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Building a Common Future of Peace  
and Prosperity--A View from Taipei

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BUILDING A COMMON FUTURE OF PEACE AND PROSPERITY--A VIEW FROM  
TAIPEI

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Taipei Economic and Cultural Representative Office

November 21, 1996

The political modernization and social revitalization of the Republic of China on Taiwan have advanced tremendously in recent years. These developments bode well for the peace and progress of the entire Asian-Pacific region in the next century, as well as for the future of all of China. The people on Taiwan are preparing the way to a greater society founded on idealism, democracy, prosperity, and the common welfare. Indeed, placing Taiwan's entire post-war experience in historical perspective, it seems to me that our sometimes-challenging journey toward national stability, economic growth, democratic political modernization, and social advancement has been a necessary crucible for reaching this new era.

Epochal transitions are never easy, but ours--by comparison with most--evolved with relative harmony and continuity over time. My government today is committed to the principles of democracy, civil liberty, and political representation for all. Taiwan's peaceful and sweeping reform movement of the past decade--a "Quiet Revolution"--has altered every facet of life for our citizens, guaranteeing them the same freedom and opportunities to which peoples of all democracies are accustomed.

By any standard, the Republic of China is functioning today as a genuine pluralistic democracy, one with real political choices and fully responsive institutions. Officials at all levels--including the president, governor of Taiwan Province, county magistrates, city mayors, national assemblymen and legislators--are now elected through free, fair, and intensely

competitive elections. Just think about the magnitude of that transformation in less than a decade!

Barely four years ago, in December 1992, fourteen political parties fielded candidates in the first full Legislative Yuan election after the onset of democratization. The majority of voters (62%) supported KMT candidates. By 1993, with some 74 registered political parties, an historic election was held for city mayors and county magistrates. Once again, the KMT enjoyed majority support island-wide, but opposition parties increased their share of popular votes. In 1994, the first popular vote was conducted for governor of Taiwan Province, and the mayors of Taiwan's two largest cities. As a result, KMT candidates won the provincial governorship and the mayor's seat in Kaohsiung, while the DPP won the race in Taipei. Last December, in regularly scheduled legislative elections, the KMT maintained a slim majority in the legislature, winning then 85 of the 164 seats. The DPP won 54 seats, and the New Party won 21, while 4 seats went to independents.

Then, in March of this year, the people on Taiwan flocked to the polls in the first direct popular election for president of the Republic of China, an historic milestone in our democratization movement. Following very spirited campaigns by competing presidential candidates, our incumbent President Lee Teng-hui and his runningmate Premier Lien Chan won a decisive victory, receiving 54 percent of the vote in a four-way race.

President Lee, campaigned for popular election on a platform emphasizing "Dignity, Vitality, and Grand Development" for Taiwan. Among other things, the President's dedicated attempts to increase Taiwan's international visibility through pragmatic diplomacy in recent years not only clearly captured the imagination and approval of our citizens, but also in every sense reflected the feeling and desire in their minds. President Lee, as you know, remains opposed to Taiwan independence, and committed to the reunification of Taiwan with China when the proper conditions arrive.

Also on March 23, Taiwan's electorate cast ballots for the Third National Assembly. Under the ROC Constitution, the National Assembly retains the power to amend the Constitution and to recall the president if necessary. Two hundred thirty-four Assembly seats were chosen by constituencies in 54 districts, and another one hundred seats were apportioned to political parties in accordance with their respective shares of the total vote. The KMT now holds 183 seats; the DPP, 99 seats; the New Party, 46 seats; and six other seats are held by minor parties. I myself am honored to hold an elected position in this Assembly.

There were many significant implications for this year's elections. First, and foremost is of course the remarkable maturity and courage of all voters on Taiwan, who remained undaunted by coinciding hostile threats from Mainland China's regime, as an extraordinarily high voter turnout of seventy-six percent continued a remarkable trend which has been evident throughout our recent elections. Second, this election reconfirmed the indisputable success of multi-party politics on Taiwan with an appropriate tripartite race gradually taking shape. Third, the strong majority of people remain supportive of President Lee's mainland policy while pro-independence sentiment is probably diminishing.

At the same time, Taiwan's ever-increasing prosperity is due to unbridled free enterprise and much hard work. According to the latest indicators, the ROC's economic performance reflects remarkable vitality and growth in every respect. Our gross national product has reached \$265 billion (18th-largest in the world), and per capita income ranks 25th at \$12,500. At the same time, Taiwan's foreign trade stands at \$215 billion, while our foreign exchange reserves are one of the largest in the world. We are looking at an annual growth rate around 6% and believe the outlook remains bright for sustaining this economic vitality well into the next century.

As you surely know, the longtime economic partnership between the United States and Taiwan is significant for both of us. Bilateral trade and investment continue to grow each

year. My country remains America's second-or-third largest export market in Asia and sixth-largest in the world, with more than \$20 billion in U.S. goods purchased annually by Taiwan. That volume has tripled in the past decade. Twenty-six percent of ROC global trade remains with the United States, even as the range of Taipei's overseas markets continues to expand year after year. Taiwan's investors, meanwhile, have poured nearly \$20 billion into American ventures. Overall, there is a sense of vitality and momentum that is contributing to our mutual prosperity.

Through the years, the ROC and the United States have successfully addressed a series of intersecting concerns in the commercial area. It is testimony to the strength of the relationship that those issues mostly have been discussed and resolved in a fair and amicable manner. It has required a good deal of hard work and goodwill on both sides.

One of the most daunting challenges we faced in the early 1980s was the large and growing surplus in Taiwan's substantial bilateral trade with the United States. As some of you may know, in 1987 that surplus had reached some US\$16 billion in two-way trade totaling US\$31.2 billion. In other words, our imports from the United States were growing steadily, but were not keeping pace with our exports. That year, we resolved to address the matter conscientiously. Taipei formulated and introduced a sweeping "Trade Action Plan" designed to reduce our surplus with the United States by a dramatic 10% per year, over a five-year period. Through a fundamental restructuring of our quota system; drastic reductions in (and to some extent, elimination of) our tariff schedules; diversification of our overseas market and major expansion of our "Buy American Missions" to your country, we succeeded in fully achieving our goal. By 1993, the trade surplus had been reduced to only US\$6 billion--a decrease of approximately 60% from 1987. Most important, the fundamental trend had been reversed.

Moving well beyond the trade imbalance issue that dominated talks ten years ago, Taipei and Washington have successfully negotiated market access, intellectual property protection, and environmental conservation issues in recent years. Liberalized policies, legal reforms, and stricter enforcement activities in the ROC have largely resolved many of these issues.

Recently, Taipei has consulted in good faith with Washington on a range of lingering concerns, including tobacco imports and protection of endangered species. Fortunately, the more senior levels of bilateral contact on commercial issues are taking place which help to expedite discussion and agreement on suitable remedies. You may be sure that Taipei enters into such negotiations with full sincerity and goodwill, seeking an equitable and harmonious resolution.

We believe that Taiwan's centralized location in the Western Pacific, and its superior technical facilities point to the inevitability of our broader participation in regional commerce in years to come. As a matter of fact, the people of the ROC have launched a special initiative--the "Asian-Pacific Regional Operations Center" (APROC)--to facilitate the island's transformation into a major center of commercial activity in the region during the next century. By the year 2000, substantial progress will have been made toward establishing six sub-operations centers on the island to support a regional hub for manufacturing, telecommunications, media and financial services, and air and sea transportation services throughout the region.

Strong interest and support by U.S. enterprises for this bold initiative can expedite its success, and serve our common interests. Using APROC as an operational base, U.S. and other nations' firms in the region will be able to expand their trade and investment throughout all of East Asia and the Western Pacific, including markets in Mainland China and Southeast Asia. Not only Taiwan's geographic proximity, but also our cultural and linguistic bonds with

our neighbors; our solid technological base, and our highly skilled local work force make Taiwan the perfect site for centralized operations. We believe it will contribute to the integration and prosperity of the entire Asia-Pacific region.

With a remarkable level of economic and political development to their credit, the people on Taiwan have in recent years taken renewed interest in regional and global participation. Quite frankly, it makes no sense at all to exclude twenty-one million prosperous and well-intentioned people from the councils of international deliberation. Over the past decade, our people have successfully defended their membership in the Asian Development Bank, the Asia-Pacific Economic Cooperation forum, the Pacific Economic Cooperation Council, the International and the Asian Olympics, and others.

We are eager to join and contribute to other multilaterals as well, including, for example, the World Trade Organization, the World Bank, the IMF, and ultimately the United Nations.

Today, the issues that all nations face in common--trade, security, disaster relief, protection of endangered species and the environment, for example--require open discussion and cooperation among all involved parties. Narrow policies of exclusion benefit no one, least of all those who are most in need of assistance or those who desire universal concurrence and support for multilateral action plans. The Republic of China has the sincere desire to do all it can for the international community, but in many cases its efforts to contribute have been thwarted by petty political considerations.

Prior to the eventual reunification of China, which remains our ultimate objective, the people of Taiwan should be able to exercise their rights as bonafide members of the international community. As already indicated, the people of Taiwan are not trying to be antagonistic or confrontational toward any member of the international community, including Mainland China. Ever since last year, significant efforts have been made to improve travel,



trade and communication links between Taiwan and the Mainland China, including many bold and historic initiatives.

Meanwhile, we are hoping for an early resumption of dialogue through private sector counterparts, which was suspended last year by the Mainland authorities. However, we must admit that the vast differences in levels of economic and socio-political developments between Taiwan and Mainland China still present serious practical problems for achieving the common goal of unification. For that reason, Taiwan's commercial entrepreneurs have pursued investment in, and trade with the mainland to help facilitate prosperity and encourage political liberalization for our compatriots there. Even the exchange of cultural delegations and tourism in recent years may contribute gradually to China's reunification prospect, we believe.

Beyond this, the institution of personal freedoms, human rights, popular elections, and a successful market economy on the mainland would rapidly advance the welfare of one billion Chinese, and surely accelerate the timeframe for the natural reunification of China. What must be repeated and understood now, is the fact that the Republic of China on Taiwan has never deviated from the policy of reunification and never opted for the so-called policy of "Taiwan independence." The authorities in Beijing have no need to either worry about or ever fear what we do domestically and internationally. What we are doing, we hope and believe, would be beneficial to the eventual unification and well being-of all the Chinese nations.

Ladies and gentlemen, I have outlined in the briefest manner the scope of opportunities, as well as challenges, that confront the 21 million people on Taiwan as they look to the future. In fact, it our belief that these are also very similar to the opportunities and challenges that we are all facing globally. Moreover, we strongly believe that as Taiwan moves forward, it needs to do so with the entire region as well as the entire world. The days of exploitation and imperialism are long-gone. In the future, we shall not grow at the expense of one another, we

must grow together! Yes, if we grow, we grow together, if we fail, we fail together. This is the true philosophy of international development, and the only path to success.

Lastly, I want to thank you for your interest in sharing the view of the Republic of China on Taiwan with me, and would like to assure you that the 21 million people of Taiwan are your loyal and dependable partners in our task of building our common future--a future of peace and prosperity in the 21st century!

Thank you.