



Taiwan Communiqué

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Tsai Ing-wen goes to Washington

A positive and constructive visit

From 30 May through 9 June 2015, Democratic Progressive Party chairwoman Dr. Tsai Ing-wen embarked on a 12 day, six city visit to the United States, that brought her to Los Angeles, Chicago, Washington DC, New York, Houston and San Francisco.

From 2 to 5 June 2015, she visited Washington DC, meeting with Obama Administration officials in the White House, the State Department, Pentagon and USTR, and also with leading members of the House of Representatives and the US Senate. She gave a public speech at the Center for Strategic and International Studies (CSIS), addressed the US-Taiwan Business Council, and received a rousing welcome by the Taiwanese-American community.

Photo: Huang Ching-san

It was a very positive and constructive visit. The warm reception Dr. Tsai received in Washington is evidence of the sea change in the attitudes of the Obama Administration towards Taiwan. Below we present some further details and specific insights.



Dr. Tsai Ing-wen receiving flowers from two children at a banquet in a Washington suburb on 4 June 2015

Dr. Tsai's speech at CSIS

On Wednesday 3 June 2015, Dr. Tsai addressed an overflow audience of some 350 people at the **Center for Strategic and International Studies** (CSIS). She was introduced by CSIS scholar Bonnie Glaser, and after her presentation former Assistant Secretary of State for East Asia & the Pacific, Kurt Campbell, engaged Dr. Tsai in a Q&A session.

Photo: Huang Ching-san

In her talk, titled *Taiwan faces the future* she outlined her vision for Taiwan's future, as a free and democratic country that can contribute to the international community, and serve as a role model and inspiration, in particular for other countries in East and Southeast Asia. She said that Taiwan needed to face new challenges, such as "...the gradual erosion of freedom and democracy", and "an increasing uncertainty over Taiwan's ability to maintain its economic autonomy."



Dr. Tsai Ing-wen speaking at CSIS

She stated that to respond to these and the so many other challenges, the DPP is crafting *a new model of Asian values*, consisting of the following elements: participatory democracy, equitable distribution and social justice, innovation-based economy, and proactive peace diplomacy.

She described how the economic slowdown of the past few years has hit the young generation particularly hard, and how the current policies have led Taiwan to economic overdependence on China. She said she wanted to move towards a more innovation-driven economy which would redress the imbalances of the current system and generate more jobs for the younger generation and a more equitable wealth and income distribution.

She said that she would like Taiwan to focus on building a strategic partnership with the United States in areas such as information technology, a core strength of Taiwan. She also emphasized that there is an urgent need for Taiwan to be included in the Trans Pacific Partnership (TPP), and added: "We want to ensure that Taiwan is ready to effectively deal with the challenges of globalization."

The next major theme she focused on was defense. She said she wanted Taiwan to be a reliable partner on regional security, and that for this the key is proper investment in

credible deterrence. She said that in light of the increasing military and security threat that Taiwan faces “*developing asymmetric capabilities that involve enhanced military relations with friendly forces, well-trained military personnel in a modern force structure, and acquisition of necessary defense equipment are essential components of our deterrent strategy.*” She elaborated in particular on the mil-to-mil relations with the US, and on the need of investment in indigenous defense programs.

On relations with the US more in general, she emphasized that Taiwan has “*a special political, security, economic, and cultural bond with the United States because of our shared values and shared interests.*” On international participation, she stated that “*Taiwan will meaningfully participate and contribute, provided that it is not discriminated against, in international projects such as humanitarian assistance and disaster relief, medical assistance, and joint efforts in economic aid with backup support from our active NGO’s.*”

Then came a key section of her speech, one that most news media were focusing on: Cross-Strait relations. She did emphasize “*I am also committed to a consistent, predictable, and sustainable relationship with China*”, and added that “*the conduct of cross-strait policy must transcend the position of a political party and incorporate different views*” – an indirect criticism of the policies of President Ma Ying-jeou who has conducted policy in secrecy and along partisan lines.

Photo: Huang Ching-san



Dr. Tsai addressing the crowd (and cameras) at CSIS

She added: “*Freedom and democracy are values deeply ingrained in the hearts of the Taiwanese people*” and stated that “*(W)hile I advocate for constructive exchanges and dialogues with China, I will ensure the process is democratic and transparent, and that the economic benefits are equitably shared.*”

She also mentioned that “*We do have a broad consensus in Taiwan, that is, the maintenance of the status quo*”, adding that “*I will push for the peaceful and stable development of cross-strait relations in accordance with the will of the Taiwanese people and the existing ROC constitutional order.*”

She concluded that section by saying: “*Last but most importantly, I will also strengthen our democratic institutions and uphold the right of the people to decide their future free of coercion.*”

Dr. Tsai concluded her presentation by reiterating her ***New Asian Values*** concept, by stating: “*Taiwan stands at the juncture of history and culture. When people in many Asian countries are still suffering from authoritarianism, we in Taiwan are immensely proud of our democracy and cherish our hard-earned social and political rights and individual freedom, together with the rise of civil society and freedom of choice.*”

“*As Asia faces rising nationalism, irredentism, and threat of military conflict, we intend to engage in proactive peace diplomacy that fosters peace and stability with the spirit of giving and sharing.*”

A warm reception at the US Congress

At the end of the same day, 3 June 2015, there was a Congressional reception for Dr. Tsai and her delegation on Capitol Hill, hosted by the **Formosan Association for Public Affairs**. The event was held in the House Foreign Affairs Committee hearing room in the Rayburn Building.

Almost two dozen House members attended, including House Foreign Affairs Committee chairman Ed Royce (R-CA), and Asian and Pacific Affairs Committee chairman Matt Salmon (R-AZ). Some sixteen of the members made welcoming remarks, including chairman Royce, HFAC ranking member Elliott Engel (D-NY), and Asian-American Congresswomen Judy Chu (D-CA) and Grace Meng (D-NY).

Former House Foreign Affairs Committee chairwoman Ileana Ros-Lehtinen (R-FL) presented Dr. Tsai with a model of the **Statue of Freedom** which stands on the top of the Capitol Building in Washington DC. Ms. Ros-Lehtinen stated that this statue symbolizes the values of freedom and democracy that the people of Taiwan share with the people of the United States.

FAPA President Dr. Mark Kao reiterated the important role Congress had played in Taiwan’s transition to democracy in the 1980s and early 1990s, especially mentioning former Senators Ted Kennedy (D-MA) and Claiborne Pell (D-RI) and Congressmen Steven Solarz (D-NY) and Jim Leach (R-IA).

Dr. Kao then continued: *“Taiwanese Americans are eternally grateful for the support from members of Congress – then and now: you have given the people of Taiwan hope that they never walk alone even in the darkest night. Taiwan is a democracy now, but still a very young democracy.”*

Photo: TWIMI-TV

*“Like the US civil rights leader Martin Luther King, who said in his famous speech from the steps of the Lincoln Memorial, now more than 50 years ago: **I Have a Dream.** We Taiwanese Americans also have a dream: that Taiwan can move out of the international isolation imposed on it by the outdated “One China” policy, and be accepted as a full and equal member in the international community.”*



Members of Congress Ed Royce (L) and Ileana Ros-Lehtinen (R) presenting Dr. Tsai with the Statue of Freedom

Dr. Tsai responded to the warm welcome by Congress and expressed appreciation for the long-lasting and vital support for Taiwan by so many members of Congress. She gave a brief overview of some of the issues that were discussed during the visit and stated: *“Democracy – and the belief that democracy works – is the fundamental value that brings Taiwan and the United States together today. It’s the underlying foundation of our friendship, which is reflected in our extensive security and economic relations, as well as our common contributions in global affairs.”*

And a rousing welcome by the Taiwanese community

In the evening of Thursday, 4 June 2015, Dr. Tsai and her delegation were given a rousing welcome by the Taiwanese-American community at a banquet with some 550 supporters at the College Park Marriott in the suburbs of Washington. Similar events with even larger crowds were held in Los Angeles, Chicago, New York, Houston and San Francisco.

At the Washington event she gave a moving speech on how people in Taiwan and the overseas community can work together to make Taiwan a better, more caring society. She also mentioned that the visit to Washington had been very positive, and that she had had in depth discussions on a positive and constructive way forward in US-Taiwan relations.

In passing, she also responded to the remarks by Chinese ambassador Cui Tiankai earlier in the week, who was quoted as saying that rather than visiting the United States to do an “interview test” here, Tsai should pass the “test” of 1.3 billion Chinese in China.

Dr. Tsai said that she had come to the US to talk about the common values the Taiwanese people and the American people share: freedom and democracy. She added that she had taken her final exam in the US a long time ago – her law degree at Cornell. And she had taken her final exam at the London School of Economics in the UK earning her Ph.D. degree. Now, the only final exam she was taking is the one in the presidential campaign with the 23 million people of Taiwan, she said to loud applause by the audience.

Photo: Huang Ching-san



Taiwanese-American banquet in Dr. Tsai's honor in the Washington suburb of College Park

Taiwan Communiqué comment: *The warm reception Tsai received in Washington is evidence of the sea change in the attitudes of the Obama Administration to Taiwan. There was a much*

more positive and inclusive stance toward her and the DPP party than ever before. There was a much greater willingness to listen to her views and vision than ever before, and less of a tendency to cling to preconceived notions.

This sea change is of course partly due to the major change in political landscape in Taiwan itself, where the Sunflower Movement and the results of the November 2014 elections were a good wake-up call. It has started to dawn on Washington that President Ma and his policies have little traction in Taiwan, and will be eroded further as the January 2016 elections approach.

The sea change in Washington is also partly due to the developments in the South China Sea, where the PRC has been aggressively pushing other nations on their territorial rights. Against that background it is essential that Taiwan, with its strategic location, is firmly aligned with the United States, and can play its role in maintaining peace and stability in the region.

Which way cross-Strait relations?

KMT Chairman Chu meets President Xi Jinping

From 3 to 4 May 2015, the newly-elected chairman of the Kuomintang Party, Mr. Eric Chu Li-luen (see *The KMT tries to reinvent itself* in *Taiwan Communiqué* no. 149, pp. 18-20), visited China. The ostensible reason for the visit was to attend a cross-Strait economic and cultural forum in Shanghai on 3 May 2015 which was sponsored by the KMT and the Chinese Communist Party (CCP). Issues discussed there included small- and medium-sized businesses, youth and the grass roots, trade and technology, and culture and education.

However, all media attention focused on 4 May 2015, when Mr. Chu travelled to Beijing for a meeting in the Great Hall of the People with PRC President Mr. Xi Jinping, who also serves as CCP Chairman. Media reports made much of the fact that this was the first official meeting by a chairman of the Kuomintang since 2009.

The main reason for the absence of any such meetings during these years was that in October 2009 President Ma Ying-jeou assumed the chairmanship of the KMT, and Beijing refused to hold any meetings between heads of state. This left President's Ma's Kuomintang no choice but to send honorary chairmen: Mr. Wu Po-hsiung in 2012 and 2013, and Mr. Lien Chan in 2013 and 2014.

At the talks, China's President Xi Jinping called for settlement of political differences through "equal consultations." However, he hastened to add that this could only be done if Taiwan accepts that it is part of China under the "one China" principle insisted on by Beijing. A great majority in Taiwan rejects this construct as it doesn't give the island any free choice on its future.

At the meeting, Mr. Chu affirmed his party's support for the "1992 Consensus", a vague formulation that is interpreted by Beijing as a commitment to an eventual unification (see our "*No consensus on '1992 Consensus'*" in *Taiwan Communiqué* no 150, pp. 4-8).



Photo: AFP

Eric Chu meeting Xi Jinping in Beijing

Mr. Chu also said in a press conference after the meeting that he had stated that the two sides could continue to develop their relationship and forge a greater cooperation on issues of regional interest, including economic integration and disaster response.

These two themes are quite sensitive in Taiwan, as the PRC recently rejected Taiwan's application to join the Asian Infrastructure Investment Bank (AIIB) as a founding member (see article below on pp. 16-18.) And on disaster response, there was a sour note when Nepal rejected a Taiwanese offer to send a Search and Rescue Team to help after the major earthquake that hit Nepal on 25 April 2015.

Mr. Chu also mentioned that he had pressed Mr. Xi to allow Taiwan greater participation in international organizations. Until now the PRC has vehemently opposed any membership by Taiwan in international organizations, and has only very grudgingly agreed to a token "observership" in the annual World Health Assembly in Geneva, and to it being a "guest" at the tri-annual International Civil Aviation Organization (ICAO).

Eric Chu in hot water upon his return

When he returned home to Taiwan on 5 May 2015, Chu was at the receiving end of a barrage of criticism. The main point was that in his statement in Beijing, Chu had used exactly the same formulation as President Xi Jinping when he described the "1992 Consensus": that *"both sides of the Taiwan Strait belong to one China."*

Copyright: Taipei Times

This formulation leaves very little room for the "different interpretations", that had been the mainstay of the Ma Ying-jeou government. The "one China" in this formulation is almost universally understood to be the PRC, while in the traditional formulation (*One China, different interpretations*), the KMT saw some wiggle room to define "one China" as *their* "Republic of China", which is of course far removed from reality.



Mr. Eric Chu jumping through the "1992 consensus" hoop into the "One China" pot

As it was, an opinion poll conducted by the **Taiwan Indicators Survey Research (TISR)** in mid-May showed that 61.6% of the respondents disagreed with Mr. Chu’s formulation, while only 26.7% were in favor, while 11.7% said they had no opinion on the matter.

Copyright: Taipei Times

A related controversy erupted when the **Associated Press** reported from Beijing the Mr. Chu had “*affirmed his party’s support for eventual unification with the mainland.*” To all who observe Taiwan’s politics, this is a clear statement of fact, but to Mr. Chu it was a rather inconvenient truth that would damage the KMT in the upcoming elections.



One Zebra, different interpretations

On the same day, Mr. Chu’s office issued a statement accusing the AP reporter, Mr. Chris Bodeen (a seasoned Asia hand), of having made a “serious mistake” and demanding a retraction and a correction. In the end, Associated Press amended the report, so it read that Chu “...*reaffirmed his party’s support for a consensus reached between Chinese and Taiwanese negotiators in 1992 that is interpreted by Beijing as a commitment to eventual unification.*”

A third controversy erupted over the makeup of Chu’s delegation to Shanghai. While it was ostensibly a party-to-party event, the delegation included six government officials from the ministries of Economic Affairs, Education, Culture, and the Council of Agriculture. Opposition legislators accused the six of violating the Public Servant’s Administrative Neutrality Act.

The DPP legislators also charged that the six had violated Taiwan government regulations that prohibit civil servants from entering China on non-official matters and carrying out activities related to their offices.

Mainland Affairs Council Chairman Andrew Hsia defended the visit by saying that the six did not travel at taxpayers’ expense, but had their expenses subsidized by a KMT thinktank. It later became know that the PRC’s Taiwan Affairs Office had paid for the hotel accommodations for the six officials during their three-day stay in Shanghai..

KMT 2016 presidential race in disarray

In the previous issue of *Taiwan Communiqué* (no. 150, pp. 1-2) we reported that as of mid-April 2015, Dr. Tsai Ing-wen had received the DPP nomination for the presidential race, but that the ruling Kuomintang party was still working out its nomination rules.

Photo: Taipei Times

At that time several names of potential KMT candidates were circulating, including Legislative Speaker Wang Jin-pyng, deputy speaker Ms. Hung Hsiu-chu and current vice-president Wu Den-yi, but the general sense was that none of these had much of a chance against Dr. Tsai, and that the Kuomintang would eventually have to draft the newly elected chairman, Eric Chu Li-luen.



Legislative Speaker
Wang Jin-pyng

The party did subsequently devise a rather complicated and convoluted primary system, whereby potential candidates would register during a 27 day registration period (20 April – 16 May 2015). The application needed to be accompanied by a deposit of NT\$2 million (approx. US\$64,800), and would be deemed valid if the candidate was endorsed by at least 5% of the approx. 300,000 party members, i.e. 15,000 endorsements.

Kuomintang heavyweights refuse to run

However, by 16 May 2015, none of the bigger names in the Kuomintang had submitted an application: Legislative Speaker **Wang Jin-pyng** had reportedly intended to participate, but press reports in Taiwan indicated that President Ma and his inner circle were strongly against a Wang candidacy, and let it be known that they would not support him. On May 15th, Wang announced that he would not run. The tension between the President and the Legislative Speaker goes back to September 2013, when President Ma tried to oust Wang from his position (see *Taiwan's Watergate* in *Taiwan Communiqué* no 143).

Vice President **Wu Den-yi** was also a no-show in the primary: at the end of April 2015, press reports indicated that he was a strong and viable candidate, but he presumably decided to lie low, and bide his time. He may still be drafted as the final candidate by the

party (see below), but in an opinion poll published on May 19th his chances against Dr. Tsai were very small: 20.2% versus 64.1% for Dr. Tsai. Wu's close association with President Ma is apparently doing significant damage to his chances.

Copyright: Taipei Times

A third Kuomintang heavy-weight bidding his time is party chairman “Eric” Chu Li-luen himself. Although Mr. Chu is generally considered the most viable of all KMT candidates, he perceives that his chances to win against Tsai are minimal, and has repeatedly and emphatically declared that he will not run. He said he vowed to complete his term as magistrate of Sinbei City (formerly Taipei County), where he was elected with a small margin in November 2014.



President Ma Ying-jeou: *Take the baton! Take the baton! Will somebody take the baton!*

A primary with no viable candidates

This left the once mighty Kuomintang with three minor politicians, who did decide to throw their hat in the ring for the presidential race:

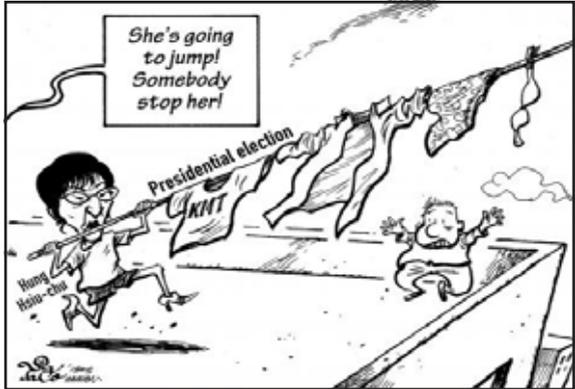
- * Deputy Legislative Speaker Ms. Hung Hsiu-chu registered on the very first day. Ms. Hung is generally considered an unguided missile in right field, often putting herself even farther into deep-blue territory than President Ma Ing-jeou himself;
- * Former health minister Yaung Chih-liang, also a lightweight politician who was not expected to garner much support either. Indeed he dropped out of the race after failing to receive the required number of endorsements;
- * Mr. Huang Po-shou, a dark-horse local politician who served as chief secretary of the Dayuan township in Taoyuan County.

According to the procedure described earlier, the Kuomintang vetted the applications, and on 25 May 2015 announced that Ms. Hung had passed the nomination process, as

she received 35,200 endorsements, while Mr. Yaung only received 5,234 endorsements, falling short of the required threshold of 15,000 endorsements. Mr. Huang apparently dropped out even earlier.

Copyright: Taipei Times

Ms. Hung will now have to go through the next step of the nomination process, in which the Kuomintang conducts a public opinion poll, asking respondents for whom they would vote in the presidential race, Ms. Hung or DPP candidate Dr. Tsai Ing-wen. This poll is now scheduled to be held on 12-13 June 2015. If the percentage Ms. Hung receives from this poll exceeds 30%, then she will be declared the KMT’s candidate in the elections. However, if she receives less than 30% in this poll, then the party reserves the right to draft another candidate.



Ms. Hung Hsiu-chu jumping into the presidential election race

In a recent opinion poll conducted by **Taiwan Thinktank**—a green-leaning thinktank—Ms. Hung lost to Dr. Tsai with a whopping margin, 21.5% versus Tsai’s 63.6%. Kuomintang heavyweights such as Legislative Speaker Wang Jin-pyng and Eric Chu also lost to Tsai, but by much smaller margins. It is thus likely that the Kuomintang will still draft one of its party heavyweights at its party congress on 19 July 2015.

Whitewashing Taiwan’s history

High Administrative Court rejects Ministry procedures

During the past two years, Taiwan’s Ministry of Education has been working on a number of changes in textbooks for literature and the social sciences. These changes were originally proposed by a task force set up by the Ministry, and initially approved by the Ministry in January 2014. (see *Rewriting Taiwan’s history* in **Taiwan Communiqué** no. 145).

However, there were widespread protests by teachers in history and other social sciences against the politicized and Sino-centric nature of the changes, and a number of civic organizations including the **Taiwan Association for Human Rights (TAHR)** brought the case before the administrative courts. On 17 February 2015, the High Administrative Court in Taipei issued a ruling that the Ministry had violated the Freedom of Government Information Act by not disclosing the procedures for the amendments.

Photo: Taipei Times

However, the Ministry disregarded the ruling and proceeded with the changes anyway, instructing textbook publishers to include the changes in the books for the 2015-2016 school year. This prompted a new round of protests. Below an overview of the changes and the further repercussions.



Public protest against textbook changes

An overview of the proposed changes

In *Taiwan Communiqué* no. 145 we already gave a general overview of the changes proposed by the Ministry. Below we present a more detailed analysis of the amendments, which were dubbed “minor adjustments” by the Ministry, but in fact represent a radically different way of presenting history.

- * In the section on *Early Taiwan* (the period before the Dutch colonial period, 1624-1662) the reference to *indigenous peoples* was changed to *indigenous ethnic groups*, implying that they are not a separate people. However, they are of Malay-Polynesian descent, distinctly different from the Han immigrants who arrived much later.
- * The *arrival of Han immigrants* from Fukien is now being portrayed as an initiative of the Chinese Ming Dynasty and its predecessors, while in reality the migrants came to Taiwan to escape famines and wars in China during that period, and were searching for a new frontier. There was no administrative control from Beijing by any Chinese ruler until 1683.

- * The *Dutch colonial period* (1624-1662) was changed from *Dutch rule* of Taiwan to *Dutch entry into Taiwan*, deemphasizing the fact that the Dutch were the first to have centralized administrative control over the Western Plains near present-day Tainan: the aborigines lived in isolated villages and had no central administration.
- * The modernizations on the island during the period that *Taiwan was a Province of China* (1887-1895) were described as initiated by the Ch'ing Court in Beijing, while they were in fact the result of the efforts by the progressive governor, Liu Ming-chuan, who was pushing back against the control of the Ch'ing Court..
- * The era of the short-lived *Formosa Republic* (June-October 1895) is not mentioned in the guidelines anymore, as if it didn't happen. In fact, the Republic was one of the first independent republics in East Asia, represented an important watershed in the island's history, and became a determining factor in the formation of today's Taiwanese identity.
- * The period of *Japanese rule* (1895-1945) was changed to Japanese *colonial* rule, emphasizing the repressive colonial character of the Japanese administration. In fact, to many native Taiwanese the Japanese rule was less repressive than the Chinese Nationalist rule by Chiang Kai-shek that followed.

Photo: Taipei Times

- * In the description of the *Post World War II* period, the arrival of the Chinese Nationalists is now described as *The Glorious Restoration of Taiwan* while the February 1947 228 Massacre of large numbers of Taiwanese by Chiang Kai-shek's troops is being downplayed significantly. Also, the term *White Terror* – describing the political repression in Taiwan during the period of Martial Law (1949-1987) – was removed from the guidelines.



Old (L) and new (R) textbook: references to democracy leader Cheng Nan-jung removed

- * Important events in *Taiwan's Transition to democracy* (1979-1992) such as the *December 1979 Kaohsiung Incident* and the death of *press freedom advocate Cheng*

Nan-jung in April 1989 are being downplayed, or even deleted from the new guidelines.

- * At the end of the guidelines there is a whole new section on the promotion and development of *Chinese Culture*; No mention of the Taiwanese culture or the rich cultures of the more than a dozen aboriginal tribes.

Cities and counties refuse to implement changes

On 20 April 2015, some 21 civic organizations and educational groups announced a new alliance to fight the textbook changes. They criticized the ideological Sino-centric bias of the changes as well as the opaque process the Ministry had used to push through the changes.

In testimony before the Legislative Yuan on 6 May 2015, Education Minister Wu Se-hwa reiterated that the Ministry would continue to push through the changes, and on 9 May 2015, the National Academy for Educational Research (the organization formally in charge of textbook content in Taiwan) issued a formal warning to publishers to only print textbooks that were explicitly approved by the NAER.

This prompted another wave of protests by civic groups and history teachers, and also an announcement by five out of the six major municipal regions, Taipei, Taoyuan, Taichung, Tainan, Kaohsiung (all administered by DPP or independent mayors) that these cities would refuse to use the new textbooks, and stick with the existing textbooks.

However, the Ministry then threatened that the college entrance exams in the coming year would be based on the new guidelines, which in turn prompted the Legislative Yuan to pass two motions, one calling on the Ministry of Education to respect each school's right to choose its own textbooks, and another one calling on the College Entrance Examination Center to "avoid controversial topics" when designing the exams.

At the end of May 2015, students at some 16 high-schools started a protest against the proposed Sino-centric changes, also criticizing the procedural "black box" approach by the Ministry. At the same time, in early June 2015 a nationwide petition against the changes gathered momentum, with more than 120 high schools and vocational schools supporting a petition calling for a withdrawal of the changes.

The ups and downs of joining the AIIB

Hasty decisionmaking, undermining sovereignty

On Tuesday, 31 March 2015, the KMT government of President Ma Ying-jeou submitted a letter of intent to join the Asian Infrastructure Investment Bank (AIIB) proposed by Beijing, pledging to invest US\$200 million.

The move generated a major amount of controversy in Taiwan, both because of the lack of substantive arguments in favor of membership, or clear pre-conditions for joining the China-controlled organization, and because of the highly peculiar procedure followed and the lack of consultation and transparency. Below we present an overview of the development.

Photo: Taipei Times

The March 31st application to join came very sudden: just hours before the April 1st deadline set by the PRC for countries to submit their application as “founding member.” On the previous day (March 30th), President Ma had chaired a hastily-arranged meeting of the National Security Council at which the decision to apply was made.



Civic groups protesting against AIIB decisionmaking

What happened next had all the ingredients of a comic

opera: on 31 March 2015 the Minister of Finance, Mr. Chang Sheng-ford sent the letter of intent to the Multilateral Interim Secretariat for the AIIB, but sent it through Taiwan’s Mainland Affairs Council, which channeled it through China’s Taiwan Affairs Office.

The letter of intent did not have any official letterhead, while Minister Chang only gave his title “Minister”, and the address of the Ministry, without the official title of the Ministry or the official title of the country. All this was presumably done not to offend the PRC’s “sensitivities”, but in the process degraded Taiwan’s own sovereignty and made it appear as if the matter was an “internal” Chinese affair and not an international relations issue between sovereign states.

When the matter of the letter became public, a storm of protest erupted: on Tuesday night, 31 March 2015, two Sunflower students offshoots – **Black Island Nation** and **Democracy Tautin** – organized a rally in front of the Presidential Office attended by several hundred participants. The Ministry of Finance then hastily sent the letter of intent directly to Multilateral Interim Secretariat in Beijing.

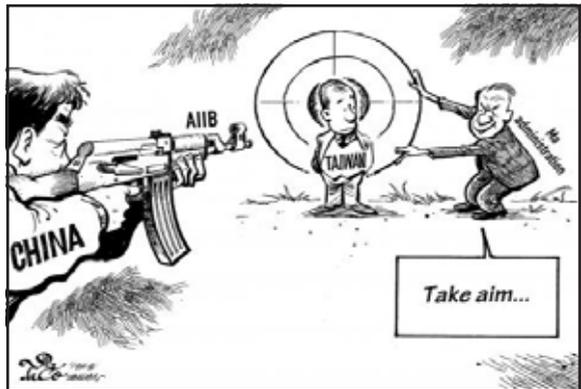
China rejects Taiwan as a founding member

As it was, the initial reactions from Beijing in late March and early April 2015 were actually quite positive, with the Taiwan Affairs Office confirming receipt of the letter and welcoming Taiwan’s participation under the “proper name.” China’s Finance Ministry spokesperson Hua Chunying added on 31 March 2015 that Taiwan’s application to join the AIIB “*should avoid the issues of ‘two China’s or ‘one China, one Taiwan.’*”

A few days earlier, former vice president Vincent Siew had met Chinese President Xi Jinping at the Boao Forum in Hainan. According to press reports, Mr. Siew had expressed Taiwan’s interest in an exchange with Mr. Xi lasting less than one minute, and Mr. Xi had vaguely nodded when Siew mentioned the AIIB. At the Forum, Chinese foreign minister Wang Yi had also expressed the PRC’s “willingness to discuss issues related to Taiwan’s possible participation.”

Copyright: Taipei Times

This all prompted a heated debate in Taiwan on the name under which Taiwan could join, with President Ma and his government preemptively declaring that their bottom line was “Chinese, Taipei” – without any negotiations on the matter, further weakening Taiwan’s position. “Chinese, Taipei” is the peculiar monniker under which Taiwan participates in APEC and in the Olympics.



Ma administration to China: Take aim...

However, all the conciliatory gestures were not sufficient: on Monday 13 April 2015, the PRC’s Taiwan Affairs Office announced that Beijing had rejected Taiwan’s application to join as a “founding member,” leaving open the possibility that it join later as a “regular member.”

According to press reports in Taiwan, one of the reasons for the rejection was that the PRC doesn't consider Taiwan a "state", and according to its definitions, only "states" can be a founding member of the AIIB.

What is in it for Taiwan?

The heated debates about procedure and nomenclature did not do any justice to the much-needed debate on the real pros and cons of joining the AIIB: in other words: *What is in it for Taiwan?*

Ostensibly, the purpose of the new AIIB will be to provide financing for major investment projects in China's periphery in Southeast Asia, South Asia and Central Asia. China has launched a number of concepts under grandiose titles such as *New Silk Road*, *Maritime Silk Road* and *One Belt, One Road*, all designed to strengthen the PRC's economic (and political) influence in these countries.

So, Taiwan is unlikely to benefit directly from the infrastructure projects, as these are designed to benefit developing nations. The next possibility would be for Taiwan's construction industry to benefit by taking part in the projects building roads and high-speed railways. But Taiwan's infrastructure construction industry has always focused on projects within Taiwan and has little experience outside its borders. How is it going to compete against the much larger Chinese conglomerates that have a much longer experience internationally?

Another argument advanced by the Ma administration is that membership in the AIIB will advance Taiwan's opportunities in regional economic activities, and in general will increase its participation in international organizations. This argument also falls by the wayside because it is abundantly clear that the PRC will tightly control the AIIB and will dictate all aspects of Taiwan's participation, leaving no room whatsoever for any international space or room for maneuver by Taiwan.

Also lacking in the debate in Taiwan or the arguments presented by the Ma administration was any discussion on the structure and governance of the new organization. In most European nations that contemplate joining the AIIB, there were intense discussions on questions such as: Will the AIIB abide by international standards maintained by other international institutions related to the environment, labor rights, transparency and accountability? What will the governance structure be in terms of decision making and contracting rules for investment projects?

Report from Washington

US considers Taiwan a “vital partner” in East Asia

On 21 May 2015, US Deputy Assistant Secretary of State for East Asia & the Pacific Susan Thornton gave a major policy address about US' Taiwan policy at the Brookings Institution. She called Taiwan a vital partner in East Asia.

She started by saying that the people on Taiwan “...*have built a robust, prosperous, free and orderly society with strong institutions, worthy of emulation and envy.*” She then mentioned that it warmed her heart every time she hears her daughter tell someone that she was born in Taiwan. She added: “*It always elicits a round of excited questions and explanations that reflect the high opinion of ordinary Americans for all that Taiwan has done and built.*”



**Deputy Assistant Secretary
Susan Thornton**

She said that the Obama Administration has “...*worked to re-conceptualize and re-institutionalize U.S.-Taiwan relations and build a comprehensive, durable, and mutually beneficial partnership*” and added that the US is “...*committed to promoting Taiwan’s economic prosperity and diversity through partnerships, and to elevating Taiwan’s profile and dignity through its contributions to global challenges and the international community.*”

She then said: “*We’re committed to supporting Taiwan’s confidence and freedom from coercion through security, and to deepening the bonds of friendship between our people. We have taken a forward-looking approach that both respects history and allows us to advance our relations in substantive new ways. And we are making major strides in all these areas.*”

On defense and security issues, she emphasized that in accordance with the TRA, “...*the United States makes available to Taiwan defense articles and services necessary to enable Taiwan to maintain a sufficient self-defense,*” adding that “*We also support*

Taiwan's efforts to develop innovative and asymmetric capabilities to deter coercion or intimidation." She also mentioned that "Our bilateral military exchanges and engagements have nearly doubled in recent years, increasing the quality of interactions between our service members."

After discussing people-to-people and educational exchanges, she did mention Taiwan's upcoming presidential elections: *"We are all aware that Taiwan will hold Presidential and legislative elections in January 2016, and we look forward to another dazzling display of Taiwan's robust democracy in action. This display is the product of decades of hard work and determination to cherish the will of the people and build durable governing institutions."*

She also stated that she wanted to make it clear that the US does not take any position on the candidates, and emphasized that *"...Regardless of who becomes the next Taiwan president, we hope to continue our close cooperation."*

She then focused on cross-Strait relations, saying that *"an important ingredient of that close cooperation in recent years has been the stable management of cross-Strait ties. We have an abiding interest in the preservation of cross-Strait stability, and this interest informs our overall approach to cross-Strait issues."*

She said: *"We encourage authorities in both Beijing and Taipei to continue their constructive dialogue on the basis of dignity and respect. Our policy on cross-Strait relations is not directed only at one side of the Taiwan Strait or the other. There should be no unilateral attempts to change the status quo, and that applies to both sides."*

She added: *"Even as we discuss our abiding interest in peaceful and stable cross-Strait relations with our friends on Taiwan, we also encourage Beijing to demonstrate flexibility and restraint."*

In conclusion, she said that the efforts made over the last six years to *"re-conceptualize relations with Taiwan have allowed us to deepen the bonds of friendship between the people of Taiwan and the people of the United States. We consider Taiwan to be a vital partner, a democratic success story, and a force for good in the world. It shares our values, has earned our respect, and continues to merit our support. We look forward to continuing our work together in the years ahead."*

In Memoriam

Professor Alexander Young (1928-2015)

Alexander K. Young, 86, passed away peacefully on Wednesday, 6 May 2015, in New Paltz, NY. Professor Young was a prominent member of the Taiwanese-American community, who worked tirelessly, and wrote many articles in support of Taiwan's international status. Dr. Young was also a devoted husband and a mentor to his children.

Born on 12 December 1928, in Tainan, Taiwan, he came to the United States for law studies in the late 1940s, and returned to Taiwan to receive a graduate degree from the College of Law, National Taiwan University in 1950.

Photo: Kin Ko

He came to the United States again in the 1950s, this time to study theology at the Princeton Theological Seminary, where he received his doctoral degree. At Princeton he also met his future wife, Setsuko Inoue of Japan. They were married on 2 June 1956.

They subsequently moved to Japan, but then came back to the United States again for his studies in political science at Columbia University, where he received a PhD in International Relations in 1969. At Columbia, he taught International Relations for many years, and also served as a Faculty Associate on Modern Japan. He later received a professorate in International Relations at the State University of New York at New Paltz, NY where he remained until his retirement in 1999.



Professor Alexander K. Young

He authored several books and articles about trade relations between the US, Japan and Taiwan and in 1992 received a high ranking medal of honor from the Emperor of Japan for his work on trade relations between Japan, the United States and Taiwan.

In the 1990s he was a Strategic & International Studies Fellow at the Taiwan Research Institute in Taipei, and served as National Policy Advisor to then President Lee Teng-hui of Taiwan.

In the period 1999 through 2005 he was a regular contributor to the English-language **Japan Times**, authoring numerous articles in support of Taiwan's emerging democracy, with titles such as *Taiwan deserves to be a UN member*, *Beijing forcing Chen Shui-bian to take own road*, *Future of Taiwan at stake in elections*, *US will also lose if it sells out Taiwan*, and *Waking up to China's threat*.

In the early 2000s he also served as a National Policy Advisor to President Chen Shui-bian, and in 2005 he co-chaired with U.S. Congressman Benjamin Gilman, a conference on "U.S. Asian Policy in the Second Bush Administration" in New York.

Congressman Gilman, one of the longest-serving members of the US Congress (1973 – 2003) was very supportive of Taiwan, especially during his term as Chairman of the House International Relations Committee (1995-2001). He once recounted that Professor Alexander Young was one of the main reasons for his strong support for Taiwan. Gilman said that Professor Young had really inspired him, telling him so much about Taiwan's history, and the desire of the Taiwanese people to be free from the tyranny of outside rulers.

Alexander Young is survived by his wife Setsuko, his daughter Sophia Foley and his sons Alexander T. and Eric Young and their families. Funeral services were held on Sunday, 10 May 2015 at Trinity Covenant Church in Livingston, NJ, with the Rev. Dr. Hsiao Ching-Fen officiating.

Book Review

The Strategic Pivot to Asia and cross-Strait relations

Edited by Peter Chow, reviewed by Gerrit van der Wees

City University of New York professor Peter C.Y. Chow has a habit of bringing together a good group of scholars, resulting in broad surveys of Taiwan and its economic, political and strategic environment. Back in October 2008 we reviewed *The One China dilemma* In *Taiwan Communiqué* no. 120.

This time, professor Chow brought together yet another group of scholars, and asked them to focus on Taiwan's role in the US strategic pivot to Asia. The main theme of the book is that US' presence in the region post World War II has safeguarded peace and stability in the region, which brought about unprecedented economic growth, so that the region is now becoming the world's new economic center of gravity.

However, this growth also enabled the rise of China, which is using its newfound economic prowess to increasingly assert its “core interests” in the region through political and military means. This was of increasing concern to China’s neighbors, in particular Japan in regard to the East China Sea, and countries like the Philippines, Vietnam, Malaysia and Indonesia bordering the South China Sea.

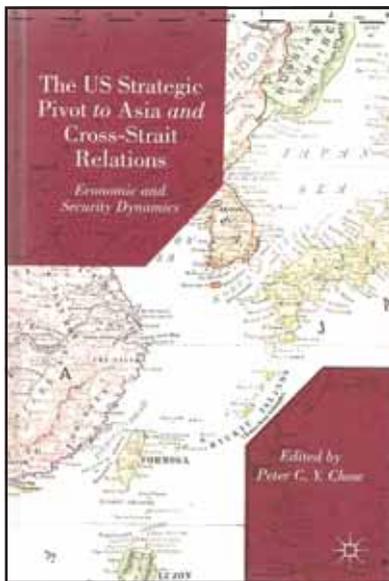
This in turn prompted the United States in 2010-2011 to move towards the “pivot” /rebalancing strategy, consisting of three elements: 1) a much more active political engagement of East Asia, 2) a shift to military resources to the region, and 3) intensifying economic ties through the Trans Pacific Partnership.

As Taiwan is located right in the middle of the region, its geostrategic significance should be clear, and one would have expected it to be an integral element of the Obama administration’s new policy. The book shows how this was not quite the case: the current policies are still marked by a major amount of ambiguity on the US side.

The book’s authors include a number of well-known names in East Asia policy studies, such as Lowell Dittmer of UC Berkeley, Yong Deng of the US Naval Academy, Edward Friedman of the University of Wisconsin, Steven Phillips of Towson University, and Richard D. Fisher and John Tkacik of the International Assessment and Strategy Center.

Each in their own way, they analyze Taiwan’s place and role in the larger framework. The overall conclusion is that it would be essential for the United States to be more inclusive towards Taiwan in its policies, in particular the rebalancing. Not only because of its strategic position – both geographically and in the economic supply chains – but also because of the fact that it does share the core American values of freedom and democracy.

The full title of the book is: **Strategic Pivot to Asia and cross-Strait relations; Economic and Security Dynamics.** Edited by Peter C.Y. Chow. Published by Palgrave MacMillan, New York, NY, 2014.



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The goals of FAPA are: 1) to promote international support for the right of the people of Taiwan (Formosa) to establish an independent and democratic country, and to join the international community; 2) to advance the rights and interests of Taiwanese communities throughout the world; and 3) to promote peace and security for Taiwan

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