

How Should Taiwan Counter China's Obstruction of Its Participation in Regional Integration?

Wu Rong-i

Last March, the Sunflower Student Movement demanded that the government convene a national constitutional conference; in July the Executive Yuan answered with a three-day National Conference on Economic and Trade Affairs. The convention addressed two major issues: Taiwan's economic strategies in a globalized world, and strategies for regional economic integration and cross-strait trade. The conclusions on the second theme included some commendable recommendations, which if implemented, would facilitate Taiwan's regional integration. However, at the crux is the China factor. Failure to confront it with concrete solutions will amount to rendering our efforts in vain and our economic future in jeopardy.

The meeting concluded that the government should seek Beijing's cooperation to negotiate a viable roadmap for both to concurrently participate in regional economic integration. However we fail to see a tangible method to counter China's obstruction of Taiwan's efforts for regional integration, i.e., how to surmount Chinese blockade of our pursuing free trade agreements (FTAs) with other countries? It is self-evident that Taiwan needs to expand its cooperation beyond China.

The Ma administration has repeatedly impressed upon our citizens the urgency of passing the Trade in Services Agreement (TISA) and a commodity trade agreement with China, the rationale being that the scheduled China-South Korea FTA at the end of this year will diminish

Taiwan's competitiveness in the Chinese market. However Ma has chosen to overlook a salient fact of Korea's regional integration: Seoul has eight FTAs in effect with the U.S., the E.U., the European Free Trade Association (EFTA), the Association of Southeast Asian Nations (ASEAN), India, Singapore, Chile, and Peru; it has concluded FTAs with Turkey and Columbia, and is negotiating with eleven other countries (China, Japan, Canada, and Mexico, among others); four other FTAs with Malaysia, Israel, Central and South Americas are under consideration – in total South Korea boasts 25 current and planned FTAs.

In contrast, due to Chinese hindrance, Taiwan only has six effective FTAs and limited negotiations in progress. At the moment China already absorbs 40% of Taiwan's export and 80% of its foreign investment; if Taiwan signs additional cooperative agreements with China but fails to sign other FTAs due to Chinese intransigence, our reliance on China is bound to deepen, to the point of subjugating Taiwan to Beijing's economic dependency. This is precisely what worries many Taiwanese.

In August the Chinese ambassador to Malaysia declared Beijing's disapproval of an FTA between Taipei and Kuala Lumpur. In response, the newly appointed Minister of Economic Affairs Duh Tyzz-jiun publicly admitted that Chinese interference had turned from under-the-table influence peddling to overt opposition. Minister Duh deserved credit for making a public protest.

Still, the Taiwanese people are calling for specific government plans to deal with the China factor. A feasible countermeasure would be to demand that Beijing desist from such obstruction before Taipei considers further cross-strait agreements. On which planet should we work with a country that blocks our FTA talks with other trading partners?

In fact, as a fellow member of the World Trade Organization, China should not make such interference. Confronted with Chinese blockage to our participation in international organizations and regional integration, the Ma administration should ditch its conciliatory stance, make loud protest and back it with substance **B**including threatening to cease all negotiations with China unless Beijing abstain from such boorish behaviors.

Wu Rong-i is Chairman of Taiwan Brain Trust

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