

REDEFINING AMERICA'S RELATIONSHIP WITH TAIWAN

(Updating Asian Studies Center *Backgrounder* No. 115, "Standing At the Door: Why Taipei Merits Full Membership in the World Economic Community," September 16, 1991.)

In a speech to the United Nations on September 27, President Bill Clinton declared that the world was experiencing "a moment of miracles." Russia was on the verge of democracy, peace was breaking out in the Middle East, and the world was increasingly embracing democracy and free trade. But this miracle has not touched U.S. relations with the Republic of China (ROC) on Taiwan. They remain frozen in the grip of a policy that was formed over half a generation ago—one that turns a diplomatic blind eye to the ROC for fear of overly offending the People's Republic of China (PRC).

President Jimmy Carter severed diplomatic ties with the Republic of China on Taiwan in 1979. In the years that followed, the U.S.-Taiwan relationship was further diminished by such American diplomats as Carter National Security Advisor Zbigniew Brzezinski who argued that the PRC had to be placated at any cost to provide a strategic counterbalance to the Soviet Union's Far Eastern ambitions. Since 1979 ROC diplomats have not been allowed to visit U.S. government buildings, contacts between senior American and ROC officials have been prohibited, and the U.S. has followed the model of de-recognition set by dozens of other nations. As the U.S. downplayed its relations with the ROC, it was expected that Taiwan would be relegated to a minor role in world affairs.

In the midst of this international rebuff, however, the ROC has managed not only to survive, but to thrive and become a powerhouse in the global economy. Taiwan has achieved economic growth rates averaging 8 percent in the past decade; it has doubled its gross domestic product (GDP) since 1987 and attained a per capita gross national product (GNP) of \$8,865, up 46.5 percent from \$6,050 in 1988.¹ The ROC's foreign exchange reserves of \$90 billion now exceed those of even Japan, and Taiwan has grown to be the United States' sixth largest trading partner, with bilateral trade approaching \$39 billion per year.²

The island's economic success is matched by its political achievements. The first democratic elections in the Chinese people's history were held in December 1992, and a multi-party system is flourishing. Taiwan's highly skilled and educated population of over 22 million is larger than two-thirds of the 184 United Nations member nations, and it is adapting to the economy's recent shift to high-technology industries, the foundation for a new Taiwan "miracle." Taipei's foreign aid and development programs have been

1 See *U.S. and Asia Statistical Handbook, 1993 Edition* (Washington, D.C.: The Heritage Foundation Asian Studies Center, 1993).

2 *Ibid.*

generous and successful in providing support for agricultural and construction projects, especially in Central America and the Middle East. And the economic dynamism of the island's resourceful population has created many "copycats" throughout the world—among them, the PRC's coastal provinces, Chile, and Malaysia.

For these accomplishments the Republic of China on Taiwan should be considered as a valued member and contributor of the international community. However, it is not. Because of Beijing's diplomatic, political, and economic pressure, only 27 nations in the world diplomatically recognize Taiwan. Taipei is not a member of the United Nations, nor is it a signatory to the General Agreement on Tariffs and Trade (GATT). Moreover, it enjoys only partial membership in the Asian Development Bank and other organizations.

Time for Change. It is time for Washington to help end the ROC's diplomatic isolation. It is not only unfair for a nation of 22 million people not to have representation in world bodies such as the U.N., but unwise. The U.N. and other international organizations stand to gain financially from Taiwan's membership. President Clinton, therefore, should invite President Lee Teng-hui to Washington, diplomatically recognize Taiwan, urge America's allies to do the same, and lead the effort to gain Taiwan the place it rightfully deserves in the U.N.

The PRC has lost the leverage it once claimed over other nations' policy towards Taiwan. American statesmen could be swayed to turn a cold shoulder to Taipei in the late 1970s by China's implicit threat to warm its relations with Moscow. But the Soviet Empire is now extinguished. And as China's aging rulers flout such international agreements as the Missile Technology Control Regime, the PRC is surrendering any influence it might otherwise have over international affairs.

Repeated violations of human rights, disregard for international agreements forbidding the export of ballistic missile technology, and the continued underground testing of nuclear weapons all demonstrate that it is China, and not Taiwan, that stands outside the international community's accepted norms.

Re-recognizing the ROC would do more than end an injustice. It also would spur the process of economic liberalization and democratization in the Third World. Taiwan is a working model for lesser developed states in South East Asia and Africa, which are undergoing the painful early steps of economic liberalization and democratization. Clinton's recognition of Taiwan would help to steer other nations around the world toward prosperity and freedom.

Congress has taken the first steps toward this goal by supporting Taiwan's entry into the U.N., and by calling for the re-establishment of high-level visits of ROC officials to the U.S.³ If passed by the Congress, Bill Clinton should approve these measures immediately.

There are also sound economic reasons for re-recognizing the ROC. In 1987, the ROC recorded a trade surplus with America of over \$17.4 billion. As a result of Taiwan's reductions in tariffs and non-tariff barriers, and increasing openness to foreign imports, this surplus was reduced to \$9.397 billion in 1992, according to the U.S. Department of Commerce. Free trade, of course, provides its own rewards. But in Asia, where American business finds its most formidable obstacles to open markets, such progress deserves recognition by the U.S. That will provide the impetus for other Asian countries to follow in Taiwan's footsteps.

To advance trade in Asia, Clinton plans to bring together the leaders of the forum for Asian Pacific Economic Cooperation for a meeting in the United States. This fifteen-nation group was established in 1989 to promote broad economic cooperation throughout the entire Pacific region. To be held in Seattle, Washington, from November 17-20, this year's meeting will concentrate on advancing free trade in Asia. President

3. See S.Con.Res.20 and S.1467, sec.516, respectively.

Lee Teng-Hui deserves to be included in this forum. Notwithstanding the PRC's objections, Clinton should invite Lee. Taiwan's high-level attendance would demonstrate U.S. commitment in Asia by supporting one of the most economically successful and politically liberalized nations of the region.

Bill Clinton has spoken repeatedly of his support for change. He now has a golden opportunity to back up his words with action. It is time for the U.S. to begin the process of recognizing the political existence of America's sixth largest trading partner.

Brett Lippencott
Policy Analyst

