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Beijing Ratchets Up Economic Coercion Against Taiwan with Selective Regulatory Enforcements
By: Russell Hsiao

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On November 22, the spokesperson for the Taiwan Affairs Office (TAO, 國台辦) of the People’s Republic of China (PRC) State Council—the government agency charged with implementing the Chinese Communist Party’s (CCP) Taiwan policy—stated that China “will never allow those who support ‘Taiwan independence’ and undermine cross-strait relations to make money on the mainland [sic] and […] ‘eat from [China’s] bowl and break its pot’ (吃飯砸鍋).” The strong statement made by the spokesperson follows a news report that Chinese regulators had fined subsidiaries of the Taiwan-based Far Eastern Group (遠東集團) 474 million yuan (USD $74.2 million) for alleged regulatory violations. This seemingly arbitrary and capricious enforcement of regulations is raising concerns that Beijing may be shifting gears in its approach to Taiwan, and will increasingly utilize more economic levers of power to translate its economic ties into political leverage by deterring businesses and the public from supporting the ruling government in Taiwan.

The comments made by the TAO spokesperson, Zhu Fenglian (朱鳳蓮), sparked a wave of anxiety in Taiwan’s business community over whether Beijing might begin to arbitrarily target companies that make financial donations to Taiwan’s two largest political parties—a common practice among many savvy businesses on the island. At a follow up press conference on November 24, the TAO spokesperson restated her earlier comments and added: “Taiwanese companies that have investments in the mainland [sic] are well aware of this, and I believe that the heads of these companies have a clear understanding of whether or not to donate to obstinate ‘Taiwan independence’ elements.”
The director of the Cross-Strait Exchange and Regional Development Institute of East China Normal University, Qiu Changgen (仇長根), recently pointed out that the regulatory fines and the official statement serve as a severe warning to businesses and individuals that support “Taiwan independence.” Qiu also emphasized that he sees this move as only the beginning and that further measures are going to be taken against “Taiwan independence diehards.” The professor warned Taiwanese businesses not to bet on both political parties by supporting the Democratic Progressive Party (DPP, 民進黨) and the Kuomintang (KMT, 國民黨) in order to obtain political and economic benefits for themselves—suggesting that they should only donate to the KMT, or else the bear the risks.

While Beijing has never renounced the use of military force in its ambition to unify Taiwan with China, senior Chinese leaders continue to maintain that they are committed to utilizing peaceful means to resolve the cross-Strait issue. While there have been few examples of this peaceful intent in recent years, Beijing’s commitment in this regard is generally demonstrated through the economic measures that the Chinese leadership would offer in the form of economic enticements that aim to promote economic integration between the two sides. Since cross-Strait opening up in the 1980s—with people from Taiwan permitted to travel to China in 1987—the CCP has rolled out the red carpet to cultivate businesses from Taiwan. This was done in part out of the CCP’s own need to promote national development, but also as a strategy to promote economic integration that would in turn promote political integration. According to a seminal 2007 RAND study on economic coercion:

“Beijing has openly proclaimed that its key goals for expanding economic relations with Taiwan include encouraging ‘peaceful reunification’ and ‘using business to pressure politicians.’ Over the years, Chinese leaders and analysts have often argued that cultivating economic ties with Taiwan might contribute to reunification in many ways, from the magnetic to the highly coercive.”

Beijing has maintained this dual-pronged approach to Taiwan, characterized by a mix of carrots and sticks that are intended to entice and intimidate. What is somewhat different now is that even as the hard measures appear to be getting still tougher (as demonstrated by the ramping up of air intrusions), some of the softer approaches seem to be turning harder as well. Although neither explicitly confirmed nor denied—and while the cited regulatory infractions may be valid—the unstated reason for the enforcement measures against Far Eastern Group appears to be the company’s contributions to the ruling DPP in previous elections. Indeed, according to the TAO spokesperson, “Businesses and financial sponsors associated with supporters of Taiwan independence will be penalized according to the law.”

Against the backdrop of deteriorating cross-Strait relations, Beijing appears to be drawing a brighter line around the political activities of the Taiwanese businesses operating in China, and selectively enforcing regulations for political purposes. The timing is particularly interesting since the recent string of actions come just prior to the upcoming Cross-Strait CEO Summit (紫金山峰會) to be convened from December 6 to 8 in Nanjing. Wang Yang (汪洋), deputy head of the CCP Central Committee’s Taiwan Affairs Leading Small Group (中央對台工作領導小組) and chairman of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC), will be headlining the meeting this year.

Launched in 2013, the Cross-Strait CEO Summit is billed as the highest level non-governmental economic and trade exchange platform involving businessmen on both sides of the Strait. The summit aims to promote cross-Strait business cooperation and conduct cross-Strait economic and trade strategic dialogues, with two coordinating bodies stacked with political heavyweights—one in Taiwan and the other in China. On the Taiwan side, Vincent Siew (蕭萬長), the former vice president, serves as the honorary chairman, and Liu Chao-shui (劉兆玄), a former premier, as the chairman. Steve Chen (陳瑞隆), a former minister of economic affairs, and Terry Gou (郭台銘), founder of FOXCONN, are both vice chairmen. Memberships include a total of 25 conglomerates and 131 individual corporations—some of the largest in Taiwan (Far Eastern New Century [遠東新世紀] is a member). On China’s side, Guo Jinlong (郭金龍), a former CCP politburo member, is the chairman; Zhang Ping (張平), former chairman of the State Council’s National Development
and Reform Commission, is vice chairman; and Lin Jun (林軍), former chairman of the All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會), serves as the secretary-general.

The CCP’s efforts to translate its economic influence into broad political leverage over Taiwanese businesses is of course not new. In the 2000s during the Chen Shui-bian (陳水扁) Administration (2000-2008), the CCP focused the brunt of its attacks against Hsu Wen-long (許文龍)—the former chairman of the Chi-Mei Group (奇美實業), who was known as a staunch supporter and major donor to the DPP, and whose company had sizeable investments in China. While never publicly confirmed by Hsu, the open secret is that overwhelming Chinese pressure is widely believed to have resulted in Hsu issuing a widely reported public letter in 2005 in which he expressed his support for the CCP’s controversial Anti-Secession Law (反分裂國家法). There is a long-list of companies and entertainers who ran afoul of China’s growing nationalism, sensors, and regulators, because China considered them supporters of the DPP or “Taiwan independence”—businesses such as the 85°C Bakery Cafe (85度C) and Hai Pa Wang (海霸王), and entertainers like Chou Tzu-yu (周子瑜) and Vivian Sung (宋芸樺), just to name a few.

In response, President Tsai Ing-wen (蔡英文) has accused Beijing authorities of using the mandatory public disclosures of political donations required by the Control Yuan (監察院)—the investigatory and auditing branch of Taiwan’s central government—in an attempt to interfere with the development of Taiwan’s democracy. According to the Liberty Times, Tsai Ing-wen said that Taiwanese businessmen have made great contributions to China’s economic development, social employment, and cross-strait exchanges for a long time. Tsai emphasized that in Taiwan, which political party and which issue to support is the free choice of the people of Taiwan and should be respected; this is the value of democracy and freedom. Beijing’s intimidatory treatment of Taiwanese businessmen operating in China through means of selective law enforcement will only make the distance between the two sides of the strait farther and farther, worsen the investment environment in China, and accelerate the shift in corporate investment.

It is worth noting that 2021 is not 2005. The asymme-
tries across the Taiwan Strait have grown wider and Beijing’s economic leverage stronger over Taiwan and many countries across the world as dependencies are created. Beijing’s arbitrary and capricious regulatory enforcement ought to raise concerns about which businesses could be targeted next, and this could potentially have a chilling effect not only on Taiwan’s investment into the People’s Republic of China (PRC) but also for the world.

For its part, Beijing appears to have only one immediate objective in mind. As election season kicks into gear in Taiwan with the island democracy poised to have its next local elections in late 2022, the recent moves appear aimed at deterring Taiwan businesses from donating to the DPP’s political campaign for fear that Beijing may target these companies and utilize its selective enforcement of regulations to curtail their business interests in China.

Beijing may have had difficulty transforming its economic influence into broad political leverage over Taiwan in the 2000s (the case of Chi-Mei is an outstanding counter-factual); but the fears of those in Taipei who thought that, because of the growing asymmetry, it was time then to push for independence or imminently risk absorption also did not pan out. Yet, if Beijing is not careful—with the reverberating effects of Hong Kong—such moves would alienate the one remaining constituency in which it still appears to have some support within Taiwan, and provide fuel to those in Taiwan who see only the growing risks of economic dependency on the PRC. As the RAND study indicated: “When Beijing uses high-profile, high-pressure economic tactics, they have tended to backfire, creating powerful opposition in Taiwan and undermining the political effectiveness of those with a stake in closer cross-strait economic and political ties.”

The main point: News of Chinese regulators fining a Taiwanese company for alleged regulatory violations is raising concerns that Beijing may increasingly utilize economic levers to deter businesses and the public from supporting the ruling government in Taiwan.

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APEC’s Continued Salience for Taiwanese Diplomacy

By: I-wei Jennifer Chang

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At the Asia-Pacific Economic Cooperation (APEC) virtual leaders’ meetings held in November, Taiwan President Tsai Ing-wen’s (蔡英文) envoy Morris Chang (張忠謀), the founder of Taiwan Semiconductor Manufacturing Company (TSMC, 台灣積體電路製造), was tasked with garnering support for the island’s bid to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

According to President Tsai, APEC is the most important international platform in which Taiwan currently participates, and her special envoy will seek APEC members’ endorsements for Taiwan’s CPTPP application at the APEC Economic Leaders’ Meeting. Using Taiwan’s official name at APEC, Chang stated that “Chinese Taipei plays an irreplaceable role in the global high-tech supply chain.” During the online meeting that was also attended by Chinese President Xi Jinping (習近平), Chang further stated, “We also have a highly transparent market economy, and are able and willing to respect the CPTPP’s high standards.”

Over the past 20 years, Taiwan has leveraged its membership in APEC, the only intergovernmental organization to which it belongs, to contribute meaningfully on regional issues and to enhance its international visibility. Taiwan’s membership in APEC remains particularly relevant today as the island pursues accession into the CPTPP, and as China has sought to diminish Taipei’s participation in APEC amid the current downturn in cross-strait relations.

Taiwan’s APEC Membership and Restrictions on Taiwan’s Representation

APEC was established in 1989 and currently has 21 members, comprised of mostly regional states as well as the United States, Russia, and a few Latin American countries. Taiwan joined APEC as a full-member economy (not a sovereign country) under the name “Chinese Taipei” in 1991. After China joined the economy and trade cooperation forum in 1991, it signed a memorandum of understanding (MOU) with APEC that same year that admitted Taiwan and Hong Kong as regional economies under the names “Chinese Taipei” (中國台北, used by China; 中華台北, used by Taiwan) and “Hong Kong” (香港), respectively. Hong Kong’s name under APEC was changed to “Hong Kong, China” (中國香港) following its transfer back to Chinese rule in 1997.

According to the 1991 memorandum signed by China and APEC, Taiwan would be permitted to join APEC on the condition that Taipei could only send ministerial-level officials in charge of economic affairs to participate. Beijing argues that Taiwan’s foreign ministers and deputy foreign ministers are not allowed to attend the APEC meetings under the MOU, a claim disputed by Taipei. [1] The institutional practice of also precluding Taiwanese presidents from attending APEC meetings has been informally referred to as the “Seattle Model” (西雅圖模式), after the United States rejected President Lee Teng-hui’s (李登輝) request to join the first APEC Economic Leaders’ Meeting in Seattle in 1993. Instead, Minister of Economic Affairs Vincent Siew (蕭萬長) served as Lee’s representative at the Seattle meeting. Over the past two decades, Taiwanese presidents have been barred from participating in APEC leaders’ meetings, and they have dispatched lower-level representatives in their place. [2]

Yet, Taipei has continually pushed back against such restrictions that prohibit high-level Taiwanese representation at APEC summits. For instance, President Chen Shui-bian (陳水扁) expressed interest in attending the 2001 APEC summit in Shanghai in order to engage in a direct dialogue with Chinese President Jiang Zemin (江澤民). However, Beijing rejected Chen’s personal request and also disapproved of Chen’s appointed special envoy, former Vice President Lee Yuan-tsai (李元簇). Beijing insisted that Taiwan could only send its economics minister to participate. Later, prior to the 2005 APEC Economic Leaders’ Meeting in Busan, South Korea, Seoul objected to Chen’s petition to attend the summit and meet with Chinese President Hu Jintao (胡錦濤). [3] The South Korean government argued that because it does not view Taiwan as a sovereign state, it turned down Chen’s request to attend the APEC summit and later opposed Chen’s designated envoy, Legislative Yuan President Wang Jin-pyng (王金平), due to...
pressure from Beijing. [4] The Chen Administration argued that Taiwan is a full member of APEC, has fulfilled its duties in the organization, and thus should enjoy the same rights as other APEC members. [5]

Thus far, no Taiwanese president has been able to attend the APEC leadership meetings due to Chinese objections. President Ma Ying-jeou (馬英九) had hoped to participate in the 2014 APEC summit in Beijing and to meet with President Xi but was rebuffed by Beijing, which reportedly did not consider the venue as “appropriate.” Furthermore, President Tsai dispatched People First Party (親民黨) leader James Soong (宋楚瑜) to the APEC meeting in Peru in 2016, where he met with President Xi. Soong also served as the Taiwanese representative at the APEC Economic Leaders’ Meeting in 2017 in Vietnam, where he held informal talks with Japanese Prime Minister Shinzo Abe on the sidelines—despite Beijing’s warning to Tokyo against doing so. At the most recent APEC leaders’ meeting in November 2021, President Tsai appointed Morris Chang to represent her at APEC for the fourth time in her tenure; this was also Chang’s fifth time serving as Taiwan’s APEC representative, having also represented President Chen at the 2006 Vietnam APEC Summit.

Meetings with Chinese Leaders

During periods of reduced cross-Strait tensions, there have been exceptions to Beijing’s objections to higher-level Taiwanese representation at the APEC meetings. During President Ma’s administration, two former vice presidents—Lien Chan (連戰) and Vincent Siew—represented Taiwan at APEC, and also held discussions with Chinese leaders outside the meeting. In 2010, Lien Chan, honorary chairman of the Kuomintang (國民黨), met with Hu Jintao at the APEC meeting in Yokohama, Japan. Later, during the 2013 APEC summit in Bali, Indonesia, Xi Jinping met with Taiwan’s special envoy Vincent Siew, who served as vice president during Ma’s first term from 2008-2012. Siew held another conversation with Xi on the sidelines of the 2015 APEC Summit, during which Siew called for expedited negotiations on the cross-Strait trade in goods agreement. Therefore, the APEC platform has provided a unique convening ground for leaders on both sides of the Taiwan Strait to meet their counterparts, enhance communication, and improve bilateral relations during periods of relative calm across the Strait.

Chinese Pressure on Taiwan in APEC

On the other hand, during times of heightened cross-Strait tensions—particularly after Tsai became president—Beijing has attempted to put conditions on Taipei’s participation in APEC. In the lead-up to the 2020 APEC meeting, the Chinese foreign ministry commented that Taiwan’s participation in APEC as a regional economy under the “One-China Principle” (一個中國原則) is a “key political precondition.” On November 10, 2021, a few days before the convening of the online APEC Economic Leaders’ Meeting hosted by New Zealand, Beijing’s Taiwan Affairs Office (國台辦) spokesperson Zhu Fenglian (朱鳳蓮) reiterated that Taiwan’s participation in APEC-related activities must be based on the “One-China Principle.” Taipei’s Ministry of Foreign Affairs (MOFA, 中華民國外交部) hit back at Beijing’s claims, stating that “Taiwan enjoys the same status and has the same obligations as all members” and that there is no “One-China Principle” in the agreement allowing Taiwan’s participation in APEC.

Taiwan’s Contributions to APEC

At a time when Taiwan is excluded from most international organizations, APEC has become a key international platform for the island democracy to apply its national comparative advantages in digital technology, public health, and other sectors, in order to make meaningful contributions on a wide range of regional and international issues. The scale of Taiwan’s participation in APEC is unparalleled compared to its role in any other intergovernmental organization. The government’s relevant departments have sent hundreds

Image: TSMC founder Morris Chang (seated, left) at a July 2021 press event in which Taiwan President Tsai Ing-wen announced him as Taiwan’s representative to the 2021 APEC forum. (Image source: Taipei Times)
of personnel to attend APEC meetings each year. Prior to the outbreak of the COVID-19 pandemic, which has since scaled back some activities, Taiwanese officials attended more than 100 APEC meetings and hosted between 30 and 40 APEC activities annually, according to Chang Chien-yi (張建一), executive director of the Chinese Taipei APEC Study Center (CTASC, APEC 研究中心), an organization that works with Taiwanese government agencies to formulate and support APEC programming.

Each year, Taipei has hosted a multitude of APEC conferences and events on the island. The topics covered have included public health and disease prevention, energy security, food security, women’s empowerment, small and medium-sized enterprises (SMEs), and economic and digital innovation to strengthen the COVID-19 recovery. Such fora have also led to collaborations with other APEC members, such as when Taipei worked with the Philippines to promote the growth of SMEs through digital platforms. In particular, Taiwan has been able to utilize the APEC platform to share its COVID-19 pandemic prevention and mitigation responses, with the Ministry of Health and Welfare (衛生福利部) taking the lead in promoting the establishment of a Digital Health Sub-Working Group within APEC’s Health Working Group. Furthermore, Taiwan has increased its financial contributions to APEC initiatives from USD $750,000 in 2019—which were intended to promote regional economic integration, and inclusive and sustainable growth across the APEC region—to USD $1 million in 2020 in order to fund APEC efforts on health security, emergency preparedness, and energy and trade security.

**APEC Support for Taiwan’s Goals**

In the past, Taipei has utilized the APEC platform to promote its diplomatic and foreign economic priorities. For instance, Taiwanese envoy to APEC Vincent Siew used the gathering of APEC leaders in Manila in 2015 to promote Taiwan’s bid for membership in the Trans-Pacific Partnership (TPP) and the Regional Cooperative Economic Partnership (RCEP). “APEC is the most important venue for Taiwan to express its commitment to joining the Trans-Pacific Partnership and Regional Cooperative Economic Partnership,” Siew noted. In addition, APEC has become a critical forum for meetings between Taiwanese representatives and high-level US officials, allowing them to more directly exchange views on bi-
lateral issues. Taiwanese envoy Morris Chang raised the idea of a potential US-Taiwan Free Trade Agreement with Vice President Mike Pence when both attended the APEC Summit in Papua New Guinea in 2018.

With the United States offering to host the annual APEC meeting in 2023, the APEC forum remains an important regional forum that has helped to enhance ties between Taiwan and other member economies and to bolster Taipei’s international visibility. Taiwan’s exclusion from the Association of Southeast Asian Nations (ASEAN) and RCEP have made APEC a key venue for Taiwanese engagement with ASEAN members on the issue of regional economic integration and trade liberalization. Taiwan’s recent CPTPP bid notably includes a diplomatic strategy to garner support from other APEC members. At the same time, it is certain that Beijing will continue its efforts to diminish Taiwan’s stature in APEC—the only major international forum where Taiwanese representation is concentrated—so long as there remains no improvement in cross-Strait relations.

**The main point:** Over the past 20 years, Taiwan has leveraged its membership in APEC, the only intergovernmental organization to which it belongs, to contribute meaningfully to regional issues and to carve out international space.

Special thanks to GTI Intern Henry Walsh for his research assistance.


[5] Ibid.
The 2021 National Defense Report and Its Assessment of Taiwan’s Security Environment

By: John Dotson

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On November 9, the Republic of China (ROC) Ministry of National Defense (MND, 中華民國國防部) released the ROC National Defense Report 2021 (中華民國110年國防報告書). This represents the latest edition of a biennial document intended “to convey to the people the general international situation and security environment, our defense policies, [the] progress of force buildup, combat readiness, and [the] condition and allocation of defense resources” (p. 8). The MND released the ROC National Defense Report 2021 (hereafter, “defense report”) simultaneously in both Chinese and English versions—a departure from past years, in which the translated English version followed the original Chinese edition typically by several weeks—thereby providing greater accessiblity to international audiences.

Overall, the text of this year’s defense report—subtitled under the official theme of “Forging a Resilient and New Armed Forces” (打造堅韌新國軍)—provided few surprises. The report offers significant continuity with previous MND public statements regarding priorities for the Taiwan armed forces in terms of missions, training, and force structure. [Notably, the 2021 edition of Taiwan’s Quadrennial Defense Review (QDR, 四年期國防總檢討), another significant document detailing defense priorities, was released earlier this year.] Yet, the report offers value as an official public assessment of the national security challenges facing Taiwan, and the necessary steps to be taken in response. This year’s report offered an evaluation of the regional security environment, as well as commentary on the more direct threats to Taiwan itself, that are worthy of consideration.


The Assessment of Taiwan’s Status in the Indo-Pacific Security Environment

In terms of assessing the regional security environment...
The report also echoes the larger messaging effort of the Tsai Administration to portray Taiwan as “democracy’s first line of defense” in the face of an increasing-ly authoritarian and assertive PRC. The report asserts that “The ROC (Taiwan) is a paradigm of freedom and democracy in the Indo-Pacific region,” and that “Taiwan is located at the forefront of curbing the expansion and incursion of a totalitarian regime.” In conjunction with this, the report also emphasizes Taiwan’s strategic position, stating that “Taiwan is located at a key node of strategic importance on the first island chain of the Indo-Pacific [...] Any changes to the situation in the Taiwan Strait will affect the security of international communication and the economic development of the region” (p. 33).

The Growing PRC Military Threat to Taiwan

The defense report also lays out a general assessment regarding the growing military capabilities of the PRC’s People’s Liberation Army (PLA). Although the text is short on specific details, it is particularly noteworthy for points made regarding potential military operations in two specific warfare areas: “Joint Blockade Capabilities” and “Joint Firepower Strikes” (missile strikes).

One of the most striking comments made in the report regards the prospect for a blockade of Taiwan’s ports—a critical concern for an island state dependent on seaborne commerce. In early October, Taiwan Defense Minister Chiu Kuo-cheng (邱國正) made public comments to the effect that the PRC would possess the capability to conduct a blockade of the Taiwan Strait by 2025. The National Defense Report 2021 goes even further on this matter (a point picked up in some media outlets) by stating that the PLA Navy (PLAN) and Air Force (PLAAF) are already capable of such operations: “At present, the PLA is capable of performing local joint blockade against our critical harbors, airports, and outbound flight routes, to cut off our air and sea lines of communication and impact the flow of our military supplies and logistic resources as well as our sustainability for operations” (p. 44).

The second noteworthy assertion regards the threat to Taiwan posed by the PRC’s missile forces. The report states that the “PRC’s ballistic missiles, cruise missiles, and air-launched land-attack missiles [...] along with the capabilities of [the] PLAN and PLAAF will attack our political, economic, and military HVTs [high-value targets], and decimate our operational persistence as well as the potential for follow-on supportive operations” (p. 44). This brief statement, innocuous on its face, reflects the seldom discussed but very real concern that the PRC’s massive arsenal of short- and intermediate-range ballistic missiles could devastate Taiwan’s military and economic infrastructure—and potentially decapitate parts of Taiwan’s military and political leadership structure. It is likely that such concerns are a significant consideration behind the MND’s ongoing investments to build the Taiwan military’s own capabilities for longer-range strike.

Image: The components of “gray zone” (灰色地帶) warfare as laid out in the MND report: cognitive warfare (upper right), “aircraft-ship incursions” (upper left), and cyber warfare (bottom left). (Source: ROC National Defense Report 2021)

The Identification of “Gray Zone” Threats

In regards to its discussion of the security threats facing Taiwan, the report’s most noteworthy component is its extensive discussion of the PRC’s steadily increasing and intensifying usage of “gray zone” (灰色地帶) operations that occupy the spectrum between peacetime and active military conflict. The report devotes an entire section to gray zone warfare, as summarized in this passage:

“In recent years, the gray zone threats frequently posed by the PRC on us are highly diversified and orchestrated generally through [both] military and non-military approaches. The military approaches can be explained by PRC military planes’ frequent intrusions into the southwestern corner of our Air Defense Identification Zone (ADIZ) [...] while the non-military approaches
PRC speedboats’ ramming our coast guard vessels and its sand pump dredgers’ illegal operations in our neighboring waters. These approaches have normally exploited the limbo between peace and war […] The PRC is […] gradually escalat[ing] the threat level by manipulating these salami tactics, and is using its political and military power to shape a posture to its advantage […] [with intent] to alter or challenge the status quo in the Taiwan Strait to ultimately achieve its goal of “seizing Taiwan without a fight” (p. 45).

While significant attention has been devoted throughout 2021 to the PRC’s increasing tempo of aircraft incursions into Taiwan’s ADIZ as a primary component of gray zone operations, the report also places significant stress on the PRC’s use of “cognitive warfare” (認知戰) directed at the collective mindset of Taiwan’s citizens:

“Cognitive warfare is used to sway the subject’s will and change its mindset […] [emerging from the disciplines] of intelligence warfare, psychological warfare, and public opinion warfare […] it can make use of highly efficient modern computing systems, the internet, and social media, to twist the subject’s social ideologies, mentality, and the sense of law-and-order through cyber infiltrations and manipulation of […] public opinion. The PRC is exploiting the tactics of cognitive warfare, mixing with “Three Warfares,” which are psychological warfare, public opinion warfare, and legal warfare […] Psychologically, the PRC is trying to cause mental disarray and confusion, in order to weaken our fighting will [and] determination to defending [sic] ourselves, and [to] seize the dominance of public opinion (p. 46).”

The defense report’s devotion of a considerable body of text to emphasizing a non-military security issue (or perhaps, one that straddles the military and civilian domains) is a reflection of the extent to which Taiwan’s national security officials are grappling with a coordinated and multi-faceted assault by Chinese Communist Party (CCP) agencies—one intended to subvert Taiwan’s will and capacity to maintain its democratic political system, and its state of de facto independence.

Conclusion

Although there is little in the ROC National Defense Report 2021 that is surprising, the document is worthwhile as a restatement of defense planning priorities under the current Tsai Administration. It is also valuable as an official public assessment of the range and scope of national security challenges facing the island democracy. In particular, the report’s assertions of both the rising conventional military threat posed by the PLA’s naval and strike warfare capabilities, as well as the unconventional threat posed by CCP-directed “cognitive warfare,” are worthy of attention. As the state that stands most squarely in the crosshairs of PRC aggression, Taiwan’s experience offers valuable lessons for the rest of the world.

The main point: The ROC National Defense Report 2021 provides several noteworthy public assessments regarding the security environment facing Taiwan, particularly in regards to the PRC’s growing military capabilities and its intensifying usage of “gray zone” operations.

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Toward a Japanese Version of the “Taiwan Relations Act”: The 7th Japan-Taiwan Exchange Summit and the Kobe Declaration

By: Robert D. Eldridge

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Readers may have heard about the recent declaration in Kobe, Japan, which called for a Taiwan Relations Act equivalent for Japan (referred to in Japan as the “Basic Law on Japan-Taiwan Relations”), and for ending Taiwan’s diplomatic isolation by greater participation in international organizations. The declaration—a full, unofficial English translation of which follows below—was adopted by the more than 500 participants attending the 7th Japan-Taiwan Exchange Summit held last month in the port city of Kobe.
Image: The 7th Japan-Taiwan Exchange Summit, held in the Japanese city of Kobe on November 12, 2021. (Image source: Taiwan News)

The Kobe Summit

Despite the lingering effects of the various COVID-19 pandemic-induced restrictions, the Summit in Kobe was the largest ever, showing just how strong support for Taiwan is in Japan. Among the 510 participants were 365 representatives from 70 prefecture, city, town, and village assemblies across the country—ranging from Naha City, Okinawa Prefecture to Hokkaido’s capital of Sapporo. The Summit was organized by Kobe City Assembly members on behalf of the National Association of Assembly Members Promoting Japan-Taiwan Friendship, which chooses the host city.

The annual summits began in 2015. The first one was held in Kanazawa (Ishikawa Prefecture); the second in Wakayama City (Wakayama Prefecture) in 2016; the third in Kumamoto City (Kumamoto Prefecture) in 2017; the fourth summit in Kaohsiung, on Taiwan’s southwestern coast, in 2018; and the fifth and sixth summits were held in Japan in Toyama City (Toyama Prefecture) and Kaga City (Ishikawa Prefecture) in 2019 and 2020, respectively. [1]

Next year’s summit is to be held in Kochi City, Kochi Prefecture. Fukuoka, which also has well known historical figures with close ties to Taiwan such as Sugiyama Tatsumaru (called “India’s Green Father” for improving water and agriculture there by introducing Formosan rice), has expressed interest in hosting the event in the future.

In addition to the variety of cities hosting, the summits have been important due to the bipartisan nature of the participants. Every Japanese political party is represented: for example, the Kobe Summit saw attendance not only by many conservative independents and members of the ruling Liberal Democratic Party, but also an equal number of opposition party members (to include the Constitutional Democratic Party, Japan Innovation Party, Democratic Party for the People, Communist Party, and Happiness Realization Party). Even the junior coalition partner Komeito, known to be pro-China, was in attendance. Efforts by the People’s Republic of China embassy in Tokyo to force cancellation of the event backfired, and even led to increased participation. [2]

The Kobe Declaration

The organizing committee, therefore, has much to be proud of—organizing the largest summit ever, and a bipartisan one at that—during the COVID-19 pandemic and amid pressure from a hostile government. Moreover, the Kobe Declaration will likely go down in history as an important turning point in Japanese-Taiwanese relations. For the benefit of readers, I have taken the liberty of translating the Japanese-language version of the declaration. It reads as follows:

Kobe Declaration

Japan and Taiwan have always stood by each other and helped one another in times of trouble. During the Great Hanshin-Awaji Earthquake that struck Kobe, and the Great East Japan Earthquake, as well as the shortage of medical supplies caused by the coronavirus epidemic last year, Taiwan provided Japan with tremendous support from the public and private sectors, and Japan also provided Taiwan with a vaccine against the new coronavirus. The friendship between Japan and Taiwan has deepened with each passing crisis and difficulty, and the bond between the two countries is stronger and more unshakable than ever.

Japan and Taiwan share the universal values of respect for peace, the rule of law, freedom and democracy, and human rights, and will not tolerate any pressure on our friendly relations or any infringement on our sovereignty. We are convinced that the “cycle of goodwill” through the strengthening of friendship and cooperation between Japan and Taiwan will not only benefit the national interests of Japan and Taiwan and
improve the welfare of the people of both countries, but will also contribute to the improvement of human welfare and world peace. Therefore, in light of the declarations adopted at previous Japan-Taiwan Exchange Summits, we call for the following.

1. Promote exchange and cooperation between Japan and Taiwan in the fields of economics, culture, education, tourism, medical care, disaster prevention, etc.

2. Promptly enact a “Basic Law on Japan-Taiwan Relations” for strengthening the foreign and security policies of Japan and Taiwan.

3. Considering that Taiwan is a hub for shipping, finance, tourism, industry, and epidemic prevention; that there were approximately 72 million passengers taking off from, landing in, or transiting through Taiwan in 2019; that there are approximately 24,000 Japanese residing in Taiwan; and that Taiwan has the three elements of territory, nationality, and sovereignty; Japan should strengthen its efforts to realize Taiwan’s participation in international organizations, international frameworks, and the United Nations system such as the World Health Organization (WHO), International Civil Aviation Organization (ICAO), and International Criminal Police Organization (ICPO).

4. Japan should strengthen its efforts to help Taiwan join the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP), to which it has applied for admission.

5. Japan and Taiwan should cooperate with each other to help humanity overcome the new coronavirus and contribute to the improvement of human welfare.

In order to realize the above recommendations, the members of each legislature, legislator leagues and associations, and all of us participating in the 7th Japan-Taiwan Exchange Summit in Kobe will work actively to ensure that the bonds of friendship and goodwill between Japan and Taiwan continue forever.

November 12, 2021

7th Japan-Taiwan Exchange Summit in Kobe

What Would a Japanese Version of the Taiwan Relations Act Look Like?

Incidentally, one year ago on December 1, 2020, the most recent version of a draft Japanese Taiwan Relations Act was introduced at a gathering in Tokyo in the House of Councilors Office Building, across the street from the main Diet (parliament) building. In addition to local assembly members, numerous parliamentarians either joined the gathering or sent messages of support. The current version incorporates previous versions proposed by academics, former officials, current legislators, and others with close associations with either the Taiwanese or Japanese governments. I have also taken the liberty of translating this document into English, as follows:

Law Providing for the Strengthening of Relations and Communications Between Japan and Taiwan (Taiwan Relations Act)

(Title)

Article 1. This law is meant to strengthen bonds and exchange in various fields between Japan and Taiwan, for the sake of the peaceful development of a free and open Indo-Pacific region and the national security of Japan.

(Definitions)

Article 2.

2.1. For the purposes of this law, the “Japan-Taiwan Association” is defined as the agency called “Japan-Taiwan Exchange Association” established by the Government of Japan government, which has authority over mutual exchange between Japan and Taiwan.

2.2. The “Taiwan-Japan Association” is defined as the agency called “Taiwan-Japan Relations Association” established by the Taiwanese government, which has authority over mutual exchange between Japan and Taiwan.

(Information Sharing)

Article 3. In order to realize the above purpose described in Article 1, the Japan-Taiwan Association can share necessary information with the Taiwan-Japan Association.
(Membership in International Organizations)

Article 4. In order to realize the above purpose described in Article 1, the Government of Japan will promote Taiwan’s membership or seating in international organizations.

(Visits)

Article 5. In order to realize the purpose described in Article 1, under the principle of reciprocity, high-ranking government officials shall be allowed to visit Taiwan, and high-ranking officials of the Taiwanese government shall be allowed to visit Japan.

(Joint Drills and Exercises)

Article 6. The respective government agencies of Japan and Taiwan shall not be prevented from conducting joint drills and exercises to prepare for rescuing civil maritime vessels, the prevention of the spread of infectious diseases, or other activities such as disaster relief.

(Sister Cities)

Article 7. The Japan-Taiwan Association and Taiwan-Japan Association will mutually support the creation of sister cities linking Japan and Taiwan, and exchanges between them, without fear of third-country or third-party intervention.

(Matters Concerning Mutual Exchanges)

Article 8. In addition to the preceding items, matters related to the promotion of free trade, promotion of mutual exchange, protection of human rights, etc. in Japan and Taiwan shall be handled by agreement between the Japan-Taiwan Association and the Taiwan-Japan Association. The Japan-Taiwan Association shall consult with relevant government agencies in advance before making or changing these agreements.

(Guarantee of Legal Rights)

Article 9. The rights that Taiwanese have acquired or will acquire under Japanese law are guaranteed insofar as they do not interfere with the public welfare.

(Taiwan-Japan Association)

Article 10. At the request of the Taiwan-Japan Association or its staff, the Government of Japan shall take necessary measures regarding the granting of legal personhood in Japan to the Taiwan-Japan Association and the treatment of its staff with privileges equivalent to those of diplomats.

Many have long hoped that a Japanese version of the Taiwan Relations Act will one day become a reality. The Kobe Summit has brought the issue to the political forefront. Now it will depend on whether the Japanese parliament will take up the matter.

The main point: Interest in strengthening Japan-Taiwan relations continues to grow in Japan, as seen by the largest turnout ever (and despite COVID-related restrictions) of local assembly members from around the country to attend the 7th annual Japan-Taiwan Exchange Summit. The 510 participants adopted a bold statement, the Kobe Declaration, which called for—among other things—Taiwan’s participation in international organizations and a Japanese version of the Taiwan Relations Act.

[1] One reason for the active hosting by the Hokuriku area of Japan has to do with the fact that the engineer Hatta Yoichi—responsible for dam and other irrigation projects during Japan’s administration of Taiwan (1895-1945), leading to the growth and agricultural development of the Chianan Plain—hailed from Kanazawa.

[2] These efforts included, according to interviews with organizers, a trip to Kobe by PRC Embassy officials, using a nominal visit to a local zoo to check on the pandas there, to demand that the event not be held.

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The Taiwan-Somaliland Partnership: A Model for an Unofficial Approach to Diplomatic Relations?

By: Marshall Reid

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In the wake of the Republic of Kiribati’s 2019 decision to switch diplomatic recognition from the Republic of China (ROC, Taiwan) to the People’s Republic of China (PRC), a wide range of commentators expressed concerns about the island’s shrinking international space. While such worries are certainly valid—Taiwan
has been reduced to a mere 15 full diplomatic allies, mostly consisting of small, island nations—Taipei has nevertheless proven itself capable of expanding its diplomatic space through more limited, unofficial relationships. This alternative approach to diplomatic partnerships has perhaps best been exemplified by Taiwan’s burgeoning relationship with the Republic of Somaliland. Since February 2020, when Taipei and Hargeisa signed an agreement allowing for the exchange of representative offices, ties between the two isolated republics have flourished. Despite considerable Chinese pressure and a challenging international environment, Taiwan and Somaliland have nevertheless managed to forge a productive partnership. In doing so, they may have both uncovered an alternative path toward broader international acceptance.

**Contrasting Collaborators**

Separated by thousands of miles and possessing vastly different cultures, histories, and economies, Taiwan and Somaliland appear to have little in common. In spite of these contrasts, Taiwan and Somaliland have several notable parallels. Like Taiwan, Somaliland emerged in the aftermath of a devastating civil war, the ramifications of which continue to shape the nation’s political status. Since its declaration of independence from Somalia in 1991, Hargeisa has followed a path similar to that of Taipei, working to secure its existence in the shadow of a dangerous neighbor determined to absorb it. While both Taiwan and Somaliland have proven relatively successful in this pursuit, they have nevertheless found themselves in difficult international positions. Excluded from the vast majority of international institutions and largely unrecognized by the global community, the two nations have been forced to accept de facto independence. Nevertheless, both Taipei and Hargeisa have become active participants in global affairs, consistently working on the periphery to secure what little cooperation they can.

In addition to these geopolitical similarities, Taiwan and Somaliland share a commitment to democratic values and political freedom. Speaking at the opening of Somaliland’s representative office in Taiwan, Chief Representative Mohamed Omar Hagi Mohamoud stated that the partnership between the two nations was “based on common values of freedom and democracy.” While Somaliland’s democracy remains traditional and clan-based, it is nevertheless among the most stable and open in its region. Given Taiwan’s long-standing commitment to defending democratic values, both domestically and internationally, Somaliland is a natural partner.

Though the announcement of the mutual establishment of representative offices between Taiwan and Somaliland arrived somewhat suddenly in early 2020, the decision was the culmination of over a decade of growing cooperation between the two states. In 2009, Taipei and Hargeisa announced an agreement to expand ties, with a particular emphasis on education, healthcare, and maritime security. Over the ensuing years, this agreement has resulted in a range of substantive collaborations, including educational exchanges, medical consultations, and capacity building exercises. This has also included a recent Taiwanese shipment of COVID-19 personal protective equipment (PPE) to Somaliland. Such cooperative efforts have proliferated following the exchange of representative offices, with a wide range of agreements and memoranda of understanding (MOUs) signed over the past two years.

While the partnership remains strictly unofficial—the two countries exclusively refer to their offices as “representative offices” rather than “embassies”—it has clearly provided a framework for substantial cooperation between the two sides.


Needless to say, this expanded relationship has not been well received by the PRC, with Foreign Ministry...
Spokesman Zhao Lijian (趙立堅) stating that those who challenge the “One-China Principle” “will get burned and swallow the bitter fruit.” This sentiment was echoed by the Republic of Somalia, which has condemned the partnership as an attempt to “violate its territorial integrity.” Thus far, however, this pressure has done little to deter Taipei and Hargeisa, who have continually reaffirmed their commitment to one another.

While the Taiwan-Somaliland partnership remains limited in scope thus far, it nevertheless represents a significant opportunity for both parties. For Hargeisa, Taiwan could serve as a “big brother,” helping Somaliland to consolidate its young democracy and develop its untapped natural resources. For Taipei, Somaliland could serve as a crucial foothold for expanding diplomatic contacts and exerting economic influence in the Horn of Africa, a region long dominated by the PRC. Perhaps more importantly, however, the relationship could provide Taiwan with a template for future, unofficial ties with other like-minded democracies.

A Preoccupation with Official Relations

For decades, discussions of Taiwan’s international space have focused heavily on Taipei’s shrinking list of official diplomatic partners. As the PRC has steadily peeled away diplomatic partners one after another, commentators both within Taiwan and internationally have lamented the island nation’s declining international position, framing each loss as an erosion of the ROC’s hard-fought legitimacy. Driven by such fears, Taiwan’s government has routinely gone to excessive lengths to prevent its diplomatic partners from defecting. During the administration of Chen Shui-bian (陳水扁), these efforts, in the extreme, took the form of checkbook diplomacy as Taiwan resorted to providing partner governments with larger sums of funding than Beijing would offer in order to keep them on Taipei’s side.

As GTI Research Fellow I-wei Jennifer Chang pointed out in the last issue of the Global Taiwan Brief, such tactics have had mixed results, as Taipei has typically been unable to effectively outbid Beijing. While the Tsai Ing-wen (蔡英文) Administration has largely moved away from engaging in funding competitions with the PRC, it has continued to provide funding and infrastructure investment to its remaining partners. In spite of this, Taipei has continued to lose partners, with seven nations switching recognition since Tsai’s election in 2016. Increasingly, it seems that Taipei is fighting a losing battle.

As it currently stands, Taiwan’s government attaches a great deal of importance to maintaining official relations with its diplomatic allies—a factor it perceives as critical to preserving its sovereignty on the global stage. As a 2020 public opinion survey has shown, this sentiment is shared by a substantial portion of Taiwan’s population, particularly when maintaining such relations is framed as an act of defiance against the PRC. However, the same survey also found that public support for preserving formal relationships plummets when maintaining ties is framed in terms of providing extra funding and resources to partners. As such, it seems that the Taiwan public’s support for preserving formal alliances is primarily motivated by a desire to resist Chinese pressure, rather than a desire to bankroll smaller nations around the world.

Conclusions

While concerns over Beijing’s poaching of Taiwan’s official diplomatic partners are certainly worthy of consideration, Taipei has proven that it is capable of surviving—and thriving—in the absence of formal recognition. As its growing relationship with Somaliland has demonstrated, Taiwan has found a path towards achieving international cooperation without formal ties. With this in mind, the Tsai Administration should consider reallocating diplomatic funding and efforts towards more productive, unofficial relationships.

Currently, Taiwan maintains limited, unofficial ties with a wide range of nations around the world. In many cases, this consists of little more than a representative office, typically staffed by a small contingent of diplomats and cultural attachés. Despite these limitations, these offices could serve as foundations for more expansive, unofficial relationships in the future. This arrangement has been clearly demonstrated by the Taiwan-Somaliland partnership, as the exchange of small representative offices rapidly expanded into a more substantial diplomatic, economic, and cultural relationship. Another instance of this model appears to be taking shape in Lithuania, where representative offices
have laid the groundwork for more concrete cooperation. In both cases, Taiwan has been able to secure strong, productive partnerships despite the absence of formal recognition from its counterpart. This suggests that such a strategy could potentially be effective in other contexts.

As previously mentioned, Taiwan’s public has long associated formal diplomatic relations with resistance or even competition against China. While this is unlikely to change, Taipei would be well-served by shifting its messaging toward unofficial partnerships. Already, Taiwan’s unofficial relationships—particularly those with the United States and Japan—play a far greater role in deterring Chinese aggression than its official ones.

Going forward, the Tsai Administration should consider doing more to frame informal arrangements—such as those with Somaliland and Lithuania—as crucial elements of its efforts to resist China. By doing so, it could help to provide legitimacy to a potentially productive approach to international diplomacy.

Should Taiwan choose to pursue such a strategy in the near future, it would likely find itself in a more favorable situation than in the past. Around the world, nations have grown increasingly wary of China’s influence, and have shown greater willingness to criticize Beijing for its authoritarian policies and human rights violations. Against this backdrop, Taiwan could work to encourage other countries to follow in the footsteps of Somaliland and Lithuania by building more substantive ties with one of the world’s most vibrant and liberal democracies. As such relations would be on a purely unofficial basis, Taipei should have a far easier time convincing potential partners to join it. As the Taiwan-Somaliland relationship has demonstrated, even the most unlikely and unofficial of partnerships can prove mutually beneficial when properly supported. As Taiwan continues to pursue greater international space, it should keep this lesson in mind.

The main point: While China’s continued efforts to peel away Taiwan’s official diplomatic allies remain a concern, Taipei has proven capable of expanding its international space through unofficial partnerships. Taiwan’s growing relationship with Somaliland is a strong example of this approach, and could be used as a template for future relations.