

**Written Testimony by Bureau of East Asian and Pacific Affairs
Deputy Assistant Secretary of State Kin Moy at the
House Foreign Affairs Committee Hearing
“The Promise of the Taiwan Relations Act”
March 14, 2014**

Introduction

Thank you for inviting me to this special committee meeting to mark next month’s 35th anniversary of the Taiwan Relations Act (TRA). I wish to commend you, Mr. Chairman, for your leadership and strong interest on behalf of U.S.-Taiwan relations and their role in regional prosperity and stability, as evidenced by the large Congressional delegation you led last month to Taiwan, Japan, and South Korea.

The U.S.-Taiwan relationship, though unofficial, has never been stronger than it is today. I firmly believe strengthening our long-standing friendship with the people on Taiwan remains a key element of the U.S. strategic rebalance to the Asia-Pacific. Our enduring relationship under the Taiwan Relations Act represents a unique asset for the United States and is an important multiplier of our influence in the region. This friendship is grounded in history, shared values, and our common commitment to democracy, free markets, rule of law, and human rights.

Today we give credit to the Taiwan Relations Act (TRA) that played such a key part in protecting Taiwan’s freedom of action and U.S. interests the last 35 years in the Asia-Pacific area. Taiwan’s status today as a top 20 world economy leading regional development, conservation, and assistance efforts – as it confidently engages the People’s Republic of China – is a testimony to the diligence of the people on Taiwan and to the success of the TRA.

The U.S. Congress, by passage of the Taiwan Relations Act, established the American Institute in Taiwan to represent our interests locally, with offices in Taipei, Kaohsiung, and Virginia. AIT Taipei hosts an accomplished Chinese-language school that has trained hundreds of my colleagues. AIT maintains close cooperation with the Taipei American School, which serves both AIT families and the larger expatriate community in Taipei. We have also watched the Kaohsiung American School thrive since its founding 25 years ago. The Fulbright commission on Taiwan has existed for over 50 years, oversees efforts of dozens of scholars and English-language teachers annually, and occasionally hosts regional Fulbright meetings to share its best practices with others. The American Chamber of Commerce in Taipei, now more than 60 years old, has more than one thousand members and is an influential advocate for U.S. businesses. People-to-people relations are strong and multifaceted between Taiwan and the United States.

The United States has an abiding interest in peace and stability across the Strait, and supports improving cross-Strait relations at a pace acceptable to people on both sides.

Security Ties

Taiwan and the United States enjoy but strong economic, security, and cultural relations. Consistent with the Taiwan Relations Act and the United States' one China policy, the United States makes available to Taiwan defense articles and services necessary to enable Taiwan to maintain a sufficient self-defense capability. This long-standing policy contributes to the maintenance of peace and stability across the Taiwan Strait.

U.S.-Taiwan relations are founded upon mutual security, respect for democracy and human rights, and a growing economic partnership. The TRA declares that peace and stability in the Western Pacific area “are in the political, security, and economic interests of the United States, and are matters of international concern.” It also asserts a U.S. policy to “maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.”

As China's economy and military spending grow, and China continues its military deployments and exercises aimed at Taiwan, it is more important than ever for Taiwan to spend sufficient money on a professional military force that uses asymmetry, innovation, independent thinking, and every defensive advantage a Taiwan can muster to deter potential attempts at coercion or aggression. For its part, the Obama administration has notified over \$12 billion to Congress of sales of defensive equipment and materials to Taiwan.

Taiwan does not formally participate in international coalitions or exercises. However, Taiwan does utilize defensive materials and services provided by the United States, which increase not only Taiwan's deterrence capabilities, but also its humanitarian assistance capacity. Taiwan has played an increasingly significant role in disaster relief enterprises, such as relief to Palau and the Philippines after Typhoon Haiyan in November 2013.

Our support for Taiwan's democracy, human rights, and defensive needs has given Taiwan confidence in its engagements with mainland China, leading Taiwan to sign an unprecedented number of economic and cultural cross-Strait agreements. Soon there will be more than 800 direct flights a week between the island and the mainland, something unthinkable a decade ago. Taiwan's Mainland Affairs Office Director Wang Yu-chi recently traveled to the mainland for meetings with his PRC counterpart, Director Zhang Zhijun of the PRC's Taiwan Affairs Office. Such

developments lead many observers to remain optimistic about a continued easing of cross-Strait tensions. The United States continues to support such cross-Strait dialogues and remains committed to supporting Taiwan's ability to engage in such discourse free from coercion.

In a region experiencing tensions, the United States appreciates Taiwan's cooperative efforts to peacefully resolve disputes, share resources, and pragmatically approach territorial disputes. In 2012 Taiwan achieved a fishing agreement with Japan and in 2013 reached an understanding with the Philippines after a Taiwan fisherman was killed in coastal waters where the Taiwan and Philippines exclusive economic zones overlap.

Economic and Cultural Ties

Taiwan was the United States' 12th -largest trading partner in 2013, based on the value of two-way trade. In March 2013 we restarted our engagement with Taiwan under our Trade and Investment Framework Agreement (TIFA) after a six-year hiatus. Through the TIFA we have been able to address and resolve U.S. and Taiwan trade and investment concerns, including technical barriers to trade, affecting a broad range of sectors, such as agriculture, IPR, pharmaceuticals and medical devices, and investment. We have used the Investment Working Group as a forum to discuss a number of investment issues of concern to both sides, including Taiwan's interest in a Bilateral Investment Agreement. We also are engaging with Taiwan on the sets of economic liberalization initiatives spurred by President Ma's New Year Address, as Taiwan evaluates its readiness for and interest in the Trans-Pacific Partnership, or TPP.

In 2012, direct investment from Taiwan to the United States stood at approximately \$7.9 billion, making it a focus market for SelectUSA, the U.S. government program housed in Commerce to promote business investment in the United States. We encourage U.S. state and local governments to include Taiwan among the destinations for their business development missions. Among the factors that are luring corporate leaders in Taiwan to take a close look at the United States as a manufacturing hub or an export platform are the strong rule of law and protection for intellectual property rights that we enjoy in the United States; the research and development capabilities of U.S. companies, universities, and laboratories; and the increasingly attractive pricing and supply of natural gas in the United States.

In October 2013, Taiwan sent one of the largest delegations to the SelectUSA Summit hosted by the Department of Commerce. In November, Taiwan's former Vice President Vincent Siew led an impressive delegation of Taiwan CEOs to the United States, announcing over \$2 billion of new or ongoing

investments in the United States during the visit. We are now looking at how to regularize these kinds of business exchanges. We are considering Taiwan's interest in restarting exploratory talks for a Bilateral Investment Agreement, and we welcome Taiwan's interest in the TPP.

Taiwan remained the sixth largest source of international students in the United States through the 2012-2013 academic year. Given the small size of Taiwan's population – just 23 million – on a per capita basis, Taiwan sends more students to the United States than mainland China, India, or even Canada.

The United States remains by far the largest investor in Asia, as well as on Taiwan. The number of registered Americans living on Taiwan increased 2.7 percent in 2013 to 67,510 people. The United States remains one of Taiwan travelers' most popular tourist destinations, with the number of Taiwan travelers to the United States increasing by 29% during the first eight months of the Visa Waiver Program that was adopted in late 2012.

In 2013 the United States and Taiwan celebrated 20 years of environmental cooperation, during which time Taiwan made huge strides in reducing pollution and becoming a regional leader in environmental best practices.

International Space for Taiwan

As a top 20 world economy and a WTO and APEC member, Taiwan has a strong role to play in the Asia-Pacific region and worldwide. Taiwan participates in about 60 international organizations as well as hundreds of international NGOs.

We are pleased that since 2009, Taiwan has been invited each year to participate in the World Health Assembly (WHA) as an observer. We think Taiwan's status at the WHA also should allow for more meaningful participation in the work of the World Health Organization, through greater inclusion in technical and expert meetings – a privilege Taiwan often is denied. In September 2013, Taiwan was invited as a guest to the triennial International Civil Aviation Organization (ICAO) Assembly in Montreal, and we look forward to ICAO inviting Taiwan to participate in regional and technical meetings relating to Taiwan's status as a major air hub in the region. Through a Taiwan NGO, Taiwan also observes and participates in the United Nations (UN) Framework Convention on Climate Change. The State Department encourages the UN, its agencies, and other international organizations to increase Taiwan participation in technical and expert meetings.

Our policy is to support Taiwan membership in international organizations where statehood is not a requirement for membership and encourage Taiwan's meaningful participation, as appropriate, in organizations where its membership is not possible. U.S. goals for supporting Taiwan's participation include: enabling

the people on Taiwan to comply with international regulations and safety, addressing trans-border health issues, facilitating international travel, giving and receiving appropriate international assistance and advice, and assisting in capacity-building.

Taiwan regularly hosts annual international academic and NGO meetings, and performs international development, leadership, and humanitarian relief/disaster assistance missions. Recent examples include its relief efforts after the 2008 earthquake in China's Sichuan province; after the 2011 earthquake and tsunami in Japan; and after Typhoon Haiyan in November 2013 in the Philippines and in Palau.

Conclusion

Mr. Chairman and members of the Committee, I thank you again for the opportunity to appear today to highlight the strength and durability of ties between the people of the United States and the people on Taiwan, and to underscore the successes of our cooperative efforts within the context of unofficial relations.

Taiwan has earned a respected place in the world. Every society wishes dignity for itself, and people on Taiwan are no exception. Thanks to the Taiwan Relations Act, people of goodwill in the United States and on Taiwan have a firm foundation to further strengthen our robust relationship for the benefit of both our peoples.