

Thoughts On Pelosi's Taiwan Visit

BY GREG MASTEL

*China responded
like a petulant child.
Shockingly, many U.S.
commentators parroted
Beijing's absurd rhetoric.*

In August, House Speaker Nancy Pelosi led a delegation of Members of Congress to visit Taiwan. Speaker Pelosi's visit was courageous and historic because of her willingness to face down critics on both sides of the Pacific. Though the reaction to this visit was intense, Senators and Members of Congress have been visiting Taiwan for decades. Virtually every congressional recess sees Capitol Hill delegations winging their way to Taipei. Then-Speaker of the House Newt Gingrich visited Taiwan more than a quarter of a century ago. Beyond the reaction, nothing about this visit was truly unusual—just another visit by a congressional delegation to an allied government.

Beijing's extended petulant child imitation in response to the trip, however, was unusual even by the standard set by Chinese propaganda. In an unprecedented burst of pronouncements based on its "Alice in Wonderland" view of reality, Beijing through various spokesmen and official propaganda platforms declared Pelosi's trip to be a "dangerous provocation," used a seemingly endless number of threats employing the term "playing with fire," and threatened "grave consequences." This was stunning rhetoric, given that Beijing has in the months before and since the Pelosi trip sent more than a thousand warplanes across the Taiwan Straits at Taiwan, threateningly maneuvered warships, and even fired ballistic missiles near Taiwan. After the visit, Beijing actually doubled down with a burst of aggressive military maneuvers amounting to a dress rehearsal blockade of Taiwan.

Greg Mastel is a senior international trade and tax advisor with Kelley Drye & Warren. He previously served as a senior international trade adviser in the U.S. Senate.

THE INTERNATIONAL
ECONOMY
THE MAGAZINE OF INTERNATIONAL ECONOMIC POLICY
220 I Street, N.E., Suite 200
Washington, D.C. 20002
Phone: 202-861-0791 • Fax: 202-861-0790
www.international-economy.com
editor@international-economy.com



OFFICIAL PHOTO BY WANG YU CHUNG / OFFICE OF THE PRESIDENT

Perhaps even more troublingly, a number of U.S. commentators seemed to parrot Beijing’s absurd rhetoric by declaring that Pelosi’s trip threatened to destabilize the decades-out-of-date “One China” policy and undermine regional peace and stability. These statements are made with seemingly little recognition that Beijing is a national adversary and by far the largest threat to peace in at least the Pacific. Sadly, the visit highlighted how many Americans, including those in current and former roles in the U.S. foreign policy/defense establishment, have allowed themselves to become *de facto* apologists for Beijing, arguing for the United States to concede to China seemingly with no recognition of the inevitable costs of caving in to a bully whether on the playground or across the Taiwan Straits.

ONE CHINA POLICY

The current situation between Taiwan and China is more than seventy years old and deeply shrouded in diplomatic double-speak, though the basic facts are mostly beyond debate. In 1949, the Nationalist Chinese lost the civil war to Chinese communists and withdrew to the nearby island of Taiwan to set up an independent government. Hostility between the mainland Communists and Taiwan has been high from the beginning, with military struggles over some small islands between Taiwan and the mainland continuing into the 1950s. It is important to note that the People’s Republic of China has not actually controlled Taiwan for even a single day.

In truth, for decades the government of Taiwan was largely authoritarian. Taipei was different from the communist regime in Beijing, but not in truth a shining example of Jeffersonian democracy. In the 1980s and 1990s, true democracy took hold in Taiwan. In 2000, the first president of Taiwan from the previous opposition party

(known as the Democratic Progressive Party or DPP) won Taiwan’s presidency. From there, Taiwan has evolved into a true multi-party democracy, with elections hotly contested and power peacefully shifting back and forth with changing election results. The emergence of democracy was not always pretty, but Taiwan is perhaps the best example of an authoritarian nation evolving into a true democracy with the support of the United States. For its part, the Chinese Communist Party remains in total control of Beijing with perhaps its most authoritarian and nationalist post-Mao leader—President Xi Jinping—now holding power with a brutal record of human rights violations, state-run

Amid intense reaction in both China and the United States, U.S. Speaker of the House Nancy Pelosi meets Taiwan’s President Tsai Ing-wen. Pelosi led a congressional delegation to visit the island in August 2022.

Blinders On Toward Beijing

A number of U.S. commentators declared that Pelosi’s trip threatened to destabilize the decades-out-of-date “One China” policy and undermine regional peace and stability. These statements are made with seemingly little recognition that Beijing is a national adversary and by far the largest threat to peace in at least the Pacific.

—G. Mastel

prison labor camps, new oppression in Hong Kong, and a string of other abuses too many to list.

For understandable reasons, President Richard Nixon reopened ties with mainland China in 1972. The diplomatic opening required somehow addressing a number of thorny issues between Beijing and Washington in a diplomatic statement that is widely known as the Shanghai Communiqué. The most notable issue in the Communiqué was its handling of Taiwan. Beijing declared that it viewed Taiwan as “China’s internal affair in which no other country has the right to interfere.” The United States in what then-Secretary of State Henry Kissinger dubbed “constructive ambiguity” created what has become known as the One China policy by dubiously declaring that “all Chinese” in Taiwan and the Mainland “maintain that there is but one China and that Taiwan is part of China.” It also called for “a peaceful settlement of the Taiwan situation by the Chinese themselves.”

Even at the time, that “constructive ambiguity” was much closer to fiction than fact. The Shanghai Communiqué is at best a temporary diplomatic patch held in place by a glue of almost pure fiction.

Importantly, the Communiqué is not a treaty under U.S. law and does not have the force of law. Though often given a nod of acknowledgment by subsequent

There is interest in both the United States and Taiwan in establishing a free trade agreement between Washington and Taipei. That is a step beyond China’s ability to interfere and would permanently cement ties with a flourishing Taiwan.

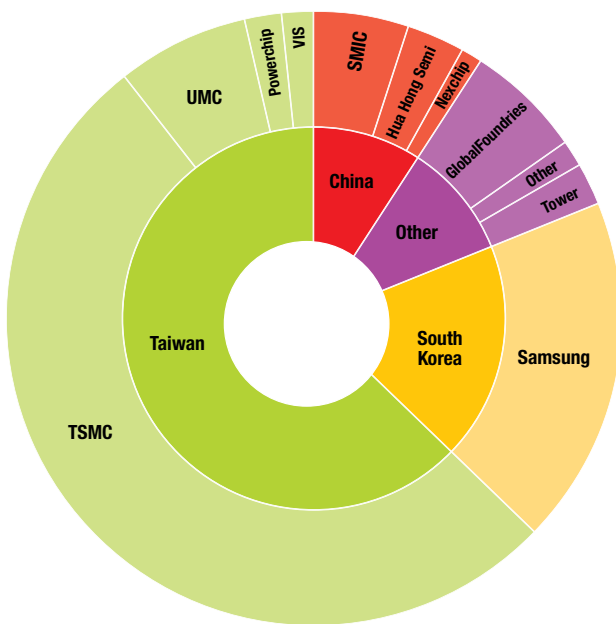
presidents, it is entirely a useful diplomatic fiction and certainly is not the basis for permanent U.S. policy. That fiction may still be useful for managing Taiwan straits relations for some time to come, but simply saying that black is white does not make it so.

Largely in response to the Communiqué, concern in Congress ran so high that it ultimately passed the Taiwan Relations Act in 1979. While acknowledging the One China policy, the Act establishes a permanent level of contacts and diplomatic offices in both the United States and Taiwan. It also commits the United States “to make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain sufficient self-defense capabilities” while committing the United States to “maintain the capacity ... to resist any resort to force or other forms of coercion that would jeopardize the security, or social or economic system, of the people of Taiwan.”

ONE TAIWAN, ONE CHINA

The One China policy certainly does not reflect the current situation on the ground today. Taiwan is vastly changed in 2022 compared to 1972. That is a reality that cannot be forever put in a box and ignored. There is a legitimate and often heated debate within Taiwan as to what the future course with China will be, but it is simply not true to assert that there is agreement among all Chinese that there is one China today controlled by

Top ten global semiconductor manufacturers by market share, 2021 (4th quarter)



Data source: Trendforce, March 2022.

the PRC. The current Democratic Progressive Party administration in Taiwan has articulated a vision of a free Taiwan that has its own path in the world.

Today's Taiwan is a self-governed, democratic nation of 23.5 million people—approximately the same population as Australia. It is the United States' eighth-largest trading partner—just behind Great Britain—with total trade between the Washington and Taipei of \$114 billion per year.

Beyond just the volume, Taiwan is a key economic partner. The semiconductor industry provides an excellent example. The United States has a strong semiconductor industry and the U.S. government recently approved \$52 billion on a bipartisan basis to bolster the U.S. industry. But today Taiwan—led by Taiwan Semiconductor Manufacturing Company—accounts for more than 60 percent of world semiconductor production and more than 90 percent of the production of the most advanced chips that are the beating heart of high-tech de-

*The U.S. security commitment
to Taiwan remains essential.*

vices. Taiwan-made chips are an integral part of many U.S. manufactured products and advanced U.S. weapons systems. TSMC is building a new \$12 billion U.S. production facility scheduled to go on line in 2024 and is a reliable supplier to key U.S. industries.

Semiconductors graphically demonstrate the extreme importance of U.S.-Taiwan economic collaboration to the United States defense industry and the economy as a whole. If Beijing were able to seize the Taiwanese semiconductor industry through an invasion of Taiwan, there would be immediate dire impacts on U.S. technology and defense companies, not to mention it would allow Beijing to make a technological leap forward that would threaten U.S. interests on many fronts. In short, a healthy, independent, and secure Taiwan contributes greatly to U.S. prosperity and security in many ways.

BUILDING ON THE PELOSI VISIT

Though it deserves applause, Speaker Pelosi's visit to Taiwan is only a step toward helping to secure Taiwan and U.S. interests.

It should perhaps go without saying, but the U.S. security commitment to Taiwan remains essential. The

Semiconductor Nightmare

If Beijing were able to seize the Taiwanese semiconductor industry through an invasion of Taiwan, there would be immediate dire impacts on U.S. technology and defense companies, not to mention it would allow Beijing to make a technological leap forward that would threaten U.S. interests on many fronts.

—G. Mastel

United States must continue to supply Taiwan with needed weapons systems, perhaps even urging Taiwan to invest more in its own defense. Even with that, however, U.S. military might is probably the only meaningful deterrent to Chinese military aggression toward Taiwan, its neighbors in the South China Sea, and around the world.

The United States must also continue to support Taiwan's efforts to build its international presence. Because of U.S. support, Taiwan was able to join the World Trade Organization at the same time as Beijing in 2002. Though Beijing will always be a barrier, Washington should also strive to help Taiwan play a constructive role in international institutions, such as the World Health Organization.

Finally, the United States should continue to build on the strongest tie with Taipei—investment and trade. Various informal and sectoral agreements, such as one to enhance and secure semiconductor industry ties, are im-

*The United States must also continue
to support Taiwan's efforts to build
its international presence.*

mediately possible. On a broader level, there is interest in both the United States and Taiwan in establishing a free trade agreement between Washington and Taipei. That is a step beyond China's ability to interfere and would permanently cement ties with a flourishing Taiwan. ◆