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By: Russell Hsiao

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### China Amplifies "Soft-Hard" Strategy with Additional 26 Preferential Economic Measures as Taiwan Elections Loom

On November 4, the Taiwan Affairs Office (TAO) of the Chinese party-state—the organ responsible for implementing the Chinese Communist Party's (CCP) policy towards Taiwan—announced a raft of [26 measures](#) (26條措施) to attract businesses and persons in the island-democracy to China. These preferential economic measures, which follow a tranche of [31 similar measures](#) announced back in February 2018, are intended to entice people and businesses on the island to live, work, and do business essentially as Chinese legal persons. As the CCP ratcheted up its propaganda for the new measures, China also [sailed](#) its Type 001A indigenously-built aircraft carrier through the Taiwan Strait as a clear show of political force. Taken together, these actions reflect the amplification of CCP's "soft-hard" strategy laid out by General Secretary Xi Jinping at the [19th Party Congress](#). As the January 11, 2020 presidential and legislative elections in Taiwan loom on the horizon and the US-China technology war heats up, Beijing is pulling out all the stops to influence the psychology of voters in Taiwan.

Of the [26 new measures](#)—with one half directed at businesses and the other half directed at people—the first 13 measures are directed at Taiwan enterprises and include various incentives for businesses from the island to operate in China. These measures include provisions that permit Taiwan enterprises to participate in China's massive industrial technology and innovation clusters; 5G communication technology research and development, standard setting, product testing, and network construction; circular economy projects; civil aviation industry and services; tourism sector; and new financial sectors and services. Additionally, new provisions claim to offer Taiwan enterprises a

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preferential investment environment in China; eligibility of financing from local governments; trade remedy and security measures as Chinese enterprises; export credit insurance for investment risk reduction; and expedited inspection of imports (from Taiwan) in food, agriculture, consumer products; and joint industry standards setting. Other measures for Taiwan enterprises include the development of youth employment and entrepreneurship demonstration bases and national-level technology business incubators, university science parks, and national archives.

Among the 13 provisions directed at the Taiwanese people, the first provision would allow “Taiwan compatriots” (臺灣同胞) to seek consular protection and assistance at PRC embassies and consulates abroad and apply for travel documents. Other provisions target various sub-constituencies, for instance, one of the provisions would allow Taiwanese farmers to become members of farming cooperatives and apply for certified agricultural infrastructure projects and financial projects; it would also provide benefits for Taiwan persons holding the “residence permit” in obtaining mobile phone services, for purchasing homes in China, and transportation services. Other articles target cultural institutions and professionals from Taiwan by allowing them to participate in the development and operation of the Cultural and Creative Park in China, as well as apply for government-sponsored awards and funding. Moreover, eligible Taiwan persons engaged in professional and technical work in universities in China, scientific research institutions, public hospitals, and high-tech enterprises may also obtain equivalent and corresponding grades and titles in China for their professional attainments in Taiwan.

There are also measures providing added educational opportunities for the children of Taiwanese businessmen studying in China and public education qualifications for students and professors teaching there. Provisions will also expand enrollment of Taiwanese students and increase the proportion of institutions in the central and western regions of China. Moreover, Taiwanese students may apply for various types of scholarships and subsidies to attend Chinese universities.

Athletes and sports teams from Taiwan are not outside the embrace of these comprehensive measures.

Indeed, the provisions open national sports competitions and professional leagues in China to Taiwanese athletes. The [provisions](#) specifically noted that it will make special considerations for the needs of athletes from Taiwan to prepare for the Beijing Olympics 2022, the Winter Olympics, and the Hangzhou Asian Games.

Of these 26 measures, perhaps the most notable provision is [Article 14](#), which states: “Taiwan compatriots may seek consular protection and assistance at the embassies and consulates of the People’s Republic of China and apply for travel documents.” By permitting the citizens of Taiwan—formally known as the Republic of China (ROC)—to seek out People’s Republic of China (PRC) embassies for consular assistance, Beijing may be indirectly playing to a tragic [episode](#) in which a Taiwan diplomat committed suicide last September due to public criticisms over the Taiwan consulate that he was responsible for its perceived lack of support to Taiwan citizens. In an emergency aid operation at Kansai International Airport last September, Taiwan’s consulate office in Osaka came under harsh criticism for allegedly not making similar efforts of the Chinese consulate in Osaka—due in large part to propaganda and misinformation spread online by both Chinese and Taiwanese persons.

The 19th CCP National Congress in October 2017 was an important marker for Xi’s Taiwan policy, which underscored his administration’s two-pronged “soft-hard” strategy of using both soft and hard measures against Taiwan. For the ‘hard’ component of the “soft-hard” strategy, the CCP must uphold the “One-China” principle and the so-called “1992 Consensus,” and resolutely oppose and contain any form of [Taiwan secession](#). For the ‘soft’ element of the “soft-hard” strategy, Beijing stated its intention to expand cross-strait economic and cultural cooperation; continue to deepen the development of cross-strait economic and social integration; gradually give equal treatment to Taiwan nationals studying, starting businesses, working, and living in the People’s Republic of China (PRC); and encourage people on both sides of the Taiwan Strait to promote Chinese culture and their [“spiritual affinity.”](#) This was clearly re-emphasized in General Secretary Xi’s speech to the Taiwan Compatriots in January 2019.

In response to the announcement of the 26 measures, Taiwan’s president, Tsai Ing-wen, stated that the ad-

ditional measures are intended to implement Beijing's Taiwan version of "one country, two systems" (一國兩制台灣方案) and must be rejected. President Tsai [tweeted](#): "Beijing's new 26 measures are part of a greater effort to force a 'one country, two systems' model on #Taiwan. I want to be very clear: China's attempts to influence our elections & push us to accept 'one country, two systems' will never succeed."

Beyond the cross-strait context and hanging against the backdrop of the 26 measures are the brewing US-China technology war while Beijing continues to draw Taiwanese enterprises and persons ever deeper into China. While these actions do not represent a departure from policy, what may be troubling ahead for the future of cross-strait relations is that the Xi administration has been clearly bent on waiting out the administration of Tsai Ing-wen. Yet, with most public opinion polls in Taiwan pointing more towards the likelihood of Tsai Ing-wen winning a second term, Beijing seems more willing and likely to take additional measures to upset the delicate balance in the Taiwan Strait.

**The main point:** The 26 measures and the sailing of the aircraft carrier across the Strait reflect the amplification of CCP's "soft-hard" strategy promoted by General Secretary Xi Jinping at the 19th Party Congress. As the January 11, 2020 presidential and legislative elections in Taiwan loom on the horizon and the US-China tech war heats up, Beijing is clearly attempting to influence the psychology of voters in Taiwan.

### Green-Blue Opinion Polls Have Incumbent in the Lead to Win 2020 Presidential Election

With the tickets for the three political parties competing in Taiwan's presidential election in January 2020 set and only around 50 days left until the Taiwanese people vote, opinion polls from both the ruling and opposition-leaning media outlets are showing that the incumbent president, Tsai Ing-wen, is currently the favorite to win a second term as the leader of the island-democracy. Indeed, the latest poll from a [green-leaning media](#) show that 45 percent of voters support the Democratic Progressive Party's (DPP) Tsai Ing-wen (蔡英文, b. 1956) and William Lai (賴清德, b. 1959), which is 16 points ahead of the 29 percent who support the Nationalist Party's (KMT) Han Kuo-yu (韓

國瑜, b. 1957) and Simon Chang (張善政, b. 1954); 8 percent expressed support for the People's First Party's (PFP) James Soong (宋楚瑜, b. 1942) and Yu Hsiang (余湘). Even the [blue-leaning media](#) show support for Tsai-Lai at 45 percent compared to 37 percent supporting Han-Chang, and Soong-Yu receiving 8 percent. Overall, the incumbent's margin of lead in support to win the presidential election is between eight to 16 percent.

The blue-leaning TVBS Polling Center (TVBS民調中心) provided a detailed [break out](#) of voter preferences with three telling signals for the upcoming election. Support for the ruling party's presidential ticket appears to be stronger among young, independent voters, and those identifying with the newly formed Taiwan People's Party (TPP). The survey, which was conducted from November 13-15, also shows that 82 percent of the people expressed their willingness to vote in the upcoming elections, 5 percent said that they will not necessarily vote, and only around 13 percent stated that they will not vote. The voting rate is estimated to be about 68 percent.

In terms of [voter intent](#) according to age, the Tsai-Lai ticket has a large lead among young voters within the 20-39 age group, and the Han-Chang ticket has an advantage among voters in the 50-59 age group. Among the 30-39-year-old voters, Tsai-Lai has 57 percent support, which is substantially higher than Han-Chang's 29 percent. Among 40-49-year-old voters, Tsai-Lai's support is 43 percent, which is roughly equivalent to Han-Chang's 41 percent; and among 50-59-year-old voters, Han's support is at 49 percent, which is significantly higher than Tsai at 35 percent. With voters over 60 years old, Han-Chang has 40 percent support, which is only slightly ahead of Tsai-Lai's 37 percent.

According to the same [poll](#), among self-identified independent voters, 52 percent expressed support for the Tsai-Lai ticket, 22 percent showed support for the Han-Zhang ticket, and 6 percent for the Soong-Yu ticket. In terms of support among party members, for respondents who identified as DPP, 94 percent expressed support for their party's candidates; whereas for respondents who identified as the Nationalist Party, 88 percent expressed support for their party's candidates. Among respondents who identified as supporters of Taiwan People's Party (TPP)—the new non-aligned

political party set up by Taipei Mayor Ko Wen-je—51 percent expressed support for Tsai-Lai; 24 percent expressed support for Han-Chang; and 22 percent expressed support for Soong-Yu.

The [TVBS poll](#) also pointed out that regionally, Han-Chang leads Tsai-Lai in the northern parts of Taiwan (i.e., Taoyuan City, Hsinchu City, Hsinchu County, Miaoli County ranging between 47 percent to 33 percent. Yet, the Tsai-Lai ticket has more than a 10-percent lead over Han-Chang in the central and southern regions. For instance, in the Taichung city, Changhua county, Nantou County areas, Yunlin Country, Chiayi City, Chiayi County, and Tainan City, the Tsai-Lai ticket has more than a 50-percent support with the Han-Chang ticket garnering only around 30 percent, and Soong-Yu less than 10 percent. In the Kaohsiung City, Pingtung County, and Penghu, the Tsai-Lai ticket reportedly received 49-percent support which is 12 points ahead of Han-Chang's 37 percent, with only 5 percent expressing support for the Soong-Yu ticket; in the New Taipei City, Taipei City, and Keelung City regions, Tsai-Lai received support of 45 percent, leading ahead of Han-Chang's 37 percent, and Soong-Yu's eight percent.

According to some green-leaning media, apparent support for DPP's presidential ticket may also improve the chances of the ruling party's performance in the legislative elections—which will be held at the same time. Indeed, according to a green-leaning [media poll](#), support for the DPP in the legislative elections has improved, tying with the Kuomintang at 29 percent, whereas the TPP jumped to third place with 8 percent, the People's First Party to 4th with 4 percent, and the New Power Party to 5th place at 3 percent.

While increased party support may be related to the parties' vice-presidential pick, there are likely also other factors at play. One such factor that likely contributes to the decrease is the disarray that the KMT appears to be in over [controversies](#) concerning the selection of members for their at-large seats. However, despite the controversy, the blue-leaning polling [results](#) show that support for the Nationalist Party's at-large candidates is still relatively strong at 33 percent—although 4 percentage points lower than the last survey (37 percent)—and support for the DPP's candidates also reduced by two percentage points to 23 percent. The Taiwan People's Party rebounded to 12 percent, the

New Power Party's candidates continued to decline to 6 percent, and the People First Party increased its support to 4 percent.

KMT Lawmaker Tseng Ming-chung (曾銘宗, b. 1959), who served as deputy minister of finance and chaired the Financial Supervisory Commission, was cited by FTV News as [stating](#): “This is a serious warning to the KMT. I hope that everyone in the whole party will face this problem and propose possible solutions.”

**The main point:** With only around 50 days left until the Taiwanese people vote for their president and lawmakers, opinion polls from both the ruling and opposition-leaning media outlets are showing that the incumbent president, Tsai Ing-wen, is currently the favorite to win a second term as the leader of the island-democracy.

## Asia-Pacific Regional Economic Integration and Taiwan's Exclusion from RCEP

By: I-wei Jennifer Chang

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On November 4, 10 member states of the Association of Southeast Asian Nations (ASEAN) and five regional nations announced at the 35th ASEAN summit in Bangkok that a major regional free trade agreement—the Regional Comprehensive Economic Partnership (RCEP) (區域全面經濟夥伴協定)—[will be signed](#) next year. RCEP will establish the largest free trade area in the Indo-Pacific region, comprising 10 ASEAN countries, China, Japan, South Korea, Australia, and New Zealand—and notably without the United States. [1] Since RCEP negotiations began in 2013, Taiwan has expressed interest in joining the regional trade pact, as well as other multilateral agreements such as the Trans-Pacific Partnership (TPP) and its successor, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as part of broader efforts to participate in multilateral economic cooperation and free trade negotiations, as well as to institutionalize bilateral and multilateral cooperation with ASEAN countries.

As the most economically dynamic region of the world,

the Indo-Pacific region has been the focus of several multilateral trade negotiations over the past decade, most notably the TPP, CPTPP, and RCEP. Southeast Asian countries occupy important nodes in the supply chains connected to the more industrialized economies of Taiwan, China, South Korea, and Japan. Over the last few decades, there has been a consistent push within the region towards economic integration and greater connectivity, sometimes led by the United States, and other times by regional economies. Once the economic anchor of the Barack Obama administration's [Pivot/Rebalance to Asia](#), the TPP—which did not include China—was already losing steam before and lost US support soon after Donald J. Trump assumed the American presidency. Indeed, a major impetus towards a final agreement on RCEP has been attributed to the [US-China trade war](#), [US protectionism](#) under President Trump, and their negative spillover effects onto [regional economic growth](#). The United States is not a participating member of either CPTPP nor RCEP, leaving major regional economies such as China and Japan (and sometimes India) and rapidly growing Southeast Asian countries to play larger roles in forging and institutionalizing these multilateral trade mechanisms in the Indo-Pacific region. Contrary to the common perception that RCEP is led by China, [ASEAN's involvement](#) helped steer multilateral cooperation under RCEP. A proclaimed objective of RCEP is to “[significantly contribute to an open, inclusive, and rules-based international trading system and expansion of value chains.](#)”

After seven years of negotiation, 15 of the 16 countries said they “[have concluded text-based negotiations for all 20 chapters and essentially all their market access issues; and tasked legal scrubbing by them to commence for signing in 2020.](#)” The RCEP participating countries will also work with India, which opted out of the final negotiations in Bangkok, to [resolve all outstanding issues](#). India declined to join RCEP, pointing to “[significant issues of core interest that remained unresolved.](#)” Some analysts argued that India remained concerned about the potential [surge of Chinese imports](#) and [lack of progress on service market access](#). India's decision to not join RCEP at the moment due to domestic protectionist concerns came as disappointing news. Japan and other countries saw India's presence as a [counterweight to China](#), which is likely to play a major role in Asia-Pacific connectivity.

China, meanwhile, lauded RCEP's announcement, with Chinese state media calling RCEP a [boost to its international campaign](#) to preserve economic globalization against protectionism and unilateralism, namely from the United States. A Chinese editorial said that RCEP's progress may quicken the pace of a potential [China-ASEAN Free Trade Area](#) and [China-Japan-South Korea Free Trade Area](#). In addition to RCEP, the China and ASEAN countries issued a [joint declaration](#) in Bangkok on synergizing China's Belt and Road Initiative and the [Master Plan on ASEAN Connectivity 2025](#), further seeking to strengthen economic and trade relations between the two sides.

For Taiwan, exclusion from RCEP could have significant implications for its economy, which is heavily dependent on foreign trade. RCEP countries, which account for nearly [60 percent of Taiwan's foreign trade](#) (with China constituting [25 percent](#) of the island's foreign trade), and Taiwan's major trade partners and investment centers—China, ASEAN, and Japan—are also RCEP member countries. In response to the announcement on RCEP, Taiwan's Minister of Economic Affairs Shen Jong-chin (沈榮津) downplayed the impact on Taiwan, arguing that [70 percent of trade](#) between Taiwan and RCEP countries are already tariff-free. Taiwan also has two free trade agreements (FTAs) with New Zealand and Singapore, signed in July and November 2013, respectively. At the 2013 signing of the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Partnership (ASTEP), Taipei said that such an FTA “[demonstrates Taiwan's commitment to trade liberalization and internationalization](#)” and “[will pave the way](#)” for Taiwan's entry into the TPP and RCEP.

After RCEP is formally inaugurated in 2020, taxes levied on Taiwanese exports to RCEP countries could [weaken the competitiveness of Taiwanese products](#) in RCEP countries. The Taiwanese industries most likely to be affected include [textiles, petrochemicals, and automotive components](#). Minister Shen said these potential effects of the RCEP agreement could be mitigated by [industrial changes](#), and that Taiwan's government will [assist traditional industries](#) to enhance their services. Another potential impact is that [Taiwanese and foreign capital](#) may be channeled towards the RCEP countries and diverted away from Taiwan.

In 2014, Taiwan said it would like to join RCEP because the countries covered by the agreement are also [Taiwan's main export market and investment region](#). Also, Taiwan's entry into RCEP could bring additional benefits, including improving [Taiwan's industrial structure](#), attracting [foreign trade and investment](#) to Taiwan, and strengthening the [industrial supply chain links](#) between Taiwan and RCEP members, thereby [enhancing Taiwan's competitiveness](#) and assisting Taiwanese manufacturers to achieve [a more level playing field](#) in the international market. Furthermore, given that Taiwan [lacks the experience in participating in regional FTAs and liberalization](#) with many countries, Taiwan's participation in RCEP could help its laws and regulations [conform to international standards](#).

Once the RCEP completes negotiations, it will definitely have a major impact on [Asia-Pacific economic integration](#) and the global economic situation, according to Taiwan's National Development Council. The regional economic integration of major trading partners under RCEP will create an uneven playing field for Taiwanese businesses to [compete in the international market](#), said the National Development Council. Taiwan could potentially apply for RCEP membership after the RCEP negotiation is completed in 2020, as long as it is an [ASEAN FTA partner and a trade partner](#) who has not participated in the RCEP negotiations and is subject to the [consensus of RCEP members](#).

Taiwan's President Tsai Ing-wen (蔡英文) has long supported Taiwan joining RCEP, though with China's participation as a member state, that would be a long shot. In her inaugural address in May 2016, Tsai mentioned joining RCEP: "[The first step of reform is to strengthen the vitality and autonomy of our economy, reinforce Taiwan's global and regional connections, and actively participate in multilateral and bilateral economic cooperation as well as free trade negotiations including the TPP and RCEP.](#)" Under Tsai's "New Southbound Policy" (新南向政策), Taipei seeks to pursue [institutionalized bilateral and multilateral cooperation](#) with ASEAN and South Asian countries. One of the main economic and trade objectives of the New Southbound Policy is to make progress on [signing bilateral investment and taxation agreements](#) with ASEAN countries, South Asia, New Zealand, and Australia, for doing so would [strengthen Taiwan's efforts to join TPP and RCEP](#).

After the recent RCEP announcement, Taiwan's Foreign Minister Jaushieh Joseph Wu (吳釗燮) pointed out that since China is a RCEP member, Taiwan's [chances of joining](#) the trade agreement are not very high. Foreign Minister Wu said the RCEP mechanism is not a friendly mechanism for Taiwan, but Taiwan will seek to [seriously participate in other regional economic integration mechanisms such as CPTPP](#). Wu said the island has a [higher chance of entering CPTPP](#), comprised of Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, and notably without Chinese participation, than RCEP. From a comparative standpoint, CPTPP admission is more open politically towards Taiwan than RCEP, though RCEP countries account for [59 percent](#) of Taiwan's trade compared to CPTPP at [24 percent](#). In terms of investment, RCEP accounts for [65 percent](#) of Taiwan's foreign investment, while CPTPP only accounts for [14 percent \(due to China's inclusion in RCEP\)](#). Therefore, RCEP is economically more beneficial to Taiwan than CPTPP.

The inclusion of China, coupled with the current absence of the United States and India, in RCEP may serve to weaken the US Indo-Pacific Strategy and create a bigger space for China to set the rules and norms of regional economic integration. Alongside China's massive Belt and Road Initiative (also known as "One Belt, One Road") and its extensive economic outreach to Southeast Asian countries, RCEP may further strengthen China's role in Asia-Pacific connectivity, particularly in Southeast Asia.

Meanwhile, Taiwan's exclusion from RCEP could make Taiwanese exports less competitive than other economic competitors such as South Korea who are participating members of RCEP. A weaker Taiwanese economy relative to RCEP countries could also hurt Taiwan's political standing in the region and affect its foreign relations. While the economic benefits of Taiwan joining RCEP are clear, under pressure from Beijing it may only realistically be able to join CPTPP as the next best option.

**The main point:** Once RCEP is formally established in 2020, Taiwan's exclusion from RCEP will likely impact the island's competitiveness and trade and investment with RCEP countries. Taiwan has expressed an interest in joining RCEP, but this may be a long shot given Chi-

na's presence as a participating member in the regional free trade agreement.

[1] The ten members of ASEAN are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

## The Principal Targets of CCP's 'Sharp Power' Operations Against Taiwan

By: J. Michael Cole

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Analysts of China's political warfare and propaganda operations targeting Taiwan have sought to quantify the real impact that such nebulous activities have on perceptions and political preferences among the Taiwanese public. While some such operations no doubt have succeeded in shaping the information environment in Beijing's favor, the substantial investment by the Chinese Communist Party (CCP)—both in terms of financial expenditure and human capital—has hardly created conditions that are conducive to achieving the regime's ultimate end vis-a-vis Taiwan—"peaceful unification." This apparent contradiction raises interesting questions about the principal target and intended audiences of CCP's "sharp power" operations against Taiwan.

Despite the plethora of united front activities, support for unification among the Taiwanese has continued to drop while self-identification as Taiwanese, along with a desire to maintain Taiwan's liberal-democratic institutions and way of life, has [risen steadily](#). Those views no doubt have been exacerbated by recent developments in Hong Kong, where the shortcomings of the "one country, two systems" formula—with Beijing as first among equals—have become all the more salient. In fact, in several instances, Chinese "sharp power" activities appear to have been counterproductive, alienating the Taiwanese public rather than "brainwashing" them or breaking their will to resist; in other occasions, Taiwanese have merely shrugged off those efforts, if not ridiculed them altogether.

The question analysts need to ask themselves, there-

fore, is why, after several years of deploying such tactics against Taiwan, the CCP still persists in utilizing such instruments against Taiwan if the return on the investment appears to be so little?

Part of the answer lies in the angle from which analysts look at CCP influence operations in the context of Taiwan as well as in other countries. Studies of Chinese "sharp power" against Taiwanese society and government institutions have overwhelmingly looked at this phenomenon from the perspective of CCP efforts to undermine Taiwan's defenses and thereby engineer conditions that are favorable to the end goal of unification/annexation. The fact that such studies have focused on the interference aspects of such activities is perfectly understandable, and no doubt such objectives act as a key motivator for their continuation and refinement over time. Elite capture, co-optation, corrosive capital, dis/misinformation, the fragmentation of society, triads, and financial support for politicians and candidates who are amenable to Beijing's intentions, all have had some success in eroding the democratic firewall that has long helped defend Taiwan against the CCP's hostile intentions.

Beijing, for example, has scored major successes in shaping a large share of Taiwan's media environment, finding in those conglomerates willing partners in a strategy of censorship, dis/misinformation, and propaganda aimed at promoting unification and improving the odds of preferred politicians. Beijing has also used the size of its market and its capital to compel Taiwanese businesses and several members of the entertainment industry, PR firms, and film distributors, to self-censor or to regurgitate CCP propaganda on Taiwan. Taiwan's intelligence and law enforcement agencies, which are charged with identifying and monitoring such hostile activities, chief among them the National Security Bureau (NSB, 國家安全局) and the Ministry of Justice Investigation Bureau (MJIB, 法務部調查局), are also overwhelmed, suffering from lack of investment and recruitment of operatives that was not proportional to the size of the threat. This became particularly an issue during the Ma Ying-jeou (馬英九) administration (2008-2016), when his efforts at rapprochement opened up various sectors of Taiwan's society to Chinese investment, an opportunity that the CCP undoubtedly did not fail to exploit.

The degree to which such activities have been successful in fundamentally altering the balance of perceptions in the Taiwan Strait, however, is much in doubt. While buffeted by such hostile efforts, Taiwanese society has proven to be surprisingly resilient. When necessary, the government has intervened or implemented [new regulations](#) to counter CCP political warfare. Additionally, when the government failed to take appropriate action, such as in 2011/12 amid efforts by suspected Beijing proxies to acquire media outlets in Taiwan (e.g., Youth Alliance Against Media Monster, 反媒體巨獸青年聯盟), or in 2014 over a controversial Cross-Strait Services Trade Agreement (Sunflower Movement, 太陽花學運), Taiwan's civil society stepped in to compel the government to change its policy. In some cases, such as the Sunflower Movement, the actions of civil society had a direct impact on the careers of uncooperative participants and created dynamics that influenced future elections.

Beijing's insistence on perpetuating United Front Work efforts against Taiwan regardless of their outcome—poor results or even, on some occasions, counterproductive—can be attributed to a combination of factors, among them an inability to comprehend the dynamics of a democratic society, resistance to change, as well as opportunism on the part of the institutions in China that benefit financially from the campaign against Taiwan (the same can be said of the People's Liberation Army, or PLA, which no doubt has used the unresolved conflict over Taiwan as a key argument for obtaining larger budgets and the development/acquisition of modern combat capabilities).

One other possibility for Beijing's continued reliance on "sharp power," which has not received as much attention but could certainly account for its perpetuation—notwithstanding the poor and counterproductive results—is the fact that the principal target of such operations, or a secondary target just as important as the primary one, is not in fact Taiwan, but rather the Chinese public, the CCP, and its affiliated institutions. In other words, to truly comprehend the rationale behind CCP political warfare, it is essential that analysts look at such efforts for their value as an instrument of propaganda aimed at a *domestic* audience.

Although every Chinese leader and CCP general secretary since Mao Zedong (毛澤東) has made it a "core

principle" to annex Taiwan, no leader has made this achievement such a cornerstone of his ideology as has Xi Jinping (習近平). In fact, Xi has staked his credibility (and survival as a political figure) on his ability to "rejuvenate the Chinese nation" and to secure China's "rightful position" within the community of nations. Unifying Taiwan, an objective that, in his view, his predecessors have failed to give sufficient importance, lies at the center of his ambitions, even if recent developments, such as the crisis in Hong Kong and the trade war with the United States, have gotten in his way. Xi's ambitions have furthermore been accompanied by a renewed emphasis on ideology, which while helpful in mobilizing the masses also creates higher expectations of the CCP's ability to deliver on its promises.

One consequence of this dynamic is that Xi and his CCP henchmen have painted themselves into a corner when it comes to China's plans for Taiwan: hubris and unbridled nationalism. These characteristics of Xi's worldview and key pillars of his legitimacy have created false expectations on the issue of unification, blinding the CCP leadership, and much of the Chinese population, to the fact that Beijing's plans have been failing miserably. No combination of sticks and carrots by Beijing, from incentive programs to military coercion, has succeeded in arresting, let alone overturning, the trends in Taiwanese society which militate against a takeover by their authoritarian neighbor. Having oversold his ability to resolve a "core issue" that his predecessors had neglected, Xi now finds himself in an uncomfortable position. Sweeteners and punitive action, the full array of Chinese "sharp power," aren't working. The problem with dictators—especially dictators who are feared rather than loved by those around them, as is arguably the case with Xi—is that they cannot admit that they are wrong, or that their entire policy platform has been a mistake. Given the high pitch of CCP ideology concerning Taiwan and the repeated references to the historical inevitability of unification, no CCP leader could ever turn around to face his counterparts and state that they were wrong, that efforts to annex Taiwan have been fruitless.

The only alternative to admitting defeat, therefore, is to engage in deception, to use propaganda to maintain the illusion that things are moving in the right direction. This explains why incidents in which famous Tai-

wanese politicians or members of the entertainment industry publicly state their allegiance to the People's Republic of China (PRC) and their ethnicity as Chinese receive so much attention in Chinese media and social media, when in fact the impact on Taiwanese society is negligible and quite possibly counterproductive. That is perhaps why the CCP continues to insist that only a small number of Taiwanese from the reviled Democratic Progressive Party (DPP), along with malicious foreign forces, stand in the way of eventual "peaceful" unification. And this also explains why the Taiwan Affairs Office (TAO) and other CCP organs have repeatedly inflated statistics concerning the number of Taiwanese who have chosen to take advantage of the [31](#) and [26](#) incentive programs offered by China—the aim here being to demonstrate to the Chinese public that the Taiwanese cannot wait to reap the benefits of work in China, which of course in the CCP playbook is tantamount to support for "rejoining the Motherland." With information in China under strict control and heavily censored, the general Chinese public is led to believe that the situation in the Taiwan Strait indeed is moving in the "right" direction and that the Taiwanese are fully embracing China. The alternative, of course, is unacceptable to the CCP, and the Chinese cannot become cognizant of this inconvenient fact.

Another—and not unrelated—element that helps explain why political warfare is such an important instrument of propaganda for domestic consumption is the possibility that Xi remains convinced that the ultimate option to resolve the "Taiwan issue"—the use of force by the PLA—is too premature or would have catastrophic consequences for his grand ambitions. Propaganda, this time aimed at the PLA and other agencies in the national security establishment, therefore becomes necessary to quiet those voices calling for a more drastic course of action against Taiwan. Only progress, or in this case the illusion that things are progressing, can help counter forces that, if they prevailed against the current narrative, would in the process demonstrate that Xi's entire Taiwan policy since 2012 has been a failure.

**The main point:** While Chinese political warfare aims to corrode democratic institutions in Taiwan and create opportunities which can be exploited to help realize Beijing's ambitions on unification, much of its *raison*

*d'être* is also attributable to the need for the Chinese Communist Party to convince the Chinese public that things are moving in the right direction—despite all the evidence to the contrary.

## An Assessment of the US Free and Open Indo-Pacific Vision for Taiwan

By: Michael Mazza

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Earlier this month, the US Department of State released its [report](#) on President Trump's Indo-Pacific strategy, "A Free and Open Indo-Pacific: Advancing a Shared Vision." The report, timed to coincide with the East Asia Summit and the second iteration of the Indo-Pacific Business Forum, both held in Bangkok, provides an overview of the Trump administration's vision for the Indo-Pacific and of the policies it has adopted in pursuit of that vision. As can be discerned from the report, the State Department views Taiwan as an important partner—but Taiwan arguably features less prominently than it could and should.

Taiwan is listed as one of the countries with which the United States is "joining [...] to face emerging challenges." The report also asserts that Taiwan's New Southbound Policy "aligns closely" with America's "vision and approach in the Indo-Pacific region." In a section on "bilateral partnerships," the report spends two paragraphs (more than on Japan and on the Republic of Korea) describing how the United States is "strengthening and deepening" its relationship with Taiwan and expressing concerns over the People's Republic of China's (PRC) "actions to bully Taiwan," which the report says "undermine the cross-Strait status quo." This last argument is important for the United States to make publicly and repeatedly. Beijing has sought to paint Tsai Ing-wen, Taiwan's current president, as a troublemaker in the Taiwan Strait. Combatting that narrative by pointing to the PRC's quite transparent efforts to upset stability in the Strait is crucial, as it puts pressure

on Beijing to reverse course and on Taiwan's friends and partners to stand by the island.

The discussion of US-Taiwan relations in the report highlights arms sales, the Global Cooperation and Training Framework (though not by name), and the first-ever Pacific Islands Dialogue, which Taiwan and the American Institute in Taiwan (AIT) co-hosted. In its sentence on the GCTF, the report describes Taiwan and AIT cooperating "to convene hundreds of Indo-Pacific policymakers and experts on issues including public health, women's empowerment, media disinformation, and the digital economy." The administration clearly sees Taiwan not only as a consumer of American security, but as a contributor to regional development.

That view is clear in some of the report's other mentions of Taiwan as well. In the report's chapter on "enhancing economic prosperity," the State Department includes Taiwan in a list of "like-minded partners" with which it is working to advance "an open, interoperable, secure, and reliable internet." In the chapter, "Championing Good Governance," the State department writes, "the United States is developing partnerships in governance priorities with Australia, New Zealand, Japan, Taiwan, and others." In neither case, however, does the report provide specifics on the nature of that cooperation, as it frequently does when it comes to cooperation with Japan, for example.

The report's final mention of Taiwan comes in the conclusion, which notes that the Congress has "underscored the US commitment to Taiwan's defense and international space." This mention comes in a broader discussion of the bipartisan, congressional support for the Trump administration's approach to the Indo-Pacific. Coming in the report's closing paragraphs, this discussion may seem like an afterthought, but its inclusion is important, especially for international audiences. It conveys two things to foreign governments. First, at a time of deep political divisions in the United States, the Indo-Pacific strategy is a rare point of relative consensus. In other words, potential adversaries should not bother seeking to exploit political differences to undermine Democratic support for this aspect of the president's foreign policy, as such efforts will be ineffective. Second, this discussion of bipartisan support among lawmakers is meant to convey that the current approach to the Indo-Pacific, at least at the broad lev-

el, is likely to outlast the current president. This, of course, includes the approach to Taiwan.

Taiwan is the last country named in the report. Indeed, it is the only one specifically raised in the report's conclusion. That the United States is concerned about its fate and sees the island as a valuable partner is not hard to see. Even so, Taiwan could have, and probably should have, had a stronger presence in the report.

Perhaps most noticeable is Taiwan's absence from the report's discussion of US efforts to expand trade with the Indo-Pacific economies. Taiwan, a country of only 23.5 million people, is consistently a top-15 trading partner for the United States and occupies a key node in global high-tech supply chains. As Dan Blumenthal and I argued in a [report](#) for the Project 2049 Institute earlier this year, Taiwan is an excellent candidate for a bilateral free trade agreement (FTA), which would advance the free and open Indo-Pacific vision and advance important US economic interests in the region.

Taiwan's absence from the report's discussion of trade is especially notable in light of the inclusions of the new US-Japan agreements and the renegotiated Republic of Korea-US Free Trade Agreement (KORUS), given that Tokyo and Seoul were hesitant to engage in new bilateral trade talks. President Tsai, on the other hand, has prioritized a bilateral FTA. Put simply, that the State Department has nothing to report on advances in US-Taiwan trade is a failure of policy; that it offers no aspirations is a failure of imagination.

Consider also Taiwan's treatment in the report as compared to that of Japan and Vietnam. Taiwan is mentioned 10 times, including five times in two paragraphs. Japan, on the other hand, appears 43 times in the report, while Vietnam appears 29 times. Japan, of course, is the world's third largest economy, a US treaty ally, and home to the 7th Fleet (and America's only forward-based aircraft carrier), the 5th Air Force, and the III Marine Expeditionary Force. Compared to Taiwan, Japan has more global heft, more resources, and a larger military, including a substantial blue-water naval force. Vietnam, for its part, is seen as having significant potential as a US partner going forward. Why? It has a young and growing population, strong economic growth, a burgeoning middle class, a healthy skepticism of China's rise, and a proud history of standing up

to far more powerful antagonists.

There is nothing problematic about the frequent Japan and Vietnam mentions. What may be problematic is the lack of balance. This lack of balance stems from two shortcomings of the State Department's report. First, the report lacks a detailed description of the challenges facing the Indo-Pacific. Indeed, the report sums up the region's challenges in just a few sentences:

*“Today, Indo-Pacific nations face unprecedented challenges to their sovereignty, prosperity, and peace. The US National Security Strategy, released in December 2017, recognizes that the most consequential challenge to US and partner interests is the growing challenge to US and partner interests in the growing competition between free and repressive visions of the future international order. Authoritarian revisionist powers seek to advance their parochial interests at others’ expense.”*

As noted above, the report does make note of China's “bullying” of Taiwan. But in reading this document, one does not get the sense that the Taiwan Strait is a potentially explosive flashpoint, that the use of force is a distinct possibility, or that a destructive war in the coming years cannot be ruled out. Absent that framing, it is not surprising that the report spends little time discussing efforts to address that challenge. Taiwan is an older US security partner than Japan and faces a far more dire threat than Japan (which, it must be noted, has a crucial role to play in countering that threat). This report does not grapple with that reality.

The report's second, more fundamental shortcoming—indeed, the Indo-Pacific vision's fundamental shortcoming—is in the values it describes the United States as embracing and seeking to promote:

*“Under President Trump’s leadership, the United States is implementing a whole-of-government strategy to champion the values that have served the Indo-Pacific so well: (1) respect for sovereignty and independence of all nations; (2) peaceful resolution of disputes; (3) free, fair, and reciprocal trade based on open investment, transparent agreements, and connectivity; and (4) adherence to international law, including freedom of navigation and overflight.”*

Missing here is any mention of human rights, democracy, the advance of human dignity, and the like. The report's chapter on governance, which briefly addresses these issues, is a single page (by comparison, there are six pages dedicated to diplomatic engagement and eight pages dedicated to enhancing economic prosperity). Although it criticizes China, Cambodia, and Burma for their human rights records, it does not outline an approach to bringing those abuses to a stop.

The United States and Vietnam have important shared interests and should pursue closer relations (as I have argued [elsewhere](#)). It is not surprising that the State Department places such an emphasis on its efforts there. But Vietnam is a one-party state with a poor human rights record. That some of America's democratic allies and partners do not receive similar attention (11 mentions of South Korea, 15 of Australia, 4 of New Zealand) seems like a mistake.

In his recent speech at a Hudson Institute event, Secretary of State Mike Pompeo called attention to the ideological aspects of the strategic competition with China. It is hard to take seriously his concern with the ideological competition when his State Department produces a report that pays it little heed. Strategy documents like this one are important because they signal priorities to both internal audiences (i.e., government bureaucracies) and foreign ones. Reading this report, audiences are unlikely to conclude that advancing liberal values is a priority in the Indo-Pacific.

An Indo-Pacific vision that considered human rights and democracy as foundational values and a strategy that had their advancement as a central goal would likely envision a far more robust role for Taiwan. The liberal democracies in Asia with strong, resilient institutions are few in number and each has a role to play in advancing freedom in the region. It is unfortunate that the president's Indo-Pacific strategy fails to value their capacities to make such contributions, or to recognize that such contributions would advance key American interests.

**The main point:** The US State Department's Indo-Pacific vision report presents Taiwan as a valuable partner. Even so, Taiwan could have, and should have, had a stronger presence in the report.

## Prague's Sister City Shift from Beijing to Taipei: An Exception or New Trend?

By: Katherine Schultz

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In early October, the Chinese leadership was caught off guard when Prague—the capital of the Czech Republic—suddenly ended its sister city agreement with Beijing. What probably came as an even bigger loss to Beijing was that Taipei may soon take over Beijing's place. Indeed, a Prague-Taipei sister city agreement is currently underway and a draft is already in the approval process and may be passed [before the end of the year](#). But how did it come about that a city within a European nation that was long considered a [Chinese gateway into Europe](#) and seemed so deep in China's pocket suddenly made this shift? What does this mean for other European cities? And what are the takeaways for Taipei?

In the past decade, the Czech Republic has become infamous in the free world for President Miloš Zeman's pro-China and pro-Russia views. The Czech Republic is a parliamentary republic with the prime minister as the head of the executive branch, yet the current president has continuously tried to expand his authority beyond his representational functions to shape foreign policy. The president, who has served in that capacity since 2013, has made statements praising the People's Republic of China (PRC) regime sparking criticism among lawmakers and the public alike. His controversial remark during his 2014 visit to China that he came to learn "[how to stabilize society](#)" is particularly notorious. Therefore, many observers were surprised when reports emerged about Prague's disagreements with Beijing followed by a discontinuation of their sister city agreement. Yet, it was precisely that agreement that brought about this severance of ties.

In March 2016, during General Secretary Xi Jinping's visit in Prague, the Prague City Hall Council led by Adriana Krnáčová from the populist party ANO [signed](#) a city-to-city agreement with Beijing. The document [promised](#) cooperation in many areas, including culture, trade, and tourism. The agreement also indicated that the Prague Zoo would be allowed to lease a

[panda](#) from China. The agreement sparked a wave of criticism due to its [third article](#) containing a "One-China" clause—a stipulation which is often required by the PRC in agreements on a state level, but remains uncommon in municipal cultural agreements.

That was not the only controversy that erupted in connection with Sino-Czech ties. First serious signs of deterioration of ties emerged in 2018, when CEFC (China CEFC Energy Co.), a key Chinese investor in the Czech Republic with ties to the Czech Presidential Office, and its Chairman Ye Jianming, President Zeman's economic advisor, [reportedly](#) came under investigation in China. Critics also pointed out that the CEFC investments failed to bring any tangible benefits to the European nation; the majority of investment focused on real estate and acquisition of companies.

Following a lengthy controversy surrounding the CEFC with no closure, it appeared that nothing could jeopardize Chinese ties in the Czech Republic. In the meantime, however, a new leadership in the Prague City Hall Council emerged; a progressive liberal candidate from the Czech Pirate Party Zdeněk Hřib was elected Prague mayor; and more voices began warning about threats coming from China.

The first sign of a changing tide in Czech politics came at the beginning of 2019, when Prague Mayor Hřib turned down a [request](#) by Chinese diplomats that Taiwanese representatives leave a meeting attended by both parties. Three months later, another similar request was made; but this time, Trade Minister Marta Nováková complied and asked Taiwanese diplomats to leave the trade forum. This [incident](#) was met with a wave of condemnation; some lawmakers called for the minister's resignation.

Prague announced at the beginning of the year that it would remove the controversial "One-China" clause from the agreement and began renegotiating the terms. Mayor Hřib [explained](#) that Beijing's agreements with other European cities such as London or Riga do not contain the "One-China" clause, and therefore "there is no reason that Prague should have one." "The cultural partnership of the Czech and Chinese capitals should be apolitical and solely concerned with cultural exchanges," Hřib [pointed out](#).

In March 2019, Mayor Hřib made a visit to Taiwan and

met with President Tsai, Foreign Minister Joseph Wu, and his Taipei counterpart Ko Wen-je. During his visit, he [assured](#) Taiwan's representatives that he values human rights over "panda diplomacy" and held talks about student exchanges, medical technology cooperation, and the possibility of establishing a direct connection between Prague and Taipei to bolster economic and cultural exchanges between the two nations.

By April, Beijing [cancelled](#) performances by all cultural organizations whose names were associated with Prague in reaction to the initiative to remove the "One-China" clause. In response, the Prague Mayor [assured](#) the Ministry of Culture that Czech cultural institutions would not be impacted by politics and that cancelled performances in China could be replaced by opportunities elsewhere—including Taiwan.

Throughout the summer, the Chinese embassy [warned](#) the Prague Council against "disrupting the Sino-Czech relationship" and demanded that the council reconsider their stance, or else "their own interests will be hurt." That is likely where the Chinese embassy crossed the line; sharp responses from Czech politicians began to roll in. One lawmaker [tweeted](#): "I ask the comrades from China to finally begin respecting human rights and adopt the standards of western democracies. Only then will the Sino-Czech relationship be without disruptions." A [tweet](#) by another politician read: "Our long-term stance is that human rights are more valuable than a panda in the ZOO."

Finally, on October 7, Prague Council voted unanimously to terminate the partnership with Beijing after Chinese diplomats failed to respond to the council's requests to negotiate the removal of the "One-China" clause. Beijing's municipal government promptly issued a statement [claiming](#) that Beijing "terminated the friendship deal with Prague due to the lack of political understanding" and that Prague officials must reflect on their mistakes."

Martin Hála, director of [Sinopsis commented](#), "There is tangible anger in much of the public [...] at the disastrous results of the pro-Beijing policies of President Zeman that have brought the country nothing but embarrassment. The Prague City Hall decision [...] is just one aspect of a much larger trend."

In the same month, the Chinese embassy complained

again when the Czech Senate President and the second-highest official in the Czech Republic Jaroslav Kubera [attended](#) Taiwan's Double Ten reception and appeared on photos with Taiwan representatives. Kubera [reportedly](#) dismissed Chinese criticisms following the event, asserting that "Beijing must not interact with the Czech Republic from a position of power and threaten it." Kubera also recently emphasized the importance of trade with Taiwan, [stressing](#) that Taiwan is Czech Republic's third largest Asian economic partner. There have been reports of Kubera's [intentions](#) to visit Taiwan next year. Later, however, another [source](#) indicated a level of hesitance regarding the trip following another wave of criticism from the Presidential Office, stressing concerns about the impact of such visit on Czech businesses. It is now uncertain whether or not the visit will take place.

Prague's reorientation, even if only on the local-politics level, comes at a time of increasing recognition of the challenges that come along with engagement with China. Czech intelligence and cyber security agencies have [warned](#) against using [Huawei](#) and ZTE equipment (the warning was refuted by the president as groundless), and the government organized a [5G Security Conference](#) in May, addressing cyber threats from Russia and China. Awareness is increasing in academia as well; just this month, it was found that Charles University employees of the Czech-Chinese center were directly [payed](#) by the Chinese embassy for organizing biased pro-China conferences and courses; all employees were since fired.

Finally, one thing should be made clear: The switching of sister cities relationship by no means signifies a switching of official relations on the state level. Even in the case of city-to-city ties, the initial intent was only to remove the incremental section; Prague government did not initially plan to switch relations. Prague has also retained its partner city agreements with two other Chinese cities: [Guangzhou and Shanghai](#). On the state level, the Czech Republic continues to uphold its "One-China" policy. At least until the next presidential election, Chinese ties with the current Czech leadership will likely continue.

### ***Implications for China and Taiwan***

So what does this case mean for Taiwan and the PRC? This development is a clear warning for the PRC re-

gime: it shows that even those smaller nations in Europe that may have given the impression that they will succumb to Chinese pressure for economic benefits do not respond well to extortion. It should also be a lesson that European countries are becoming more aware of the costs and challenges that accompany openness to China. Prague's termination of this agreement showed China that respect for liberal values is essential when establishing ties in Europe and it will not earn the trust and respect of European people until it upholds basic values.

While China's agreements with most European cities did not contain the "One-China" clause in the first place, the Prague case provides an important example for those cities or countries coerced by the PRC. Prague showed that it is indeed possible to stand up to China's pressure; and even if the PRC chooses to fulfil its threats and cut certain ties, those engagements can often be replaced.

On the other hand, the recent events are a signal for Taiwan that countries in Europe are beginning to recognize the drawbacks of close relationships with China—and one of the possible strategies for Taiwan is to wait for China's diplomatic missteps.

Now is a good time for Taiwan to search for ways to enhance its partnerships in Europe, and closely monitor the developments in European politics. This is particularly relevant now, given the numerous cases of EU members' [support](#) for Taiwan's participation in international organizations. As Taiwan knows firsthand, liberal democracies host a wide variety of opinions. And even those countries whose leadership currently appears to be more receptive to illiberal regimes have representatives interested in advancing mutual exchanges and ties with Taiwan.

While opportunities for expanding Taiwan's international space through official diplomatic relations are limited, the case of Prague shows that there are other ways to pursue international cooperation—through local, small-scale engagements such as city-to-city ties.

**The main point:** Prague's switch from Beijing to Taipei was a surprise to many, even though controversies surrounding China's engagements with the Czech Republic and the changes in Czech local politics long indicated a change of course. Taiwan should actively search for opportunities for advancing ties with European countries; even if only on the local level.