

The government's concerns over South Korea resurfaced as Chinese President Xi Jinping (习近平) visited Seoul for a summit meeting with South Korean President Park Geun-hye this month.

President Ma Ying-jeou (马英九) and the Ministry of Economic Affairs are framing the free-trade agreement (FTA) that China and South Korea are planning to sign by the end of this year as a disaster, saying that the nation's economy will collapse if the legislature does not approve the cross-strait service trade agreement promptly. Surprisingly, even in the 21st century, they still think that they can fool Taiwanese with their obscurantist policies. The problem clearly is government stupidity and a bad president.

Xi has long tried to lure South Korea with strategic geopolitical deployments. In February, North Korea held three nuclear tests, and the UN Security Council passed a resolution to impose a series of economic sanctions against Pyongyang. In April, Xi changed China's longstanding support for North Korea, expanding its economic sanctions against North Korean leader Kim Jong-un's government to teach him a lesson for not showing respect for Beijing.

In addition, by ignoring North Korea and visiting South Korea, Xi indirectly proved to the US and Japan how flexible its policy could be.

Interestingly, Japanese Prime Minister Shinzo Abe, who has a strong character and is not easy to deal with, is aware of China's intent to isolate Tokyo in Northeast Asia. As a result, Japan has played the North Korea card. As relations between China and North Korea continued to decline, Abe sent Japanese special envoy Isao Iijima to Pyongyang in mid-May to build a channel for direct dialogue with Kim and to balance and restrain Beijing's moves.

Abe actually learned this trick from former Japanese prime minister Junichiro Koizumi. Iijima is very familiar with North Korea and accumulated a lot of experience in North Korean affairs during his youth. Not only was he Koizumi's secretary, now he is also Abe's political mentor.

Hence, when trying to locate its own position among the political changes in East Asia, Taiwan should identify the pivot of China's rise and Japan's "renaissance." This regional situation

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shows that leaders of neighboring countries are all playing the game from a macro-perspective.

Meanwhile, since China wants to co-opt South Korea, it needs to offer some economic incentives. Perhaps that is why Xi promises to sign a trade agreement with South Korea by the end of this year.

However, from a micro-perspective, what is the actual situation at the 12th round of the China-South Korea FTA talks?

Following their original disagreement at the previous round of the talks, Seoul listed agricultural products as sensitive items in order to avoid the impact of the importation of relatively cheap Chinese agricultural products, and Beijing listed certain manufacturing industries — the machinery, automobile and petrochemical sectors — as sensitive items, because these sectors are the rising industries that the Chinese government wants to develop.

Has the situation changed after the Xi-Park summit? According to the South Korean government, Seoul would not make any concessions by removing the local agricultural products from the sensitive items list, but it will demand that Beijing open its machinery and other manufacturing sectors as soon as possible. Clearly, Seoul is trying to strike a good bargain with Beijing.

Although the Chinese and South Korean presidents shook hands as friends at the summit, they make no concessions in terms of their national interests at the negotiation table.

However, in Taiwan, the head of state does make such concessions. On many occasions recently, Ma has repeated several points: First, South Korean products are in fact the biggest competitor to Taiwanese products on the Chinese market and a China-South Korea FTA will hurt Taiwan's economy significantly.

Second, 24.7 percent of Taiwan's industrial products from the iron and steel, machine tool, automobile, panel, petrochemical, textile, glass and other sectors — at a total production value of US\$38.6 billion — would come under serious threat by South Korean products.

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Third, 2 to 5.4 percent of Taiwan's industrial products exported to China — at a total production value of US\$3.1 billion to US\$8.4 billion — are likely to be replaced by South Korean items, and the petrochemical and iron and steel industries in southern Taiwan will be hardest hit.

Comparing Ma's examples to the disagreement between China and South Korea, most of his examples are on Beijing's sensitive items list.

Today, the government is merely assuming that China would do South Korea a favor by opening the above sectors wide open by the end of this year.

The problem is that if cross-strait relations are at their best in more than 60 years, as Ma says, should China not have opened these sectors to Taiwan long ago? In that case, why is the government mistakenly criticizing the Sunflower movement and the opposition camp of blocking the legislature's approval of the cross-strait service trade agreement? The service trade pact mainly involves the mobilization of talent, rather than merchandise. If the government is worried that the legislature's blockade will delay the signing of a cross-strait goods trade agreement, why was it in such a hurry to sign the service trade pact in June last year rather than a goods trade pact?

Today, China says the two cross-strait pacts can proceed separately. Why has the government not held talks on the goods trade pact yet? Why is it acting so slowly?

The truth is that this government is absolutely incompetent, and is led by a bad president who actively tries to arouse public fear of South Korea. He only wants to pass the buck to the opposition by saying that the legislature is being held ransom by the legislative minority.

The president's tactics are Taiwan's greatest concern.

Translated by Eddy Chang

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