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**World Affairs Councils of America  
Report on the WACA Leadership Mission to the Republic of China (Taiwan)**

**June 14-20, 2015**

**Sponsored by the Taipei Economic and Cultural Representative Office**



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**WACA Leadership Missions** are citizen diplomacy programs designed to connect civic and business leaders from the Council network with high-level officials in foreign countries via study tours abroad. Delegations foster active, ongoing relationships between Americans and host-country nationals after the 7-10 day study tours. Leadership Missions also result in improved Council programs on topics related to host countries

**TAIWAN – June 14-20, 2015:** The Taipei Economic and Cultural Representative Office (TECRO) is sponsoring a Leadership Mission this month. The delegation includes:

**WACA President Bill Clifford - Head of Delegation**

**Mr. James Allen**, Chair, Colorado Springs World Affairs Council

**Mr. Chad Bettes**, Director and Past President, International Relations Council (Kansas City)

**Ms. Shelby Kardas**, Vice President, World Affairs Council of Oregon

**Ms. Farah Killidar**, CEO, World Affairs Council of Houston

**Ms. Kimberly McLaughlin**, Assistant Treasurer, World Affairs Council of Maine

**Mr. Roger Naik**, CEO of Hawaii Pharma (Member, World Affairs Council of Atlanta)

**Ms. Judy Rubinstein**, Board Member, Naples Council on World Affairs

**Ms. Alida Skold**, Board Member, World Affairs Council of Seattle

## **Itinerary for the WACA Leadership Mission to the Republic of China (Taiwan)**

Sponsored by the Taipei Economic and Cultural Representative Office

### **Sunday, June 14, 2015**

21:05 Arrive at Taiwan Taoyuan International Airport.

Transfer to The Sherwood Taipei (hotel) – 111 Min Sheng East Road, Taipei, Taiwan

### **Monday, June 15, 2015**

- 09:30      Tour of the **National Chang-Kai-Shek Memorial Hall**  
Observance of the Changing of the Guard
- 11:00      Tour of the **Legislative Yuan** and briefing with **Ms. Christine T. H. Yueh**  
Observance of session led by Madam Hsui-chu Hung, Deputy Speaker (KMT Party)
- 12:30      Luncheon hosted by The Honorable **Amb. Andrew J.C. Kao**, Deputy Minister,  
Ministry of Foreign Affairs (MOFA)
- 14:30      Call at Kuomintang Headquarters – National Policy Foundation  
Briefing with **Chin-tien Timothy Yang**, Vice Chairman of the Board (former Foreign  
Minister of Taiwan)
- 16:30      Briefing with **Dr. Donald T. F. Shang**, Director, Office of International Cooperation ,  
Ministry of Health and Welfare

### **Tuesday, June 16, 2015**

- 09:30      Briefing with **Ms. Pei-chi Chou**, Director General, Department of Cultural Exchange,  
Ministry of Culture
- 11:30      Briefing with **Mr. I-ming Ton**, Director General, Department of International  
Cooperation, Ministry of Economic Affairs
- 14:30      Briefing with **Dr. Alexander C. Huang** , Secretary General, Chinese Council of  
Advanced Policy Studies (CAPS)
- 16:30      Briefing with **Dr. Jaushieh Joseph Wu**, Secretary-General,  
Democratic Progressive Party (DPP)

### Wednesday, June 17, 2015

- 09:20 Briefing with **Dr. Chu-Chia Lin**, Deputy Minister, Mainland Affairs Council,  
Executive Yuan
- 10:40 Briefing at the American Institute in Taiwan, Taipei Office (AIT/T) with senior staff
- 14:00 Call at **TZU CHI Cultural and Communication Foundation**  
No. 2, Lide Rd., Beitou District, Taipei City
- 16:30 Call at **Gogoro Taiwan Limited**  
No.18, Songshou Rd., Xinyi District, Taipei City
- Tour and Dinner at Taipei 101

### Thursday, June 18, 2015

- 09:30 Briefing with **Dr. Lucia S. Lin**, Political Deputy Minister, Ministry of Education
- 11:00 Visit **Office of the President**
- 14:30 Depart for Taichung via Taiwan High Speed Rail
- 15:20 Arrive at Taichung Station
- 17:00 Check-in at Chateau de Chine Hotel on Sun Moon Lake  
No.23, Zhong Zheng Rd., Sun Moon Lake, Yuchi Township, Nantou County

### Friday, June 19, 2015

- 09:00 Tour **Sun Moon Lake**, by bicycle and boat
- 12:00 Lunch
- 14:00 Cable-car ride and visit to tea company
- 18:35 Depart for Taipei via Taiwan High Speed Rail #0728
- 19:35 Arrive at Taipei Main Station
- Visit to one of Taipei's famous Night Markets

## **Saturday, June 20, 2015**

- 10:00      Tour the **National Palace Museum**
- 17:10      Depart from Taiwan Taoyuan International Airport

# **World Affairs Councils of America Report on the WACA Leadership Mission to the Republic of China (Taiwan) June 14-20, 2015**

## **Narrative Report**

For a small island of 23 million people, Taiwan is steeped in rich heritage, diverse cultural traditions, and beautiful scenery that seemingly could fill a continent. Located 110 miles off the southeastern coast of mainland China, across the Taiwan Strait, this land shaped like a sweet potato or jade pendant has an area of 13,974 square miles – larger than Belgium yet smaller than Delaware and Maryland combined.

The Republic of China (ROC/Taiwan) is a vibrant multi-party democracy, and its capitalist economy is one of Asia's richest. The political and legal status of Taiwan is contentious. The People's Republic of China regards Taiwan as a "renegade province." It refuses to have diplomatic relations with any nation that recognizes the ROC, and requires all nations with which the PRC has diplomatic relations to make a statement recognizing its claims to Taiwan. Despite having severed official relations, the U.S. remains a long-time friend and ally of Taiwan. President Ma Ying-jeou, re-elected in 2012 on a platform that promised economic revitalization, negotiated a multi-stage formal economic agreement with Beijing in 2010 that has reduced cross-strait barriers and tensions with mainland China. But the agreement also has stirred opposition at home to further efforts to bind Taiwan much closer to the PRC.

From June 14 to 20, 2015, the World Affairs Councils of America sent a delegation of Council leaders, board directors, and members from across the U.S. on a week-long leadership mission to Taiwan to learn more about Taiwanese society, history, and the domestic and foreign policy challenges its people face. The trip was generously sponsored by the Ministry of Foreign Affairs of the Republic of China (Taiwan) through the Taipei Economic and Cultural Representative Office (TECRO). The WACA delegation met with senior Taiwanese government officials, politicians, business and NGO leaders, and educators for substantive briefings. U.S. officials at the American Institute in Taiwan also welcomed our group. This report elaborates on the themes and findings from our exchanges. It would be impossible, however, to capture or convey here the full flavor – culinary, cultural, and educational – of our amazing experience. For that, readers and World Affairs Council friends and supporters will have to visit Taiwan someday!

## **Historical Background**

Contact between the peoples of China and Taiwan was infrequent until the 1400s when large numbers of immigrants from China's Fujian province began to flee deteriorating local living conditions and political instability for Taiwan's shores. Over the next century, they were joined also by ethnic Hakka immigrants from the mainland. Today, Taiwan's population is mainly descended from these early Chinese settlers and the aboriginal groups that had inhabited the island for millennia.

The Portuguese “discovered” Taiwan in 1544 and over the following decades, they along with the Dutch and Spanish struggled for colonial control, with the Dutch winning out in 1624. After the collapse of China’s Ming dynasty, Admiral Zheng Chenggong, a Ming loyalist known by Europeans as “Koxinga,” took refuge with his troops on a small island in the Taiwan Strait where he met a disgruntled former interpreter for the Dutch East India Company who convinced him to invade Taiwan. In 1662, the admiral overthrew and expelled the Dutch. During the next 200 years, China’s Qing dynasty annexed Taiwan but its rule was marginal and indifferent. Taiwan continued to run its own affairs, staging numerous rebellions against corrupt Chinese officials who “governed” the island. China gave Taiwan provincial status in 1887.

China’s military defeat in the 1894-95 Sino-Japanese War forced the Qing to cede Taiwan to Japan “in perpetuity.” Japanese colonial rule, which lasted until Tokyo’s surrender to the Allies in 1945, was instrumental in the development of Taiwan’s industry, agriculture, transportation networks, and formal education system.

In China, the ending of dynastic rule and the establishment of the Republic of China (ROC) in 1912 led to a civil war from the 1927 to 1949 between the Kuomintang (KMT) Nationalists under Generalissimo Chiang Kai-shek and the Chinese Communists under Mao Zedong. During this time, both Chinese leaders articulated support for Taiwan’s independence. After World War II, the Allies gave administrative control of Taiwan to the Chinese Nationalists. The Communist Party won the Chinese civil war, taking full control of the mainland, and founded the People’s Republic of China in 1949. Two million Nationalists fled to Taiwan and established a government using the 1947 constitution drawn up for all of China – however, the Republic of China (ROC)’s jurisdiction became limited to Taiwan and its surrounding islands. Mao joined Chiang in claiming to be the legitimate ruler of China and Taiwan.

Taiwan’s Nationalists comprised about 15 percent of the population, and authorities ruled with the iron fist of martial law for 38 years. Gradual democratization and the lifting of martial law in 1987 paved the way in the 1990s for multi-party democracy with universal suffrage and a free press. Taiwan underwent its first peaceful transfer of power, from the Kuomintang Party to the Democratic Progressive Party, in 2000. The KMT took back power in 2008 and governs Taiwan today.

Throughout the postwar period, Taiwan experienced rapid economic growth and industrialization, raising the population’s living standards and earning Taiwan the designation – with South Korea, Singapore, and Hong Kong – as one of East Asia’s economic “Tigers.” The Taiwanese economy is among the world’s 25 largest; its advanced technology industry plays a key role in the global economy. Domestic priorities for economic reform and growth dominate politics, as does the question of managing sensitive relations between Taiwan and China – specifically the question of Taiwan’s eventual status.

In 1971, the PRC assumed China’s seat at the United Nations, which the ROC had previously occupied. International recognition of the ROC has gradually eroded as most countries switched recognition to the PRC. Taiwan is excluded from membership in the UN and most international organizations (exceptions are the WTO and APEC). Although the ROC government claims sovereignty over all of China – including Taiwan – the PRC has denied the ROC status as a sovereign state and asserts that it is the sole legal representative of China. The PRC claims Taiwan as its 23rd province. Cross-strait relations and issues of national identity imbue Taiwanese politics and can cause social and political division.

## Taiwan's Political Culture – I

*National Policy Foundation (KMT)*

**Mr. Chin-tien “Timothy” YANG**, Vice Chairman, NPF, and former Foreign Minister – June 15, 2015

--Rapporteur Bill Clifford, World Affairs Council of America

On our first morning in Taipei, the WACA delegation visited the National Chang Kai-shek Memorial Hall and toured the Legislative Yuan, or parliament, whose members are elected by the people of Taiwan. We were escorted by Ms. Christine T. H. Yueh into the chamber to observe the legislature in session, with Deputy Speaker Hung Hsui-chu, a former deputy chair and deputy secretary-general of the KMT, presiding.

Our timing couldn't have been better: Madam Hung has emerged as a KMT contender in Taiwan's presidential elections in January 2016. She handily exceeded her party's 30-percent opinion poll requirements to become a candidate, with KMT headquarters publicizing results on June 14 that Hung achieved an average of 46.2 percent approval rating in two days of independent telephone polling conducted on June 12-13.

Madam Hung is “likely” to secure the party's nomination, said **Timothy Yang, vice chairman of the National Policy Foundation**, the KMT's think tank. The KMT will convene its national party congress on July 19 to formally select its candidate. Between now and then, new political developments could emerge but another KMT candidate seems “a rather remote possibility now,” Yang told us.

Despite having been ridiculed as a lightweight by the KMT's old guard when she declared her candidacy, Hung was the sole contender in the party primary. The polling tested KMT members' support for her as the party's standard bearer as well as their assessment of her odds against Madam Tsai Ing-wen, leader of the opposition Democratic Progressive Party (DPP). She clearly passed the tests. Yet Hung would not normally be considered among the top three choices for the party's nomination, according to pundits.

Top KMT brass – Party Chairman and New Taipei Mayor Eric Chu, Legislative Yuan Speaker Wang Jin-pyng, and Vice President Wu Den-yih – have largely held back. Speaker Wang earlier said that he'd be “obliged” to run if the party drafted him. The hesitation is easy to grasp: the DPP trounced the KMT in local elections last November, winning 13 of 22 cities and counties. The number of localities under KMT control dropped from 15 to 6; and independent candidates took the other 3 not won by the DPP.

The diminutive 67-year-old Hung, nicknamed “Little Red Pepper” for her feisty language, has criticized her party for being hamstrung by the DPP's charge that the KMT is “selling out Taiwan” with its “China-leaning” policies. Case in point: the Cross-Strait Trade in Services Agreement signed in July 2013 that sparked the Sunflower Movement demonstrations in early 2014. The CSTSA has been stalled in the Legislative Yuan indefinitely, and the KMT remains bruised by the thousands-strong protests.

The National Policy Foundation's Yang, a former Foreign Minister, said the KMT stands by its cross-strait achievements, such as the Economic Cooperation Framework Agreement (ECFA), signed by Taiwan and China in June 2010. It's not just about big business, Yang said. “The general public shares in the economic benefits of increased interaction” with mainland China.

Hung advocates a “one China principle” that views Taiwan and China as one nation with two political entities sharing sovereignty. She appears to adhere to President Ma Ying-jeou's erstwhile China policy more closely than he and other KMT stalwarts do. Hung wants the peace accord with China that Ma

promised in the run-up to his winning the presidency in 2008; he dropped the idea after his first election.

DPP Chairwoman Tsai's recent 12-day visit to the U.S. included meetings on June 3-4 at the State Department and White House – a first for a Taiwanese presidential candidate. Tsai stressed that she would work for safeguarding the status quo in cross-strait relations. The visit signaled U.S.-Taiwan ties remain close. Just prior to her meetings in DC, Chinese Ambassador Cui Tiankai denigrated Tsai's visit, likening it to a "job interview" to gain U.S. endorsement. He suggested that she should obtain the approval of the Chinese people by accepting the "1992 Consensus." Tsai's refusal to express support for the "1992 Consensus," under which China and Taiwan acknowledge only one China despite two interpretations as to which of them represents it, irritates Beijing.

## **Taiwan's Political Culture – II**

*Democratic Progressive Party*

**Dr. Jaushieh "Joseph" WU**, Secretary General, DPP – June 16, 2015

--Rapporteurs Jim Allen, Colorado Springs WAC, and Alida Skold, WAC Seattle

With the DPP's Tsai Ing-wen now back in Taiwan ready to hit the campaign trail and Madam Hung Hsui-chu her likely KMT opponent, it appears a foregone conclusion that Taiwan's next president will be a woman. This is the second time that Tsai is running for president. In 2012, she narrowly lost to the KMT incumbent, President Ma Ying-jeou. (People First Party Chairman James Soong, another also-ran in 2012, is waiting until August to finalize his intentions about campaigning.)

**DPP Secretary-General Joseph Wu** is predicting a peaceful turnover of power with the 58-year-old Tsai, whom the party nominated in April, capturing the presidency in January 2016. Coming off the liberal DPP's landslide victory in last November's local elections, "the party is highly unified and better organized," he said, adding that "the KMT is divided and lacks the appeal of the DPP policy agenda."

Traditionally, DPP politicians have taken a strong stance for an independent Taiwan. But Wu – a former TECRO Chief Representative to the U.S. (Taiwan's top diplomat) and former Minister of the Mainland Affairs Council, holding responsibility over Taiwan's China policy – does not see much difference in the articulation of national security policy between the parties in the upcoming election. Ultimately, he sees the status quo prevailing with respect to mainland China.

The KMT has long argued that it, not the DPP, is best qualified to run the economy. That is where the election will likely turn, and Wu is confident that Tsai will make the case.

Following are the key policy differences:

- Economic policies of the KMT favor big business and are conservative (center-right), and the DPP economic policies are more egalitarian in social welfare and job creation. The DPP advocates for a community-based care system for the aging.
- The KMT is pro-nuclear power, and the DPP is against nuclear power. The DPP believes Taiwan's small size and high population density does not allow for the safe location of a nuclear power plant. Also, there isn't a pre-determined method that would be acceptable for handling of spent fuel or low-radiation nuclear waste. Japan's Fukushima accident is seen as a warning to Taiwan, which is located on an earthquake fault zone. Taiwan organized the first rescue operation in Japan after the accident. The DPP prefers solar and wind power.

The DPP is pushing for the privatization of Taipower, Taiwan's power company. The new energy policy of increased solar and wind power would allow for economic growth and employment opportunities.

The DPP first won the presidency in 2000, in part because of KMT division. But by the 2008 election, a power struggle within the party cost the DPP the presidency. Corruption charges were brought against DPP chief Chen Shui-bian, the outgoing president, who was later convicted and now serving a jail sentence. The DPP has rallied strongly behind Chairwoman Tsai. She is a highly competent, previously serving in senior policy roles in the Fair Trade Commission, National Security Council and Mainland Affairs Council. She led the successful negotiations to have Taiwan join the World Trade Organization (as an associate member of the WTO) in January 2002. "After the 2008 electoral disaster, DPP politicians didn't want to step up to handle the mess – she did," Wu said, praising her political courage.

If elected, Tsai would continue to advance strong U.S.-Taiwan relations with common values, in particular keeping cross-strait relations peaceful and stable, Wu said. There are four policy areas with the U.S. to enhance global peace and security:

1. Trade and Economy – DPP wants economic rejuvenation based on an innovation model of development. To U.S. concerns about Taiwan's dependence on a single market for trade (China), DPP replied that it is keen to join the Trans-Pacific Partnership negotiations. (Taiwan is not included now in the 12-nation TPP talks; however, it participates in other international trade agreements.)
2. International Participation – DPP's Containment Security Initiative supports the U.S. in the fight against terrorism; humanitarian assistance; and disaster relief (Taiwan was the first to offer support to Japan after the March 2011 earthquake. Taiwan also was an early supporter of aid to Afghanistan and Nepal.
3. Defense Policy – DPP believes the China threat is becoming more serious, contrary to the KMT, given increases in China's military spending, reach, and ambition. DPP advocates for increasing Taiwan's military budget and strengthening asymmetric capabilities.
4. Cross-strait Relations – DPP is responsibly in line with U.S. national interest vis-à-vis the One-China policy.

Recent polling shows that President Ma remains unpopular, with an approval rating at 10-12 percent. Among the explanations, Wu noted that President Ma recently signed an agreement with China to receive help on nuclear power plant matters, which was unpopular with Taiwanese citizens. He also signed a food safety agreement with China to obtain their support. But to date, Wu said, it has been a bad agreement as zero financial support from China has yet been received for food contamination. Wu also felt the President Ma was not as supportive of Taiwan's China Airlines as he should be. Ma did not get beneficial agreements with mainland China over issues such as how to have more effective short-term visa agreements to guide how many Chinese could visit Taiwan while ensuring Taiwan control so the Chinese are sure to return home after their short visits.

Wu described the Sunflower Movement protests as a "revolution" by college students who didn't believe the KMT was being transparent and accused it of rushing a trade bill with China without bipartisan discussion. Students stormed the parliament building and occupied the main chamber for 14 days in March 2014, fending off attempted police raids by piling entrances and exits with furniture.

Wu stated that the DPP has more support among younger voters because its policies were closer to the regular people than the KMT, which obtains far more financial support from wealthier voters. Another difference was that the KMT often made rosier promises on the economy but many of the promises were not met later.

The DPP, in existence for only 28 years, is relatively young as a political party. And it is comprised largely of young Taiwanese people. It strongly supports the pending constitutional reform to lower the voting age in Taiwan from 20 to 18 years of age. This move is thought to be popular throughout Taiwan.

On the day the WACA delegation departed, local newspapers ran front-page stories about the cover of Time magazine's *TIME Asia* edition (June 29, 2015). The cover story featured the DPP's Tsai under the banner headline: "She could lead the only Chinese Democracy – and that makes Beijing nervous."

*TIME Asia* reporter Emily Rauhala portrayed Tsai as "the early frontrunner" in the 2016 presidential election with a "proudly, defiantly, Taiwan-centric" policy outlook in which she calls for a new model that weans the island's high-tech economy from its dependence on China [link to China Post, to Time article].

Just as Tsai has been criticized by her opponents and earlier by U.S. academics with ties to policymakers for the vagueness in her proposed cross-strait policy, the report also acknowledged that Tsai faced challenges in formulating a new economic model that includes the corporate world without going against the more traditional DPP China-skeptical support base.

## **Taiwan's Economy**

*Ministry of Economic Affairs*

**Mr. I-ming TON**, Director General, Department of International Cooperation, MOEA – June 16, 2015  
--Rapporteurs Roger Naik, WAC Atlanta, and Farah Killidar, WAC Houston

A patchy global economic recovery – highlighted by weakness in mainland China and uneven growth in the U.S. – remains a headwind for Taiwan and will likely guide its central bank to keep monetary policy accommodative. Meanwhile, the Ministry of Economic Affairs is working to help enterprises set up operations overseas as part of an effort to boost Taiwan's exports.

In the first four months of 2015, Taiwan's total exports have decreased 6.2 percent, with shipments to Europe and ASEAN declining the most, followed by exports to China. **MOEA Director General Ton I-ming** attributed the drop in exports primarily to the global economic slowdown, which is causing neighboring countries such as South Korea, Singapore, China, and Japan to experience weakening exports, too.

Electronics components account for about 40 percent of the island's exports. Taiwanese manufacturers are struggling to cope with the rise of China's domestic supply chain, Ton said. Not just flat panels and semiconductors but also for products like steel and petrochemicals, China is establishing its own supply chain to replace Taiwan, which finds it harder to compete with China in terms of cost or scale.

This is part a longer-term trend: the Taiwanese share of China's import market has fallen from 11.3 percent in 2005 to nearly 7.8 percent in 2014. Over the decade, Taiwan's share of Chinese imports of electronic and electrical products fell from 26.5 percent to 21.6 percent, while its share of China's machinery imports slid from 14.6 percent to less than 9.2 percent.

The rise of the so-called red supply chain in China has also prompted foreign companies, especially high-profile brands such as Apple, to shift their orders to Chinese vendors at the expense of Taiwanese suppliers. (Last year, Apple's launch of new iPhone models helped boost Taiwan's technology exports.)

Another challenge to sustaining the Taiwanese economic "miracle" of the last several decades is the proliferation of free trade agreements, such as China and South Korea's FTA. Up to two-thirds of Taiwan's exports overlap with those of South Korea while China accounts for nearly 40 percent of the island's exports. That spells marginalization for Taiwan. It has pursued trade deals of its own, signing an FTA with New Zealand in July 2013 – its first with a country with which it does not maintain diplomatic relations. A few months later it inked a trade pact with Singapore. Ton said expressed dismay that Taiwan is not among the first group of 12 countries trying to negotiate the U.S.-initiated Trans-Pacific Partnership trade deal.

Taiwan's GDP growth expanded 3.46 percent on year in the first quarter through March 30, and a tad faster than the 3.35 percent growth in the prior quarter (Oct.-Dec. 2014). Gains from international trade came as a result of falling imports, largely due to sharply declining oil prices. The Taiwan Research Institute (TRI) on June 16 lowered its GDP forecast for 2015 to 3.35 percent from 3.43 percent. (The IMF forecast for Taiwan's GDP growth of 3.8 percent.) TRI and other economists cited three factors that could impede Taiwan's momentum: contraction in exports of electronics and other goods; belt-tightening on local investment by the public sector and some private enterprises; and soft domestic demand.

HTC, Taiwan's flagship smartphone maker, has seen its global market share shrink. Meanwhile, China's Lenovo has overtaken the island's proud PC companies, including Acer and Asus. LCD and LED sectors are struggling.

In April, Taiwan Semiconductor Manufacturing Co. (TSMC), the world's largest contract chipmaker, shaved its capital expenditure plan for 2015 by US\$1 billion and forecast a weaker revenue outlook. Taiwanese airlines have also cut capital expenses.

Having averaged 7% GDP growth over the past half century, Taiwan's long-term economic growth from now will depend on successfully shifting its manufacturing and high-tech prowess toward emerging industries and an innovative services sector, Ton said. He pointed to biotech, healthcare, green energy, cultural and creative industries, intelligent electric vehicles. Indeed, a highlight for the WACA delegation was visiting the Taipei retail outlet for **Gogoro Inc.'s electric-powered Smartscooter**, to be released on the local market in July. **[photo]**

Ton echoed concerns about long-term demographic problems that were raised in the WACA delegation's **June 15 meeting at the Ministry of Health and Welfare with Dr. Donald T. F. Shang**, director of MHW's office of International Cooperation. Taiwan's rate of population growth will be very slow in 2013-30, acting to constrain potential GDP expansion, labor productivity, and national competitive power.

With a birth rate among the lowest in the world – having dipped to just below 0.90 in 2010 and currently about 1.11 – Taiwan is worried about the effects of a rapidly aging population: demands on the healthcare and social security system, as well as increasing financial and family-care burdens on the younger generation.

## China's Xi Jinping and Taiwan

*Chinese Council of Advanced Policy Studies (CAPS)*

**Dr. Alexander C. HUANG**, Secretary General, CAPS –June 16, 2015

--Rapporteur Bill Clifford, World Affairs Council of America

Xi Jinping holds all three offices required to be China's paramount leader, and after two years in office has become what some have called the country's most powerful ruler since Mao Zedong. He is President of the People's Republic, General Secretary of the Communist Party of China, and Chairman of the Central Military Commission.

"We are dealing with a strong man, a visionary, and a decision maker," said [Dr. Alexander Huang](#). Xi hails from the second-generation of founding fathers. He is of the party and of the military. When Xi graduated from college he was offered the job of personal secretary to top brass. He has a unique relationship with the uniformed service. He has taken a quick grip of party, administration and the military. "His personality is also very strong – no-nonsense," said Huang. That counts in a decision maker: "It's good because if you get a deal, you get it. But also it can be bad, because if no deal, he can't change his mind."

China's policy toward the U.S. and Taiwan tends to bear out the pattern so far. Xi draws red-lines before meeting with partners, compared with Hu Jintao, who was softer and kinder, according to Dr. Huang. For example, in proclaiming his vision of a "new great power relationship," Xi did so before meeting his U.S. counterpart, before becoming president. The vision calls for: no conflict; no confrontation; mutual respect; and win-win cooperation.

As for China's actions and policies in Asia, two things come to mind, said Huang:

- China is strong: It's the world's No. 2 economy and No. 1 trading nation, and thus can't be mistreated. Xi expects high status for China in global forums
- China is not strong enough: externally, compared with other developed nations' lifestyle; and, internally, given the inequality of the urban-rural divide, and political power.

This duality is being calibrated every day. Similarly, to fulfill Xi's articulation of the "Chinese Dream," China needs a peaceful environment. Xi claimed at a diplomatic conference that Beijing is pursuing peace and friendship with neighbors as a core policy, that China is not a threat. Yet 30 days later, China announced the East China Sea Air Defense Identification Zone. "I think top leadership does want a peaceful environment – not war, not unintended conflict – because they know the Chinese economy is slowing," said Dr. Huang. "Yet, Beijing needs also to show muscle to earn respect commensurate with its power."

As regards specific policy choices, the tilt to Central Asia ("One Belt, One Road") is not to ignore the opportunities in the Pacific, but reflects China's need for an additional outlet for excess production. Dr. Huang suggested a couple of other hypotheses for other economic developments:

- Asia Infrastructure Investment Bank – a mechanism for China to set rules, to gain the right to set rules internationally
- Everything in the East and South China seas is a reflection of traditional efforts to settle borders. "Since the Cold War, China has settled all land borders but not maritime borders. So what China is doing now to follow through – 'We want respect; we don't want to antagonize' – it's the Great Wall concept of sending a message to outsiders: 'Please don't come; we are not going out.'"

Maintaining China's 7-plus percent GDP growth rate is crucial. The PRC is now 66 years old. It got through much early turbulence because of (and despite) Mao's charisma. The last 36 years began with Deng Xiaoping's modernizations, which made people rich. This legitimizes government and the ruling party, said Dr. Huang.

"The goal is to extend the life of the Communist Party. Xi understands that you can't guarantee a rate of GDP Growth; he needs to find legitimacy of rule," said Dr. Huang. This explains the construction of a legal framework: "rule by law," not the "rule of law" that prevails in democracies. Court decisions mean consulting the Party Secretary. But Xi is paying attention to growing social disorder and the discontent that arises because of uneven distribution of housing, health care, and so forth. Hence the anti-corruption campaign that is snaring leaders and high military officials.

"The challenge for Taiwan and Asian countries has been maintaining a strong relationship with Washington. But now, with every country's No. 1 trading partner being China, the national security and economic priorities today is "Both" – Beijing and DC – that's a lot tougher," Dr. Huang said. "

What about China post-Xi? Will it be ruled by third-generation princelings? Descendants of marshals or generals? Increasingly the younger generation is turning to business and professions. Dr. Huang speculates that China's helm will not pass to a man as strong as Xi after 2022. "That could be good news or bad news," he said. "Good, if you can cut better deals with a softer leader. Bad if a new chief views all the good meat as eaten by predecessors, with the only thing left over being meat close to the bone that's hard to chew."

Xi's goal for the Chinese Communist Party is to double income per capita by 2021, the Party's centennial. And by 2049, the PRC's centennial, the People's Republic is to be a modern, sophisticated, prosperous socialist country.

## **Taiwan and China**

*Mainland Affairs Council, The Executive Yuan*

**Dr. Chu-chia LIN**, Deputy Minister, Mainland Affairs Council – June 17, 2015

--Rapporteur Shelby Kardas, World Affairs Council of Oregon

Taiwan seeks to institutionalize cross-strait relations through stronger economic and people-to-people ties. At the same time, Taiwan is trying to elevate its place on the world stage and it is engaging in diplomacy to improve relations with China and by extension the rest of the world.

Before 2008, relations with mainland China were characterized by limited contact, tensions, and instability. Negotiations began to restore the "three links" (transportation, commerce, and communications) between the two sides. Since 2008, when President Ma took office, relations with mainland China have grown more cooperative as commercial, academic, and touristic contact has greatly increased.

**Deputy Minister Chu-Chia Lin** referred to the "Three Nos" that are required in order to maintain the status quo:

- No claim to Taiwanese independence
- No unification with the mainland
- No use of military force

As long as these conditions are met, the status quo can be maintained and agreements can be made. Under the so-called “1992 Consensus,” both sides agree that there is only One China, albeit with two interpretations. The National Policy Foundation’s Timothy Yang called the 1992 Consensus a “masterpiece of ambiguity.”

Over the last seven years, Taiwan and China have signed 21 agreements and most work well, Dr. Lin said. They cover direct flights sea and air cargo links, mainland tourist visits to Taiwan, food safety, quarantine and inspection of agricultural products, financial cooperation, joint crime fighting and mutual judicial assistance, the Cross-Strait Economic Cooperation Framework Agreement (ECFA), medicine and health, nuclear power safety, investment protection, customs cooperation, trade in services, meteorological cooperation, and earthquake monitoring cooperation. In addition, the two sides have reached consensus on mainland investment in Taiwan and protection of personal freedom and safety.

Taiwanese people debate whether these agreements actually carry any weight, and in some instances there is strong criticism: the student uprising between March 18 and April 10, 2014, popularly called the Sunflower Movement, saw students occupy the Legislative and Executive Yuan protesting the passing of the Cross-Strait Service Trade Agreement. Protesters believed the trade agreement would hurt Taiwan's economy and leave it vulnerable to political pressure from Beijing.

Advocates of the agreements argue that they have ushered in a new era of peace and stability, and that the agreements strengthen Taiwan’s economy and international credibility. The strategy is to first focus on what is easy and urgent and economic rather than the complex political issues, leaving future details to be worked out as relations improve yielding further opportunity for negotiation. For example, in the 2011 campaign, President Ma signaled the possibility of a peace accord with the mainland, and the DPP strongly opposed the idea. President Ma backed off and it was dropped in the January 2012 election.

The PRC government has proposed military negotiations with Taiwan, but most Taiwanese opinion leaders do not believe relations are mature enough to move beyond the current status quo. In order to move forward, confidence-building measures are necessary, but China does not see Taiwan as an equal partner. The issue of negotiating a peace accord is taboo during the coming election campaign, Dr. Lin said in response to a question.

Some specific examples of relations before and after the agreements include:

- before 2008 there were no direct flights, now there are 840 weekly scheduled flights (to 10 Taiwan cities and 55 mainland destinations)
- before there was little tourism, now up to 9,000 Chinese tourists per day are permitted to visit Taiwan (5,000 in groups and 4,000 individuals), for a total of 3.9 million in 2014. Some 5.2 million Taiwanese citizens (more than 20% of the population) travel to mainland China annually
- growing numbers of Taiwanese are seeking opportunities to work in the mainland
- Chinese investors are permitted to invest in Taiwan's money markets for the first time since 1949
- food safety alerts between the two sides have been arranged in reaction to a tainted milk crisis
- student, cultural, and professional exchanges have increased considerably
- mainland China has become Taiwan’s biggest trading partner and largest export market (40%) and second largest source of imports
- under ECFA, Taiwanese exports to MC have accounted for US \$81.79 billion as of 2013

A delegate asked, “How one-sided are the negotiations when one party has 1,500 missiles pointed at the other?” Dr. Lin explained that the geopolitical situation requires that Taiwan negotiate with mainland China and that this kind of negotiation is welcome and a long-time coming although not without controversy.

Many of the agreements have helped to create a more favorable environment for trade and stability in the region, and they also have helped to expand Taiwan’s place on the global stage. With or without agreements, intellectual property remains thorny as laws are difficult to police and enforce.

Despite the lack of diplomatic recognition for Taiwan, the number of countries granting Taiwan nationals visa-free travel has increased from 54 in 2007 to 135 as of 2014, and more countries are likely to step forward. Yet in other areas, such as the Trans-Pacific Partnership talks, Taiwan’s desire to be included in the TPP has not been satisfied despite dogged pursuit.

The South and East China Sea disputes between China and Taiwan and other neighboring countries remain difficult and there is contention over resources. Yet, on balance, improved cross-strait relations have helped Taiwan maintain stable relations with other countries, i.e. establishing fishing agreements with Japan, the U.S., countries in southeast Asia, New Zealand, Australia, and the EU.

Through conversations with a diverse group of people, the World Affairs Councils of America delegation was exposed to a variety of views regarding Taiwan’s independence. Most people – regardless of where they were on the spectrum with Taiwan’s independence at one end and reunification at the other – favor maintaining the status quo despite the challenges it brings.

## **U.S-Taiwan Relations**

*American Institute in Taiwan (AIT Taipei Office) – June 17, 2015*

--Rapporteurs, WACA Delegation

Kin Moy, a member of the U.S. Senior Foreign Service who served most recently as deputy assistant secretary of state in the bureau of East Asian and Pacific Affairs, arrived in Taipei on June 8 to assume duties as the new director of American Institute in Taiwan – and AIT’s first of Chinese descent – just prior to the WACA delegation’s arrival.

AIT officials responsible for political and public affairs, economic and commercial ties, and defense issues provided us a comprehensive briefing. Director Moy, who held a press conference elsewhere on June 17, was quoted by journalists as saying, “The (bilateral) relationship has never been better.” Reportedly describing Madam Tsai’s visit to the U.S. as “constructive” and saying Madam Hung would also be given a courteous welcome should she visit, Moy stressed that the U.S. doesn’t take positions on any candidate.

Although the U.S. severed formal relations with Taiwan in 1979, following the establishment of diplomatic relations with China, Washington remains a close ally and a major provider of defensive weapons to the island. AIT was established by the Taiwan Relations Act (TRA) of April 10, 1979. It is not an embassy but operates much like one (construction of a new LEED-certified AIT compound will be completed by mid-2016). AIT’s Taipei Office currently employs 440 American and local staff, and the AIT Kaohsiung Branch Office has 29 employees.

Broadly, according to a senior AIT official, greater stability in cross-strait relations is “a positive for the U.S.’s strategic position” in the Pacific. While Taiwan-PRC tensions have eased in recent years, officials said they observe “strong support for the status quo” among Taiwanese, and “no appetite for closer political ties” with the PRC. AIT officials described the Taiwanese government and people as being “receptive to U.S. ideas” and having “broad support for strong ties with the U.S.” Because of Taiwan’s diplomatic isolation – just 21 countries and the Holy See officially recognize Taiwan and exchange ambassadors – Taiwan’s economic clout and use of “soft power” abroad are crucial.

Taiwan’s vibrant, relatively young multi-party democracy allows for open debate over the territory’s future – a healthy evolution from the end of martial law in 1987, the start of a free press that year, and the first presidential election in 1996. The KMT and DPP have both won the presidency in peaceful electoral transitions of power. Taiwanese generally prefer a strong president, but since Ma Ying-jeou’s reelection in 2012, his approval rating has plunged to 11%, making him the world’s least popular democratically elected president.

As the 25<sup>th</sup> largest economy in the world, Taiwan enjoys a robust, long-standing trading relationship with the United States. U.S. goods and services trade with Taiwan totaled an estimated \$88 billion in 2014. Taiwan is the U.S.’s 10<sup>th</sup> largest goods trading partner (edging ahead of India last year). Meanwhile, the U.S. surpassed Japan to become Taiwan’s #2 trading partner, behind only the PRC. The U.S. is the largest source of foreign direct investment in Taiwan, with its stock of FDI reaching \$23.4 billion in 2013, according to the latest available statistics.

The bilateral Trade and Investment Framework Agreement (TIFA), signed in 1994, is the primary mechanism for dialogue to expand trade and investment links and deepen cooperation. Following 2014 TIFA Council meetings, the U.S. welcomed Taiwanese authorities’ commitment to improve trade secrets protection and take steps to foster innovation in the pharmaceutical sector. Both sides recognized the need to engage on improving the time-to-market of medical devices, including streamlining regulatory approvals.

Trade in agriculture is a sector of concern for the United States. Taiwan is the 7<sup>th</sup> largest market for U.S. exports of food and agricultural products. After Canada, Taiwan is the #2 per-capita importer of U.S. agricultural products (\$3.2 billion in 2013). Given that the average size of its farms is two acres, Taiwan relies on imports to feed its population. Yet, an AIT official described U.S. penetration of Taiwan’s agricultural market as below potential, citing a ban on U.S. beef and pork producers as a “significant irritant.”

Asked about Taiwan’s desire to join the Transpacific Partnership, AIT officials said the U.S. welcomes Taiwan’s interest in acceding to the TPP, but that differences over trade in agriculture partly explain why it has not yet joined the negotiations in the 12-member grouping.

Regarding Taiwan’s efforts to expand commercial relations in the Asia-Pacific region and globally, AIT officials noted that, if successful, this could relieve recent Taiwanese anxiety about increasingly close economic relations with the PRC. Debate is lively among academics and policy pundits as to whether Taiwan’s exports and other links to China are fostering dependency on the mainland. The ECFA, while bringing broader benefits to society, has caused “dislocation for some constituents,” an AIT official said.

Another key focus of the U.S.-Taiwan relationship is on security cooperation, although military-to-military engagement is “mostly quiet and under the radar.” The TRA guides U.S. policy on making

available to Taiwan defense articles and services for its “self-defense.” The U.S. has announced \$12.1 billion in arms sales to Taiwan since 2010, making Taipei the #2 customer after Saudi Arabia in that period.

The tense situation in the South China Sea, where China is engaged in land reclamation efforts to bolster its claims to a series of low-lying reefs, could prompt closer U.S.-Taiwan military cooperation.

Taiwan has continued to ask the U.S. government to sell it more advanced weapons systems to beef up defensive capabilities. Washington has not announced any new sales of submarines or advanced warplanes to Taiwan over the past three years. President Obama last December signed legislation that authorizes the sale of four Perry-class frigates. But U.S. arms deals will not include certain ultra-sophisticated gear, such as unmanned aerial vehicles (drones) and the latest generation of subs. The U.S. wants “to eliminate the risk that the mainland could acquire (such gear) from Taiwan,” an AIT official said. He added, “Taiwan has a very good record of protecting the military equipment” it buys. The U.S. government sent more than 2,500 military-related (USG/ Department of Defense) visitors to Taiwan last year, up from 1,908 such visitors in 2013.

AIT encourages and facilitates cultural, educational, and people-to-people exchanges with Taiwan. Two-way travel was made easier and grew significantly when Taiwan joined the Visa Waiver Program in November 2012. Taiwanese passport holders are allowed to enter the U.S. without having to apply for a visa, for up to 90 days, for tourism or business. AIT still issues about 15,000 student and visitor visas per year to Taiwanese for longer stays.

In 2014, Taiwan passport holders had visa-free or visa on arrival access to 132 countries and territories, including the U.S., up from 54 when President Ma came into office. The U.S. remains a top tourist destination for Taiwanese, a clear sign of “positive public sentiment towards our country,” a senior AIT official said.

“The younger generation is more skeptical,” he said, “so AIT does lots of youth outreach.” The U.S. remains one of the most popular destinations for Taiwanese students.

## **Education: Cultivating Excellence and Quality to Build a Prosperous, Happy Society**

*Ministry of Education*

**Dr. Lucia S. LIN**, Political Deputy Minister, Ministry of Education – June 19, 2015

--Rapporteur Judy Rubinstein, Naples Council on World Affairs

A well-educated, highly-skilled population makes a country strong, and Taiwan’s commitment to quality education for all has contributed significantly to the Taiwanese “economic miracle.” Long-term investment in education - including a focus on expanding international and cross-strait exchanges and collaboration - is critical to the Ministry of Education’s (MOE) vision of promoting personal development, social progress, and sustainable national prosperity.

In her presentation to the WACA delegation on the MOE and its policies, **Political Deputy Minister Lucia Lin** highlighted the importance the government attaches to educational reforms that nurture a productive, creative, and compassionate citizenry while increasing Taiwan’s competitiveness in the international community.

Broadly, a new MOE structure integrating education, athletic affairs, and youth affairs began in January 2013. By the end of that year, the Ministry issued a White Paper on Human Resources Development as a 10-year blueprint (2014-2023) for cultivating highly-skilled people at world-class standards across a diverse range of fields. As of the 2014 academic year, compulsory education in Taiwan was extended to 12 years to cover senior high school (in 1968, compulsory education had been extended to 9 years to include junior high from the mandatory 6 years of elementary school). Reforms are without critics: *The China Post* editorialized during our trip that higher standards for obtaining junior high diplomas mean that more than one in 10 ninth-graders will leave without a diploma this summer (previously the failure rate was less than 5%). Dr. Lin said the new rules don't mean students' capability has decreased. "They still go on to senior high school, but this way we identify those who need special help to get on track so they can succeed in senior high," she said.

Other key MOE reforms include: improving K-12 faculty quality through teacher training and evaluation; strengthening quality preschool education and care; implementing the second phase (2013-2017) of the Technological and Vocational Education project in collaboration with business and industry to ensure graduates from all TVE institutions gain employment swiftly; increasing the number of higher education schools that are full universities and world-class research centers that advance innovation; boosting arts education; integrating special education organizations; and deepening senior citizens' learning, family education, and lifelong learning opportunities.

These reforms, and the extension of basic education to 12 years in particular, have been supported by an increase in overall annual education spending, to US\$18 billion, which accounts for 19.7 percent of the national budget. Education spending has for years amounted to 5%-6% of Taiwan's GDP.

Education's factor in economic competitiveness shows up in various international rankings. In the 2015 world competitiveness report released in May by the Swiss-based International Institute for Management and Development, [Taiwan placed 11<sup>th</sup>](#) out of 61 advanced countries, from 13<sup>th</sup> the year before. Within Asia, Taiwan ranks behind only Hong Kong and Singapore as a place to conduct business (using IMD's metrics for economic performance, government efficiency, business efficiency and basic infrastructure).

Dr. Lin also noted that based on students' test scores, [Taiwan ranks 4<sup>th</sup> in the world in math and science](#) (tied with Japan, and trailing three other Asian nations), according to the OECD's most recent ranking of 76 countries. In QS World University Rankings, National Taiwan University is 16<sup>th</sup> in Asia and 70<sup>th</sup> in the world.

As part of developing a competitive workforce in the global marketplace, a Department of International and Cross-strait Education was formed as part of a restructuring at the MOE that took effect in January 2013. The purpose is to provide a platform for educational exchanges, promote reciprocal study abroad, and raise the global mobility of Taiwan's younger people.

This MOE department has 29 overseas offices in 20 countries and regions, including 7 offices in the U.S. (Boston, New York, Washington DC, Chicago, Houston, San Francisco, and Los Angeles).

Of some 8,500 higher-education linkages, Taiwan boasts 2,375 agreements signed between 692 institutions in the U.S. and 150 in Taiwan to encourage students to study in each other's colleges and universities.

Taiwan ranks 6th as a source of international students in the U.S., sending 21,266 Taiwanese students in 2014-15, down from 21,867 in the U.S. last year. The number of American students in Taiwan increased to 3,278 this year from 2,643 in 2013-14.

At the elementary and secondary school level, the MOE has signed memoranda of understanding with the states of Florida, Maine, Washington, Colorado, and earlier in June 2015, Michigan renewed its MOU.

Positioning Taiwan as an education hub in Asia and a magnet for foreign students around the world, the MOE has expanded Mandarin Chinese language education—more than 15,500 foreign students came to Taiwan to learn Mandarin in 2014. Taiwan provides scholarships of NT\$25,000 (US\$775) per month for up to 12 months to study Mandarin. Since 2006, MOE has set up 9 Taiwan Education Centers to promote language teaching and 5 overseas Taiwanese Schools have been established. Outstanding Chinese language teachers from Taiwan also receive funding to spend time in K-12 schools and universities in the U.S., Europe, and Asia.

More than 10,000 cross-strait educational exchange agreements have been signed. In the past few years, more than 20,000 students per year from mainland China have come to Taiwan to take credit courses, and more than 6,200 have come to study for a degree. About 4,900 Taiwanese exchange students are now in China.

Attending the WACA delegation's meeting with Dr. Lucia Lin, were her colleagues at the Ministry of Education: **Dr. Min-Ling Yang**, Director-General, Department of International and Cross-strait Education; **Mr. Yi-Fang Lai**, Section Chief, Overseas Taiwanese School and Mandarin Chinese Education Section; **Ms. Lin-Ju Kuo**, Section Chief, Cross-strait Affairs Section; **Mr. Peters L. Y. Chen**, Section Chief, Protocol Affairs Section; and **Ms. Ann Su**, Assistant, Protocol Affairs Section.

### **Cultural Vitality: Diverse Heritage, Creative Talent, and Global Influence**

#### *Ministry of Culture*

**Ms. Pei-chi "Peggy" CHOU**, Director General, Department of Cultural Exchange, MOC – June 16, 2015  
--Rapporteur Chad Bettles, International Relations Council (Kansas City)

The WACA delegation was graciously received at the new Ministry of Culture building by **Director General Pei-Chi "Peggy" Chou** and her department colleagues. Established on May 20, 2012, under the Executive Yuan, the Ministry of Culture is a cabinet-level body that oversees and cultivates Taiwan's soft power in the areas of arts and humanities, community development, crafts industry, heritage, literature and publishing, cinema, TV, music and other performing arts.

The ministry is comprised of 12 departments, a secretariat, and a legal committee. It supervises 19 organizations and 11 overseas offices, including three in the U.S. cities of Los Angeles, New York, and Houston.

Our hosts—including **Yeh-chin "Jack" Kuei**, First Secretary; **Derek C. T. Hsu**, Senior Executive Officer; **Ms. Ashley Sun**, Section Chief; and **Ms. Shao-jiun Lo**, Project Manager for Spotlight Taiwan—were keen to showcase Taiwanese cultural contributions, particularly in the area of film, and to discuss their mission of facilitating cultural exchange.

In a video that highlighted world-renowned film directors Ang Lee and Hou Hsiao-Hsien, Ang called Taiwan “not grandiose...a very laid back place.” Listen here to an evocative [musical selection](#) from the soundtrack of Hou’s 1986 film *Dust in the Wind*.

Director General Peggy Chou made the point that there is more to Taiwan’s art and culture than the [National Palace Museum](#), which the WACA delegation visited during our final day in Taipei. She did not discount the museum’s significance— a permanent collection encompassing nearly 10,000 years of Chinese history with nearly 700,000 pieces of ancient imperial artifacts and artworks, making it one of the largest and most exquisite collections in the world.

Yet, Ms. Chou said, “We have mountains and sea ... a mix of cultures,” and the “creative spirit soars freely with art in everyday life.” Among other things, Taiwanese enjoy festivals to deities, sky lanterns, bamboo weaving, driftwood art, movies, pop music, pottery, dance, theater, folk drums, and flower pressing.

Ministry officials expressed pride in their Taiwan’s arts schools, foundation-funded arts programs, and the 1980s “new wave” of movies made in Taiwan. Importantly, they are committed to “moving beyond product exchange to cultural exchange” between countries.

The Ministry of Culture has a “global deployment” budget of US\$7.64 million. Derek Hsu manages the U.S. portfolio. He said there are currently 54 projects in the U.S., including film festivals, photo exhibitions, and artists-in-residence programs.

Spotlight Taiwan Project is an initiative of particular interest that seeks to integrate Taiwan’s cultural exchange network, enlarge collaboration, and deepen the island’s image abroad. According to the ministry, “Leading universities and mainstream art, culture, academic and research organizations are being contacted to establish long-term, substantive cooperative relationships. A diverse array of enriching activities that promote Taiwan’s culture and research on Taiwan will be held abroad in support of this project.”

Grants provided through Spotlight Taiwan are up to \$50,000, and seven of the 32 university partners are located in the U.S. The funding is available for: courses and lectures; art and culture activities; and exchanges and collaborations related to Taiwan’s creative industries.

The Ministry of Culture seeks to solidify a Taiwan identity distinct from that of mainland China. Many Taiwanese are now 2nd-, 3rd-, and 4th-generation, so they have developed a “cross-cultural sense and sensibility” that involves Hakka and aboriginal influences and “all ingredients of our culture.” Pre-1949, Taiwan had a culture developed over 500 years, or 7,000 years when including aboriginal culture. Ministry officials underscored challenges with China, such as intellectual property protection, censorship, and “state protection agency” registration requirements. They also noted that the U.S. is now “so intertwined with China.”

Ms. Chou said Taiwan needs to emphasize both innovation and tradition. She wants to burnish Taiwan’s own cultural brand. “We don’t want to put so many (political) implications before the American people,” she said, noting that the key is often to highlight “the fun” aspects of Taiwanese culture.

She added, “It’s not easy to distinguish between Chinese and Taiwan, but it is easy to feel.”