

Canary in the mines? Taiwan and regional relations

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Background

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- China's continued rise has boxed-in Taiwan both politically and economically
 - Assertive China has implications to all its neighbors (including Pacific region)
 - Risks are well understood but there is high level of uncertainty (e.g. Trump administration policy)
 - Taiwan is struggling to devise an effective and coherent strategy
 - Regional countries also face challenges
 - Taiwan's experience as a 'front-line' state could serve as a weather vane or an early-warning system

Cross-Strait relations

- Throughout Taiwan's history...it has experienced China's hard power, sharp power, soft power, charm offensive, and 'offensive charm'
- Hard Power (1949-1979)
- Smart Power and Thawing of Relations (1979-1998)
- Sharp Power (1998-2008)
- Soft Power and Charm Offensive (2008-2016)

Taiwan as an early warning

- Can cross-Strait relations serve as an early warning to neighboring countries on what to expect with China relations?
- Taiwan's interactions with China can serve as a weather vane (or should we say a canary in the mines) for countries in the Asia-Pacific region – especially countries included in Taiwan's New Southbound Policy (NSP)
- Since the Global Financial Crisis of 2007-2008, China has become more assertive which is in contrast to its 'peaceful ascendance' rhetoric of earlier times. 'Peaceful ascendance' has been replaced with 'China dream'
- At the same time, SEA and Oceania are now also seeing a different face of China – it is definitely a sharper power and a more assertive one, what Elina Noor of Malaysia's Institute of Strategic and International Studies calls "offensive charm"

Asia-Pacific region



Taiwan's regional relations, New Southbound Policy, and challenges

- Taiwan's current strategy to find an economic breathing room for its boxed-in economy is pushing for joining regional free trade organizations.
- At the moment, this is incredibly challenging with the US not part of the CPTPP and other regional initiatives and our view of Taiwan's poor international marketing and diplomatic efforts.
- The NSP is seen as a risk diversification strategy that seeks to move Taiwan's over-reliance on China and to seek opportunities with SEA, India, Australia, NZ and others. However, NSP is poorly articulated and incoherent and seen as a knee-jerk reaction– at least that is the view from some of the target countries. NSP has multiple heads – education, people to people, tourism, and economics. So is this in-bound? Outbound? Market replacement mechanism? Spreading political influence? Economic influence?
- While the business community has been active in SEA for decades, Taiwan's government has never placed the region as a high priority area. It is fair to say that Taiwan does not know countries to its south very well.
- Taiwan has huge diplomatic job in developing deep ties to the region.
- Senior foreign diplomats that we have consulted see Taiwan as having the typical North Asian condescending perspective.

Reconfiguring Taiwan's regional relations

- Taiwan has formal relations with only 20 nation-states in the world while maintaining unofficial relations with all others. No countries in Asia and its immediate neighbors have formal diplomatic relations with Taiwan.
- None of the NSP country targets have formal diplomatic relations with Taiwan.
- Can Taiwan rethink of how to engage its smart power and soft power to build up its good global and regional citizen image?
- We think this is definitely a possibility.
- But, Taiwan has to be prepared to break the mold of its past diplomatic strategies and efforts.

Smart power and soft power

- One possible way is to work with regional countries where there are overlapping formal diplomatic ties. For example, Taiwan can coordinate, co-fund, and co-manage regional international development projects with the main players e.g., Australia and New Zealand. Unfortunately, at the moment Taiwan official development assistance levels are very low in comparison to similarly situated countries. Taiwan also tends to 'go-it-alone' in these types of activities and see it more as a competition between China and itself.
- Of the 20 states with formal relations, 6 of them are located in Oceania
- Needs to revise and rethink Taiwan's Official Development Assistance programs
- As 2013, Taiwan's ODA is 0.054% of GNI at US\$272million which in percentage term is between Slovenia (pop. 2.1m) and Iceland
- Overlap of embassies in Kiribati, Nauru, Solomon Islands with Australia and New Zealand
- Taiwan has massive aid programs in the Pacific
- Coordinating aid programs in the Pacific with Australia and New Zealand