

UPDATE

The Heritage Foundation **Backgrounder**

214 Massachusetts Avenue, N.E. Washington, D.C. 20002-4999 (202) 546-4400

12/12/94 | Number 234

NEXT STEP IN CHINA POLICY: UPGRADE RELATIONS WITH THE REPUBLIC OF CHINA

(Updating Asian Studies Center Backgrounder No. 132, "Taiwan Should Be Allowed to Join the World Community," August 24, 1994.)

For the first time since the December 1992 visit by then-U.S. Trade Representative Carla Hills, an American Cabinet official has traveled to Taiwan. On December 5, 1994, Secretary of Transportation Federico Peña attended a conference in Taipei, sponsored by the U.S.A.-ROC Economic Council, on "Taiwan as a Regional Operations Center for U.S. Companies." Several other high-level American political figures, including Senator Frank Murkowski (R-AK), who is slated to become Chairman of the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, also took part in this conference.

This high-level visit marks a departure from the Clinton Administration's previous policy, announced on September 7, 1994, which permitted only mid-level visits to Taiwan by U.S. officials to discuss "technical and economic matters." Ever since the U.S. established diplomatic relations with the People's Republic of China in 1979, ties between the U.S. and the ROC have been "unofficial" in accordance to the Taiwan Relations Act. The Clinton decision to permit mid-level contacts was an attempt to upgrade U.S. relations with the ROC but has been criticized as being too little and too late to improve contacts and communication between U.S. and ROC officials.

That is why Secretary Peña's visit to Taiwan is significant. By approving such a high-level visit, the Clinton Administration is signaling the new importance of the ROC to U.S. interests in Asia. Coming so close on the heels of the Asia Pacific Economic Cooperation (APEC) forum held in Indonesia last month, it also indicates that the U.S. is eager to tap into the current infrastructure development program under way in Taiwan. American participation in this program could result in multi-million-dollar contracts in the high-tech fields of telecommunications, computer systems, and engineering. In addition to these considerations, the Clinton Administration apparently wants to compensate for its embarrassing refusal to allow ROC President Lee Teng-hui to stay overnight in Hawaii earlier this year.

U.S.-ROC RELATIONS AND TAIWAN'S POLITICAL FUTURE

Those who will benefit immediately from Secretary Peña's visit, assuming it is but the first step toward an enhanced relationship, are the people on Taiwan. Currently, the ROC is analyzing the effect of the December 3 mayoral and provincial elections on both its domestic political scene and its international standing. In these elections the ruling Kuomintang (KMT), or Nationalist Party, successfully argued that a vote for its candidates was a vote for stability and prosperity. The KMT won the elections for governor of Taiwan Province, which comprises almost 80 percent of the island's population, and mayor in Kaohsiung City, Taiwan's second-largest city. However, the main opposition Democratic Progressive Party (DPP) candidate

won the mayoral race in Taipei City and thus ended forty years of KMT control of Taiwan's capital and largest city.

Although the December elections were local, their future effect on the national political scene may be quite large. Much of the voting broke down along the lines of whether the ROC should remain committed to eventual unification with the Chinese mainland or choose independence. The KMT favors a rapprochement with the mainland, working step-by-step to improve relations without acknowledging Beijing's authority over the island. By contrast, the opposition DPP, frustrated over Taiwan's international isolation, wants to establish Taiwan as an independent country, arguing that this is the only way to guarantee its security and continued existence against a hostile PRC.

The degree to which the U.S. and other nations reach out to the ROC may influence Taiwan's political future. By embracing Taiwan more closely, the U.S. could ease the ROC's sense of isolation in the international community. Renewing Cabinet-level visits to Taiwan and taking other measures to upgrade U.S.-ROC relations could help relieve the misgivings of Taiwanese who feel the only way to gain proper international recognition is to be completely independent.

As these elections show, democracy is firmly taking root in the ROC. This process can be encouraged most effectively by bringing Taiwan into the international community. To achieve this goal, the U.S. should be upgrading its ties to the ROC. Therefore, the Clinton Administration should:

- ✓ **Endorse the ROC's attempt to join the General Agreement on Tariffs and Trade (GATT).** The ROC's entry should not be delayed because of the PRC's slow progress in economic reform. The ROC economy is more open than that of the PRC, although there remain several major barriers to international trade which preclude U.S. support for immediate entry at this time. However, agreements can be reached with ROC trade officials concerning the pace of reforms in such areas as agricultural products and communications systems, and Taipei could commit itself to an accelerated timetable for implementing these reforms after it had joined the GATT.
- ✓ **Expand Cabinet-level economic, technological, educational, and cultural exchanges with Taiwan.** These exchanges will make it easier to resolve disputes over intellectual property rights and will enhance the prospects for American participation in Taiwan's infrastructure and high-tech development projects. In the area of cultural and academic exchanges, the U.S. should encourage the expansion of existing ties with universities and research foundations in the ROC. The PRC often objects to these programs because they involve former government officials from both sides. Such obstructionism is unwarranted and illustrates the lengths to which Beijing will go to humiliate the ROC and block its participation in the international community.
- ✓ **Allow ROC officials to call on their American counterparts in government offices, including the State Department.** The current practice is for U.S. and ROC officials to meet at "neutral" sites. This is inefficient and unnecessarily demeaning to Taiwan's representatives. Permitting ROC representatives to visit the State Department would send a clear signal that the U.S. regards the relationship with Taiwan as vital to its interests in Asia.
- ✓ **Support Taiwan's efforts to participate in the United Nations system.** Taiwan's participation would benefit the U.N. With its technical expertise and wealth, the ROC could help fund U.N. projects and operations in places like Bosnia, Rwanda, and Haiti. ROC representatives could join PRC officials in many of the U.N.'s specialized agencies without threatening PRC sensibilities. Offering to work with the PRC in this way also would deprive the PRC of any justifiable grounds upon which to exclude the ROC from participation in U.N. activities.
- ✓ **Urge Beijing to end its campaign to exclude the ROC from international organizations.** Notwithstanding the growing independence movement on the island and the many existing disputes between the two Chinese governments, economic and unofficial ties across the Taiwan Strait are expand-

ing rapidly. In order to foster the development of these ties, dubbed “people-to-people” diplomacy by both sides, the authorities in Beijing must be persuaded to acknowledge that Taiwan now has a representative government which expresses the will of its people. The ruling KMT no longer maintains supreme control over the population. Furthermore, the KMT has renounced its claim to be the legitimate government of all China and has chosen to co-exist with the PRC until such time as a peaceful, equitable settlement can be achieved. The PRC should be equally forthcoming and should cease its campaign to keep the ROC out of international organizations such as GATT and the United Nations.

CONCLUSION

The Republic of China on Taiwan deserves international respect. As its economy continues to boom, the ROC is becoming more important to the U.S., Asia, and the world. This importance must be reflected in America’s official dealings with Taiwan. Notwithstanding the long-standing restrictions on U.S. diplomacy, there is much the U.S. can do to demonstrate its commitment to improved relations with the ROC. The Clinton Administration’s approval of Cabinet-level visits to Taiwan—which existed before but had been stopped by President Clinton—is a step in the right direction. But more needs to be done. It is high time to recognize officially what is already an economic fact: The ROC has arrived on the international scene.

Brett C. Lippencott
Policy Analyst

