition and fisheries). See Ministry of Economic Affairs, Bureau for International Trade, "Organisation for Economic Cooperation and Development. Introduction", <https://www.trade.gov.tw/english/Pages/Detail.aspx?nodeID=658&pid=699514>. On Taiwan's development cooperation and value-based foreign policy see also David Merkle, *New Approaches in Development Cooperation. A Dynamic Player in East Asia. How Taiwan Takes Responsibility in the Shadow of the International Community*, KAS Auslandsinformationen 2/2021 (Berlin: Konrad-Adenauer-Stiftung, 5 July 2021), https://www.kas.de/documents/259121/13447291/EN_kas_ai_02-2021_merkle_web.pdf/17048991-b718-e33a-b435-30cdb5ad88ec?version=1.0&t=1625213482199.

31 Making the case for more systematic use of Taiwan's soft power is Ryan Hass, "Increasing 'Soft Power' Is a Low-cost, High-return Strategy for Taiwan", *Taipei Times*, 22 January 2018, <https://www.brookings.edu/opinions/increasing-soft-power-is-a-low-cost-high-return-strategy-for-taiwan/>.

32 The PRC's claims are essentially derived from those of the ROC before 1949. For example, the 9-dash line (originally 11-dash) in the South China Sea is based on a 1947 map.

33 On this argument, see deLisle, "Taiwan's Quest for International Space in the Tsai Era" (see note 19), 257–60.

34 See Public Diplomacy Coordination Council/Ministry of Foreign Affairs Republic of China (Taiwan), "ROC Position on the South China Sea Arbitration", 12 July 2016, https://en.mofa.gov.tw/News_Content.aspx?n=1EADDCCFD4C6EC567&s=5B5A9134709EB875.

35 See Public Diplomacy Coordination Council/Ministry of Foreign Affairs Republic of China (Taiwan), "ROC Government Announces Details of 2017 Campaign for UN Participation", 11 September 2017, https://en.mofa.gov.tw/News_Content.aspx?n=1328&s=33930. On the campaign in detail see also Tobias Adam, "Taiwan's UN Campaign 2017: Small Steps Instead of a Big Leap", *Asia* 146 (January 2018): 96–109, http://asien.asienforschung.de/wp-content/uploads/sites/6/2018/09/146_RN_Adam_Taiwans-UN_Kampagne-2017.pdf.

36 Reportedly, a Taiwanese passport does not give access to the UN buildings.

and it is no surprise that so far it has been as fruitless as similar previous attempts.

With its “New Southbound Policy,” Taiwan wants to reduce its dependence on the PRC.

One initiative that Taiwan revived under a new name after Tsai Ing-wen took office in 2016 is the “New Southbound Policy” (NSP) — such a “Go South” policy had also existed under Presidents Lee and Chen.³⁷ The NSP is designed to intensify relations with the countries of South and Southeast Asia, as well as with Australia and New Zealand, and thus reduce the one-sided economic dependence on the PRC. Originally, the focus was on the 10 ASEAN states and India. With the expansion of its geographical scope, Taiwan is establishing an explicit link between the NSP and the Indo-Pacific concepts of the United States, Japan and other states, and subscribes to the strategy of a “free and open Indo-Pacific.”³⁸ The NSP comprises the following four dimensions: economic and trade collaboration; talent exchange; resource sharing; and regional connectivity. During Ma’s presidency, the focus had been on rapprochement with the PRC — 23 bilateral agreements had been negotiated during the two terms of Ma’s KMT government. Taiwan’s economic integration with the mainland had increased during that period, and so had its dependence on the PRC. The NSP, on the other hand, focuses on diversification.

Conclusion

The official and informal room for manoeuvre in Taiwan’s foreign policy remains massively restricted

³⁷ For a brief and concise overview, see *Taiwan’s New Southbound Policy. Deepening Taiwan’s Regional Integration* (Washington, D.C.: CSIS, July 2019), <https://southbound.csis.org/>. For a detailed analysis of the NSP, see Bonnie S. Glaser et al., *The New Southbound Policy. Deepening Taiwan’s Regional Integration* (Washington, D.C.: CSIS, January 2018), https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/180613_Glaser_NewSouthboundPolicy_Web.pdf. The Ministry of Foreign Affairs has set up a separate portal for the NSP: Ministry of Foreign Affairs Republic of China (Taiwan), *New Southbound Policy Portal*, <https://nspp.mofa.gov.tw/nspp/>.
³⁸ See David Scott, “Taiwan’s Pivot to the Indo-Pacific,” *Asia-Pacific Review* 26, no. 1 (2019): 29–57, <https://www.tandfonline.com/doi/full/10.1080/13439006.2019.1618602>.

by the PRC: even during the phase of rapprochement between the two sides during Ma Ying-jeou’s two terms in office, Beijing was careful not to set a precedent from which Taiwan’s right to permanent participation in international organisations — even if only as an observer — could later be derived. Admission to international organisations or regional FTAs such as the RCEP or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will be next to impossible for Taiwan to push through against Beijing’s resistance. This has not been changed by the fact that support from other countries has become louder and more coherent, as expressed in the Summit Communiqué of the G7 countries in 2021. Beijing has expanded and sharpened the tools with which it exerts pressure not only on Taiwan itself, but also on international organisations, other states and companies.

In order not to lose the domestic support of its own electorate, any government in Taiwan, whether led by the KMT or the DPP, must strike a balance between rapprochement with mainland China on the one hand and the defence of Taiwan’s sovereignty and dignity on the other. Taiwan’s foreign policy must, if possible, avoid steps that could be perceived by the PRC or the United States as unilaterally challenging the status quo, which is in any case constantly changing. Finally, Taipei must be careful not to allow itself to be instrumentalised by third parties, for example in the disputes in the South China Sea.

Below the threshold of formal diplomatic relations, Taiwan is trying to systematically and wisely use any available room for manoeuvre. However, the country remains dependent on the extent to which its respective partners are prepared to allow and support this. Crucially, Taiwan has a lot to offer including economic strengths, such as in the production of semi-conductors, internationally compliant behaviour, normative, cultural and social soft power, as well as ample experience in dealing with China’s foreign policy instruments, especially cyberattacks, disinformation, military threats, and both economic pressures and incentives. All of this makes Taiwan an attractive partner even for those who are not diplomatically connected to it.

Hanns Günther Hilpert

Trade and Technology Partner Taiwan

For Taiwan, whose national existence is politically contested by its overpowering neighbour China, state survival depends on its own economic and technological strength at least as much as on its diplomacy and foreign policy. Economically and technologically, Taiwan is under constant pressure to be a leader, to keep its dependence on China as low as possible and to remain attractive to third parties. From an external perspective, the question arises as to how Taiwan deals with this pressure situation and how and where meaningful economic and technological cooperation is possible.

Taiwan in the global economy

Despite its relatively small population (23.6 million) and the country's diplomatic fringe position, Taiwan's global economic weight should not be underestimated. With a gross domestic product (GDP) of US\$668.5 billion, Taiwan ranked 21st among the world's economies in 2020 and was the sixth largest in Asia after China, Japan, India, Korea and Indonesia. With a per capita income of US\$28,306 (2020), Taiwan is the fourth wealthiest country in Asia, after Singapore, Japan and Korea.¹

Even by Asian standards, Taiwan's economy is extremely stable macroeconomically. As in the Asian crisis (1997/98) and the global financial market crisis (2008/09), Taiwan proved to be extraordinarily crisis-resistant in the 2020 pandemic crisis. Although Taiwan was geographically not far from the source of infection, China, it was able to avoid major outbreaks

of infection for a long time² and also benefited from the rising global demand for electronic components and office and consumer electronics. Taiwan showed an estimated real GDP growth of 3.1% in 2020. This was the first time since China's Tiananmen crisis year of 1989 that its economic output grew faster than that of the People's Republic. Meanwhile, the unemployment rate remained at 3.9% in 2020, with inflation unchanged at 0%. The public budget deficit and public debt rose to 4.7% and 35.6%, respectively. At the same time, with a current account surplus of 9.6% of GDP, foreign exchange reserves increased to a record US\$541 billion, making Taiwan the world's sixth-largest foreign exchange reserve holder after China, Japan, Switzerland, Russia and India.³

An exceptionally high share of Taiwan's value added, namely 36%, is accounted for by the manufacturing sector.⁴ As an industrial manufacturing location, Taiwan is very broadly positioned in terms of industrial sectors and has a medium-sized economic structure. A few large companies such as Foxconn, Pegatron, Taiwan Semiconductor Manufacturing Company (TSMC), MediaTec and Formosa Petrochemical stand in contrast to numerous small and medium-

¹ For numerical data, see International Monetary Fund, "World Economic Outlook Database", April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April>; Asian Development Bank (ADB), *Key Indicators for Asia and the Pacific 2020*, 51st edition (Manila, September 2020), 101, <https://www.adb.org/sites/default/files/publication/632971/ki2020.pdf>; United Nations Conference on Trade and Development (UNCTAD), "UNCTADstat", <https://unctad.org/statistics> (accessed 4 June 2021).

² Although there was an outbreak of infection in spring 2021, it was quickly contained. At the end of September 2021, Taiwan recorded a good 16,000 cases of infection, corresponding to an infection rate of only 0.07%. The country thus achieved what remains an unprecedented success. For an international comparison, see Johns Hopkins University & Medicine Coronavirus Resource Center, "Taiwan", <https://coronavirus.jhu.edu/region/taiwan> (accessed 13 October 2021).

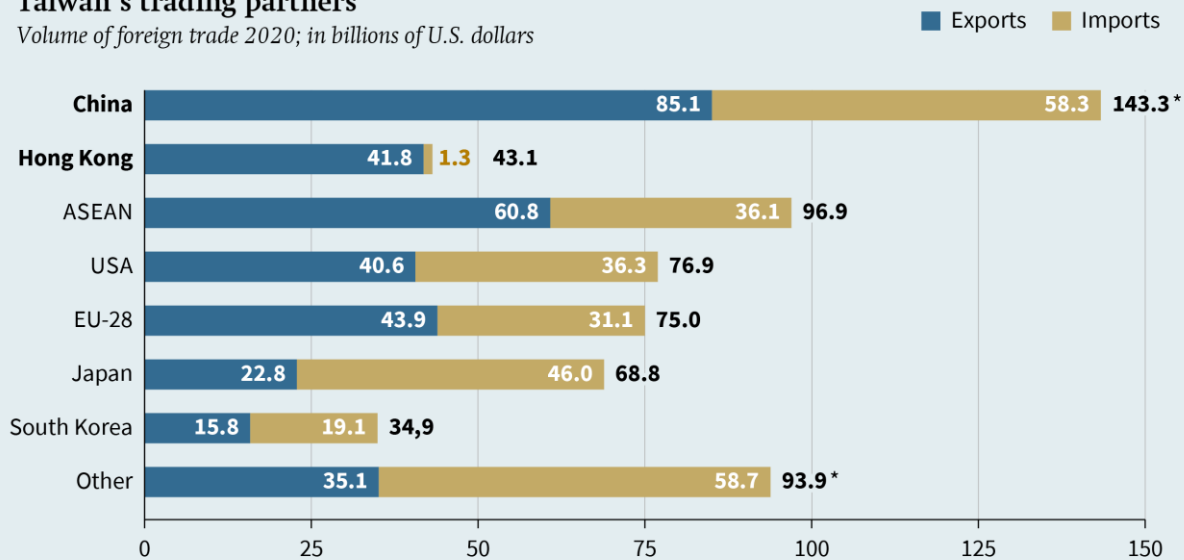
³ See Central Bank of the Republic of China (Taiwan), "Foreign Exchange Reserves as of the End of April 2021", press release, Taipei, 5 May 2021, <https://www.cbc.gov.tw/en/cp-448-134745-2cd0c-2.html> (accessed 3 June 2021).

⁴ For comparison: China 27%, Germany 19%, Korea 25%, USA 11%. See The World Bank, "World Bank Open Data", https://data.worldbank.org/?name_desc=false; National Statistics Republic of China (Taiwan), "Statistical Tables – Statistical Database", <https://eng.stat.gov.tw/ct.asp?xItem=37408&CtNode=5347&mp=5> (accessed 4 June 2021).

Figure 1

Taiwan's trading partners

Volume of foreign trade 2020; in billions of U.S. dollars



Source: UNCTAD, UNCTADstat
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* Deviations arise due to rounded values

sized enterprises, which give the Taiwanese economy its recognised high dynamism and flexibility. While the industrial focus is on electronics, information and communications, Taiwan also has considerable capacity in traditional industrial sectors. These include machinery and vehicle manufacturing, chemicals, plastics, steel, pharmaceuticals, textiles, apparel and food processing.

Taiwan's particular competitive strengths lie in contract manufacturing for multinational industrial groups. Taiwanese companies are attractive as contractors not only because of their cost advantages, not least due to the fact that production is often relocated to the mainland and abroad, but also because of their ability to adapt manufacturing processes quickly and flexibly to customer wishes, market requirements and technological change. Taiwan's industrial breadth, cooperative economic environment and international networking are an advantage here.

Through production and supply chains, Taiwan is deeply embedded in the regional division of labour of "Factory Asia". In relation to domestic value added, the share of exports and imports in 2020 amounted to 94.4% in value terms, and the share of foreign direct investment (stocks) to 52%.⁵ Even though this entails

5 By comparison, Germany's foreign trade share of GDP in 2020 was 88%, Korea's 76.9% and Japan's 37.8%. See Minis-

political dependencies and vulnerabilities for Taiwan, China is by far the most important trading partner (exports 24.6%, imports 20.3%) and investment location (55%) for the country (see Figures 1 and 2). This may seem paradoxical in view of the political antagonisms, but it is not surprising given the economic complementarity and geographical-cultural proximity of the two economies. The relocation of labour- and resource-intensive manufacturing processes to mainland China has been a bottom-up entrepreneurial process throughout. The immediate cost savings and, above all, the prospect of enormous profits in the course of expanding mainland production proved to be irresistible investment incentives.

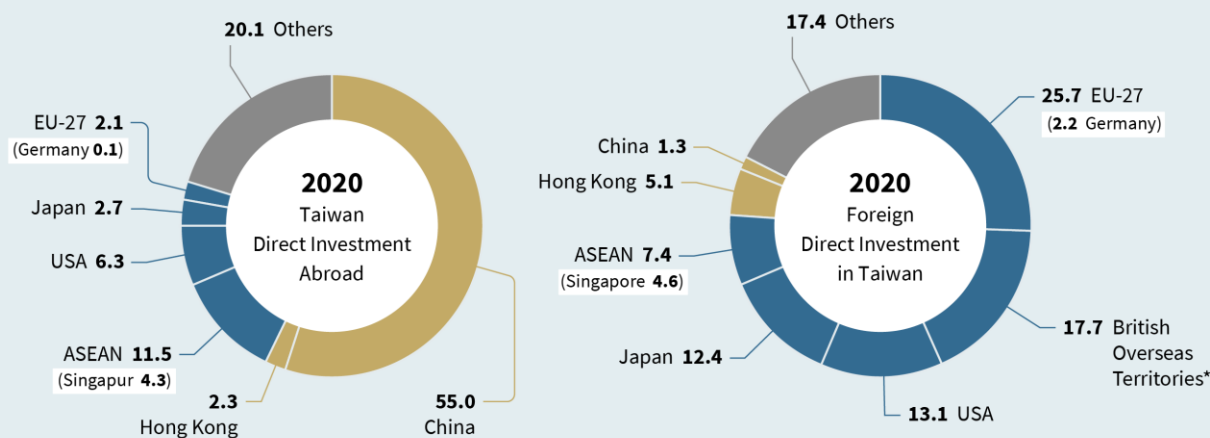
Although direct shipping and air connections were still prohibited until 2008 and the government in Taipei constantly tried to steer Taiwanese foreign investment to Southeast Asia with subsidies, Taiwan's businesses invested primarily on the mainland. At the end of 2020, Taiwan's mainland investment amounted to US\$192.4 billion, representing 55% of its total

try of Economic Affairs, Bureau of Foreign Trade, "B-1 Foreign Trade", https://www.moea.gov.tw/Mns/dos_e/content/ContentLink.aspx?menu_id=6748; International Monetary Fund, "Gross Domestic Product and Components Selected Indicators", <https://data.imf.org/regular.aspx?key=61545852> (accessed 9 June 2021).

Figure 2

Taiwan's investment traffic

Shares in percent; stocks 2020



Source: Ministry of Economic Affairs Investment Commission, MOEAIC, Taiwan
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* Tax havens that serve as hubs in direct investment traffic

foreign investment. However, Taiwan's current investment in China has been declining since 2015, both in absolute terms and relatively when compared to its other outward investments.⁶ A similar trend can be seen in Taiwan's foreign trade. To be sure, the country's trade with China has continued to grow in absolute terms over the past decade. But China's share in Taiwan's exports has stagnated below 30% since 2010 and in imports at around 20% of the total value since 2015.

The flip side of the economic inter-connectedness with the mainland is the island's greater political dependence on the People's Republic.

The downside of the profitable economic integration with the mainland is the island's increased political dependence on the People's Republic and greater vulnerability to it. Although a diversification

⁶ In 2015, Taiwan's companies invested US\$11 billion in mainland China and US\$10.9 billion in other locations around the world. In 2020, Taiwan's economy invested only US\$5.9 billion in China, but US\$11.8 billion in the rest of the world, see Ministry of Economic Affairs Investment Commission, <https://www.moeaic.gov.tw/english/> (accessed 22 September 2021).

trend started around 2015, the volume of Taiwan's foreign trade with the U.S. (export 11.7%, import 12.7%), Japan (export 6.6%, import 16%), the Association of Southeast Asian Nations (ASEAN) (export 17.6%, import 12.6%) and the European Union (EU) (export 12.7%, import 10.8%) still remains significantly lower than cross-strait trade (see Figures 1 and 2).

As an investor in Taiwan's economy, the People's Republic of China (PRC) continues to play a minor role due to Taiwanese restrictions. Among foreign investors, the EU (25.7%), the U.S. (13.1%) and Japan (12.4%) dominate (see Figure 2).

New challenges for Taiwan's economic policy

The state has always played a leading role in Taiwan's development into an advanced industrial country. Thus, in the post-war years, the state and state-owned enterprises initially dominated production and foreign trade. But as early as the 1960s, the direction shifted to a market-based, outward-oriented industrial policy with a focus on rule-based sectoral innovation and investment promotion. Its most important instruments were and are the broad promotion of domestic STEM faculties and courses of study, the establishment of state research projects in prospective indus-

trial sectors, the establishment and operation of well-functioning industrial and technology parks, and the active recruitment of direct investment and Chinese-born engineers from abroad. Sometimes the state itself acted as an entrepreneur, for example when the medium-sized domestic industry did not engage itself due to a lack of capital or insufficient willingness to conduct research and to take risks⁷ For example, in microelectronics and aircraft construction, economically successful companies have emerged from the spin-off of former state research institutions.⁸

Despite all the development successes in industry and the economy, Taiwan faces structural problems and challenges. According to President Tsai Ing-wen, Taiwan's development is limited by the five shortages of land, water, energy, labour and talent. After the turn of the millennium, not only did the wage-intensive textile, garment and metal processing companies turn their backs on Taiwan, but also many high value-added businesses. For example, around 80% of Taiwanese companies' production in the field of information and communication technologies (ICT) now takes place on the Chinese mainland.⁹ In the Pearl River Delta and the Greater Shanghai Area, research and production ecosystems have emerged that are equal, if not superior, to those in Taiwan. In addition to cost advantages, direct presence in the Chinese market and massive industrial policy support from various Chinese bodies, the innovative and dynamic industrial environment now also speaks in favour of the mainland.

Taiwan's economy has managed to maintain its unusually high industrial share of domestic value added through cost adjustments, productivity improvements and operational flexibility. However, only rudimentary efforts have been made to develop new

industries.¹⁰ The hesitant industrial structural change also has problematic macroeconomic consequences. In the first two decades of the 21st century, wages stagnated and gross fixed capital formation was subdued. As a result, overall economic growth remained weak, unlike in South Korea, for example. Meanwhile, the gap in the distribution of income and wealth widened.

Strategic positioning in the semiconductor industry

One area in which Taiwan is excelling in global competition is microelectronics. Taiwan holds a key position in the production of semiconductors, the basic material and technological driver of the digital age. In 2020, Taiwanese companies accounted for 20.1% of global sales in chip design, 77.3% in chip manufacturing, and 57.7% in chip packaging and testing. Taiwanese companies are among the global market leaders, including MediaTec in chip design, TSMC and United Microelectronics Corporation (UMC) in chip manufacturing, Globalwafers in wafer manufacturing (the silicon substrate used in chip production) and Advanced Semiconductor Engineering (ASE) in chip packaging and testing.¹¹ Electronic components are by far the country's most important export product (see Figure 3) and China, the ASEAN countries, Japan and Korea are their biggest buyers.

The success of Taiwan's semiconductor industry is based on a number of factors. They include the generally good local conditions for industrial production in the country, the long-lasting brain drain of Chinese-born engineers trained in the U.S. from Silicon Valley, the demand pull of Taiwanese and Chinese semiconductor consuming industries, as well as long-term planning and intensive industrial policy support.¹²

TSMC's industry dominance is impressive. As a contract manufacturer for semiconductor companies without their own manufacturing facilities ("fables"), the company introduced specialisation in chip manu-

7 Hanns Günther Hilpert et al., *Wirtschafts- und Technologiepolitik und ihre Auswirkung auf den internationalen Wettbewerb: das Beispiel der Halbleiterindustrie*, Schriftenreihe des ifo Instituts für Wirtschaftsforschung, vol. 138 (Munich and Berlin, 1994), 176–87.

8 In particular, United Microelectronics Corporation (UMC) in 1980, Taiwan Semiconductor Manufacturing Company (TSMC) in 1987, Aerospace Industrial Development Corporation (AIDC) in 2014.

9 Evan A. Feigenbaum, *Assuring Taiwan's Innovation Future* (Washington, D.C.: Carnegie Endowment for International Peace, 29 January 2020), <https://carnegieendowment.org/2020/01/29/assuring-taiwan-s-innovation-future-pub-80920> (accessed 3 June 2021).

10 Ibid., 7–15.

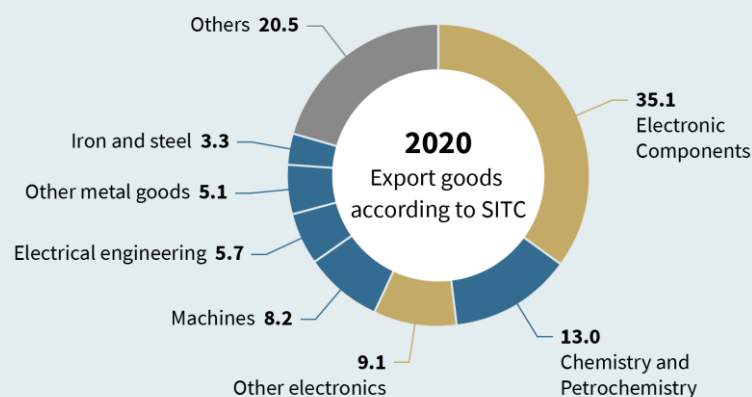
11 Taiwan Semiconductor Industry Association, *Overview on Taiwan Semiconductor Industry* (2021 Edition), Chutung, Hsinchu (Taiwan), 2021, <https://www.tsia.org.tw/EN/PublOverview?nodeID=60> (accessed 21 September 2021).

12 See Hilpert et al., *Wirtschafts- und Technologiepolitik* (see note 7), 187; Feigenbaum, *Assuring Taiwan's Innovation Future* (see note 9), 4–7.

Figure 3

Sectoral structure of Taiwan's foreign trade

Shares in percent



Source: UNCTAD, UNCTADstat

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facturing as an entrepreneurial innovation at the end of the 1980s. In the meantime, this business model of contract manufacturing (“foundry”) has largely prevailed over integrated semiconductor production. In 2020, TSMC held 55% of the global market in chip contract manufacturing and became the 11th largest company in the world by market capitalisation. TSMC is also an innovation leader, as it was the first to start commercial semiconductor production with a structure width of 5 nanometres.¹³ The company currently intends to expand its technological lead. To this end, it plans to invest a massive US\$100 billion by 2024 to build up semiconductor production with structure widths of 3 and 2 nanometres. Together with the Massachusetts Institute of Technology (MIT), 1-nanometre technology is to be developed.¹⁴

¹³ 1 millimetre = 1 million nanometres.

¹⁴ Kathrin Hille, “TSMC: How a Taiwanese Chipmaker Became a Linchpin of the Global Economy”, *Financial Times* (online), 24 March 2021, <https://www.ft.com/content/05206915-fd73-4a3a-92a5-6760ce965bd9> (accessed 9 June 2021); “How TSMC Has Mastered the Geopolitics of Chip-making”, *The Economist* (online), 1 May 2021, <https://www.economist.com/business/2021/04/29/how-tsmc-has-mastered-the-geopolitics-of-chipmaking> (accessed 9 June 2021); Thomas Jahn and Martin Kölling, “Schneller, kleiner, stromsparender: So dominiert der Halbleiter-Gigant TSMC den globalen Chipmarkt”, *Handelsblatt* (online), 2 June 2021, [https://www.handelsblatt.com/technik/it-internet/chipindustrie-schneller-kleiner-stromsparender-so-dominiert-der-halbleiter-](https://www.handelsblatt.com/technik/it-internet/chipindustrie-schneller-kleiner-stromsparender-so-dominiert-der-halbleiter-gigant-tsmc-den-globalen-chipmarkt/27249714.html)

The Taiwanese corporation TSMC is almost unrivalled in the global semiconductor industry.

By virtue of its market power and technology leadership in the field of high-performance processors, TSMC’s position in the global semiconductor industry is unique. In effect, it faces only limited competition in the newer product generations. The immense investment required for research, development and production set-up is an effective barrier to market entry. As a first mover and temporary monopolist in the early product life cycles of semiconductors, TSMC can impose high sales prices and skim off lucrative pioneer rents. The indispensability of the latest generation of semiconductors in applications such as artificial intelligence, high-speed computing, cloud servers, 5G communication systems, autonomous driving or military drones gives TSMC’s corporate policy a geopolitical dimension, so to speak. The quasi-monopoly existence of technologically leading semiconductor production facilities in Taiwan is not only of strategic importance for global industrial value chains, but also for foreign and security policy. An act of war by China directed against Taiwan would endanger the supply of the mainland with this par-

[gigant-tsmc-den-globalen-chipmarkt/27249714.html](https://www.handelsblatt.com/technik/it-internet/chipindustrie-schneller-kleiner-stromsparender-so-dominiert-der-halbleiter-gigant-tsmc-den-globalen-chipmarkt/27249714.html) (accessed 9 June 2021).

ticularly critical input. Metaphorically speaking, Taiwan has a “silicon shield”.¹⁵

From a Taiwanese perspective, it is favourable that TSMC’s commercial interest and Taiwan’s foreign policy interest are currently quite congruent in the effort to defend the island’s central position as a globally leading location for semiconductor production and thus to underline Taiwan’s strategic value as part of the United States’ technological sphere of influence. It is crucial that TSMC maintains its competitive advantage with its own pilot production of the latest chip generations in Taiwan. Once manufacturing facilities are established in foreign markets such as the U.S., Japan and possibly Europe, TSMC could even expand its world-leading market position.

Although TSMC has to perform a certain balancing act between Beijing and Washington, the company is clearly positioning itself on the United States’ side. Certainly, TSMC is pursuing commercial interests in the People’s Republic, by far the most important sales market for semiconductors of all: more than 50% of the world’s annual semiconductor production is consumed for industrial processing in China.¹⁶ TSMC has announced plans to expand and modernise its older-generation manufacturing facility in Nanjing. More important for TSMC, however, remains its connection to the U.S. The company generates two-thirds of its sales with U.S. companies, is highly dependent on industrial supplies from the U.S. (as well as Japan, Korea and Europe), and works closely with U.S. research institutions in research and development. It was therefore inevitable for TSMC to comply with the export control measures imposed by the Trump administration in May 2020 and to stop supplying semiconductors to the Chinese telecommunications company Huawei, at the time the company’s second most important customer after Apple. TSMC also pledged to invest US\$12 billion to build a 5-nanometre production facility in Arizona. However, since production costs in the U.S. are about 20% higher

than in Taiwan, TSMC was able to negotiate compensatory subsidies with the United States.¹⁷

TSMC’s problems and concerns with China are similar to those of the U.S. The company has to repeatedly defend itself against Chinese patent infringements and industrial espionage and is exposed to the constant poaching of its engineers. Meanwhile, China’s industrial policy aims to develop a globally leading semiconductor industry across the entire value chain and to cover the domestic market from domestic production in the medium term. To this end, Chinese companies receive exorbitant subsidies for research, development and production.¹⁸ In contrast, Taiwan’s government is trying to prevent the migration of industrial competencies to China by imposing investment restrictions and, more recently, recruitment bans.¹⁹ From a Taiwanese perspective, it must seem helpful that in December 2020 the U.S. government also imposed export control measures on the Chinese company Semiconductor Manufacturing International Corporation (SMIC), TSMC’s most important Chinese competitor.²⁰ Without importing the plant, equipment and materials required for technologically advanced semiconductor production, SMIC will only be able to manufacture the less lucrative older-generation semiconductors for the time being.²¹ In this respect, Taiwan’s semiconductor industry benefits from the United States’ confrontational trade policy towards China.

15 The term goes back to Craig Addison, *Silicon Shield. Taiwan’s Protection against Chinese Attack* (Irving, TX: Fusion Press, 2001).

16 Chad P. Bown, *How the United States Marched the Semiconductor Industry into Its Trade War with China* (Washington, D.C.: Peterson Institute for International Economics, December 2020), 14, <https://www.piie.com/sites/default/files/documents/wp20-16.pdf> (accessed 9 June 2021).

17 Mathieu Duchâtel, *Supply Chain Security, From Taipei to Brussels* (Paris: Institut Montaigne, 18 May 2021), <https://www.institutmontaigne.org/en/blog/supply-chain-security-taipei-brussels> (accessed 9 June 2021); “How TSMC Has Mastered the Geopolitics of Chipmaking” (see note 14).

18 Bown, *How the United States Marched Semiconductor Industry into Trade War* (see note 16), 16f.

19 Martin Kölling, “Taiwan will Abwanderung von Chip-Experten nach China stoppen”, *Handelsblatt* (online), 11 May 2021, <https://www.handelsblatt.com/politik/international/halbleiter-taiwan-will-abwanderung-von-chip-experten-nach-china-stoppen/27178996.html> (accessed 9 June 2021).

20 Bown, *How the United States Marched Semiconductor Industry into Trade War* (see note 16), 27f.

21 An open question, however, is whether China’s companies and politicians will succeed in accelerating the development of a semiconductor infrastructure that is independent of foreign countries in response to the American boycott.

Taiwan's defensive foreign economic policy

Taiwan's deep integration into the international division of labour, the prominent role of Taiwanese companies in regional value chains, and the island's openness to imports and direct investments clearly illustrate how necessary and important a foreign economic and trade policy that is suitable for the island is. In view of Taiwan's sovereignty, which is contested by Beijing, the trade policy orientation is inevitably defensive. The focus is not on expanding export opportunities and thus increasing income, employment and growth. Rather, in the course of the globally increasing number of trade policy agreements, the aim is to avoid or at least limit discrimination, because the liberalisations agreed in bilateral and regional free trade agreements (FTA) do not apply to third countries. Countries like Taiwan, which are not party to the agreements, are excluded from the benefits and are not allowed to participate in the further development of trade rules. Taiwan's companies and the production and supply chains they manage must, however, remain able to connect when new standards are set elsewhere, such as for customs clearance, rules of origin, investment and sustainability. Goods and services "Made in Taiwan" must maintain their price competitiveness if they are not subject to tariff liberalisation agreed elsewhere.

In this sense, the general policy requirement for Taiwan's foreign economic policy to work towards diversification of its own sales and investment markets is also to be understood as defensive. There is great concern that Taiwan's resistance to China's annexation efforts could be broken if its economic dependence on the mainland and thus its political vulnerability vis-à-vis the People's Republic become overwhelming.

Beyond the economic motives, Taiwan's trade policy inevitably also has a political component. Every trade policy agreement with a third country, and every membership of Taiwan in multilateral organisations symbolises the country's state sovereignty and thus has a foreign policy value in itself. Nevertheless, the institutional responsibility for trade policy lies with the Ministry of Economic Affairs.

Against the backdrop of these extreme conditions, Taiwan's trade policy pursues ambitious goals at the multilateral, unilateral and bilateral levels.

Multilateral level

Under the name Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Taiwan joined the World Trade Organization (WTO) on 1 January 2002, exactly one month later than the PRC. Since then, it has been an independent WTO member with all associated rights and obligations. Most importantly, Taiwan enjoys reciprocal, i.e. mutually beneficial, most-favoured-nation (MFN) market access in the WTO world and in return is bound by the commitments made in import liberalisation and tariff setting. As a WTO member, Taiwan actively participated in the Doha World Trade Round, which later failed, and has acceded to several plurilateral WTO agreements, most notably the Agreement on Government Procurement (2009) and the Information Technology Agreement (1996/2015).²² Taiwan also does not shy away from using the WTO dispute settlement mechanism when it feels it has been unfairly disadvantaged by import protection. In fact, the seven cases brought by Taiwan against the EU, India, Indonesia, Canada and the U.S. all ended successfully, insofar as they have been concluded to date. On the other hand, no dispute settlement proceedings have yet been initiated against Taiwan, which can be seen as evidence of the island's open trade policy that conforms to the rule of law. By participating as a third country in 129 consultations to date in the context of dispute settlement proceedings, Taiwan is demonstrating a presence on the international stage and building up legal expertise in international trade law.²³

Unilateral level

Taiwan has always pursued an active foreign trade policy to promote development, industrialisation and growth.²⁴ In order to grant multinational companies operating in or from Taiwan the necessary foreign trade freedom, the country successively opened its import markets and lowered industrial tariffs to a

²² The other WTO agreements are the Agreement on Trade Facilitation (2015) and the Agreement on Trade in Civil Aircraft (2002).

²³ World Trade Organization, "Dispute Settlement: The Disputes", https://www.wto.org/english/tratop_e/dispu_e/find_dispu_cases_e.htm (accessed 21 June 2021).

²⁴ The World Bank, *The East Asian Miracle. Economic Growth and Public Policy* (New York: Oxford University Press, 1993), <https://documents1.worldbank.org/curated/en/975081468244550798/pdf/multi-page.pdf> (accessed 21 June 2021).

comparatively low level even before its WTO accession in 2002. Currently, Taiwan's bound average tariff rate is 6.9%, while the trade-weighted average tariff rate is 1.9%. However, to protect domestic agriculture, the average bound agricultural tariff is high at 18.5%.²⁵

In view of the irresistible economic attractiveness of the People's Republic, Taiwan's outward economic orientation threatened to have a self-destructive effect from around the mid-1990s. On the one hand, there were concerns of an industrial hollowing-out of Taiwan, as numerous production facilities were relocated to the mainland. On the other hand, it was feared that the political loyalty of its domestic businesses investing in China could erode to such an extent that they, as economic interest representatives of the People's Republic, could become Beijing's "fifth column" in Taiwan. The Lee Teng-hui and Chen Shui-bian administrations (1996–2008) countered this trend with the "Go South" policy that proactively promoted Taiwanese foreign investment in Southeast Asia. However, in view of incomparably favourable locational conditions and superior profit opportunities in China, this policy could not significantly change the investment behaviour of Taiwan's companies.²⁶

By contrast, the "New Southbound Policy" of the current administration under President Tsai Ing-wen, which is also aimed at diversifying foreign investment, has a much more favourable outlook. Due to rising labour costs, stricter environmental regulations and an increasingly difficult political environment on the mainland, Taiwan's investors had already been increasingly turning to Southeast Asia since around the mid-2010s. Since 2018, the Trump administration's decoupling policy has provided another argument to invest outside China.²⁷ Indeed, Taiwan's

foreign trade with Southeast Asia has grown disproportionately in recent years. Notably, Taiwan's direct investment in ASEAN increased from US\$1.8 billion (2015) to US\$4.9 billion (2020).²⁸ Moreover, the "New Southbound Policy" not only has the countries of Southeast Asia in mind, but also South Asia as well as Australia and New Zealand. Taiwan generally strives for a partnership with all these countries, beyond a purely economic interest in low wages and export platforms. In addition to supply chain cooperation, training and investment guarantees, tourism, education and people-to-people relations are also key elements of the "New Southbound Policy" initiative.²⁹ Such diplomatic successes in Taiwan's relations with its southern neighbours, however, are an important reason why Beijing has reservations about the internationalisation of Taiwan's economy and systematically tries to limit Taiwan's room for manoeuvre. For example, Beijing refuses Taipei the right to participate in the Belt and Road Initiative (BRI) and to become a member of the Asian Infrastructure Investment Bank (AIIB).³⁰

Cross-Strait

In the course of China's opening-up and development, the two economies on either side of the Taiwan Strait have grown closer together through trade, investment and passenger traffic, despite the efforts of the administration under Chen Shui-bian (2000–2008) to prevent investment on the mainland. The Economic Cooperation Framework Agreement (ECFA) concluded with the People's Republic in 2010 by the administration of President Ma Ying-jeou (2008–2016) can be seen as a form of political backing to this thoroughly economic process. The agreement provided for sectoral market openings and initial

25 See World Trade Organization, "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and the WTO", https://www.wto.org/english/thewto_e/countries_e/chinese_taipei_e.htm (accessed 21 June 2021).

26 Lindsay Black, 'Evaluating Taiwan's New Southbound Policy', *Asian Survey* 59, no. 2 (2019): 249–71 (249f.).

27 Vinod K. Aggarwal, *Taiwan's Trade Policies. Strategies and Constraints* (Seattle/Washington, D.C.: The National Bureau of Asian Research, 2021), <https://www.nbr.org/publication/taiwans-trade-policies-strategies-and-constraints/> (accessed 23 June 2021); Hille, "TSMC: Linchpin of the Global Economy" (see note 14). The Trump administration considered the economic and technological exchange between the U.S. and China to be harmful to America and therefore pursued a

policy of bilateral decoupling. High punitive tariffs were imposed on imports from China.

28 Data for Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam; see Ministry of Economic Affairs Investment Commission (see note 6).

29 For an overview see Jing Bo-jiun, *Taiwan's Regional Strategy in Southeast Asia. Kicking the New Southbound Policy into High Gear* (Seattle and Washington, D.C.: The National Bureau of Asian Research, 31 January 2018), <https://www.nbr.org/publication/taiwans-regional-strategy-in-southeast-asia-kicking-the-new-southbound-policy-into-high-gear/> (accessed 23 June 2021).

30 Black, "Evaluating Taiwan's New Southbound Policy" (see note 26), 251–60.

tariff reductions in trade in goods, and it was to form a framework for further agreements between Beijing and Taipei. In 2008, transport and telecommunications links as well as direct trade in goods, the so-called three links, had already been resumed.

However, the political calculations associated with the ECFA could hardly have been more contradictory. While Beijing saw the agreement as a necessary intermediate step on the way to integrating the island into the Chinese economic area and to political reunification, Taipei saw the ECFA as an instrument to conclude the desired bilateral and regional FTA with third countries. It is therefore hardly surprising that the cross-strait trade policy rapprochement reached an impasse. When the cross-strait Service Trade Agreement (CSSTA) negotiated by the Ma administration in 2013 raised fears of Chinese dominance over Taiwan's infrastructure, domestic economy and media, civil society groups under the name of the "Sunflower Movement" and the opposition Democratic Progressive Party (DPP) strongly protested against the agreement. The domestically controversial CSSTA was never ratified by the Legislative Yuan (Taiwan's parliament). Negotiations on an FTA, which had also been announced, did not even begin. Beijing, on the other hand, tried to thwart Taiwan's efforts to reach trade agreements with third parties.³¹

Bilateral and regional level

Beijing's vehemently championed one-China policy systematically limits Taiwan's ability to enter into bilateral trade agreements with third countries or join a regional trade agreement. There is little doubt about Beijing's determination to inflict economic or political damage on the third country if the one-China policy is violated.

Against this background, trade policy agreements are only possible for Taiwan if Beijing explicitly agrees to them or if the partner(s) are prepared to resist pressure from the People's Republic. Taiwan's accessions to the WTO (2002) and the Asia-Pacific

Economic Cooperation (APEC, 1991) took place with Beijing's consent.

Taipei can only conclude trade agreements if Beijing agrees or the partners resist its pressure.

The reason for the approval was that China had also sought membership at the time and there was a political link between the two membership applications. Nevertheless, Taiwan's memberships in the WTO and APEC are extremely significant for the island's trade policy ambitions. Taiwan's designation in the WTO as a separate customs territory of Taiwan, Penghu, Kinmen and Matsu opens up a politically viable path for bilateral agreements without violating the one-China policy. APEC provides a foreign policy framework for realising the long-held vision of a Free Trade Area of the Asia-Pacific (FTAAP)³² or at least for concluding multilateral FTAs, such as the Asian Free Trade Area Regional Comprehensive Economic Partnership (RCEP) or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).³³

For the time being, however, accession to RCEP is out of the question for Taiwan, as RCEP member China is unlikely to agree. The chances of joining the CPTPP, on the other hand, are somewhat better. In fact, Taiwan – like China shortly before – officially submitted an application at the end of September 2021. Unlike China, Taiwan should be able to fulfil the CPTPP accession criteria well and quickly, even if the liberalisation of agricultural imports is domestically sensitive for Taipei. However, it is to be expected that China will exert political pressure on all CPTPP members to oppose Taiwan's admission. It is therefore conceivable that in the medium term Taiwan and China's membership applications will be politically linked, as was the case with APEC and the WTO.

The economic cooperation agreements that Taiwan (as the customs territory of Taiwan, Penghu, Kinmen and Matsu) concluded with New Zealand (ANZTEC, 2013) and Singapore (ASTEP, 2014) had Beijing's approval. New Zealand and Singapore had each agreed an FTA with China several years earlier, and under Ma Ying-jeou's administration at the time,

³¹ Peter C. Y. Chow, "Taiwan in International Economic Relations", *Orbis. A Quarterly Journal of World Affairs* 60, no. 4 (2016): 531–49 (537); Maaïke Okano-Heijmans and Sander Wit/ Frans-Paul van der Putten, *Cross-Strait Relations and Trade Diplomacy in East Asia. Towards Greater EU-Taiwan Economic Cooperation?* (The Hague: Clingendael, 2015), 28f., <https://bit.ly/36Qi8sP> (accessed 23 June 2021).

³² A Pacific Free Trade Area is the ultimate goal of all bilateral and multilateral free trade agreements in the region, repeatedly invoked at APEC summit declarations.

³³ Chow, "Taiwan in International Economic Relations" (see note 31), 535, 549.

Beijing was much more tolerant of Taipei's efforts to reach trade agreements with third parties than it is at present. However, this window of opportunity to conclude trade agreements with third countries with Beijing's placet was apparently only open for a short time. Negotiations launched in 2013 with Indonesia, the Philippines and Malaysia failed to get beyond the preparation of a feasibility study.³⁴ Taiwan seems to find it easier to conclude bilateral investment agreements, as happened with Macedonia (1999, since 2019 North Macedonia), India (2002/2018), Japan (2011), the Philippines (2017) and Vietnam (2019), among others. Meanwhile, negotiations for a bilateral investment agreement with Canada were launched at the beginning of 2022.

In addition, Taiwan has signed a number of FTAs with countries that have or have had diplomatic relations with Taiwan (as the Republic of China). Notable among these are the FTAs with Panama (2003), Guatemala (2005), Nicaragua (2006), El Salvador and Honduras (2007). Economic Partnership Agreements were agreed with Eswatini, Paraguay, Belize and the Marshall Islands in 2019.³⁵ However, all these countries are partners that play a marginal role in world trade, and whose share of Taiwan's foreign trade was just 5% in 2019.

Economically and politically far more important for Taiwan are the trade agreements it has reached with the U.S. and Japan. Both countries respected the one-China policy and accepted diplomatic conflicts with China.³⁶ Japan has concluded a number of sectoral agreements with the Taiwanese administration, while avoiding direct government contacts. This mainly concerns agreements on investment (2011), open skies (2011), financial information exchange (2012), fisheries (2013), industry (2012), e-commerce (2013) and patent protection (2013).

The U.S. has had a Trade and Investment Framework Agreement (TIFA) with Taiwan since 1994. Both sides have largely considered it possible in principle to agree on an FTA. However, domestic political

hurdles usually stood in the way. For some time, preliminary talks failed because of Taiwan's refusal to allow imports of beef and pork with the use of the feed additive ractopamine. At the beginning of 2021, Taiwan relaxed this import restriction, and the referendum against this measure failed in a popular referendum on 18 December 2021. In the U.S., on the other hand, the conclusion of trade policy agreements is low on the list of priorities of the current Biden administration.

Conclusion

Despite its small size, Taiwan is a formidable player in world trade and the global economy, especially in the field of electronic components. Due to its technologically leading production facilities and globally dominant market position, the TSMC group has strategic relevance not only in supplying global value chains, but also for foreign and security policy. On the other hand, Taiwan has become subject to economical extortion and vulnerabilities in the course of its integration into mainland industrial production. The foreign economic diversification move towards Southeast Asia and India from the mid-2010s onwards has not noticeably reduced Taiwan's economic dependence on China. At the same time, in view of the growing number of free trade and investment agreements worldwide, Taiwan's foreign economic policy faces the difficult task of limiting the discrimination that works against the country and keeping up with new trade policy regulations. It is true that Taiwan has been more successful diplomatically at the foreign trade level than in other areas, given its memberships in the Asian Development Bank (ADB), APEC and WTO. However, the country's efforts to reach bilateral and regional trade and investment agreements remain piecemeal.

³⁴ Ibid., 536, and Okano-Heijmans, Wit and van der Putten, *Cross-Strait Relations and Trade Diplomacy in East Asia* (see note 31), 35–37.

³⁵ See Ministry of Economic Affairs, Bureau of Foreign Trade, <https://www.trade.gov.tw/english/> (accessed 21 June 2021).

³⁶ See Chow, "Taiwan in International Economic Relations" (see note 31), 538, and Okano-Heijmans, Wit and van der Putten, *Cross-Strait Relations and Trade Diplomacy in East Asia* (see note 31), 36.

Marco Overhaus*

U.S. Taiwan Policy: A Balancing Act under Difficult Conditions

The U.S. one-China policy and its unofficial relations with Taiwan have been largely based on the same political and legal foundations for over 40 years. Rather than shifting in fundamental ways, the bilateral relationship has developed gradually on this basis.

Throughout the process, Washington has performed a delicate balancing act between seeking a stable and predictable relationship with Beijing, advocating for Taiwan's security, and also trying to avoid steps that could encourage Taipei to move unilaterally towards independence.

This balancing act has become increasingly difficult due to two developments in particular. First, recent years have seen the emergence of a bipartisan perception in Washington that views the rivalry with China as an epic struggle between the free-market democratic system of the West, on the one hand, and the state-capitalist authoritarian counter-model of China, on the other. This trend has solidified with the inauguration of U.S. President Joseph Biden, who has made the self-assertion of democracies against autocracies a programmatic feature of his administration's foreign policy. At the same time, the dismantling of democratic institutions in Hong Kong has clarified beyond doubt that the offer of "one country, two systems" by the People's Republic of China to Taiwan is a farce.

Second, there is a growing fear in the U.S. that China may try to decide on Taiwan's status by military means sooner rather than later, given that the balance of power is shifting in its favour. At the same time, U.S. confidence in its own deterrent capabilities is declining.

These developments have helped to increase domestic political pressure further in Washington in support of stronger relations with Taiwan and expanding U.S. defence capacities in the Indo-Pacific. Nevertheless, both the Trump and the Biden adminis-

trations have shied away from a fundamental reorientation of U.S. policy towards Taiwan. Ultimately, the fear of a military confrontation with China weighs too heavily.

Political and social relations between the U.S. and Taiwan

When the U.S. moved towards normalising its relations with the People's Republic of China (PRC) in 1972, the Nixon administration announced in a joint communiqué that it recognised the position of "all Chinese on either side of the Taiwan Strait", that there was "but one China" and that "Taiwan is a part of China".¹ In the communiqué, the U.S. also stated its interest in a peaceful resolution of the Taiwan question "by the Chinese themselves." The second joint communiqué of the U.S. and the People's Republic in 1979 established bilateral diplomatic relations, thereby sealing the end of formal relations with Taiwan. Washington thus recognised "the Government of the People's Republic of China as the sole legal Government of China."²

Shortly before a third U.S.-Chinese communiqué was published in 1982, U.S. President Ronald Reagan gave Taiwanese President Chiang Ching-kuo some assurances — albeit behind closed doors — to which subsequent U.S. administrations have felt committed to this day. In this context, Washington³ promised

1 American Institute in Taiwan, *U.S.-PRC Joint Communiqué (1972)* (Taipei, 28 February 1972), <https://www.ait.org.tw/u-s-prc-joint-communicue-1972/> (accessed 14 June 2021).

2 American Institute in Taiwan, *U.S.-PRC Joint Communiqué (1979)*. Released on December 15, 1978, in *Washington and Beijing* (Washington, D.C., and Beijing, 1 January 1979), <https://www.ait.org.tw/u-s-prc-joint-communicue-1979/> (accessed 14 June 2021).

3 On the "six assurances" see Susan V. Lawrence and Wayne M. Morrison, *Taiwan: Issues for Congress* (Washington,

* This chapter is a translation of the German version that was published in April 2022.

Taiwan, among other things, that the U.S. would neither seek a mediating role between Beijing and Taipei nor press Taiwan to negotiate with the People's Republic. Another item on the list of assurances concerned the United States' position on the island's sovereignty. However, this was ambiguous and remains so to this day.

The Taiwan Relations Act (TRA) of 1979 established the legal and political-institutional framework for unofficial relations. It set out the creation of the American Institute in Taiwan (AIT), which represents the interests of the U.S. in Taiwan as a non-governmental/non-profit organisation⁴ rather than a regular embassy. Despite this legal construct as a non-profit organisation, the AIT assumes quasi-governmental tasks, for example in the consular area. It is financed from the budget of the U.S. Department of State. While the staff of the AIT is mainly recruited from the U.S. State Department and other U.S. government agencies, the employees do not have diplomatic status. Thus, the AIT is not headed by an ambassador, but by a director. Currently, Sandra Oudkirk, a diplomat at the U.S. State Department, holds this position.

The TRA also contains the legal basis for Taiwan's representation of interests in the U.S. Operating under the name Taipei Economic and Cultural Representative Office (TECRO) since the early 1990s, it maintains 12 branches in the U.S. The representation's staff also do not have the official status as diplomats, but they do enjoy privileges similar to those of diplomats.⁵

Political dialogue between the two sides is complicated by a lack of formal government relations. Only since the early 1990s has the U.S. allowed high-ranking representatives of the administration to visit Taiwan, provided they represent "economic and technical" ministries or agencies. Carla Hills, as the Trade Representative under the administration of President George H. W. Bush, was the first American cabinet member in 1992 to visit Taiwan since Washington severed diplomatic relations. Until 2014, only five other visits by U.S. representatives at this level were

recorded by the Congressional Research Service.⁶ It was not until 2020, during Donald Trump's presidency, that the U.S. again sent a cabinet member — Health Secretary Alex M. Azar II — to the island. When Azar met Taiwan's President Tsai Ing-wen, it was considered the highest-level bilateral meeting "in decades".⁷

Visits by high-ranking U.S. representatives to Taiwan continue to be the exception rather than the rule.

However, no U.S. president, secretary of state or secretary of defence has visited Taiwan since 1979, although it was reported in the (social) media that U.S. Secretary of State Mike Pompeo had considered such a step. As a matter of policy, senior State Department and Defence Department officials as well as high-ranking military officers refrained from travelling to Taiwan until the early 2000s.⁸ This policy seems to have changed in recent years, however. The Taiwan Travel Act, which came into effect in March 2018, is a congressional call for government contacts "at all levels" among other things.⁹ According to reports, Taiwan subsequently received officials from both the U.S. State Department and the Pentagon, as well as a two-star general from the Indo-Pacific Command.¹⁰ Some observers commented that these were by no means precedents and that there had been high-level trips before. Nevertheless, such visits still seem to be the exception rather than the rule.

⁶ See *ibid.*, 21.

⁷ See Paula Hancocks and James Griffiths, "Top US Health Official Meets with Taiwan President Tsai Ing-wen in Highest-level Summit for Decades", *CNN*, 10 August 2020, <https://edition.cnn.com/2020/08/09/asia/taiwan-us-azar-tsai-china-intl-hnk/index.html> (accessed 8 July 2021).

⁸ See Michael S. Chase, "Chapter 7. U.S.-Taiwan Security Cooperation: Enhancing an Unofficial Relationship", in *Dangerous Strait. The U.S.-Taiwan-China Crisis*, ed. Nancy Bernkopf Tucker (New York: Columbia University Press, 2005), 162–85 (176), <http://doi.org/10.7312/tuck13564-009>.

⁹ See U.S. Congress, *Taiwan Travel Act* (Washington, D.C., 16 March 2018), <https://www.congress.gov/bill/115th-congress/house-bill/535> (accessed 5 July 2021).

¹⁰ See Kathrin Hille, "Pentagon Sends Envoy to Taiwan amid Concern over Chinese Threat", *Financial Times* (online), 22 November 2019, <https://www.ft.com/content/cac004c6-0d06-11ea-b2d6-9bf4d1957a67> (accessed 5 July 2021); Yimou Lee and Phil Stewart, "U.S. Navy Admiral Makes Unannounced Visit to Taiwan, Sources Say", *Reuters*, 22 November 2020.

D.C.: Congressional Research Service, 30 October 2017), 10, <https://fas.org/sgp/crs/row/R44996.pdf>.

⁴ See American Institute in Taiwan, *Taiwan Relations Act (Public Law 96–8, 22 U.S.C. 3301 et seq.)* (Washington, D.C., 1 January 1979), <https://www.ait.org.tw/policy-history/taiwan-relations-act/> (accessed 14 June 2021).

⁵ Lawrence and Morrison, *Taiwan: Issues for Congress* (see note 3), 17.

Far-reaching restrictions also apply when Taiwanese political representatives visit the U.S. In the course of its internal Taiwan Policy Review, the Clinton administration in 1994¹¹ stipulated, among other things, that Taiwan's political leadership — the president, vice-president or prime minister — were only allowed to enter the U.S. for short-term transits.¹² Nevertheless, these transits are used for political talks, for example with members of the U.S. Congress.

Executive regulations on government contacts in Washington specify, among other things, the buildings in which U.S. and Taiwanese envoys are allowed to meet. A few days before leaving office, Secretary of State Pompeo made headlines in January 2021 when he announced that he would lift *all* existing restrictions.¹³

The Biden administration, however, apparently has not carried out this far-reaching decision. Antony Blinken affirmed at his Senate hearing that as the new Secretary of State he wanted to create “more space for contact”.¹⁴ However, the U.S. State Department later announced that *new* guidelines would merely liberalise existing rules without providing details.¹⁵ Still, Biden's invitation of Taiwan's top representative in the U.S. to his inauguration ceremony in January 2021 was of symbolic significance,

as no incoming U.S. president had taken such a step since diplomatic relations had been severed.

Another important aspect of U.S. policy towards Taipei is its support for Taiwan in international organisations and forums. Following the aforementioned Taiwan Policy Review, Washington has backed Taiwan's membership in those international organisations that do not require statehood. In cases where full membership is not formally possible, the U.S. is working to ensure that Taiwan can make its voice heard in other ways, for example as an observer.¹⁶ The Biden administration has declared its support for this goal, and has also called on the World Health Organisation to restore Taiwan's observer status in its general assembly, the World Health Assembly.

Security and defence relations

Successive U.S. administrations and bipartisan majorities in Congress have vehemently emphasised American interest in Taiwan's security, to a far greater extent than in many other U.S. security partnerships. With reference to “strategic ambiguity”,¹⁷ it is often pointed out that the U.S. is not committed to whether and if so, how it would come to Taiwan's aid in the event of a military attack. However, at least in terms of the “how”, such ambiguity also characterises formal alliances in which the U.S. is a member such as NATO. The Taiwan Relations Act stipulates that the U.S. will supply Taiwan with “defensive” armaments and at the same time maintain its own military capabilities to counter a possible attack on Taiwan.¹⁸

Until the Taiwan crisis in 1995/96, security and defence relations between the U.S. and Taiwan were based almost exclusively on American arms sales. The U.S. has also treated Taiwan as a major non-NATO ally since 2003. This status implies privileges that facilitate arms cooperation.¹⁹ In fiscal years 2016 to 2020, the U.S. sold approximately US\$16.7 billion worth of arms to Taiwan under its Foreign Military

11 On Taiwan Policy Review, see American Institute in Taiwan, *Taiwan Policy Review – Winston Lord, Assistant Secretary for East Asian and Pacific Affairs. Statement before the Senate Foreign Relations Committee, Washington, DC, September 27, 1994* (Taipei, 27 September 1994), <https://web-archiver-2017.ait.org.tw/en/19940927-taiwan-policy-review-by-winston-lord.html> (accessed 30 June 2021).

12 Lawrence and Morrison, *Taiwan: Issues for Congress* (see note 3), 21ff.

13 U.S. Department of State, “Lifting Self-imposed Restrictions on the U.S.-Taiwan Relationship”, press release, Washington, D.C., 9 January 2021, <https://2017-2021.state.gov/lifting-self-imposed-restrictions-on-the-u-s-taiwan-relationship/index.html> (accessed 29 June 2021).

14 United States Senate Committee on Foreign Relations, *Nomination of Hon. Antony J. Blinken to Be U.S. Secretary of State – Part I* (Washington, D.C., 19 January 2021), 77, https://bit.ly/3D4igSX_BlinkenHearing (accessed 17 June 2021).

15 U.S. Department of State, “New Guidelines for U.S. Government Interactions with Taiwan Counterparts”, press release, Washington, D.C., 9 April 2021, <https://www.state.gov/new-guidelines-for-u-s-government-interactions-with-taiwan-counterparts/> (accessed 14 June 2021). According to media reports, the guidelines have been expanded to allow meetings to take place in federal buildings.

16 See American Institute in Taiwan, *Taiwan Policy Review* (see note 11).

17 See, e.g., “U.S.-Taiwan Security Cooperation” (see note 8), 168.

18 See American Institute in Taiwan, *Taiwan Relations Act* (see note 4).

19 U.S. Department of State Bureau of Political-Military Affairs, *Major Non-NATO Ally Status. Fact Sheet* (Washington, D.C., 20 January 2021), <https://www.state.gov/major-non-nato-ally-status/> (accessed 14 June 2021).

Sales programme, although the figures fluctuated significantly from year to year.²⁰ In fiscal year 2020, Taiwan was actually Washington's largest arms buyer, with purchases amounting to US\$11.8 billion. From 2017 to 2021, the Trump and Biden administrations requested from Congress the sale to Taiwan of weapons systems such as F-16 fighter aircraft, Abrams battle tanks, and Harpoon missile systems for coastal defence and artillery.²¹

From the perspective of the U.S., the Taiwan crisis in the mid-1990s demonstrated not only its own deterrent capability vis-à-vis China, but it also made clear that the sale of weapons systems to Taiwan alone was not sufficient to guarantee the island's defence capability.²² Therefore, Taipei and Washington have since expanded and intensified their exchanges beyond arms sales. For example, American educational programmes have been made accessible to Taiwanese military personnel, and the two sides have engaged in joint assessments of Taiwan's military capabilities while also establishing bilateral dialogue formats.²³

U.S. military observers have regularly participated in Taiwanese military exercises for some time,²⁴ but joint manoeuvres have not taken place for a while, at least officially. In November 2020, however, local Taiwanese media reported the presence of Special Forces from the U.S. Army as well as the U.S. Marines for joint exercises in Taiwan.²⁵ Apparently, exercises

also took place the following year, with the *Wall Street Journal* reporting about two dozen U.S. Special Forces in Taiwan in October 2021.²⁶ Joint manoeuvres may also have been held in earlier years.²⁷ The shift from a silent presence of a few military advisors in connection with U.S. arms sales to a more active U.S. role in training Taiwanese naval forces seems to have been initiated by the Trump administration.²⁸

In its October 2020 report that draws on conversations with former U.S. government officials, the Task Force on U.S. Policy Toward Taiwan established by the Center for Strategic and International Studies (CSIS) lists a total of nine dialogue formats that take place regularly. Participants from the U.S. in these meetings include senior officials, officials and military leaders from the Departments of State and Defense and the National Security Council.²⁹

There is a debate in Washington on whether the U.S. should be more explicit in its defence of Taiwan.

The U.S. administration is extremely cautious about publicising information on these dialogue formats. For instance, no such mention is made on the website of either the State Department or the Department of Defense. Moreover, the U.S. and Taiwan do not hold regular dialogues at the political level, un-

20 U.S. Department of Defense Security Cooperation Agency, *Historical Sales Book. Fiscal Years 1950–2020* (Washington, D.C., 2020), 5, https://www.dsca.mil/sites/default/files/dsca_historical_sales_book_FY20.pdf (accessed 8 September 2021). The figures refer to implemented sales as well as any increases or reductions in existing programmes in the respective fiscal year.

21 For 2021, information up to the beginning of September was taken into account. See U.S. Department of Defense Security Cooperation Agency, *Major Arms Sales, Monthly Archive* (Washington, D.C., 2021), <https://www.dsca.mil/press-media/major-arms-sales> (accessed 9 September 2021).

22 See Chase, "U.S.-Taiwan Security Cooperation" (see note 8), 166.

23 See *ibid.*, 163.

24 See Chung Yu-chen and Joseph Yeh, "U.S. Military Observers to Miss Taiwan's War Games for Second Year", *Central News Agency* (online), 7 April 2021, <https://www.globalsecurity.org/wmd/library/news/taiwan/2021/taiwan-210407-cna02.htm> (accessed 5 July 2021).

25 See Lawrence Chung, "Taiwan, US Dismiss Reports of 'Military Training'. Denial Follows Taipei Navy Statement that American Forces Are on Island", *South China Morning Post*,

15 November 2020; Keoni Everington, "For the First Time in 40 Years, Taiwan Has Confirmed a Contingent of US Special Forces Is on the Island to Train Its Troops. It's a Move that Could Further Trigger Tensions with Beijing", *Taiwan News*, 9 November 2020.

26 See Gordon Lubold, "U.S. Troops Have Been Deployed in Taiwan for at Least a Year", *Wall Street Journal* (online), 7 October 2021, <https://www.wsj.com/articles/u-s-troops-have-been-deployed-in-taiwan-for-at-least-a-year-11633614043> (accessed 4 February 2022).

27 See Joseph Trevithick, "American Forces Have Been Quietly Deployed to Taiwan with Increasing Regularity: Report", *The Drive* (online), 7 October 2021, <https://www.thedrive.com/the-war-zone/42658/american-forces-have-been-quietly-deployed-to-taiwan-with-increasing-regularity-report> (accessed 4 February 2022).

28 See Jack Detsch, "Pentagon Quietly Puts More Troops in Taiwan", *Foreign Policy* (online), 18 November 2021, <https://foreignpolicy.com/2021/11/18/pentagon-biden-troops-taiwan-china/> (accessed 4 February 2022).

29 See Bonnie S. Glaser, Richard C. Bush and Michael J. Green, eds., *Toward a Stronger U.S.-Taiwan Relationship* (Washington, D.C., 2020), 46f., https://bit.ly/3emRIYg_GlaserEtAl.

like the “two-plus-two” talks between the U.S. and Japan, and the U.S. and South Korea.

In the U.S., the debate has recently intensified on whether and how security and defence relations with Taiwan can be further developed. At the core of this is the question about whether Washington should abandon its “strategic ambiguity” regarding its security commitments to Taipei and instead commit itself much more explicitly to the island’s defence.

The background to these discussions includes the widespread perception in Washington that the military balance of power in Asia is shifting in favour of China. Taiwan’s military advantages based on its technological edge and its geographical isolation as an island are shrinking. In addition, China has been investing for years in so-called anti-access/area-denial capabilities such as ballistic missiles and cruise missiles. These capabilities make it particularly difficult for the U.S. to come to Taiwan’s aid in the event of a conflict.

Consequently, the U.S. sees itself increasingly on the defensive and assumes that sooner or later China will use its enhanced military strength to create facts in Taiwan. Doubts are mounting about the United States’ ability to deter China from an attack on Taiwan, which could conceivably take the form of a naval or air blockade, targeted air strikes or even an invasion of the island by the People’s Liberation Army.³⁰ In the spring of 2021, for example, the then commander of the U.S. Indo-Pacific Command attracted some attention when he stated before the U.S. Congress that China could attempt a military unification with Taiwan within six years.³¹

In October 2021, U.S. President Biden caused confusion inside and outside the U.S. by publicly suggesting that the U.S. had an explicit alliance commitment to defend Taiwan against attack.³² So far, however,

it does not look as if the U.S. under the Biden administration intends to fundamentally alter the open, ambiguous nature of the security and defence relationship.³³

Biden’s spokesperson “clarified” the president’s statements to the effect that the fundamentals and direction of U.S. Taiwan policy, including the Taiwan Relations Act, have not changed. Instead, the Biden administration, like its predecessor, is focusing on strengthening Washington’s deterrence against Beijing by investing specifically in military capabilities and focusing geographically on the Indo-Pacific region.

U.S. economic interests vis-à-vis Taiwan

Taiwan is an important market for U.S. manufacturing and agricultural producers. With US\$31 billion in U.S. exports and US\$54 billion in U.S. imports, Taiwan was the 13th largest trading partner for the U.S. in 2019.³⁴ Moreover, Taiwan has essential economic and technological importance for the U.S., as Taiwanese firms are market leaders in microelectronics.³⁵ Nevertheless, economic and trade relations have long been considered a rather neglected area in U.S.-Taiwan relations.

From the U.S. perspective, Taiwan, as a high-tech country, plays a prominent role in the global struggle for technological leadership, especially with China. Taiwanese companies, above all the Taiwan Semiconductor Manufacturing Corporation (TSMC), are world leaders in the production of semiconductors and microchips. The fragility of the supply chains for these products has recently been felt by car manufac-

30 See Michèle A. Flournoy, “America’s Military Risks Losing Its Edge. How to Transform the Pentagon for a Competitive Era”, *Foreign Affairs* 100, no. 3 (2021): 76–90 (accessed 15 June 2021).

31 See United States Senate Committee on Armed Services, *Hearing on United States Indo-Pacific Command. Testimony of Admiral Philip Davidson* (Washington, D.C., 9 March 2021), <https://www.armed-services.senate.gov/hearings/21-03-09-united-states-indo-pacific-command> (accessed 11 March 2021).

32 See Amy Mackinnon and Anna Weber, “Biden Struggles to Stick to the Script on Taiwan”, *Foreign Policy* (online), 17 November 2021, <https://foreignpolicy.com/2021/11/17/biden-taiwan-china-misspoke-policy-mistake/> (accessed 4 February 2022).

33 Both U.S. Secretary of State Antony Blinken and U.S. Secretary of Defense Lloyd Austin dodged questions to this effect. See U.S. Department of State, *Secretary Antony J. Blinken with Chuck Todd of NBC’s Meet the Press* (Interview) (Washington, D.C., 11 April 2021), <https://www.state.gov/secretary-antony-j-blinken-with-chuck-todd-of-nbcs-meet-the-press/> (accessed 16 June 2021); United States Senate Committee on Armed Services, *Confirmation Hearing on the Expected Nomination of Lloyd J. Austin III to Be Secretary of Defense* (Washington, D.C., 19 January 2021), https://www.armed-services.senate.gov/imo/media/doc/21-02_01-19-20211.pdf (accessed 17 June 2021).

34 See Karen M. Sutter, *U.S.-Taiwan Trade Relations* (Washington, D.C.: Congressional Research Service, 23 December 2020), <https://crsreports.congress.gov/product/details?prodcode=IF10256> (accessed 8 June 2021).

35 See the contribution of Hanns Günther Hilpert in this research paper, pp. 19ff.

turers in the U.S. and beyond.³⁶ In addition, Taiwanese companies like TSMC are pioneers in the production of particularly advanced chips and processors. These are indispensable for future technologies such as artificial intelligence, 5G quantum computers and autonomous systems, all of which are also of enormous military relevance.

TSMC's largest customers include both U.S. companies (such as Apple) and Chinese companies (such as Huawei). In May 2020, the Trump administration imposed export controls, forcing TSMC to stop supplying chips to Huawei. Against a backdrop of political pressure and economic incentives, TSMC announced as early as May 2020 that it would build a new chip factory in Arizona and invest around US\$12 billion in it for the period 2021-2029.³⁷ The Trump administration celebrated this as an important step "to move critical technology supply chains back to the U.S."³⁸

President Biden has also expressed a desire to increase the U.S.'s manufacturing capacity in order to reduce vulnerabilities and dependencies in critical chip manufacturing supply chains.³⁹ To this end,

36 See David Shepardson, "White House Ramps Up Effort to Tackle Automotive Chip Shortage", *Reuters* (online), 17 February 2021, <https://www.reuters.com/technology/white-house-ramps-up-effort-tackle-automotive-chip-shortage-2021-02-18/> (accessed 25 June 2021).

37 See Don Clark and Ana Swanson, "T.S.M.C. Is Set to Build a U.S. Chip Facility, a Win for Trump", *The New York Times* (online), 14 May 2020, <https://www.nytimes.com/2020/05/14/technology/trump-tsmc-us-chip-facility.html> (accessed 25 June 2021).

38 American Institute in Taiwan, "Remarks by David R. Stilwell, Assistant Secretary of State for East Asian and Pacific Affairs at the Heritage Foundation (virtual) on August 31, 2020", Taipei, 31 August 2020, <https://www.ait.org.tw/remarks-by-david-r-stilwell-assistant-secretary-of-state-for-east-asian-and-pacific-affairs-at-the-heritage-foundation-virtual/> (accessed 16 June 2021).

39 See Jack Ewing and Neal E. Boudette, "A Tiny Part's Big Ripple: Global Chip Shortage Hobbles the Auto Industry", *The New York Times* (online), 23 April 2021, <https://www.nytimes.com/2021/04/23/business/auto-semiconductors-general-motors-mercedes.html> (accessed 25 June 2021). For the Biden administration's view, see The White House, *Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-based Growth. 100-Day Reviews under Executive Order 14017* (Washington, D.C., June 2021), 22, <https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf> (accessed 24 June 2021).

substantial public funds are to be made available for the expansion of domestic infrastructure.

In the U.S., there is a growing number of voices that want to deepen and formalise economic and trade relations with Taiwan.

In the U.S., voices in support of greater and more formal economic and trade relations with Taiwan as a whole have recently been growing. As early as 1994, Washington and Taipei concluded an agreement (Trade and Investment Framework Agreement, TIFA) with the primary aim of creating a framework for regular consultations on economic and trade policy issues. However, discussions on concluding a bilateral trade agreement did not make progress for years because of bilateral disputes over Taiwanese import restrictions on agricultural products such as beef and pork. Recently, U.S. Congress has increased domestic political pressure to reach a comprehensive agreement with Taiwan. Proponents in particular justify their position by pointing to the America's growing economic and technological rivalry with China.⁴⁰

The Biden administration has indicated that it would support a deepening of trade relations with Taiwan. In June 2021, trade talks were held under TIFA for the first time since 2016.⁴¹ These had been suspended by the Trump administration. However, the question remained open as to whether negotiations on a formal trade agreement were to be initiated, and if so, with what level of ambition. Against the backdrop of resumed talks, U.S. Trade Representative Katherine Tai explained that there were still hurdles from the U.S. perspective, including access restrictions to the Taiwanese market for American beef and other agricultural products.⁴²

40 See United States Senate Committee on Foreign Relations, *Risch, Inhofe, Menendez, Colleagues Urge Lighthizer to Begin Talks for a Trade Agreement with Taiwan* (Washington, D.C., 1 October 2020), <https://www.foreign.senate.gov/press/chair/release/risch-inhofe-menendez-colleagues-urge-lighthizer-to-begin-talks-for-a-trade-agreement-with-taiwan> (accessed 28 June 2021).

41 See Doug Palmer, "U.S., Taiwan Hold First Trade Talks since 2016", *Politico* (online), 30 June 2021, <https://www.politico.com/news/2021/06/30/us-taiwan-hold-first-trade-talks-since-2016-497407> (accessed 4 February 2022).

42 See United States Trade Representative, "United States and Taiwan Hold Dialogue on Trade and Investment Priorities" (Washington, D.C., 30 June 2021), <https://ustr.gov/about->

Social and scientific exchange

The U.S. has not only worked to strengthen Taiwan's international networking within the framework of unofficial relations, but has also promoted social and scientific exchanges between the U.S., Taiwan and other states. A key instrument in this regard is the Global Cooperation and Training Framework (GCTF),⁴³ which was established in June 2015 through a memorandum of understanding between the AIT and TECRO. In March 2019, Japan was added as a partner country. Promoting the GCTF as a forum for tackling global problems, the three partners organise expert workshops in this context on topics as diverse as combating digital piracy and protecting the world's oceans.⁴⁴

The 148 twinning agreements between cities in the U.S. and Taiwan are also intended to promote social exchange. Since 2012, the Taiwanese have benefited from the Visa Waiver Programme, which allows them to enter the U.S. without a visa. According to the latest information from the U.S. Department of State in 2018, Taiwan was also the seventh largest country of origin for international students in the U.S. This exchange is supported by the Fulbright Program and the International Leadership Program.⁴⁵

In December 2020, AIT and TECRO signed a memorandum of understanding to promote educational cooperation. Among other things, it is intended to encourage more U.S. students to learn Chinese in Taiwan.⁴⁶ A few days later, the two representations also sealed an agreement to facilitate an exchange between scientists and experts from the two coun-

tries,⁴⁷ which also contains provisions on the mutual protection of intellectual property.

Conclusion

The intensifying political, security and economic rivalry with China and the dismantlement of democratic institutions in Hong Kong have amplified voices in the U.S. calling for a fundamental rethink of relations with Taiwan. So far, however, there are no signs that Washington is abandoning the course of the last few decades. The traditional principles of U.S. Taiwan policy still apply, namely keeping relations unofficial, avoiding a clear position on Taiwan's sovereignty and calling for a peaceful solution. In line with this, the U.S. has merely taken some visible but small steps to deepen relations.

Restrictions on personal contacts at the political level, at the level of senior officials and between the military have been eased. Nevertheless, these contacts continue to take place mostly confidentially. There are still no regular and institutionalised dialogue formats at the political level, all the more so in the particularly sensitive areas of foreign and defence policy.

Despite calls from Congress and from think tank representatives focused on security policy, both the Trump and Biden administrations refused to commit more clearly to the military protection of Taiwan against a Chinese attack. Decisionmakers in Washington continue to be aware of how important the Taiwan issue is in the context of relations with China and of the military risks that a confrontation in the Taiwan Strait poses for the U.S. Therefore, the U.S. administration is unlikely to trigger a new Taiwan crisis by taking a unilateral step that would endanger the status quo. The question rather is whether China's increased self-confidence could tempt the leadership in Beijing to try to create facts vis-à-vis Taiwan.

us/policy-offices/press-office/press-releases/2021/june/united-states-and-taiwan-hold-dialogue-trade-and-investment-priorities (accessed 4 February 2022).

⁴³ See *Global Cooperation and Training Framework (GCTF)*, Taipei, <https://www.gctf.tw/en/> (accessed 14 March 2022).

⁴⁴ See American Institute in Taiwan, *Global Cooperation and Training Framework (GCTF) Programs*, Taipei, <https://www.ait.org.tw/our-relationship/global-cooperation-and-training-framework-programs-gctf/> (accessed 14 March 2022).

⁴⁵ See U.S. Department of State Bureau of East Asian and Pacific Affairs, *U.S. Relations with Taiwan. Bilateral Relations Fact Sheet* (Washington, D.C., 31 August 2018), <https://www.state.gov/u-s-relations-with-taiwan/> (accessed 14 March 2022).

⁴⁶ See *Memorandum of Understanding between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States on International Educational Cooperation* (Washington, D.C., and Taipei, 3 December 2020), <https://www.ait.org.tw/mou-between-ait-and-tecro-on-international-education-cooperation/> (accessed 7 September 2021).

⁴⁷ See *Agreement between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States on Scientific and Technological Cooperation* (Washington, D.C., and Taipei, 14 December 2020), <https://bit.ly/3Ruwh10> (accessed 7 September 2021).

Alexandra Sakaki*

Japan-Taiwan Relations: More than Meets the Eye

Japan is Taiwan's closest geographical neighbour. Yonaguni, a small, inhabited island is Japan's westernmost point and is about 110 kilometres¹ from Taiwan. After the Sino-Japanese War (1894–95), Taiwan was a Japanese colony until 1945. This historical chapter still shapes bilateral relations today, though not necessarily in a negative way. Assessments of the Japanese colonial period in Taiwan are less critical than those in South Korea or the People's Republic of China (PRC), for example. Compared to the subsequent "occupiers" of Taiwan – the mainland Chinese under the Kuomintang – the Japanese rulers took less repressive measures against the population of Taiwan and decisively advanced modernisation in areas such as infrastructure and education.² Even after 1945, Japan and Taiwan were thus able to maintain close cultural and social ties, thus facilitating further development of bilateral relations.

In 1972, however, Tokyo severed its official ties with Taipei, recognising instead the PRC as the "sole legal Government of China"³. Nevertheless, Japan has since maintained close economic, cultural and civil society relations with Taiwan, while also developing a variety of political channels through which to enable working level exchanges. In Tokyo's view, these are "non-state" relations.

In principle, nothing has changed in Japan's approach in recent years. Nevertheless, some important shifts in Japanese thinking on Taiwan can be

observed: for example, debates over the last five to 10 years reflect a significant increase in awareness of Taiwan's international role and importance among policymakers and scholars.

Against this backdrop, the 2020 version of Japan's Diplomatic Bluebook for the first time described Taiwan as an "extremely crucial partner and an important friend".⁴ Ten years earlier, the Bluebook had barely referred to the uncertainties in the Taiwan Strait at all.⁵ The April 2021 joint statement by Prime Minister Suga Yoshihide and U.S. President Joe Biden was also notable, emphasising the "importance of peace and stability across the Taiwan Strait"⁶ – the first mention of Taiwan in such a statement since Japan severed diplomatic relations with the island.

Reassessing Taiwan's significance

Three factors have contributed to the reassessment of Taiwan's importance: first, threat perceptions vis-à-vis the PRC have grown in Japan. The military regional balance is shifting in China's favour and Beijing is showing an uncompromising posture both internally and externally. With its military and paramilitary presence, the People's Republic is putting pressure not only on Taiwan but also on Japan – especially in the area around the Senkaku/Diaoyu Islands, con-

* I would like to thank Shingyochi Mirai for her research support for this chapter.

1 Walter Sim, "Wary of the China Threat, Japan Bolsters Defences of Its South-west Island Chain", *The Straits Times*, 20 May 2021.

2 Lam Peng-Er, "Japan-Taiwan Relations: Between Affinity and Reality", *Asian Affairs* 30, no. 4 (2004): 249–67 (251).

3 Ministry of Foreign Affairs Japan, *Joint Communique of the Government of Japan and the Government of the People's Republic of China*, 29 September 1972, <https://www.mofa.go.jp/region/asia-paci/china/joint72.html> (accessed 3 August 2021).

4 Ministry of Foreign Affairs, Japan, *Diplomatic Bluebook 2020* (Tokyo, 2020), 58, <https://www.mofa.go.jp/files/100116875.pdf> (accessed 3 August 2021).

5 Ministry of Foreign Affairs, Japan, *Diplomatic Bluebook 2010* (Tokyo, 2010), 15, <https://www.mofa.go.jp/policy/other/bluebook/2010/html/index.html> (accessed 3 August 2021).

6 White House, "U.S.-Japan Joint Leaders' Statement: 'U.S.-Japan Global Partnership for a New Era'" (Washington, D.C., 16 April 2021), <https://www.whitehouse.gov/briefing-room/state-ments-releases/2021/04/16/u-s-japan-joint-leaders-statement-u-s-japan-global-partnership-for-a-new-era/> (accessed 3 August 2021).

trolled by Tokyo but claimed by the PRC (and also by Taiwan), about 170 kilometres⁷ from Taiwan (see Map 1, p. 6). Mistrust has grown between the great powers, namely the U.S. and China, thereby increasing the risk of military escalation.

From Japan's point of view, a military confrontation over Taiwan can therefore no longer be ruled out. The Russian invasion of Ukraine in February 2022 triggered renewed discussions about this risk. In such a scenario, Japan would be directly affected – both because of its geographical proximity and because of the U.S. military bases on the island of Okinawa, which would be crucial for potential American operations. In Japan, the view thus prevails that a military contingency over Taiwan will quickly spill over to involve the country directly.⁸

The Japanese public increasingly perceives a strong bond with Taiwan.

Secondly, the Japanese public increasingly feels a strong social bond with Taiwan. Generous and largely private donations from Taiwan after the triple disaster in Japan in March 2011 have left a lasting feeling of gratitude on the part of the Japanese. The aid amounted to around 20 billion yen (about €200 million) – the largest contribution from abroad following the U.S.⁹ At the same time, awareness of shared values such as democracy and human rights has heightened. Taiwan's status as a pluralistic, mature democracy stands in marked contrast to Beijing's authoritarian and repressive system.

Thirdly, especially since the start of the COVID-19 crisis in Japan, Taiwan's importance as a technology partner has been highlighted. The increased global demand for semiconductors and the resulting supply shortfalls have underlined the prominent position of TSMC, the world's leading chip producer. TSMC also

supplies Japanese corporations.¹⁰ At the same time, the technological rivalry between the U.S. and China is intensifying. Tokyo, therefore, sees the need to draw on Taiwan more extensively as a technology partner.¹¹

Political relations

After 1972, Tokyo and Taipei developed various quasi-diplomatic as well as informal political channels for exchange. Furthermore, Taiwan's democratisation in the 1990s gave relations a boost. Because of the relatively positive assessment of the Japanese colonial period in Taiwan, historical disputes rarely dominate the bilateral agenda. The biggest point of contention – the territorial dispute over the Senkaku/Diaoyu Islands – was defused in 2013 with a fisheries agreement.

Quasi-diplomatic channels

After breaking off diplomatic relations, Japan founded the Interchange Association in 1972 – a de facto embassy in Taipei to promote cultural, economic and civil society ties. Taiwan established a counterpart in Tokyo, the Association of East Asian Relations. Both representative offices not only take the lead in political dialogue, but they also negotiate and sign bilateral agreements, such as an investment protection agreement in 2011 and a whole series of other mostly functional agreements in recent years (see Table 1). In 2013, both sides signed a fisheries agreement that allows Taiwanese and Japanese fishermen to use contested waters around the Senkaku/Diaoyu Islands. This has largely calmed the territorial dispute, although the sovereignty issue remains.¹²

7 Sim, "Wary of the China Threat" (see note 1).

8 For example, a report by politicians of the Liberal Democratic Party (LDP) of Japan, June 2021, see LDP Taiwan Policy Project Team, "Dai-ichiji teigen" [First Proposal], 3 June 2021, <https://www.jimin.jp/news/policy/201712.html> (accessed 3 August 2021).

9 Madoka Fukuda, *Japan's Policy toward China and Taiwan* (Washington, D.C.: Center for Strategic and International Studies [CSIS], 2018), 4, <https://bit.ly/3DF4LrI> [JapansPolicy]. Conversion into euros as of 31 December 2011 according to the Oanda currency converter.

10 Akinori Kahata, *Beyond U.S.-China Technology Competition* (Washington, D.C.: CSIS, 15 April 2021), <https://www.csis.org/blogs/strategic-technologies-blog/beyond-us-china-technology-competition> (accessed 3 August 2021).

11 Tian He, "Biden Looks to Techno-alliances to Chip in on Semiconductors", *East Asia Forum* (online), 28 July 2021, <https://www.eastasiaforum.org/2021/07/28/biden-looks-to-techno-alliances-to-chip-in-on-semiconductors/> (accessed 3 August 2021).

12 Tetsuo Kotani, "The Japan-Taiwan Fishery Agreement: Strategic Success, Tactical Failure?" *The Asia Maritime Transparency Initiative* (online), 20 October 2015, <https://amti.csis.org/the-japan-taiwan-fishery-agreement-strategic-success-tactical-failure/> (accessed 3 August 2021).

Table 1

Selected agreements between Japan and Taiwan since 2010

Month/ Year	Agreement
4/2010	■ Memorandum on strengthening exchange and cooperation
9/2011	■ Arrangement for the liberalisation, promotion and protection of investments
11/2011	■ Open skies agreement
4/2012	■ Memorandum on the exchange of financial information related to money laundering/terrorist financing
4/2013	■ Fisheries agreement
11/2013	■ E-commerce cooperation agreement ■ Arrangement for cooperation on medical products regulation ■ Memorandum of understanding (MoU) on cooperation in financial supervision
11/2014	■ Memorandum on cooperation in tourism ■ Memorandum on cooperation on border control
11/2015	■ Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income ■ Memorandum on disaster prevention collaboration and exchanges
11/2017	■ Agreement on cooperation in customs matters ■ Memorandum on cultural exchange cooperation
12/2017	■ MoU on maritime emergency and rescue cooperation
11/2018	■ Memorandum on support for small and medium-sized enterprises (SMEs) and promotion of cooperation between SMEs
12/2018	■ MoU on cooperation in tackling smuggling and illegal immigration
10/2019	■ Memorandum on exchange/cooperation in environmental conservation ■ Memorandum for mutual cooperation in the field of patent prosecution

Source: Analysis of the website of the Japan-Taiwan Exchange Association, <https://www.koryu.or.jp/>; abbreviated titles of agreements with some translated from Japanese.

Tokyo's representative office, which is headed by a high-ranking representative of the Ministry of Foreign Affairs, was renamed the Japan-Taiwan Exchange Association in 2017. This was a symbolic step: Japan was not only defying China's efforts to impose the term "Chinese Taipei" internationally instead of "Taiwan", but the juxtaposition of Japan and Taiwan in the name also suggests the Republic of China's equality as a political actor. Taipei followed suit a few months later by renaming its representative office the Taiwan-Japan Relations Association.

The de facto embassies also enable contact between ministerial officials from both sides, but not between top representatives of the foreign and defence ministries. For other ministries, meetings up to director or even vice-minister level are considered feasible in principle, but require a case-by-case assessment.¹³ Japan's highest-ranking visitor to Taiwan since 1972 was Akama Jiro, Senior Vice-Minister of Internal Affairs and Communications, who arrived in March 2017 for a tourism fair.¹⁴ In July 2021, Taiwan's Minister of Digital Affairs Audrey Tang was expected for the Olympic opening ceremony in Tokyo. However, this plan could not be realised due to the COVID-19 pandemic.¹⁵

Former heads of state serve as another channel for bilateral political dialogue. Since 2003, for example, former prime ministers Mori Yoshiro, Aso Taro and Abe Shinzo have visited Taiwan and held talks with high-ranking politicians there.¹⁶ Conversely, former Taiwanese President Lee Teng-hui has repeatedly visited Japan. Taiwanese presidential candidates also regularly fly to Japan to exchange views with politicians.¹⁷ For example, the current President Tsai Ing-

¹³ Interview with Taiwanese researcher, June 2021.

¹⁴ Yasuhiro Matsuda, "Japan-Taiwan Relations under Beijing's Watchful Eye", *East Asia Forum* (online), 6 May 2017, <https://www.eastasiaforum.org/2017/05/06/japan-taiwan-relations-under-beijings-watchful-eye/> (accessed 3 August 2021).

¹⁵ "Taiwan Cancels Dispatch of Digital Minister to Tokyo Olympics", *Kyodo News* (online), 19 July 2021, <https://english.kyodonews.net/news/2021/07/ae81320afa57-taiwan-cancels-dispatch-of-digital-minister-to-tokyo-olympics.html> (accessed 10 March 2022).

¹⁶ Thomas S. Wilkins, "Taiwan-Japan Relations in an Era of Uncertainty", *Asia Policy*, no. 13 (2012): 113–32 (117).

¹⁷ This custom has existed for some time, see Peng-Er, "Japan-Taiwan Relations" (see note 2), 256.

wen is said to have met Prime Minister Abe Shinzo in 2015 before her successful election.¹⁸

Functional and Think Tank Dialogues

Represented by the Japan-Taiwan Exchange Association, Japan since 2019 has been an official co-host of the Global Cooperation and Training Framework (GCTF), which was launched by the U.S. and Taiwan in 2015 with Japan holding observer status from the beginning.¹⁹ The GCTF is a cooperation platform that enables Taiwan to pursue exchanges with experts and government officials from other countries on topics such as public health, energy efficiency, cyber security and disaster relief.²⁰ Japan perceives the GCTF as a useful framework, because it has thus far not provoked a strong backlash from Beijing.²¹

Japan and Taiwan have institutionalised a series of think tank dialogues.

Japan and Taiwan have also institutionalised a series of think tank dialogues. Officially, these are conducted at track 2 level. However, ministry officials and politicians from both sides regularly participate — for example as “observers” or guests at joint dinners, so the dialogues are de facto more like track 1.5 formats.²²

Among these exchanges is a trilateral dialogue with the U.S., organised by the think tanks Japan Institute for International Affairs, Prospect Foundation (Taiwan) and the Project 2049 Institute (USA). This dialogue format, which has existed since 2011, has been held under the name Taiwan-U.S.-Japan Indo-Pacific Security Dialogue since 2018. In addition

to academics, parliamentarians and former high-ranking ministerial bureaucrats also take part.²³

Since 2019, the Japan-Taiwan Strategic Dialogue has been held as a bilateral exchange with a focus on security policy. On the Japanese side, this is organised by the Security Strategy Research Institute of Japan — an independent think tank with close ties to the Veterans Association. Amongst others, retired Japanese lieutenant generals and vice admirals of the armed forces have so far participated.²⁴

Parliamentary and Party Dialogue

Reciprocal visits by parliamentary groups provide another important channel of communication. The cross-party Japan-ROC Diet Members’ Consultative Council, better known as Nikkakon, is the central organ on the Japanese side. According to its chairman Furuya Keiji, Nikkakon had 287 members in 2019 — thus comprising around 40% of Japanese parliamentarians in both chambers.²⁵ On Nikkakon’s initiative, the Upper House unanimously passed a resolution for the first time in June 2021 endorsing Taiwan’s participation in the World Health Assembly (WHA).²⁶

Nikkakon also took the lead in initiating a trilateral “strategic dialogue” with parliamentarians from Taiwan and the U.S. The first meeting took place in July 2021 via video conference, during which about 30 participants discussed topics such as economic cooperation, dealing with China’s military pressure and the vision of a “free and open Indo-Pacific”.²⁷

²³ Mark Buckton, “US Security Commitment to Taiwan Stressed at Trilateral Dialogue”, *Taiwan Times* (online), 8 October 2020, <https://thetaitimes.com/us-security-commitment-to-taiwan-stressed-at-trilateral-dialogue/> (accessed 3 August 2021).

²⁴ Security Strategy Research Institute of Japan, *Japan-Taiwan Strategic Dialogue*, 2020, <https://www.ssri-j.com/japan-taiwan%20strategic%20dialogue.html> (accessed 3 August 2021).

²⁵ Keiji Furuya, *Nikka Giin Kondankai. Blog Post* [Japan-ROC Diet Members’ Consultative Council], 16 May 2019, <http://www.furuya-keiji.jp/blog/archives/13117.html> (accessed 3 August 2021).

²⁶ “Japan’s Upper House Calls for Taiwan’s WHO Observer Status”, *Nippon* (online), 11 June 2021, <https://www.nippon.com/en/news/yjj2021061100196/> (accessed 10 March 2022).

²⁷ “Nichi-bei-tai giin ‘taichu yokushi’ giron, Abe senshushou ga sanku” [Japanese, American and Taiwanese MPs discuss ‘China deterrence’, former PM Abe attends], *Nihon Keizai Shinbun* (online), 29 July 2021, <https://www.nikkei.com/>

¹⁸ Madoka Fukuda, “Recent Developments in Japan-Taiwan Relations”, in *Japan-Taiwan Relations: Opportunities and Challenges*, ed. Yuki Tatsumi and Pamela Kennedy (Washington, D.C.: Stimson Center, March 2021), 12–21 (14).

¹⁹ Yuka Koshino, “Japan-Taiwan Cooperation towards an Open, Interoperable, Reliable, and Secure Digital Economy”, in *ibid.*, 47–60 (54).

²⁰ Global Cooperation and Training Framework (GCTF), “Mission”, 2021, <https://www.gctf.tw/en/IdeaPurpose.htm> (accessed 3 August 2021).

²¹ Interview with Japanese researcher, June 2021.

²² *Ibid.*

While Japanese Defence Minister Kishi Nobuo did not take part himself, he had a greeting read out.²⁸

On Japan's initiative, the governing parties of both sides held a digital dialogue for the first time in August 2021. This serves as a substitute for the so-called 2+2 dialogue format, which in the case of other countries brings together the respective foreign and defence ministers. The respective representatives of the parliamentary committees for foreign and defence policy participated on behalf of Taiwan's Democratic Progressive Party (DPP); meanwhile, the Liberal Democratic Party of Japan (LDP) was represented by the heads of the corresponding internal party committees.²⁹ Both sides discussed topics such as cooperation in the semiconductor sector and responses to China's military pressure. The dialogue is to be continued in the future.

Security policy relations

In terms of security, Taiwan is important for Japan not only due to its geographical proximity, but also because of its location along important maritime trade routes. As early as 1978, the head of the Japanese Defence Agency at the time Kanemaru Shin emphasised that Taiwan's security was important for Japan.³⁰ To date, there has been no direct exchange between the armed forces of the two countries.³¹ However, Tokyo has been sending a retired two-star general to its de facto embassy since 2003.³²

For a long time, the military superiority of the U.S. over China has been regarded in Japan as a guarantee of stability in the Taiwan Strait, and the Taiwan crisis of 1995–96 did not fundamentally change that

view.³³ As mentioned above, however, Tokyo's concerns over China's military build-up and modernisation have grown in recent years.

Japan is deliberately vague on whether and to what extent it would participate in a military conflict over Taiwan alongside the U.S.

Tokyo's policy towards Taiwan has been characterised by "strategic ambiguity" since 1997 – with certain parallels to U.S. policy: Japan deliberately refrains from specifying whether and to what extent it would participate in a military conflict over Taiwan alongside the U.S. Through this ambiguity, Tokyo seeks to support the maintenance of Taiwan's status quo and contribute to deterrence vis-à-vis the PRC. In 1997, Tokyo expanded the possible role of its defence forces within the U.S.-Japan alliance to include "rear-area support", i.e. logistical support in "situations in areas around Japan".³⁴ Theoretically, this provision is applicable to a crisis involving Taiwan.³⁵ Japan's 2015 security laws could also apply in the event of a Taiwan conflict. According to these, Tokyo is allowed to participate in combat operations alongside the U.S. if the situation is classified as an immediate threat to Japan. Such a political decision would be easy to justify due to Taiwan's proximity.³⁶

The joint statement by Suga and Biden in April 2021 underlines Japan's "strategic ambiguity" in that it emphasises stability in the Taiwan Strait as a common goal of the allies. The proposal for the Taiwan reference apparently came from Biden; Suga went along with it despite initial concerns about China's reaction.³⁷ Subsequently, Tokyo lobbied for inclusion of similar language on Taiwan in the May 2021 sum-

article/DGXZQOUA290RG0Z20C21A7000000/ (accessed 3 August 2021).

²⁸ Keiji Furuya, *Nichi-bei-tai giin ni yoru senryaku taiwa supichi* [Speech on the Strategic Dialogue between Parliamentarians of Japan, Taiwan and the US], 29 July 2021, <http://www.furuya-keiji.jp/blog/archives/16763.html> (accessed 2 September 2021).

²⁹ Jesse Johnson, "To China's Chagrin, Japan-Taiwan Talks Could Pave the Way for Closer Ties", *Japan Times*, 29 August 2021.

³⁰ June T. Dreyer, "Taiwan and Japan in the Tsai Era", *Orbis* 60, no. 4 (2016): 592–608.

³¹ Interview with Japanese researcher, June 2021.

³² *Ibid.*

³³ Yoshihide Soeya, "Changing Security and Political Contexts of Japan-Taiwan Relations: A View from Japan", *NBR Analysis* 16, no. 1 (2005): 39–58 (43).

³⁴ James L. Schoff, *How to Upgrade U.S.-Japan Defense Cooperation* (Washington, D.C.: Carnegie Endowment for International Peace, 16 January 2014), <https://carnegieendowment.org/2014/01/16/how-to-upgrade-u.s.-japan-defense-cooperation-pub-54206> (accessed 3 August 2021).

³⁵ Interview with Japanese researcher, June 2021.

³⁶ Interview with Japanese researcher, June 2021.

³⁷ Interviews with Japanese and Taiwanese scholars, June 2021. At Japan's request, a passage was added stating US and Japanese support for a peaceful solution to the Taiwan issue – thereby seeking to placate China. In Taiwan, advocates of political independence are critical of this wording.

mit declaration with the EU and in the June 2021 G7 final declaration, for example. However, the Japanese government has kept silent on whether it is pursuing military planning for contingencies around Taiwan either on its own or jointly in the alliance following the Suga-Biden statement.

Economic relations

Japan and Taiwan are important economic partners for one another. With a bilateral trade volume of around US\$68.8 billion in 2020, Japan was Taiwan's third largest trading partner after the PRC and the U.S.³⁸ In terms of Taiwan's imports, Japan even ranks second after the PRC, with more than half of those imports consisting of chemical products, electronic components and machinery.³⁹

Conversely, Taiwan was Japan's fourth largest trading partner in 2020, after the PRC, the U.S. and only just behind South Korea.⁴⁰ The neighbouring island state thus accounted for about 5.6% of Japan's foreign trade.⁴¹ At around 43%, the largest sectoral share of Japanese imports from Taiwan is electronic components, especially semiconductors.

Japan is the fourth largest source of foreign investment in Taiwan after the Netherlands, the British Overseas Territories in the Caribbean, and the U.S.⁴² In cumulative terms, Japanese capital contributions amount to US\$23.5 billion, representing 12.4% of foreign investment holdings in Taiwan.⁴³ On the other hand, Taiwanese investments in Japan total US\$9.6 billion.⁴⁴ The comprehensive investment agreement of 2011, which covers all key protection standards for investors that are common among industrialised countries and which also prohibits discrimination (national treatment, most-favoured-nation treatment), likely had a positive effect on

both sides.⁴⁵ Overall, Japan and Taiwan complement one another economically. Companies from both sides work closely together in the IT and electronics sectors. Taiwan's semiconductor industry is dependent on Japanese companies, which supply machines and chemical components for manufacturing, for example. In view of the increased international demand for semiconductors, a number of Japanese suppliers have invested in Taiwan. For instance, Shin-Etsu Chemical announced in October 2020 that it would participate in building a new photoresist production facility in Taiwan.⁴⁶

Japan is courting Taiwan to invest in its semiconductor manufacturing industry and in research in this area.

Conversely, Tokyo is also courting Taiwan to investment in its semiconductor manufacturing industry as well as related technological research. Japan seeks to improve its competitiveness in key digital technologies such as semiconductor production and to ensure security in supply chains. At the end of May 2021, TSMC announced that it will establish a centre for research and development in Ibaraki, north of Tokyo, with the participation of Japanese companies. The Japanese government will cover about half of the project cost of about 37 billion yen (about €276 million).⁴⁷ In October 2021, TSMC also revealed plans to build a semiconductor plant in Japan, with the involvement of Sony Corporation. According to media reports, the Japanese government will subsidise about half of the total cost of 800 billion yen (about €6 bil-

³⁸ nited Nations Conference on Trade and Development (UNCTAD), "UNCTADstat", <https://unctad.org/statistics> (accessed 28 March 2021).

³⁹ Ibid.

⁴⁰ Ibid. However, if the EU states are considered as a unit, the EU would be in third place.

⁴¹ Ibid.

⁴² nvestment Commission Ministry of Economic Affairs Taiwan, <https://www.moeaic.gov.tw/english/>.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ See Ministry of Justice, Republic of China, *Arrangement between the Association of East Asian Relations and the Interchange Association for the Mutual Cooperation on the Liberalization, Promotion and Protection of Investment*, 22 September 2011, <https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=Y0070568> (accessed 6 September 2021).

⁴⁶ Photoresist is needed in the production of semiconductors. "Japan Chip Material Makers Ramp up Output in South Korea and Taiwan", *Nikkei Asia* (online), 8 May 2021, <https://asia.nikkei.com/Business/Tech/Semiconductors/Japan-chip-material-makers-ramp-up-output-in-South-Korea-and-Taiwan> (accessed 3 August 2021).

⁴⁷ Ayumi Shintaku, "TSMC to Open Semiconductor R&D Facility in Tsukuba", *Asahi Shimbun* (online), 1 June 2021, <https://www.asahi.com/ajw/articles/14362890> (accessed 3 August 2021).

lion).⁴⁸ Taiwanese companies, in turn, hope to defend their technological advantage internationally by investing in Japan or cooperating with companies there.

The quasi-embassies of Japan and Taiwan have hosted the Japan-Taiwan Economic and Trade Conference annually since 1976 to discuss bilateral economic issues. Discussions on a bilateral free trade agreement (FTA) have been on hold since Taipei banned the import of food from five prefectures in the wake of the Japanese triple disaster in 2011 due to possible radiation exposure.⁴⁹ Although Taiwan lifted the import restrictions in February 2022, it remains to be seen whether such discussions will be taken up again.⁵⁰ In Japan, the utility of an FTA is questioned, given the already low bilateral tariff level and the existing bilateral investment agreement.⁵¹

A more important step, however, could be Taiwan's accession to the multilateral Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in which Japan is considered the de facto leader.⁵² In September 2021, Taipei applied to join this trade bloc following membership application by the PRC.⁵³ The Japanese government has repeatedly signalled its support for Taiwan in this endeavour, provided the accession criteria are met.⁵⁴ However,

Tokyo fears that in the event of admission, the PRC may increase pressure on Taiwan.⁵⁵

Culture and civil society

Taiwan and Japan share close bilateral relations in areas of culture, civil society and education. For instance, mutual societal perceptions of the other country are generally positive.⁵⁶ Since 2005, Taiwanese visitors to Japan have been exempt from visa requirements for stays of up to 90 days, thus benefiting people-to-people exchanges.⁵⁷ In 2011, Japan concluded an open skies agreement with Taiwan, resulting in the establishment of new bilateral flight routes.⁵⁸

Mutual tourism flourished until the COVID-19 pandemic. In 2019, more than 2 million Japanese tourists visited Taiwan for the first time, making up the second largest group of foreign visitors that year after the PRC.⁵⁹ Conversely, nearly 4.9 million Taiwanese travelled to Japan in 2019 – the third largest group of visitors from abroad.⁶⁰

There are also lively exchanges between schools and universities on both sides. Centres for Japanese studies at Taiwanese universities, such as at National Taiwan University, receive financial support from the de facto Japanese embassy.⁶¹ In 2019, more than 10,000 Japanese students were enrolled at Taiwanese universities – a fivefold increase from 10 years ear-

48 “Sony to Join TSMC on New \$7bn Chip Plant in Japan”, *Nikkei Asia* (online), 8 October 2021, <https://asia.nikkei.com/Business/Tech/Semiconductors/Sony-to-join-TSMC-on-new-7bn-chip-plant-in-Japan> (accessed 14 January 2022).

49 Fukuda, “Recent Developments” (see note 18), 14.

50 Shin Kawashima, “Taiwan Finally Lifts Japan Food Import Restrictions”, *The Diplomat* (online), 8 March 2022, <https://thediplomat.com/2022/03/taiwan-finally-lifts-japan-food-import-restrictions/> (accessed 10 March 2022).

51 Interview with Japanese researcher, June 2021. On the 2011 investment agreement, see also Maaiké Okano-Heijmans and Frans-Paul van der Putten, *Cross-Strait Relations and Trade Diplomacy in East Asia. Towards Greater EU-Taiwan Economic Cooperation?* (The Hague: Clingendael, 23 March 2015), <https://bit.ly/36Qj8sP> (accessed 3 August 2021).

52 Hanns Günther Hilpert, *New Trade Agreements in Asia. Liberalisation in Times of Geopolitical Rivalry*, SWP Comment 25/2021 (Berlin: Stiftung Wissenschaft und Politik, April 2021), <https://www.swp-berlin.org/publikation/new-trade-agreements-in-asia>.

53 Shannon Tiezzi, “Taiwan Applies for CPTPP Membership”, *The Diplomat* (online), 23 September 2021, <https://thediplomat.com/2021/09/taiwan-applies-for-cptpp-membership/> (accessed 10 March 2022).

54 Interview with Japanese scholar, June 2021.

55 Interview with Japanese scholar, September 2021.

56 Fukuda, “Recent Developments” (see note 18), 14.

57 Jeffrey W. Hornung, *Strong But Constrained Japan-Taiwan Ties* (Washington, D.C.: Brookings, 13 March 2018), <https://www.brookings.edu/opinions/strong-but-constrained-japan-taiwan-ties/> (accessed 3 August 2021).

58 “Taiwan, Japan, Ease Rules with Aviation Accord”, *Taipei Times* (online), 11 November 2011, <http://www.taipetimes.com/News/front/archives/2011/11/11/2003518017> (accessed 3 August 2021).

59 Keoni Everington, “Taiwan Welcomes Record 2 Million Japanese Tourists in 2019”, *Taiwan News* (online), 7 January 2020, <https://bit.ly/3Kcb0FsJapaneseTourists> (accessed 3 August 2021).

60 Japan National Tourism Organization, “Trends in Visitor Arrivals to Japan”, 3 August 2021, <https://statistics.jnto.go.jp/en/graph/#graph--inbound--travelers--transition> (accessed 3 August 2021).

61 Japan-Taiwan Exchange Association, “Nihon kenkyu josei jigyo” [Support Services for Japan Research], 2021, <https://www.koryu.or.jp/business/study/grant/> (accessed 3 August 2021).

lier.⁶² Young people in Taiwan are also showing interest in Japan, as evidenced by the rising number of applications for working holiday visas in Japan. For instance, in 2019, Japan doubled the number of such visas that it issues for Taiwanese applicants from 5,000 to 10,000 per year.⁶³

At the local level, there is also a network of partnerships between cities or prefectures of the two sides. A total of 99 such partnerships exist, 77 of which have been established in the last 10 years alone.⁶⁴ These links help to promote exchanges between mayors of the two sides, which is of political significance, especially because Taiwanese local politicians subsequently often pursue careers in national politics.⁶⁵

Conclusion

On a political, economic and civil society level, Japan-Taiwan relations are overall developing positively. Japanese debates testify to a growing political awareness of the role and importance of Taiwan. Nevertheless, Tokyo maintains the appearance of having a one-China policy.

Based on increased awareness, the Japanese leadership has become more willing to approach Taiwan policy more independently, rather than subordinating it to that of the PRC. When Beijing imposed an import ban on Taiwanese pineapples in March 2021 citing concerns about plant pests, Tokyo showed solidarity with Taipei by purchasing 10,000 tonnes of the fruit.⁶⁶ Despite its own slow vaccination campaign,

Tokyo also supplied about 3.4 million COVID-19 vaccine doses to Taiwan in June and July 2021 after Taipei accused Beijing of blocking a shipment of BioNTech vaccines from Germany.⁶⁷

In Tokyo, there is a wealth of creative ideas for the further development of relations with Taiwan. For example, a newly founded “Taiwan Project Team” of the ruling LDP developed proposals in this regard in June 2021. The project members refer, for example, to the possibility of using music festivals and other cultural events of the armed forces as justification to enable contact between active military personnel of the two sides.⁶⁸ Even under the premise of its one-China policy, Japan thus sees scope for further expanding relations with Taiwan.

62 Ministry of Education Taiwan, “Japanese Students’ Interest in Studying in Taiwan Reaches New Heights”, 26 February 2021, <https://english.moe.gov.tw/cp-117-25444-e7efc-1.html> (accessed 3 August 2021).

63 George Liao, “Annual Quota for Japanese Working Holiday Visas Offered to Taiwanese to Double”, *Taiwan News* (online), 21 March 2019, <https://www.taiwannews.com.tw/en/news/3663319> (accessed 3 August 2021).

64 Japan-Taiwan Exchange Association, “Nihon no jichitai to Taiwan no shimai (yuko)” [Japan’s Local Government and Taiwan Partnership (Friendship)], 2021, <https://www.koryu.or.jp/publications/relation/friendship/> (accessed 3 August 2021).

65 Interview with Japanese scholar, June 2021.

66 Shu-Ling Ko, “Pineapple Diplomacy? China’s Taiwan Import Ban Prompts Sales Surge in Japan”, *Japan Times* (online), 15 March 2021, <https://www.japantimes.co.jp/news/2021/03/15/business/pineapples-china-taiwan-imports-japan/> (accessed 3 August 2021).

67 “Japan to Send Millions More Vaccine Doses to Taiwan, Asian Neighbors”, *Voice of America* (online), 13 July 2021, <https://www.voanews.com/covid-19-pandemic/japan-send-millions-more-vaccine-doses-taiwan-asian-neighbors> (accessed 3 August 2021).

68 LDP Taiwan Policy Project Team, “Dai-ichiji teigen” (see note 8), 5.

Felix Heiduk

Much Diplomacy without Diplomatic Relations: Singapore's Foreign Policy and Taiwan

Introduction

The Republic of Singapore does not recognise Taiwan diplomatically, but perhaps more than any other state in Southeast Asia has for decades built up and maintained both extensive and intensive relations with subsequent governments in Taipei. This is, first of all, for historical reasons, as relations between the island of Taiwan and the city of Singapore date back at least to the 19th century. During British colonial rule over British Malaya, migrant workers settled in Singapore, mainly from southern China, especially from the provinces of Fujian, Guangdong and Hainan, but also from Taiwan.¹ As a result of these migration movements, transnational family networks developed between southern China and Singapore, some of which still exist today. Chinese migration also brought linguistic, religious and cultural practices to Singapore. For example, religious networks developed between Buddhist temples in Taiwan and numerous places across Southeast Asia.²

In the 20th century, Singapore, as part of British Malaya, initially maintained diplomatic relations with the Republic of China (1912 – 1949), which was ruled by the Kuomintang (KMT) from 1928. When Singapore became independent in 1965, the People's Action Party (PAP), which still rules today, briefly recognised the Republic of China under Chiang Kai-shek's leadership. The United Nations' decision in 1971 which recognised the People's Republic of China

(PRC) as the only legitimate representative of China to the United Nations³ also affected diplomatic relations between Singapore and Taiwan, but did not prevent further rapprochement between the two. On a political level, anti-communism, among other things, united Taiwan and Singapore during the Cold War era. However, relations were also intensified on an economic and, above all, military level. Trade missions were established as early as 1969, and through the "Exercise Starlight" agreement of 1975, Taiwan became one of the central partners in building up Singapore's armed forces. The agreement included, *inter alia*, the training of Singaporean forces at Taiwanese military bases and of Singapore Armed Forces (SAF) by Taiwanese military personnel at military bases in Singapore.⁴ In contrast, Singapore only maintained unofficial relations with the PRC since the 1970s, until it became the last Southeast Asian state to establish official diplomatic relations with the People's Republic on 3 October 1990.⁵ Even before establishing official relations with the PRC, however, Singapore's then Prime Minister Lee Kuan Yew had officially advocated a one-China policy, according to

3 See the contribution of Gudrun Wacker in this research paper, pp. 10ff.

4 Chih-Yu Shih, "Affirmative Balance of the Singapore-Taiwan Relationship: A Bilateral Perspective on the Relational Turn in International Relations", *International Studies Review* 18, no. 4 (2016): 681 – 701, <https://doi.org/10.1093/isr/viw024> (accessed 13 October 2021).

5 Lee Lai To, "The Lion and the Dragon: A View on Singapore-China Relations", *Journal of Contemporary China* 10, no. 28 (2001): 415 – 25, <https://doi.org/10.1080/10670560120067117> (accessed 13 October 2021); John Wong and Liang Fook Lye, "China-Singapore Relations: Looking Back and Looking Forward", in *Singapore-China Relations. 50 Years*, ed. Zheng Yongnian and Liang Fook Lye (Singapore: World Scientific, 2015), 1 – 29, https://doi.org/10.1142/9789814713566_0002.

1 Joyce Ee, "Chinese Migration to Singapore, 1896 – 1941", *Journal of Southeast Asian History* 2, no. 1 (1961): 33 – 51.

2 Ja Ian Chong, *Rediscovering an Old Relationship. Taiwan and Southeast Asia's Long, Shared History*, Brief (Seattle and Washington, D.C.: National Bureau of Asian Research, 11 January 2018), <https://www.nbr.org/publication/rediscovering-an-old-relationship-taiwan-and-southeast-asias-long-shared-history/> (accessed 13 October 2021).

which the question of Taiwan's reunification with the PRC was declared an internal Chinese matter and Taiwan's independence was flatly rejected.

Political relations

Singapore's founding father Lee Kuan Yew and his son and current Prime Minister Lee Hsien Loong, the city-state's main political dynasty, have nurtured extensive political contacts with Taipei. For instance, Lee Kuan Yew travelled to Taiwan several times, as did his son, whose last private visit was in 2004, shortly before he took office as prime minister. The Lee family's close personal ties to the KMT can be seen, for example, in the fact that the then Taiwanese Prime Minister Ma Ying-jeou was present at the funeral services for Lee Kuan Yew in 2015. However, he did not take part in the official state ceremony, but instead attended the family's funeral service as their guest of honour, which was held before the state funeral. Although this anecdote primarily illustrates the intense personal ties between Singapore's political elite and the KMT, it is also indicative of some of the challenges Singapore's diplomats have to creatively deal with in their relations between Taiwan and the PRC.

By contrast, relations with the Democratic Progressive Party (DPP), which is currently in power in Taipei, have traditionally been more distant. Singapore has been critical of the DPP's independence course for years.⁶ The Singaporean ruling party, the PAP, argues that the DPP's emphasis on Taiwanese statehood and de facto independence is primarily motivated by domestic politics, and proves counterproductive in terms of foreign policy, as it provokes Beijing and thus promotes instability in the region. At the same time, Singapore's relations with Taiwan have become more difficult. This is mainly due to the increasing economic ties between Singapore and the People's Republic of China, among other things, through large Singaporean direct investments in the PRC — some of which take place in the context of the Belt and Road

Initiative.⁷ It is true that Singapore is economically less dependent on the PRC than many neighbouring countries, including Taiwan, due to its broad-based, global trade relations. Nonetheless, the Singaporean leadership is consistently careful not to snub Beijing.

Nevertheless, Singapore has established close political relations with Taiwan across changing governments in Taipei, without noticeably deviating from its one-China policy. Internationally, Singapore has been "silent", or rather very "quiet", about Taiwan in this context.⁸ For example, there are no official expressions of support for Taiwan in international organisations, nor are there any official visits to the island by Singaporean government representatives or parliamentarians. Rather, political leaders visit Taiwan privately or only after leaving government service.⁹ Furthermore, bilateral dialogues are also rare. However, employees of the Ministry of Economic Affairs and the Ministry of Defence regularly travel from Taiwan to Singapore for talks — but without any press coverage.¹⁰ Taiwanese representatives are also regularly invited to the Shangri-La Dialogue, one of the most important security policy dialogue forums in the region, because of their function as experts or academics. In addition, government-level meetings between Taiwan and the PRC have repeatedly taken place in the city-state, such as the most recent meeting between Xi Jinping and Ma Ying-jeou in 2015.¹¹

Singapore does not recognise Taiwan diplomatically, but has concluded a free trade agreement with the island state.

While Singapore does not recognise Taiwan diplomatically, this has not prevented the city-state from

6 Prime Minister's Office Singapore, "PM Lee Hsien Loong's Interview with Wall Street Journal (WSJ) on 29 March 2016", Singapore, 29 March 2016, <https://www.pmo.gov.sg/Newsroom/pm-lee-hsien-loongs-interview-wall-street-journal-wsj> (accessed 15 October 2021).

7 Irene Chan, "Reversing China's Belt-and-Road Initiative — Singapore's Response to the BRI and Its Quest for Relevance", *East Asia* 36, no. 3 (2019): 185–204, <https://doi.org/10.1007/s12140-019-09317-7>.

8 Interview with Singaporean academic via Zoom, 15 June 2021.

9 The exception is multilateral forums such as the Asia-Pacific Economic Cooperation (APEC) summit, where Singaporean and Taiwanese representatives have met in the past.

10 Interview with Singaporean academic via Skype, 7 July 2021.

11 Jeffrey Wasserstrom, "The Xi-Ma Meeting: Why Singapore?" *The Diplomat* (online), 11 November 2015, <https://thediplomat.com/2015/11/the-xi-ma-meeting-why-singapore/> (accessed 15 October 2021).

concluding bilateral agreements with Taipei, such as a free trade agreement (FTA) and an agreement on the Exercise Starlight military training programme. Taiwanese diplomats in Taiwan's unofficial representation, the Taipei Representative Office in Singapore, are also granted privileges that are equivalent to formal diplomatic status.¹² In return, they also apply to the staff of Singapore's representation in Taiwan, the Singapore Trade Office, which was established in 1979. These privileges include the granting of diplomatic immunity, the use of diplomatic passports, the use of diplomatic privileges at airports and tax exemptions.¹³

There is also cooperation with Taiwan in many areas at the technical level. For example, Taiwan supports Singapore in improving its public transport system.¹⁴ Another area of cooperation is public housing, through which Taiwanese delegations have been able to gain new ideas and learn about best practices in Singapore.¹⁵ Represented by experts and academics, the city-state also participates in the Global Cooperation and Training Framework (GCTF), originally founded by the U.S. and Taiwan when it comes to topics such as industrial espionage and the protection

of intellectual property.¹⁶ At the academic level, there is also cooperation with Taiwan in the ASEAN context. The Singapore Institute of International Affairs (SIIA) is a member of the ASEAN Institutes of Strategic and International Studies (ASEAN ISIS) network. Together with Taiwan's Institute of International Relations (IIR) at National Chengchi University, the network regularly organises academic dialogues on foreign and security policy issues.¹⁷

Dealing with pressure from Beijing

In recent years, the PRC has repeatedly tried to influence Singapore's dealings with Taiwan both directly and indirectly. From Singapore's point of view, it is remarkable that the People's Republic apparently regards the city-state as a "Chinese country" in ethnic, cultural and linguistic terms and therefore expects it to follow Beijing's positions "naturally", so to speak, or at least not to contradict them. For Singapore, however, this would equate to putting its own national interests aside.¹⁸ Therefore, Singapore does not always act according to Beijing's expectations, which has led to conflicts. For example, in 2004, the PRC vehemently protested against a private visit by Singaporean Deputy Prime Minister Lee Hsien Loong to Taiwan shortly before his swearing-in as prime minister. Beijing interpreted Loong's behaviour as support for the "separatists" in Taipei. Singapore countered that the trip was private and therefore unofficial, and made clear that it would not deviate from its one-China policy and would continue not to support Taiwanese independence. At the same time, Singapore insisted on its own independence and sovereignty and rejected Beijing's demand to cancel the trip.¹⁹

12 Aristotle Constantinides, "Statehood and Recognition", in *International Law in Domestic Courts: A Casebook*, ed. André Nollkaemper et al. (Oxford: Oxford University Press, 2019), 32–76 (59).

13 Erik Pajtinka, "Between Diplomacy and Paradiplomacy: Taiwan's Foreign Relations in Current Practice", *Journal of Nationalism, Memory & Language Politics* 11, no. 1 (2017): 39–57, <https://doi.org/10.1515/jnmlp-2017-0003>.

14 Duncan DeAeth, "Troubled Singapore Subway System Looks to Taipei MRT for Consultation", *Taiwan News* (online), 20 November 2017, <https://www.taiwannews.com.tw/en/news/3302057> (accessed 15 October 2021); Zhaki Abdullah, "SBS Transit Partners with Taipei Metro Operator to Improve Rail Reliability", *The Straits Times* (online), 19 April 2018, <https://www.straitstimes.com/singapore/transport/sbs-transit-partners-with-taipei-metro-operator-to-improve-rail-reliability> (accessed 15 October 2021).

15 Yuan and Bing-sheng Lee, "Taiwan Consults Singapore to Build Public Housing System", *The News Lens* (online), 20 January 2016, <https://international.thenewslens.com/article/34821> (accessed 15 October 2021); Jermyn Chow, "Taipei City Grapples with Housing Woes", *The Straits Times* (online), 25 January 2016, <https://www.straitstimes.com/asia/east-asia/taipei-city-grapples-with-housing-woes> (accessed 15 October 2021).

16 Taiwan-U.S.-Japan-Australia Global Cooperation & Training Framework, "Participating Countries", https://www.gctf.tw/en/Countries.htm#result_group (accessed 15 October 2021).

17 Singapore Institute of International Affairs, "ASEAN ISIS-IIR-Taiwan Dialogue", <http://www.siiainline.org/asean-isis-iir-taiwan-dialogue/> (accessed 15 October 2021).

18 Ja Ian Chong, "The Burdens of Ethnicity: Ethnic Chinese Communities in Singapore and Their Relations with China", in *Navigating Differences: Integration in Singapore*, ed. Terence Chong (Singapore: Yusof Ishak Institute of Southeast Asian Studies, 2020), 165–85 (169).

19 Ministry of Foreign Affairs, "Transcript of Questions and Answers with DPM Lee Hsien Loong on His Visit to Taiwan", Singapore, 14 July 2004, <http://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2004/07/Transcript->

Another example concerns the PRC's protests during Exercise Starlight 2016. After Tsai Ing-wen's presidential election victory in the same year, Beijing demanded that no more military education and training programmes be conducted in Taiwan in the future. Singapore refused and again referred to its sovereignty. In November 2016, Beijing then had SAF military transport vehicles, which were on their way to Singapore by ship after the end of Exercise Starlight, seized in Hong Kong for alleged illegal arms trafficking.²⁰ In Singapore, this was interpreted by many as a test of how far the city-state would bow to Chinese pressure. Beijing suggested that Singapore could move its military training programmes from Taiwan to Hainan Island, but the Singapore government did not give in to the pressure. Observers speculated that Singapore refused because it primarily distrusted expanded defence cooperation with Beijing and also because Taipei and Washington intervened diplomatically.²¹

Several months later, the military vehicles were quietly released in Hong Kong and shipped back to

Singapore.²² According to Singapore's Foreign Minister, the conflict was finally settled on the basis of "international law" and "mutual respect".²³

The PRC is also trying to gain more influence over Singapore's foreign policy indirectly. At least that is the point argued by some think tanks as well as former Singaporean diplomats. According to a report by a U.S. think tank, there are indications that business lobbyists are using market access to the PRC as a lure to promote pro-Chinese positions, for example in the conflict over the South China Sea. Beijing also instrumentalises cultural exchange forums with Singapore and Chinese-language media for propaganda purposes.²⁴ Observers such as the former diplomat Bilahari Kausikan also believe that Beijing actively challenges Singapore's "multi-ethnic" identity policies by emphasising cultural similarities between Singapore's majority Chinese population and the PRC and deliberately blurring the distinction between the terms "Chinese citizens" and "overseas Chinese". Singapore's identity policy, however, is a fundamental component of the city-state's independence and internal stability.²⁵

of-Questions-and-Answers-with-DPM-Lee-Hsien-Loong-on-His-Visit-to-Taiwan (accessed 15 October 2021).

20 Cal Wong, "China Protests Singapore's Military Exercise with Taiwan", *The Diplomat* (online), 29 November 2016, <https://thediplomat.com/2016/11/china-protests-singapores-military-exercise-with-taiwan/> (accessed 15 October 2021).

21 Pasha L. Hsieh, "The Quest for Recognition: Taiwan's Military and Trade Agreements with Singapore under the One-China Policy", *International Relations of the Asia-Pacific* 19, no. 1 (2019): 89–115, <https://doi.org/10.1093/irap/lcx005>; Bernard F. W. Loo, "Tanks for Nothing! Making Sense of the Terrex Incident", *PacNet* (online), (5 December 2016) 88, https://pacforum.org/wp-content/uploads/2019/05/161205_PacNet_1688.pdf. The official reason given for the rejection was: "As a small state, Singapore will from time to time encounter such expectations from other countries, and many of these other countries will be much bigger than Singapore. This is realpolitik. However, it is important for us to conduct our foreign policy as a sovereign, independent nation, and not be seen as acting at the behest of any other country. This is essential for our international credibility, our standing, our relevance, and our usefulness to our partners and friends." Ministry of Foreign Affairs Singapore, "Minister for Foreign Affairs Dr Vivian Balakrishnan's Replies to Parliamentary Questions and Supplementary Questions, 9 Jan 2017", press release, Singapore, 9 January 2017, <http://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2017/01/MFA-Press-Release-Minister-for-Foreign-Affairs-Dr-Vivian-Balakrishnan's-replies-to-Parliamentary-Ques> (accessed 15 October 2021).

22 Ministry of Foreign Affairs Singapore, "Reply from Prime Minister Lee Hsien Loong to Hong Kong Special Administrative Region Chief Executive Leung Chun-ying", press release, Singapore, 24 January 2017, <http://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2017/01/MFA-Press-Statement-Reply-from-Prime-Minister-Lee-Hsien-Loong-to-Hong-Kong-Special-Administrative-Region-Chief-Executive-Leung-Chun-ying> (accessed 15 October 2021).

23 Diana Ser, "In Conversation Special with Minister Vivian Balakrishnan" (In Conversation 2020/2021 — S1E3), *Channel News Asia*, 23 June 2020, <https://www.channelnewsasia.com/watch/in-conversation-cna-2020/conversation-special-minister-vivian-balakrishnan-1469796> (accessed 15 October 2021).

24 Russell Hsiao, "A Preliminary Survey of CCP Influence Operations in Singapore", *China Brief* (online), 19 (16 July 2019) 13, Washington, D.C.: Jamestown Foundation, <https://jamestown.org/program/a-preliminary-survey-of-ccp-influence-operations-in-singapore/> (accessed 15 October 2021); Royston Sim, "Report Flags How China Conducts Influence Operations in Singapore", *The Straits Times* (online), 18 July 2019, <https://www.straitstimes.com/singapore/report-flags-how-china-conducts-influence-operations-in-singapore> (accessed 15 October 2021).

25 Bilahari Kausikan, "On Singapore Foreign Policy (5): Future Challenges", *National University Singapore* (Video Lecture), 3 April 2019, <https://www.youtube.com/watch?v=ZEpl0M2-ctw> (accessed 15 October 2021).

In general, however, it can be said that significant changes at the political level in Singapore's dealings with Taiwan have so far failed to materialise, although tensions between the PRC and Taiwan are growing. Singapore's government is still clearly committed to its one-China policy and positions itself unequivocally against any attempts by Taiwan to gain independence. In doing so, Taiwan is seen as an extremely sensitive diplomatic issue, and is avoided as much as possible in order not to provoke Beijing. At the same time, the city-state has successfully resisted attempts by the PRC to influence its close military-political and economic relations with Taipei – despite the fact that Singapore is neither militarily nor economically dependent on Taiwan. As Singaporean observers see it, Singapore would at least partially surrender its sovereignty if it downgraded its relations with Taiwan under PRC pressure.

However, according to some commentators, shifts at the regional level, especially the escalating Sino-American rivalry, have shrunk Singapore's room for manoeuvre in its relations with Taiwan.²⁶ In addition, changes in Taiwan's domestic politics, especially following Tsai Ing-wen's inauguration and re-election, have also affected Singapore-Taiwan relations. Singapore is trying to counteract a possible deterioration in the relationship between Beijing and Taipei. For instance, it continuously emphasises its friendly relationship with both entities, adheres to its one-China policy and neutrality, and offers to serve as a mediator should this be desired by both parties to the conflict.²⁷ At present, therefore, it is unlikely that Singapore's political relations with Taiwan and the PRC will deepen further.

Security policy

Singapore's relations with Taiwan stand out mainly for their intensive military cooperation. For instance, and as mentioned above, Exercise Starlight, a formal

annual training programme for Singaporean military personnel on the island, has been in operation since 1975.

Singapore and Taiwan maintain intensive military cooperation.

Taiwan has long been Singapore's main partner for military training and manoeuvres that are not possible on the city-state's territory due to its limited land area. For instance, in the 1980s and 1990s, up to 15,000 soldiers took part in Exercise Starlight, and the trainings now also include aspects such as counter-terrorism and dealing with natural disasters. In order to better coordinate joint military training and manoeuvres, delegations from the Taiwanese Ministry of Defence, and in 2014 even the Minister of Defence himself, repeatedly travel to Singapore. However, the Singaporean government has categorically ruled out supporting Taiwan (militarily) in the event of a crisis.

Since the early 2000s, Singapore has also entered into military cooperation with other states such as Australia, Brunei and even the PRC, nonetheless Exercise Starlight, with currently about 3,000 Singaporean soldiers participating annually, continues to exist today.²⁸ At the same time, however, Singapore has expanded its military cooperation with the PRC. Within the framework of the Agreement on Defence Exchanges and Security Cooperation (ADESC), which has existed since 2008 and was expanded in 2019, regular military exercises are held jointly with the People's Liberation Army (PLA), as are regular dialogues at the ministerial level and reciprocal naval port visits.²⁹

²⁶ Ja Ian Chong, "China's Influence in Southeast Asia: No Easy Answers", in *China's Influence and the Center-Periphery Tug of War in Hong Kong, Taiwan and Indo-Pacific*, ed. Brian C. H. Fong, Wu Jieh-min and Andrew J. Nathan (Abingdon and New York: Routledge, 2021), 257–77 (266).

²⁷ Prime Minister's Office Singapore, "PM Lee Hsien Loong's Speech and Dialogue at the Council on Foreign Relations" (Washington, D.C., 25 October 2017), <https://www.pmo.gov.sg/Newsroom/pm-lee-hsien-loongs-speech-and-dialogue-council-foreign-relations> (accessed 15 October 2021).

²⁸ "Taiwan to Continue Military Relations with Singapore", *Taiwan News* (online), 28 October 2019, <https://www.taiwannews.com.tw/en/news/3804803> (accessed 15 October 2021); Ralph Jennings, "Taiwan's Beleaguered Foreign Relations Find Stable Support in Singapore", *Voice of America* (online), 6 October 2017, <https://www.voanews.com/a/taiwan-foreign-relations-stable-with-singapore/4059078.html> (accessed 15 October 2021).

²⁹ Justin Ong, "Singapore, China Defence Ministers Reaffirm Longstanding Ties, Cooperation", *The Straits Times* (online), 8 June 2021, <https://www.straitstimes.com/singapore/singapore-china-defence-ministers-reaffirm-longstanding-ties-cooperation> (accessed 15 October 2021).

Economy

Singapore is the only Southeast Asian country and, except for New Zealand, the only country in the Indo-Pacific that has concluded a free trade agreement with Taiwan despite diplomatic non-recognition. This FTA between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) as signed on November 2013 was intended to contribute to the deepening of bilateral economic relations between Taiwan and Singapore. The ASTEP aims to liberalise mutual market access. Tariffs for trade in goods were either abolished directly upon the conclusion of the agreement or, with a few exceptions such as agricultural products, gradually reduced to zero within the following 15 years. However, it also contains chapters on competition policy, customs procedures, dispute settlement mechanisms, e-trade, intellectual property rights, investment, technical barriers to trade and services.

At the time the agreement was concluded in 2013, Singapore was Taiwan's fifth largest trading partner and fourth largest export market; for Singapore, in turn, Taiwan was its eighth largest trading partner and tenth largest export market.³⁰ In 2020, 5.4% of all goods exports from Taiwan went to Singapore, and 3% of all Taiwanese goods imports came from Singapore. In the same year, 4.9% of all Singaporean products were exported to Taiwan, while 8.8% of all products imported into Singapore came from Taiwan. Singapore accounted for 4.3% of all Taiwanese direct investment abroad, while Singaporean direct investment in Taiwan accounted for 4.6%. In terms of volume, Singapore is currently the fifth largest destination for Taiwanese exports after the PRC, Hong Kong, the U.S. and Japan. For Singapore, Taiwan is currently the seventh largest export market after the PRC, Hong Kong, Malaysia, the U.S., Indonesia and Japan. Overall, however, Singapore faces a clear trade deficit with Taiwan, as the city-state imports significantly more goods from Taiwan (worth more than US\$28 billion

in 2020) than it exports to it (worth more than US\$17 billion in 2020).³¹

The close trade relations between Taiwan and Singapore are not only important economically, but also strategically.

Although both countries have export-oriented economies, competitive relations exist in only a few economic sectors, for example in mechanical engineering and artificial intelligence.³² Taiwan mainly exports semiconductors, machinery, electronic goods and agricultural products, while Singapore focuses more on services and the financial sector. Some observers therefore regard these two economies as complementary.³³ For Taiwan and Singapore, however, neither prioritise the other as a crucial trading partner, as the PRC, Hong Kong and the U.S., among others, are far more important for both in this context. In addition to the concrete economic benefits of close trade relations and especially of the ASTEP, strategic aspects are, too, often emphasised.³⁴

From Taiwan's perspective, the FTA with Singapore in 2013 was extremely important from a strategic point of view, because it enables the island to reduce its high economic dependence on the PRC in the medium term through diversification. Taipei also hopes it will be able to conclude further FTAs with other ASEAN states in the near future on the basis of the agreements with New Zealand and Singapore. Moreover, Taiwan's Foreign Minister at the time, David Lin, described the agreement with Singapore as "paving the way" for his country's later accession to regional FTAs such as the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Part-

³⁰ Shin-Horng Chen, Pei-Chang Wen and Meng-Chun Liu, "Late Development Through and Beyond Deep Integration: The Evolution of Taiwan's Economic Links with Southeast Asia", *Journal of Southeast Asian Economies* 34, no. 2 (2017): 367–87.

³¹ nited Nations Conference on Trade and Development (UNCTAD), "UNCTADstat", <https://unctad.org/statistics> (accessed 6 September 2020).

³² Lauly Li and Cheng Ting-Fang, "Taiwan Vies with Singapore as AI Hub for US Tech Companies", *Nikkei Asia* (online), 23 August 2018, <https://asia.nikkei.com/Business/Technology/Taiwan-vies-with-Singapore-as-AI-hub-for-US-tech-companies> (accessed 15 October 2021).

³³ Interview with Singaporean academic via Skype, 7 July 2021.

³⁴ Interview with Singaporean academic via Zoom, 14 June 2021.

nership (RCEP), which were then being negotiated.³⁵ For Singapore, which relies on exports, the deal with Taiwan was part of its strategy to expand free trade in the region. Singapore's government considers bilateral as well as regional free trade agreements as key instruments to achieve this strategic goal.³⁶ Moreover, observers argue that despite a separate FTA between Beijing and Singapore, Taiwan is also attractive for Singaporean companies. This is because many Taiwanese companies have specific economic links with mainland China through the Economic Cooperation Framework Agreement (ECFA) between Beijing and Taipei, which was made possible by the opening up of sectors such as banking and insurance.³⁷

The conclusion of the agreement in 2013 coincided with the rapprochement between the Kuomintang government in Taipei and the Chinese leadership. There is some evidence to suggest that the PRC, with which Singapore had also previously agreed an FTA, tacitly approved the treaty.³⁸ Strictly speaking, it was not signed by the government: for Taiwan, the representative of the Taipei Representative Office, Hsieh Fa-dah, and for Singapore, his counterpart Calvin Eu from the Singapore Trade Office, put their signatures on the document. The agreement with Taiwan is also not on Singapore's official list of FTAs, which is published by the Ministry of Trade and Industry.³⁹

35 Anthony Fensom, "Taiwan-Singapore FTA", *The Diplomat* (online), 8 November 2013, <https://thediplomat.com/2013/11/taiwan-singapore-fta/> (accessed 15 October 2021).

36 Ministry of Trade and Industry Singapore, *What You Need to Know about Singapore's Free Trade Agreements* (Singapore, October 2019).

37 Raymond Yeung, "What Does Taiwan's Trade Deal with Singapore Mean?" *China Money Network* (blog), 8 November 2013, <https://www.chinamoneynetwork.com/2013/11/08/what-does-taiwans-trade-deal-with-singapore-mean> (accessed 15 October 2021); Fensom, "Taiwan-Singapore FTA" (see note 35).

38 Fensom, "Taiwan-Singapore FTA" (see note 35); Ralph Jennings, "Taiwan, Singapore Sign Free Trade Deal as China Relents", *Voice of America* (online), 7 November 2013, <https://www.voanews.com/a/taiwan-singapore-sign-free-trade-deal-china-relents/1785388.html> (accessed 15 October 2021).

39 Ministry of Trade and Industry Singapore, *What You Need to Know about Singapore's Free Trade Agreements* (see note 36).

Cultural and civil society relations

Civil society relations between Singapore and Taiwan are, at least in some subareas, less intensive than the close political, military and economic ties would suggest. For example, very few Singaporeans study in Taiwan. Although there is a scholarship programme set up specifically for this purpose,⁴⁰ by far the majority of foreign students who study in Taiwan come from other countries in Southeast Asia, such as Indonesia and Vietnam. For many Singaporean students, studying in Taiwan is of little interest, as the universities in their home country are better equipped and much higher placed in the international university rankings. Moreover, Singaporeans prefer to apply for places at more prestigious universities in the U.S., Australia or the U.K., partly because of their English language skills. In academia, there are nevertheless some collaborations between Singaporean and Taiwanese universities, for example in the development of "smart" technologies.⁴¹ However, academic cooperation with the PRC far outweighs that with Taiwan.⁴²

More significant, however, is the exchange on a cultural level. For decades now, Taiwan has been the centre of the Chinese-language music industry, especially Mandarin pop ("Mandopop"). Chinese-speaking Singaporean musicians therefore regularly frequent recording studios in Taiwan, release their music through Taiwanese record companies and perform on the island. Taiwan's film industry is also important for Chinese-language films. Accordingly, Chinese-speaking actors from Singapore often stay in Taiwan for film productions. Taiwanese films and series have been marketed in Singapore since the 1970s. But Singaporean film studios, likewise, have a long tradition of producing Chinese-language films

40 Taipei Representative Office in the Republic of Singapore, "2021 Taiwan Scholarship Is Open for Application", Taipei, 28 January 2021, https://www.roc-taiwan.org/sg_en/post/11062.html (accessed 15 October 2021).

41 "Taiwan, Singapore Team up on Smart Technology Development", *Taiwan News* (online), 9 March 2019, <https://www.taiwannews.com.tw/en/news/3654208> (accessed 15 October 2021).

42 Ting-Yan Wang, "Cadre-Training and Government-to-Government Collaborations: Governance Knowledge Transfer from Singapore to China", in *China's 'Singapore Model' and Authoritarian Learning*, ed. Stephan Ortmann and Mark R. Thompson (Abingdon and New York: Routledge, 2020), 113–27.

and series, which in turn have been distributed in Taiwan and other states in the region. As demonstrated, the distribution of films and music helps create common cultural markers and references between Taiwan and Singapore.⁴³

Charitable Buddhist organisations such as Tsu Chi, Dharma Drum and Fo Guang Shan, which are headquartered in Taiwan, have also established branches in Singapore. In addition to their charitable work, these religious organisations also see themselves as contact points for cultural exchanges between Taiwan and its neighbours, and there are several networks between temples in Taiwan and Singapore that have been established over decades.⁴⁴

Before the COVID-19 pandemic, Taiwan was also a popular destination for Singaporean tourists. In 2019, more than 460,000 arrivals from Singapore were registered on the island, with an annual growth rate of 5 to 8 per cent since the 2000s.⁴⁵ A bilateral agreement allows both Singaporean and Taiwanese citizens to stay visa-free for up to 30 days in Taiwan and Singapore respectively.

Conclusion

Despite the lack of diplomatic recognition of Taiwan on the part of the city-state, Singaporean-Taiwanese relations are characterised by a large number of diplomatic contacts and resulting cooperation. Substantial, close relations now exist in a number of policy areas such as trade, defence and culture. This is mainly due to historical reasons. On the one hand, Singapore had to find allies, since it had declared independence from Malaysia in 1965 and had become more vulnerable as a result. On the other hand, Taiwan was also forced to look for new partners after it lost its seat in the United Nations in 1971 and was in danger of becoming increasingly isolated. Close personal relations developed between the political elites of Singapore and Taiwan, on the basis of which bilateral cooperation was intensified from the end of the 1960s

and formalised through agreements such as Exercise Starlight and the ASTEP. Despite growing pressure from Beijing, a departure from this policy has not yet been observed, although Singapore's economic and defence cooperation with Taiwan has lost material importance over the last two decades in view of the growing number of alternative partners. An important reason for the unbroken intensity of bilateral relations lies in Singapore's efforts to assert its sovereignty as an ethnically majority Chinese city-state against an increasingly assertive PRC.

⁴³ Chong, "Rediscovering an Old Relationship" (see note 2).

⁴⁴ Julia Huang, *Religious Ties between Taiwan and Southeast Asia*, Brief (Seattle and Washington, D.C.: The National Bureau of Asian Research, 6 February 2018), <https://www.nbr.org/publication/religious-ties-between-taiwan-and-southeast-asia/> (accessed 15 October 2021).

⁴⁵ Tourism Bureau, MOTC, "Tourism Statistics. Visitor Arrivals by Residence", https://bit.ly/3pTWPMO_Tourism_Statistics (accessed 15 October 2021).

Eric J. Ballbach

In the Shadow of the “1992 System” – Relations between South Korea and Taiwan

Introduction

When discussing relations between South Korea (officially the Republic of Korea or ROK) and Taiwan (officially the Republic of China or ROC), reference is often made to their shared history: from the experience of Japanese occupation to the anti-communist foreign policy after the Second World War to economic liberalisation and political democratisation in the 1980s and 1990s. However, the end of the Cold War and especially the normalisation of relations between South Korea and the People’s Republic of China (PRC) in 1992 led to an estrangement between the two countries. Despite the lack of formal diplomatic relations, however, Seoul and Taipei have successively expanded their economic and cultural exchanges. Gradually, a network of complex, and in large parts highly informal and unofficial relations emerged. From a security perspective, however, Taiwan remains an extremely sensitive issue for South Korea, and Seoul has so far refused to cooperate with Taipei in the field of security policy in view of its own difficult geopolitical situation and, at least during the rule of liberal governments, the primacy of its North Korea policy.

Political relations

Korea and Taiwan share a historical connection that goes back to before the founding of the Republic of Korea in 1948. The Kuomintang supported the Provisional Government of the Republic of Korea when it came into being in 1919¹ and during its subsequent recognition by the Republic of China. During the Cold

¹ The Provisional Government of the Republic of Korea, founded in exile in Shanghai on 11 April 1919, set itself the goal of achieving and enforcing Korea’s independence from the Japanese Empire, to which it had belonged since 1910.

War, both the ROC on Taiwan and South Korea were important allies of the U.S. Diplomatic relations between the ROC and South Korea, established in August 1948, were based on the principle of anti-communism pursued by both. This led to close political, economic, military and cultural cooperation between the two countries, especially in the 1950s and 1960s.²

South Korea’s foreign policy calculations changed fundamentally, however, against the background of the Nixon Doctrine, the takeover of China’s representation at the United Nations (UN) by the People’s Republic in 1971, and the establishment of diplomatic relations between the U.S. and the PRC on 1 January 1979 (which was linked to the breaking off of relations between the U.S. and the ROC). In particular, South Korea moved away from the strictly anti-communist orientation of its foreign policy: not only did the first negotiations with North Korea take place in the 1970s but Seoul also gradually expanded its relations with Beijing in the following years. The so-called “Northern Policy” of South Korean President Roh Tae-woo (term 1988 – 1993) explicitly aimed to improve Seoul’s relationship with North Korea’s closest allies in order to reduce military tensions on the Korean peninsula and diversify Seoul’s foreign (trade) relations.

Breakdown of diplomatic relations and separation of politics and business

After secret negotiations between South Korea and the PRC, the two countries established diplomatic relations on 22 August 1992; South Korea thus became the last Asian country to cut formal diplomatic

² Wenshou Chen and C. X. George Wei, “‘Separating Economics from Politics’: Contemporary Taiwan-South Korea Relations”, in *China-Taiwan Relations in a Global Context. Taiwan’s Foreign Policy and Relations*, ed. C. X. George Wei (London: Routledge, 2012), 115 – 39 (116).

relations with the ROC.³ Taipei reacted with open criticism and a series of punitive measures against the ROK. In particular, Taiwan revoked the air services agreement with South Korea, suspending all direct commercial air services to Seoul and banning South Korean aircraft from using Taiwanese airspace. For the next 12 years, only charter flights took place between the two countries.⁴ In addition, Taiwan ended South Korea’s preferential treatment in trade, initiated anti-dumping proceedings against Korean products and prohibited South Korean companies from participating in public projects in Taiwan. Last but not least, Taiwan banned Korean ships from transiting the Taiwan-Japan shipping route and Taiwanese state-owned enterprises from using Korean cargo ships. As a result, relations between South Korea and Taiwan cooled noticeably, and an increasingly anti-Korean sentiment spread throughout the ROC.⁵

The core of informal relations between South Korea and Taiwan is economic and cultural cooperation.

Despite the deterioration of the political relationship, South Korea and Taiwan could not afford to break off relations completely, not least because of the economic links between the two countries. With the resumption of informal relations in 1993, the focus shifted from political and military issues to maintaining and expanding economic cooperation and promoting cultural exchange. These private sector relations formed the basis for the successive establishment of a network of informal political relations.

Informal cooperation

Think Tank Cooperation and Track 1.5 Diplomacy

After the breakdown of official relations, Taiwanese and South Korean think tanks were among the first actors to try to fill the gap left by the lack of official

dialogue between the two countries. A particularly important early Track 1.5 project, the Taipei-Seoul Forum/Seoul-Taipei Forum (TSF/STF), was launched by the Institute of International Relations in Taipei and the Seoul Forum for International Affairs.⁶ It was first held in 1989 and shows how personal contacts and intensive social networking over several decades, as well as links between think tanks, helped to maintain fragile bilateral relations during an extremely difficult period.⁷ Thanks to high-level political support and influential participants on both sides, the forum developed into a semi-official diplomatic space after 1992.⁸ Although it is hosted by academic institutions, most of the participants are either former or incumbent high-ranking officials. The TSF/STF thus facilitated direct dialogue between government officials, politicians, academics and major think tanks in Taiwan and South Korea, which also served to clear up misunderstandings and discuss pertinent issues. For example, the TSF/STF played a crucial role in negotiating the agreement on the resumption of direct air links signed in 2004, which was the result of years of continuous dialogue between academia, industry and the public sector.⁹

Diplomatic missions

In July 1993, Taiwan’s Deputy Foreign Minister Fang Chin-yen visited Seoul to explore the possibilities of resuming bilateral relations. It was the first meeting at the vice-ministerial level since the severance of diplomatic relations a year earlier.¹⁰ Shortly afterwards, both sides decided not only to resume infor-

3 Hakjoon Kim, “The Establishment of South Korean-Chinese Diplomatic Relations: A South Korean Perspective”, *Journal of Northeast Asian Studies* 13 (1994): 31–48.

4 Ser Myo-ja, “Korea and Taiwan Agree to Air Service”, *Korea Joong Ang Daily* (online), 1 September 2004, <https://koreajoongangdaily.joins.com/2004/09/01/socialAffairs/Korea-and-Taiwan-agree-to-air-service/2463686.html>.

5 Uk Heo and Hayam Kim, “Private-Sector Networks, Democracy, and Interstate Relations: A Case Study of South Korea and Taiwan”, *Asian Perspective* 36, no. 1 (2012): 71–93 (72).

6 On the founding of the Forum, see Hwei-luan Poong, *Navigating through the Sea of Westphalia Diplomacy: Role of Think Tank in Taipei-Seoul Forum*, CCS Working Paper Series, IR-018 (Taipei: Center for China Studies, National Chengchi University, 2012).

7 Alan H. Yang, Ian Tsung-yen Chen and Hwei-luan Poong, “Reconfiguring Social Capital in the Making of Track II Diplomacy: A Case Study of the Taipei-Seoul Forum”, *Issues & Studies* 51, no. 4 (2015): 143–72 (146).

8 Dalchoong Kim, “Anniversary Remarks Celebrating the 20th Taipei-Seoul Forum. Remarks Delivered at the 20th Taipei-Seoul Forum”, Taipei, 12 October 2011.

9 The TSF/STF repeatedly invited business leaders as well as airline representatives from both countries to present their concerns to the Forum. See Yang, Chen and Poong, “Reconfiguring Social Capital in the Making of Track II Diplomacy” (see note 7), 151.

10 Chen and Wei, “Separating Economics from Politics” (see note 2), 119.

mal contacts, but agreed to establish quasi-diplomatic missions. The Korean representation in Taipei opened in November 1993, while the Taiwanese representation in Seoul did so in January 1994. Officially, the two offices take care of economic and cultural relations and handle consular matters. In practice, however, the Korean mission in Taipei functions as South Korea's representative office in Taiwan and serves as a de facto embassy in the absence of official diplomatic relations. It reports directly to the Ministry of Foreign Affairs, and is headed by a representative (*taep'yo*), usually experienced officials from the ministry. Heads of mission from both sides regularly attend cultural, economic and public events, but also accompany high-ranking visitors from their respective countries and sign official documents and agreements (such as the one mentioned above on the resumption of direct air links).

Parliamentary Exchange

In August 1996, the South Korean National Assembly established the ROC-ROK Parliamentary Friendship Association. In response, the ROC-ROK Inter-Parliamentary Amity Association was established in Taipei in December 1996. Shortly before that, the highest-ranking delegation of South Korean parliamentarians to date, led by MP Chung Jae Moon, had visited Taipei. The core objective of the associations is to promote parliamentary exchanges. The then President of the Taiwanese Parliament, Liu Sung-pan, described their establishment as a crucial step in reviving relations between the two countries, noting that the diplomatic efforts of the parliamentarians had become an important means of improving Taiwan's international relations.¹¹

The parliamentary associations played a crucial role in successively increasing interactions and strengthening informal relations between South Korea and Taiwan in the following years. Especially after the election of Chen Shui-bian as President of the ROC in 2000, reciprocal parliamentary visits took place much more regularly. MPs also discussed relevant issues such as the option of reopening consultations at the level of economic and trade ministers, and negotiating a free trade agreement (FTA) between the two countries, as well as regional security issues and Taiwan's possible accession (as an observer) to the World Health Organisation (WHO).

11 "Parliamentary Amity Society Heals 'Hiatus' in Ties with South Korea", *Central News Agency* (Taipei), 20 December 1996.

Diplomacy of the former

Another important informal channel between Taiwan and South Korea is what might be described as "diplomacy of the former", i.e. repeated reciprocal visits by former high-ranking government officials.

Of particular significance were the repeated trips to Taiwan by former South Korean President Kim Young-sam, making him the highest-profile visitor from the ROK following the severance of diplomatic relations between the two countries. In total, Kim travelled to Taiwan five times after leaving office in 1998.¹² Remarkably, these visits took place despite criticism from China, and Kim met personally with Taiwan's former President Chen during all of them. The informal consultations included discussions on how to restore direct air links, what measures could strengthen relations between the two countries, what challenges they faced and whether annual economic meetings at the ministerial level could be considered. There was also a regular exchange of views on strategic regional issues, including how to promote stability and prosperity in the Asia-Pacific region.

On the Taiwanese side, former Vice President Annette Lu visited South Korea several times after leaving office (2008). During her stays, she met Korean politicians such as Deputy Speaker of the National Assembly Lee Ju-young and civil society leaders. Lu repeatedly advocated formalising bilateral relations between Taiwan and South Korea and called on both South Korea's ruling and opposition parties to support this cause.¹³

Security policy relations

South Korea's foreign policy in East Asia is to a large extent a reflection of its difficult geopolitical situation. Even more than other states in the region, it has to navigate carefully between China and the United States, its own position within the South Korea-U.S. alliance and its bilateral relations with Japan and North Korea. With the North Korean issue at the centre of its foreign policy interest, especially for liberal governments in Seoul, South Korea is keen to main-

12 These visits took place in 2001, 2004, 2005 and twice in 2007.

13 Tzu-ti Huang, "Ex-Vice President Lu Proposes Formalized Taiwan-South Korea Relations," *Taiwan News* (online), 29 November 2019, <https://www.taiwannews.com.tw/en/news/3827007>.

tain diplomatic equidistance from China and the U.S. — its largest trading partners and the two main external actors involved in the question of peace and security on the Korean peninsula. Therefore, South Korea acts with extreme restraint in sensitive matters such as the Taiwan issue, not least to avoid Chinese punitive measures like in 2017.¹⁴

South Korea is reluctant to deepen security relations with Taiwan, fearing China’s reaction.

For South Korea, the opportunities for a stronger security relationship with Taiwan are subordinated to the dangers that a deterioration of the relationship with the PRC would presumably entail. Even though the newly elected President Yoon Suk-yeol takes a more critical stance towards China and stands for a foreign policy more closely aligned with the U.S., it remains unlikely that South Korea will, in the short term, directly accommodate Taiwan in terms of security policy or support Taipei’s quest for international recognition more directly than before.¹⁵

At the same time, South Korean decision makers also learned a bitter lesson in 2017 about the vulnerability and risks of being (too) dependent on the Chinese economy. Moreover, the intensifying rivalry between China and the U.S. will further increase the constraints on South Korean foreign policy — and it is highly likely that it will become increasingly difficult for Seoul to navigate between the U.S. and China in the future. Also, there is growing international concern about the development of the situation in the Taiwan Strait. Even if the U.S. is not expected to ask South Korea for direct military support in the event of a crisis, an incident in that region would also directly affect South Korea, for example if U.S. troops in South Korea were to integrate or use military bases there.

14 At the time, South Korea had allowed the U.S. to deploy its Terminal High Altitude Area Defense (THAAD) missile defence system on Korean soil. In response, China’s National Tourism Administration ordered travel agencies to suspend the sale of group tours to South Korea. It directed its indignation in particular at the South Korean conglomerate Lotte after it agreed to make one of its golf courses near Seoul available for the deployment of THAAD.

15 For example, South Korea refused to advocate for Taipei’s participation in the World Health Organization (WHO), even after the US Congress wrote to the country in May 2020 asking for its support.

Economic relations

Trade and investment

In 2020, bilateral trade between Taiwan and South Korea amounted to US\$34.9 billion. According to the United Nations Conference on Trade and Development (UNCTAD), South Korea is currently the seventh most important export market and the sixth most important source of imports for Taiwan. The list of export and import goods is headed by electronic components (51.2%/50.6%), petrochemical and chemical products (20.4%/21.6%) and machinery (6.0%/4.6%).¹⁶

While globally, and also with the active participation of South Korea and Taiwan, direct investment grew strongly in the 1990s and especially in the 2000s, the level of direct investment between the two economies is surprisingly low: according to the Investment Commission of the Ministry of Economic Affairs in Taipei, Taiwan’s companies invested just US\$1.6 billion in South Korea up to and including 2020. Major investment sectors include electronic component manufacturing, finance and insurance, pharmaceutical manufacturing, computer and electronic product manufacturing, and optical product manufacturing. In comparison, South Korea’s investment in Taiwan up to the end of 2020 comprised only US\$1.3 billion, representing a 0.7% share of the ROK’s total foreign investment. They were mainly in electronic component manufacturing, wholesale and retail trade, computer, electronic and optical product manufacturing, finance and insurance, information and communications, and construction.¹⁷

Current status and challenges of economic cooperation

To promote bilateral trade relations, a Taiwan-South Korea Economic Cooperation Forum was organised in 2007.¹⁸ The fact that this was the first of its kind since the severance of diplomatic relations, on the one hand, underlines the symbolic importance of this high-level meeting. On the other hand, it reflects the untapped potential of economic cooperation between the two

16 See United Nations Conference on Trade and Development (UNCTAD), “UNCTADstat”, <https://unctad.org/statistics>.

17 See *ibid.*

18 See Grace Kuo, “Taiwan-South Korea Ties Warm up”, *Taiwan Today* (online), 17 September 2011, <https://taiwantoday.tw/news.php?unit=10&post=18504>.

countries, since both the low level of investment and trade relations, which are still operating below their potential, are primarily due to the unfavourable political framework. Key fundamentals such as an investment protection agreement or an agreement to avoid double taxation have not been negotiated to date.¹⁹ Similarly, repeated calls to start negotiations on an FTA have so far remained largely unanswered. Despite other interests of the South Korean economy, Seoul is reluctant to push for such talks in order to avoid conflict with the PRC.²⁰ Moreover, various restrictions imposed by the Taiwanese government on Korean shipping companies continue to exist.²¹ Despite that, in the past few years Seoul and Taipei have signed a number of smaller agreements and memoranda on their cooperation in various fields; for example, an MoU on the Exchange of Electronic Certificates of Origin (ECO, 2008), MoUs on the Patent Prosecution Highway (PPH, 2015) and Patent Priority Electronic File Exchange (2015), MoUs on the Exchange of Industrial Property Information (2015) and the Electronic Exchange of Priority Documents (PDX, 2015), and the Mutual Recognition Arrangement (MRA) on Authorized Economic Operator (AEO) (2015).²²

19 At the end of June 2012, government representatives of South Korea and Taiwan met to discuss the possibility of signing an investment protection agreement to promote bilateral trade, investment and economic cooperation. However, the negotiations did not proceed, despite warnings from, among others, the ROK's former foreign minister, Han Sung-joo, that South Korea's competitiveness would decline. The reason for this fear was the signing of an investment pact between Taiwan and Japan in September 2011. See Chiao-wen Huang and Sofia Wu, "Taiwan, South Korea Start Talks on Investment Pact", *Taiwan News* (online), 6 July 2012, <https://www.taiwannews.com.tw/en/news/1964810>.

20 "FKI [Federation of Korean Industries] Calls on Seoul to Normalize Economic Ties with Taiwan in H1", *Pulse by Maeil Business News Korea*, 20 January 2021, <https://pulseneews.co.kr/view.php?sc=30800025&year=2021&no=64166>.

21 In 1992, the Taiwanese government banned Korean vessels from operating on the Taiwan-Japan route, making it impossible for Korean shipping companies to load and ship imports and exports between Taiwan and Japan. In addition, the participation of Korean shipping companies in tenders for cargo to be imported into Taiwan was explicitly excluded by government investment institutions.

22 Ministry of Economic Affairs, Bureau of Foreign Trade, "Taiwan-South Korea Economic Relations", 18 May 2020, https://www.trade.gov.tw/english/Pages/Detail.aspx?nodeID=2910&pid=652204&dl_DateRange=all&txt_SD=&txt_ED=&txt_Keyword=&Pageid=0.

Development of further fields of cooperation

Due to the mutually shared desire for foreign political and economic diversification, there are certainly realistic opportunities – beyond the security policy level – to expand cooperation.

To begin with, Taiwan's "New Southbound Policy" under President Tsai Ing-wen and South Korea's "New Southern Policy" under President Moon Jae-in are pursuing similar goals, for example in terms of expanding strategic investments in the Indo-Pacific region. Deeper cooperation in Southeast Asia, which South Korea's newly elected president Yoon Suk-yeol also explicitly seeks, is also realistic, for example in the (joint) financing of infrastructure projects, not least to counter the attractiveness of China's Belt and Road Initiative (BRI) in the region. Although Taiwanese and South Korean companies compete with one another in semiconductor production, among other things, there is an opportunity to work more closely together, for example to improve the resilience of supply chains.

Moreover, relations between South Korea and Taiwan could also be improved through the Global Cooperation and Training Framework (GCTF), in which South Korea has so far only participated sporadically. The GCTF was launched under the auspices of the American Institute in Taiwan and includes a series of workshops that allow Taiwan to share its expertise with other countries. Further cooperation between Seoul and Taipei within the framework of the GCTF is quite conceivable, not least because it deals with problems to which both countries have to respond and which are generally less sensitive than traditional security issues.

Educational and Cultural Relations and People-to-People Exchange

Cultural and educational relations between the two sides have intensified considerably in recent years. In this context, Heo and Kim argue that the networks created between South Korea and Taiwan through economic, cultural and educational exchanges have played a key role in the development of bilateral relations.²³ In addition to political progress such as the

23 Heo and Kim, "Private-Sector Networks, Democracy, and Interstate Relations" (see note 5), 73.

air transport agreement, the success of South Korean cultural products (such as *Hallyu*) also contributed significantly to the easing of tensions between the two countries. Against this backdrop, the number of Taiwanese students in the ROK grew from 631 in 2003 to 4,329 in 2018.²⁴ In parallel, the number of reciprocal tourist visits also increased significantly – from 300,000 in 1992 to more than 2.5 million in 2019.²⁵ According to the Taiwan Tourism Office, the number of Taiwanese tourists in South Korea rose by 71.3% between 2013 and 2017. This makes visitors from Taiwan the third largest group of international tourists in South Korea after visitors from China and Japan.²⁶ This is also reflected in a sharp increase in direct flights: while these were non-existent between 1992 and 2004, there are now roughly 10 flights per day between Taipei and important destinations in South Korea. On 1 July 2012, the two countries changed each other’s visa requirements to allow visitors to stay visa-free in the other country for 90 days.

In the academic field, 55 Taiwanese universities have partnership agreements with 92 Korean universities and colleges. National Taiwan University alone has 99 partnership and cooperation agreements with various institutions and departments across 18 South Korean universities.²⁷ In addition, many academic organisations in South Korea and Taiwan have established forums for academic exchange. Examples include the Korea Society for Chinese Studies, the Korea-China Education Fund and the Taiwan Culture and Education Fund. Hankuk University of Foreign Studies in Seoul opened a research centre for contemporary Taiwan studies in May 2011;

meanwhile, similar facilities exist at Anyang University and Hallym University.²⁸

Conclusion

Relations between South Korea and Taiwan are complex, in large parts highly informal, and yet too important for both countries to ignore. Despite tangible progress in mutual relations since 1992, especially in economic exchanges and trade as well as cultural cooperation, neither country has managed to fully exploit the potential of their relationship. The lack of security cooperation is primarily explained by South Korea’s geopolitical dilemma and the primacy of the North Korean issue for (liberal administrations in) Seoul, which makes direct security cooperation with Taiwan unlikely for the time being. To date, South Korea has made the strategic decision that the expected costs of upgrading its relations with Taiwan exceed the potential gains. Against this backdrop, the development of new fields of cooperation in less sensitive areas is possible – but a fundamental departure from the current cautious course is at present not expected.

24 “Taiwan’s Foreign Enrolment Getting a Boost from Southeast Asia”, *ICEF Monitor*, 20 February 2019, <https://monitor.icef.com/2019/02/taiwans-foreign-enrolment-getting-a-boost-from-southeast-asia/taiwans-foreign-enrolment-getting-a-boost-from-southeast-asia-2/>.

25 Huang Tzu-ti, “S. Korea Promotes Tourism at Taipei Travel Fair,” *Taiwan News* (online), 8 November 2019, <https://www.taiwannews.com.tw/en/news/3812900>.

26 Scott Morgan, “Taiwanese Tourism to South Korea Reaches 1 Million Milestone,” *Taiwan News* (online), 20 November 2018, <https://www.taiwannews.com.tw/en/news/3579618>.

27 National Taiwan University, Office of International Affairs, “List of Agreements: Republic of Korea”, <https://oia.ntu.edu.tw/en/agreement/country/country/56>.

28 Kuo, “Taiwan-South Korea Ties Warm up” (see note 18).

Mark Harrison

Australia and Taiwan: Finding Alignments amidst Great Power Competition

Australia-Taiwan relations function, on the one hand, as a normal, international relationship in which both sides complement each other, especially in terms of foreign trade. On the other hand, Canberra and Taipei share special and complex relations — shaped by the regional presence of the People’s Republic of China (PRC), Beijing’s territorial claim to Taiwan and the implications for regional security. Taiwan is Australia’s twelfth largest trading partner and a major market for Australian energy and resources exports. Simultaneously, Taiwan is a critical parameter in Australia-China relations, the U.S. alliance, and Australia’s relations in the Pacific. The multivector and sometimes contradictory nature of the relationship produces contested policy outcomes that expose competing imperatives in Australia’s foreign policy-making apparatus. While in the 1990s this policy was predominantly oriented towards economic issues, it was later increasingly determined by security and defence issues in the Indo-Pacific region. More recently, Australia’s concerns about China under Xi Jinping’s leadership and Taiwan’s international space align more closely with Taipei’s outlook.

Australia, the Republic of China (ROC) and Japan

Australia-Taiwan relations have been complicated by their parallel experiences of colonialism and the overlapping histories of the Republic of China (ROC) and the People’s Republic of China (PRC). Relations between Australia and Taiwan can also be understood as Australia-ROC relations, highlighting the unstable national categories that beset Taiwan’s international relations and its place outside the international system.

From the founding of the Republic of China in 1912 by the Chinese Nationalists or the Kuomintang (KMT) until the 1940s, Australia was constrained in its foreign relations by its status as a British dominion. Even

after the Balfour Declaration of 1926, which gave the Dominions the legal right to establish independent foreign relations, Australia’s foreign affairs were still largely conducted by Great Britain. Nevertheless, Australia did have a trade commissioner in Shanghai in the 1920s, and the ROC maintained diplomatic representation in Australia throughout that time.¹ The Chinese diaspora in Australia, while diverse, also included organisations supporting the ROC as well as overseas chapters of the KMT.²

The island of Taiwan during this time was a colonial territory of Japan, and Australia regarded its citizens as imperial Japanese subjects. Therefore, relations with Taiwan were subsumed under relations with Japan, including during WWII when around 1,000 Taiwanese people in Australia were interned on the basis that they were Japanese.

The bilateral relationship changed after the Second World War. The government of the Republic of China retreated to Taipei — the capital of the island of Taiwan — in 1949, and the Korean War broke out the following year. Relations between Australia and Taiwan were now framed by the Cold War and the ANZUS Defence Treaty signed in 1951 between the U.S., Australia and New Zealand. Both Australia and the ROC belonged to the American alliance system and were committed to resisting communism; nevertheless, their bilateral relationship remained relatively cool. Australia maintained diplomatic relations with the Republic of China and did not recognise the PRC. However, for most of the 1950s and 1960s it did not have an ambassador-level official in Taipei.

¹ Boris Schedvin, *Emissaries of Trade: A History of the Australian Trade Commissioner Service* (Canberra: Austrade Department of Foreign Affairs and Trade, 2008), 30, <https://www.dfat.gov.au/sites/default/files/history-of-trade-commissioner-service.pdf> (accessed 13 October 2021).

² Mei-fen Kuo and Judith Brett, *Unlocking the History of the Australasian Kuo Min Tang, 1911–2013* (North Melbourne: Australian Scholarly Publishing, 2013).

Australia's One-China Policy

In 1972, in the context of U.S.-PRC rapprochement, the Australian government recognised Beijing and broke off relations with Taipei. The Australia-China communique stated:

“The Australian Government recognises the Government of the People’s Republic of China as the sole legal Government of China, acknowledges the position of the Chinese Government that Taiwan is a province of the People’s Republic of China, and has decided to remove its official representation from Taiwan before 25 January 1973.”³

This established the foundations of a one-China policy, in which Australia does not recognise Taiwan as a state in the international system but remains ambiguous regarding its sovereignty, only going so far as to “acknowledge” Beijing’s position that Taiwan is part of the territory of the PRC. After Australia’s recognition of the PRC, relations with Taipei remained non-functioning throughout the rest of the 1970s, as Australia began to engage actively with Beijing.

For its part, the PRC in the post-Mao period entered the global system and began remaking its own politics and political economy in the era of “reform and opening-up”. This included Beijing’s relations with Taipei. The 1979 Letter to Taiwan Compatriots, adopted by the Standing Committee of the 5th National People’s Congress, drew a formal line under the Mao period and laid new foundations for Beijing’s Taiwan policy architecture, including the “one country, two systems” formula for the unification of the two sides sought by Beijing and for relations between the KMT and the Chinese Communist Party (CCP).⁴

The U.S. also began revising its Taiwan policy architecture, ending diplomatic recognition of Taiwan and the U.S.-ROC Mutual Defense Treaty in 1979 and enacting the Taiwan Relations Act. The latter served as a model for Australia to re-establish unofficial rela-

tions with Taiwan. In 1981, the Australian Commerce and Industry Office (ACIO) was set up in Taipei, assuming many of the functions of an embassy, but without formal diplomatic recognition of the host country. In 2012, the ACIO changed its name to the Australian Office.⁵

Since the 1980s, Australia has thus maintained political contacts with Taiwan within the framework of a one-China policy and promoted exchanges in trade, culture and education. However, while there are bilateral government contacts, Australia is cautious about any moves that might give the impression that Taiwan is being treated as a sovereign state. The last visit of an Australian prime minister to the island was that of Harold Holt in 1966. The two sides also engage with each other through Track 1.5 or Track 2 think tank dialogues.

Australia's turn to Asia

Developments in the 1980s pointed to Australia’s change in its international course beyond the response to the Sino-American rapprochement and its geopolitical consequences. This created a new conceptual basis for relations with Taiwan, which were more clearly understood as Australia-Taiwan relations rather than relations with the Republic of China.

Under the simple catchword “reform”, Australia introduced a series of measures during this period aimed at liberalising the domestic economy and strengthening exports. This political economic shift was specifically oriented towards Asia; it affected Australia’s political culture as well as its foreign and trade policy orientation. The country’s identity as a former British colony and military ally of the U.S. receded, and it now sought an economic and cultural place in Asia. This upheaval was motivated by long-term changes in Australia’s international relations. These included Britain’s entry into the European Economic Community (EEC) in 1973 and the end of Britain’s “Imperial Preference” trade policies that had favoured Australia and other former British colonies.

3 Department of Prime Minister and Cabinet, Commonwealth of Australia, “Joint Communique of the Australian Government and the Government of the People’s Republic of China Concerning the Establishment of Diplomatic Relations between Australia and China”, 21 December 1972, <https://pmtranscripts.pmc.gov.au/release/transcript-3119> (accessed 2 August 2021).

4 “Message to Compatriots in Taiwan”, 1 January 1979, <http://www.china.org.cn/english/taiwan/7943.htm> (accessed 28 March 2022).

5 Bruce Jacobs, *Taiwan-Australia Relations: Good Links between Two Democratic Asia-Pacific Middle Powers* (Canberra: Australian Institute of International Affairs, 10 September 2014), <https://www.internationalaffairs.org.au/australianoutlook/taiwan-australia-relations-good-links-between-two-democratic-asia-pacific-middle-powers/> (accessed 22 September 2021).

For Australia, it was part of its own reform process to advance relations with Taiwan.

The new policy orientation was expressed in the policy paper “Australia and the Northeast Asian Ascendancy”.⁶ The report recommended that Australia should orient itself economically towards the fast-growing economies of Asia – especially Japan, but also the “tiger economies” of Taiwan and South Korea. These Asian economies were elevated for Australia as both policy models of dynamic and deregulated export-oriented economies and were themselves also new key export market targets, offering growing middle classes and consumer cultures for Australian exporters to sustain the nation’s economic prosperity.

This political economic shift in Australia created the parameters for a dual structure in Australia-Taiwan ties. Trade relations were dynamic and profitable, while diplomatic exchanges were complicated by several factors including Taiwan’s precarious international status, the lack of formal recognition by Canberra, and relations between Australia, the PRC and the U.S.

Economic relations

In the late 1980s and the 1990s, it was trade relations that dominated Australian policy towards Taiwan and strengthened the bilateral relationship. This was not only in line with Canberra’s national priorities but also reflected the development of a global trade architecture in the post-Cold War era of “globalisation”. Economic relations complemented each other, with Australia supplying mainly raw materials and agricultural goods, and Taiwan offering manufactured and industrial goods in the consumer and technology sectors.

From Australia’s point of view, it was part of its own political and economic reform process to advance relations with Taiwan. Taiwan, however, faced different policy imperatives in the context of its deepening international isolation. For Taiwan, a functioning trade exchange was a means of maintaining its international space through intergovernmental contacts, even in the absence of formal diplomatic rela-

tions. It was the start of an approach through the 1990s and 2000s that sought to “Taiwanize” Taiwan’s international relations and avoid competing directly with the PRC as the “Republic of China”. Instead, in the context of Beijing’s efforts to constrain Taiwan’s international space, Taipei tried to find ways to maintain its existing space and new levers in the international system to expand it.

For these overlapping purposes, Australia and Taiwan in the 1990s took advantage of the international as well as the regional trade architecture that developed after the Cold War. In 1989, the Asia-Pacific Economic Cooperation (APEC) was founded under Australian leadership. For Australia, APEC represented a regional architecture that was premised on free trade, regional investment and economic development, and regional economies were its foundational unit. It included Southeast and Northeast Asian states as well as the U.S. and Canada. For Taiwan, APEC was an opportunity to build regional relations as an economy without formal diplomatic recognition. It joined the forum in 1991 as “Chinese Taipei”, while at the same time the PRC and Hong Kong became separate members.

APEC is trade and investment focused, with activities that emphasise cooperation in intellectual property, customs and trade regulation equalisation, as well as new economy sectors. It also facilitates inter-governmental cooperation in the fields of technology, health and labour. In this context, APEC organises numerous forums on technical trade issues and, more importantly, an annual economic summit attended by heads of government. Senior corporate or political figures represent the president of Taiwan at these meetings.⁷

In addition to APEC, Australia-Taiwan relations were institutionalised in the 1990s and 2000s through government-to-government memoranda of understanding (MoUs). These are focused on technical aspects of trade as well as specific areas of science and cultural collaboration. In this way, the bilateral arrangements function within the parameters of Australia’s one-China policy, while at the same time creating the administrative conditions for relations to function effectively. Two of the MoUs date from 1996: first, an agreement between Taiwan’s Bureau of Commodity Inspection and Quarantine and Australia’s

⁶ Ross Garnaut, *Australia and the Northeast Asian Ascendancy: Report to the Prime Minister and Minister for Foreign Affairs and Trade* (Canberra: Australian Government Public Service, 1989).

⁷ Nicole Gallant and Richard Stubbs, “APEC’s Dilemmas: Institution-Building around the Pacific Rim”, *Pacific Affairs* 70, no. 2 (1997): 203–18.

Quality Assurance Services Pty Limited; and second, a memorandum of understanding between the Taipei Economic and Cultural Office and the Australian Commerce and Industry Office on the application of competition and fair trade laws. In 2007, there was an exchange of letters, also between the Taiwan Economic and Cultural Office and the Australian Office in Taipei, on the mutual recognition of equipment covered by the Electromagnetic Energy (EME) Regulatory Agreement. Other agreements address postal services, investment and industry-specific trade promotion. There is a 2001 bilateral agreement between the Taiwan Office in Canberra and the Australian Department of Agriculture, Fisheries and Forestry dedicated to cooperation in agriculture and agribusiness.

Meanwhile, however, the PRC had become an increasingly important economic partner for Australia. In 1996, for the first time, the country conducted more trade with the People's Republic than with Taiwan, with the volume in both cases accounting for about 5 per cent of Australia's total international trade. Japan had a share of 16 per cent at that time.⁸ By 2017, Australia-Taiwan two-way trade had fallen to only 3 per cent of Australia's total trade value while trade with China had grown to 28 per cent. The People's Republic was now Australia's largest trading partner by far. The 2014 agreement between Beijing and Canberra on a comprehensive strategic partnership and the 2015 China-Australia Free Trade Agreement (ChAFTA) contributed to this development.

Through the late 1990s and 2000s, the growing importance of the PRC to Australian trade marginalised Australia-Taiwan relations. As trade with China began to dominate Australian foreign policy, Canberra became more sensitive to Beijing's position on the status of Taiwan. As a result, issues of security, defence and diplomacy in Australian-Taiwan relations sometimes operated in tension with the positive trade relationship.

Such tensions eased as the relationship between Beijing and Taipei improved at the end of the term of China's former President Hu Jintao (2003–2013) and especially under the Taiwanese government of Ma Ying-jeou (2008–2016). Trade briefly became the

engine of Australia-Taiwan relations again, with each side seeking to open up new fields of economic exchange according to their respective interests.

The Australian government considered a free trade agreement (FTA) with Taiwan in the mid-2010s — after the successful conclusion of ChAFTA —, which Taipei welcomed. On the Taiwanese side, a new approach was introduced when President Tsai Ing-wen of the Democratic Progressive Party took office in 2016: the New Southbound Policy (NSBP or NSP). This followed on from Taiwan's earlier efforts, most notably the Lee Teng-hui government's "Go South" policy in the late 1990s. The NSBP aimed to diversify trade and investment and strengthen Taiwan's diplomatic presence in the region. It targeted Australia and New Zealand, as well as South and Southeast Asia, and served as a policy framework for a series of bilateral and multilateral arrangements to promote trade, investment and cultural exchange. Taiwan's bilateral and regional relations were thus strengthened without conflicting with the partner states' respective one-China policies.

These policy initiatives addressed long-standing substantive issues in Australia-Taiwan relations and were reminiscent of developments in the late 1990s. On the Australian side, however, the momentum was short-lived. In 2017 and 2018, the People's Republic directly informed the government in Canberra that it was opposed to a possible FTA between Australia and Taiwan. The background to this was Beijing's opposition to the new Taiwanese government under President Tsai. As a result, Canberra dropped the proposal.⁹

In the 2020s, the overall trade profile between Australia, Taiwan and China appears largely unchanged. The People's Republic remains Australia's largest export market, while Taiwan is a significant but relatively less important trade partner. Trade between Australia and Taiwan is worth around US\$12 billion annually and has exhibited a consistent pattern of complementarity over many years. The main export sectors for Australia are mining and energy from which the primary resources exported include coal, iron ore, natural gas, aluminium and copper. There

⁸ Australian Government, Department of Foreign Affairs and Trade, "Trade Time Series Data", <https://www.dfat.gov.au/trade/resources/trade-statistics/trade-time-series-data> (accessed 15 August 2021).

⁹ Fergus Hunter, "Australia Abandoned Plans for Taiwanese Free Trade Agreement after Warning from China", *The Sydney Morning Herald* (online), 24 October 2018, <https://www.smh.com.au/politics/federal/australia-abandoned-plans-for-taiwanese-free-trade-agreement-after-warning-from-china-20181024-p50bj5.html> (accessed 6 August 2021).

are also significant exports of agricultural and dairy products to Taiwan, which benefit individual regions in Australia. Taiwan, in turn, supplies Australia with industrial goods such as petroleum products, telecommunications equipment, bicycles and computers.¹⁰

Relations in security and defence policy

From the mid-1990s onwards, security and defence aspects gained weight in Australian-Taiwanese relations. The PRC triggered a crisis by firing missiles into the waters around Taiwan — first in 1995 when then leader Lee Teng-hui was visiting the U.S., then the following year during Taiwan’s presidential election campaign. In response, Australia reaffirmed its alliance with the U.S. and offered political, but not military, support for American naval action around Taiwan.¹¹ At the same time, tensions in the Taiwan Strait increasingly made the Australian government realise that a good relationship with Taipei could come at the expense of relations with the People’s Republic, given the latter’s intractable commitment to its one-China principle.

In the 2000s, Canberra and Beijing also sought to develop the parameters of their relationship from trade and investment into broader issues of security and Australia’s support for China in the international system. In 2003, Chinese President Hu Jintao was invited to address the parliament in Canberra — one day after U.S. President George W. Bush had appeared there. In 2014, Australia and China signed the aforementioned Comprehensive Strategic Partnership Agreement during a state visit by President Xi Jinping.

Thus, with the changes in Australia-China relations and Beijing’s growing determination to assert its policy goals internationally, the Australia-Taiwan relationship was also changing. The period of focusing on promoting trade and investment was coming to an end. Instead, a complex fabric of trade, defence

and security concerns emerged, shaped by Australia’s relations with China, the U.S. and other countries in the region.

Canberra’s concern about regional stability in the South Pacific in the face of Taiwan’s “chequebook diplomacy”.

The new configuration was highlighted in 2004 when the then Australian Foreign Minister Alexander Downer made a statement that the ANZUS defence treaty would not necessarily be in effect in the event of a military clash in the Taiwan Strait that brought China and the U.S. into conflict. Even as debate continues over what Australian obligations would arise from ANZUS in the event of a U.S.-China war, Downer’s statement revealed how complicated and contradictory Australian foreign policy had become. For Australia, the future of Taiwan addressed fundamental questions about the U.S. alliance system and its economic policy orientation towards China.¹² Relations with Taiwan now appeared in light of what became known in Australia as the “China choice” — that is, the question of whether Australia should choose China over the United States.¹³

The debate about Australia’s defence commitments under ANZUS passed quickly, especially as Australia was supporting the U.S. involvement in Afghanistan and Iraq at the time. But it had become clear that specific Australian and Taiwanese foreign policy objectives were in tension with one another.

Political relations in the context of national interests in the region

The bilateral political and security relationship is also complicated by competing regional and multilateral interests. In the late 1990s and the 2000s, Australia and Taiwan clashed as they pursued different goals in the Pacific: Canberra sought to promote development and stable governance in the region, while Taipei aimed to maintain or even grow the number of its diplomatic allies.

¹⁰ Australian Government, Department of Foreign Affairs and Trade, “Australia-Taiwan Relationship”, <https://www.dfat.gov.au/geo/taiwan/australia-taiwan-relationship> (accessed 4 February 2022).

¹¹ Gary Klintworth, *Crisis Management: China, Taiwan and the United States – the 1995–96 Crisis and Its Aftermath*, Research Paper no. 14 (Canberra: Foreign Affairs, Defence and Trade Group, Parliament of Australia, 1996 – 97), https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/RP9697/97rp14 (accessed 2 August 2021).

¹² Roy Campbell McDowall, *Howard’s Long March: The Strategic Depiction of China in Howard Government Policy, 1996–2006* (Canberra: ANU E Press, 2009).

¹³ Hugh White, *The China Choice: Why We Should Share Power* (Oxford: Oxford University Press, 2013).

Taiwan still has a small number of diplomatic allies around the world. Formal recognition is a fundamental metric of Taiwan's state identity, its international space, and tension between Beijing and Taipei. The People's Republic has at various times actively sought to turn Taiwan's diplomatic allies, while Taipei has sought to retain the diminishing number of states that recognise it.

In the late 1990s and the 2000s, various Pacific governments switched recognition from China to Taiwan or vice versa. Both Beijing and Taipei used development aid and investment as incentives and sought to influence the domestic politics of Pacific countries in order to gain recognition. Australia, however, was committed to the principle of non-interference in the decisions of Pacific governments. It thus tended to view Taipei's pursuit of recognition, especially through so-called chequebook diplomacy, as destabilising for Pacific nations during this period. This problem was heightened as Australia's economic relationship with China grew and Australia-China relations expanded into broader parameters of regional security. The absence of a regional security architecture or formal diplomatic relations between Australia and Taiwan constrained the capacity of both sides to manage these issues.

A notable example in this context was Papua New Guinea. In 1999, under the former Prime Minister Bill Skate, the country decided to recognise the ROC/Taiwan in return for soft loans. But only a week later, Skate resigned and his successor Mekere Morauta reversed the decision. Papua New Guinea is Australia's geographically closest neighbour, with strong historical links and a major recipient of development assistance and therefore Canberra was concerned about political destabilisation on the island. In 2006, another attempt by Taipei was made to establish relations with Papua New Guinea in exchange for US\$30 million. This triggered a political scandal in Taiwan that claimed several senior government ministers and was part of corruption allegations made against the then President Chen Shui-bian. Since then, Papua New Guinea, while generally supporting Taiwan's participation in international organisations, has maintained and strengthened formal relations with Beijing.¹⁴

¹⁴ Bill Standish, *Papua New Guinea 1999: Crisis of Governance*, Research Paper no. 4 (Canberra: Foreign Affairs, Defence and Trade Group, Parliament of Australia, 1999–2000), https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp9900/2000RP04 (accessed 15 October 2021).

In 2004, the government of Prime Minister Serge Vohor of Vanuatu also recognised Taipei, and sought to play Beijing, Taipei and Canberra off against one another in the pursuit of development aid and investment. Beijing responded with aid promises, and a diplomatic delegation from Canberra travelled to Vanuatu's capital Port Vila to pressure politicians to reverse the decision. A no confidence motion was passed in the parliament against Vohor, who then resigned as prime minister, and recognition returned to Beijing.¹⁵

Australia's relations with Solomon Islands, where a low-intensity armed conflict took place in the 2000s, were especially challenging. The island state had already recognised Taiwan in 1983 after becoming independent from the British protectorate at the end of the previous decade. Because of the political turmoil at the turn of the millennium, the Government of Solomon Islands had difficulties attracting international aid and investment. It sought to extract concessional loans from Taipei by threatening to switch recognition to Beijing, thus drawing Taiwan into a deteriorating security situation. In 2003, Australia launched a military intervention with the goal of stabilising security in Solomon Islands, responding in part to circumstances created by the diplomatic competition. The situation came to a head when national elections were held in the archipelago in 2006. Various candidates accused either Taipei or Beijing of interfering in the vote so that Solomon Islands would maintain relations with Taipei or switch to Beijing, respectively. The political turmoil led to major riots after the elections, including in the capital Honiara, and the resignation of Prime Minister Snyder Rini.¹⁶

The role of the Pacific in Australian-Taiwanese relations was attenuated in the years from 2008 to 2016, when Taiwan was governed by President Ma Ying-jeou. During this time, Taipei and Beijing implemented a so-called diplomatic truce. Both sides agreed tacitly not to poach diplomatic allies from each other. In practice, this meant that Beijing made no further

¹⁵ Joel Atkinson, "Vanuatu in Australia-China-Taiwan Relations", *Australian Journal of International Affairs* 61, no. 3 (2007): 351–66.

¹⁶ Joel Atkinson, "Big Trouble in Little Chinatown: Australia, Taiwan and the April 2006 Post-Election Riot in Solomon Islands", *Pacific Affairs* 82, no. 1 (2009): 47–65.

attempts to change countries' minds about recognising Taiwan — and vice versa.

However, cross-strait relations broke down after the inauguration of the Democratic Progressive Party government of Tsai Ing-wen in Taiwan in 2016, when Beijing refused to engage with Taipei. This coincided with the start of a period of deterioration in Australia-China relations. In the late 2010s, Australia increasingly resisted Beijing's attempts to interfere in the country's domestic politics and took note of its belligerent diplomatic tone. Canberra made a series of policy decisions; for example, the Chinese company Huawei was excluded from tenders for Australian telecommunications infrastructure and new foreign interference legislation was enacted. Beijing responded with punitive actions against Australia in 2020. These included a range of trade sanctions on agricultural products, seafood and wine. These steps were politically sensitive for Australia, while having a limited economic impact on China.¹⁷

The election of Tsai Ing-wen also meant the end of the diplomatic truce, and as a result Taiwan lost recognition from five other states, three of which were in Latin America — Panama, El Salvador and the Dominican Republic. In the Pacific, Solomon Islands and Kiribati switched to the People's Republic in 2019. The period of chequebook diplomacy was over, but Australia was now taking action under the Pacific Step-up, signalling increased engagement in the region. Concerned about China's growing presence, Canberra spoke out against the switch in the recognition policy of Solomon Islands.¹⁸

Against this backdrop, Australia's zero-sum calculus on relations with China and Taiwan loosened. Given the activities of the PLA Air Force in the Taiwan Strait, Canberra became increasingly aware that Beijing's behaviour towards Taipei was destabilising cross-strait relations and threatening regional security as a whole. These developments came at a time when relations between Australia and the People's Republic

were deteriorating and U.S. relations with both Taiwan and Australia were strengthening.

Cultural and civil society relations

Under its one-China policy, Australia has developed and strengthened its relations with Taiwan in the fields of culture, education and people-to-people exchanges. Australia has a community of Taiwan-born and second- and third-generation Taiwanese-Australians who are concentrated in Brisbane and number in the tens of thousands nationally.¹⁹ Furthermore, Taiwanese tourists, international students and working holiday visa holders going to Australia totalled more than 200,000 per year before the COVID-19 pandemic.²⁰ In 2019, there were also more than 18,000 Taiwanese students enrolled in Australian universities.²¹ In addition, people-to-people links have been fostered by both sides through support of cultural and creative engagement in such areas as visual and performing arts. However, social and cultural ties continue to be tested in Australian public institutions that have developed links with China. In 2020, a public museum in Perth, Western Australia, received a complaint from the consulate of the People's Republic for displaying a map of China that did not include Taiwan and altered the map in response — and similar incidents are not uncommon.²²

Growing alignment

Today, the parameters of the bilateral and multilateral relations of Australia, Taiwan and the PRC are largely in place. Australia's one-China policy remains in effect, implying the non-recognition of Taiwan. And while the People's Republic is Australia's largest

¹⁷ Roland Rajah, "The Big Bark but Small Bite of China's Trade Coercion", *The Interpreter* (online Sydney: The Lowy Institute), 8 April 2021, <https://www.loyyinstitute.org/the-interpreter/big-bark-small-bite-china-s-trade-coercion> (accessed 22 August 2021).

¹⁸ Grant Wyeth, "China and Taiwan on the Mind as Australia's Morrison Heads to the Solomon Islands", *The Diplomat* (online), 29 March 2019, <https://thediplomat.com/2019/05/china-and-taiwan-on-the-mind-as-australias-morrison-heads-to-the-solomon-islands/> (accessed 15 October 2021).

¹⁹ Australian Government, Department of Home Affairs, "Taiwan-born Community Information Summary", 2018, <https://www.homeaffairs.gov.au/mca/files/2016-cis-taiwan>. PDF (accessed 4 February 2022).

²⁰ Department of Foreign Affairs and Trade, "Australia-Taiwan Relationship" (see note 10).

²¹ Ibid.

²² Naaman Zhou and Helen Davidson, "WA Museum Boola Bardip Denies Changes to China Display Were Due to Political Pressure", *The Guardian* (online), 4 December 2020, <https://www.theguardian.com/australia-news/2020/dec/04/wa-museum-boola-bardip-denies-changes-to-china-display-were-due-to-political-pressure> (accessed 6 August 2021).

trade partner, the exchange of goods with Taiwan is significant but relatively less important.

However, at a time of growing Sino-American rivalry and diplomatic tensions between China and Australia, these patterns have undergone adjustments. Aspects of regional security and Australia's relationship with China, the U.S. and the Pacific Island countries make it difficult to just have trade-dominated relations, and the economic and security concerns between Australia and Taiwan are increasingly aligning. Trade and investment is developing into a vector for Australia to support Taiwan's de facto sovereignty and international space. Canberra sees this as a necessary condition for security and stability in the Indo-Pacific region.

This alignment has been signalled by a new diplomatic vocabulary from Australia and higher-level trade promotion. In a series of notable bilateral and multilateral statements, Canberra has identified Taiwan's security as a component of the regional order. A new phraseology has developed, including a "free and open Indo-Pacific" and to "underscore the importance of peace and stability in the Taiwan Strait". Australia has repeatedly called for Taiwan's participation in international organisations, most notably the World Health Assembly during the COVID-19 pandemic.²³

At the same time, Australia and Taiwan have advanced trade and investment, not only in traditional economic sectors such as mining and energy, but also in the new fields of hydrogen, space, and information and communications technology (ICT). This includes initiatives such as the Hydrogen Trade and Investment Dialogue between the Australian Office – the Australian quasi-embassy in Taipei – and the Taiwanese Ministry of Economic Affairs. The format promotes trade and investment in favour of a post-carbon energy transition and action against climate change, while also enabling direct contacts between governments.²⁴

²³ Minister for Foreign Affairs, Minister for Women, Senator the Hon Marise Payne, 'The Australia-U.S. Ministerial Consultations Joint Statement: An Unbreakable Alliance for Peace and Prosperity', 17 September 2021, <https://www.foreignminister.gov.au/minister/marise-payne/media-release/australia-us-ministerial-consultations-joint-statement-unbreakable-alliance-peace-and-prosperity> (accessed 15 October 2021).

²⁴ Australian Office Taipei, "Australia-Taiwan Hydrogen Trade and Investment Dialogue – Remarks by Representative Jenny Bloomfield", Taipei, 29 July 2021, https://australia.org.tw/tpei/aus_tw_hydrogen_trade_investment_dialogue_rep_bloomfield_remarks.html (accessed 15 October 2021).

These activities are reminiscent of the bilateral trade and investment promotion that took place during the 1990s within the framework of APEC. At that time, Australia sought to build export-oriented trade relations with the Asian "tiger economies", while Taiwan hoped to overcome its international isolation through regional trade arrangements. Now, however, Australia's approach is more closely aligned with Taiwan's, and bilateral relations include ministerial meetings as well as trade and investment in new sectors of the economy, thereby promoting economic exchange and addressing Taiwan's isolation.

Going forward, these realigned parameters for Australia-Taiwan relations will be tested in new and developing regional trade architectures. Australia joined the Regional Comprehensive Economic Partnership (RCEP) in 2020, which liberalises trade and economic flows between ASEAN members and countries with which ASEAN countries have FTAs. However, Taiwan is not a member of RCEP. Another important and larger arrangement is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which was finalised in 2018 in the aftermath of the U.S. withdrawal from the Trans-Pacific Partnership (TPP). The CPTPP is made up of 11 economies in the Eastern and Western Pacific, though not the PRC or the United States. Both Beijing and Taipei have submitted applications to join. For the reshaping of the relationship between Australia and Taiwan, these changes in the region's trade policy architecture are an important test case.

Australia-Taiwan relations cannot be described as normal. Formal normalisation could only be possible if the regional order erodes or collapses altogether, such as in the case of a military crisis in the Taiwan Strait. In the age of strategic competition, however, Canberra and Taipei are increasingly converging in their respective interests and approaches to international issues, while China's relations with Australia and other countries in the region have become more difficult. As with earlier periods, contingent events may disrupt the current state but the intrinsic parameters of trade and regional security will continue to anchor Australia-Taiwan relations for the foreseeable future.

[org.tw/tpei/aus_tw_hydrogen_trade_investment_dialogue_rep_bloomfield_remarks.html](https://australia.org.tw/tpei/aus_tw_hydrogen_trade_investment_dialogue_rep_bloomfield_remarks.html) (accessed 15 October 2021).

Christian Wagner

In China's Shadow: Indo-Taiwan Relations

India and Taiwan have continuously expanded their economic and political cooperation since the 1990s, starting with India's economic liberalisation in 1991. Since then, the government in New Delhi has relied on foreign investment and strived for greater integration into the world economy. In this context, Taiwan has also become an increasingly important partner.

However, relations between India and Taiwan are shaped above all by their respective relationship with the People's Republic of China. For India, relations with China have been at the centre of its foreign policy since 1947 during which time it has regarded China as a partner, competitor and systemic rival to varying degrees. The unsettled border dispute between the two states led to a brief war in 1962 and continues to burden bilateral relations to this day. However, since the end of the 1980s, the political and economic relations improved considerably. China turned into India's largest bilateral trading partner for many years. Today, the two states cooperate in global governance forums.

But the clashes in the Ladakh/Aksai Chin region in the summer of 2020, in which 20 Indian and an unknown number of Chinese soldiers were killed, shook the foundations of the rapprochement of the past 30 years. The tensions on the border could mark a watershed in bilateral relations as China increasingly sees its relationship with India in the context of its rivalry with the U.S. In Beijing, New Delhi is seen to be part of the 'American camp'. New Delhi, on the other hand, officially continues to regard the border issue as a bilateral problem and not as part of a greater geopolitical dispute between Beijing and Washington.

New Delhi is likely to stick to its one-China policy so as not to provoke Beijing.

The deterioration of relations with China has triggered a debate in India on possible counterstrategies, which also revolves around the issues of Tibet and Taiwan. In view of the power imbalance vis-à-vis

China, the government in New Delhi is unlikely to be inclined to substantially change its relationship with Taiwan. And while further expansion of relations with Taiwan in areas such as economics and science is conceivable, New Delhi is expected to stick to its one-China policy despite the current tensions with Beijing.

Political relations

The first political contacts between China and India date back to 1942, when General Chiang Kai-shek was the first non-European politician to visit Mahatma Gandhi and Jawaharlal Nehru, the leaders of the Indian independence movement that gave rise to the later ruling party, the Indian National Congress (INC).²⁵ After independence in 1947, however, the Indian government focused on relations with the People's Republic of China (PRC) after 1949. Prime Minister Nehru intended to give Asia more weight in world politics and saw China as an indispensable partner for this. In 1950, India was the first non-communist country to break off diplomatic relations with the Republic of China, i.e. Taiwan.²⁶

In the mid-1950s, India and China continued to draw closer and signed an agreement on Tibet in 1954. From then on, India no longer made any claims to Tibet and agreed with China on the five principles of peaceful coexistence (Panchsheel). In order to end

25 Joe Thomas Karackattu, *The Case for a Pragmatic India-Taiwan Partnership* (Washington, D.C., and New Delhi: Carnegie Endowment for International Peace, April 2019), https://carnegieendowment.org/files/Karackattu_India_Taiwan_v1.pdf.

26 Ranjit Gupta, *Contemporary Taiwan. Domestic Politics, External Relations and India's Interests*, Issue Brief 260 (New Delhi: Institute of Peace and Conflict Studies, 1 April 2015), http://www.ipcs.org/issue_select.php?recNo=593; Tien-Sze Fang, "Taiwan's Relations with India: Issues and Trends", *China Report* 49, no. 4 (2013): 425–39, <http://doi.org/10.1177/0009445513506651>.

the country's international isolation, Nehru pushed for China's participation in the Bandung Conference in 1955, a meeting consisting of 29 Asian and African countries. The culmination of this rapprochement is signified through the slogan "Hindi Chini Bhai Bhai" (Indians and Chinese are brothers), which was meant to symbolise the cordial bond between the two countries. In the late 1950s, however, the unresolved border issue overshadowed the bilateral rapprochement and resulted in a brief border war in 1962. India's military defeat destroyed Nehru's hopes for closer cooperation.

Nehru pursued an independent foreign policy, and worked towards keeping India and the newly de-colonised countries outside of the Cold War. In 1961, he became one of the key architects of the Non-Aligned Movement founded. However, the break-off of diplomatic relations with China after the war in 1962 was not followed by a turn towards Taiwan, as India was critical of the island state's intensive cooperation with the U.S. due to its non-aligned foreign policy. In 1971, the Indian government of Indira Gandhi supported the admission of China into the United Nations Security Council at the expense of Taiwan.²⁷

Despite its territorial conflicts with China, India advocates a one-China policy. Of note, such conflicts between the two states exist largely in the northeast and northwest of India along the Line of Actual Control (LAC), where it remains unsettled to this day. In the northeast, Beijing claims the Indian state of Arunachal Pradesh as Chinese territory. In the northwest, in the Ladakh/Aksai Chin region, which is part of Kashmir, China, after the violent incidents of the summer of 2020, again regards the LAC of 1959 as binding, but which India has never recognised.²⁸ In view of the intensification of the border conflict with China, debates about a possible Chinese one-India policy,²⁹ which would have accepted India's territorial claims, now seem fruitless.

²⁷ Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26); Karackattu, *The Case for a Pragmatic India-Taiwan Partnership* (see note 25).

²⁸ Christian Wagner and Angela Stanzel, *Redrawing the Maps in Kashmir. New Geopolitical Realities in the Conflict between China, India, and Pakistan*, SWP Comment 52/2020 (Berlin: Stiftung Wissenschaft und Politik, November 2020), <https://www.swp-berlin.org/publikation/redrawing-the-maps-in-kashmir>.

²⁹ In 2010, China denied a visa to a military commander stationed in Indian Kashmir, prompting India to demand recognition of a One India policy, see Hemal Shah, "India

With its 1991 reforms, India initiated an economic and foreign policy turnaround. The new economic policy opened the domestic market to foreign investment and promoted export production in order to achieve greater integration into the world economy. Meanwhile, in terms of foreign policy, the Look East policy during this period prompted India to turn towards the emerging economies in East and South-east Asia. Thus, due to Taiwan's economic successes, the country subsequently also became an attractive partner for India.

In the early 1990s, an Indian delegation travelled to Taiwan for the first time. In 1995, the India Taipei Association (ITA) was founded in Taipei and the Taipei Economic and Cultural Center (TECC) in New Delhi.³⁰ Initially, only retired civil servants worked at the Indian mission in Taipei. Since 2003, the Indian Ministry of External Affairs has also sent active civil servants there.³¹ Although it has no official diplomatic status, the ITA in Taiwan also issues Indian visas and passports and thus acts like an embassy.³² In 2010, the two countries agreed on a simplified visa regime. Since then, Taiwan has approved visa-free entry for Indian citizens under certain conditions.³³ In addition, there are repeated calls to further facilitate the issuance of visas for study and work stays in order to expand economic and cultural cooperation.³⁴

and Taiwan: Act East, Go South, Balance China", in *Perspectives on Taiwan. Insights from the 2017 Taiwan-U.S. Policy Program*, ed. Bonnie S. Glaser and Matthew P. Funaiolo (Washington, D.C./Lanham, MD: Center for Strategic and International Studies [CSIS]/Rowman & Littlefield, 12 March 2018), 11–17, <https://www.csis.org/analysis/perspectives-taiwan>.

³⁰ Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26).

³¹ *Ibid.*

³² Gupta, *Contemporary Taiwan* (see note 26).

³³ Shah, "India and Taiwan: Act East, Go South, Balance China" (see note 29); Gupta, *Contemporary Taiwan* (see note 26); Samonway Dutttagupta, "Taiwan Offers Free Visas to Indians: 4 Compelling Reasons You Must Visit", *India Today* (online), 13 September 2016, <https://www.indiatoday.in/travel/destinations/story/taiwan-visa-taipei-sun-moon-lake-kenting-national-park-travel-lifetr-340810-2016-09-13>.

³⁴ Tanvi Madan, "The India Opportunity for Taiwan," in *Perspectives on Taiwan: Insights from the 2018 Taiwan-U.S. Policy Program*, ed. Bonnie S. Glaser and Matthew P. Funaiolo, (Washington, D.C., and Lanham, MD: Center for Strategic and International Studies [CSIS]/Rowman & Littlefield, 28 March 2019), 26–31, <https://www.csis.org/analysis/perspectives-taiwan-0>; Parthapratim Pal, Arpita Mukherjee and Kristy Tsun-Tzu Hsu, eds. *Enhancing Trade, Investment and*

The status of Indo-Taiwanese relations depends on domestic political constellations.

Bilateral relations often depend on domestic political constellations. The Democratic Progressive Party (DPP) government, which held office in Taiwan from 2000 to 2008, welcomed India as a counterweight to China and sought to expand relations between Taipei and New Delhi.³⁵ In India, the Hindu nationalist Bharatiya Janata Party (BJP) government had tested nuclear weapons in 1998 for the first time since 1974, and the country's Defence Minister Fernandes had declared China "enemy number one". But after the election victories of the Congress Party in India in 2004 and the KMT in Taiwan in 2008, the common security interest of standing up to China took a back seat. Among other things, the Indian government rejected Taipei's proposal to send the former deputy secretary-general of the National Security Council in Taiwan as a representative to India, as he had previously advocated an Indo-Taiwanese alliance against China.³⁶

After the BJP returned to power in 2014, and the DPP in 2016, they again emphasised the threat from China and intensified the bilateral relationship.³⁷ With its "New Southbound Policy" (NSP) adopted in 2016, Taiwan's DPP government wanted to expand relations with states in South and Southeast Asia to include Australia and New Zealand, with a focus also on India as a trade and investment partner.³⁸ Previously, the Indian government had launched its Act East policy in 2014, emphasising the importance of East Asia for India's economic development. Political contacts also intensified in 2016. In April, the Taiwan-

India Parliamentary Friendship Association was founded in Taipei, and in December, 22 Indian parliamentarians launched the India-Taiwan Parliamentary Friendship Forum.³⁹

Tensions between China and Taiwan also affect relations with India. In 2017, Beijing objected to the visit of a delegation of women parliamentarians from Taiwan to New Delhi and asked the Indian government to be more cautious in its Taiwan policy. Under pressure from the Chinese government, airlines, including Air India, had to change the name "Taiwan" to "Chinese Taipei".⁴⁰

Even though India's Act East strategy and Taiwan's NSP complement each other,⁴¹ it should not be overlooked that the rapprochement between New Delhi and Taipei took place at a time when India-China relations were also experiencing an unprecedented upswing. Between 1990 and 2020, India and China made five agreements to stabilise the situation along the disputed borderline. They also cooperated in the BRICS group and often pursued common interests in global governance forums. Economically, China became India's largest bilateral trading partner. Moreover, both sides invested politically in expanding their relations. Besides their official meetings, Prime Minister Modi and Chinese President Xi also held two informal summits in 2017 and 2019 to improve their countries' bilateral relations.

Security policy

Due to its own security problems with China, which have further intensified since the border incidents of 2020, India is extremely reluctant to engage in any form of security cooperation with Taiwan. As a result, contacts between security forces are rare. For example, the chief of the Indian Air Force visited Taiwan discreetly in 2002, only for his visit to be revealed by

Cooperation between India and Taiwan (New Delhi: Academic Foundation, 2 September 2013), https://icrier.org/pdf/enhancing_trade_investment_cooperation.pdf.

35 Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26).

36 Ibid.

37 Jagannath P. Panda, "Introduction", in *India-Taiwan Relations in Asia and Beyond. The Future*, ed. Jagannath P. Panda (New Delhi: Pentagon Press/Institute for Defence Studies and Analyses, 2016), 1–7, https://idsa.in/system/files/book/book_india-taiwan-relations_jppanda.pdf; Aravind Yelery, "India-Taiwan Economic Relations and the China Factor: Prospects of Synergies and Challenges for Regional Economic Integration", in *India-Taiwan Relations in Asia and Beyond. The Future*, ed. Panda (see note 37), 88–100.

38 Madan, "The India Opportunity for Taiwan" (see note 34).

39 Karackattu, *The Case for a Pragmatic India-Taiwan Partnership* (see note 25); Rudroneel Ghosh, "Taiwan in Mind: Indian Parliamentarians Wake Up to New Possibilities", *Times of India* (online), 10 February 2017, <https://timesofindia.indiatimes.com/blogs/talkingturkey/taiwan-in-mind-indian-parliamentarians-wake-up-to-new-possibilities/>.

40 Karackattu, *The Case for a Pragmatic India-Taiwan Partnership* (see note 25).

41 Madan, "The India Opportunity for Taiwan" (see note 34); Panda, "Introduction" (see note 37).

media reports.⁴² In 2003, the Institute for Defence Studies and Analysis (IDSA), which is part of the Indian Ministry of Defence, and the Institute of International Relations (IIR) of Chengchi National University in Taiwan organised a conference on foreign policy. In 2006, the DPP government established the Taiwan-India Cooperation Council, which was seen as a strategic alliance against China. In addition, members of the Taiwanese Ministry of Defence were sent to India to join the TECC.⁴³ Representatives of the Legal Department of the Indian Ministry of External Affairs participated in bilateral negotiations with Taiwan on international terrorism, transnational organised crime and drug trafficking in 2008 and 2009.⁴⁴ In recent years, a number of government-related think tanks in India, such as Observer Research Foundation (ORF), National Maritime Foundation and Vivekananda International Foundation (VIF), have entered into agreements with partner institutions in Taiwan and held joint events.

The reports of the Indian Ministry of Defence show only one case of military equipment being exported to Taiwan in the period from 2014 to 2019.⁴⁵ In view of increasing cyberattacks in India and Taiwan attributed to China, Indian experts advocate closer cooperation between Taipei and New Delhi in this area.⁴⁶

Economy

Economic cooperation has been at the centre of India-Taiwan relations from the beginning. India's post-1991 reforms opened the domestic market to foreign firms, and the technological successes of Taiwanese companies also put the country at the centre of India's Look East/Act East policy. Bilateral trade grew

more than fivefold between 2000 and 2020, from just over US\$1 billion to around US\$5.7 billion.⁴⁷

In 2002, Taipei and New Delhi agreed on a Bilateral Investment Promotion and Protection Agreement (BIPA).⁴⁸ A year later, Taiwan's Ministry of Economic Affairs launched the Scheme for Strengthening Economic and Trade Relations with India, under which Taiwanese trade delegations travelled to India.⁴⁹ Furthermore, in 2011, India and Taiwan signed joint agreements on taxes and tariffs, namely the Double Tax Avoidance Agreement (DTAA) and the Agreement for Mutual Assistance in Customs Matters (CMAA).⁵⁰ Two years later, a Taiwanese and an Indian think tank published a study on a possible free trade agreement (FTA) between the two countries. However, negotiations on this have not progressed further,⁵¹ partly because Prime Minister Modi's Indian government is critical of such agreements. India did not conclude a new FTA until the end of 2020 and withdrew from the Regional Comprehensive Economic Partnership (RCEP) at the last minute in November 2019. New Delhi and Taipei did, however, agree on a bilateral investment treaty in 2018.⁵² Nevertheless, this is a rather weak agreement as, among other things, it does not contain an MFN clause. It also lacks guarantees that are often promised in other treaties, such as the requirement of fair and equitable treatment.⁵³

⁴² Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26).

⁴³ Ibid.

⁴⁴ Ministry of External Affairs, Government of India, *Annual Report 2008–2009* (New Delhi, 1 April 2009), https://www.mea.gov.in/annual-reports.htm?57/Annual_Reports.

⁴⁵ Ministry of Defence, Government of India, *Annual Report Year 2016–2017* (New Delhi, n.d.), 56, <https://www.mod.gov.in/documents/annual-report>.

⁴⁶ Sameer Patil, "The India-Taiwan Imperative for Cybersecurity Cooperation", *Asia Insights Online Magazine*, 16 June 2021 (AI-15), <https://asiainsightsiir.wordpress.com/2021/06/16/ai-15-june-2021-the-india-taiwan-imperative-for-cybersecurity-cooperation/>.

⁴⁷ United Nations Conference on Trade and Development (UNCTAD), "UNCTADstat", <https://unctad.org/statistics>.

⁴⁸ Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26); Pal et al., *Enhancing Trade, Investment and Cooperation between India and Taiwan* (see note 34).

⁴⁹ Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26).

⁵⁰ Ibid.; Pal et al., *Enhancing Trade, Investment and Cooperation between India and Taiwan* (see note 34); Ministry of Finance, R.O.C. Customs Mutual Assistance Agreement (CMAA), Taipei, 8 November 2019, <https://www.mof.gov.tw/Eng/single.html/264?cntId=64538>.

⁵¹ Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26); Pal et al., *Enhancing Trade, Investment and Cooperation between India and Taiwan* (see note 34); Madan, "The India Opportunity for Taiwan" (see note 34).

⁵² Taiwan, Republic of China, Taipei Economic and Cultural Center in India, "Taiwan India Relations", New Delhi, https://www.roc-taiwan.org/in_en/post/39.html.

⁵³ "Bilateral Investment Agreement between the Taipei Economic and Cultural Center in India and the India Taipei Association in Taipei", *Electronic Database of Investment Treaties (EDIT)*, 2018, <https://edit.wti.org/document/show/ef3a3a4f-5723-493b-8892-c9179d7017ec>.

For India, Taiwan is attractive as a trading partner because it invests primarily in high technology.

Taiwan is of particular interest to India as a trading partner, as it invests mainly in high-technology areas such as nanotechnology, semiconductors, aerospace, satellite development, biotechnology and agriculture.⁵⁴ Taiwanese technology companies such as Foxconn and Wistron operate their own plants in India for mobile phone production in the growing Indian market. In 2020, Foxconn agreed with New Delhi to invest around US\$5 billion in India, making it the largest electronics producer in the country.⁵⁵

India and Taiwan have also extended their economic cooperation to small and medium-sized companies. In addition, Indian states such as Karnataka, where the high-tech metropolis of Bangalore is located, have signed agreements with Taiwanese companies to establish electronics firms.⁵⁶ By the end of 2016, 90 Taiwanese firms had offices in India.⁵⁷ In 2017, the Taiwan External Trade Development Council (TAITRA) launched an India Center in Taiwan. The following year, a TAITRA office was opened in New Delhi, also known as the Taipei World Trade Center, and an India-Taiwan Trade Forum was held in Taipei. These measures were intended to make Taiwanese investors aware of their opportunities in India.⁵⁸

Economic relations between the two countries have indeed expanded since the early 1990s. However, India is not a preferred production location for Taiwanese companies. For one thing, many foreign companies still complain about problems with infrastructure. In addition, the consequences of the new

economic policy of self-reliance, which Prime Minister Modi announced in May 2020, cannot yet be assessed. Among other things, the Indian government wants to increase the share of local production in order to strengthen the Indian economy in the medium term.

Cultural and civil society relations

Cultural cooperation has become another pillar in bilateral relations. In 2007, India and Taiwan signed their first memorandum of understanding to expand cooperation in the fields of science and culture. In 2010, the two countries agreed to mutually recognise university degrees.⁵⁹ A year later, India's first Taiwan Education Center (TEC) opened in New Delhi.⁶⁰ The TECs offer Mandarin language courses and events on Chinese culture and history. Taiwanese teachers are financially supported by the Ministry of Education in Taipei.⁶¹ The various initiatives have ensured that academic cooperation has expanded. And while there were only 30 bilateral science projects in 2013, this number rose to 86 in 2019.⁶²

Mandarin language teaching is proving to be particularly useful, as there are repeated complaints that there are comparatively few China experts with Chinese language skills in India. After the tensions between India and China in 2020, the number of Taiwanese teachers in India is more likely to increase. In 2018, 2,398 Indian students were enrolled in Taiwanese universities.⁶³ The Taiwanese government also showed a willingness to significantly increase the number of scholarships for Indian students. In 2020, it had already awarded 1,143 such scholarships.⁶⁴

Cultural exchange through visitor programmes, film and dance festivals, and exhibitions is supported

54 Yelery, "India-Taiwan Economic Relations and the China Factor" (see note 37).

55 Glen White, "Foxconn Becomes India's Largest Electronics Manufacturer", *Manufacturing*, 16 May 2020, <https://manufacturingglobal.com/lean-manufacturing/foxconn-becomes-indias-largest-electronics-manufacturer>.

56 Yelery, "India-Taiwan Economic Relations and the China Factor" (see note 37); Pradeesh Chandran, "Taiwanese Cos to Invest Rs 3,200 cr in Electronic Cluster in Karnataka", *The Hindu* (online), 12 August 2015, <https://www.thehindu.com/news/national/karnataka/taiwanese-cos-to-invest-rs-3200-cr-in-electronic-cluster-in-karnataka/article7530747.ece>.

57 Shah, "India and Taiwan: Act East, Go South, Balance China" (see note 29).

58 Madan, "The India Opportunity for Taiwan" (see note 34); Karackattu, *The Case for a Pragmatic India-Taiwan Partnership* (see note 25).

59 Taiwan, Republic of China, "Taiwan India Relations" (see note 52).

60 "India's Taiwan Education Center to Focus on Language", *Taipei Times* (online), 3 August 2011, <https://www.taipetimes.com/News/taiwan/archives/2011/08/03/2003509826>.

61 Madan, "The India Opportunity for Taiwan" (see note 34).

62 Fang, "Taiwan's Relations with India: Issues and Trends" (see note 26); Taiwan, Republic of China, "Taiwan India Relations" (see note 52).

63 Taiwan, Republic of China, Taipei Economic and Cultural Center in India, "More Indian Students Come to Taiwan for Study", https://www.roc-taiwan.org/in_en/post/3585.html.

64 Ghosh, "Taiwan in Mind: Indian Parliamentarians Wake Up to New Possibilities" (see note 39).

by both countries, but is currently at a low level. Tourism could also be increased significantly. In 2019, only about 35,000 Indian tourists travelled to Taiwan.⁶⁵

Outlook

The relationship between India and Taiwan is set relatively narrow limits by both states' relations with China. India's relationship with the PRC represents the country's most important bilateral relationship and is crucial for understanding its foreign policy orientation. However, since the border incidents in Ladakh in the summer of 2020, India's relations with China have deteriorated significantly. Nevertheless, India will stick to its one-China policy, even as it continues to develop relations with Taiwan. Given the power imbalance between India and China and the uncertain situation in the border region, the decision-makers in New Delhi have little interest in letting the difficulties with China escalate further. After all, China has more options for retaliation at different levels should India push the rapprochement with Taiwan too far from the Chinese perspective. China's shadow will thus continue to hang over cooperation between India and Taiwan.

65 Madan, "The India Opportunity for Taiwan" (see note 34).

Volker Stanzel

European-Taiwanese Relations (Selected Member States of the EU, and the U.K.)

Background

Historically, only a few European states had economic or other interests in Taiwan. It was only after the Second World War that the island truly came to the attention of European nations: firstly, politically, as a place of refuge for Chiang Kai-shek's government, a military dictatorship that fled Mao's communists but continued to be supported by the U.S.; and secondly, from the 1980s onwards, economically, as one of the four "little tigers" (along with South Korea, Hong Kong and Singapore) that experienced their own economic miracle. Moreover, during the 30 years after 1949, when the young People's Republic of China (PRC) largely closed itself off to exchanges with the West, Taiwan made it possible for prospective Western European China experts to receive language training and encounter Chinese culture. Until 1971, Taiwan, as the "Republic of China", occupied China's seat as a founding member of the United Nations (UN). Nonetheless, Western European governments mostly (and Eastern European communist ones certainly) avoided diplomatically recognising the island despite U.S. pressure.¹

A larger European public has only become aware of the island's situation since the beginning of the 2000s, i.e. since the PRC has experienced an increase in power that makes a military conflict over Taiwan not seem out of the question. What is more, since the Russian invasion of Ukraine, this danger has become even more apparent to Europeans, too.²

¹ Ian Inkster, "Taiwan and Europe: An Uneasy History", *Taiwan Insight* (online), 27 July 2020, <https://taiwaninsight.org/2020/07/27/taiwan-and-europe-an-uneasy-history/> (accessed 4 October 2021).

² See the Introduction above for more details.

Europe and Taiwan: the big picture

Even though Taiwan, as an export-active "little tiger", has been integrated into the international trade chains system in many ways since the beginning of its economic boom years, it is only in the last two decades that it has developed its own profile, which is strongly characterised by its orientation towards information and communication technologies (ICT). This is reflected in the relevant trade and investment statistics. Among Taiwan's economic partners, the U.S., Japan and the PRC rank high, followed by European countries.

The European states and Taiwan share the same liberal and democratic values.

As a liberal democracy,³ Taiwan stands on the same foundation of values as European states. Nevertheless, Europeans have traditionally been reluctant to take a stand in Taiwan's conflict with the PRC, especially since the island's security seems to be guaranteed under the protective umbrella of the U.S. Since the 1970s, European states have professed to respect Beijing's position that there is only "one China" of which Taiwan is a part. However, they have always emphasised that unification is a matter for the inhabitants on both sides of the Taiwan Strait, and must take place peacefully. At the same time, they avoid gestures that could be interpreted as recognition of Taiwan's statehood. In particular, they deny themselves any contact at a higher state level, i.e. the head of state and the head of government, the vice-presi-

³ See Taiwan's rank in the Freedom House Index 2020: <https://freedomhouse.org/country/taiwan/freedom-world/2020> (accessed 21 March 2022).

dent as well as the foreign and defence ministers of Taiwan are not allowed to visit EU member states. The same applies accordingly in the opposite direction.⁴

The new unpeaceful behaviour of the PRC now puts Europe in a difficult position: if it clearly opposes China's aggressiveness, it risks a conflict with this key economic partner; on the other hand, if it holds back with criticism of Beijing, it becomes untrustworthy in its commitment to liberal and democratic values.

The following presentation focuses on the EU as a whole and on Taiwan's three most important partners in Europe, namely Germany, France and the U.K. However, the relations of some other European states with Taiwan have aspects that are indicative of Taiwan's complicated situation in the world and are therefore briefly considered first:

The Holy See is the only European state that still maintains diplomatic relations with the "Republic of China". Thus, this European pillar is not only of symbolic value for Taiwan, but also of logistical-strategic importance in commercial and political traffic. The Vatican has been trying to prevent its relationship with Taiwan from disrupting the rapprochement with Beijing that it has sought for decades. For its part, Taiwan did not comment on the continuing quality of its relations with the Vatican after its agreements with the PRC in 2019/2020.⁵

The **Netherlands** is one of the most important recipients of Taiwanese investment, mainly because Philips corporation was involved early on in laying the foundations of Taiwan's ICT industry (up to and including the founding of the now globally successful Taiwan Semiconductor Manufacturing Company, TSMC), but also because of the tax incentives it offers

foreign investors.⁶ Today, the Netherlands does not pursue arms exports to Taiwan (U-boats) as it did in the 1980s.⁷ The country, along with **Sweden**, is also a partner with Taiwan in the Global Cooperation and Training Framework (GCTF). This institution, established in 2015 by the U.S. together with Taiwan and since expanded to include Japan and Australia, integrates Taiwan into international development projects of various kinds.⁸

In the case of other EU states, there are demonstrative expressions of sympathy towards Taiwan from time to time, usually in the wake of deteriorating relations with the PRC. The Taiwan visit of a 90-member **Czech** delegation led by the Senate President in August 2020 attracted international attention. At the meeting, the Czech Republic's position as Taiwan's fourth largest trading partner in Europe played a role, as did the Czech stance on human rights issues in the tradition of Václav Havel; domestic political disputes in Prague over the president's positive attitude towards China were also a topic. The spokesperson of the Chinese Foreign Ministry called the visit a "despicable act". The Prime Minister of **Slovenia** backed the Czech Republic with a statement. In addition, the then German Foreign Minister Heiko Maas said in a joint press conference at the end of Chinese Foreign Minister Wang Yi's visit to Germany on 1 September 2020 that the respect with which the EU treats its partners is also expected in return, and that threats do not fit in with this.⁹

⁴ However, there have been phases through the decades when there were more lively exchanges between European states and Taiwan, even at cabinet level — namely when European countries' relations with the PRC thinned out. Conversely, exchanges with Taiwan tended to dry up in times of closer relations between Europe and the PRC (such as in the last decade). For the special case of Germany, see the passage on politics in the chapter "Germany as Taiwan's Partner" in this article.

⁵ Taiwan's relations with the Vatican are a special case in the complex of Taiwan's foreign relations. See Peter Moody, "The Vatican and Taiwan: An Anomalous Diplomatic Relationship", *Journal of Contemporary China* 29, no. 124 (2020): 553–67.

⁶ Jens Kastner, "The Dutch Connection Remains Firm", *Taiwan Business TOPICS* (online), 29 August 2019, <https://topics.amcham.com.tw/2019/08/dutch-connection-remains-firm/> (accessed 4 October 2021).

⁷ "Dutch Sub on Way to Taiwan", *The Journal of Commerce* (online), 28 October 1987, https://www.joc.com/maritime-news/dutch-sub-way-taiwan_19871028.html (accessed 23 March 2022).

⁸ Taiwan-U.S.-Japan-Australia Global Cooperation & Training Framework, "Mission", <https://www.gctf.tw/en/IdeaPurpose.htm> (accessed 25 March 2022).

⁹ "Slovenia Supports Czech Republic in Taiwan Row with China", *Total Slovenia News* (online), 2 September 2020, <https://www.total-slovenia-news.com/politics/6880-slovenia-supports-czech-republic-in-taiwan-row-with-china> (accessed 4 October 2021). On Maas' statement see "Wang Yi zu Gast in Berlin: Maas und chinesischer Außenminister auf Konfrontationskurs", *Zeit online*, 1 September 2020, https://www.zeit.de/news/2020-09/01/maas-trifft-chinesischen-aussenminister?utm_referrer=https%3A%2F%2Fwww.google.com%2F (accessed 4 October 2021).

Another case is that of **Lithuania**, whose president cancelled his participation in a 17+1 conference with Xi Jinping in February 2021,¹⁰ after cooperation under the Belt and Road Initiative (BRI) proved less fruitful than expected. Lithuania drew sharp criticism from Beijing for this. In response, Lithuania announced its withdrawal from the 17+1 in May 2021, declared that it would exchange representative offices with Taiwan, and described the treatment of the Uyghurs as “genocide”. In June 2021, after further criticism from Beijing, the Lithuanian government decided to allow Taiwan representation in Vilnius, not under the name “Taipei representation” but as “Taiwan representation”, thus deviating from global custom. Beijing reacted not only with strong criticism, but by withdrawing its ambassador from the country and informing Vilnius, no Lithuanian ambassador was welcome in the PRC anymore.¹¹

To Beijing’s chagrin, a 66-member delegation of Taiwanese officials (including two at ministerial rank) visited the Czech Republic, Slovakia and Lithuania in October 2021.¹² Finally, in early December 2021, the

10 In 2012, then Chinese Prime Minister Wen Jiabao and the heads of government of 16 Eastern and South-Eastern European countries (including eleven EU members) founded a grouping of countries to promote Chinese investment in the countries concerned. Meanwhile expanded to “17+1”, the group was integrated into the People’s Republic’s New Silk Road Initiative (Belt and Road Initiative, BRI) in 2013. See Katharina Münster, *Chinas 16+1-Kooperation mit Osteuropa: Trojanisches Pferd ohne volle Besatzung, Arbeitspapier Sicherheitspolitik*, no. 6/2019 (Berlin: Bundesakademie für Sicherheitspolitik, 2019), <https://www.baks.bund.de/de/arbeitspapiere/2019/chinas-161-kooperation-mit-osteuropa-trojanisches-pferd-ohne-volle-besatzung> and Emilian Kavalski, “China’s ‘16+1’ Is Dead? Long Live the ‘17+1.’”, *The Diplomat* (online), 29 March 2019, <https://thediplomat.com/2019/03/chinas-161-is-dead-long-live-the-171/> (both accessed 28 March 2022).

11 See Rudolf Hermann, “Litauen fordert Peking heraus mit der Eröffnung einer Vertretung Taiwans”, *Neue Zürcher Zeitung* (online), 12 August 2021, <https://www.nzz.ch/international/litauen-china-diplomatischer-eklat-wegen-taiwan-ld.1639802>; see Maria Siow, “Why Europe’s Baltic States Can Brush Off China”, *South China Morning Post* (online), 17 July 2021, <https://www.scmp.com/week-asia/politics/article/3141373/why-europes-baltic-states-can-brush-china> (both accessed 4 October 2021).

12 All three countries had supplied Corona vaccines to Taiwan. See “Taiwan Delegation Irks China with Eastern Europe Tour”, *ndtv* (online), 22 October 2021, https://ndtv.com/world-news/taiwan-delegation_irks-china-with-eastern-europe-tour-2583783 (accessed 22 October 2021).

People’s Republic banned the import of goods from Lithuania and those from other countries that contained components manufactured in Lithuania, as well as the export of Chinese products to Lithuania. The EU foreign ministers declared their solidarity with Lithuania, but without adopting any counter-measures.¹³

The European Union as Taiwan’s partner

Politics

Especially given the caution with which exchanges with Taiwan must be handled, insofar as a state or association of states wishes to maintain fruitful relations with the PRC at the same time, the web of European-Taiwanese relations is remarkably tightly woven.¹⁴ The EU’s relations with Taiwan span trade and investment, science and research, health and environmental issues, the digital economy and cybersecurity, and human rights. These exchanges take place through a variety of channels, including formal consultation and dialogue mechanisms at different levels, including annual meetings of line ministers on trade issues, industrial policy and human rights. Against this background, the Taiwanese representation to the EU explains, “the need for track-1.5 dialogues between the two sides is low”.¹⁵

The more political aspects of EU-Taiwan relations are handled by the European Parliament’s Taiwan Friendship Group.

The density of contacts outlined above can be explained by the interests of the three sides involved. The PRC has close economic ties with both Taiwan and the EU and thus benefits from European-Taiwanese exchange. Nevertheless, the situation is politically

13 See Daniel Steinvorth, “Der Streit zwischen China und Litauen stellt die Einheit der EU auf die Probe”, *Neue Zürcher Zeitung* (online), 15 January 2022, <https://www.nzz.ch/international/der-streit-zwischen-litauen-und-china-stellt-die-einheit-der-eu-auf-die-probe-ld.1664711> (accessed 20 January 2022).

14 See the very positive view in Reinhard Biedermann, “Reimagining Taiwan? The EU’s Foreign Policy and Strategy in Asia”, *European Foreign Affairs Review* 23, no. 3 (2018): 305–25.

15 E-mail information from the Taipei Representative Office in the EU and Belgium dated 23 July 2021 to the author.

always exposed to the risk of distortions. For this reason, EU institutions have long left the more political aspects of EU-Taiwan relations to the Taiwan Friendship Group of the European Parliament (EP). It was established in 1991, at a time when the Kuomintang government on Taiwan was seeking to use the international aftermath of the 1989 Tiananmen massacre to enhance Taiwan's international status — as a “Republic of China” with aspirations to eventually rule all of China. Therefore, Taipei focused its attention in particular on parliamentarians in democratic states who could potentially exert influence on the executive branch.

The EP-Taiwan Group soon became a driving force in the EU, initiating numerous reports and resolutions on Taiwan, and visiting the island repeatedly (this was less the case in the other direction). More recently, it has initiated resolutions calling for Taiwan's participation in international organisations such as the World Health Organization (WHO), the International Civil Aviation Organization (ICAO) and the United Nations Framework Convention on Climate Change (UNFCCC). On the initiative of the group, the EP Foreign Affairs Committee adopted a report on 1 September 2021 calling on the EU to “upgrade” its political relations with Taiwan and rename the “European Economic and Trade Office in Taiwan” the “European Union Office in Taiwan”.¹⁶ Already in 2019, parliamentarians from Germany, the U.K. and France, as well as from the EP Taiwan Group, established a “Formosa Club” in Brussels to make Taiwan's concerns more audible through Europe-wide parliamentary support.¹⁷

¹⁶ See “Chinese Mission Slams European Parliament's Report on Taiwan”, *China Daily Hong Kong* (online), 2 September 2021, <https://www.chinadailyhk.com/article/236393#> Chinese-mission-slams-European-Parliament's-report-on-Taiwan (accessed 4 October 2021).

¹⁷ See the Club's initiative on a “recommendation to the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy on EU-Taiwan political relations and cooperation”, European Parliament, Committee on Foreign Affairs, 2021/2041 (INI), 23 April 2021, https://www.europarl.europa.eu/doceo/document/AFET-PR-691427_EN.pdf (accessed 4 October 2021); see also Ulrich Jochheim, *Stepping Up EU Cooperation with Taiwan*, At a Glance (European Parliamentary Research Service, 13 October 2021), [https://www.europarl.europa.eu/thinktank/en/document.htm?reference=EPRS_ATA\(2021\)698038](https://www.europarl.europa.eu/thinktank/en/document.htm?reference=EPRS_ATA(2021)698038) (accessed 17 October 2021); see finally the report which also argued for the upgrading of EU-Taiwan relations and was discussed with

The economic situation in the EU would be severely affected by a military or even economic conflict between the PRC and Taiwan. In addition, there would be the likely expansion of the conflict through the intervention of the U.S. and its possible request to Europe to support it politically, logistically and/or materially. Therefore, one could assume that questions of **security policy** would be at the forefront of European considerations on the relationship with Taiwan. This is not the case because of the possible consequences for the relationship with the PRC, at least not publicly. Thus, the issue is largely left out of Brussels' accounts of relations with Taiwan.¹⁸

Economy

In 2020, 12.7% (US\$43.9 billion) of Taiwan's exports went to the EU and the U.K., 10.8% (US\$31.1 billion) of Taiwan's imports came from the EU and the U.K.; moreover, the EU is the most important foreign investor in Taiwan with a share of 25.7%.¹⁹ Against this backdrop, both sides have been seeking to conclude a bilateral investment agreement since 2015 — although the time that has passed since then is an indication of how difficult the EU is finding it to take such a step, which would certainly result in sharp reactions from Beijing.²⁰

positive resonance in the EP: European Parliament, Committee on Foreign Affairs, *Report on a European Parliament Recommendation to the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy on EU-Taiwan Political Relations and Cooperation*, 9 September 2021, https://www.europarl.europa.eu/doceo/document/A-9-2021-0265_EN.pdf (accessed 17 October 2021).

¹⁸ European Economic and Trade Office in Taiwan, “Taiwan and the EU”, 17 May 2016, https://eeas.europa.eu/delegations/taiwan_en/2000/Taiwan%20and%20the%20EU (accessed 4 October 2021).

¹⁹ See Figures 1 (p. 18) and 2 (p. 19) in the contribution of Hanns Günther Hilpert in this research paper; see also European Commission, “Countries and Regions: Taiwan”, <https://bit.ly/37kLAXqTaiwan> (accessed 23 March 2022) and Taipei Representative Office in the EU and Belgium, “Trade Statistics”, https://www.roc-taiwan.org/be_en/search/?query=trade+statistics&x=0&y=0 (accessed 4 April 2022).

²⁰ See Samson Ellis and Cindy Wang, “European Lawmakers Seek to Upgrade Ties with Taiwan”, *Bloomberg* (online), 2 September 2021, <https://www.bloomberg.com/news/articles/2021-09-02/european-lawmakers-seek-to-upgrade-ties-with-taiwan>; see Pascal Kerneis, Philipp Lamprecht and Patrick Messerlin, *The Case for a Deep and Comprehensive Bilateral Investment Agreement* (European Services

The Taiwanese semiconductor industry is presently the world leader. While Taiwan wants to minimise its dependence on cooperation with companies in the People's Republic, European companies hope to solve the problems they face in the medium term due to the global chip shortage by cooperating with Taiwanese ones. This is why the EU is currently considering promoting the construction of a semiconductor factory in Europe, probably in cooperation with Taiwan's TSMC.²¹ Taiwanese producers in the ICT sector have already established industrial clusters in EU member states such as the Czech Republic. Taiwan's Global Wafers Co, the world's third largest supplier of silicon wafers, announced in March 2021 that it would invest €4.35 billion to acquire a 70.27% stake in Germany's Siltronic AG. This would double Global Wafers' production and make it the second largest wafer manufacturer in the world. Such companies usually invest not only in Europe but also in the U.S. and the PRC at the same time, driving international integration in the ICT sector.

Arms exports, which Taiwan often sends requests for, are naturally attractive for Europe's economy, but difficult to fulfil due to the political situation; however, there are often exceptions, especially for dual-use goods.²²

Culture and science

With Taiwan's economic development and the liberalisation of the country since the 1990s, cultural exchange has expanded from the classical China-related field to numerous, primarily technology-

driven fields. In 2013, for example, the EU selected Taiwan as one of 12 target countries with whom to expand cooperation in the ICT sector. As of December 2020, Taiwanese researchers have participated in 81 international programmes of the European Research Council, concerning topics such as the development of 5G technology.²³

In more traditional areas, the Taiwanese Ministry of Education offers annual trips to learn about Chinese culture and language, as well as scholarship programmes for European students and scholars. The Taiwanese Ministry of Foreign Affairs has launched a Taiwan-Europe Connectivity Scholarship Program to intensify academic cooperation through partnerships between universities and schools. Last but not least, the Taiwanese government has initiated working holiday programmes in which 11 EU countries participate. The EU has organised the Taiwan European Film Festival (TEFF) since 2005 and has been represented at the Taipei International Book Exhibition (TIBE), one of the largest book fairs in Asia, since 2013. Finally, the European Education Fair Taiwan (EEFT) is an initiative to make young Taiwanese aware of educational opportunities in Europe.

Germany as Taiwan's partner

Politics

The Federal Republic of Germany has never had official relations with the "Republic of China" after Chiang Kai-shek fled to Taiwan.²⁴ Nevertheless, a

Forum, November 2016), <http://www.esf.be/new/wp-content/uploads/2016/11/ESF-Report-Taiwan-EU-Economic-Relations-Components-of-a-trade-investment-agreement-Final.pdf>; see also Office of the President, Republic of China (Taiwan), "President Tsai Attends EU Investment Forum 2020", press release, 22 September 2020, <https://english.president.gov.tw/NEWS/6045> (all accessed 4 October 2021); see also Pasha L. Hsieh, "Rethinking Non-Recognition: The EU's Investment Agreement with Taiwan under the One-China Policy", *Leiden Journal of International Law* 33, no. 3 (2020): 689–712.

²¹ On TSMC, see the comments in the contribution of Hanns Günther Hilpert in this research paper, pp. 21ff.

²² See Eleanor Albert, "Is Taiwan Looking to Diversify Its Defense Partnerships?" *The Diplomat* (online), 20 May 2020, <https://thediplomat.com/2020/05/is-taiwan-looking-to-diversify-its-defense-partnerships/> (accessed 4 October 2021) as well as the passage on politics in the chapter "France as Taiwan's Partner" in this contribution.

²³ The European Research Council does not separately identify cooperation with Taiwan in its annual reports. Source: Communication from the Taipei Representation in Brussels of 23 July 2021 to the author.

²⁴ See Mechthild Leutner and Tim Trampedach, eds., *Bundesrepublik Deutschland und China 1949 bis 1995* (Berlin, 1995), 41–43. On the other hand, the Federal Republic of Germany never made a written statement on Taiwan being a part of the People's Republic of China – in 1972 a compromise between the West German claim to West Berlin and the Chinese claim to Taiwan was arrived at; see Christoph Neßhöver, *Die Chinapolitik Deutschlands und Frankreichs zwischen Außenwirtschaftsförderung und Menschenrechtsorientierung (1989 bis 1997). Auf der Suche nach Balance*, *Mitteilungen des Instituts für Asienkunde*, vol. 302 (Hamburg: Institut für Asienkunde, 1999), 41–44; see also Wang Shu, *Maos Mann in Bonn. Vom Journalisten zum Botschafter* (Frankfurt: Societäts-Verlag, 2002), 131.

number of components of bilateral exchange have developed: since 1956, the Federal Republic has been represented by economic or cultural offices under various names (which were intended to avoid the suspicion that they were “official” bodies, which could have meant some kind of diplomatic recognition). Finally, in 2000, the name “Deutsches Institut Taipei” was chosen, which is now officially called “the official representation of Germany in Taiwan”. In addition, there is the Goethe-Institut Taipei, the German Business Office and an office of Germany Trade and Invest (GTAI), an information centre of the German Academic Exchange Service (DAAD) and the German School Taipei as part of the Taipei European School.

Conversely, Taiwan maintains unofficial representations in Berlin (established in 1956 as the “Freichina Information Service”, or today – also after several name changes – the “Taipei Representation in the Federal Republic of Germany”), Hamburg, Munich and Frankfurt, as well as a “Scientific Affairs Advisor” in Bonn. With these regional representations, “official” Taiwan is more strongly represented in Germany than elsewhere in Europe. However, the EU principle of avoiding any exchange at the level of the highest state representatives in the case of Germany in addition to the aforementioned five state representatives the President of the German Bundestag and the head of the Supreme Court.

This development is driven by mutual economic interests, but also supported by political proximity since the beginning of Taiwan’s democratisation in the 1980s. It is reflected, among other things, in the large number of consultation forums, some of which are at the ministerial level. The close exchange also has an impact on the political statements of the federal government. On 21 January 2019, for example, Foreign Minister Heiko Maas stated in a response to a parliamentary question on Xi Jinping’s 1 January 2019 speech “addressed to compatriots in Taiwan” that the German government continues to reject the threat of violence against Taiwan. Furthermore, the Federal Foreign Office supports Taiwan’s participation in international organisations such as the ICAO and the UNFCCC, as well as in the World Health Assembly (WHA), initially as an “observer”. This means that at the same time the German government continues to make every effort not to give Beijing any reason to

claim that Germany supports Taiwanese efforts for independence.²⁵

In view of this level of quality of official relations, the “Parliamentary Group of Friends Berlin-Taipei” in the German Bundestag, which was founded in 1989, only plays an accompanying role, but tries to promote the development of closer relations. For example, during the COVID-19 pandemic, the Parliamentary Group initiated a donation of Taiwanese medical masks to Germany and supported Taiwan’s efforts to have the vaccine developed by BioNTech/Pfizer delivered via a route other than the PRC (as the manufacturer had intended). Since 1957, the German-Taiwanese Society (founded in 1957 as the “German-Chinese Society”) has stood alongside the Parliamentary Group as a civil society institution that “advocates the maintenance, cultivation and strengthening of the multifaceted relations between Germany and Taiwan”, and a “Taiwan policy corresponding to today’s requirements”.²⁶

Cooperation is limited, however, in **security policy**. Over the decades, the German government has refused to supply arms to Taiwan (or to the PRC).²⁷ German armed forces are also barely visible in the region: it took almost two decades before the German government decided to send a frigate to the Indo-Pacific once again in 2021. There, the *Bayern* took part in exercises with Australia, Singapore, Japan and the U.S. and

25 See Friederike Böge, “Keine Glückwünsche für die Präsidentin”, *Frankfurter Allgemeine Zeitung* (online), 15 January 2020, <https://www.faz.net/aktuell/politik/ausland/bundesregierung-und-taiwan-keine-glueckwuensche-aus-berlin-16581098.html>; Didi Kirsten Tatlow, *First Hong Kong, Then Taiwan. How Democracy Is Moving In on China*, DGAP Commentary 1/2020 (Berlin: German Council on Foreign Relations [DGAP], January 2020), <https://dgap.org/de/node/33333> (both accessed 6 October 2021).

26 See Deutsch-Taiwanische Gesellschaft e.V., “Die Deutsch-Taiwanische Gesellschaft”, <https://www.deutsch-taiwanische-gesellschaft.de/> (accessed 6 October 2021).

27 The last time submarine deliveries were rejected was in 2001, see “Keine deutschen U-Boote”, *Frankfurter Allgemeine Zeitung* (online), 25 April 2001, <https://www.faz.net/aktuell/politik/taiwan-keine-deutschen-u-boote-123876.html> (accessed 6 October 2021); see also the case of a French satellite delivery in 1999: “Matra-Marconi Wins Taiwan RocSat-2 after Germany Refuses Export License”, *Space Daily* (online), 25 October 1999, <https://www.spacedaily.com/news/taiwan-99a.html> (accessed 6 October 2021). With regard to the PRC, there have been occasional questions about the dual-use usability of certain deliveries.

“sent a signal for free sea routes and the observance of international law”.²⁸

Economy

Germany is Taiwan’s largest trading partner in Europe. In 2021, Taiwan exported goods worth US\$8.17 billion (an increase of 27.49% over the previous year) to Germany, while it imported goods worth a total of US\$12.5 billion from Germany. In 2020, Taiwan ranked 30th among Germany’s most important sales markets, while Germany ranked 36th as a market for Taiwan.²⁹

The quality of German-Taiwanese economic relations is evidenced by the volume of trade, bilateral agreements and forums.

The quality of economic relations can also be gauged from the large number of bilateral agreements: for example, a double taxation agreement and an extradition agreement were signed recently, as well as an agreement to combat fraud in the service sector and one each on cooperation in energy issues, autonomous driving and cooperation in financial supervision. In addition, there are joint forums to encourage companies from both sides to jointly develop innovative products, services or industries, such as the “Taiwan-Germany Smart Manufacturing Forum”, the “Taiwan-Germany Energy Transforma-

tion Forum”, a German-Taiwanese call for joint research and development projects by medium-sized companies³⁰ and a forum for smart manufacturing and system integration.

Culture and science

Cultural relations also increasingly encompass areas driven by economic interests. At the same time, Taiwan’s attractiveness for students and academics has increased because access to institutions in the PRC has been made more difficult by Xi Jinping’s policies. In 2020, there were 3,155 students from Taiwan in Germany and 1,062 students from Germany in Taiwan. The TOCFL (Test of Chinese as a Foreign Language) is held annually in Berlin, Düsseldorf, Munich and Stuttgart, with about 100 applicants per year. In addition, the Taiwanese Ministry of Education sends Chinese-speaking teachers to German universities, currently to the Free University of Berlin and the Humboldt University of Berlin, as well as to Heidelberg, Göttingen, Tübingen, Münster, Trier and Regensburg. Last but not least, it maintains so-called Taiwan Studies Centres, which are partly financed by foundations (for example at the University of Tübingen).

France as Taiwan’s partner

Politics

The path of French Taiwan policy was initially marked by peculiarities. President Charles de Gaulle, for example, established diplomatic relations with the PRC as early as 1964, against U.S. entreaties. He thus secured France a privileged status in Beijing’s assessment of its Western partners. Later efforts to establish relations with Taiwan were not only based on the growing economic importance of the island, but — under President François Mitterrand with a strong human rights orientation — were also linked to the Tiananmen events and the incipient democratisation of Taiwan. Unlike the other European countries, France did not refer to Taiwan as part of “China” but of the “People’s Republic of China”. Nevertheless,

²⁸ See Bundeswehr, “Indo-Pacific: Die ‘Bayern’ auf diplomatischer Mission”, 29 July 2021, <https://www.bundeswehr.de/de/organisation/marine/aktuelles/indo-pazifik-fregatte-bayern-diplomatische-mission-5204746>; see also Auswärtiges Amt, “Umsetzung der Indo-Pazifik-Leitlinien: Abfahrt der Fregatte ‘Bayern’”, 2 August 2021, <https://www.auswaertiges-amt.de/de/aussenpolitik/fregatte-bayern/2473402>; Arnaud Boehmann, “Why Is Germany Sending a Frigate through the South China Sea?” *South China Morning Post* (online), 25 April 2021, <https://www.scmp.com/week-asia/opinion/article/3130854/why-germany-sending-frigate-through-south-china-sea> (all accessed 6 October 2021).

²⁹ See Alexander Hirschle, “Made in Germany ist weiterhin gut positioniert”, *Germany Trade & Invest (GTAI)*, 3 February 2022, <https://www.gtai.de/trade/taiwan/wirtschaftsumfeld/made-in-germany-ist-weiterhin-gut-positioniert-778142> (accessed 23 March 2022) and Taipeh-Vertretung in der Bundesrepublik Deutschland, “Die Beziehungen zwischen Taiwan und Deutschland”, <https://bit.ly/3LEH3y4Taiwan> (accessed 31 March 2022).

³⁰ See Kooperation international, “ZIM — Vierte Deutsch-Taiwanische Ausschreibung für gemeinsame Forschungs- und Entwicklungsprojekte mittelständischer Unternehmen”, 18 February 2021, <https://bit.ly/3R4C3G8ZIMAusschreibung> (accessed 6 October 2021).

Paris soon received Taiwanese orders for its arms industry – probably an expression of the then still intense competition between both parts of China for closer ties with European states. These in turn led to “penalties” from Beijing, which Paris in turn sought to neutralise through arms deliveries to the PRC.³¹

With the establishment of an unofficial representation of France in Taiwan in 1995 and a “Bureau de représentation de Taipei en France”, the status of French-Taiwanese relations had finally reached that of most other EU states. Most recently, a delegation from the French Senate visited Taiwan in October 2021, led by a former defence minister.³²

However, the area of **security policy remains** where France’s policy differs from that of the other EU states. For instance, in its *Indo-Pacific Strategy* of July 2021, France sees itself as a “country of the Indo-Pacific”.³³ Moreover, France is the only EU state to repeatedly send warships into the South China Sea and thus into Taiwan’s immediate neighbourhood, where a French ship also dropped anchor in 2021.³⁴

In February 2021, a nuclear-powered French submarine passed through the South China Sea,³⁵ and in the same year, French ships took part in a series of different manoeuvres between Northeast and Southeast Asia together with U.S., Japanese, South Korean, Australian, New Zealand and UK ships. France is thus the only country in the EU that regularly sends military signals to express opposition to China’s advance in the Pacific (and receives sharp criticism from Beijing in return).³⁶

Economy

According to Taiwanese statistics, bilateral trade between France and Taiwan totalled US\$4.25 billion in 2020, of which US\$1.28 billion were exports to France and US\$2.97 billion imports to Taiwan, leaving a Taiwanese trade deficit of US\$1.69 billion. Overall, as a result of the pandemic, bilateral trade between France and Taiwan shrank by 7.5% in 2020.³⁷

31 Jean-Pierre Cabestan speaks of French “shopkeeper diplomacy”. We will not describe here the fascinating “dance on eggshells” between Paris, Taipei and Beijing, which was underpinned by extensive orders to the French arms industry and substantial bribes; but see Jean-Pierre Cabestan, *France’s Taiwan Policy: A Case of Shopkeeper Diplomacy* (Paris: SciencesPo Centre de Recherches Internationales, July 2001), <https://www.sciencespo.fr/ceiril/fr/content/frances-taiwan-policy-case-shopkeeper-diplomacy> (accessed 6 October 2021); see also “Matra-Marconi Wins Taiwan RocSat-2” (see note 27).

32 See “Quatre sénateurs français en visite à Taïwan malgré les ‘menaces’ de la Chine”, *Le Figaro* (online), 6 October 2021, <https://www.lefigaro.fr/flash-actu/quatre-senateurs-francais-en-visite-a-taiwan-malgre-les-menaces-de-la-chine-20211006>; see also Barthélémy Courmont in an interview with Hugues Maillot, “Pourquoi la Chine est-elle si hostile à la visite de sénateurs français à Taïwan” (Paris: Institut de Relations Internationales et Stratégiques, 6 October 2021), <https://www.iris-france.org/161224-pourquoi-la-chine-est-elle-si-hostile-a-la-visite-de-senateurs-francais-a-taiwan/> (both accessed 12 October 2021).

33 See Ministère de l’Europe et des Affaires étrangères, *La stratégie de la France dans l’Indopacifique* (Paris, July 2021), <https://www.elysee.fr/admin/upload/default/0001/10/c3852600ccbecbcb2fa05ecf147fa307a79ac17.pdf> (accessed 23 March 2022).

34 See the somewhat contradictory reports “Coast Guard Denies Report of French Warship Anchoring off Taiwan”, *GlobalSecurity.org* (online), 12 August 2021, <https://www.globalsecurity.org/wmd/library/news/taiwan/2021/taiwan-210812-cna02.htm>, and “Navire de guerre français confirmé

ancré au large de la côte ouest de Taïwan. Nouvelles de Taïwan”, *The Press Free* (online), 13 August 2021, <https://thepressfree.com/navire-de-guerre-francais-confirme-ancree-au-large-de-la-cote-ouest-de-taiwan-nouvelles-de-taiwan/> (both accessed 20 October 2021); also “Taiwan Confirms Anchoring of French Warship off its West Coast”, *Focus Taiwan CNA English News*, 12 August 2021, <https://bit.ly/3RnyQ42> FrenchWarshipOff (accessed 6 October 2021).

35 See Sébastien Seibt, “France Wades into the South China Sea with a Nuclear Attack Submarine”, *France24* (online), 12 February 2021, <https://www.france24.com/en/france/20210212-france-wades-into-the-south-china-sea-with-a-nuclear-attack-submarine>; see also earlier similar incidents: “France Challenges Beijing in South China Sea”, *The Straits Times* (online), 12 June 2018, <https://www.straitstimes.com/world/europe/france-challenges-beijing-in-south-china-sea>; Idrees Ali and Phil Stewart, “Exclusive: In Rare Move, French Warship Passes through Taiwan Strait”, *Reuters* (online), 24 April 2019, <https://www.reuters.com/article/us-taiwan-france-warship-exclusive-idUSKCN1S027E> (all accessed 6 October 2021).

36 See Rachel Zhang, “South China Sea: Why France Is Flexing Its Muscles in the Contested Waters”, *South China Morning Post* (online), 28 February 2021, <https://www.scmp.com/news/china/diplomacy/article/3123342/south-china-sea-why-france-flexing-its-muscles-contested> (accessed 6 October 2021).

37 See Bureau Français de Taipei, “Relations économiques et commerciales”, 27 July 2021, <https://france-taipei.org/Relations-economiques-et-commerciales> (accessed 28 October 2021); supplemented by a communication of 2 July 2021 from the Taipei representation in Paris to the author.

Culture and science

Traditional cultural exchanges between France and Taiwan are complemented by research in science and technology (often driven by economic objectives). The Taiwan Cultural Centre in France has organised more than 30 artistic and cultural events annually over the past decade, with around 1,000 performances and around 600,000 visitors in 2019. The French-Taiwanese Cultural Prize is awarded to French citizens who are committed to cultural exchange with Taiwan. The framework for Taiwanese-French cooperation in science and technology is provided by bilateral research cooperation agreements involving, on the French side, the National Research Agency, the Academy of Sciences and the Institut de France.

Great Britain as Taiwan's partner

Politics

In consideration of the precarious situation of its colony Hong Kong, Great Britain established diplomatic relations with the newly founded PRC as early as 1950, but continued to maintain a consular representation in Taipei. Since 1992, there has been a "Taipei Representative Office in the UK" in London (and in the meantime a representation in Edinburgh) and since 2015 a "British Office Taipei" in Taiwan. There are but a few institutionalised forums with government participation: annual bilateral trade talks and forums on renewable energy, railways, smart cities and agriculture. The British-Taiwanese All-Party Parliamentary Group is primarily dedicated to the exchange of visitors and, with 140 members, is one of the largest groups of its kind in the UK parliament.

Despite the consideration for Beijing, the U.K. attaches importance to its traditionally global role in questions of **security policy**. Therefore, it frequently conducts "Freedom of Navigation Operations" in the South China Sea in coordination with the U.S. and in this way more than symbolically supports the position of the U.S. on security questions in the region, which is closely linked to the issue of the PRC's threat to Taiwan.³⁸ In July 2021, London deployed its aircraft carrier *HMS Queen Elizabeth* with an escort fleet to the South China Sea, which also moved in the waters around Taiwan and took part in the multilateral

³⁸ See the remarks the introduction.

manoeuvres mentioned above.³⁹ As the U.K. co-founded the AUKUS military alliance in September 2021, it could potentially play a greater security role with regard to Taiwan in the future, prompted by America's regional China strategies.⁴⁰

Economy

According to Taiwanese statistics⁴¹, Taiwan's exports to the U.K. reached a value of US\$4.8 billion in 2021 and its imports from there – US\$1.88 billion. This made the U.K. Taiwan's third most important trading partner in Europe, while Taiwan was the U.K.'s tenth most important trading partner in Asia. Taiwanese companies had invested a total of US\$3.24 billion in 222 companies in the U.K. up to and including 2021. Reflecting the importance of London as a financial centre, five Taiwanese banks have a presence in the

³⁹ See above in the passage on France's security policy, pp. 80; see also George Allison, "British Aircraft Carrier Ignores Chinese Warnings and Enters South China Sea", *UK Defence Journal* (online), 27 July 2021, <https://ukdefencejournal.org.uk/british-aircraft-carrier-ignores-chinese-warnings-and-enters-south-china-sea/>; see also the analysis of the wider context in Li Jianwei and Ramses Amer, "British Naval Activities in the South China Sea: A Double-Edged Sword?" (Stockholm: Institute for Security & Development Policy, April 2019), <https://isdsp.se/publication/british-navy-south-china-sea/>; Teddy Ng, "British Navy Vessel Passes through Taiwan Strait", *South China Morning Post* (online), 7 December 2019, <https://www.scmp.com/news/china/diplomacy/article/3041076/british-navy-vessel-passes-through-taiwan-strait>; Lauren Lewis, "Too Scared to Offend China: Royal Navy's New Aircraft Carrier 'Will Avoid the Taiwan Strait on Maiden Voyage through South China Sea to Avoid Provoking Beijing'", *Mail Online*, 15 April 2021, <https://www.dailymail.co.uk/news/article-9473637/Too-scared-offend-China-Royal-Navys-new-carrier-avoid-Taiwan-Strait-maiden-voyage.html> (all accessed 6 October 2021).

⁴⁰ The trilateral military alliance AUKUS (acronym from the abbreviations of the participating states Australia, United Kingdom and United States) was concluded in mid-September 2021 on the US initiative between Australia, the United Kingdom and the United States to strengthen the coordination of security cooperation between the three partners in the Pacific. See Patrick Wintour, "What Is the Aukus Alliance and What are Its Implications?" *The Guardian* (online), 16 September 2021, <https://www.theguardian.com/politics/2021/sep/16/what-is-the-aukus-alliance-and-what-are-its-implications> (accessed 29 October 2021).

⁴¹ See Taipei Representative Office in the UK, "Taiwan-UK Relations", https://roc-taiwan.org/uk_en/post/39.html (accessed 28 March 2022).

U.K.; two UK banks have branches in Taiwan. In addition, the U.K. and Taiwan concluded a double taxation agreement on 23 December 2021.

Culture and science

As for many young people around the world, the UK education system is highly attractive to Taiwanese. For Taiwanese university students, the U.K. is the fourth most popular destination after the U.S., Australia and Japan; in 2019/2020, 4,185 Taiwanese students were enrolled in UK universities. On the other hand, by awarding scholarships and cooperating with the University of Cambridge, the Taiwanese Ministry of Education is working to strengthen Taiwan's role for prospective British students of China studies.

Moreover, interest is strong within civil society, especially on the British side. Taiwanese author Wu Ming-yi was longlisted for the Man Booker International Prize in 2018 for his book *The Stolen Bicycle*, and the Cloud Gate Dance Theatre of Taiwan was named Outstanding Company at the 19th National Dance Awards 2019. Also in 2019, British choreographers Hofesh Shechter and Akram Khan were invited to perform in Taiwan.

In the U.K., cultural exchange also extends to the science and technology sector, with cooperation agreements between Taiwanese ministries and research institutions such as the UK Engineering and Physical Sciences Research Council funding around 40 research projects each year.

Outlook

In the last two years in particular, changes in the attitude of European states towards Taiwan have become apparent. This is largely due to China's new robust and aggressive foreign policy and therefore suggests that the cautious reorientation of the previous European "one-China policy" will continue.⁴²

⁴² See Reinhard Bütikofer, François Godement, Hanns Maull and Volker Stanzel, "Europa muss seine China-Politik ändern", *Handelsblatt* (online), 14 September 2020, <https://www.handelsblatt.com/meinung/gastbeitraege/gastbeitrag-europa-muss-seine-china-politik-aendern/26183372.html>; see also the reflections of Dekkers and Okanos et al. in Brigitte Dekker, *Why the EU Should Pay More Attention to Taiwan. Norms, Technological Supremacy and Elections*, Clingendael Alert/The Hague: Clingendael, January 2020, https://www.clingendael.org/sites/default/files/2020-01/Alert_Why_the_EU_should_

The basis of this long-standing policy was the assumed tacit agreement with Beijing that any unification with Taiwan would be peaceful. However, the basis of this has been shaken by Beijing's threats of violence and the menacing gestures of the Chinese armed forces. Added to this is Beijing's breach of the 1984 British-Chinese agreement on Hong Kong in 2020, which means the de facto end of the "one country, two systems" experiment that Beijing had earlier also offered Taiwan.

The EU and European states have begun to review their previous one-China policy.

Some European states and the EU authorities in Brussels have therefore begun to review their one-China policy. This trend is reinforced by Beijing's problematic handling of the pandemic, especially in the first weeks, and particularly when compared to Taiwan's prudent behaviour.⁴³

There are indications that this review is beginning to have consequences, at least for the rhetoric of European states. For example, on 20 January 2021, the European Parliament expressed concern about China's increasingly provocative military manoeuvres and threatening gestures directed at Taiwan and called on the EU and member states to work with like-minded partners to protect Taiwan. On 21 January 2021, the EP adopted a resolution on cooperation with Taiwan in the field of connectivity to benefit from its exemplary success in addressing the COVID-19 pandemic and to reduce the digital divide in Southeast Asia. Since April 2021, the EU Commission has been working on a strategy for the Indo-Pacific. The EP is keen to see a role for Taiwan in this and supports the goal of an investment agreement with Taiwan.

In May 2021, the foreign ministers of the G7 (which includes Germany, France and the U.K. as well as the

[pay_more_attention_to_Taiwan_January_2020.pdf](#), and in Maaïke Okano-Heijmans, Sander Wit and Frans-Paul van der Putten, *Cross-Strait Relations and Trade Diplomacy in East Asia. Towards Greater EU-Taiwan Economic Cooperation?* Clingendael Report (The Hague: Clingendael, March 2015), <https://www.clingendael.org/publication/towards-greater-eu-taiwan-economic-cooperation> (all accessed 6 October 2021).

⁴³ See, e.g., Klaus Bardenhagen, Stella Peters and Jan Lukas Strozyk, "Was Deutschland von Taiwan lernen kann", *Tagesschau* (online), 21 August 2020, <https://www.tagesschau.de/ausland/corona-taiwan-101.html> (accessed 6 October 2021).

EU) advocated Taiwan's participation in the WHO and the WHA. At the same time, they opposed any unilateral measures that could exacerbate tensions in the Taiwan Strait and undermine regional stability and the international order. In June 2021, the G7 Summit called for a peaceful resolution of the problems between the two sides of the Taiwan Strait.⁴⁴ It was the first time Taiwan was mentioned in a G7 summit communiqué since this group was founded in 1975.

In France, on 6 May 2021, the Senate unanimously adopted, for the first time, a resolution calling for Taiwan's membership in the WHO, Interpol, ICAO and the UNFCCC. On 22 June, the French National Assembly followed with a similar resolution. Paris had already approved the establishment of a second Taiwanese representative office in Aix-en-Provence in autumn 2020.⁴⁵

The U.K. joined Taiwan, the U.S. and Japan in organising an international seminar on building "international resilience to disasters" in March 2021.

Beyond the cautious reshaping of Germany's Asia policy with the *Policy Guidelines for the Indo-Pacific* and Germany's support for observer status for Taiwan in the WHA, Berlin made no gestures on the Taiwan issue until the end of the Merkel government. In its coalition agreement, the new German government reaffirms the principle of a peaceful solution to the Taiwan question and advocates Taiwan's participation in international organisations (the first time ever that such a document mentions the problem of Taiwan).⁴⁶

44 See paragraph 60 in European Council, "2021 G7 Leaders' Communiqué: Our Shared Agenda for Global Action to Build Back Better", press release, Brussels, 13 June 2021, <https://www.consilium.europa.eu/de/press/press-releases/2021/06/13/2021-g7-leaders-communique/>; paragraph 18 in Foreign, Commonwealth & Development Office, *G7 Foreign and Development Ministers' Meeting: Communiqué* (London, 5 May 2021), <https://www.gov.uk/government/publications/g7-foreign-and-development-ministers-meeting-may-2021-communicue/g7-foreign-and-development-ministers-meeting-communicue-london-5-may-2021> (both accessed 6 October 2021).

45 See Dorian Malovic, "La France soutient Taiwan et met la Chine en colère", *La Croix* (online), 27 August 2020, <https://www.la-croix.com/Monde/France-soutient-Taiwan-met-Chine-colere-2020-08-27-1201111007> (accessed 6 October 2021).

46 The coalition agreement of the parties supporting the new federal government of 24 November 2021 states on p. 157: "Eine Veränderung des Status quo in der Straße von Taiwan darf nur friedlich und im gegenseitigen Einvernehmen erfolgen. Im Rahmen der Ein-China-Politik der EU unterstützen wir die sachbezogene Teilnahme des demokra-

Taiwan itself wants to use its initiatives to, for example, "call on the German government to formulate a reasonable 'One Taiwan' policy instead of [...] submitting to the 'One China' policy".⁴⁷ This means above all that Taiwan is seeking to have the ban on visits by its seven highest-ranking state representatives at least partially lifted.

Conclusion: The economic importance of European countries' exchanges with Taiwan is great and continues to grow, mainly in the high-tech sector.⁴⁸ The social and political closeness based on liberal and democratic values continues to increase with the ongoing political changes in Taiwan. However, despite the relevance of these two developments, their practical impact on Taiwan's situation will remain marginal. This is true at least as long as the determining parameters of Taiwan's status do not fundamentally change, i.e. the largely missing international diplomatic recognition, the political, military and economic threat policy of the People's Republic as well as the security dependence on the U.S.⁴⁹

If these parameters change, this would have serious consequences for the European-Taiwanese relationship: a unification of Taiwan with the mainland, regardless of whether it is brought about democratically – for example by a Kuomintang-led government – or by force by the PRC, would downgrade European relations with Taiwan to a part of Europe's relations with the PRC. For Europe, a violent confrontation with China would mean having to opt more or less clearly for one of the two sides (with presumably

tischen Taiwan in internationalen Organisationen." (Translation by the author: "Any change in the status quo in the Taiwan Strait must be peaceful and mutually agreed. Within the framework of the EU's one-China policy, we support the relevant participation of democratic Taiwan in international organisations...") From: *Mehr Fortschritt wagen. Bündnis für Freiheit, Gerechtigkeit und Nachhaltigkeit. Koalitionsvertrag 2021–2025 zwischen der Sozialdemokratischen Partei Deutschlands (SPD), Bündnis 90/Die Grünen und den Freien Demokraten (FDP)* 24 November 2021, <https://www.bundesregierung.de/resource/blob/974430/1990812/04221173eef9a6720059cc353d759a2b/2021-12-10-koav2021-data.pdf?download=1> (accessed 20 January 2022).

47 Letter from the Taiwan Representative Office in Germany to the author dated 17 May 2021.

48 See Michael Reilly, "A New Westbound Policy? The Case for Increasing EU-Taiwan Engagement", in *Taiwan's Economic and Diplomatic Challenges and Opportunities*, ed. Mariah Thornton, Robert Ash and David Fell (London: Routledge, 2021; e-book, chapter 8).

49 See the remarks the introduction.

the U.S. on Taiwan's side) — and there is little doubt which side Europe would be on. This would have corresponding consequences for Europe's role in the Indo-Pacific region as a whole and its relationship with the PRC in particular. Finally, a democratisation of China would give Taiwan — the only democratic Chinese society to date — a role in the further development of the mainland. Here, Europe would presumably provide significant support to Taiwan in building rule-of-law institutions and civil society in China.

Russia's invasion of Ukraine has brought home not only to the Taiwanese themselves, but also to many Europeans, how precarious the island's situation is and that it could be endangered by the PRC's belligerent measures. The discussion about whether Taiwan could become the "Ukraine of China" at some point in the future and how Europe should then act is now not only relevant, but increasingly urgent.⁵⁰

⁵⁰ See for instance Bill Bostock, "Heute die Ukraine, morgen Taiwan' — Warum China die Sanktionen des Westens gegen Russland so genau beobachtet, laut Experten", *Business Insider* (online), 18 March 2022, <https://www.businessinsider.de/politik/heute-ukraine-morgen-taiwan-china-beobachtet-sanktionen-gegen-russland-genau/>, or Maximilian Kalkhof, "Amerikas brillanter Taiwan-Schachzug", *Welt* (online), 15 March 2022, <https://www.welt.de/politik/ausland/plus/237468951/Chinas-Ukraine-Amerikas-brillanter-Taiwan-Schachzug.html> (both accessed 23 March 2022).

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Conclusions and Recommendations

This research paper examined the Taiwan policies of the U.S., Japan, Singapore, South Korea, Australia, India, the EU and selected European countries, revealing many similarities, but also significant differences and some remarkable peculiarities as outlined below.

Commonalities

The most important common feature is that all countries examined here have committed themselves to a one-China policy. This means that they diplomatically recognise the People's Republic of China (PRC) as the legitimate representation of China and therefore cannot maintain formal diplomatic relations with the Republic of China (ROC), i.e. Taiwan. Nevertheless, informal relations in the areas of politics, economics, society, science and culture are possible. Informal relations are pursued, institutionally, not through governments and embassies, but rather bilateral representations under the guise of an array of imaginative names. In the case of Germany, for example, these are the German Institute Taipei and the "Taipeh Vertretung in der Bundesrepublik Deutschland". These unofficial missions not only promote exchanges in trade, business, culture and science, but they also represent *de facto* political and other interests in the host country and assume real diplomatic, especially consular, tasks. Furthermore, these representative offices act on behalf of governments as contracting parties to intergovernmental agreements. Political contacts at the highest political level, on the other hand, are carefully avoided. At best, ministers who are responsible for an economic or technical portfolio travel to Taiwan.

Complementary to the executive level, the national parliaments of the countries studied (with the exception of Singapore) have also established relations with the Taiwanese parliament, the Legislative Yuan. In many cases, the parliamentarians and parliamentary groups that are sympathetic towards Taiwan have

served as driving forces for more intensive bilateral relations.

All of the countries studied maintain mutually beneficial, and quite substantial economic relations. And although these are nowhere near the level of trade and investment exchanges with the PRC, they are all considered important and expandable. In fact, Taiwan's share in the foreign trade of the countries studied has tended to increase slightly from the middle of the last decade, after having declined in the previous decade. Due to Taiwan's leading global position in the manufacturing of semiconductors, all the countries studied are somewhat dependent on the island for their supplies. In order to expand trade and economic relations as well as to advance economic and technical cooperation, all of the countries studied have concluded bilateral agreements of various kinds with Taiwan.

Another common feature is the cultural and scientific exchange that all the countries studied pursue with Taiwan. However, there are differences in terms of content and intensity.

Differences

Major differences in the Taiwan policies of the countries studied can be found in the areas of foreign and security policy, as well as in foreign economic relations.

In view of Beijing's robust claim to reunification, the U.S.'s promise of protection — albeit ambiguously formulated, open to interpretation and certainly not unconditional — is central to the *de facto* independence and territorial defence of the island. In the event of a confrontation between the PRC and Taiwan, the most that the U.S. could expect is military and logistical support from geographically neighbouring Japan, although Tokyo is keeping all its options open. When French and British warships cross the Taiwan Strait, it can be seen as symbolic backing for Taiwan, while at the same time signaling to Beijing that these

are international waters. The other states examined here share the view that the status quo in the Taiwan Strait is a prerequisite for maintaining peace in the region. However, some distinct nuances are discernible. South Korea, Singapore and India strictly reject taking sides and recognise the sovereign rights of the PRC over Taiwan without any ifs and buts. As far as Australia is concerned, its then Foreign Minister Alexander Downer was still of the opinion in 2004 that the Australia, New Zealand, United States Security Treaty (ANZUS) did not apply to Taiwan. This position was qualified in November 2021 by the then Defence Minister Peter Dutton and Foreign Minister Marise Payne, referring to Australia's alliance obligations to the U.S.¹ Taiwanese observers also expressed the hope that the trilateral security pact AUKUS (Australia, the United Kingdom, and the U.S.) would enable Australian nuclear submarines to contribute to deterring China.²

The U.S. is the only country that directly supports Taiwan's national defence both through arms exports and through education and training measures. In addition, due to its limited land area, Singapore conducts annual military training programmes on Taiwan's territory and in cooperation with Taiwan's army. Two European countries (France, the Netherlands) have refrained from delivering arms to Taiwan for more than two decades. France, however, has signalled its willingness to support Taiwan within the framework of existing treaties in retrofitting the frigates it delivered to the island in the early 1990s.

The U.S. and Japan are the most vehement foreign policy advocates of Taiwan's right to exist below the threshold of state sovereignty. Moreover, in recent years they have most emphatically strengthened their commitment to Taiwan at the political, economic and civil society levels. In doing so, they accept the negative effects this has on their bilateral relations with the PRC.

¹ See Anthony Galloway, "Marise Payne Says 'Every Action' Needs to Be Taken to Prevent War over Taiwan", *The Sydney Morning Herald* (online), 18 November 2021, <https://www.smh.com.au/politics/federal/marise-payne-says-every-action-needs-to-be-taken-to-prevent-war-over-taiwan-20211117-p599mp.html> (accessed 3 February 2022).

² See Katherine Wei, "Aukus Pact to Benefit Taiwan in US-China Power Struggle: Experts", *The Straits Times* (online), 30 September 2021, <https://www.straitstimes.com/asia/east-asia/aukus-pact-to-benefit-taiwan-in-us-china-power-struggle-experts> (accessed 10 November 2021).

The Asian neighbours South Korea, Singapore and India are clearly more reserved. Australia and some EU member states, on the other hand, have realised that a stronger commitment to Taiwan is politically necessary in view of Beijing's threatening military gestures, and they are expressing their views accordingly.

The U.S. and Japan in particular are taking active steps to support and engage Taiwan internationally, with some states joining such measures and others rejecting them.

- Support for Taiwan's efforts to gain (functional) membership or observer status in international organisations is official policy of the U.S., Japan, the EU, the European G7 members as well as Australia, but not of India, Singapore and South Korea.
- Japan since 2019 and Australia since 2021 have participated as partner countries in the Global Cooperation and Training Framework (GCTF), an initiative launched by the U.S. and Taiwan in 2015 to enable exchanges on global issues with Taiwanese experts. Singapore, South Korea and European countries such as the United Kingdom, the Netherlands, Sweden and Slovakia have participated in the GCTF initiative as host nations. Other countries, including European ones, have sent participants to exchanges under this framework.

There are striking differences in the nature of economic relations with Taiwan, depending on geographic proximity, foreign trade profiles and political commitment.³

Taiwan's trade intensity with Japan, South Korea, Singapore, India and Australia is above-average, if the island's share in global trade is taken as a yardstick. In particular, electronic components dominates both Taiwan's exports and imports with Japan, South Korea and Singapore. Australia and India, on the other hand, are mainly important suppliers of raw materials and fuel for Taiwan.

Measured against Taiwan's share in global trade, the US trade relations with the island are only average, yet still higher than that of European countries. Taiwan's trade with the U.S. and Europe is broadly diversified across practically all industrial sectors. Taiwan's shipments of electronic components play an important, but not dominant role with import shares of 23.8% (U.S.) and 13% (EU 27).

³ For numerical data, see United Nations Conference on Trade and Development (UNCTAD), "UNCTADstat", <https://unctad.org/statistics>.

Among foreign investors in Taiwan, the traditional industrialised countries lead the way, with the EU holding the biggest share (25.7%), followed by the U.S. (13%) and Japan (12.4%), while those of Singapore, South Korea, India and Australia remain marginal. However, Asian companies of different provenance use offshore financial centres such as Hong Kong or British overseas territories in the Caribbean as hubs for investment in Taiwan. Conversely, Taiwanese companies invest mainly in the PRC (55%) and the ASEAN region (11.5%).

The range of agreements that Taiwan has concluded with the countries studied here is broad and diverse. First and foremost, Singapore, the U.S. and Japan have formalised their relations with Taiwan in the areas economy, technology and law:

- Singapore is the only country examined here to have signed a free trade agreement (FTA) with Taiwan. It not only provides for the dismantling of tariffs, but also includes the liberalisation of investment and services trade as well as various sectoral chapters, for example on industrial property protection. Taiwan's hopes for FTAs with other partners (Australia, some ASEAN countries, the EU, the U.S., Japan) have not materialised, with deliberations either discontinued or failing to reach a conclusion.
- The U.S. concluded a framework agreement with Taiwan back in 1994 to promote trade, investment and economic relations. Efforts are being made to modernise this agreement or even to expand it into an FTA. However, this has been met with resistance on both sides, especially from domestic constituencies. Whether the launch of new bilateral talks in June 2022 to negotiate agreements on trade standards and practices and to promote bilateral trade will bear fruit remains to be seen.
- Japan has agreed on several far-reaching agreements with Taiwan, including a fisheries agreement that defuses the bilateral territorial conflict, an open skies agreement and a modern investment agreement. In addition, there are various agreements on legal, technical and economic cooperation. Japan, for its part, sees little urgency in tariff liberalisation, given the already low level of customs protection and sensitivities in the area of agricultural trade on both sides.
- The other states examined have concluded various agreements with Taiwan for specific areas of cooperation based on international or civil law. There are agreements on investment protection (India), air transport (South Korea), double taxation (Ger-

many, India), intellectual property rights and competition law (Australia, Germany, South Korea) and customs clearance (Australia, India). In addition, there are numerous agreements on industrial, financial and agricultural cooperation. The U.S., the EU, Japan, South Korea and Singapore have reciprocally agreed with Taiwan on visa-free entry for tourists, while India grants visa facilitation to Taiwanese citizens. Visa agreements are of enormous importance to Taiwan's diplomacy, as they allow Taiwanese citizens and business people to travel more freely.

Distinctive features

In addition to the aforementioned similarities and differences, striking peculiarities can be observed in the relations with Taiwan in some of the countries studied:

The U.S. has significantly influenced Taiwan's political, economic, social and cultural development over the past seven decades. Until 1979, the presence of US troops on the island made for an American imprint on everyday life. Since 1949, about one million Taiwanese have emigrated to the U.S., many of whom or their children have returned to Taiwan. American schools and colleges are also a popular destination for Taiwanese students. What is more, Taiwan's semiconductor industry could never have reached its current world-leading position without the brain drain and technology import from the U.S. and it remains dependent on American basic research.

Japan has also shaped neighbouring Taiwan politically, economically and culturally, first as a colonial ruler and then as an institutional model for transforming the island into an advanced industrial country and a modern society. Relations and ties between the two countries are also close due to the many Taiwanese who study or work in Japan and the activities of Japanese companies in Taiwan.

Japan's and Singapore's ties to Taiwan are intense because they are based on historical relations from the time before 1945 and 1949, respectively. Both the Chinese migration to Singapore, partly from Taiwan, and the development and modernisation of the island under Japanese colonial rule have left their mark, facilitating access to one another in politics, society and the economy.

Taiwan's East Asian neighbours Japan, South Korea, Singapore and, since recently, also Australia

engage in silent diplomacy with the Republic of China, so as not to irritate the PRC. Apart from diverse think tank cooperation, silent diplomacy includes reciprocal visits by former high-ranking government officials, ministers and even heads of state and government. For example, Australia's former Prime Minister Tony Abbott travelled to Taiwan in September 2021. The ruling parties of Singapore (PAP) and Japan (LDP) also maintain party-to-party relations; the former with the KMT and the latter with the DPP.

German and European interests

The question arises whether the countries examined in this research paper offer ideas or clues for further shaping German and European Taiwan policy. In order to answer this, it is necessary to first reflect on Germany and Europe's interests vis-à-vis Taiwan. In addition, the costs and risks of both a more engaged Taiwan policy and a "business as usual" policy should be carefully weighed against each other.

With regard to Taiwan, Germany and Europe have interests in the areas of security, foreign policy, and the economy. The primary security objective is to maintain peace and stability in the Taiwan Strait. A military conflict between the U.S. and the PRC could be ignited over Taiwan. German and European security policy should contribute to preventing such a scenario and to mitigating the risks of military incidents and of escalation overall. The best chance of achieving this goal is to maintain the status quo. It is therefore just as important to avert a Taiwanese declaration of independence as it is to avert a change in the status quo by China. A Chinese annexation would put an end to freedom and democracy in Taiwan. It would also endanger Japan's security and permanently damage or even destroy the credibility of the U.S. as a guarantor of security and stability in the Indo-Pacific. To avert such negative consequences, the U.S. is likely to respond to a Chinese attempt to take the island by force by intervening militarily. In its efforts to maintain the status quo, Germany is unlikely to contribute militarily. Nevertheless, a clear position by Germany and Europe can make the PRC realise that violent action against Taiwan would come at a high cost. This would help to preserve stability. In any case, ambivalence on the part of Germany and Europe would be difficult to maintain in the event of a conflict.

In terms of foreign policy, Germany and Europe have an interest in ensuring that Taiwan's Western liberal model of society and democracy endures, especially in fending off China's constant attempts to wear down or divide Taiwanese politics and society domestically and to damage the island's economy. Europe's solidarity should be with the people of Taiwan, who want to continue to live freely, under the rule of law and principle of democratic self-determination, and who wish to represent their own interests in the international system. Beyond that, however, what is at stake is also the resilience and success of a geographically and politically exposed democracy that represents a real alternative to the authoritarian-totalitarian system of the PRC. In the global systemic conflict between liberal democracies and authoritarian systems, Taiwan occupies a prominent position not only symbolically but also in terms of real politics, especially since China has recently been propagating the superiority of its own system over Western ones.

It is also in Germany and Europe's foreign policy interest to involve Taiwan in tackling global issues. Taiwan has significant competence and knowhow in the areas of health, development and digital infrastructure. Therefore, Taiwan can make valuable contributions, for example, to achieving the Sustainable Development Goals. Taiwan, which is highly motivated to make a visible contribution internationally, should not be excluded from efforts to provide global goods of sustainability, development and human security.

In terms of foreign trade, Germany and Europe have a vested interest in closer trade and economic relations with Taiwan, as the latter plays an indispensable role in worldwide supply and production chains and is a leading global supplier of semiconductors and electronic equipment. Strengthening economic ties with Taiwan is expected to have a positive impact on trade, production and income, and provide impetus for competition and innovation. Stronger bilateral cooperation and integration could not only help increase Taiwan's economic security, but would also reduce Europe's dependence on the PRC. To better supply the European market with semiconductors and develop additional European manufacturing capacities in electronic components, Taiwan is an important partner.

It is hardly possible to adequately assess the costs and risks of an interest-driven Taiwan policy without insight into the debates and decision-making pro-

cesses within the PRC's party and military leadership. In the absence of certainties, therefore, only (negative) impact assessments remain. Here it seems as if Europe only has a choice between two evils: if Europe pursues a Taiwan policy that China interprets as confrontational, and Taiwan or the U.S. change the status quo at the same time, the PRC could see itself forced into an annexation war. Conversely, a soft-spoken Taiwan policy on the part of Europe could also increase China's confidence in an offensive policy and tempt it to make aggressive moves.

China's authoritarian, if not totalitarian, hardening of domestic policies stands in striking contrast to the consolidation of the rule of law, democracy and pluralism in Taiwan. Solidarity with Taiwan's people and government must be the logical consequence of a value-driven European foreign policy, which is increasingly confronted with the PRC's global challenge as a powerful counter-model to the liberal West.

In view of the overriding interest in maintaining peace and stability in Asia, there can be no doubt about the political will of the EU and Germany to adhere to a one-China policy and to support the status quo in the Taiwan Strait. However, a review of the Taiwan policies of the countries examined in this research paper shows that even with a fundamental adherence to the one-China policy, there is far greater room for manoeuvre than Germany and the EU have so far perceived, not to mention explored. What is necessary, however, is the willingness to stand up for Taiwan's right to exist and the continuation of freedom, democracy and the rule of law on the island, to support the country internationally in a more committed manner and to expand bilateral relations on a broader front. Various agreements other countries signed with Taiwan show that this is possible, such as the investment agreements with India and Japan, the FTA with Singapore, the fisheries agreement with Japan and the aviation agreements with Japan and South Korea.

Making better use of the available leeway, however, requires not only imagination and creativity, but also the political will to bear the consequences, namely responses from Beijing such as diplomatic interventions, economic pressure or even "punitive measures". German and European policy should also signal to Beijing in no uncertain terms that there would be serious negative consequences if China were to annex Taiwan by military force. Such a stance could help to influence the Chinese leadership's cost-benefit calculation in favour of preserving the status quo.

In this sense, Germany and the EU should view Taiwan as a democratically constituted, and economically and technologically advanced key partner in the Indo-Pacific, with which relations should be comprehensively expanded on various levels.

Concrete proposals

Foreign and security policy

a.) unilateral

- Contingency planning: thinking through conceivable political and military scenarios in the Taiwan Strait as well as considering the response options for Europe and Germany, which will enable quicker decision-making and action if necessary.

b.) bilaterally with Taiwan

- Allow and intensify informal government contacts at all levels (e.g. at the level of state secretaries) below the highest state offices.
- Strengthen parliamentary exchanges with Taiwan.
- Cultivate silent diplomacy along the lines of the Asian model (visits by former leaders; think tank dialogues; use of sports or cultural events as an occasion to invite Taiwanese politicians).
- Deliberately use virtual formats as a low-threshold means to introduce dialogues.
- Include Taiwan in the Indo-Pacific policy of the German government (as well as in the implementation of the corresponding strategy of the EU, which explicitly mentions Taiwan).

c.) bilaterally with the PRC

- Officially protest against military and other provocations by the PRC directed against Taiwan; make this part of official government talks.

d.) multilateral

- Reaffirm German interest in peace and stability in the Taiwan Strait in the context of bilateral and multilateral meetings (similar to the G7 statement on Taiwan).
- Support Taiwan more actively in its efforts to achieve observer status in international institutions (WHA, ICAO, UNFCCC, World Customs Organization, Interpol); coordinate with countries that are also pursuing this goal.

- Support Taiwan's contributions to solving global problems and acknowledge them internationally (climate protection, health policy, cybersecurity).
- Acquire membership in the GCTF (EU and Germany), finance and organise workshops in Europe and in third regions (Africa, Near and Middle East, South Asia).
- Cooperate with Taiwan in international development policy on issues such as democratic transformation, development of the rule of law, securing freedom and human rights.
- Integrate Taiwan into international export control regimes.
- Show European solidarity when the PRC reacts to the strengthening of informal relations of an EU member state with Taiwan through punitive economic measures.⁴
- Support Taiwanese efforts to build an overseas Chinese information and media service, as an alternative to PRC media offerings.

Trade and economic policy

- EU: Start negotiations for a comprehensive bilateral investment treaty (BIT), with the longer-term perspective of a bilateral FTA.
- Actively promote Taiwanese direct investment in Europe, especially in the electronic components and cybersecurity sectors.
- In the short term, reach agreements on individual sector chapters, such as technology and legal protection, cybersecurity, supply chain security, e-commerce, health, energy, cooperation between small and medium-sized enterprises, customs clearance, recognition of rules of origin, and market access in agriculture.

Science and cultural policy

- Promote and strengthen cooperation in science and technology, such as exchanges among academic researchers in technical fields.
- Intensify cultural exchanges (for example, through town twinning and the promotion of civil society exchanges).
- Make greater use of Chinese language training in Taiwan; financially support and politically promote Taiwan's efforts to establish Chinese language training centres in Europe.

⁴ This was recently the case with Lithuania, which, however, had not coordinated its action with the EU in advance.

Addendum: The Ukraine War and Taiwan

The war that Russia unleashed against Ukraine on 24 February 2022 provokes the question of the political implications for Taiwan. The analogy between Russia's claim to the "Slavic brother nation" and China's claim to reunification with the "renegade province" is all too obvious. Both cases involve democracies confronted with an overpowering autocratically ruled state. And indeed, the tragic events of the war in Eastern Europe have once again drastically demonstrated to the Taiwanese their own vulnerability. The slogan "Ukraine today, Taiwan tomorrow" quickly made the rounds in media and social networks. Taiwan's government and technology industry immediately joined in the condemnation of Russia and the international sanctions.

But even if the analogy between Ukraine and Taiwan seems obvious at first glance, there are significant differences between the two. First, unlike Taiwan, Ukraine is a member state of the United Nations and a sovereign state, which even the aggressor Russia once recognised. This makes Taiwan's situation more precarious under international law, especially since it has few diplomatic allies left. Secondly, unlike in the case of Ukraine, the U.S. has committed itself to helping Taiwan defend itself. What this means exactly and what conditions apply, however, is uncertain. Taiwan is also far more important to the U.S. than Ukraine. The reasons for this are Taiwan's strategically exposed geographical position in the first island chain, the outstanding importance of its semiconductor industry, and the American commitment to the island's consolidated liberal democracy. Under the impact of events in Eastern Europe, the U.S. has once again underscored its support for Taiwan with political rhetoric and military symbolism. Thirdly, an invasion of the island of Taiwan from the mainland would be much more difficult than the invasion of Ukraine, which geographically borders Russia and Belarus. In the event of war, however, it would also be more complicated to provide material support to Taiwan for this very reason. And fourthly, China's approach to Taiwan has so far been nowhere near the scale of Russia's aggressive annexation policy, which relies on military force. Instead, the PRC is pursuing a long-term tactic of attrition: aware of its growing political power, the Chinese leadership is primarily

using diplomatic, economic and propagandistic means, with military instruments as a complementary tool of intimidation. Beijing still hopes to achieve its goal of unification without a fight.

There is little certainty about Beijing's assessment of the new geopolitical situation and its risk calculations with regard to Taiwan. In the best case scenario from the Western perspective, the course of the war in Ukraine and the international responses to Russia's aggression have dampened rather than fuelled Beijing's offensive military ambitions. First, the unexpectedly fierce Ukrainian resistance is an inspiration and incentive for Taiwan's people to boost the island's defence readiness and capability. Taiwan's resilience is likely to increase, and Beijing should expect stronger resistance than it might previously have anticipated. And secondly, the West's immediate, politically united and far-reaching reaction in terms of sanctions against Russia is likely to have made an impression in Beijing.

But the war in Ukraine is not over yet. Its outcome and its impact on Russia's position in the world will influence the Chinese leadership's calculations and conclusions. It is therefore not certain that the Ukraine war will cause Beijing to consider an invasion of Taiwan to be more difficult, more risky and more costly in terms of political and economic consequences than before. It is also possible that the Chinese leadership sees itself strengthened in its determination to further reduce the country's economic and technological dependencies on the West and to build resilience to the threat of sanctions.

It is in Germany's and the EU's interest that the principle "might makes right" does not prevail over the rule of law in international politics, neither in Europe's neighbourhood nor in the Indo-Pacific. Russia's actions not only have devastating humanitarian, economic and financial global consequences, but they also fundamentally endanger the regional and international security order and threaten norms such as peaceful conflict resolution and the right to self-determination. These principles are threatened in the case of Taiwan, too. In this sense, Taiwan's struggle for political, economic and social self-assertion is also relevant for Europe.

Appendix

Abbreviations

5G	Mobile communications standard of the 5th generation	EU	European Union
ACIO	Australian Commerce and Industry Office	FTA	Free Trade Agreement
ADB	Asian Development Bank (Asian Development Bank)	FTAAP	Free Trade Area of the Asia-Pacific
ADESC	Agreement on Defense Exchanges and Security Cooperation	G7	Group of Seven (the seven leading western industrialised countries)
AI	Artificial intelligence	GCTF	Global Cooperation and Training Framework
AIDC	Aerospace Industrial Development Corporation	GDP	Gross domestic product
AIB	Asian Infrastructure Investment Bank	GTAI	Germany Trade and Investment
AIT	American Institute in Taiwan	ICAO	International Civil Aviation Organization
ANZTEC	Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation	ICDF	International Cooperation and Development Fund
ANZUS	Australia, New Zealand, United States Security Treaty (ANZUS Treaty)	ICT	Information and Communication Technologies
APEC	Asia-Pacific Economic Cooperation	IDSIA	Institute for Defence Studies and Analysis
ARATS	Association for Relations Across the Taiwan Straits	IIR	Institute of International Relations, Chengchi University (Taiwan)
ARF	ASEAN Regional Forum	IMF	International Monetary Fund
ASE	Advanced Semiconductor Engineering	INC	Indian National Congress
ASEAN ISIS	ASEAN Institutes of Strategic and International Studies	Interpol	International Criminal Police Organization
ASEAN	Association of Southeast Asian Nations	ITA	India Taipei Association
ASTEP	Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership	KMT	Kuomintang
AUKUS	Australia, United Kingdom, United States (trilateral security pact)	LDP	Liberal Democratic Party, Japan
BIPA	Bilateral Investment Promotion and Protection Agreement	MAC	Mainland Affairs Council
BJP	Bharatiya Janata Party	MIT	Massachusetts Institute of Technology
BRI	Belt and Road Initiative	MoU	Memorandum of Understanding
BRICS	Brazil, Russia, India, China and South Africa	NGO	Non-Governmental Organization
CCP	Communist Party of China	NSBP/NSP	New Southbound Policy
ChAFTA	China-Australia Free Trade Agreement	OECD	Organisation for Economic Co-operation and Development
CMAA	Customs Mutual Assistance Agreement	ORF	Observer Research Foundation
COP	Conference of the Parties	PAP	People's Action Party
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership	PDX	Priority Document Exchange
CSIS	Centre for Strategic and International Studies	PLA	People's Liberation Army
CSSTA	Cross-Strait Service Trade Agreement	PLAAF	People's Liberation Army Air Force
DAAD	German Academic Exchange Service	PPH	Patent Prosecution Highway
DGAP	German Council on Foreign Relations	PRC	People's Republic of China
DPP	Democratic Progressive Party (Taiwan)	RCEP	Regional Comprehensive Economic Partnership
DTAA	Double Tax Avoidance Agreement	ROC	Republic of China (Taiwan)
ECFA	Economic Cooperation Framework Agreement	ROK	Republic of Korea (South Korea)
EEA	European Economic Community	SAF	Singapore Armed Forces
EEFT	European Education Fair Taiwan	SDGs	Sustainable Development Goals
EM	Electromagnetic energy	SEF	Straits Exchange Foundation
EP	European Parliament	SIIA	Singapore Institute of International Affairs
		SITC	Standard International Trade Classification
		SMIC	Semiconductor Manufacturing International Corporation
		STEM	Science, Technology, Engineering and Math
		TAITRA	Taiwan External Trade Development Council
		TAO	Taiwan Affairs Office
		TEC	Taiwan Education Center
		TECC	Taipei Economic and Cultural Center

TECRO	Taipei Economic and Cultural Representative Office (representation of Taiwan in the USA)
TEFF	Taiwan European Film Festival
THAAD	Terminal High Altitude Area Defense
TIBE	Taipei International Book Exhibition
TIFA	Trade and Investment Framework Agreement
TOCFL	Test of Chinese Language Proficiency/Test of Chinese as a Foreign Language
TPP	Trans-Pacific Partnership
TRA	Taiwan Relations Act
TSE/STF	Taipei-Seoul Forum/Seoul-Taipei Forum
TSMC	Taiwan Semiconductor Manufacturing Company, Limited
UK	United Kingdom
UMC	United Microelectronics Corporation
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
VIF	Vivekananda International Foundation
WCO	World Customs Organization
WHA	World Health Assembly
WHO	World Health Organization
WTO	World Trade Organization

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