

## Taiwan is at the center of Asia's economy, but on the margins of its meetings

In his much-lauded keynote address to the Asia-Pacific Economic Cooperation (APEC) CEO Summit in Vietnam last week, Chinese President Xi Jinping called for “a regional cooperation framework that ensures consultation among equals” and promised “to foster a new type of international relations featuring mutual respect.”

Notably absent the APEC 2017 Vietnam festivities was Xi's cross-strait rival, Taiwan's President Tsai Ing-Wen. Though Taiwan is allowed to participate in APEC under the funny pseudonym “Chinese Taipei,” its president is not allowed to attend the meetings in person. Tsai sent in her place the People First Party leader James Soong, a pro-unification politician who is viewed as more palatable to Beijing.

Taiwan is blackballed at APEC and other international forums for one simple reason: China won't let it attend. According to press reports, Xi even warned Japanese Prime Minister Shinzo Abe not to meet with Taiwan's APEC envoy in Vietnam. The half-hour meeting went ahead anyway. Japan and Taiwan are both liberal democracies that embrace global norms of tolerance and recognition. China, it must be said, is not.

Taiwan is one of the most important economies of the Asia-Pacific region, whether measured in absolute size or in per capita terms, using comparisons based on foreign exchange rates (F/X) or purchasing power parities (PPP). Despite having a population of just 23.5 million (slightly smaller than Australia's) and a land area half the size of Australia's island state of Tasmania, Taiwan is the 10th or 11th biggest economy in APEC — and by some measures the sixth richest.

This week the Asian conference circuit moved on from Vietnam to the Philippines. If Taiwan is marginalized at APEC, it is entirely excluded from cooperation with the Association of Southeast Asian Nations (ASEAN), which is currently celebrating its 50th anniversary. Tuesday's ASEAN agenda features a meeting of the ASEAN Plus Three grouping, which includes the 10 members of ASEAN plus China, Japan, and South Korea. Taiwan has wanted in for years, only to be rebuffed at China's insistence.

Taiwan's exclusion from the ASEAN+3 doesn't seem to be hurting its economy, which by some measures has a higher per capita output than any of ASEAN's current "plus three" partners. When measured in purchasing power parity (PPP) terms, Taiwan's GDP per capita surpassed Japan's around the time of the Global Financial Crisis. Taiwan's GDP per capita is currently three times that of China, reflecting Taiwan's status as an advanced industrial economy.

Given its economic success and generally peaceful foreign relations, there is only one reason why Taiwan is excluded from regional economic groupings: hostility from China. Taiwan's representatives take every opportunity to express their desire for inclusion, and Japanese leaders routinely express support for Taiwan's case.

But China continues to view Taiwan as a renegade province, and refuses to participate in any international forum that includes Taiwan in a "consultation among equals." This makes it hard to take Xi Jinping seriously when he advocates a "new type of international relations featuring mutual respect."

Global press coverage of the APEC speeches of Xi Jinping and U.S. President Donald Trump overwhelmingly endorsed Xi's globalism as a more positive message for the future than Trump's "America first." But when push comes to shove, Xi's steadfast China first policy takes precedence over his platitudinous concerns for regional cooperation. Until true democracy — or at least a spirit of true tolerance — comes to China, Taiwan is likely to remain stuck on the margins of Asian economic diplomacy.

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