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## Book

# Taiwan's battle for diplomatic space

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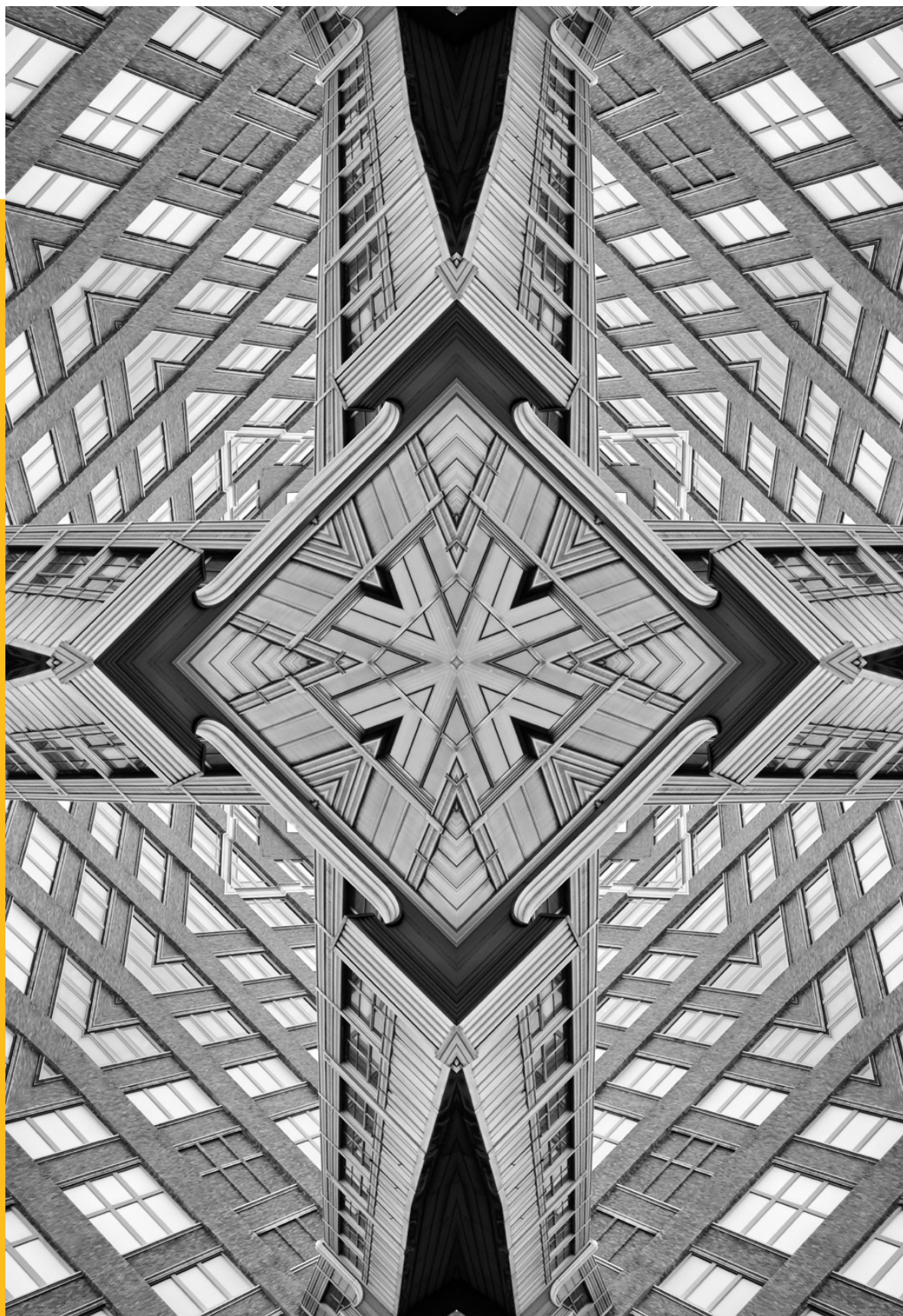
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# Occasional Paper



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# Taiwan's Battle for Diplomatic Space

Sitara Srinivas and  
Shashank Mattoo

## Abstract

Taiwan is facing an existential identity crisis, one whose consequences can go well beyond the region. The island exists between two sovereignties: it has domestic sovereignty and is secure in its identity as a democracy and an economic powerhouse; at the same time, it has an uncertain international sovereignty and is insecure in a larger battle with China about that identity. From a traditional international-relations perspective, Taiwan meets every important prerequisite for a polity to be considered as a nation—except one. This paper attempts to understand Taiwan's political position in the international community and the threats to its participation in global affairs. It offers policy recommendations for Taiwan and explores India's stakes and role.



As the war between the Republic of China (ROC)<sup>a</sup> and the Chinese Communist Party (CCP)<sup>b</sup> ended in 1949 and the last of the Kuomintang (KMT) forces under Chiang Kai-shek completed their withdrawal to Taiwan, a diplomatic contest for recognition began between the newly formed People's Republic of China (PRC) under CCP rule, and the ROC. With both parties claiming that they were the legitimate rulers of the country, they began to seek diplomatic recognition. Thus emerged what is today popularly known as the 'One China'<sup>c</sup> policy, with PRC founder Mao Zedong declaring that no country could have diplomatic ties with both the ROC and the PRC. This forced countries to pick a side and recognise either Taiwan or China.

This recognition tussle can also be seen as one between the capitalist world and the communist world—the basis for the Cold War between the US and Russia (formerly the Union of Soviet Socialist Republics). While countries such as India and the United Kingdom (UK) recognised the newly established dispensation in Beijing, much of the world recognised the government in Taipei instead.<sup>1</sup>

A crucial development in this tussle took place on 25 October 1971 when the United Nations General Assembly passed Resolution 2758<sup>2</sup> on the "Restoration of the lawful rights of the People's Republic of China in the United Nations". Even after being ousted from mainland China, the ROC had continued to hold the China seat in the UN. However, many countries had gradually realised that denying reality—that most of China was in fact governed by the PRC—was no longer tenable. The resolution recognised the PRC as the "only lawful representative of China to the UN." It transferred all of China's rights to the PRC,<sup>d</sup> including its position as one of the five permanent members of the UN Security Council. It also expelled "the representatives of Chiang Kai-shek (Taiwan) from the place they unlawfully occupy at the United Nations and in all its organisations." The ROC was not given separate UN membership, either. This does not mean, however, that the UN recognised Taiwan as a part of China.

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a The Republic of China (ROC) was the nationalist government of the Chinese mainland from 1912 to 1949. Defeated by the Chinese Communist Party (CCP) in war, it moved to what is today Taiwan.

b The CCP rules modern China (People's Republic of China).

c It is the PRC's official policy that there can be only 'One China' in the world, and Taiwan is part of this China, and that the government of the PRC is the sole legal representative of all of China.

d Prior to this, Taiwan held the seat and associated rights at the UN.

For a brief period in the 1980s, there was a marked improvement in PRC-ROC relations, including the conduct of indirect trade, despite underlying tensions.<sup>3</sup> Since then, Beijing and Taipei have waged a ceaseless battle for recognition and representation in the international community. The 1990s, which saw Taiwan democratise and carve out a new national identity, were particularly fraught. In those years, Taiwan characterised the PRC's approach as the "Three Exhaust" policy: "exhaust the states that recognise Taipei, exhaust Taiwan's international political space, and exhaust Taiwan's bargaining chips."<sup>4</sup> Indeed, Taiwan's foreign minister at the time, Jason Hu, argued that Beijing's goal was to whittle down the number of countries formally recognising Taiwan to zero by 2000.<sup>5</sup> However, there were also attempts to create an agreement between both parties, most famously the "1992 Consensus" that will be discussed later in this brief.

Tensions cooled after Ma Ying-Jeou was elected Taiwan's president in 2008. Ma hammered out a diplomatic truce with the mainland that lasted across his two terms (2008-2016). Talk of independence and diplomatic wrangling were eschewed in favour of greater cross-Straits cooperation.<sup>e</sup> Ma reaffirmed Taiwan's commitment to the 1992 Consensus, which holds that mainland China and Taiwan form part of 'One China' but allows for differing perceptions of sovereignty; in return, China offered a diplomatic truce by not trying to actively seek to poach Taiwan's allies. This was evident in the case of Gambia, which has had relations with both China and Taiwan at different periods since its independence in 1968; Gambia broke off diplomatic ties with Taiwan in 2013, and sought to link with the PRC, but Beijing initially held back. The Ma-Xi<sup>f</sup> summit in Singapore, on 7 November 2015, the first meeting between the leaders of the PRC and the ROC since the end of the Civil War, is considered the culmination of this era. Many analysts saw this as an indicator that China was softening its stance towards Taiwan.

With the election of Tsai Ing-wen<sup>g</sup> as Taiwan's president in January 2016, however, the diplomatic truce ended. The global map again became fair-game. In March 2016, China finally re-established the ties that Gambia had been seeking for three years. Since then it has convinced eight other countries to also switch their diplomatic recognition to the PRC. Today, only 13 countries and one territory recognise Taiwan.<sup>h,6</sup>

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e Using proxy organisations, Taiwan's Strait Exchange Foundation (SEF) and China's Association for Relations across the Taiwan Strait (ARATS), the ROC and PRC signed 23 agreements on cooperation in areas like transportation, tourism, judicial assistance, trade, investment, and safety.

f The meeting between Ma Ying-jeou, President of the Republic of China, and Xi Jinping, then General Secretary of the Chinese Communist Party.

g Unlike her predecessor, Tsai Ing-wen refused back the 1992 Consensus.

h Belize, Guatemala, Haiti, Holy See (Vatican City), Honduras, Marshall Islands, Nauru, Palau, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Tuvalu

# The 'Recognition Game' in the Cross-Strait

There is no clear source that contextualises the cleavages of recognition between the PRC and the ROC. Both seek to exploit the ambiguity that exists for political and economic gain. Many analysts would consider UN Resolution 2758 as a vital point of departure. However, given that the UN is a group of sovereign states, it can be argued that the resolution did not determine the legitimacy (or otherwise) of Taiwan as a sovereign state—but rather it identified which 'China' would inherit the representation of China. From China's viewpoint, Taiwan is not an adversary, but an "inalienable part of China", with the current administration "only a local authority in Chinese territory", not the rulers of a sovereign country.<sup>7</sup> Thus for China, the key principle of establishing diplomatic relations with a foreign country is that the latter recognises the PRC as the overarching government in an expanse that includes Tibet and Taiwan.

In 1992, representatives of the ROC and the PRC arrived at the controversial '1992 Consensus'.<sup>i</sup> It continues to be interpreted differently, not just by the ROC and the PRC, but also by political parties within Taiwan.<sup>j</sup> The incumbent Tsai government, for instance, which has been ruling Taiwan since 2016, has refused to explicitly endorse the Consensus—a fact that Beijing has taken note of.<sup>k</sup> Tsai's Democratic Progressive Party (DPP) represents a growing political wave in Taiwan that seeks to forge an exclusively Taiwanese identity and does not accept that Taiwan is a part of China.<sup>8,9</sup>

Beijing's fear is that Taiwan might make a move to claim independent sovereign status. Taiwan has a population of 23 million, a size of 36,000 square km, and a democratically elected national government: it meets three of the four traditional characteristics of a nation state.<sup>10</sup> The crucial fourth characteristic is sovereignty, which remains contested. Taiwan actively seeks control over its international sovereignty, but it has often lost out to China, or else been forced to concede. Since 1970, this international sovereignty has further been eroded by the loss of many countries to China.

i The controversy starts from whether the 1992 Consensus was even a consensus in the first place.

j The KMT saw the consensus as "one China – different interpretations", the PRC saw it as just "one China" and the DPP as "different interpretations".

k Tsai continues to represent the traditional DPP understanding of the consensus. She pushed for dialogue towards political recognition rather than reunification. Her continued political success is perhaps recognition that this is the general Taiwanese perception of the future.

# The 'Recognition Game' in the Cross-Strait

## Timeline: Years When Countries Severed Relations with Taiwan<sup>11</sup>

| Country                        | Year Severed Relations with Taiwan |
|--------------------------------|------------------------------------|
| Nicaragua                      | 2021                               |
| Kiribati                       | 2019                               |
| Solomon Islands                | 2019                               |
| El Salvador                    | 2018                               |
| Dominican Republic             | 2018                               |
| Burkina Faso                   | 2018                               |
| Panama                         | 2017                               |
| Sao Tome and Principe          | 2016                               |
| Gambia                         | 2013                               |
| Malawi                         | 2008                               |
| Costa Rica                     | 2007                               |
| Chad                           | 2006                               |
| Grenada                        | 2005                               |
| Senegal                        | 2005                               |
| Dominica                       | 2004                               |
| Vanuatu                        | 2004                               |
| Liberia                        | 2003                               |
| Papua New Guinea               | 1999                               |
| Tonga                          | 1998                               |
| Guinea-Bissau                  | 1998                               |
| CAR (Central African Republic) | 1998                               |
| South Africa                   | 1998                               |
| Bahamas                        | 1997                               |
| Niger                          | 1996                               |
| Latvia                         | 1994                               |
| Lesotho                        | 1994                               |
| South Korea                    | 1992                               |
| Saudi Arabia                   | 1990                               |

# The 'Recognition Game' in the Cross-Strait

| Country       | Year Severed Relations with Taiwan |
|---------------|------------------------------------|
| Uruguay       | 1988                               |
| Bolivia       | 1985                               |
| Ivory Coast   | 1983                               |
| Colombia      | 1980                               |
| United States | 1979                               |
| Libya         | 1978                               |
| Barbados      | 1977                               |
| Jordan        | 1977                               |
| Portugal      | 1975                               |
| Cambodia      | 1975                               |
| Thailand      | 1975                               |
| Philippines   | 1975                               |
| Gabon         | 1974                               |
| Botswana      | 1974                               |
| Venezuela     | 1974                               |
| Malaysia      | 1974                               |
| Brazil        | 1974                               |
| Spain         | 1973                               |
| DR Congo      | 1973                               |
| Malta         | 1972                               |
| Maldives      | 1972                               |
| Luxembourg    | 1972                               |
| Cyprus        | 1972                               |
| Jamaica       | 1972                               |
| New Zealand   | 1972                               |
| Togo          | 1972                               |
| Greece        | 1972                               |
| Rwanda        | 1972                               |
| Australia     | 1972                               |
| Madagascar    | 1972                               |
| Argentina     | 1972                               |
| Germany       | 1972                               |
| Japan         | 1972                               |
| Kuwait        | 1971                               |
| Lebanon       | 1971                               |



# The 'Recognition Game' in the Cross-Strait

| Country               | Year Severed Relations<br>with Taiwan |
|-----------------------|---------------------------------------|
| Sierra Leone          | 1971                                  |
| Austria               | 1971                                  |
| Belgium               | 1971                                  |
| Ecuador               | 1971                                  |
| Chile                 | 1971                                  |
| Cameroon              | 1971                                  |
| Peru                  | 1971                                  |
| Turkey                | 1971                                  |
| Mexico                | 1971                                  |
| Canada                | 1970                                  |
| Italy                 | 1970                                  |
| Mauritania            | 1965                                  |
| Republic of the Congo | 1964                                  |
| France                | 1964                                  |
| Laos                  | 1962                                  |
| Cuba                  | 1960                                  |
| Iraq                  | 1958                                  |
| Egypt                 | 1956                                  |
| Norway                | 1950                                  |
| Denmark               | 1950                                  |
| Switzerland           | 1950                                  |
| Sweden                | 1950                                  |
| Netherlands           | 1950                                  |
| Afghanistan           | 1950                                  |
| United Kingdom        | 1950                                  |
| Pakistan              | 1950                                  |
| Czech Republic        | 1949                                  |
| Poland                | 1949                                  |
| Russia                | 1949                                  |
| India                 | 1949                                  |
| Finland               | 1944                                  |
| Estonia               | 1940                                  |

# The ‘Recognition Game’ in the Cross-Strait

Despite this, Taiwan has steadily increased its representation in certain intergovernmental organisations, and participates in a gamut of events including the Olympic Games and international beauty pageants. Often, it does so using various ploys—calling itself an ‘entity’ rather than a ‘state’; using its formal name or a derivation from it,<sup>l</sup> or under the name of an organisation.<sup>m</sup> Its official website states that it has full membership in 40 intergovernmental organisations and their subsidiaries, and observer status (or something akin)<sup>n</sup> in 25 others.<sup>12</sup>

Taiwan actively pushes for representation by pointing out what each of these organisations can gain from it: direct benefit to the organisation itself, the importance of Taiwan’s voice in international platforms, or serving as a successful case study for many similar issues worldwide. At the Olympics, it participates under the tag ‘Chinese Taipei’, with a specific Olympic flag, and an anthem.<sup>o</sup> It ensures that it is neither seen as a part of China nor as an independent nation. This has helped Taiwan gain a seat at several global high tables, for it allows other countries to formally recognise China, while acknowledging Taiwan as separate. However, with more and more states moving away from granting Taiwan formal diplomatic status (especially since 2016), this easy option could do it more harm than good in the long run.

It is a gamble, and it highlights why this representation is important to Taiwan. With sovereignty comes responsibility, to begin with. Taiwan is as affected by global crises as any other country and having a voice in international forums which take key global decisions is imperative. International relations expert Elizabeth Larus has listed the other benefits: diplomatic ties with other countries strengthen Taiwan’s claim of being a nation state separate from China; such allies act as proxies for Taiwan in spaces where it remains excluded; and they can be third parties allowing Taiwan access to countries with which it has not established relations.<sup>13</sup>

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l Usually Chinese Taipei, Taiwan, Taiwan (ROC) Republic of China, or just Taipei, China, Taiwan, Province of China.

m At the International Association of Universities (a UNESCO organisation) Taiwan goes as Tamkang University and/or China-Taiwan; in the North Pacific Fisheries Commission it is ‘Chinese Taipei’.

n Usually, ‘member’ or some derivative of the same.

o This was agreed upon by both nations in an agreement popularly called the “IOC formula”.

# How Beijing and Taiwan Compete

Beijing has sought to restrict Taiwan's diplomatic space, and disrupt its current diplomatic ties in several ways using a range of tools, primary of which is its sizeable economic and trade relationship with various countries. Solomon Islands, for example, withdrew its recognition of Taiwan in 2019 because by then China was its largest trading partner (at USD 375 million annually).<sup>14</sup>

As the example of Palau, one of the 14 countries that still recognise Taiwan, shows, China has not been above weaponising these economic dependencies. As much as 40 percent of Palau's gross domestic product (GDP) comes from its tourism sector, half of it from visitors coming from mainland China.<sup>15</sup> In 2018, Beijing blocked travel agencies from arranging tours to the Pacific Island nation in an alleged attempt to pressure it to break off ties with Taiwan.<sup>16</sup> While Palau did not, its support for Taiwan came under scrutiny, with prominent local politicians pointing to the economic benefits from a closer relationship with the PRC.<sup>17</sup>

China has also used aid diplomacy with a range of less developed countries to get them to switch recognition to Beijing. Grenada's 2005 decision to recognise Beijing, for example, came attached to Chinese funding for housing, healthcare, scholarships, and the co-hosting of the 2007 Cricket World Cup.<sup>18</sup> This funding included a USD 6-million grant to complete projects previously financed by Taiwan.<sup>19</sup> Dominica also switched diplomatic recognition in 2004 and found itself the beneficiary of USD 112 million in Chinese aid.<sup>20</sup>

Beijing's considerable power of the purse and its weight in international politics, has also given nations pause in establishing or expanding their relations with Taiwan. Lithuania faced a heated diplomatic spat with Beijing in 2021 after it allowed Taipei to open a diplomatic office under the name of 'Taiwan' rather than 'Chinese Taipei'.<sup>21</sup> Lithuanian exports to China (which, however, account for only a small fraction of its trade), were halted by Chinese regulators.<sup>22</sup> In the late 1990s, South Africa similarly found itself at the receiving end. It was the last major power to continue formally recognising Taiwan, but its then growing trade relationship with Beijing and fears of a Chinese veto on its future application to join the UN Security Council led it to dissolve ties with Taiwan in 1998.<sup>23</sup>

One of the PRC's most potent tools to restrict Taiwan's diplomatic space has also been the ethnic Chinese diaspora in various countries which it has successfully mobilised in its favour. In November 2004, for example, Vanuatu briefly switched recognition to Taiwan, upon which Beijing launched a swift diplomatic counteroffensive. It mobilised the Chinese expatriate-led Vanuatu Council for the Promotion of Peaceful Unification,<sup>24</sup> which collected information for the Chinese embassy there, lobbied members of Parliament, and reported



# How Beijing and Taiwan Compete

on Taiwan's outreach.<sup>25</sup> The crisis eventually led to Prime Minister Serge Vohor resigning, and Vanuatu resuming diplomatic ties with Beijing.<sup>26</sup> In the Solomon Islands, the Chinese diaspora proved critical to the long-term development of ties, which culminated in formal recognition for the PRC in 2019.<sup>27</sup> Thomas Chan, a local businessman-politician who has also lobbied for Chinese firms like Huawei in Solomon Islands, is said to have played a prominent role.<sup>28</sup>

Finally, China has looked to restrict Taiwanese participation in international organisations. During their diplomatic truce, it did not contest Taiwan's presence at meetings of bodies such as the International Civil Aviation Organisation (ICAO) or the World Health Assembly (which governs the UN's World Health Organisation) as 'special guest' or 'observer'. But as of 2022, this privilege too has been withdrawn; nor is Taiwan in the UN or in any of its specialised agencies.<sup>29</sup> China's determined opposition to Taiwan's participation in international governance, even in ostensibly apolitical matters like aviation safety, has placed an unspoken veto on the latter.<sup>30</sup> Taiwan's informal participation in the UN Framework Convention on Climate Change's (UNFCCC) Conference of Parties, which continued unabated from 1995 to 2016, faced unusual obstruction in 2017 when "Chinese officials physically impeded the head of Taiwan's Environmental Protection Agency from entering the meeting as part of an NGO delegation."<sup>31</sup> Even beyond international governance, the depth of Chinese opposition to Taiwan's participation in international events became clear when the Olympic Committee of Asia blocked Taichung City from hosting the 2019 East Asian Youth Games at the PRC's instigation.<sup>32</sup>

# Taiwan's Response to Pressure

Taiwan's approach to Beijing's diplomatic pressure has varied. Part of its strategy in decades past was to compete with Beijing dollar-for-dollar. 'Chequebook diplomacy' saw Taiwan scramble to finance local elites and political projects in countries that formally recognised it. In the 1980s and 1990s, it used its relative economic weight to aggressively court allies, gaining, within a few years, recognition from the Bahamas, Belize, Nicaragua, Solomon Islands, and Liberia, among others.<sup>33</sup> Its status as an investor and donor played an important part in shaping this strategy.<sup>34</sup> Nauru, for example, switched diplomatic recognition to Taipei after it became apparent that Beijing was unwilling to fund its bankrupt national airline.<sup>35</sup> Reports have also surfaced that Taiwan made direct cash payments to Nauru's lawmakers to keep the small Pacific island nation on its side.<sup>36</sup> In Solomon Islands, Taiwan contributed to "constituency development funds" for individual members of parliament that were suspected of being slush funds.<sup>37</sup>

However, such diplomacy has been heavily criticised in Taiwan, especially after Taiwan lost an estimated USD 30 million in a failed attempt to gain diplomatic recognition from Papua New Guinea.<sup>38</sup> 'Chequebook diplomacy' has also been undermined by the PRC's explosive economic growth in recent decades. Beijing aid to Pacific Island countries is 10 times that of Taiwan. Following South Africa's switch in diplomatic recognition to Beijing, Taipei has been on the back foot.<sup>39</sup> It has been forced to change tack.

In 1999, the liberal-leaning DPP released a white paper outlining a new strategy: "flexible internationalism".<sup>40</sup> It reflects much of Taiwan's current foreign policy strategy. First, it involves pivoting away from an exclusive focus on formal diplomatic ties.<sup>41</sup> It argues that "the interaction between nations no longer relies solely on maintaining formal, official relationships."<sup>42</sup> Taiwanese diplomats and the general public support this shift. A December 2021 poll by the Taiwan Public Opinion Foundation found, for example, that close to 60 percent of the population was not concerned over Taiwan's dwindling diplomatic relationships; only 32 percent were.<sup>43</sup> Interviews with serving and former Taiwanese diplomats revealed that, while the island nation maintained its focus on cultivating formal diplomatic ties, its foreign policy strategy had evolved beyond it.<sup>44</sup>

Second, Taiwan's focus is now on building substantive informal ties with major countries and expanding civil society relationships. It has looked to conclude economic cooperation agreements with important powers such as the US and India.<sup>45</sup> Forums like the Global Cooperation and Training Framework (GCTF), which it co-founded with the US in 2015, have allowed Taiwan to cooperate with international partners on key issues such as countering disinformation

# Taiwan's Response to Pressure

and cybercrimes, and promoting development.<sup>46</sup> It has pushed cooperation among non-governmental organisations (NGOs) as a thrust of its foreign policy.<sup>p</sup> Organisations such as the Taiwan Foundation for Democracy and the International Cooperation and Development Fund play a key role in enabling Taiwan to forge comprehensive, if informal, global ties.<sup>47</sup>

Third, Taiwan has attempted to cooperate with international regulations despite its exclusion from the bodies that frame the rules. This strategy is termed “as-if” participation: Taiwan functions as if it were a fully recognised member of the international community.<sup>48</sup> As analyst Jaques DeLisle puts it, “The more Taiwan can walk and talk and act like a member of a regime that is open primarily or exclusively to states, the more hope it has of securing the benefits of state (or nearly state-like status) in the international system.”<sup>49</sup> In this endeavour, Taiwan has given international human rights treaties domestic legal standing, complied with International Atomic Energy Association (IAEA) nuclear safety norms, and abided by arms control provisions. Taiwan has also sought membership or observer status in international organisations, particularly WHO, the ICAO, and Interpol.<sup>50</sup>

Fourth, Taiwan has developed the capacity to carry out “non-traditional diplomatic work”,<sup>51</sup> involving separate spheres of activity: “democracy diplomacy, neighbourhood diplomacy, civilian diplomacy, humanitarian diplomacy, and environmental diplomacy.”<sup>52</sup> Democracy diplomacy, traditionally carried out through the Taiwan Foundation for Democracy, seeks to build international cooperation based on democracy and human rights.<sup>53</sup> Part of Taiwan’s appeal, writes Elizabeth Larus, has been its soft power as a vibrant democracy.<sup>54</sup> Neighbourhood diplomacy, reaching out to middle powers in the Association of South East Asian Nations (ASEAN), is an attempt to broaden Taiwan’s sources of diplomatic support.<sup>55</sup> President Tsai’s signature New Southbound Policy, which has incorporated India as a focus, has been Taiwan’s means of building traditionally underdeveloped partnerships.<sup>56</sup>

Civilian, humanitarian and environmental diplomacy form part of Taiwan’s “warm power” strategy. As Alan H. Yang and Ding-Liang Chen of the Taiwanese think tank Taiwan Asia Exchange Foundation have noted, Taiwan hopes to have its partners “feel the goodwill and warmth of [the] Taiwanese government and people.”<sup>57</sup> Taipei’s substantial investments in international development, education, disaster relief, training, healthcare, and agriculture form the bedrock of its community-oriented outreach to countries it hopes to court.<sup>58</sup>

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<sup>p</sup> A clear indicator of the importance of NGOs to Taiwan’s Foreign Policy is the Taiwan Ministry of Foreign Affairs’ NGO Affairs Committee. Taiwanese NGOs are well supported, with cash or otherwise, by the state.

# Taiwan's Response to Pressure

The war in Ukraine raises new questions for Taiwan's diplomatic strategy. While it is situated in an entirely different geopolitical context, some of the lessons from the prolonged conflict may worry Taipei. Russia has demonstrated that global powers can follow highly aggressive policies, even at great cost to themselves, to militarily redress what they see as historical wrongs. Taiwan knows that the CCP has based much of its domestic political legitimacy on the idea of a unified China. Beijing has a powerful incentive to force Taiwan's unification with mainland China.

The crisis in Ukraine may force another evolution in Taiwan's diplomatic strategy. First, in a world where geopolitical conflict is increasingly being framed as a clash between democracies and authoritarian regimes, Taiwan can amplify its soft power outreach by playing up its status as a vibrant and stable democratic nation threatened by a larger authoritarian power. Given the newfound emphasis on partnerships based on values, Taiwan can move to fit itself into frameworks like the Free and Open Indo-Pacific and the Indo-Pacific Economic Framework.

Second, Taiwan's economic diplomacy will likely undergo some changes. As debates rage over redrawing global supply chains to reduce dependence on authoritarian powers such as China and Russia, Taiwan may attempt to use its dominance in semiconductor fabrication to find a seat at the negotiating table. Taiwan can leverage the vital role its companies play in global supply chains based on trusted connectivity to expand its negotiating space. It can also help countries resist Beijing's economic coercion.

Following Lithuania's spat with China, for example, Taiwanese companies intervened to purchase Lithuanian rum that had been blocked by Chinese customs.<sup>59</sup> It has also set up a USD 1-billion credit fund and a USD 200-million investment fund to help offset Lithuania's losses and draw it closer.<sup>60</sup> Washington too, wants to support economic defence coalitions that will protect countries facing trade coercion and has been considering similar proposals.<sup>9</sup> Taipei could play a leading role in shaping such a strategy. Finally, it may also step up its security and defence dialogues with countries in the region. In addition to America's standing defence sales, the late former Japanese Prime Minister Shinzo Abe had said that his country would play a key role in any contingency in the Taiwan Strait.<sup>61</sup> Taipei's considerable expertise in fending off cyber-attacks and disinformation will also interest regional powers, and can be a key starting point for security-focused discussions.

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q This proposal was included in America's CHIPS Act that was passed in the US House of Representatives in 2022.



# The Relevance of Taiwan's Predicament

Taiwan's dwindling diplomatic ties and shrinking space in the international community should alarm the world for three reasons:

First, stripping Taiwan of formal diplomatic recognition is merely the first step in Beijing's larger plan to expand its global influence. For example, China in early 2022 announced a defence pact with Solomon Islands, a country which had recognised Taiwan till as recently as 2019 (it shifted ties to the PRC in 2020).<sup>62</sup> The agreement reportedly grants Beijing considerable influence in Solomon Islands' domestic politics, while making it a port-of-call for China's navy in the South Pacific.<sup>63</sup> Thus the PRC now enjoys a foothold in a region long seen as part of Australia's and America's spheres of security influence. The same is true of Kiribati Islands, which severed diplomatic relations with Taiwan in 2019.<sup>64</sup> Beijing has looked to redevelop a military installation on one of Kiribati's islands once used by US forces during the Second World War.<sup>65</sup> Taiwan's diplomatic relationships form a barrier to China: the expansion and consolidation of its interests can truly begin once countries break off ties with Taipei. To contain Chinese influence, the defence of Taiwan's formal ties and long-standing relationships in the Pacific must form part of an integrated approach by the US, Australia, and Japan.

Second, Taiwan's exclusion from international governance can prove detrimental to the health and safety of the international community. Taiwan's continued exclusion from the ICAO, for example, may prevent the island, which handles close to 60 million passengers a year, from receiving information on the latest aviation safety protocols and standards.<sup>66</sup> Indeed, the costs of Taiwan's exclusion became clear during the COVID-19 pandemic; its pandemic control strategy won praise internationally, even as it was denied observer status at the 2021 meeting of the World Health Assembly.<sup>67</sup> Controversy also erupted around the role Taiwan could have played after reports emerged that it was among the first territories to realise the likelihood of human-to-human transmission of the COVID-19 virus.<sup>68</sup>

Finally, as a Taiwanese diplomat argues, the exclusion of Taiwan's 23 million residents from international governance regimes both undermines the credibility of those regimes and impinges on the legitimate aspirations of the Taiwanese people.<sup>69</sup> Taiwan is a vibrant democracy and the 19th largest economy in the world. Including this potent regional player in international governance will advance the cause of democracy and human rights while providing tangible benefits to all nations. Further, a concerted campaign to secure Taiwan's place in global governance would also involve a long overdue campaign to curb the unhealthy sway of Beijing in key international organisations.

## United States, Japan and Australia

- Establish an informal Working Group on Pacific Strategy to coordinate development aid and political outreach with specific focus on countries that formally recognise Taiwan.
- Expand Taiwan's breathing space by waging a concerted campaign to secure it observer status in three key organisations: WHO, the ICAO, and Interpol. Further, Taiwan's inclusion in technical bodies such as the International Telecommunications Union (ITU), could enhance the future of technology.
- Bolster Taiwan's substantial economic base by concluding the long-awaited US-Taiwan free trade agreement (FTA) and encouraging its bid to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Integrating Taiwan into the nascent Indo-Pacific Economic Framework would also secure Taiwan's place in global supply chains.
- Involve Taiwan in transnational efforts to establish trusted supply chains, as seen in Japan's new economic security legislation and the US's Creating Opportunities to Meaningfully Promote Excellence in Technology, Education and Science (COMPETES) Act.
- Create economic defence response teams that will assist countries like Lithuania in case of economic pressure from Beijing over ties with Taiwan.

## India

- **Deepen substantive engagement in trade and technology.**

While efforts to conclude an economic cooperation agreement with Taiwan and start semiconductor manufacturing in India may have stalled, the two countries can still cooperate in many ways. First, Taiwan's hardware-intensive innovation economy is in dire need of rebalancing towards software-based innovation. India's formidable capacity in this regard can support Taiwan's innovation transition. Second, Taiwan may also need to tap into India's substantial pool of talent in STEM (Science, Technology, Engineering and Mathematics). The island's once-formidable talent base has seen significant erosion. Enhancing ease of movement and establishing pathways for Indian talent to complement Taiwan's could help both powers.

# Policy Recommendations

Further, both sides can expand partnerships between research universities and institutions to boost scientific cooperation. One example is the India-Taiwan Programme of Cooperation in Science and Technology, launched by the Indian and Taiwanese ministries of science and technology.

- Encourage schemes like the “gAsia Pass” that look to forge an Asian start-up ecosystem by fostering collaboration, pooling resources and simplifying administrative procedures like visas and work permits.
- **Invest in political relationships sooner rather than later.**

Diplomats and scholars interviewed for this paper found that the lack of political contact between Taiwan and India has resulted in a degree of bureaucratic inertia. Both parties should prioritise regular exchanges of parliamentary delegations. National political parties in both countries can sign memorandums of understanding (MOUs) on regular exchanges and dialogues. There is a lingering reluctance among political parties such as the KMT about building closer political ties with India which needs to be overcome. Given that KMT is considering a change in its conciliatory stance towards China after its 2020 election defeat, a concerted effort to establish political dialogue could succeed. Another option would be to resurrect the India-Taiwan Cooperation Council to foster dialogue between politicians, former officials, industry and the academia.

- **Deepen informal diplomacy.**

Academic exchanges between Taiwanese and Indian think tanks can be made more regular. Establishing regular Track 2 dialogues with the participation of former diplomats, military officials, and academics will help foster an open communications channel.

- **Work with Taiwan and other partners of the GTCF.**

Taiwan’s GCTF forum has allowed it to initiate dialogue with key partners on issues like setting up resilient public health systems and combating disinformation. The US, Japan, and Australia are full partners of the forum. While an Indian NGO has participated in a GCTF workshop on public health, India remains the only Quad<sup>r</sup> nation to not have joined the GCTF as a full partner.<sup>s</sup> Deepening ties with these forums would help increase institutional contacts between India and Taiwan.

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<sup>r</sup> The quadrilateral security dialogue, whose members are the US, Japan, Australia, and India

<sup>s</sup> India has largely avoided actively engaging with Taiwan at the Track 1 level.

# Policy Recommendations

- **Support observer status for Taiwan in Interpol, WHO and the ICAO.**

India may find it useful to be seen supporting a fellow democracy in the international arena. Given the concerns in certain quarters around India's position on the war in Ukraine and the extent of its support to the international order, backing Taiwan's bid for observer status will help quell these apprehensions. [ORF](#)

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