

Soar on the Wings of Partnership

Republic of China President Ma Ying-jeou's Remarks

at CSIS Videoconference

April 9, 2014

Dr. Hamre, Congressman Diaz-Balart, Ambassador Wolfowitz, Chair Johnson, distinguished guests, ladies and gentlemen:
Good morning!

I. Opening Remarks

I would first like to extend my appreciation to the Center for Strategic and International Studies for organizing this videoconference for the third time. I believe this is the second time Dr. Hamre has hosted this event, and I want to thank him wholeheartedly. On the eve of the 35th anniversary of the enactment of the Taiwan Relations Act (TRA), a landmark piece of legislation that has laid the cornerstone of the robust relationship between the Republic of China and the United States, I am especially pleased to have this opportunity to discuss the unique partnership between our two countries with such a distinguished audience.

II. A Strong and Long-standing Friendship

The friendship between the Republic of China and the US dates back over one century. It all began with a desire for mutual understanding. The Boxer Indemnity Scholarship Program was established by the US in 1909 with an endowment of 10.8 million US dollars. The scholarship allowed Chinese students to study in the US, and in 1911 helped establish the forerunner of the prestigious National Tsing Hua University, which has educated generations of young talent in mainland China and Taiwan, including three Nobel laureates. My hat is off to my American friends for having the foresight to initiate such a beneficial scholarship program. The idea behind it was the American vision to provide educational opportunities for a vast but poor and backward Asian country surrounded by insatiable imperialist powers.

During the first half-century of our partnership, the United States played a vital role in ensuring the Republic of China's survival and development. In August 1941, for instance, four months before the Pearl Harbor attack, the US dispatched the Flying Tigers to help in China's difficult war against Japan. They shot down more than 200 Japanese military aircraft during the first seven months after their arrival in China.

In January 1943, the US abrogated the 100-year old unequal treaty system, with its extraterritoriality and consular jurisdiction, and signed the Sino-American New Equal Treaty with us in Washington, a signal that the US sought a truly equitable partnership with the Republic of China.

On December 1st , 1943, the United States, United Kingdom, and Republic of China issued the historic Cairo Declaration, in which they demanded that Japan restore all territories stolen from the Chinese, such as Manchuria, Taiwan, and the Pescadores, to the Republic of China. This position was reconfirmed in the Potsdam Proclamation on July 26th , 1945 and realized 38 days later with the signing of the Japanese Instrument of Surrender on September 2nd . We truly appreciate America's vital military and diplomatic role during this period in helping the Republic of China recover sovereignty over Taiwan.

From 1950 to 1965, the US provided Taiwan with 1.5 billion US dollars in economic aid. Our two countries signed a Mutual Defense Treaty in 1954 under which the US guaranteed our security. This provided a peaceful external environment that enabled Taiwan to create an economic miracle. Since then, the US has stood by Taiwan through thick and thin.

III. 35th Anniversary of the Taiwan Relations Act

Relations between the ROC and US changed drastically in 1978, a year that I look back upon with profound regret. In December that year, President Jimmy Carter decided to switch diplomatic recognition from Taipei to Beijing. To remedy the situation, the Carter administration submitted a draft version of the TRA to the Congress. But because of the inadequacies of the draft, Congress made many crucial improvements. On April 10th, President Carter signed the bill into law, and made it retroactively effective from January 1st, 1979. The TRA, according to an American scholar at the time, re-recognized Taiwan after it had been de-recognized by the Carter administration.

I was glad to learn that just two days ago, the US House of Representatives unanimously passed a bill reaffirming the unwavering commitment of the US to the TRA. The TRA provides the legal framework for many agreements signed between Taiwan and US, including a potential bilateral investment agreement. With solid bipartisan support in the US Congress, our two countries have maintained strong political,

security, economic, and cultural ties that have helped ensure and enhance peace and stability in East Asia. Another US commitment was the Reagan administration's Six Assurances to Taiwan in July 1982, in which the US reiterated its continued commitment to Taiwan's security.

When I took office in May 2008, I made it my top priority to improve Taiwan's relationship with the US by restoring high-level mutual trust, which was nearly nonexistent at the time. Today, ROC-US relations are the strongest they've been in 35 years or more. With US support, Taiwan has been able to improve cross-strait relations and confidently engage Beijing from a position of strength.

Continued American backing, under the mandate of the TRA, for Taiwan's meaningful participation in international organizations is another present-day example of US support for our foreign policy goals. In May 2009, the ROC health minister attended the World Health Assembly in Geneva after an absence of 38 years. In September last year, the Director-General of our Civil Aeronautics Administration was invited as a guest of the President of the Council of the International Civil Aviation Organization (ICAO) to attend ICAO's 38th Assembly in

Montreal, Canada, after an absence of 42 years. These were major steps forward in our efforts to achieve more international participation.

IV. The ROC : A Peacemaker and Humanitarian Aid Provider

Using what I call the policy of "viable diplomacy," we have expanded Taiwan's international space, and strengthened relations with our allies and neighbors. Taiwan contributes to regional peace, prosperity, and stability through timely and concrete actions.

As many of you know, Taiwan, mainland China, and Japan all claim sovereignty over a group of small islets in the East China Sea known as the Diaoyutai Islands. These islands are uninhabited, but are located near rich fishing grounds, undersea hydrocarbon deposits, and some of the world's busiest shipping lanes.

In recent years, the danger of confrontation over the Diaoyutai Islands has grown tremendously. That is why I proposed the East China Sea Peace Initiative in August 2012. I wanted to demonstrate that a different path and a more hopeful

outcome are possible. This initiative elevates peaceful negotiation over confrontation. It de-emphasizes the territorial nature of the dispute and focuses on resource sharing and cooperation.

On April 10th last year, exactly a year ago tomorrow, we signed the Taiwan-Japan Fisheries Agreement. There had been 16 rounds of fruitless negotiations in the previous 16 years, but we were able to get it done in the 17th round. We achieved success by proceeding on the basis that "while sovereignty cannot be compromised, resources may be shared." The agreement allows fishing boats from both countries to operate, for the first time in more than 40 years, in disputed waters twice the size of Taiwan near the Diaoyutai Islands. Meanwhile, the territorial claims of both sides remain intact thanks to the inclusion of a "without prejudice" clause. The agreement embraces the spirit of the East China Sea Peace Initiative, and has won wide support within Taiwan and Japan, from the US, and in the international community in general.

We also acted in line with the East China Sea Peace Initiative to resolve a dispute with the Philippines after the Philippine Coast Guard shot a Taiwan fisherman dead in May

last year. After months of intense negotiations, the Philippine government made an official apology, provided compensation for the victim's family. The perpetrators were charged with homicide by the Philippine Department of Justice last month. In addition, the two sides agreed to refrain from the use of force in law enforcement actions, to notify the other side before taking any enforcement action, and to promptly release detained fishing vessels and crew in case of arrest.

Then, in November last year, when the Philippines was hard hit by Typhoon Haiyan—known there as Typhoon Yolanda—causing more than 6,000 deaths, we immediately delivered 680 tons of relief supplies to the devastated area on 18 air force cargo flights and one naval vessel. The donations were worth 12 million US dollars.

After the Japanese earthquake in March 2011, which took more than 18,000 lives, my government immediately announced a donation of 3.3 million US dollars to assist in the rescue effort. In the following two months, the people of Taiwan donated around 230 million US dollars. This was the single largest amount of foreign assistance ever donated by the people of Taiwan. In fact, it exceeded the sum total of donations provided

to Japan by 93 other countries that provided assistance. I would add that my wife and I also played a small part when we joined a telethon to solicit donations.

These measures reflect our determination to be a peacemaker and a provider of humanitarian aid in the international community.

To forestall the possibility of military conflict over the East China Sea Air Defense Identification Zone, I issued the Statement on East China Sea Air Space Security on February 26 this year. In this statement, I proposed that all parties concerned should seek to resolve disputes by peaceful means pursuant to international law and the East China Sea Peace Initiative. I also proposed that the parties should formulate an East China Sea Code of Conduct and set up a multilateral negotiation mechanism.

I was pleased to learn of the testimony given by US Assistant Secretary of State Daniel Russel on February 5 this year before the House Foreign Affairs Subcommittee on Asia and the Pacific. He mentioned that the principles of the East China Sea Peace Initiative “are at the heart of the US strategy and the US effort, namely respect for international law and

peaceful resolution of disputes.” In fact, the spirit of the East China Sea Peace Initiative could also apply to the South China Sea.

V. A Peaceful Taiwan Strait

Now, let us turn to cross-strait relations. Since I took office in 2008, I have pursued a cross-strait policy of maintaining the political status quo. This means "no unification, no independence, and no use of force" under the framework of the ROC Constitution. It also means maintaining peaceful cross-strait relations on the basis of the 1992 Consensus, namely, "one China, respective interpretations." And in order to ensure sustainable peace across the Taiwan Strait, I have also formally announced that we will not pursue policies such as "two Chinas," "one China, one Taiwan," or "Taiwan independence."

Thanks to the joint efforts of both sides, cross-strait relations are at their best state in over six decades. To date, the two sides have completed 10 rounds of talks, signed 21 agreements, and plan to exchange representative offices in the future. Some of the main areas covered under the 21 agreements include economic cooperation, transportation, health, science, agriculture, and mutual judicial assistance. The number of

regularly scheduled direct cross-strait flights has increased from zero to 118 per day. The number of mainland visitors per year has gone up from 290,000 to 2.8 million, nearly a tenfold increase. And the number of mainland students in Taiwan has jumped from 800 to 24,000, a thirtyfold increase. Meanwhile, law enforcement agencies from Taiwan and the mainland have cooperated to arrest nearly 6,000 criminal suspects. As a result, the number of scam cases has been cut by 60% from its peak, and the resulting financial losses to victims in Taiwan have fallen by 80% from its peak. It is evident that improved cross-strait relations bring tangible benefits to Taiwan.

We'll continue to focus on similar topics. We do not exclude political topics, however, if the people of Taiwan support it.

Our Mainland Affairs Minister Wang Yu-Chi visited mainland China last February to meet in Nanjing with his counterpart, Minister Zhang Zhijun of the Taiwan Affairs Office. This was the first official meeting of its kind since the two sides came under separate rule 65 years ago. This meeting represented the gradual institutionalization of the cross-strait relationship, and was a historic milestone on the path toward sustainable

peace and prosperity. These developments prove that viable diplomacy and cross-strait relations are indeed complementary and constitute a virtuous cycle.

Again, I want to thank the United States for Assistant Secretary Daniel Russel's recent testimony in the Senate Foreign Relations Committee, where he said, and I quote, "we very much welcome and applaud the extraordinary progress that has occurred in cross-strait relations under the Ma administration."

VI. Enhancing ROC-US Economic Relations

Trade and investment relations between the ROC and US have always been close. In 2013, Taiwan was the 12th largest trading partner of the US for goods, with 57.7 billion US dollars in two-way trade. The United States is the largest source of foreign direct investment in Taiwan, cumulatively investing 23 billion US dollars as of January 2014.

In March last year, we resumed talks under the 1994 Taiwan-US Trade and Investment Framework Agreement (TIFA), and we just successfully concluded the 8th TIFA meetings last week in Washington. I want to praise the hard work of both sides and the positive outcome achieved in the

meetings. I hope that we can launch the negotiation of a bilateral investment agreement (BIA) in the near future. A BIA would serve as the beginning of a more robust and comprehensive economic relationship between our two countries.

Taiwan is an important security and economic partner of the US, as former Secretary of State Hillary Clinton stated in 2011. To further demonstrate our commitment to enhancing trade and investment relations with the US, Taiwan sent a delegation of 42 business leaders to the SelectUSA Investment Summit last fall. Our delegation was the third largest among over 60 participating countries. We also dispatched a high-level CEO delegation led by former ROC Vice President Vincent Siew to the US last November to promote investment in the US from Taiwan.

VII. ROC's Determination to Actively Participate in Regional Economic Integration

To improve Taiwan's competitiveness and avoid the danger of being marginalized, I began pursuing deregulation and market opening immediately after taking office in 2008. The lack of diplomatic ties makes it difficult for us to negotiate free

trade agreements (FTAs) with our major trading partners. To break the isolation, we decided to start with mainland China, our largest trading partner since 2003. We successfully concluded the Cross-Straits Economic Cooperation Framework Agreement (ECFA) in 2010. This was followed in 2011 by an investment agreement with Japan, our second largest trading partner and investor. Last year, we signed an economic cooperation agreement (ANZTEC) with New Zealand in July, and an economic partnership agreement (ASTEP) with Singapore in November. We are also in contact with other potential partners in Asia and Europe in the hope of concluding more such accords.

In addition to bilateral trade negotiations, we must also take part in regional arrangements. Taiwan has highly developed markets, and shares Pacific borders with the world's three largest economies – the US, mainland China, and Japan. The ASEAN nations are also nearby. Taiwan should not be excluded from the process of economic integration in East Asia.

Given that Taiwan's trade with the 12 members of the Trans-Pacific Partnership (TPP) in 2013 came to nearly 200 billion US dollars and accounted for 34% of Taiwan's total

external trade, we believe Taiwan's membership in the TPP would definitely be beneficial not only for Taiwan, but also for all TPP member states.

Moreover, a TPP with Taiwan's membership would not only assure Taiwan's economic security, but would also help strengthen the economic presence of the US in the Asia-Pacific region. In this regard, I am pleased to acknowledge the statements made by Assistant Secretary of State Daniel Russel and Deputy Assistant Secretary of State Kin Moy recently at Congressional hearings. At the hearings, they both stated that the US welcomed Taiwan's interest in the TPP.

In the meantime, Taiwan also trades heavily with the 16 member countries of the Regional Comprehensive Economic Partnership (RCEP). In 2013, our trade volume with RCEP countries came to 325 billion US dollars, or about 57% of Taiwan's total external trade. It is only natural that Taiwan is also seeking membership in the RCEP.

A recent effort by our government for a TPP and RCEP membership is the free economic pilot zones (FEPZs). The goal of the FEPZs is to establish a good environment for doing business, and to pave the way for Taiwan's membership in the

TPP and RCEP. The American Chamber of Commerce in Taipei puts out a magazine called *Taiwan Business Topics* that has commented on our FEPZs. Allow me to quote from the magazine: “The (Taiwan) government’s initiative in establishing Free Economic Pilot Zones is an indication of its seriousness in seeking innovative new directions for the Taiwan economy.” The new directions that the Chamber is referring to here are liberalization and globalization.

VIII. Conclusion

Ladies and gentlemen, Taiwan and the US are determined to maintain peace and stability in East Asia, and we are working together to do so. If actions speak louder than words, then the US has certainly spoken loudly and forcefully in support of our century-long partnership. We continue to be grateful for America's political, economic, and security support.

And, as I have noted, with admission to the TPP and RCEP a top priority for my administration, I hope, on this 35th anniversary of the TRA, that the United States will join us in this effort. I do believe we can approach this goal as the beginning of a bright new chapter in the Taiwan-US partnership.

The sky is the limit, so let's soar on the wings of this unique partnership !

Ladies and gentlemen, thank you for your attention. I now look forward to your questions.

Closing Remarks

I want to thank CSIS again for organizing this informative and timely conference on Taiwan-US relations on the eve of the 35th anniversary of the enactment of the TRA. I also wish to recognize the invaluable contributions of the conference panelists for their insightful observations on the present state of Taiwan-US relations. And let me thank our audience and distinguished guests for their participation. The TRA is the cornerstone of Taiwan-US relations. It has stood the test of time, nurturing Taiwan's blooming democracy and vibrant economy. It has given Taiwan the confidence to engage constructively with its neighbor across a narrow strait. I wish to close by saluting the TRA on its 35th anniversary, and by hailing the close friendship of the peoples of Taiwan and the United States. We have stood together in war and peace, in good times and bad. The Republic of China and the United States will continue to stand together in the years and decades ahead. Thank you.