

Strategic Consideration Should Deter Taiwan's AIIB Bid

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The Ma administration has recently decided to apply for membership to the Asian Infrastructure Investment Bank (AIIB), which is spearheaded by China. This has sparked heated debates in the Legislative Yuan and among the Taiwan public. The people of Taiwan generally agree that Taiwan should proactively seek participation in regional and international organizations in face of China's vehement obstruction. Yet the accession to the Beijing-backed AIIB requires careful assessment of our national interest.

China is building up the AIIB to rival the World Bank and the Asian Development Bank (ADB), which are dominated by the United States and Japan, and to counter the U.S. Pivot to Asia strategy. China also hopes to enhance its economic and diplomatic muscle, and to digest excess production as its economy slows down. With a starting capital estimated at US\$100 billion, the AIIB purports to offer infrastructure loans to Asian developing countries. This noble goal, however, is undercut by Beijing's blatant political motivation and the U.S. is also concerned that the AIIB lending rules may lack transparency and stringent environmental, human rights and labor standards. Keenly aware of China's true intention, the U.S. and Japan have attempted to dissuade their allies Korea and Western developed countries from joining the AIIB. Unfortunately, each country has its own agenda and must put its national interest first. Only Japan and Canada stuck to

US line and declined to join. Meanwhile, the Ma administration has hastily made its AIIB bid without due consideration of Taiwan's national interest.

China has relentlessly suppressed Taiwan in the international arena. Taiwan cannot participate in the United Nations and its affiliated organizations such as the World Bank and the International Monetary Fund (IMF). Even in the Asian Development Bank (ADB), of which Taiwan is one of the 31 founding members, Taiwan still faces continued exclusion and constraints. Founded in 1966, the ADB now encompasses 67 members and holds US\$165 billion in capital to facilitate economic development in Asian developing countries. In terms of contribution, Japan is the biggest shareholder with 15.67% capital subscription, followed by the U.S. (15.56%) and China (6.47%), whereas Taiwan ranks eighteenth (1.094%). Since China joined the ADB in 1986, Taiwan's membership name was forcibly changed from "the Republic of China" to "Taipei, China." To this day, the Taiwan delegation routinely places an "under protest" sign on the desk during annual meetings.

Taiwan's accession into other international organizations, including Asia-Pacific Economic Cooperation (APEC) in 1991 and the World Trade Organization (WTO) in 2002, were made possible only by our concurrent entry with China and with the influence and support from the U.S.

Nevertheless, Taiwan still receives discrimination and unequal treatment in both APEC and WTO. For instance, Taiwan's president and minister of foreign affairs are excluded from the APEC's Economic Leaders' Meetings and Ministerial Meetings, and none of the Sectoral Ministerial Meetings can be held in Taiwan. Taiwan was forced to adopt the name of "Chinese Taipei," while China even arbitrarily refers to Taiwan as "Taipei, China." In the case of bilateral economic cooperation agreements, Per WTO rules, members can sign FTAs amongst each other. However, because of China's opposition and coercion, Taiwan has only concluded FTAs with our Latin American allies, namely Panama, Guatemala, Nicaragua, and El Salvador and Honduras; among countries not recognizing Taiwan diplomatically, only Singapore and New Zealand, whose trade importance for Taiwan is limited, have signed FTAs with us. Meanwhile, our most important trading partners, including the U.S., Japan, and the E.U., are all unable to establish FTAs with Taiwan due to the China factor.

On the other hand, China has exploited the Ma administration's pro-China stance to reach 21 agreements with Taiwan, including the Economic Cooperation Framework Agreement (ECFA). China's grand strategy is to induce Taiwan towards economic dependency on China so as to fatally lock Taiwan into its economic orbit. Already, 40% of Taiwan's export and more than 80% of overseas investment go to China. Many other conciliatory approaches, such as the opening-up to large number of Chinese tourists, have further contributed to the island's absorption

into China. Under these circumstances, Taiwan's accession to the AIIB might prove a point of no return that leads to an Anschluss.

So what are Taiwan's grand strategies? First of all, Taiwan should strengthen its economic independence and enhance relations with the U.S., the E.U., as well as other developed nations. This would allow Taiwan to reduce its reliance on China, acquire a better hand of cards in international negotiations, and break through China's diplomatic blockade. In other words, to join the AIIB Taiwan will have to compromise its dignity and equality in terms of title and rights, only to fall deeper into China's trap and jeopardize its national security. More careful studies are required before any final decisions, and the Legislative Yuan and the civil society need to thoroughly debate the issue. **BT**

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