



# Taiwan Communiqué

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## Taiwan into the United Nations

On 10 August 2006, the foreign ministry in Taipei announced that Taiwan was launching its 14<sup>th</sup> consecutive bid for membership in the United Nations, as the 61st UN General Assembly prepares to convene on Sept. 12th 2006.

The proposal this year addresses “*the question of the representation and participation of the 23 million people of Taiwan in the United Nations*” and requests the inclusion of Taiwan’s bid as a supplementary item to the agenda of the upcoming session of the General Assembly. In addition, a second proposal termed the “peace proposal” was also launched, asking the UN to take a more proactive role in maintaining peace and security in East Asia.

Photo: Taiwan Communiqué

One of the key changes in comparison with previous years is that throughout the document, the proposal uses “Taiwan” instead of the anachronistic “Republic of China” title.

This year’s proposal also directly asks the UN to “recognize” the right to representation of the 23 million people



Taiwan-into-the-United-Nations rally at Dag Hammarskjöld Plaza in New York

of Taiwan as opposed to requesting the UN to “study” the possibilities of Taiwanese being represented in the world body, reflecting a more proactive stance from the government in its pursuance of UN participation.

On 28 August 2006, the Taiwan government announced the theme for this year’s campaign: The words “**UNHuman Rights**” spelled backwards. Officials in Taipei said the design was meant to provoke the question: “*With Taiwan’s exclusion, is the UN moving backwards?*”

Taiwan’s Foreign Affairs spokesman Michel Lu emphasized in Taipei that the campaign is designed to let the international community know that “Taiwan is still there” and that “Taiwan is not part of China.”

## *What’s in a name?*

To outside observers the “Taiwan” title seems logical and reasonable, but the island is at present saddled with the outdated “Republic of China” legacy because the Kuomintang opposition still clings to it, refusing any change in the Constitution which would imply membership in the international community as “Taiwan.”

The DPP government is also hindered in its drive to move towards full membership in the United Nations and other international organizations by the fact that the United States and other Western Nations maintain a stand-offish “One China” policy, under which they only maintain unofficial ties with the democratically-elected government on Taiwan.

**Taiwan Communiqué comment:** *It must be emphasized that the old and anachronistic “One China” policy came into being in the 1970s in a situation where two competing Chinese regimes – the Nationalists and Communists – claimed for recognition as government of all of China. Under those circumstances, the international community had to choose for one of the two, and the PRC won out.*

*It must also be made clear that the “One China” policy did not imply any recognition of the PRC’s claim to sovereignty over Taiwan. Most nations only took note — or in the case of the US, “acknowledged” — the Chinese claim, and took the position that the conflict needed to be resolved peacefully.*

*Furthermore, as is well-known, Taiwan went through a major transition to democracy in the 1980s and 1990s. Already in 1991, under former President Lee Teng-hui, Taiwan dropped the old claim of sovereignty over China. After the democratization process*

*culminated in the election of a DPP government led by a native Taiwanese in 2000, the Taiwan government started to push for recognition of Taiwan in its own right.*

*It is thus high time for the US and the Western European countries to adapt their policies to the new circumstances, end the isolation of the island imposed on it by its unfortunate history, and work towards acceptance of Taiwan as a full and equal member of the international community.*

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## **Pan-blues continue campaign against President** *Half-truths, lies, hearsay, and innuendo*

In our previous issue of Taiwan Communiqué we described the outlandish campaign of Taiwan's opposition, made up of the pro-unification KMT and PFP parties, to recall President Chen ("*Drifting into a Constitutional crisis*", **Taiwan Communiqué** no. 109, June 2006). The campaign failed, when on 27 June 2006, a vote in the Legislative Yuan did not receive the required 2/3 majority.

Copyright: Taipei Times

However, the pan-blue parties and press continued their efforts to unseat the President through a series of ugly half-truths, lies, hearsay, rumor mongering and smear campaigns. All during the months of July and August, the front pages of papers like the **United Daily News** and **China Times**, and TV-stations like TVBS fell over themselves to write and broadcast their distortions.



### **Irresponsible pan-blue media driving ethics off the cliff**

One example was an article by the China Times on 12 August 2006. It described a recent report by the Congressional Research Service. In the 1 July 2006 report, titled *Taiwan: Recent developments and US policy choices*, noted CRS Asian Affairs specialist Kerry

Dumbaugh had presented an objective analysis of developments in Taiwan and in the US. However, in the distorted concoction presented in the **China Times**, it was made to appear as if the United States government was “*ready to drop President Chen Shui-bian.*”

**Taiwan Communiqué comment:** *It is ironic to see how press freedom has shifted in Taiwan. Back in the 1980s we fought hard for a free press, and for lifting the restrictions on freedom of expression (see early issues of Taiwan Communiqué). That occurred under President Lee Teng-hui in the early 1990s. However, we now see that the same publications which blindly supported the Kuomintang’s repression and martial law in the 1980s – the **United Daily News**, **China Times**, and **China Post** – are undermining the island’s fragile democracy.*

*If Taiwan’s democracy is to have a stable foundation, it is essential for the press on the island to have high ethical standards and journalistic responsibility. Some publications, such as the **Taipei Times** and **Taiwan News**, are very much up to international standards in this respect, but for the majority of the pan-blue press it is sorely lacking. One would hope that a combination of introspection and pressure from international press organizations could help them move in the right direction.*

## ***The sad story of Shih Ming-teh***

As this issue of **Taiwan Communiqué** is going to press, Mr. Shih Ming-teh was starting his sit-in demonstration in front of the Presidential Office in Taiwan as part of his campaign to get President Chen to resign from office.

In the early days of Taiwan’s democratic movement, Mr. Shih was one of its leading figures. He served a total of 25 years in jail for his political views (1962-1977 and 1980-1990), and was a key member of the **Formosa Magazine**, which organized the December 1979 Human Rights Day celebration.

This event resulted in chaos after the police used force to disperse a peaceful crowd. The Kuomintang authorities arrested virtually all prominent democracy leaders, accused them of “sedition”, and tried them in military court. The event proved to be a watershed for Taiwan’s democratization: it was the catalyst for the subsequent democratization movement, and many defendants and defense lawyers in the Kaohsiung Incident became leading members of the Democratic Progressive Party.

Mr. Shih himself did serve as a legislator, and from 1994-1996, he was elected the Party’s chairman. However, from the mid-1990s he started to be estranged from his friends in the

DPP, and increasingly gyrated towards the pan-blues. Reportedly, the many years of liquor and womanizing made him vulnerable to KMT pressure and money.

We decided to write him an *Open Letter*, which you find below.

## *An Open letter to Shih Ming-teh*

Dear Nori,

We are writing to express our deep concern about your recent actions, in particular your campaign to get President Chen Shui-bian to step down. We are writing this as friends who – when you were arrested in those dark days of January 1980, following the December 10 1979 Kaohsiung Incident — worked day and night for your release from prison.

In 1985 and in 1986, when you were on hunger strike in prison, we wrote articles and letters, calling on the international community to put pressure on the Kuomintang authorities to release you. You can find these articles in our *Taiwan Communiqué* at <http://www.taiwandc.org/twcom/tc21-int.pdf> and <http://www.taiwandc.org/twcom/tc26-int.pdf>

Copyright: Taipei Times



**Shih Ming-teh: "If only I'd got this kind of support when I was running for office ..."**

We are writing to remind you of the ideals you expressed so eloquently at that time.

Hereby a few quotes from your 1985 statement from prison:

*"With mounting and maturing years, knowledge, experience and powers of judgment, I have come to know that injustice and inequality among the human family is not limited to Taiwan alone. ....*

*Everyone must hold fast to this with unshaken conviction, even more with patience. Simply because we are confident of the supremacy and sacredness of our ideal,*

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*under no circumstance does this warrant our failure to carefully choose the methods used in its attainment. Foul means are still foul, and the sacredness of the purpose can in no way render them fair. ....*

*Born a Taiwanese — one of the oppressed — I cannot abandon my mission and calling as a human rights activist. .... Taiwanese have no “motherland.” Only if we have Taiwan, do we have a motherland !”*

We remind you that in those dark days, Messrs. James Soong and Ma Ying-jeou were part of the oppressive Kuomintang system that put you on trial in military court, and kept you in jail from 1980 until your release in May 1990. They described you as a dangerous “subversive”, when you advocated freedom and democracy in Taiwan.

In view of all this, we are deeply disappointed that you are now siding with the pan-blues, who were the ones responsible for Taiwan’s 38 years of Martial Law, its White Terror from the 1940s through the 1980s, and your own imprisonment. This is incomprehensible to us!

Certainly, one should stand up for what is right, and – certainly – it is essential to fight corruption. But, the cases of Chen Che-nan and Chao Chien-ming (the two cases about which the opposition is creating a major uproar – Ed.) are under investigation, and President Chen himself is not implicated at all. Overall, the Administration of President Chen Shui-bian is the cleanest Taiwan has ever seen, period.

These cases came to light because under the DPP, Taiwan is now free and democratic. Under the old KMT Administration these cases would have been swept under the carpet. As a former human rights activist you should respect the law, and let the court handle these cases, instead of taking to the streets, and create disruption and instability in society.

It is clear to us all that the pan-blue camp is using these cases to undermine a democratically-elected government. Messrs. Lien Chan and Soong did lose the 2004 election, albeit narrowly, but they never came to terms with that reality, and are now using foul means to get even. If we may quote your own words: “foul means are still foul.”

For the sake of stability in Taiwan, and to safeguard Taiwan’s future as a free, democratic and independent nation that can stand proudly as a full member of the international community, we urge you strongly to call off your campaign, and reconcile with your old friends in the democratic camp, instead of letting yourself be used by the self-serving pan-blue demagogues. The Taiwanese now have a motherland. Don’t sell it out to those who want to unite with China.

*Regards, Gerrit van der Wees and Mei-chin Chen  
International Committee for Human Rights in Taiwan*

# China's Military Threat

## *Chinese missiles hit Israeli ship*

On 14 July 2006, an Israeli Navy vessel in action against Hezbollah, was hit by a missile off the coast of Lebanon. According to the Washington-based International Assessment and Strategy Center (IASC), the ship was hit by a C-802 cruise missile. The missile severely damaged the helicopter deck of the Israeli ship and killed 4 crew members. A second C-802 was launched, but hit a Cambodia-registered freighter, killing 11 Egyptian crew members.

Source: IASC

The IASC reported that the missile was manufactured in Iran, and was based on Chinese technology transfer to Iran in the second half of the 1990s. The report, titled "*China Sows the whirlwind: implications of Hezbollah's Iranian-Chinese weapons*" by Richard Fisher Jr., then presents details of China transfers of mis-



**Chinese C-802/Noor missile of the type used by Hezbollah against Israeli Navy ship**

sile technology to Iran, and how this found its way to Hezbollah in Southern Lebanon.

The weapons transferred by Iran to Hezbollah reportedly include some 11,500 short-range "Katyusha" type rockets, which Hezbollah used extensively during the recent war against Israel, but also longer range Fadjr-5 (75 km range) and Zelzal missiles (160 km range). If Hezbollah acquires larger numbers of the longer-range missiles, it could hit almost any town in Israel.

The IASC states that the transfer of missile technology from China to Iran should have triggered US sanctions against China under the 1992 Gore-McCain Act, but that the successive Administrations in Washington have not been forceful enough. The US did levy some sanctions against a number of Chinese companies involved in the sale of missile technology to Iran, but Washington has done little to hold the Chinese government responsible. The proliferation in the Middle East is one of the sad results of this neglect.

## *Beyond the special arms budget*

*By Mark Stokes, President of QuantumPacific Enterprises. This is abbreviated version of a longer article Mr. Stokes did for AEI's Special Outlook.*

Mainstream political thought in Taiwan is dominated by two camps. On one side is the pan-Green coalition of the Democratic Progressive Party (DPP) and the Taiwan Solidarity Union (TSU), led by President Chen Shui-bian. For the past three years, the pan-Greens have sought the special budget to pay for three major arms packages the United States first released for sale in 2001. In opposition is the pan-Blue coalition, consisting of Kuomintang (KMT) and the People's First Party (PFP), which has fought the special budget but supports a debate on priorities and requirements for Taiwan's defense.

These parties are competing in an increasingly complex domestic, cross-Strait, regional, and international environment. The pan-Blues suggest that the pan-Greens could potentially destroy Taiwan through pursuit of *de jure* independence. The pan-Greens cast the pan-Blues as "selling out" to communist China.

However, none of the mainstream elements within the four parties is seeking a radical, strategic shift in external relations. Instead, legislative debates have been tactical: how best to avoid entrapment by the People's Republic of China (PRC) and use of force across the Strait, maintain healthy relations with the United States, and secure Taiwan's economic and political relevance in the international community, including the level of investment required to keep alive the notion of sovereignty in the Taiwan.

Since its submission to Taiwan's legislature in June 2004, the special budget has served as one of several symbolic issues in Taiwan's domestic political competition, but its importance has been amplified in the United States. Over the last year, a growing number of U.S. observers have questioned Taiwan's commitment to its own defense. Even traditional supporters of Taiwan in Congress have said there would be serious repercussions if President Chen's request for extra-budgetary funding of three key defense systems continues to be held in abeyance. One U.S. official likened the special budget debate to a "political football." A better analogy would be that it is an "end-around fake," a diversion away from where the football really is.

U.S. officials have blamed the Legislative Yuan for its failure to take action on the special budget and the Chen administration's prioritization of domestic programs. Senior representatives from the State and Defense Departments have called upon Taiwan to



develop the “collective will” to invest in a viable defense, address the PRC threat, and enhance its ability to negotiate the future of cross-Strait relations from a position of strength. There is an implicit threat contained in messages emanating from Washington: American support for Taiwan will diminish if Taiwan is not willing to invest the proper resources in self-defense.

Copyright: Taipei Times

The internal debate over the special budget and increased defense spending does not symbolize a lack of commitment to Taiwan’s defense. The standoff stems from fundamental differences over how to best manage limited economic resources to ensure the long-term survival of Taiwan’s democracy in a difficult environment. Mainstream members of the pan-Blue alliance are not the enemy, nor is the Chen administration, which placed its political credibility on the line over the special budget issue. Neither camp is seeking unification with the PRC or *de jure* independence—at least not any time in the near future. There is a basic consensus that Taiwan needs an adequate self defense, but the debate is about just what constitutes “adequate” within the context of Taiwan’s broader national interests.



**Pan-green camp:** "How are we supposed to defend ourselves with our bare hands?"

**Pan-blue camp:** "Like this!"

This diversion has appeared to fit nicely with Beijing’s interests. As the Bush administration and some in Congress hyperventilate on defense budget issues, the PRC has further squeezed Taiwan’s international breathing space and marginalized the island politically and economically. In doing so, it has successfully enmeshed Taiwan’s economy with its own. Until it was taken off the table in February 2006, the special budget issue diverted attention from more important issues, especially the economic health and prosperity of Taiwan’s people, and perhaps even put at risk public enthusiasm for democracy.

Clutching to a policy based on an illusory status quo, U.S. policymakers appear to be having a difficult time keeping up with Taiwan’s dynamic and complex political,

economic, and military environment. Taiwan's political system is being tested in terms of its ability to resolve differences in accordance with the desires of the people. In this environment, the perception that the United States views the value of Taiwan in terms of its defense expenditures rather than its overall security runs the risk of diminished U.S. relevance in Taiwan.

## *Conclusion*

The United States has interests in a Taiwan that is stable, democratic, economically viable, and able to maintain a sufficient self-defense capability. It is also interested in a Taiwan that has a professional, civilian-controlled defense establishment that is modern, joint, and able to function effectively should it be required to defend itself. However, America's preeminent interest should lie in Taiwan's value as a democracy that, like other democracies in the region, can serve as a shining example for others to follow.

As Taiwan has coped with how best to meet the objectives above in a difficult fiscal environment, observers in the United States have questioned Taiwan's commitment to its own defense. The debate over special budget and increased defense spending has not symbolized a lack of commitment. If anything, the defense budget debate has been a manifestation of the vast complexities associated with a democracy in transition. And, perhaps most important, the budget standoff stemmed from fundamental differences over how to best manage limited economic resources to ensure the long-term survival of Taiwan's democracy.

In the larger scheme of things, the United States should remain above domestic debates regarding how Taiwan manages its national resources. While keeping the door open as wide as possible, these issues should be left up to Taiwan's domestic political system to work out on its own, armed with as much information as possible and in an environment free from coercion.

The special budget has been important to the Chen administration, which has placed its political credibility on the line for it. This issue has also been important to those in Taiwan's armed forces who have invested incredible resources to justify it and pleaded to their political leaders for an increase in its annual defense budget every year since, at the very latest, 2000.

Indeed there are some in Taiwan who see Taiwan's future aligned with the PRC and advocate disarmament. However, mainstream political actors on both sides of the political

spectrum are dedicated to defending the island against PRC aggression. The question lies in determining an adequate level of defense spending, allocating resources within the defense budget, and juxtaposing both with other national interests.

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# The Irvine Sister City story

At the end of May 2006, the Mayor of the California city of Irvine traveled to Shanghai to ink a sister-city agreement with Xuhui, a suburb of Shanghai. The matter would have been routine, were it not for two important bloopers: the Agreement signed by the Mayor Beth Krom included a reference to the 1978 Communiqué under which diplomatic relations were established between the US and China, implying recognition of China’s claim to sovereignty over Taiwan. The agreement totally neglected the Taiwan Relations Act, which governs US relations with Taiwan.

Photo: Ming Wang

To add insult to injury, an Irvine City official, Valerie Larenne, signed a memorandum in which Irvine would break its relations with another sister-city, Taoyuan in Taiwan. The matter immediately drew a heated response from the Taiwanese-American community in Irvine, and at a City Council meeting on 27 June 2006, approximately 30 community members



**Taiwanese in front of Irvine City Hall:**  
*"Rescind Sinister City Agreement"*

spoke up against the Irvine-Xuhui Agreement, while some 300 people demonstrated outside with flags and banners, demanding the city to revoke the agreement.

In a unanimous vote of 5-0, the Irvine City Council adopted a resolution rescinding the Agreement and Memorandum, and instructing the Mayor to come up with a new

Agreement with Xuhui, excluding any reference to the 1978 Communiqué. According to newspaper reports, the Irvine mayor had based her earlier position on:

“...the United States longstanding “one China” policy, which is based in the idea that both Taiwan and the mainland are part of China” (“*Irvine mayor clarifies Chinese pact*” *Orange County Register*, June 20 2006), and on

“...the historic 1979 agreement in which the United States recognized the PRC as the sole legal government of that country, including the island of Taiwan” (“*Irvine signs up for diplomatic woes*”, *Los Angeles Times*, June 20 2006)

**Taiwan Communiqué comment:** *that position is a common misconception, and is pertinently incorrect: On January 1st 1979, the United States did indeed recognize the PRC government in Beijing as the sole legal government of China, but at no time did the US recognize any Chinese claim on Taiwan.*

*It must be emphasized time and again that the United States only **acknowledged** the Chinese position, and stated – in the 1979 Taiwan Relations Act (TRA) — that the issue between Taiwan and China needed to be resolved peacefully, and that the US would help defend Taiwan against an attack by China. The US Congress would certainly not have passed the TRA if it considered Taiwan to be part of China.*

*The Irvine Sister City story demonstrates once more the vulnerability of Taiwan, a free and democratic nation, under the vague US “One China” policy, and under the threat of the aggressive campaign of the Chinese Communist regime to deprive Taiwan of its identity and its universal right to self-determination.*

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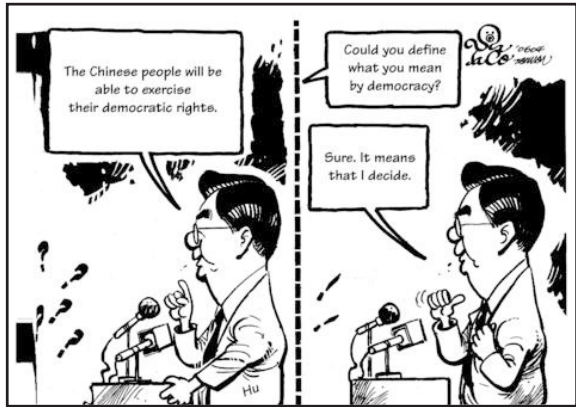
## British Parliament report on East Asian relations

On 13 August 2006, the Foreign Affairs Committee of the British House of Commons published an extensive report on UK relations with East Asia. The report presents a concise analysis of developments in East Asia. It started with a chapter on Economics, which discusses sensitive issues such as income inequality, the instability in the banking system, limits to growth, and environmental degradation in China.

It continued with a major chapter on China’s rise and its impact on foreign policy and security in the region. This chapter contained a section on Taiwan, in which the UK Parliament presents the following recommendations:

1. **Full membership for Taiwan in the WHO.** The report concluded that “...*Taiwan’s exclusion from bodies addressing concerns in areas including health and environment is unsatisfactory, particularly with the spread of avian influenza*” and recommended that the British Government “... *set out in its response to this Report what measures it is taking to ensure that Taiwan takes a fuller part in organizations tackling such matters, and its attitude towards full membership of the World Health Organization (WHO) for Taiwan.*”
2. **China’s military buildup.** The report stated that “...*the Chinese military build-up across the Taiwan Straits threatens peace and stability in East Asia*” and recommended that the British Government “...*support US efforts to preserve peace and stability in the Taiwan Straits. We further conclude that the growth and development of democracy in Taiwan is of the greatest importance, both for the island itself and for the population of greater China, since it demonstrates incontrovertibly that Chinese people can develop democratic institutions and thrive under them.*”

Copyright: Taipei Times



**Question:** "Could you define what you mean by democracy?"

**Hu Jintao:** "Sure. It means that I decide."

3. **Political contacts with Taiwan.** The report stated that the British Government should “...*increase contacts with Taiwan at a political level, especially between elected representatives of Taiwan’s vibrant, young democracy and of elected members of the United Kingdom’s democratic system.*” It added: “*We further recommend that the Government increase the number of informal ministerial visits to Taiwan so as to strengthen economic links between Taiwan and the United Kingdom in a manner commensurate with the size of its economy.*”

The report also contained a clear analysis of political developments inside China, and a thorough discussion of the lack of human rights or a free press in the country.

**Taiwan Communiqué comment:** While we applaud the positive recommendations made in the report with regard to links with Taiwan, we must point out two significant misconceptions in the report: 1) it portrays the growth of democracy in Taiwan as an example that “Chinese people can develop democratic institutions.” This is a common misconception: we must emphasize that the island’s democratization had a **Taiwanese** character: it was a rebellion of the native Taiwanese against the Chinese overlords of the Kuomintang. The transition to democracy thus came about **in spite of** the Chinese.

The second misconception is the fact that the report urges for increased political contacts, but wants to avoid the impression that this would “...constitute recognition of Taiwan as a state.” Taiwan **is** a state: it has its own elected president, government, territory, people, and capability to enter into international agreements. It is not up to the British Parliament – or anyone else – to decide whether Taiwan is a state or not. Under the UN Charter, this is a decision to be made by the Taiwanese people themselves under the principle of self-determination.

It must be emphasized that de-recognition of the (Kuomintang) authorities in Taiwan in the period 1950s through 1970s occurred because those authorities claimed to govern all of China. **That** claim was not recognized. Since the early 1990s Taiwan has a democratic system, and the people on the island want to be accepted as a full and equal member in the international community. The situation now is thus essentially different from that in the 1970s. If the international community – and the British Parliament – adheres to the principles of democracy and self-determination, it would move towards normalization of relations with Taiwan.

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## A Free Trade Agreement for Taiwan

By Kin-ming Liu, former chairman of the Hong Kong Journalists Association, and a Washington-based columnist. This article first appeared in *Insight on the News* on 1 August 2006

If there was a way for the United States to help Taiwan defend against China without involving any American soldier that would at the same time reap profits for many American companies, one would think Washington would actively push for it. But the Bush administration says “we have a very full plate in Washington right now” and it’s “premature” to even discuss it.

Looking at it from an economic perspective, there's absolutely no reason why the United States shouldn't sign a free trade agreement (FTA) with Taiwan. America is Taiwan's third largest trading partner, and Taiwan is America's eighth largest trading partner. In 2005, the bilateral commerce reached \$57 billion, higher than U.S. trade with France. If Washington can negotiate a free trade agreement with Malaysia and South Korea in the region, then Taiwan should definitely be part of the game.

When Deputy U.S. Trade Representative Karan Bhatia visited Taipei at the end of May, he disappointed his hosts by saying that *"it would be premature to discuss an FTA with Taiwan."* Ambassador Bhatia, the highest-ranking U.S. official to set foot in Taiwan in six years, noted that the U.S. has a number of ongoing FTA negotiations. *"Given the demands that this agenda will place on the Office of the USTR and inter-agency resources, it will be extremely difficult for us to*

*take on any additional FTA partners during the next year,"* he added. The "fast track authority" law, which allows the administration to negotiate FTAs subject only to an up-or-down vote in Congress, is due to expire in June 2007.

Taipei dispatched its Deputy Minister of Economic Affairs, Steve Ruey-Long Chen, to Washington in July 2006, in an effort to get the US Administration more excited about the idea. *"We have to make more efforts to have strong support from both the U.S. business community and the U.S. Congress,"* Mr. Chen said at the American Enterprise Institute on 25 July 2006. Mr. Chen said that the benefit of an FTA would go beyond purely economics and trade and could promote peace and prosperity in the region.

To demonstrate once again that economy can never be separated from politics, Taiwan's main obstacle, as always, lies with China. Mr. Chen made a very strong and convincing "win-win" case that an FTA would benefit both the U.S. and Taiwan. I believe that Ambassador Bhatia and the USTR office know perfectly well that Taiwan is more than qualified to become an FTA partner.



**US using the Free Trade Agreement key to force  
Taiwan into direct links with China**

As for the business community, they know better than anyone that an FTA with Taiwan would enhance their balance sheets. However, as AEI resident scholar Claude Barfield said, investments by US businessmen in Taiwan, however high, were “dwarfed” by their businesses in China. While Taiwan is the “*obvious candidate economically*” for a trade pact with the U.S., “*the decision is really very much a foreign policy basis,*” Mr. Barfield said. He said the Bush administration’s view of trade as a subset of strategic foreign policy means that concerns over China’s reaction to an FTA could trump economic justifications.

China, never shy of squeezing any international space Taiwan may enjoy, doesn’t want to see other nations establishing free trade agreements with the island. But it’s not reasonable for China to voice any objection, Mr. Chen said, because “this is an arrangement which could be entered into between or among WTO members.” Indeed, the World Trade Organization allows members to negotiate bilateral and regional free trade agreements with one another, as long as the final outcome is in accordance with WTO requirements. Taiwan hopes an FTA with the United States could open doors with other trading partners like Australia, Japan and Singapore, which are reluctant to anger China.

Everyone is looking at the China market, and the Taiwanese are no exception. As Taiwan is getting more and more dependent on the China market, it is at risk of losing its bargaining chip with Beijing. According to Peter Chow, professor of economics at the City University of New York, China’s trade with Taiwan is managed under a unified front with a strong political motivation of enticing Taiwan to return to its “motherland.”

*“China’s policy toward Taiwan is to ‘encircle Taiwan government by business’ and to ‘press the government through private citizens’ by enticing Taiwanese business people to lean toward ‘one country, two systems’ without firing a shot,”* Mr. Chow said.

It’s one thing for Washington to take a passive stand so as not to offend China. But it’s quite another thing for Washington to do Beijing’s bidding — and that’s what seems to be happening now. Ambassador Bhatia has called on Taiwan to lift restrictions on trade with China. In a House International Relations Committee hearing on July 20, Ambassador Bhatia told committee chairman Rep. Henry Hyde, a self-proclaimed “strong supporter of negotiating a free trade agreement with Taiwan,” and other members that given the important role that China plays in the East Asian economy, and given the integration of the East Asia economy that is ongoing, it’s important that Taiwan not be economically isolated from developments in the rest of East Asia —and cross-strait relations affect that.



Instead of lending Taiwan a helping hand to break China's oppression and isolation with a free trade agreement, it's strange that Washington points the finger to Taiwan. I can well understand Washington's strong desire to see a peaceful settlement of the Taiwan Strait issue. By pursuing such a policy, Washington may well get what it wishes: China "liberating" Taiwan without firing a single shot. Is this what the United States wants, though?

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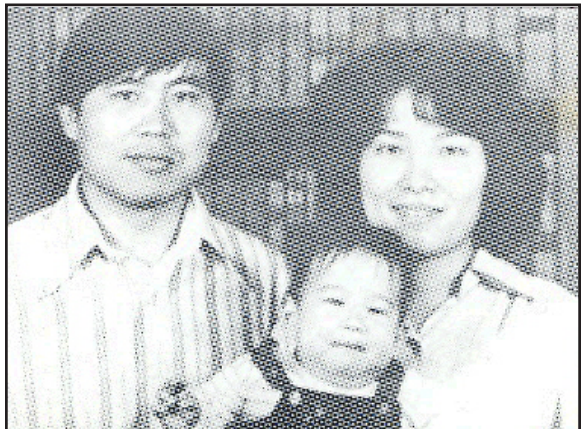
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## **Commemorating the death of Prof. Chen Wen-cheng**

On 3 July 2006, it was 25 years ago that the body of professor Chen Wen-cheng was found next to a building at National Taiwan University in Taipei. The body had thirteen broken ribs, a broken spine and numerous other internal and external injuries, which had been inflicted by beatings (see "It was murder" in *Taiwan Communiqué*, no. 5, and "Carnegie-Mellon University Report on Chen Wen-cheng's death" in *Taiwan Communiqué*, no. 9, pp. 16-19).

Photo: Taiwan Communiqué

At the time, professor Chen (age 31) — a brilliant young statistics scholar at Carnegie-Mellon University in Pittsburgh — was visiting Taiwan with his wife and a young child. Just prior to his death, professor Chen had been questioned by the Taiwan Garrison Command about his political activities in the United States. The first interrogation (on 30 June 1981) lasted approximately two hours. At the second round (on 2 July) he was reportedly questioned for approximately 13 hours.



**Dr. Chen, with his wife Su-jen, and their son Eric,  
just before their journey to Taiwan**

After the case received wide international attention, the Kuomintang authorities tried to suggest that it was "either suicide or accident." The evidence proved otherwise: an American forensic pathologist, Dr. Cyril Wecht — who traveled to

Taiwan together with a colleague of Dr. Chen to investigate the case — concluded that Dr. Chen was a victim of homicide, and that his death was caused by being dropped from an upper floor of the fire escape while unconscious (see “Murder in Taiwan”, *American Journal of Forensic Medicine and Pathology*, June 1985).

However, in spite of the wide international attention for the case in the foreign press, and the strong efforts by the U.S. Congress and by Carnegie-Mellon University president Richard M. Cyert to get to the bottom of the case, the Kuomintang authorities were able to delay any further investigation and thus cover-up the matter.

***Taiwan Communiqué comment:*** *It is high time that Prof. Chen’s death is resolved. However, the judicial and political system in Taiwan – still under strong influence of the same Kuomintang under which the murder took place – has not had the courage to address the issue squarely, and has failed to search for, and prosecute, those in the Garrison Command who were responsible for Professor Chen’s death.*

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## Reports from Washington

### ***Senate High-level Contacts Resolution introduced***

On 27 June 2006, US Senators Tim Johnson (D-SD) and George Allen (R-VA) introduced Senate Concurrent Resolution SCR-106, urging a lifting of the outdated self-imposed US restrictions on visits of high-level elected and appointed Taiwan officials to the United States.

The Resolution refers to State Department guidelines imposed in the late 1970s, when the US de-recognized the Kuomintang regime, which was at that time still claiming sovereignty over China. The Resolution states that during the late 1980s and early 1990s, Taiwan made a remarkable transition to a full-fledged democracy and argues that “...*these self-imposed restrictions lead to a lack of direct contact and communication with the democratically-elected leaders of Taiwan, and deprive the President, Congress and American public of the opportunity to engage in a direct dialogue ...*”

The Resolution points out the irony that the US Government has barred the democratic leaders of Taiwan from visiting Washington, while “... *allowing the unelected leaders of the PRC to routinely visit Washington DC and welcoming them to the White House.*”

The Resolution also states it is in the interest of the United States to be able to engage in a direct dialogue with Taiwan officials regarding economic, security and political issues. It adds that this is of particular importance, since the Taiwan Strait is considered one of the potential flashpoints in the world.

## ***Douglas Paal's misconceptions***

Mr. Paal's term as Director of the American Institute in Taiwan (2002 until January 2006) was a controversial one. With little diplomatic finesse, he blundered into Taiwan's political scene like a bull in the proverbial china shop. His relations with the DPP government were less than ideal, leading to numerous miscommunications between Taipei and Washington.

He also seemed quite enamored with the old Kuomintang, cozying up to the likes of Lien Chan and James Soong, the two leaders whose archaic positions are primarily responsible for the political turmoil which prevailed in Taiwan during this period. After the tumultuous Presidential elections in March 2004, a highly sensitive moment in Taiwan's recent history, Mr. Paal chose to pay a visit to Mr. Lien Chan, the defeated KMT candidate – hardly a proper political gesture.

In 2005, the State Department's Inspector-General issued a report, which found "serious shortcomings" in Mr. Paal's management, leading to low morale among AIT staff in Taipei. The report said that this led to a situation where the US government did not receive a "... *comprehensive, well-rounded view of the situation in Taiwan.*"

On 13 July 2006, Mr. Paal gave a presentation at the Brookings Institutions in Washington DC, where he discussed his time in Taiwan, and gave some of his views on the developments between Taiwan and China. The presentation showed that Mr. Paal still clings to a number of misconceptions. Below we present a commentary by Mr. Winston Dang, a DPP legislator in Taiwan.

## ***Paal has forgotten China's real motives***

*By Winston Dang, Democratic Progressive Party (DPP) legislator and director of the DPP's Department of International Affairs. This article first appeared in the Taipei Times on Wednesday August 16 2006. Reprinted with permission.*

In his speech at the Brookings Institution on July 13, titled "Some Reflections on My Time in Taiwan," former American Institute in Taiwan director Douglas Paal said

that China's intent to restrain Taiwan lay behind its rapid military buildup. He also said that the main reason was then President Lee Teng-hui's 1995 visit to Cornell University, and his later definition of the relationship between Taiwan and China as "special state-to-state relations."

Paal seems to feel that the policies of the US and China regarding Taiwan, although articulated differently, are essentially the same in terms of maintaining peace in the Taiwan Strait. The common meaning of these policies is "clear," he said. With deep regret, I must conclude that Paal's assessment of cross-strait circumstances is far removed from reality.

Taiwan is constantly under the threat of invasion by China because of its pursuit of peace and democracy and its attempts to establish itself in the international arena. China has never renounced its ambition to attack Taiwan. This was the reality for decades before Lee's Cornell visit. Beijing's goal is to become a hegemonic power, supplanting the US in East Asia.

I find it regrettable that only six months after leaving Taiwan, Paal seems to have forgotten that China's rise is not founded on peace and democracy. Moreover, the alarming speed of its military buildup poses a threat not only to Taiwan but to the entire region. And in this age of dwindling energy resources, it is quite likely that conflicts will break out between China and its neighbors who have territorial disputes with Beijing, like Japan, Vietnam, the Philippines, Brunei and India. This is a scenario that I think most analysts would agree with.

The US Department of Defense's report regarding the Chinese military points out that since 1990, China's official defense budget has increased by more than 10 percent yearly, but the official budget is far less than Beijing's actual military spending. The speed with which China's military build-up is expanding is prompting even high-level officials in the White House to wonder which of China's neighbors are its enemies.

I disagree with Paal when he says that the US and China express a "common meaning" when they talk about peace and stability in the Taiwan Strait. It should be crystal clear that China's aims have little to do with peace, stability, and democracy.

Paal also mentioned China's "Anti-Secession" Law, saying that it created maneuvering room for President Hu Jintao to relax domestic tensions. For Taiwan, China's passing of the law means that Beijing has a "legal" excuse to invade Taiwan at any time. Taiwan's future should be decided by the Taiwanese people, not by China's domestic laws.

I also disagree with Paal's understanding that Taiwan's longtime wish to ink a free trade agreement (FTA) with the US as soon as possible stems from political considerations.

Although China is growing stronger economically, the US is still the world's leading economy, and its domestic demand is the strongest of all the world's consumer markets. This one point makes one wonder whether export-oriented Taiwan's pursuit of an FTA with the US could be the result of political considerations alone.

Global economic and trade integration is an unstoppable trend, and FTAs are becoming par for the course. Politically isolated by China, Taiwan's economic and trade competitiveness are its only avenues of development.

Taiwan's democratic achievements and economic prosperity are built on universal values. Don't let China's saber rattling wipe out all the hard work the Taiwanese people have invested in their democracy and freedom.

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## Book review

### *The Struggles of a Democracy* by Prof. *Jerome F. Keating*

*Reviewed by Gerrit van der Wees, Editor, Taiwan Communiqué*

Few outside observers have described Taiwan's complex history as clearly and succinctly as Prof. Jerome Keating. Prof. Keating moved to Taiwan in 1988, and started teaching there in the early 1990s. His first book about Taiwan's history, "*Island in the Stream*" was published in 2000, and gave an excellent and concise account of the island's complex history (see our review in *Taiwan Communiqué* no. 95, February 2001).

Now Prof. Keating has published a second volume, "*Taiwan, the Struggles of a Democracy*" in which he focuses on Taiwan's modern history, and particularly the island's spectacular, but unfinished, transition to democracy. The book has three sections: the Past, the Present, and the Future.

In the first section, *The Past*, he discusses the Kuomintang as a political party with its roots in the dark side of China's Confucianism, unable to rise above the corruption, nepotism, hypocrisy, and authoritarian rule which had marked its first 50 years of existence in China.

In a Chapter titled “Unlearned lessons, Unacknowledged Baggage”, Keating described how the Kuomintang hardly learned any lessons from its loss of China in the 1940s, and simply transposed its undemocratic rule and nebulous practices to Taiwan, which led to its loss of Taiwan in the 1990s. Indeed, Keating concludes that “...in the half century that it took to achieve democratic elections for Taiwan’s president, the case can be made that Taiwan’s democracy was delayed, not hastened, by the KMT. To put it more strongly, democracy happened in spite and not because of the KMT.”

He then adds, referring to the present political stalemate on the island, “Indeed, the passion and disproportionate vehemence with which the KMT and their allies seek to pin the blame of corruption on President Chen and the DPP party suggests a desperate seeking to avoid facing the ghosts of a shameful past.”

The first section has also a magnificent but saddening analysis of how the Kuomintang lost the seats in the United Nations: he shows that there was significant support for “both” Chinas (or even for “One China, one Taiwan”) in the UN, but that the repressive KMT regime of Chiang Kai-shek didn’t want to move in

that direction, because that would mean the end of its legitimacy in Taiwan.

Keating then focuses on the DPP, and its rise from the outlawed *tangwai* (“outside-the-party”) movement to the present-day ruling party, and describes the threats and hardships its leaders underwent in the early days.



In the second section, *The Present*, Keating presents fascinating glimpses and brief analyses of the 2004 Presidential elections and its aftermath. He lays bare the Kuomintang's machinations and distortions which led to the high tension following President Chen razor-thin victory, but a victory nonetheless. He also emphasizes that between 2000 and 2004, President Chen's support increased from 4,98 million to 6,47 million, a dramatic shift in favor of the President.

In the second section, Keating also profiles several political figures, whom he calls "Fatalities of the Limelight": people who could have made a positive contribution to Taiwan's democracy, but who went in the opposite direction, and played rather destructive roles: former DPP Chairman Hsu Hsin-liang, TV Commentator Sisy Chen and former KMT Chairman Lien Chan himself. Keating might as well have added a chapter on another former KMT Chairman, Shih Ming-teh.

In the third and final section of the book, *The Future*, Keating returns to a theme from the beginning of the book: due to the fact that Taiwan's transition to democracy was relatively smooth, there has been no atonement by the Kuomintang for its sordid past, there has been no "Truth and Reconciliation Commission" like in South Africa, the Kuomintang still has not returned its stolen assets, KMT leaders like James Soong and Lien Chan are still unashamedly pushing for unification with a Communist China, etc.

Keating concludes with a reference to Taiwan's "Taike" spirit — the wish to be free, independent and innovative – and an appeal to the "Strawberry Generation", those who were born after 1980, and whose life is presently rather carefree. He tells them that the preservation of democracy will not be easy, and will require a major effort, also from them.

Without any doubt, one of the best recent books about Taiwan's struggle to be a democracy. Highly recommended. In Taiwan, the book is available from SMC Publishing in Taipei. In the United States it can be purchase for US\$ 16.- (incl. postage) from: **Pacific Times**, 3001 Walnut Grove #8, Rosemead, CA 91770 USA Fax: (626) 573-4897, e-mail: [pacific@ix.netcom.net](mailto:pacific@ix.netcom.net)

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