

US, Taiwan alternative to China's BRI

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The US is keen to utilise every opportunity that helps it in breaking Chinese influence in the global economy. Its recent informal alliance with Taiwan is one such initiative. It is an opportunity for both Washington and Taipei to counter China's global infrastructure spree amid concerns about Beijing's commitment to international projects and worsening finances among developing countries.

In News: US and Taiwan has entered an informal alliance to counter China

Placing it in syllabus: Foreign relations

Static dimensions

1. What is OBOR and how does it challenge the US?
2. China- Taiwan Problematic Relationship
3. How has the US exploited this faultline?

Current dimensions

1. In news
2. Will the US be able to provide an alternative to OBOR?

Content

In news:

- Taiwan and the U.S. are moving ahead with a plan to finance **infrastructure and energy projects in Asia and Latin America.**
- The capital would be raised from the private sector to ensure greater transparency.
- The first project is expected to start within 2021-22.
- The plan was initiated with the **signing of an agreement**

between the U.S. and Taiwan in September, 2020 which aims to raise funds through bonds aimed at Taiwanese banks, insurers and other private capital.

- Taiwan's infrastructure lending is intended to be more transparent through the greater disclosure of information, such as amounts raised, yields and intended use, as part of the bond-sale process.

Will the US be able to provide an alternative to OBOR?

The **Quadrilateral Security Dialogue**, also known as Quad, an **informal strategic forum between India, US, Japan, and Australia**, has been formed to ensure **peace and stability in the Indo-Pacific and check China's expansionist efforts in the region**.

India alone is not the victim of Beijing's visible expansionism. China and Japan are at loggerheads over the Senkaku islands. Other ASEAN countries are quite literally on China's radar on account of rival claims over maritime boundaries in the resource-rich South China Sea.

After the COVID-19 outbreak, China's relations with Australia have gone precipitously south. The regional turbulence in the Indo-Pacific has naturally drawn in the United States, which under the Trump administration has virtually declared a new Cold War with China.

Under these circumstances, the **bonding of powerful democracies can change the economic and military balance of power vis-a-vis China**. Economically, the strategy is regarded as an **answer to China's Belt and Road Initiative (BRI)**, which is establishing a China-centric trade route.

Now Taiwan is the latest addition to an expanding roster of U.S. partnerships on infrastructure investment in third countries. Other than Taiwan, sixteen other countries have reached similar agreements with Washington, under which

companies from those countries work with the **U.S. International Development Finance Corporation** to fund infrastructure projects.

Japan, South Korea and Australia announced a partnership with the U.S. in 2018. The US has made backing Taiwan a key pillar of its efforts to counter Chinese influence. The **U.S. has estimated that it will invest a combined \$75 billion in developing countries by 2025.**

What is OBOR and how does it challenge the US?

- One Belt and One Road (OBOR) is the global development strategy initiated by the Government of China involving infrastructural development and direct investments in many countries across the continents of Asia, Europe, Africa and the Americas.
- It was announced in 2013 by China's President Xi Jinping.
- The **'Belt'** refers to the **'Silk Road Economic Belt'**, which is a series of overland routes reminiscent of the Silk Road of antiquity and the late middle ages.
- The **'Road'** refers to the **sea routes**, which is also referred to as the 21st Century Maritime Silk Road.

China's One Belt, One Road initiative



- The BRI projects **comprise \$4 trillion of promised investments in 65 countries representing 70 percent of the world's population, 55 percent of its GNP, and 75 percent of its energy reserves.**
- The BRI aims to stabilize China's western peripheries,

rekindle its economy, propel non-Western international economic institutions and **diversify trade suppliers/routes while circumventing the U.S. pivot to Asia.**

- China wants to **consolidate its position at the centre of the global supply** and manufacturing networks which will be the key to the global economy over the coming decades.
- The BRI is central to this vision, and it mutually reinforces China's parallel ambition to take the lead over the coming years in developing key technologies and setting global standards.
- Making it a reality will require an extraordinary alignment of financial resources, technical skills, political commitment and international cooperation.
- On the other side, the US is launching a plan to lock out imports of steel so as to revive America's steel industry.
- The **U.S. still possesses enormous assets to maintain its predominance, including military primacy, multiple alliances, powerful Western-led international organizations, and an unmatched soft power.**
- The US president wants to put US workers back into the jobs that Beijing wants to move Chinese workers out of.
- If America and its allies are determined to resist China's challenge to the old US-led liberal global order, they have to counter Beijing's powerful vision of a future global economy centred on China by an equally powerful and ambitious global economic vision of their own.

China- Taiwan problematic relationship:

- Taiwan, officially known as the **Republic of China (ROC), is an island off the southern coast of China that has been governed independently from mainland China since 1949.**

- The People's Republic of China (PRC) views the island as a province, while in **Taiwan, territory with its own democratically elected government**, political leaders have differing views on the island's status and relations with the mainland.



- Beijing and Taipei sharply disagree on the island's status.
- The PRC asserts that there is **only "one China" and that Taiwan is an inalienable part of it.**
- Beijing says Taiwan is bound by an **understanding reached in 1992** between representatives of the Chinese Communist Party (CCP) and the Kuomintang (KMT) political party then ruling Taiwan.
- The **tacit agreement underlying the 1992 Consensus is that Taiwan will not seek independence.**
- Taiwan's KMT still accepts the consensus as a starting point for future negotiations with the CCP.
- However, the island's current president, Tsai Ing-wen, leader of the Democratic Progressive Party (DPP), has rejected the consensus.
- Taiwanese leaders consider formal diplomatic relations with major powers and international organizations essential if Taiwan is to survive separately from the Communist mainland.
- However, **only fifteen states maintain official diplomatic ties with the island.**

How has the US exploited this faultline?

- Maintaining strong, unofficial relations with Taiwan is

a major U.S. goal, in line with the U.S. desire to further peace and stability in Asia.

- In the **1979 U.S. – PRC Joint Communique**, the United States recognized the Government of the PRC as the sole legal government of China.
- The Joint Communique also stated that the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan.
- Hence, **1979 Taiwan Relations Act** provides the legal basis for the **unofficial relationship between the United States and Taiwan**.
- It enshrines the U.S. commitment to **assist Taiwan in maintaining its self-defense capability**.
- The US has opposed unilateral changes to the status quo by either side, and encourages both sides to engage in constructive dialogue on the basis of dignity and respect.
- The **American Institute in Taiwan (AIT)** is responsible for implementing U.S. policy toward Taiwan.
- **Taiwan is the United States' tenth largest trading partner and the United States is Taiwan's second largest trading partner.**
- Taiwan enjoys Export-Import Bank financing, Overseas Private Investment Corporation guarantees, normal trade relations status, and ready access to U.S. markets.
- The United States has a **trade and investment framework agreement with Taiwan** under the auspices of AIT and the Taipei Economic and Cultural Representative Office (TECRO) in the United States.
- Travel between the United States and Taiwan has continued to grow and there are now 153 sister cities between the United States and Taiwan.
- Taiwan became a member of the **U.S. Visa Waiver Program** in November 2012.
- Taiwan is the United States' seventh largest source of

international students.

- The United States supports Taiwan's membership in international organizations that do not require statehood as a condition of membership.
- U.S. arms sales to Taiwan, totaling more than \$25 billion between 2007 and 2018, has led to U.S.-China friction.
- The Trump administration has also proposed multiple arms deals and unveiling a new \$250 million complex for its de facto embassy in Taipei.

Mould your thought:

1) How is the US preparing to counter the Chinese influence in Indo-Pacific region? Can the informal alliance between Taiwan and the US be a right step in this direction?

Approach to the answer:

- Write about OBOR
- Write about US- Taiwan informal alliance
- Write how QUAD and US partnership with Taiwan helps in countering China
- Conclusion