

TAIWAN-EU ECONOMIC RELATIONS: A EUROPEAN PERSPECTIVE

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Abstract

This study takes a broad overview on the development of Taiwan-EU economic relations with a particular emphasis on the European position. These relations are evolving in the context of the end of the Cold War, the wider impact of European integration and changes in the multilateral domain. The Taiwan-EU-China diplomatic triangle also cannot be ignored, especially as both Taiwan and China have sought EU support of their respective bids to become WTO members. Taiwan has become an increasingly important economic partner for the EU. However certain persistent trade disputes remain. At the politico-institutional level, Taiwan-EU economic diplomacy remains informalised with Taiwan's contested sovereignty constraining the development of more formalised links and dialogue. Yet Taiwan's entry into the WTO will broaden the options of this diplomacy and present new opportunities for nurturing closer Taiwan-EU economic relations in general.

Key Words: Taiwan, European Union, economic relations, WTO, multilateralism, sovereignty

I. Introduction

This study examines the changing nature of Taiwan-EU economic relations and identifies some of the key drivers determining the direction and scope of this relationship. The analysis is based on the assumption that Taiwan-EU economic relations are set contextually between two poles of international political economy theory—neo-realism and neo-liberalism.¹ From the neo-realist perspective, both sides must take into consideration and, at times, even defer to the prominent third-party interests of another state—China—ensuring that both parties are mutually engaged in triangularised inter-state power plays. For the EU, balancing its interests between two important economic partners, the larger of which also plays a major world political role, has proved a serious and difficult diplomatic challenge. Accordingly, both the EU and Taiwan have resolved this dilemma by, to a large extent, deferring to the primacy of markets over states to enable their economic relationship to flourish, thus giving their relationship a strong neo-liberal dimension. This reaction is an explicit recognition by EU and Taiwanese policy-makers that both sides can only achieve so much given the China-related political constraints on formalised economic diplomacy and other modes of relations. Thus, European and

¹ In general terms, neo-realism is founded on a state-centric perspective of the international political economy whereby states are constantly engaged in a competitive power struggle within the anarchic inter-state world system. In contrast, neo-liberalism stresses the predominance of markets over states with governments competing with other actors, such as firms and international organisations, for influence. Furthermore, neo-liberals argue that the deepening of economic interdependence in the world economy requires states and other actors to engage in more co-operative behaviour.

Taiwanese business representatives have become key protagonists in Taiwan-EU economic relations by default. However, Taiwan and China's impending accession to the World Trade Organisation (WTO) will offer policy-makers and economic diplomats greater latitude in extending their directional influence over these relations.

From the bilateral perspective, economic relations are determined by the relative economic performance of both parties, by the degree of complementarity and competitiveness defining the relationship and by the current geopolitical and geoeconomic environment. The Taiwan-EU relationship is complicated more than most by the latter and, in the process of examining the Taiwan-EU relationship, the paper identifies the following three, inter-connected factors which have a particular bearing on Taiwanese-European links.

1. *The end of the Cold War.* On a global basis, the demise of the Soviet Union as a superpower has changed the way nations and regional groupings like the EU deal with China which is increasingly regarded not as a counterbalance to the USSR, as in the past, but in terms of its growing economic weight. On the one hand, this has simplified the EU's relationship with China. On the other hand, the dispute over Taiwan's status has taken on a more central role in China's foreign policy. Therefore, although the EU's relations with China have undergone a major change as a result of the end of the Cold War, Taiwan-EU economic relations still have to be conducted on a pragmatic, business to business basis outside normal diplomatic frameworks. Within Europe, the end of the Cold War has led to a reassessment of the political and

economic geography of Europe such that the EU will eventually encompass the countries of central and Eastern Europe. This will result in a significantly larger EU market and increased relative strength in world markets and international organisations.

2. *European integration.* Despite setbacks, the process of European integration has accelerated since the 1980s. In particular, the construction of the Single European Market (SEM) and the beginning of the final phase of economic and monetary union (EMU) in January 1999, combine to create a twofold impact on Taiwanese-European relations. First, the European market itself is changing rapidly: it is growing larger and more unified, thereby changing the environment in which trade and investment is taking place. Secondly, greater integration has allowed Europe to take a more pro-active leadership role in the world economy and in international organisations. This has given Europe the confidence to shift the emphasis in its own external trade policy away from its own borders and controlling access to its markets towards gaining access to third country markets.
3. *Multilateral changes:* both China and Taiwan are negotiating for entry to the WTO. A successful outcome will mark a major turning point in Taiwan-EU relations. In addition, the agenda of the new Millennium Round of trade talks has been influenced by the growing interdependence of the world economy and their outcome, assuming Taiwan's participation in them, will also have a profound influence on Taiwan-EU relations and Taiwan's economic relations in general.

II. The Taiwan-EU Relationship in Focus

Taiwan's position as the world's fourteenth largest trader and as a major overseas investor has encouraged the EU and European companies to accord greater priority to their relations with it. In 1997, Taiwan was the EU's seventh largest source of imports and other commercial ties between the two have also flourished in recent times. However, Beijing's sensitivity over the conferring of any international recognition to the "province" of Taiwan has both narrowed the EU's economic diplomacy options and triangularised the diplomatic equation with the result that the EU's economic diplomacy frameworks with Taiwan remain the most underdeveloped with East Asian states.

Consequently, the EU and other members of the international community have attempted to foster informal diplomatic relations with Taiwan. Shen (1995) has referred to this as the "holiday diplomacy"² approach. According to Klintworth (1996), Taiwan's position has also been strengthened by "the end of the Cold War tensions in East Asia, the consequent decline in the strategic importance of China and the contrast between Taiwan's domestic political reforms and the bloody events in Beijing in June 1989" (pg. 392). Moreover, Klintworth further argued that attempts to apply economic leverage against Taiwan would rebound as it would demonstrate that China was an untrustworthy economic partner at a time when it continued to seek membership of multilateral fora (most notably

² This forms part of the wider "flexible diplomacy" paradigm introduced by Lee Teng-hui in the late 1980s as a strategy for developing Taiwan's non-official ties.

the WTO) and a more comprehensive integration into the world economy.

In the short term, the fact that the Asian crisis has touched Taiwan less than most other countries in the region reveals its development to be soundly based on stable institutions and makes it a potentially attractive destination for European companies wishing to establish a base in the region. Conversely, although Europe's economic growth over a long period has not been as dynamic as that of Taiwan's neighbours, its economic performance has been more stable and subject to less extreme business cycle swings in the 1990s. This makes Europe an attractive partner at a time when several Asian countries have undergone serious economic downturns.

From a long term perspective, trade and investment flows between the EU and Taiwan were minimal for many years. The EU15 group was a poor third import partner for Taiwan during the 1960s and 1970s, well behind Japan and the USA who between them supplied Taiwan with over half its imports (see Table 1). In 1975, Taiwan accounted for a mere 0.3% of extra-EU15 export trade and 0.5% of extra-EU15 import trade valued at ECU 389m and ECU 643m respectively. By 1998, these shares had risen to 2.6% and 1.7% (see Table 2) and in the same year the EU imported ECU 18,130m worth of goods from Taiwan and exported ECU 12,066m to the island.

The EU sustained a continuous trade deficit with Taiwan during 1975-1997, reaching a new peak in 1998 at ECU 6,064m (see Figure 1). By the end of the period, Taiwan had become the EU's seventh most important source of imports and the fourth largest outside Europe behind the US, Japan and China. The EU's position as one of Taiwan's import partners had also

improved slightly over the same period from a 12.0% share of the total to 15.0%. Within the EU, Germany is Taiwan's most important trading partner, followed by the UK, France and the Netherlands (see Figure 2).

The rapid expansion of Taiwan-EU trade in the 1980s and 1990s was generally attributable to two main factors. First, the Taiwan Government purposely sought to diversify its trade relations beyond its pronounced dependency on the US and Japan, and West Europe was the remaining "core" global region with which Taiwan was "undertrading." The second factor concerns Taiwan's rapid techno-industrial advancement in the period which increasingly required imports of capital-intensive goods from Europe (e.g. industrial machinery, chemicals) and simultaneously created demand within the EU for Taiwan's more technology-intensive, competitively priced products. Recent sectoral patterns in Taiwan's exports to the EU confirm this structural shift: the share of more labour-intensive exports such as textiles, clothing and footwear has fallen proportionately whereas that of more technology-intensive exports has increased. For example, office machinery and computers accounted for only 1.4% of Taiwanese exports to the EU in 1980 but by 1997 they represented 34.4%, making Taiwan the EU's third largest import source for these products. Electrical machinery's share of the total also rose markedly from 7.1% to 16.0% and that of road vehicles increased from 1.3% in 1987 to 5.7% ten years later (see Figure 3).

Until 1979, annual European direct investments in Taiwan numbered less than five with the total amount invested remaining below \$30m per annum. However, inflows of European FDI in Taiwan steadily rose during the 1980s and by 1998 the

stock of EU direct investment totalled \$2,794m, 8.8% of Taiwan's total inward stock of FDI. This compares to 23.8% in the case of the US, 24.9% from Japan, 12.0% from Latin America and 9.8% from Hong Kong. Dutch and British firms have spearheaded EU direct investment on the island, accounting for 39.6% and 33.8% respectively of the EU total. Amongst the largest European investors in Taiwan have been Philips, ABB, Siemens and ICI. Many of the current 600 or so European investment projects involve major public works and joint ventures in high-tech industry. Taiwan's six year National Development Plan has especially attracted European investment. For example, the \$14bn high-speed train programme has brought many European commercial ministers to Taiwan to promote key contracts for their domestic producers, with the European Commission also playing an active lobbying role.

From Taiwan's perspective, the relative size of the EU market and the growing influence of the EU in world economic fora make the European Union an attractive commercial partner. Despite containing only 6.5% of the world's population, in 1997 the EU accounted for 28% of world GDP, 19.7% of world merchandise exports and 17.8% of world merchandise imports (see Table 3).³ The EU is also particularly dominant in service trade which is becoming an increasingly important part of global commercial exchange. In 1997, EU service exports comprised 38.6 per cent of total world service exports of \$ 1.3 trillion and four out of the world's top five service exporters were EU members.

³ These figures exclude intra-EU trade.

III. Taiwan, the EU, Economic Diplomacy and the China Syndrome

As is the case with most of Taiwan's economic partners, the EU's economic relations with Taiwan can only be understood within the context of EU-China relations (Dent 1999). As a result of the EU's "one China" policy, Taiwan-EU relations are informal and relatively under-developed. Moreover, because of sovereignty issues, Taiwan has not been able to participate in multilateral level negotiations and its relations with the EU have been limited to the bilateral level.

Taiwan's early post-war diplomacy with West European countries followed a more or less inverse path to Sino-European relations. As a condition of forming official diplomatic ties with Beijing, countries were obliged to discontinue those with Taipei. Thus, the decision of the UK, Denmark and the Netherlands to curtail diplomatic relations with Taiwan in 1950 was a precursor to commencing those with the PRC. France's diplomatic advances towards China during the early 1960s led the Taipei Government to break ties with Paris in February 1964. Until the Sino-American normalisation of 1971, Luxembourg, Spain and Portugal remained the only West European nation-states to maintain formal diplomatic channels with Taiwan.

Moreover, Taiwan's attempts to formalise links with the EEC during the early 1960s were thwarted by objections from the French and Dutch Governments.⁴ However, a limited agreement on textiles trade was signed between the EC and

⁴ When Taiwan was voted out of the UN in 1971, most West European nations voted no or abstained, with the exception of Luxembourg, Portugal and Greece.

Taiwan in October 1970, but this simply imposed restrictions on Taiwanese exporters and lasted for only three years. Any chance of further agreements or the creation of more formal diplomatic channels ended with the opening of official relations between Beijing and the European Commission in 1975.⁵ Taiwan was consequently denied membership of the EC's Generalised System of Preferences (GSP) scheme and other economic assistance afforded to rival Asian Newly Industrialised Countries (NICs).

Tsai and Ming (1990) have blamed Taiwan's foreign policy failures of the early post-war period on the inflexible position adopted by the KMT Government. They argued that the pursuit of a "two Chinas" or "dual representation" policy after China's rapprochement with the West in the early 1970s would have improved Taiwan's chance of maintaining official relations with many countries. As it transpired, the number of states recognising Taiwan's sovereignty fell from 66 in 1970 to 23 by 1983. During this time, Taiwan had also developed a very pronounced economic and military dependency on the USA and a significantly high proportion of its imports originated from Ja-

⁵ Acting on behalf of the EC, European Commission Vice-President Christopher Soames stated that: "The Community . . . does not entertain any official relations to enter any agreements with Taiwan. I explained that matters such as recognition of states did not enter into the responsibility of the Community. But . . . all member states of the Community recognised the Government of the People's Republic of China as the sole government of China and have taken position with regard to the Taiwan question acceptable to the People's Republic" (*EC Bulletin* 5-1975, 1201-1205).

pan.⁶ Certain comparisons can be made with Korea in this respect. Like Korea, Taiwan has in recent years diversified its trade relations towards Europe, a process which has also helped broaden indirect support for its sovereignty (Copper 1996).

While the EU's "one China" policy means that it cannot confer political recognition on Taiwan, the EU has *de facto* recognised Taiwan in an economic sense and has accorded the development of economic diplomacy, albeit informally, with the island territory a relatively high priority. This has had to be done within the confines of non-political ties resulting in a low level of representation and an absence of formal diplomacy either at national or supranational level. However, both sides have established non-official institutions that have acted as conduits through which informal diplomacy has evolved. Where higher level representation has occurred *via* mutual visits, a certain informality of contact has been clearly demonstrated so as not to offend Beijing. The PRC has nevertheless been highly sensitive to any high level interactions between Taiwanese Government ministers and foreign officials,⁷ although it has had to accept the necessity of Taiwan-EU bilateral negotiations on Taiwan's WTO accession—a process which the PRC must simultaneously undergo.

The development of a framework for Taiwan-EU economic relations apart from the constraints imposed by formal diplomacy began in the early 1980s. Three trends should be noted.

⁶ In 1970, almost 43% of Taiwan's imports originated in Japan. Although this share has subsequently fallen, Japanese imports continued to form approximately one quarter of Taiwan's imports in 1997.

⁷ For example, when Taiwan's Vice-President and Prime Minister, Lien Chen, visited Ireland in January 1997.

First, a number of bilateral economic co-operation committees were set up around this time between EU member states and Taiwan. Belgium began the trend in 1981, followed by Spain (1982), the Netherlands (1983), Sweden (1986), West Germany (1988), the UK (1988), Ireland (1988) and Italy (1989).

Secondly, and in a similar vein, by 1988 eleven European countries had set up quasi-trade organisations in Taiwan: their main function is to promote mutual business and technological co-operation as well as cultural exchanges.⁸ These are not official diplomatic representative offices, and hence their level of politicised authority remains limited. However, as Mengin (1997) notes, most have become reasonably close substitutes for embassies and perform many of the tasks usually associated with them such as issuing visas. In Europe, Taiwan has also created fourteen commercial representative offices, including one in Brussels to manage contacts with the European Commission and other EU institutions.

Thirdly, delegations from the European Commission and Taiwanese Government convened for their first round of informal trade talks in December 1981. Over the 1980s there were

⁸ By 1997, the list of unofficial representative offices in Taipei of EU countries included the Anglo-Taiwan Trade Committee, Austrian Trade Delegation, Belgian Trade Association, Danish Trade Organisation, Office of Finnish Industry and Transport, French Institute, German Trade Office, Office of Representative Hellenic Organisation for the Promotion of Exports, Institute of Trade and Investment of Ireland, Italian Trade Promotion Office, Netherlands Trade and Investment Office, Spanish Chamber of Commerce and the Swedish Trade Council. There also exists a European Council of Commerce and Trade in Taipei.

seven such rounds⁹ based on relatively minor issue agendas (e.g. visa applications for commercial travellers) rather than substantive talks on major geoeconomic issues. This is partially attributed to Taiwan's lack of engagement in international economic organisations which somewhat narrowed the scope of discourse.¹⁰ However, wider technical discussions on various commercial issues were to follow during the 1990s. Thus, the framework for conducting informal economic diplomacy between Taiwan and the EC was reasonably developed at the end of the 1980s. The quasi-diplomatic functions performed by business representatives from both sides continue to play a relatively prominent role in Taiwan-EU economic relations, filling the vacuum of a non-existent political diplomacy.¹¹

⁹ Over the course of the 1980s, the EC and Taiwan held the following informal trade talks: December 1981 (London), First Customs Duty Talks between the EC and Taiwan; March 1982 (Singapore), Second Customs Duty Talks; October 1982 - January 1983, Textile trade talks; October 1984 (London), 3rd EC-Taiwan Trade Talks; July 1986 (Brussels), 4th EC-Taiwan Trade Talks; March 1987 (Singapore), 5th EC-Taiwan Trade Talks; May 1988 (London), 6th EC-Taiwan Trade Talks; July 1989 (Bangkok), 7th EC-Taiwan Trade Talks.

¹⁰ It is also worth noting that these discussions were deemed so politically sensitive that Taipei did not host the talks until their 9th round in October 1992.

¹¹ The European Commission even used Eurochambres (European Chambres of Commerce and Industry) as its agent to conclude two agreements with Taiwan in 1990-91. These were the "Protocol on Income Tax Exemption on Shipping Enterprises" (1st August 1990) and the "Agreement on the Organisation of a System of International Customs Deposits with China-Taiwan for the Temporary Admission of Goods" (29th December 1990 - 20th March 1991). The former was negotiated with the Taipei Cultural and Economic Office in Brussels and the latter with the Secretary General of the China External Trade Development Council (CETRA).

The European Parliament (EP) has been an important pressure promoting the EU's relations with Taiwan beyond the level proposed by the European Commission and Council of Ministers, and has competed for influence over the EU's Taiwan policy.¹² As a democratic agency, the EP has felt obliged to safeguard Taipei's sovereignty against pressure from Beijing. To some degree, this has been a question of relativity: the KMT's presiding "one-party" democracy in Taiwan offers a more palatable alternative to monolithic Chinese Communist Party rule.¹³ Furthermore, the EP has been encouraged by the KMT's recent political reforms and its support has increased with the acceleration of democratisation in Taiwan.

The EP has also been a strong supporter of Taiwan's accession to the WTO. In May 1993, the Hindley and Reding Reports were presented to the EP as the basis for discussions over the reintegration of both Taiwan and the PRC into the GATT and the wider international economic system.¹⁴ A delegation of MEPs visited Taiwan in November 1995 on the invitation of Taipei. A few months later in March 1996, the EP publicly condemned the PRC for conducting high-level military exercises in the Taiwan Strait on the eve of the island's first direct presidential election. The following July, the EP adopted the so-called "Role of Taiwan in International Organisations"

¹² In 1985, for example, an EP resolution initiated by MEP J. Van Aerssen, called upon the EC to upgrade its trade relations with Taiwan where possible.

¹³ In the last decade, Taiwan could also be said to have moved beyond "one-party democracy" to embrace greater political pluralism.

¹⁴ *EP Report*, (Hindley) No. A3-0092/93, Doc. PE203.426/fin, 19.03.93; *EP Report*, (Reding) No. A3-0139/93, Doc. PE202.417/fin, 29.04.93.

resolution in which support was registered for Taiwan's return to the United Nations and the wider international community. Most recently, some MEPs have also pushed for the European Commission to establish an EU-level representative office in Taipei.¹⁵

The treatment of the dispersed commercial interests of Taiwanese business across the Chinese Diaspora provides an example of the neo-liberal context of Taiwan-EU relations. The EU's economic relations with China, Hong Kong and the ASEAN states have a significant impact on its links with Taiwan. Examples of this impact include the EU's trade disputes with East Asia's Chinese-based economies in which Taiwanese firms are active¹⁶ or to the promotional aspects of these relations from which Taiwanese firms have benefited.¹⁷ In an attempt to promote its Asia-Pacific Regional Operations Centre (APROC)¹⁸ initiative, Taiwan has also encouraged European multinationals to link up with Taiwanese companies to jointly develop new business opportunities in China and Southeast Asia.¹⁹ This was the main focus of the first Taiwan-EU Industrial Co-operation meeting in June 1996, in which 14 European industrial groups and 16 private and public sector groups from Taiwan convened

¹⁵ This will be more strongly considered after Taiwan's WTO accession.

¹⁶ For example, the anti-dumping duty (ADD) placed on bicycles manufactured by the Taiwanese firm Giant in the PRC.

¹⁷ See Hung (1995) for a debate on EU-ASEAN relations and their impact on Taiwan.

¹⁸ The aim of the APROC initiative is to develop Taiwan into a regional hub for finance, communications and commerce, especially in relation to the axis of international trade and investment in China and Southeast Asia.

¹⁹ This idea was first raised by Taipei in the 10th EU-Taiwan Trade Talks held in February 1994 at Brussels.

to discuss the potential for joint ventures in the region,²⁰ a clear example of where the neo-liberal drive of markets has supremacy over diplomatic considerations.

On the other hand, security considerations have played some part in Taiwan's economic relations with European countries, which in turn have affected EU-China relations—a clear example of the neo-realist dimension of Taiwan-EU relations and of the constraints placed on the Taiwan-EU commercial relationship. Taipei has consistently attempted to diversify its military procurement sources beyond the US, a policy which that has inevitably drawn EU member states into the diplomatic equation. In 1981, for example, the Dutch RSV shipyard secured a contract from the Taiwanese Government to build two diesel-powered submarines. Beijing consequently downgraded its diplomatic relations with the Netherlands from ambassadorial to *chargé d'affaires* level.²¹ Full Sino-Dutch diplomatic relations were restored in 1984 when the Dutch Government informed China that it did not intend to bid for any further military contracts from Taiwan.²² In 1990, despite pressure from Beijing, the French Government sold 16 LaFayette frigates to the Tai-

²⁰ The most prominent sectors discussed were aerospace, computers, telecoms, shipbuilding and environmental technology. Later on in 1997, the French aircraft manufacturer *Latecomer* became the first European firm to enter into a aerospace joint venture with a Taiwanese counterpart, this being the state-run Aerospace Industry Development Corporation. The venture's objective was to make components for Airbus Industry.

²¹ In addition, Beijing ordered the Anglo-Dutch oil company, Shell, to curtail its prospecting activities in Shanxi province, commanded Chinese naval vessels to boycott Rotterdam port and refused to grant visas to Dutch nationals.

²² See Chui (1991) for further details.

wanese Navy and in 1992 sold 60 Mirage jets worth \$3.2bn to Taiwan. Beijing responded by closing the French consulate in Guangzhou and barred French companies from bidding to build the city's new subway system. Undeterred, France went on to sell a further \$2.6bn worth of military hardware to Taiwan in 1994. However, this policy was soon reversed after the inauguration of a new French Government that year. European countries have continued to sell arms to Taiwan but such activity inevitably comes under scrutiny and pressure from mainland China.

IV. European Integration and Taiwan-EU Relations

The two main European integration initiatives of recent years—the SEM and EMU—reflect the EU's preoccupation with market integration and the continuing primacy of neo-liberal economics which, in its purest form, treats borders as inconsequential. These market-driven initiatives continue to have a profound impact on both the domestic European business environment and on the way that the EU engages with the rest of the world. Countries and enterprises from outside the EU wishing to conduct some form of commercial relationship with the EU need to take this into account.

The EU's trading partners feared that the SEM would lead to a more inward looking EU that would seek to exclude non-EU enterprises from access to its markets. This so-called "Fortress Europe" scenario was a real and genuine concern for non-EU states. In practice, such fears proved unfounded (Hanson 1998). Indeed, the SEM benefited third countries as much,

if not more than EU member states, given that once a good gained access to the European market, it could move freely throughout the European market—in theory at least. Furthermore, competition from third country enterprises increased levels of competition within the European marketplace, thereby stimulating the process of structural adjustment within Europe.

Most of the FDI stimulated by the SEM comprised flows between EU states. However there was a tangible impact upon extra-EU FDI. Inward investment from Japanese and American firms has been significant and primarily market seeking. In the initial stages of the SEM, FDI flows into Europe were intended to establish investors in the European marketplace and thus circumvent the possibility of being excluded from the marketplace by the advent of “Fortress Europe.” This motive rapidly dispersed along with the “Fortress Europe” fears and FDI activity was stimulated more by factors such as market growth, growing internationalisation and, in the case of Japan, by the rise of the yen in the mid-to-late 1980s than by the SEM.

Taiwan has, so far, played a relatively minor role in the upsurge of FDI in Europe. To some extent, its SME-based economy explains the relatively limited and small-scale nature of Taiwanese investments in Europe, especially in comparison to those originating in Japan and Korea. By 1996, total Taiwanese FDI in the EU amounted to \$420.4m, representing a mere 1.0% of all Taiwan’s outward FDI (see Figure 5), much of which is directed towards investment in cheaper locations within Asia. The largest Taiwanese direct investment in the EU has been Chung Hwa Picture Tubes’ manufacturing project in Lanarkshire, Scotland which supplies Digital, IBM and other IT producers in Scotland’s Silicon Glen. In addition, Taiwan’s

large foreign exchange reserves, its restricted domestic absorption capacity and the spreading of Taiwanese economic activity will provide further opportunities for Taiwanese investment in Europe.

Enlargement of the European Union may provide opportunities for and signal a greater influx of Taiwanese FDI into Europe. In 1995, Lodz in Poland and Plzen in the Czech Republic were specifically targeted as industrial zones for Taiwanese investors. Under this project, Taiwanese firms are to assist the development of the zones to perform as low cost, export production platforms from which EU markets could be served. The anticipated accession into the EU, and hence the Single Market, of the two host countries has been an instrumental factor in these projects.

The launch of the single currency will also provide opportunities for Taiwan's traders and investors, both within the European market and in the broader international financial environment.²³ However, it will be some time before the full impact of the euro will be felt and before it becomes clear to what extent the euro takes on an international role. Within Europe, the euro will play a similar role to the SEM: it is expected to consolidate the gains from the SEM by unifying the market further through reduced transaction costs and uncertainty from exchange rate movements, increased monetary stability and facilitation of financial market integration. To the

²³ For example, euro-induced higher aggregate demand in the EU should also increase the general demand for both Taiwanese imports and the products of Taiwanese multinational investors in Europe. Furthermore, the euro offers a currency alternative to the dollar in terms of foreign exchange reserve management, trade invoicing and euro-denominated bonds.

extent that the single currency boosts European growth, it will have a positive impact on Europe's demands for imports. However, greater competitiveness of European goods could offset this effect a little.

The direct effect on Taiwan of the introduction of the euro will be mild but in the longer term it may be affected by the emergence of the euro as a reserve currency which could lower the prominence of both the dollar and the yen in international markets. Taiwanese investment in the EU is also likely to be affected by the introduction of the euro: European subsidiaries of the Taiwanese companies will have to change their internal practices and procedures to sustain their competitive positioning within EU markets.

The growth of the unified capital market within the EU and reputation for stability of the euro should lead to use of the euro as a reserve currency. Its emergence as an international reserve currency is not expected to be rapid given the lead of the dollar in this area: nearly half of the world's foreign-held bank deposits are in dollars and half of global trade is invoiced in this currency. The euro, given the economic weight behind it, will challenge the dollar's dominance in the longer term. The speed and extent to which this happens will depend upon the euro's ability to gain the confidence of global capital markets as a risk-free currency.

V. EU Trade Policy and Taiwan

The absence of formal economic diplomacy between the EU and Taiwan has meant that both parties have frequently been subject to the unilateral actions of the other (Shen 1995). It has

only been in recent years that a more consultative approach has been established, a process that has been helped considerably by Taiwan's WTO accession negotiations. At the end of the 1980s, the EC's outstanding commercial disputes with Taiwan concerned Taiwan's taxes on maritime and air transport, import tariffs, liquor and tobacco taxes, public procurement, intellectual property rights and agricultural import license regimes (Mengin 1991). Most of these disputes persisted and it was only as a result of the WTO accession negotiations that effective resolutions to some of these issues were found.

Meanwhile, Taiwan expressed concerns over the EC's quotas on textile, footwear and various consumer durable products, and anti-dumping regime. As with other East Asian NICs, Taiwan's trade disputes with the EU have centred on the EU's "external" barriers to trade, that is, more conventional or official trade barriers such as tariffs, duties and quotas. The EU's anti-dumping regime, in particular, has been criticised by Taiwan's government and firms. During 1985-97, Taiwan attracted 16 EU anti-dumping investigations, a relatively high number compared to most of its East Asian rivals: that is, twice as many as either Hong Kong or Singapore although only half that of Korea's own figure. In November 1988, Taiwanese producers of synthetic polyester fibres, microdisks, electrolyte capacitors, glutamic acid, polyester yarns, personal fax machines, bicycles and stainless steel fasteners all faced definitive anti-dumping duties in March 1999 (see Table 5).

Laursen (1995) observed that the Taiwanese criticism of the EU's anti-dumping regime focussed upon the EU's "producer-driven" approach that caused it to neglect the interest of European importers. This was apparent when the European Bi-

cycle Importers Association registered its complaint in 1998 over the new antidumping duty imposed by the Commission on bicycle imports from Taiwan.²⁴ To circumvent this predicament, Wang (1993) observed that many Taiwanese SME firms had adopted a strategy of becoming suppliers to EU producers, thereby providing them with a disincentive to lobby for anti-dumping actions on Taiwan imports.

However, although anti-dumping and other traditional trade policy instruments remain important to the EU, and to the Taiwan-EU relationship in particular,²⁵ important shifts are underway in EU trade policy which will ultimately have a major effect on Taiwan. Greater openness in the global trading system has exposed European firms to more competition than ever before in their domestic market and is creating opportunities for them to compete in overseas markets. Thus, the goals of internal and external EU policy are converging. External policy increasingly focuses on improving market access for EU firms in third country markets, not only in terms of tariffs but also in relation to the type of barriers that have been removed in the single market campaign. These barriers include technical barriers to trade and liberalisation of services.

Accordingly, in 1996 the Commission announced its new Market Access Strategy (MAS) which explicitly reflects these trends. The MAS represents a shift in emphasis in EU external commercial policy from its own borders to those of its trading partners and implies a more systematic and co-ordinated use of existing policy instruments and resources for the purposes of

²⁴ Over half of the EU's total bicycle imports originate from Taiwan.

²⁵ Add details of AD activity in 1999.

prising open third country markets. The guiding principles of the MAS are to concentrate foreign economic policy efforts on improving the climate in which European firms operate—principles which are entirely consistent with general EU economic policy and with the objectives of the SEM. This is to be achieved by creating opportunities for Community firms to compete in third country markets on equal terms with other businesses. The benefits of open markets arise, according to the Commission, from increased competition, which in turn boosts competitiveness and generates additional growth and jobs. This additional liberalisation, interdependence and competition requires constant adjustments from business in terms of strategies for investment, networking, sourcing, financing, etc.—adjustments which were also necessitated on a less global scale by the SEM and related policies.

The MAS is based on the assumption that European firms face many and various obstacles in third country markets. Its overall objectives, therefore are to adopt a “more systematic, coherent and pro-active approach” to the negotiation and enforcement of trade deals and rules and to place greater emphasis on opening third country markets as opposed to protecting the domestic market. More specifically, the MAS will pursue the following goals:

- the compliance of trading partners with their obligations arising out of WTO agreements;
- the full exploitation of existing and new market opening in-

struments: the Trade Barriers Regulation (TBR),²⁶ which came into effect in 1995 and established a mechanism whereby EU firms and industries can act against trade barriers affecting their access to third country markets;

- action against other barriers to cross-border economic flows which do not fall into the traditional category of “trade barrier”: such barriers include discriminatory national investment or competition laws;
- the provision of information to businesses about the possibilities offered by existing instruments to press for greater market opening.

The Commission can pursue its market opening objectives bilaterally or multilaterally. In view of its role as the world’s largest trading bloc, the EU has a strong interest in strengthening multilateral provisions. However, this is complex and can be extremely time-consuming, leading to a role for bilateral actions in the interim. Bilateral actions can take the form of ad hoc country and country-sector specific negotiations, visits, more comprehensive agreements with individual countries or regional trade groupings and use of the TBR. A major element of the bilateral agenda is the identification of trade barriers: the Commission has set up an on-line Market Access Database which contains details of known trade barriers and which relies on information provided by European business. This informa-

²⁶ Under the TBR, an EU enterprise, group of firms or a member state which believe they are adversely affected by obstacles to entry to third country markets can submit a formal complaint to the Commission for investigation. The ultimate aim is to achieve the reduction or elimination of the barrier, initially through bilateral talks with the third country in question or, failing that, through recourse to the WTO dispute settlement procedure.

tion is then used to determine where and how market access initiatives should occur. Until Taiwan becomes a full member of the WTO, it is the bilateral aspect of the dimension of the MAS which is most directly relevant to Taiwan. As a result of the early experience of the MAS, the Commission intends to use its market access database to develop strategies to reduce and eventually eliminate particular types of barriers, including those relating to intellectual property rights, standards and certification and trade-related investment measures. Significantly, a number of the items contained in the Taiwan section of the market access database figured prominently in the Taiwan-EU bilaterals on WTO accession (see below).

VI. Multilateralism, the EU and Taiwan's Accession to the WTO

Taiwan has struggled to reassert its international status, at least amongst diplomatic circles, after US acknowledgement of the PRC's political legitimacy in 1972. As a consequence, Taiwan was expelled from various international organisations, most importantly the UN, IMF, World Bank and the GATT. Taiwan's application to rejoin the GATT in January 1990 represents its most significant attempt to regain a position in the international community. However, the PRC has insisted that its own application for membership - which was submitted in 1986 - should be accepted either before or at the same time as Taiwan's.²⁷ While Taiwan secured membership of APEC in

²⁷ The ROC originally joined the GATT in 1947 but left in 1950 after the installation of the Maoist regime on the mainland, and remained uninterested in GATT for many years. Later on, Taiwan sought and gained observer

1991²⁸ and of the South Pacific Forum a year later, it has yet to re-establish or develop formal diplomatic relations with any of its main economic partners.²⁹

As with China, Taiwan endeavours to accede to the WTO during the 1990s were pivotal in the development of its economic relations with the EU. Taiwan's entry to the organisation would also add a multilateral dimension to Taiwan-EU economic diplomacy. The previous absence of multilateral discipline within Taiwan's trade regime implies that the EU had much to gain from Taiwan's accession to the WTO. Positioned outside the GATT/WTO framework, Taiwan has been able to resist the downward pressure on tariffs and other "external" barriers to trade such as miscellaneous duties, quotas and import licenses, many of which are recorded in the EU's Market Access Database.

The WTO accession process entails preliminary bilateral negotiations between each prospective member and those existing members who request such talks. This requires mutual compliance with established multilateral rules and accords and has resulted in Taiwan consequently making various market opening concessions to the EU. Indeed, the objectives of negotiations on the EU's part were very much in line with those of the EU recently adapted Market Access Strategy.

The bilateral negotiations between the EU and Taiwan

status in 1965 but then lost in 1971 after the normalisation of Sino-American relations.

²⁸ Although under the name Chinese Taipei.

²⁹ Taiwan currently maintains formal diplomatic relations with 27 or so countries, but these are mainly small, poor nations in Africa and Latin America that receive high levels of Taiwanese aid.

were finally completed in July 1998 and a formal agreement was signed by both parties in January 1999. The agreement grants major concessions to European exporters, significantly extending their access to the Taiwan market. In addition to phased reduction of tariffs on industrial products generally, Taiwan made important concessions in a number of areas which had created problems for Taiwan-EU bilateral relations. These included:

- *Motor vehicles*: given the relatively small size of its domestic market, Taiwan has long maintained high domestic protection in the motor vehicle sector to enable a domestic motor industry to emerge. In order to circumvent these barriers, overseas car manufacturers had established assembly plants in Taiwan but pressure remained to reduce the protection against imports. Accordingly, the Taiwan-EU bilateral agreement contained a commitment on the part of Taiwan to lower its tariffs on motor vehicles to 17.5% (from 30%) by 2008 and to increase tariff quotas until their full phase out. The agreement also requires Taiwan to lift its ban on diesel passenger cars and on motorcycles above 150 cc within two years after accession and to remove tax incentives which encourage manufacturers to use domestically produced engines and bodywork.
- *Alcohol*: domestic tax regimes on alcohol have resulted in serious discrimination and market access problems for European producers, particularly of whisky and cognac. In Taiwan, liquor attracts very high rates of so called "monopoly taxes," which on whisky are NT\$440 (around ECU 11.6) per litre and on brandy and cognac up to NT\$1,000 (approximately

ECU 26.4).³⁰ The bilateral agreement resulted in a commitment by Taiwan to reduce its tax on cognac to ECU 12.9 and on whisky to ECU 9.2 on 1 August 1998.³¹ If new legislation equalising taxes on spirits did not come into force by 1 January 1999, Taiwan undertook to drop taxes on cognac and on Scotch and Irish whisky to ECU 5.2 per litre. By 2000, Taiwan agreed to eliminate tariffs altogether on EU spirits and to act against the abuse of the labelling, origin and quality of European wines and spirits given the EU's concern about 150 lookalike brands produced indigenously in Taiwan.³²

- *Services*: as a result of the bilateral agreement, Taiwan has undertaken to remove foreign equity restrictions in most service sectors. There are some exceptions, such as telecommunications, in which the EU and other foreign companies will nevertheless be allowed to hold a controlling interest. Market access will be significantly improved in financial services and much greater freedom is to be extended to foreign owned shipping companies to operate shipping and related services.
- *Agriculture*: upon accession to the WTO, Taiwan has agreed to open its markets in sectors which are of particular interest to European producers such as pork and poultry. In addition, Taiwan has agreed to immediate improvements in access terms for apples and citrus fruits.

³⁰ A 12.5% tariff and 5% business tax were additionally applied.

³¹ Early trade figures suggest that the tariff changes have resulted in a significant increase in European liquor exports to Taiwan.

³² Whisky is the UK's second largest export to Taiwan.

WTO membership will bring important advantages for Taiwan in its economic relations with the EU. Its unique international status which had excluded it from a number of trade frameworks which other similar countries took for granted. Taiwan, for example, had never been a GSP beneficiary of the EU and thus had never benefited from the tariff and quota-based concessions of the scheme. Taiwan's relative position in the EU's hierarchy of trade relations received a boost when its rivals East Asia and elsewhere were either partially or completely graduated from the EU's GSP scheme from 1995 onwards, enabling Taiwanese manufacturers to compete in EU markets on more equal terms. Taipei was quick to seize this opportunity. When it was announced that Taiwan's closest NIC rivals - Korea, Singapore and Hong Kong—would be fully graduated from the EU's GSP scheme in May 1998, the Taiwanese Board of Foreign Trade drew up plans to send 40 trade promotion teams to EU locations.

In addition to exclusion from potentially beneficial trade promotional schemes, Taiwan's absence from international trade policy frameworks has made Taiwan's exporters vulnerable to unilateralism. For example, the EU's application of unilateral trade policy actions against Taiwan will be circumscribed by WTO rules and procedures. Like many other East Asian states, Taiwan will especially gain if multilateral competition policy rules are incorporated into the WTO framework which can be expected to temper the EU's anti-dumping regime. Taiwan also does not participate in the MFA and has therefore been prone to frequent unilateral actions from the EU in the textile and clothing sector. However, textiles and clothing have gradually become a less important export for Taiwan constituting only

6.6% of its total exports to the EU in 1997, down from 19.2% in 1980 and both MFA and non-MFA restrictions are to be phased out by 1 January 2005.

Completion of bilateral negotiations will not result in Taiwan's rapid absorption into the WTO without the decoupling of Taiwan's accession from that of China which had run into difficulties by early 1998 and which remain unresolved given China's preoccupation with the Asian financial crisis. The two accessions had been linked by an informal understanding. For both the EU and US, decoupling would not pose a contradiction to their respective "one China" policies as statehood is not a necessary prerequisite of WTO membership. Prospective members must, though, operate as separate customs authorities and exercise control over its commercial policies, conditions which Taiwan easily satisfies. Moreover, from the EU point of view, this was a de-politicised issue as the WTO is a trade-based organisation. Nevertheless, Beijing remained sensitive to any recognition of quasi-sovereignty concerning Taiwan.

VII. Conclusion

Taiwan's furtherance of its relations with the EU is, in part, a means to promote its political sovereignty. However, the EU has long recognised the contestable nature of this sovereignty which has considerably narrowed its diplomatic options. Nevertheless, the EU has a strong motivation to develop its economic relationship with Taiwan, especially as Taiwan has become an increasingly important trade partner for the EU and has therefore afforded the island territory a higher priority within the framework of its economic diplomacy.

Furthermore, in its efforts to join the multilateral trade regime, and thus integrate itself more closely into the international economic system, Taiwan has had to temper its neo-mercantilist policies as part of a neo-realist systemic conditioning. This will benefit the EU and other trading partners, who will gain from the compliance of an important world trader with multilateral trading norms and rules. By upholding Taiwan's right to function as a separate custom's authority, as it has done so through the negotiation of the bilateral agreement as part of Taiwan's WTO accession negotiations, the EU has been able to establish clearer parameters for its links with Taipei and develop the relationship further. In the future, and provided Taiwan's accession to the WTO can be managed successfully alongside (or ahead of) that of China, the WTO will emerge as an important non-state agent and alternative governance regime in the conduct of Taiwan-EU economic relations. Indeed, Taiwan's WTO membership will mark a watershed in the development of Taiwan-EU economic relations.

Political sovereignty, and the associated diplomatic recognition, is the formal manifestation of statehood. Contested sovereignty, although causing at times severe problems, has proven not to be a bar to the conduct of economic relations.³³ Taiwan is an "economic state," possessing the technocratic ap-

³³ This corresponds to the analysis of European integration offered by Wallace (1990) when he drew a distinction between formal and informal integration within the context of the network economy. The latter arises as a result of market dynamics and the development of technology and communications networks whereas formal integration is driven by politics and institutional developments. Both within the framework of European integration and the evolution of Taiwan-EU economic factors, there is a strong case to be made that the influence of informal factors is under-estimated.

paratus to manage both domestic and international economic policy agendas. Indeed, the EU's economic exchange and linkages with Taiwan have flourished despite the lack of an advanced or formalised economic diplomacy framework as a result of the activities of non-state actors. It is firms that trade and invest overseas and have hence created new interdependent links between the EU and the two territories. Business representatives have also consistently performed a quasi-diplomatic function in the EU's economic relations with Taiwan: European multinationals, for example, were invited to participate in the APROC initiative and Southeast Asian joint ventures with Taiwanese firms.

Mutual economic self-interest has also heightened the relevance of the concept of complex interdependence. During the 1990s, EU policy-makers and businesses have had to increasingly acknowledge the triangularised economic links between Taiwan, Hong Kong and China. The South China Sea's transnationalised coastal economy has brought both complications and opportunities for EU businesses. Examples of the former include the transshipment and anti-dumping circumvention issue. European firms should also consider the opportunities of network economy building across the Chinese Diaspora. At present, the direct transnational links between the EU and its two East Asian economic partners are rather limited, with the level of mutual FDI and number of sub-contracted production arrangements being comparatively low. However, there are instances where the "insider" loyalties of EU multinationals have been evident (e.g. European car manufacturers and Taiwan's WTO accession tariff deal) or where coalitions have been forged between Taiwanese and Hong Kong firms and EU importers. The

interdependencies associated with financial globalisation, underlined by the 1997-98 East Asian financial crisis, have also emphasised the need for closer policy co-operation and co-ordination between the EU, Hong Kong, Taiwan and other partners.

At the same time, given the PRC's ascendancy to economic superpower status and the impact this will have on the future balance of geoeconomic power, the EU is wary not to offend Beijing. In many respects, the EU has complied with Beijing's wishes over matters concerning Taiwan in order to safeguard European commercial interests across "Greater China." Hence, for the EU, the maintenance of cordial relations with the PRC has become an even greater priority than those with Taipei. Until the problems between Taipei and Beijing are resolved or normalised, this is always likely to be the case. Taiwan is a dynamic, economically successful trading partner for the EU but its potential economic power lags significantly behind that of the PRC. Taipei must therefore continue to pursue new "flexible" diplomacy options towards the EU with the aim of optimising the benefits that closer non-officialised ties can bring to this economic relationship.

The EU is also caught between similar neo-realist and neo-liberal constraints in developing its economic relations with Taiwan. It has already explored most neo-liberal routes at promoting economic ties with Taiwan by harnessing European business as a quasi-diplomatic force. Naturally, there will always be more that can be done to develop Europe's commercial linkages with Taiwan, but these alone do not constitute the breadth of economic relations. In order to enhance a comprehensive economic relationship, a more formalised economic

diplomacy framework must be created in which the EU can conduct meaningful discourses with Taipei on both substantive geoeconomic issues and key bilateral concerns. The EU's advocacy of Taiwan's WTO membership is an important step forward in tackling such neo-realist constraints. Europe's promotion of Taiwan's economic sovereignty or economic statehood elsewhere in the international system should also be considered where latitude permits. For instance, the relaxing of formal statehood criteria for OECD, IMF and other regime membership would present an opportunity for such a strategy to be pursued. New important options for EU-Taiwan relations in the ever changing calculus of international political economy may yet therefore present themselves in the early twenty-first century.

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Table 1 Geographic Breakdown of Taiwan's International Trade (percentage per trade partner, 1960-1998)

	1960		1965		1970		1975		1985		1990		1995		1998	
	Imports	Exports														
EU15	10.0	5.6	7.1	10.0	10.6	11.3	12.0	14.9	14.1	6.5	21.4	11.6	14.1	11.7	15.0	13.2
United States	38.2	11.5	32.1	22.0	23.8	39.7	27.8	34.5	23.4	49.4	21.5	34.6	18.6	24.2	17.8	24.9
Canada	0.7	0.7	1.2	2.0	1.1	3.6	0.8	3.0	1.5	2.6	1.3	2.6	1.2	1.6	1.0	1.8
Australasia	1.3	0.2	2.2	1.2	3.4	1.5	3.1	2.5	3.9	2.5	2.8	2.3	2.7	1.8	2.9	1.7
Japan	35.4	37.5	40.2	31.1	42.7	15.1	30.5	13.2	25.2	9.5	28.8	12.3	28.0	11.2	24.1	9.2
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	3.3	3.0	11.5	3.0	12.2
Korea	0.1	3.6	0.4	1.4	1.0	1.9	1.0	2.2	0.8	0.9	2.3	2.1	3.8	2.0	4.0	1.8
Hong Kong	1.6	12.5	1.1	6.5	1.8	9.5	1.3	6.8	3.6	7.5	6.4	10.8	4.5	13.0	4.1	11.9
ASEAN	3.4	13.2	5.4	18.4	7.3	11.8	5.8	9.9	6.9	5.5	7.4	11.8	10.8	13.3	15.7	10.4
Middle East	6.7	10.9	4.3	2.1	4.1	1.4	11.7	4.2	5.9	8.0	2.5	4.6	2.0	3.0	2.2	3.1
Africa	0.7	2.2	2.4	2.8	0.7	3.0	2.3	3.8	2.2	1.3	0.9	0.3	1.3	1.4	1.1	1.8
Latin America ¹	0.1	0.1	2.6	0.2	3.4	1.0	1.0	1.9	3.0	1.5	2.4	1.9	2.6	1.9	3.0	1.9
Other	1.8	2.0	1.0	2.3	0.1	0.2	2.7	3.1	9.5	4.8	1.7	1.8	7.4	3.4	6.1	6.1

Source: IMF Direction of Trade Statistics, various editions.

Notes: 1. Includes the Caribbean states.

Table 2 Geographic Breakdown of the EU15's External Trade, 1960-1998 (percentage per trade partner)

	1960		1970		1975		1980		1985		1990		1995		1997		1998	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Japan	1.6	1.4	3.9	2.9	4.8	2.2	5.5	2.5	8.1	3.1	11.7	6.3	10.0	5.7	8.9	5.0	9.2	4.3
China	0.9	1.5	0.6	1.0	0.6	1.1	0.7	0.9	1.0	2.1	2.6	1.5	4.8	2.6	5.6	2.3	5.9	2.4
Korea	0.0	0.3	0.1	0.4	0.6	0.4	0.8	0.6	0.8	0.7	1.8	1.8	2.1	2.4	2.0	2.0	2.2	1.2
Taiwan	-	-	-	-	0.5	0.3	0.8	0.4	1.0	0.6	2.1	1.3	2.2	1.8	2.3	1.8	2.6	1.7
Hong Kong	0.5	0.9	1.0	1.1	1.1	0.6	1.2	1.0	1.2	1.2	1.5	1.8	1.3	2.8	1.2	2.8	1.4	2.4
ASEAN	3.4	3.3	1.9	2.7	1.9	2.5	2.7	3.0	2.7	3.0	4.0	4.8	6.3	6.4	6.9	6.3	7.2	4.2
East Asia total	6.4¹	7.4¹	7.5¹	8.1¹	9.5	7.1	11.7	8.4	14.8	10.7	23.7	17.5	26.7	21.7	26.9	20.2	28.5	16.2
United States	23.0	15.5	23.9	20.2	19.0	13.1	18.1	14.0	18.6	24.8	20.8	21.2	19.0	18.1	20.5	19.6	21.3	21.9
Canada	5.2	3.9	4.6	3.4	2.8	2.1	2.4	1.8	1.9	2.6	2.3	2.7	2.1	1.8	1.9	2.0	1.8	2.0
Australasia	6.3	6.3	3.5	4.2	2.3	2.9	1.6	2.2	2.0	2.7	1.6	2.6	1.4	2.4	1.2	2.1	1.4	2.0
EFTA	6.5	11.6	8.8	15.0	8.6	12.8	9.8	15.5	11.8	12.7	13.3	15.3	12.8	12.2	12.0	10.9	11.3	11.5
CEEC ²	4.2	5.2	5.7	8.6	5.1	9.8	4.3	7.1	4.8	4.7	5.4	6.2	8.7	10.3	9.0	12.1	10.1	13.5
CIS ³	3.4	3.4	3.4	3.7	4.4	5.6	5.4	4.9	6.6	4.7	4.5	3.8	4.6	3.6	4.7	4.6	3.9	4.0
Africa	15.6	20.3	18.3	16.1	14.9	18.7	15.8	19.1	17.9	11.6	11.6	11.9	8.6	9.0	8.4	7.2	7.4	8.0
Latin America	11.0	10.0	9.1	8.2	6.5	8.0	6.5	7.0	8.1	4.5	6.2	4.3	5.6	5.7	5.1	6.3	4.9	6.7
OPEC ⁴	15.2	11.9	17.2	8.1	29.4	17.6	29.0	19.5	18.7	13.8	10.5	9.5	7.2	6.9	7.8	7.2	6.1	6.6
Med. Basin ⁵	6.3	12.5	8.7	8.4	7.1	12.6	7.9	12.3	10.2	10.9	8.2	10.0	8.3	11.3	8.6	11.6	8.0	11.9
ACP ⁶	10.3	10.2	9.7	8.6	7.9	8.1	7.7	8.5	7.9	5.5	4.8	4.5	3.7	3.1	3.4	2.8	3.0	3.1

Source: Eurostat.

Notes: 1. Taiwan omitted for these figures; 2. Central and East European countries: Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Albania, Slovenia, Croatia, Bosnia-Herzegovina, Yugoslavia and Macedonia; 3. Commonwealth of Independent States: Russia, Ukraine, Belarus, Moldova, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Tajikistan and Kyrgyzstan; 4. Organisation of Petroleum Exporting Countries: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, UAE, Venezuela; 5. Ceuta and Melilla, Gibraltar, Malta, Cyprus, Turkey; 6. Algeria, Libya, Morocco, Tunisia, Egypt, Jordan, Lebanon, Syria, Israel; 6. Africa-Caribbean-Pacific group.

**Table 3 World's Top 20 Merchandise Traders in 1997
(excluding intra-EU trade)**

	Share of world exports (%)			Share of world imports (%)	
	1960	1997		1960	1997
EU (15)	29.3	19.7	United States	18.0	20.8
United States	24.9	16.5	EU (15)	31.1	17.8
Japan	4.7	10.1	Japan	4.6	7.8
Canada	7.1	5.1	Hong Kong, China	1.1	4.8
Hong Kong, China	0.8	4.5	Canada	6.5	4.7
China	:	4.4	South Korea	0.3	3.3
South Korea	0.0	3.3	China	:	3.3
Singapore	0.2	3.0	Singapore	0.5	3.1
Taiwan	n.a.	2.9	Taiwan	n.a.	2.6
Mexico	0.9	2.6	Mexico	1.2	2.6
Malaysia	:	1.9	Malaysia	:	1.8
Switzerland	2.3	1.8	Switzerland	2.5	1.8
Russia	:	1.6	Australia	2.5	1.5
Australia	2.4	1.5	Brazil	1.6	1.5
Thailand	0.4	1.4	Thailand	0.5	1.5
Saudi Arabia	:	1.3	Russia	:	1.1
Indonesia	0.7	1.3	Turkey	0.5	1.1
Brazil	1.5	1.3	Poland	:	1.0
Norway	1.1	1.1	Indonesia	0.7	1.0
India	1.6	0.8	India	2.5	0.9
Total top 20		86.1	Total top 20		84.0

Source: World Trade Organisation and Eurostat.

Table 4 World's Top 20 Traders in Commercial Services, 1997

Share of world exports (%)		Share of world imports (%)	
United States	17.8	United States	12.0
United Kingdom	6.5	Japan	9.7
France	6.3	Germany	9.2
Germany	5.6	United Kingdom	5.5
Italy	5.5	Italy	5.5
Japan	5.3	France	4.9
Netherlands	3.7	Netherlands	3.4
Spain	3.4	Canada	2.8
Hong Kong, China	2.9	South Korea	2.6
Belgium-Luxembourg	2.6	Belgium-Luxembourg	2.5
Austria	2.4	Austria	2.1
Singapore	2.3	Taiwan	1.9
Canada	2.3	Spain	1.9
South Korea	2.2	China	1.9
Switzerland	1.8	Hong Kong, China	1.8
China	1.8	Sweden	1.6
Australia	1.5	Australia	1.5
Sweden	1.3	Singapore	1.5
Taiwan	1.3	Russia	1.4
Denmark	1.3	Thailand	1.4
EU* (intra and extra ex-ports)	38.6	EU* (intra and extra imports)	36.6
Total top 20	77.8	Total top 20	75.1

* EU figures slightly under-estimate EU's actual shares as only EU service providers inside the top 20 are included.

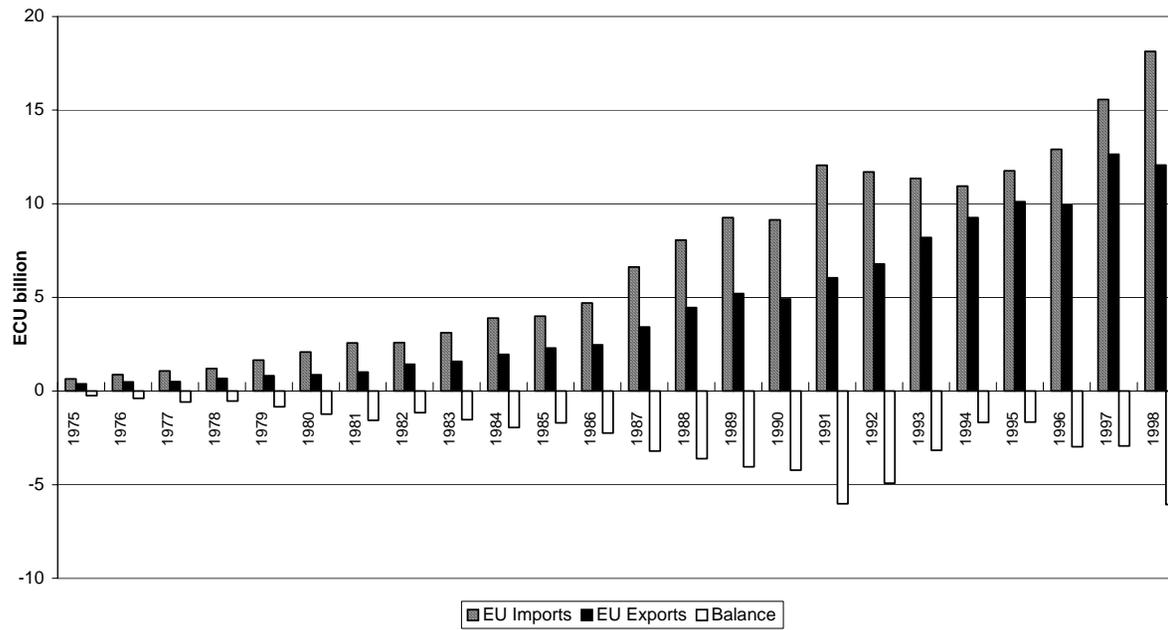
Source: World Trade Organisation.

**Table 5 EU Anti-Dumping Duties on Imports from Taiwan
(at March 1999)**

Product	Initial Imposition Date
Definitive duties in force	
Synthetic polyester fibres	22.10.92
Microdisks	21.10.93
Electrolyte capacitors	18.06.94
Glutamic acid (monosodium glutamate)	20.01.96
Polyester yarns	14.06.96
Fasteners (stainless steel)	20.02.98
Fax machines (personal)	27.04.98
Bicycles	25.02.99
Recent investigations	
Steel coils (hot-rolled)	11.01.99

Source: DG1C, European Commission.

Figure 1 EU - Taiwan Merchandise Trade (1975-1998)



Source: Eurostat.

Figure 2 EU Member State Trade with Taiwan (1987, 1997)

EU12 Exports to Taiwan by Member State (1987)

EU12 Imports from Taiwan by Member State (1987)

EU15 Exports to Taiwan by Member State (1997)

EU15 Imports from Taiwan by Member State (1997)

Source: Eurostat.

Figure 3 Taiwan's Exports to the EU by Sector (1980, 1987, 1997)

Taiwan's Exports to the EU by Sector (1980)

Taiwan's Exports to the EU by Sector (1987)

Taiwan's Exports to the EU by Sector (1997)

Source: Eurostat.

**Figure 4 Inward FDI Stocks in Taiwan by Geographic Origin
(1987, 1998)**

Inward FDI Stocks in Taiwan by Geographic Origin (1987)

Inward FDI Stocks in Taiwan by Geographic Origin (1988)

Note: Approved investment.
Source: UNCTAD database.

**Figure 5 Stock of Outward FDI from Taiwan by Geographic Origin
(1996)**

Stock of Outward FDI from Taiwan by Geographic Destination (1996)

Note: Approved investment.
Source: UNCTAD database.

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台灣及歐聯經濟關係：歐洲觀點

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摘 要

本文從一宏觀角度檢視台灣與歐聯經濟關係之發展，尤其從歐洲觀點加以分析。台歐關係涉及後冷戰、歐洲整合及國際環境之轉變。歐聯與台灣、中共之三角關係也不能被忽略，因為台灣與中共同時爭取歐聯對其加入 WTO 之支持。台灣已漸漸成為歐聯之一個重要經濟伙伴，然而雙方仍存在一些貿易糾紛。在政治及組織層級，台歐經濟交往仍維持非正式關係，此乃台灣外交處境導致之限制。台灣之正式加入 WTO，預期將提供更多機會，促進台歐經濟關係之發展。

關鍵詞： 台灣、歐洲聯盟 (歐聯)、經濟關係、世界貿易組織、多邊主義、主權