

Trade war looming over Taiwan

Written by Parris Chang 陈琪

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As expected, the US-China trade war has started. On Thursday last week, US President Donald Trump signed a presidential memorandum on counteracting “China’s economic aggression” and announced a US\$60 billion punitive tariff scheme on as many as 1,300 Chinese products following an investigation based on Section 301 of the US’ 1962 Trade Expansion Act.

Launching a trade war is part of the Trump administration’s national security strategy — the economy is critical to US national security, and the trade policy is to counter hostile economic competitors.

The Trump administration has repeatedly criticized China for stealing US intellectual property and forcing US companies to transfer their technology.

Although Chinese Premier Li Keqiang (李克强) in an annual government work report promised to protect the intellectual property of foreign businesses, the US believes that it is only an empty promise and strongly prohibits the export of high-tech products to China.

Best Buy, the largest electronics retailer in the US, is to stop selling smartphones made by Huawei, which has been accused of infringing on US intellectual property laws. AT&T and Verizon, the two largest US telecommunications companies, have also given up plans to cooperate with Huawei, which has close connections with the Chinese People’s Liberation Army.

Trump’s appointment of former US ambassador to the UN John Bolton as his national security adviser will surely cause even more headaches in Beijing.

Bolton has visited Taiwan many times and has many Taiwanese friends. He has strongly advocated that Taiwan should participate in the UN and other international bodies, and has promoted US-Taiwan national security and diplomatic cooperation. This development could worsen US-China relations.

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Beijing has always leveraged its efforts, using the US to control Taiwan. Since President Tsai Ing-wen (蔡英文) took office, Beijing's Taiwan Affairs Office and a think tank led by national security departments have repeatedly urged the US during "track 1.5" dialogue to play a "constructive role" with Taiwan and put pressure on the Tsai administration to accept the so-called "1992 consensus."

Still, US officials have been straightforward, saying that the "1992 consensus" does not exist at all. During a question-and-answer session at the Legislative Yuan a few days ago, Premier William Lai (賴清德) also said that he could not find the key to the "1992 consensus."

Beijing used Chinese entrepreneurs and envoys to the US to buy over White House senior adviser Jared Kushner, Trump's son-in-law, to draw the US president over to China's side, arranging a summit for Trump and Chinese President Xi Jinping (習近平) at the Mar-a-Lago resort in Palm Beach, Florida, on April 6 last year.

However, this "back door" has been closed because of Kushner's involvement in the ongoing Russia election meddling scandal.

CIA Director Mike Pompeo, whom Trump has nominated as US secretary of state, will likely abandon the US Department of State's tradition of China-friendly discourse and policy, and actively implement the Taiwan Travel Act and confirm Taiwan's strategic role in the alliance of Indo-Pacific democratic nations.

High-level US officials are expected to visit Taiwan for the opening ceremony of the US-Taiwan Defense Industry Conference in Kaohsiung at the end of May and the opening ceremony for the new office of the American Institute in Taiwan in Taipei's Neihu District (內湖) in June. All these demonstrate an improvement in US-Taiwan relations.

Beijing has accused the US of playing the "Taiwan card" and sending a wrong signal to the pro-Taiwan independence camp. To counter the improvement in US-Taiwan relations, Beijing's hawks have advocated "unification by force" to intimidate Taiwan and the US, dispatching the Chinese aircraft carrier Liaoning to navigate the Taiwan Strait.

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This is nothing but a bluff, which will only lead to the US strengthening its defense cooperation with Taiwan to counter an invasion by China.

Beijing's 31 incentives to buy over Taiwanese have failed, so it has turned to pressuring Taiwan, reducing its international space and buying over the countries with which it has diplomatic ties. However, Taiwan will not succumb to the pressure of the Chinese Communist Party.

Taiwan is sure to be caught up in the trade war between the US and China. Taiwan is not the US' enemy, and Taiwan's business world, and in particular the Tsai administration, should more proactively work with US officials to seek some form of solution. Taiwanese businesses in China cannot just wait and see what happens; they will have to take stock of their situations and find a way forward.

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Translated by Lin Lee-Kai

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