

THE BROOKINGS INSTITUTION
CENTER FOR EAST ASIA POLICY STUDIES

**TAIWAN AND THE TRANS-PACIFIC
PARTNERSHIP:
ISSUES AND OPPORTUNITIES**

The Brookings Institution
November 20, 2013
Washington, DC

[Transcript prepared from an audio recording]

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

Introduction and Moderator:

RICHARD C. BUSH III
Director, Center for East Asia Policy Studies;
Senior Fellow, Foreign Policy
Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies
The Brookings Institution

Keynote Address:

THE HONORABLE VINCENT SIEW
Honorary Chairman
Cross-Strait Common Market Foundation

Panelists:

JOSHUA MELTZER
Fellow, Global Economy and
Development
The Brookings Institution

Y.F. LIN
Former Permanent Representative to
the World Trade Organization
Taiwan, Penghu, Kinmen and Matsu

M.T. "TERRY" COOKE
Managing Director
GC3 Strategy, Inc.

RICHARD C. BUSH III
Director, Center for East Asia Policy
Studies;
Senior Fellow, Foreign Policy
Chen-Fu and Cecilia Yen Koo Chair in
Taiwan Studies
The Brookings Institution

PHILIP YANG
Professor, Department of Political
Science
National Taiwan University

DAVID BROWN
Adjunct Professor in China Studies,
Paul H. Nitze School of Advanced
International Studies
Johns Hopkins University

Closing Remarks:

FRANCIS KUO-HSIN LIANG
Deputy Minister
Ministry of Economic Affairs

* * * * *

PROCEEDINGS

RICHARD BUSH: Ladies and gentlemen, if I could ask you to take your seats, I think we should begin our program. Thank you very much.

My name is Richard Bush. I'm a senior fellow here at the Brookings Institution. I am also proud to hold the Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies here in Brookings. I'm very happy to welcome all of you here today to this program on Taiwan and the Trans-Pacific Partnership: Issues and Opportunities.

TPP is a strategic initiative for renovating the economics architecture of the Asia-Pacific. It's a central element of President Obama's rebalancing strategy. So, the purpose of today's session is to explore different dimensions of Taiwan's participation in TPP. And we are pleased to convene this program today.

We'll have a couple of panels later in the session. My colleague, Joshua Meltzer, who is a fellow in our Global Economics and Development program, will chair the first panel on "The Imperative of Economic Liberalization." I will chair the second panel on "Domestic and External Obstacles to Liberalization." Josh and I have collaborated on a [series](#) of [research papers](#) on these subjects.

But to frame our discussions, Brookings as an institution, both Josh and I personally, are deeply honored that the Honorable Vincent Siew will give this afternoon's keynote address. Mr. Siew needs no introduction to most of the people in this audience.

He has played a central role in crafting Taiwan's economic strategy for several decades. During the 1990s, he was Minister of Economic Affairs, Chairman of the Council of Economic Planning and Development, Chairman of the Mainland Affairs Council, a member of the Legislative Yuan, and Premier. His most recent official position was as Vice President of the Republic of China, which he held from 2008 to 2012. So, he's served Taiwan and its people for a long, long time, and very well, also.

Since stepping down from that post in May of last year, Vincent has worked tirelessly to promote Taiwan's growth and prosperity domestically, vis-à-vis mainland China and internationally. In this mission, he has worked closely with Taiwan's private sector, and he's accompanied today by some really prominent members of the Taiwan business community. So, in my humble opinion, there's no better person than Vincent Siew to speak on the pressing issue of Taiwan and TPP. And it's with great pleasure that I welcome you to Brookings today. Please join me in conveying that welcome. (Applause)

THE HONORABLE VINCENT SIEW: Thank you, Richard. Thank you for your kind introduction.

Distinguished guests, ladies and gentlemen, it is a great pleasure to be here today. Today, I want to speak with you about the strategic implication of Taiwan's participation in the Trans-Pacific partnership, or TPP. But my concern is much broader.

The fundamental purpose of our visit is to bring Taiwan back to Washington's attention. To say that Taiwan has been the staunchest ally of the United States in East Asia is an understatement. For the fundamental values that everyone associated with the United States, including democratic political institutions and the liberal economic system, Taiwan embraces and exemplifies, and today, is a strong defender of such principles within its region.

Regretably, it is now not at all unusual to hear doubts about whether the United States still cherishes a partner and a friend as loyal as Taiwan. And the doubts emerge with good reason.

The United States has now slipped to third in importance among Taiwan's major trade partners, lagging behind China and then Japan. An even more clear but worrisome indicator comes from a recent HSBC report which finds the economies of Taiwan and the United States have essentially decoupled.

According to this research, before 2008, a 1 percent increase in the U.S. GDP would cause a 6 percent increase in Taiwan's exports. But now, the linkage is no longer significant. In comparison, a 1 percent increase in mainland China's GDP now would cause a 3.8 percent increase in Taiwan's exports.

For the two once-close partners, this recent development is truly unfortunate, but I must ask, frankly, does the United States really care about the state of affairs in the U.S.-Taiwan relations?

Our presence here and the people who accompanied me show that Taiwan cares greatly about our fading linkage with the United States. Our dedication is composed of business leaders from top Taiwanese companies, all of which have close business relations with the United States, and have also business branches across East Asia.

The goal of our U.S. trip is simple, but significant. We wish to rekindle economic a close U.S.-Taiwan partnership by demonstrating Taiwan's dedication to our longstanding ties with the United States, and to ensure Taiwan's inclusion in Washington's policy debates.

Taiwan is facing a very difficult economic and strategic challenge, many of which our U.S. friends, such as Richard Bush and Kurt Campbell and many of you who are in this room have skillfully articulated during discussion in both Taipei and Washington. Due to the difficult international political reality facing in Taiwan, Taiwan is excluded from the major regional trade agreements being formulated in Asia and as a result, risks being economically

marginalized.

It is noteworthy that in 2010, Taiwan signed an Economic Cooperation Framework Agreement, or ECFA with mainland China. The ECFA opens up the enormous Chinese market to Taiwanese businesses, but without access to other trade agreements, Taiwan's external trade and economic relations remain highly dependent and imbalanced toward integration with mainland China, while facing diminishing ties with the rest of the world.

I suggest this trend runs very much counter to U.S. interests in Asia. The risk of Taiwan's marginalization undermines people's confidence about our long-term economic prospects and discourages domestic and foreign direct investment in Taiwan, at a time when Taiwan depends on such investments to improve its export competitiveness by moving to production of higher value added goods and services.

We believe this economic strategy will help us tackle the triple challenges of slow economic growth, stagnating wage increases, and deteriorating incomes inequality. When advocating the U.S. strategy of the rebalancing towards Asia, former U.S. Secretary of State Hillary Clinton acknowledged that Taiwan, for decades, has been a faithful democratic ally of the United States. It remains an economic and security partner in the Asia-Pacific.

If Washington means what it says, it makes perfect sense to incorporate Taiwan into the TPP that forms the economic pillar of this U.S. rebalancing strategy, for two reasons.

First: Taiwan's economy is facing a particularly challenging period of transition, one in which our membership in TPP would provide Taiwan with a strong external stimulus and vehicle for carrying out our structural reforms and rebuilding people's confidence in Taiwan's economic prospects. By taking steps to liberalize our market and renew economic confidence, we can attract the investments that are critical to Taiwan's long-term economic competitiveness.

Second: Taiwan's geographical location at the center of East Asia and its shared cultural background with mainland China, as well as our strong tradition of rule of law, all contribute to making Taiwan a highly favorable access point for companies from our major trading partners to tap into mainland China's market.

Recognizing Taiwan's advantages, Tokyo signed a bilateral investment agreement with Taipei in September, 2011 that U.S. companies can also literally gain from Taiwan's membership in TPP. By including Taiwan in the TPP, the United States would lend a much needed hand to a faithful friend at a crucial juncture in our economic development by also promoting partnership between the U.S. businesses and their Taiwanese counterparts, enabling them to foray into East Asia's economic markets.

The TPP, with its combined market scale and economic diversity—accounting for nearly 40 percent of the global output, and more than 24 percent of world trade, including the world’s largest and the third largest economies—I think that offers Taiwan a meaningful opportunity to diversify and rebalance its external economic relations. Our joining the TPP is an issue of economic development and the prosperity that is fundamental to the basic economic rights and the welfare of our people.

Moreover, incorporating Taiwan into the TPP holds the additional benefit of rejuvenating the strong economic linkage between the United States and Taiwan, and enabling Taiwan to maintain a meaningful range of choices in its foreign relations, both of which have strategic implications for Washington, as well.

Having Taiwan as a TPP member not only opens up more of Taiwan’s domestic market to the U.S. producers and exporters, but also expands U.S. companies’ access to other regional customers, multiplying the opportunities available to these transnational corporations.

Therefore, including Taiwan in the TPP is an asset to the trade pact. The island can be a very important point that transforms Asia-Pacific economic relations into a seamless network.

Some in the United States hold an ambivalent attitude towards Taiwan’s pursuit of TPP membership. They observe first that Taiwan simply talks the talk, but fails to walk the walk, and doubt our ability to follow through on commitments made. Secondly, they believe Taiwan is no longer an important market for the United States. Third, they believe that mainland China’s oppositions make Taiwan’s TPP membership impossible. And fourth, they fear that other TPP members will not support Taiwan’s participation, in any case.

To be frank, these excuses are unfounded. Let me dispel each of these misleading arguments for our U.S. friends.

First, Taiwan has the political will and the capability to liberalize its economy and meet the high standards of TPP. The recent foot-dragging on the legislative approval of the service agreement between Taiwan and mainland China gives outside observers the impression that Taiwan lacks domestic consensus on economic liberalization. But nothing could be further from the truth.

The current situation has resulted from a confluence of misgivances in our society of free trade. And identity politics and cross-strait political mistrust adds to these factors the reality that Taiwan’s current integration efforts, for better or worse, starts with its relations with mainland China. So, you can see people should not be fooled by the apparent gridlock.

Looking back a decade or so ago, Taiwan successfully concluded its WTO

negotiations, and the legislature had no difficulty in approving those agreements. More recently, Taiwan signed an economic cooperation agreement with New Zealand, and it took only three months to obtain legislative approval.

We expect the Taiwan-Singapore trade pact that has been already concluded two weeks ago will have no difficulties being ratified by the Legislative Yuan. So, I'm not suggesting that there will be complete anonymity on every aspect of liberalization, but from Taiwan's success in resolving our differences over the imports of the U.S. beef to ratifying the hotly debated ECFA with mainland China, the track record we have established is clear. Taiwan's people genuinely acknowledge the importance of liberalization as an economic lifeline, in that the government has the political will and the capability to push, upgrade the economic liberalization.

Second, Taiwan remains the 11th largest trade partner of the United States, and its 16th largest export market. Taiwan is also the 8th largest consumer of U.S. agricultural products. By incorporating Taiwan into the TPP and further removing trade barriers, the importance of Taiwan's market to the U.S. producers and exporters is certain to increase even more.

This is especially true, given Taiwan's institutional affinity towards the U.S. and our cultural affinity with mainland China. These factors make our island an ideal springboard into the Chinese market for American companies, especially small and medium enterprises.

The TPP opens up Taiwan's market, where also enabling Taiwan to serve as an effective gateway for the rest of Asia and beyond. This shows that Taiwan's interest is very important to U.S. businesses.

Third, mainland China's attitude towards TPP has changed. Beijing has recently expressed its readiness to study the feasibility of participating in the pact, against the backdrop of improved cross-trade relations and institutionalized cross-trade integration. Mainland China's warmer attitude toward TPP gives it even less reason to oppose Taiwan's participation.

Our position is that we hope that the U.S. can help Taiwan to join the TPP negotiation. We also hope that the U.S. can invite mainland China to participate.

Of course, once the United States invites Taiwan to join the TPP negotiations, other TPP members will follow suit. Existing TPP members are all important trading partners of Taiwan. Each is poised to benefit from Taiwan's economic liberalization and has no reason to oppose Taiwan's participation. This is particularly true since mainland China signed the ECFA with Taiwan has since [inaudible] towards Taiwan's pursuit of similar economic pacts with other countries.

Our economic cooperation agreements with New Zealand and Singapore are good examples of the scope of liberalization Taiwan is prepared to consider under the TPP. Taiwan's bilateral trade agreement with New Zealand and Singapore, both of which are TPP's members, are comprehensive and of high quality. These two agreements, having been signed, augurs well Taiwan's participation in the TPP.

For certain, in addition to help from the United States, Taiwan will need to do its own part. Two high priority tasks will be to push domestic consensus on the overall direction for long-term cross-trade economic relations, and to lay out a policy roadmap for participating in the TPP.

This mistrust between Taiwan's ruling and opposition parties has sometimes resulted in a gridlocked debate about the proper cross-trade economic relationship. But in fact, the two parties have more in common than most people think.

Both want the Taiwan economy to prosper, and neither wants Taiwan's freedom of choice to shrink. This common ground should be enough to form domestic consensus and to develop principles for guiding Taiwan's long-term strategies and objectives on cross-strait economic relations.

The government and the main opposition parties should cooperate to build a consensus which would diffuse tensions over cross-strait policies. In turn, Taiwan's cross-strait and regional economic integration efforts truly a virtuous cycle.

Second, the government needs to be more proactive in pursuing TPP membership. Knowing that TPP is both comprehensive and high quality in its scope, my government should not fool itself by thinking that everything can be resolved overnight, once Taiwan joins the negotiation. Instead, the government should acknowledge that to admit the TPP's standard of liberalization, a domestic economic overhaul will need to take place on a grand scale.

This will require a staged roadmap to communicate with affects sectors, rally domestic support and prepare for unavoidable adjustments. By making clear such a roadmap and implementing the parts fully that are under Taiwan's own control, the nation will demonstrate that it is walking the walk with regard to pursuing membership in TPP. In this way, every year can be the breakthrough year in our bid to obtain TPP membership.

Ladies and gentlemen, Taiwan today is a more valuable economic and a strategic partner of the United States. U.S. support for Taiwan's participation in the TPP is the first step in rejuvenating the U.S.-Taiwan partnership. It is time for Washington to act.

I thank you very much. (Applause)

DR. BUSH: Thank you very much, Vice President Siew for those really

stimulating remarks. You were quite comprehensive and substantive and spoke in great depth. You make a compelling case for Taiwan's participation in TPP. It's clear that you understand all the obstacles and the need to overcome them.

We have just a little bit of time before Vincent has to go to his next meeting, and he has graciously agreed to answer a few questions. I will take two or three, and we'll address those and see how much time we have. Who would like to ask the first question? Over here? Right here? Yes. Wait for the mic and identify yourself and state your question very clearly.

QUESTION: Hi. Thank you. Thank you for such an informative speech. And my name is Jefferson Lee, and I am a candidate in both international studies and international business at the Josef Korbel School of International Studies. Well, since I noticed how you were also the Honorary Chairman of the Cross-Strait Common Market -- you know, Common Market -- you know --

DR. BUSH: Foundation.

QUESTION: Common Market, yeah, Foundation. Thanks. I'm just really curious about your opinion on the RCEP which is led by China, and it's a major -- and you know, it has been seen as a counterpart of the U.S.-led TPP. And what is your -- what do you think about Taiwan's -- you know, how Taiwan should handle both TPP and RCEP? Thank you very much.

DR. BUSH: Okay. We'll take one more question. Back here? The mic's coming around.

QUESTION: Hi, my name is Victoria Guida. I'm a reporter with *Inside U.S. Trade*. And I was just wondering if the Taiwanese government has formally decided that it wants to join TPP, and whether you, sir, are speaking today on behalf of the government or just on your own stead?

DR. BUSH: Okay. (Laughter)

MR. SIEW: The first question, on RCEP. RCEP is similar to TPP, was initiated by ASEAN countries with China playing the role..So, that is an even lower quality level and narrow scope of liberalization.

But we also are very much interested in having the opportunity to join this RCEP. We have never said we don't. And that we know -- we recognize where the political reality that we have to overcome step by step. But RCEP, to us, probably will be an easier standard than the TPP. So, I say, if we could join the TPP, then I think that all the RCEP standards could be easily met. So, this is why we set a high goal first.

So, the second question: It must be said that it's my personal opinion, because it's my personal speech -- (laughter) -- speech by myself, prepared by myself. But I have been in the government for 40 or nearly 50 years, and I just left government last year. So, I know what government's policies -- the formulating process that really it's not only the government because Taiwan after all is a democratic country.

All the government policies must have a strong support and embracing from the public -- general public. And when the entrepreneurs here, they all can speak for -- well, for me, that we are all on the same line, that we support this kind of policy.

So, government of course, will have to take into account of all kinds of this political -- and also the interest part -- groups of opinions. But we in the private sector, because of where we -- we also have to think about the overall strategy but we believe that this is the time for Taiwan seriously to take efforts to participate in TPP.

And that is why we are here, to share our ideas with the -- and seek your support and assistance for us to go by this -- follow this line. I thank you.

So, it's not official -- it's not unofficial (laughter). It's Vincent Siew's (laughter). Thank you.

DR. BUSH: Thank you very much. Gentleman right there, and then I'll go over there.

QUESTION: I'm a Taiwanese American staying in Washington, D.C. And in regard to its request for support from the U.S. for Taiwan on the membership of the TPP, we are kind of wondering if Taiwan has been using the formula of a WTO name, so-called Tai-Peng-Kin-Ma-nese. We are not Tai-Peng-Kin-Ma-nese. We are Taiwanese. So, what kind of name will you accept as a member for TPP? Thank you.

DR. BUSH: Okay. Gentleman back there, and maybe I'll come here.

QUESTION: Ken Wen from TBAA. We all know the rewarding -- as a member of the TBAA is very clear, but I think they have two major challenges. I'd like to find out, the first is -- you know, in Taiwan they have an internal debate about the TISA. Okay? So the TISA is maybe a problem. And the second one is the the Chinese obstruction could be a factor. Richard recently had a paper about this topic, because the rewarding and the cost to be a member is -- we try to find a balance. So, I'd like to know your opinion about the TISA and Chinese obstruction. Thank you.

MR. SIEW: First, about the name of this participation or identity and so on, well we have to follow the WTO model. I must say, we had to be very practical. Without that name,

we probably would have no chance to be in the WTO and in APEC. So, this is the reality. So, I personally -- I think the most important decision, that the so-called substance is very important. The substance, whether you will be in or not. If you are in, that substance can help your economy continue to grow and benefit your people. Economic strength is the survival of Taiwan. So, we had to take that seriously. That is my point.

Second question, TISA. If I am not wrong, we are the member of TISA. Am I right, Ambassador Lin? Yeah, right. And Minister Liang? So we are the member of TISA. But a member of TISA is only [inaudible] to the members only. And this service sector has now become a very important part of every country's economic structure.

So, if we want to trade globally, TISA is of course which we have already participated, but we need more. So, TPP, RCEP, those are all the very important organizations that we need to adhere to.

DR. BUSH: Right here? Mic is coming to your right.

QUESTION: Hi. Chris [inaudible] with [inaudible] Brothers Investments. I guess I have two questions. The first is a bit of a factual one, which is, do you see the biggest benefit from joining the TPP in the integration with the U.S. economy or with your other Asian regional trading partners, in particular, for example, Japan, Malaysia and Singapore who are part of the Asian supply chain?

And the second is, I noted that you started off saying that you thought that the opposition to deregulation and liberalization could be overcome, and you pointed in particular to the New Zealand and the Singapore free trade agreements. What in those agreements specifically gives you comfort that we can overcome -- that your government can overcome the opposition to deregulation, in particular of, say, the financial sector where it's heavily regulated, in need of privatization and reduction of the state involvement of that sector? Thanks.

DR. BUSH: This has to be the last question. Please. No, I think we're just about out of time.

MR. SIEW: The second question. I have already in my address talked about these political differences between the ruling and opposition parties. On cross-strait trade policy or other countries, I don't see any big differences. Therefore, when we sign, we take efforts to sign this agreement with New Zealand and Singapore, or we don't see that kind of a confrontation from the opposition as well as other sectors.

So, that is the reason why -- probably because of this identity of political distrust and mistrust, or ideology differences -- that requires both parties to sit down and see how we can resolve all of these differences and develop a long-term parties guideline for our

countries on cross-strait economic relations as well.

DR. BUSH: Vincent, I don't want to be responsible for delaying you (laughter) to your next meeting. But I really want to thank you for joining us this afternoon and for dealing with a very important in a very substantive way.

I want to thank your colleagues in the business community and the Taiwan government for being here, as well. This has been a real privilege for us, and we've learned a lot. Thank you. (Applause) Please stay in your seats so the party can get out quickly. We'll start the first panel in just a minute.

(Recess)

JOSHUA MELTZER: Thank you for staying around for the series of panels we have. This panel, we're going to be addressing the issue of the imperative of economic liberalization from the perspective of Taiwan and the Trans-Pacific Partnership. We've got a very strong panel here today. On my right, we have Terry Cooke, who I will introduce shortly; I believe you have some biographical material. Anyway, but he's going to provide a broad, historical perspective on a range of the trade and economic issues surrounding Taiwan. And to my left is Mr. Lin who is going to provide a slightly more detailed discussion around Taiwan and the WTO. I understand you might critique some of the papers I've written with Richard Bush, so I'm looking forward to that and then I'm going to provide a bit of a perspective of some of the economic challenges that are facing Taiwan and I think it will actually build quite well on the excellent speech we had before from Vincent Siew, and how the TPP can be an economic vehicle for economic reform in Taiwan.

Just to introduce my panelists briefly, to my right I have Terry Cooke who's the founder of the China Partnership of Greater Philadelphia, which is a nonprofit platform accelerating a public-private collaboration between Greater Philadelphia and China in clean energy and also energy-efficient buildings. He's also a Senior Fellow at the T.C. Chan Center for Building Simulation and Energy Studies at the University of Pennsylvania. He's been a public policy scholar at the Woodrow Wilson Center here in Washington, D.C. and has also written quite extensively about clean energy issues, including a book that came out recently on U.S.-China cooperation in clean energy. He's also had a distinguished career, served as director for Asian corporate partnerships at the World Economic Forum, and before that had a 15-year career in the senior, in the foreign commercial service, which included stints in Taipei, Beijing, and Tokyo.

Mr. Lin's actually the former ambassador of Taiwan's permanent mission to the WTO. Previously, he was a director in Taiwan's Trade Office for Far East Trade in Canada. He's also worked as Deputy Director General for the Bureau of Foreign Trade. In 1995 he became Director General of that bureau and following that, was Deputy Minister, and in then 2002 became minister for the Ministry of Economic Affairs.

We're going to talk each for approximately 10 minutes each and then after that we're going to open up to Q&A from the audience. Terry.

TERRY COOKE: Thank you very much, Joshua. It's always a pleasure for me to be involved in an event with Taiwan. At a personal level, my history with Taiwan goes back to 1977 when I showed up at the *guoji qingnian huodong zhongxin* and the only options for breakfast were *doujiang* and *youtiao*, so Taiwan had a light economy at that point. I came back as section chief at AIT from the years 1999 to 2002 and had the great honor to be involved under AIT director Raymond Burghardt with the, with Taiwan's succession to the WTO. And particularly memorable delegation that I organized to the United States with Wang Zhong-yu and Betty Hu and Shih Yen-hsiang and many, many other people who happened to be at my

house on September 9, 2001, and we were all together at the University of Pennsylvania promoting biotechnology links between Taiwan and the mid-Atlantic when the Twin Towers were struck.

The imperative of economic liberalization, I've been asked by Kevin and Joshua to step back a little bit from the alphabet soup and from the spaghetti bowl and to take a broader Google maps perspective. So I'm going to do that in three steps. I'm going to step back first to 1945, the immediate post-World War II environment.

It was, of course, a uniquely uni-polar world at that moment and we were in the process of creating a number of institutions which have come collectively to be known as the Bretton Woods institutions, the World Trade Organization, the IMF, World Bank. But the two things that I want to focus on from that time have to do with the drivers that are impelling economic liberalization, trade liberalization, and economic integration. And I would say they're simple the drivers of technology and of globalization.

So, in 1945, in my home town, Philadelphia, there was a building, almost the size of the Brookings building, which housed the ENIAC computer which had been used during World War II to calculate the trajectory of shells, military ordnance. We think recent of recently living in an age of Moore's Law, but actually driver of technology change had started well before that time and is likely to continue well beyond our time right now in 2013. There had been the wave of electromagnetic, I'm sorry, electro-mechanical change, then relay technology, then vacuum tubes, then transistors, and then integrated circuits. And we're not in a time of DNA computation and of nano-processors. So this imperative, which was even being felt back at the time of World War II is, is not only continuing, it's accelerating, and will continue to drive as it has for the last 60 years, the need for further and deeper economic integration and trade liberalization. And similarly, there's a very famous 4-minute YouTube by a Dutchman named Hans Rosling where he plots life expectancy and also capital income on a very fancy transparent screen. And from World War II, you have most of the world going from the lower left-hand corner on a very impressive trajectory up towards higher per capita income, higher longevity. And that is the, the demographic and globalization imperative that is helping move things forward.

Now, technically, the millennium began on January 1, 2001, although it's popularly thought of as beginning in the year 2000. And just at about that time, Taiwan and China jointly entered the World Trade Organization. A couple of fairly obvious points that I would like to make about that particular moment. The possibility of Taiwan and China joining more or less simultaneously, with China's entry preceding Taiwan's by several minutes, did of course reflect a softening of political rigidities that had been in place since World War II.

A couple of lessons about the enduring effect of political rigidities, of, I think Taiwan's 10-year experience after joining the WTO, if one were to sum it up very succinctly and perhaps a little bit harshly, would be to say that having made it into the WTO club,

Taiwan, a little bit, looked around the world and hoped to be kind of just, have to have made it.

But what happened during the 10 years since Taiwan's accession, while Taiwan has been an excellent performer within WTO disciplines, there has been a hyper-drive of other types of trade organizations, trade associations, particularly in economically affluent Asia, particularly driven by emerging China, and so it is, you know, the situation just comes up so often in life at having made a huge effort to arrive somewhere, instead of having a chance to rest and enjoy things, the imperative is actually to catch your breath really quickly and get right back to work on the next level of challenge.

And the final point I'll make about this WTO period is actually with reference to China and the Chinese market. I will make a point about its internal use and I hope in the question and answers, that someone will give me an opportunity to mention how China has used the World Trade Organization in its global development of the wind power and solar industry, because it's quite instructive and important to understand.

But we're keeping time short. I just want to say that when I arrived as commercial officer in Shanghai in 1988, I had the honor of meeting, for 15 minutes each, Zhu Rongji and Jiang Zemin. And Zhu Rongji's use of the World Trade Organization to drive and overcome internal political resistance to change and economic liberalization in China is quite an interesting story. And it's one that, I think, Taiwanese understand much better than Americans do, but there's just a, an interesting hand and glove phenomenon of how China has used external trade liberalization regimes to overcome political and internal rigidities in its own country and to further open it up to globalization and economic prosperity.

So the most recent and final step in my stepping back to look at the current TPP moment is to 2010 and the formalization of the ECFA, the Economic Commercialization Framework Agreement between Taiwan and China.

This really represents a rationalization of trade flows and a rationalization of economic integration within Asia. There were, of course, political, important lessons about how historical antagonists could work to overcome deep political differences to agree on important economic shared interests. The sequencing of elements of the ECFA agreement was a key part of that, the prioritizing of effort was a key part of that.

The concluding point that I would like to make about the ECFA, since we're here in Washington, D.C., is more directed to friends, colleagues, and compatriots who are from the U.S., and who are not as familiar with Asia, because there is an enormous opportunity for American businesses to understand what the ECFA is, how it can help them in Asia, and how they can work the trilateral relationship between the U.S., Taiwan, and China to everyone's benefit, while in the process, protecting intellectual property, upholding environmental standards and labor standards.

So I, the case in point, which I hope I'll have an opportunity to speak to more in the question and answer session, is that in my hometown of Philadelphia we have a new U.S. National Center for Energy Efficient Buildings. Buildings consume 40 percent of all energy in the United States, in China, and in Taiwan. In fact, buildings in the U.S. and greater China emit 16 percent of all global carbon. And this is a important program, it's a government mandated program in Beijing, and also in Washington, D.C., and it's clear that companies in our region who have innovations that could be deployed rapidly in the Chinese market are looking for a model of how they can do that with trusted business partners who are familiar with Western standards of doing business. So big opportunity, lack of understanding here in the U.S. about what the ECFA potentially means.

So with that I'll conclude and turn things over to our expert other than to say from that, look back over 60 years. I think some of the key lessons here are the technology and globalization as a driving force recommending the TPP are not going to go away. We're no longer in the unipolar world that we were in post-World War II. Potentially this can be for everybody's benefit, but we have to learn how to work smart to make that work to everyone's benefit and agreements like the ECFA and the TPP are a part of that. And I think it's a natural stage to move trade agreements to a 21st century focus on issues like innovation, protecting the intellectual property that leads to innovation, and sustainability, both in terms of environmental sustainability and sustainability of the workforces that produce the products. Thank you very much.

DR. MELTZER: Thank you. Mr. Lin.

YI-FU LIN: Distinguished audience, ladies and gentlemen. It is my pleasure and honor to be here as one of the panelists at this today Taiwan and TPP seminar at this very prestigious institution.

I just want to make some comment on Joshua's paper titled "[Taiwan's Economic Opportunities and Challenges and the Importance of the Trans-Pacific Partnership.](#)"

Joshua provides a good illustration of Taiwan's current trade and investment climate and to sum up the current challenges, placing Taiwan in this Brookings Center for Northeast Asian Policy Studies working paper. Our government is closely following the numerous trade agreement development in the region and we fully appreciate the extent of Taiwan's vulnerability to potential trade diversion as trade agreement excluding Taiwan proliferate.

Taiwan's full participation in regional trade liberalization is essential as noted by President Ma in his recent Double Ten national address, I quote: "In order to become a free economic island, Taiwan must comprehensively take part in regional economic integration. Only if we have the courage to compete can we create economic prosperity. This is the only way forward for the structural transformation of Taiwan's economy."

Accordingly, our policies are aligned to ensure continuous economic openings, many of which Joshua has noted in his paper. Though the study provides important points on how the TPP will enhance Taiwan's economic position in the region, Joshua fails to note what Taiwan brings to the table of great benefit to the current 12 members of TPP. According to a 2012 study by the Chung-Hua Institution for Economic Research, Taiwan's inclusion in the TPP would lead to an overall gain of US\$8.4 million in social welfare for all members. As a leading supplier of intermediate goods and components in Asia-Pacific supply chains, Taiwan's TPP membership will contribute to forming more durable integrated and efficient supply chains across the Asia-Pacific.

Taiwan is also the tenth largest economy in terms of its trade volume among the 21 APEC economies. We believe Taiwan's being part of TPP is very much a two-way street. All would benefit from the higher quality integration Taiwan's inclusion signifies.

Joshua captured the highlights of our government's responses to economic liberalization and joining trade agreement. This includes our extension of Economic Cooperation Framework Agreement, the recently ratified cooperation agreement with New Zealand, and the just signing of economic partnership agreement with Singapore. Beyond the policy solutions noted in the paper, Taiwan is working to gather for political support from the current TPP members. Taiwan has engaged extensively with the other TPP members about the desirability of Taiwan's potential TPP membership.

Most recently, at this Asia-Pacific Economic Cooperation forum in Bali in early October, Japan's Prime Minister Abe extended his vote to, to Taiwan during his meeting with President Ma's representative, the leader of this delegation, former Vice President Vincent Siew. In the United States, Taiwan has also gained strong support from Congressional members regarding participation in TPP. Taiwan will continue its effort to build support with all TPP members and to leverage this external relationship while pushing for domestic reforms and further economic openings.

Let me also speak from the perspective of the WTO. During my post as Taiwan's ambassador to the WTO, Taiwan has been a strong supporter of ambitious Doha Round. Even we have committed ourselves to abandon 100 percent of tariffs and our commitment level in our service schedule is more at once than most other WTO members during our accession. Furthermore, in WTO, Taiwan has demonstrated a strong willingness to work alongside the U.S. to expand and modernize the ongoing 1996 Information Technology Agreement, ITA, and initiate the negotiations on the Trade in Service Agreement, TISA.

Let me conclude by saying that implementing economic reforms and removing barriers to increase Taiwan's international competitiveness and domestic operating efficiency are important policy priorities for Taiwan. Our government has laid out a road map to meet the TPP's standard of liberalization, communicate with affected sectors, and to rally domestic

support. We look forward to having more interaction with and support from the United States as we continue to liberalize our economy, engage in multilateral and original trade negotiations and to deepen the bilateral economic relationship. I thank you. (Applause.)

DR. MELTZER: Thank you. That was fantastic. I'm going to in my allotted time, build a little bit on probably on what's been said before. I'm going to focus in my first part on what I see to be some of the key parts of the Taiwan economic model. And I think then this will lead quite well into what some of the challenges are to that model going forward, I think will set the scene for discussion about the role of the TPP in the context of addressing a range of these challenges for Taiwan.

Certainly, I think what's clear is Taiwan is heavily integrated in regional supply chains in Asia, largely with a focus on the IT sector but not solely, and in many respects it's a question of good being manufactured either in Taiwan, possibly parts of China, ASEAN, moved across borders often multiple times, often for final assembly in China, possibly in Taiwan, with export to large developed country markets developed countries such as the U.S. and elsewhere. And Taiwan businesses have traditionally engaged in what is often referred to as contract manufacturing, again, in the IT sector. I think a very good example of this, which everyone is probably familiar with, is Foxconn, which is a Taiwanese business located in China which manufactures Apple products, iPads, iPhones, but also is the manufacturer of probably approximately half of the world's top-brand computers, mobile phones for Nokia, LCD TVs for Sony and the like. So the idea of contract manufacturing captures the idea that it's the production of a lot of goods which are then branded in other countries, other company names, and sold as consumer goods in other markets.

This is not to say that Taiwan doesn't have its own brands. Many of you are probably are aware of ASUS, for instance. But Taiwan certainly is not, as far the final branded category goes, in the same league, for instance, as you might see from Japan and Korea.

This model essentially has been premised on significant levels of foreign investment and international trade and my description of how this works leads to this conclusion quite obviously. And so we see that Taiwan businesses have invested very significantly in China, in Asian countries to develop manufacturing sites, and particularly over time as costs in manufacturing in Taiwan have gone up, there's been a move to do more of this in low-cost destinations. And this has been built on significant international trade so the movement of parts and components between Taiwan and its other manufacturing centers in the Asian region has obviously been key. So we've seen some of the figures, for instance, that trade is approximately 140 percent of Taiwanese GDP, just to give you a sense of the significance, and approximately 70 percent of Taiwan's exports are, in fact, in intermediate goods. Again, just building the picture of the role of Taiwan in global supply chains in that region.

Just picking up the point about the movement of goods and the role of trade

there, what this manufacturing system requires and often leads to is the movement of goods across multiple borders, often many times in order -- before it's finally assembled and exported. And so what this means is that trade costs, in terms of the actual cost [inaudible] can be quite significant because of the movement through many jurisdictions. And this means that even small changes in trade costs can have fairly significant impacts on the overall costs and competitiveness of products. And I'm going to talk a little bit more about what this means in the context of what this means from Taiwan's exclusion from free trade agreements in that region.

We've also heard talk, and I'll just mention, and I think it's worthwhile mentioning again, we're seeing some changes in Taiwan's trade partners over time. We heard before that the United States is now Taiwan's third largest trading partner, whereas it used to be the first in the 1990s, and China has now become Taiwan's largest trading partner. But I will note, part of this is not, in terms of the influence of the United States on Taiwan and the [inaudible] it doesn't necessarily lead to the conclusion that there is so much of a lessening. I haven't seen the HSBC report that was referred to before but, you know, we've seen a lot of this happening where countries that used to export to the United States are still exporting but by a third country such as China.

So again, if we take the Foxconn example, that's recorded in statistics as a Chinese export even though it's coming from a Taiwanese business. So the ultimate significance of the United States' economy on Taiwan can still be a lot larger than the mere fact that it's the third largest trading partner would suggest.

Now, in terms of the economic challenges, we've heard a bit about this already, but essentially the model of contract manufacturing relies on very thin margins, and these, essentially, are being squeezed from a range of directions. One of them is that the low-cost manufacturing sectors are not becoming so low-cost any more. I mean, certainly when it comes to China, we know that there's been rapid increases, for instance, costs of labor and so the margins have been thinned out there. And we're seeing some response there where there's some increased Chinese investment in low-cost destinations in Asia such as Vietnam. Significantly, I think, is Taiwan's exclusion in this context from the growing range of free trade agreements in the area.

I think it's worth just noting that the first problem of course has been the inability to move on the Doha Round. I'm not saying that would solve everything for Taiwan, but it's certainly been an important factor which has led to a, the proliferation of FTAs and it also means the MFN value in the WTO has become significantly less valuable as more and more preferences have been granted under free trade agreements.

And we've heard a bit today already about the proliferation of what had become actually now very significant trade initiatives. I'm just going to mention a few, TPP, which we're going to talk more about this afternoon, RCEP which we've also heard about, there's

been a range of ASEAN-plus FTAs which Taiwan has not been part of, and in addition, there's a potential FTA between China and Korea, which actually could be quite significant from a competitive perspective for Taiwan, given that Korea and Taiwan are actually competitive on a range of product lines. A trilateral between China, Korea, and Japan and a potential Japan-EU FTA.

So there's a range of liberalization issues going on which are going all be, have an impact on China in various ways.

There's also, I think, a range of challenges which Taiwan's facing which are really quite domestic in focus. And some of them I'm going to highlight. One of them is, I think, probably what you could call excessive government regulation. In this respect I refer to the most recent World Bank's Ease of Doing Business report, which ranks Taiwan 16th, which overall is fairly respectable, but regionally is behind Malaysia and Korea and Hong Kong.

There's been a challenge in Taiwan from stagnant wages, which is led to somewhat of a brain drain to regional centers such as Singapore and Hong Kong. And we're seeing a changing composition broadly in China's -- in Taiwan's economy from manufacturing become a less significant part of the economy as manufacturing has moved to other parts of the region.

Which in and of itself is not necessarily problematic, services have grown and are now approximately 70 percent of GDP, which is a trajectory you would expect a developed country to follow. Except in Taiwan's case, the services sector in terms of productivity is still quite low and is acting as somewhat of a drag on growth. And so one of the challenges certainly going forward is how to improve the efficiency broadly of the services sector.

I think this leads into a discussion about the significance of TPP for Taiwan. We've heard and we're going to hear more this afternoon about the strategic significance of the TPP and I'm not, I don't want to get into that in too much detail, though in many respects, it is hard to separate out some of the economic and strategic elements of it. The United States and the administration is very explicit that the TPP is the economic pillar of its rebalancing towards Asia.

We've heard somewhat of an overview of the TPP so I'm not going to go into that in too much detail. I mean, this grew out of the original P4, which involved New Zealand, Singapore, Brunei, and Chile. The United States joined in 2008, Australia, Vietnam, Malaysia shortly afterwards, Peru, Canada, Mexico in 2012 and Japan recently in July this year.

This year it represents about 40 percent of global GDP. We know that there's a range of countries who are interested in joining. Korea's signaled its interest, Indonesia, and others. And the ambition is for this to be a pathway to a free trade agreement of the Asia-Pacific region. I think it's just worthwhile keeping this ambition in mind because I think it also

is, it influences how we think about the significance of the TPP now, given where the aim of it is in the future.

Now, the, in the papers that Richard and I have co-authored, I think one of the points that we make, and I hope this comes through quite clearly, is that we really see the significance of the TPP, at least from one perspective, as a driver of economic reform in Taiwan.

Now, before I get to that, I just want to touch briefly on the market access component of it. Just a couple of figures: five of Taiwan's top 10 export destinations are TPP members and they represent about 35 percent of Taiwan's total trade. So just purely in terms of new market access for exports, it's significant for Taiwan.

I think the other part, which is very important, is what the TPP will mean to supply chains in the region. And in this regard, the rules of origin and how they get written are going to change supply chains in that region. There's, for those who follow the minutiae of this, there is an issue with regards to the United States and Vietnam over rules of origin for textiles which will influence Taiwan as a supplier of yarn to Vietnam. And it's a small issue, but I think it just is an illustrative example of how the TPP will change the way countries source imports and, given Taiwan's role in providing imports into the production of other goods, Taiwan really wants to be part of the TPP to make sure that it's in the tent and not out of the tent when it comes to how these supply chains develop.

Vincent mentioned, and I think it's worth mentioning again, the importance of the TPP in terms of the balance of China's economic relationships and this goes to the issue of China's and Taiwan's economic, growing economic relationship and the capacity to give Taiwan options in the region.

I just want to focus now a little bit on the domestic component to it. And I'm just going to point out some of the areas that are being developed in the TPP and what this can mean for domestic reform in Taiwan. I want to start with the services component. Broadly speaking, the TPP's ambitious. People talk about it as a gold standard or a platinum standard and part of that is going to be deep liberalization on tariffs. The ambition is to go to zero on everything, certainly on services to go a lot further than what's achieved in the WTO context. And I think for, the opportunity on services liberalization being a very important driver of reform in time. I mentioned before the growing significance of the services sector in Taiwan, opening up that sector to greater competition is itself going to drive efficiency and productivity in that sector.

But I think the important part as well here, is the role of services in economies generally, and certainly it's true of Taiwan's as inputs into the production of other services of other goods so the implications are really, are economy-wide. And so we can see that liberalization of the services sector in Taiwan can actually have productivity improvement, you

know, across the Taiwanese economy.

Taiwan has also got a highly skilled workforce. Again, the World Bank ranking puts Taiwan above the United Kingdom, for instance in terms of its skilled workers, which I could look pretty being underutilized to some extent. I think this is partly reflected in wage levels and brain drain I was talking about before. Allowing highly skilled services firms into China, building up the services sector is, again, really the pathway, I think, for Taiwan's future prosperity and in that respect, TPP can certainly assist in moving along that direction.

On the intellectual property front, we can expect, again, intellectual property standards which are going to be beyond what has been agreed to in the WTO. Taiwan certainly already has very strong intellectual standards, but the TPP will require ratcheting up in some areas and, again, as a center of R&D, which is, to some extent we're seeing the manufacturing sector evolve to a little bit in Taiwan, where it's a little high level R&Ds happening and the manufacturing is happening elsewhere. I think this signals and also underpins this type of economic model going forward for Taiwan.

I just want to talk briefly about investment, because, yeah, we all know that investment, foreign investment is a very important conduit for technology, for services, for well, best practice management, and certainly President Ma has recognized that Taiwan certainly needs more foreign investment. And so we, there's going to be a comprehensive investment chapter in the TPP which would very much support these goals. This is both on the market access side so it would liberalize the opportunities for investment in Taiwan, which is one important component. The other is, we can expect some fairly comprehensive rules around investment protection, including investor [inaudible] dispute settlement. And both of these combined should create an improve environment in Taiwan for foreign investment.

There's a range of other issues, I think, which all added up are going to be important from a reform perspective in Taiwan, I've just mentioned. Cross-border data flows is another, where the aim is basically to have a rule which allows for cross-border data flows with some tailored exceptions. And this is significant. It's setting the scene, basically, to make sure that some of the new IT-enabled services, which are going to be crucial, really, for productivity growth going further, forward, such as access to cloud computing, et cetera are enabled and that's going to be certainly key to Taiwan's economy. Another cross-cutting issue is on regulatory coherence where the aim here is basically to set up a procedure for regulation which emphasized transparency and stakeholder input essentially it gets at some of the governance issues around making regulation and I think this is also going to be important. We've heard over the course of the day of the importance of this process in making it kind of more streamlined, more efficient. There's actually a WTO report from a few years ago which talks about how Taiwan standard-making process has increasingly departed from international norms and opening up the standard-making process, I think, to international input and stakeholder consultation I think might help address that certainly.

So these are a variety of issues where Taiwan's participation in TPP is going to essentially be very consistent and parallel with a lot of economic reforms it needs to make anyway. And this gets back to the point that's been made before about the WTO, which is that the TPP, like the WTO, can be an external driver of economic reform in Taiwan and we think that's actually a very important part of the way we think about why Taiwan should be a TPP member.

I was going to spend a little bit of time talking about the importance of the rest of the TPP members for having Taiwan in, but Mr. Lin you have provided an excellent overview of that. I just want to add a couple of very, of very small points and some of them have to some extent already been made.

There's obviously a very important and somewhat politically sensitive issue around ECFA. On the one hand, the development of economic, closer economic cooperation between Taiwan and China is very natural and is beneficial from an economic perspective for Taiwan and for China. And, but this has always been overlaid by concerns about what this might mean for Taiwan and the political implications. And so I think, to some extent, TPP membership can provide Taiwan with further confidence to engage closer with China. It will provide that type of balancing in the economic relationship that Vincent was talking about, and I think that in and of itself is also good from a U.S. strategic perspective which is, I think, has always made clear that peaceful development of cross-strait relationship is a U.S. priority.

So I think before I leave it at that, I just want to talk briefly about the accession process. We've talked about the accession process in some detail in our paper. We described the steps that Vietnam went through and that Japan went through in order to accede. We don't know what an accession process is going to look like in the TPP. But clearly, Taiwan's not going to be part of this first round of TPP parties and the agreement's going to be signed and most likely have passed Congress before Taiwan is able to join. So having an accession process that actually works and that's realistic, that's pragmatic is going to be key. There isn't a lot of history around accession processes working in free trade agreements. And so getting that bit right is also going to be key going forward.

Okay, with that, I'd like to open it up to Q&A. There's a microphone going around. If you could introduce yourself and when you ask your question I'll take a couple of questions to start with. If you are asking a question of a specific panelist, please identify who. One of them back there, just behind you.

QUESTION: Chung-chien Teng, Department of Diplomacy, National Chengchi University, Taipei, Taiwan. I just like to share my observation of Taiwan's economic liberalization. Cooke and Mr. Lin mentioned something about WTO or ECFA or free trade agreement with New Zealand and Singapore. But I would like to mention something about TIFA. I know most of you must remember TIFA. Not just TIFA but also the related to the measures taken by the United States in that era in the 1980s and 1990s. Remember at that moment economic all of financial liberalize to push Taiwan to liberalize foreign

exchange regime and also open its monopoly over wine, tobacco, and liquor plus part of its agriculture sectors.

And then I remember, I just back from the United States. A lot of very strong opposition, especially from the farmer. I remember minister of economics, that is Vincent Siew, he was hit by the eggs. But anyway, some people see that it's a disaster to liberalize all of these kind of sectors. But we got through. I believe that period of time, that period of time of economic liberalization really paved the way for Taiwan join WTO. So that is I'd like to remind this is important. Also you can see Taiwan's determination and commitment. Remember, Vincent Siew was the minister of economics, President Ma was the deputy secretary-general of KMT. They observed what happened in that era. The protest and all these kind of things. Taiwan got through. Okay, that's my observation for you, now waiting for your comments.

DR. MELTZER: Thanks. In the front here.

QUESTION: Bill Tucker. My question is to you Joshua. Why has the service sector lagged behind the rest of the development in Taiwan? We've done a lot of work in that area and I'd like to see your answer.

QUESTION: Okay. Ken Wen from TBAA, I got a question for Joshua. Joshua and Richard Bush recently have a paper, I think last month, talking about TPP and Taiwan. And basically on that paper I think you probably need ten years to get into the TPP. Because you have so many steps over there and every step is very difficult. So the other question I have is, do you think the TPP is an economical tool for United States to contain China. Because China have 19.2 percent of population but they are not included in the TPP. Okay? So this is my question for Joshua. Thank you.

DR. MELTZER: I'm just going to take those questions quickly and then we'll move on. Just quickly on the services sector part, I think it's a combination of reasons. I think the service sector tends to be small, the companies in it, and so have not got the top efficiencies that you see from larger service sector companies. They tend not to be trade exposed or exposed for enough competition, generally, which has also been a factor in it. I think there's a couple of other reasons, but I think those are the main ones so far.

On the TPP question, we're going to talk a bit more about the politics around joining TPP in the next panel so I'm going to leave that for Richard Bush. I'll just say, I don't think it's correct to think about the TPP as a containment strategy. This has been raised many, many times obviously since the TPP has been commenced. I think on one level it's the wrong way of thinking about trade and China. This was sort of a strategy that worked during the cold war and for various reasons it's something that's completely not only implausible vis-à-vis China, but it's also not a U.S. goal. I think the goal with the TPP for the United States is sort of an economic hedge in a way. I think there has been concern about the way the Chinese

economy has developed over the last 10, 15 years with a greater role for state enterprises and ownership of factories of production. And, you know, there's been, yeah, China's done a lot in terms of liberalization under its WTO commitments, but it's also true that doing business in China has become increasingly hard. But from an investment perspective, from an IP perspective and the like. This is an attempt, I think, to set a high level of rules across a range of industries and also that reinforce a particular role for the market in development going forward, which I think the United States would very much like to see China be on board on. I think the ultimate aim is for China to join the TPP. I think that would be the most beneficial outcome for the United States and for the Asian and the globe So the hope is, we've talked a little bit about this before, is that the TPP might be a bit like what the WTO was for China 12, 13 years ago, where it's ultimately going to be a question for China, domestically, the reform path it wants to take and we've had the plenum recently and there's certainly a piece of an ambitious reform agenda there. So the question is if China wants to go down that pathway, the TPP could be a useful vehicle to help underpin and drive that domestic reform in China. And whether that is exactly what happens I think is still to be seen.

QUESTION: Hi. Nadia Tsao with the *Liberty Times*, Taiwan. I just have a question for Ambassador Lin. We know with any liberalization there will be a winner and loser. And in Taiwan, you know, if the government really serious about joining TPP, have you all have the idea, who will be the loser and who will be the winner? And budget-wise and policy-wise, can we hear more detail, you know, what's Taiwan government's roadmap? Thank you.

DR. MELTZER: This lady at the back here and then you.

QUESTION: I'm Helen Raffel with Resources for the Future and Mr. Cooke, you invited us to ask you to tell us more about wind and solar energy developments, and I'm eager to do so.

DR. MELTZER: One more down the front.

QUESTION: I wanted to ask you a question that's that I guess was almost the flip side sectorially from an earlier question on the service sector. And that was, I mean, the Taiwanese manufacturing sector is also dominated by many small firms, ASUS and HTC excepting, but, you know, like you said, unbranded, right? And so the question, my question is, how is it that you would see the TPP helping catalyze a more development of brands, especially as branded goods, and this is a question for all the panelists, especially as to greater competition and more parts of the supply chain when everyone else is trying to do the same thing, right? And so where is it and do you think that's the right way of thinking about it or are there other impediments to the development of the branded good sector in Taiwan?

AMBASSADOR LIN: In my remark. I have already mentioned that our government has laid out a roadmap to meet the TPP standard of liberalization. Certainly it will

be some sectors benefited and other sectors affected. And our government has already start communication with affected sectors. And certainly we have to rally the domestic support, you know, for possible membership of TPP. I think whether I have already answered your question? No? Well, certainly we have to identify which sectors are most affected and the less affected and which sectors are benefited. And this is a, you know, a governmental plan. And probably Francis can -- please.

FRANCIS LIANG: Okay. I think the question is why every FTA negotiation there are winners and losers. In this case, who will be the losers, who will be the winners upon TPP accession or negotiation? That's the first question. The second question, what are the budget and the policy measures the government adopted to help those who might be the losers. Firstly, just like we say, many traditional industries that if they can develop an appreciation of [inaudible], they could still be a winner in the market. So we say there's no sunset in this. They are sunset products. Just in the same spirit for FTAs we don't think there are any industries that are going to be definite losers. For instance, when we joined the WTO in 2002, many people were worried about our agriculture sector because in general, the weak sectors are those who are not competitive in the global market, that is basically supplying domestic need. So those by definition is so-called the weaker segments of the market. But even for Taiwanese agriculture sector actually grew relatively in the past 10, 11 years after our accession to WTO. And so we don't, we had a thorough review for instance in our ECFA exercise because the government has established a US\$3.3 billion fund for assisting those industries that are affected by trade liberalization. And only a few sectors are actually named and that's the budget part you mentioned about US\$3.3 billion budgeted in 10 years period that will be used to assist industries they are negatively impacted by trade liberalization as a matter of trade negotiation. That is one thing. And other things we will help those industries to do their personnel training, their capacity building, their international marketing, so we have quite some think tanks and institutions that we fully use to help those industries to create a task force on the industry. Thank you.

DR. COOKE: As a private citizen I want to be clear about the frame that I'm using in telling the story very, very quickly. Normal narratives about WTO is it's fair, it's not fair. I'm actually interested in the questions of what's happening, why is it happening, and what's to be done about it. From 2000 to 2005 the Danish wind turbine manufacturer Vestas put more wind turbines into China than virtually any other company except maybe G.E. Turbine. And by 2005 Vestas had a 36 percent share of the Chinese market. However, during the last few years of that period, through government persuasion, Vestas was encouraged to be training a new generation of wind turbine engineers and then in 2005 there was a new local content regulation announced that had the effect, from the year 2005 to 2010 -- here are the two effects: Vestas' sales in China did not drop. Their market share dropped from 36 percent to 3 percent. In other words, the market expanded in China so dramatically during that five year period, that a single company could keep its sales slightly growing but lose out to competitors to the extent that they went from 36 percent of the market to 3 percent of the market. How did this happen? Because China's in a unique ability or position to leverage its scale and its speed.

This was brought to the WTO as a trade complaint. The WTO ruled against China. It took five years. By the time the trade ruling was announced, the global market had fundamentally changed. But let's remember when the ruling was found against China, they said, oh, sorry, and they stepped back, and they stayed from that point on, once the finding was leveled, within the WTO boundaries. So they are playing a shrewd, aggressive game, and they are playing within rules that they did not author in the first place. It's us -- up to the United States, I believe as a U.S. citizen, to understand what's happening and to update our own rules so we get better world results.

DR. MELTZER: Let me just answer quickly the question about brands. Look, there's, in terms of whether a Taiwanese industry moves up that train and actually has its own brands is not fundamentally going to be driven by TPP membership. It's going to be a strategic decision that Taiwanese businesses make. I think, though, if, given the way it's painted, I guess, the challenges, I mean, you might think that that's a pathway that more and more are going to pursue. And certainly to the extent that that is the case, the type of liberalization that the TPP would lead to would create an enabling environment which would help that transition. I think one of the challenges in actually becoming a successful branded company is, in fact, very much on the services tail-end of the marketing, advertising, and that type of strategic decision making in which, you know, it's going to rely essentially on a lot of, at least initially, overseas expertise and that's going, in order to access that at a competitive price, and Taiwan in is going to actually going to require both foreign and direct investment in opening up the services market. So that's going to be driven by the TPP and then it's going to be up to Taiwan businesses as to what extent they want to take it advantage of that, I think.

Unfortunately, we've come to the end of our session. I want to thank you all for your participation and we've got about 10 minutes and then we'll be proceeding to the next panel. (Applause)

(Recess)

RICHARD BUSH: Ladies and gentlemen, if I could ask you to take your seats, we'll get started. I want to thank so many people for staying for the last panel. I'm sure the reason you stayed is you want to hear Francis Liang at the end. So, it's not us. So, thank you, Francis, for keeping people here.

The three of us are going to talk about internal and external obstacles to Taiwan joining the TPP. And so whatever the economic incentives may be, we still have these obstacles, and it's important that we talk through them.

I'm going to give a kind of general strategic picture, and then my colleagues are going to talk about whatever they want to talk about -- but probably more from the domestic perspective.

Now, as I think about Taiwan and TPP, it seems like a huge mountain, with a sheer face near the top. And so the idea of climbing that for Taiwan seems very difficult, and part of the difficulty of the climb is domestic politics. And, more ominously, there's the obstacle of China.

So, you know, on first glance, it seems that getting to the peak seems pretty difficult or even impossible. But mountain climbers will tell you that success depends on finding the right path to the top. And rather than look for a path that goes straight up -- I mean, that's the last thing you want to do, but you want to take advantage of topography, and you want to avoid the most serious obstacles. In order to avoid dead ends and setbacks, you have to chart your path in the right stages. It's probably still going to be a hard climb, but it's not so insurmountable.

So, what I'm going to talk about are the stages of possible paths for Taiwan to the top of the TPP mountain. And I've identified what I think are the different steps that Taiwan might take to improve its chances.

China's potential political opposition is one of these, but it's not the only one. But if the steps occur, and if they occur in the proper order, the odds of Taiwan's membership become less daunting. I'm just going to state some of these steps, because we have talked about them, or we will talk about them.

Step one is that the twelve countries that are party to the current TPP negotiations must complete an agreement. I mean, that's obvious. If they don't complete an agreement, then the opportunities for other countries joining becomes suspended. I am hopeful that they will succeed. I think they're working very hard, but the final stages of any negotiation are the most difficult.

Step two -- Taiwan society must reach a broad political consensus on why TPP

membership is vital to Taiwan's long-term economic competitiveness, prosperity, and welfare. I think Vincent, earlier this afternoon, spoke to that in an eloquent way. I think the Taiwan leadership, both political and corporate, understands this very clearly. But in terms of broader society, some parts of it are not yet convinced. And my colleagues will speak to that, so I'm not going to.

Third, Taiwan can and should restore its credibility as a negotiator with key trading partners. Now what do I mean by this? I think that doubts have arisen in the United States -- and perhaps among other trading partners -- that even if Taiwan's trade negotiators make difficult concessions in order to get an agreement, they can't always get those agreements ratified within Taiwan's political system.

Now this is not a uniquely Taiwan problem. It is a lot easier for the United States to negotiate trade agreements if we have something called Trade Promotion Authority, which means that it's just an up or down vote in our Congress. And right now, we don't have Trade Promotion Authority. So, you would forgive some of our TPP negotiating partners for having a question in their mind about whether they're making their concessions at the right time.

The reason that these doubts arose have to do a lot with the beef issue, but not just because of that. This is not a question of sincerity of Taiwan's trade negotiators; it's more to point to the difficulties in the relationship between the Executive Yuan and the Legislative Yuan.

I think this is a real issue. Vincent gave good answers to some of these questions in his talk. I don't think all the doubts in the United States have been removed. But the more that Taiwan can do from now moving forward to demonstrate that it can negotiate good agreements, it can get them ratified, then those doubts start to decline. So, Taiwan's FTAs with other countries is important in getting them ratified. Getting, for example, the Trades in Services Agreement through the legislature is important -- and doing it in spite of the political obstacles.

Fourth, Taiwan should -- and probably is -- developing a negotiating position and strategy for TPP. I'm sure that Taiwan's economic policymakers are already working on an inventory of how each of the TPP standards affects Taiwan, the regulatory policies and practices that would be affected, how relevant domestic interests are -- might be disadvantaged -- and what has to be done between the gap of the current reality and TPP's expectations.

And I think that Taiwan, by studying its own and other trade negotiations, including the current TPP negotiations, it can prepare itself for the TPP talks, when they become available.

And now we come to China, and the challenge that China might pose to

Taiwan's entry. And for this, I go back to the U.S. strategy in facilitating the accession of both Taiwan and the PRC to the WTO.

I was chairman of AIT at the time, and the United States made a conscious decision to accelerate Taiwan's accession to the WTO -- on the one hand, because it was the right thing to do, but, also, because it would provide some encouragement to China to accelerate its own negotiations -- because, for political reasons, China would be afraid of Taiwan getting in first. And so that gave it an incentive to move forward itself.

Now, obviously, if China did not see a value in WTO for its own sake, for China, it would not have been willing to do this. But it did see a value, and, you know, it didn't want to be excluded from the circle of WTO countries. It wanted to use WTO -- or leaders like Zhu Rongji wanted to use WTO as leverage for carrying out domestic reform. And then there was the Taiwan matter, as well.

So, I think -- I hope I'm right -- that the incentives and disincentives facing China now are aligning in ways that replicate the late 1990s WTO pattern.

First of all, TPP, if it is successful, will create the prospect of a significant circle of liberalization that China will be hard-pressed to ignore. The countries that are now negotiating TPP account for 38.7 percent of global output; 25.3 percent of global trade. This means United States and Japan, among others -- if TPP is successful, I think it would be fairly easy for the Republic of Korea to come. And that just expands the circle even more.

Second, objectively, China needs the reforms that TPP can offer. And the very factors that are becoming a drag on China's growth are the ones that TPP is designed to remove.

So, this leads me to step five -- and that China's leaders must decide that significant economic reform is necessary. And we don't know how far they will go along that road. I actually think that the results of the Third Plenum are rather encouraging in that regard. This is an ambitious agenda, and it holds out the promise of a convergence between China's own priorities and the architecture that TPP creates. I mean, one question is whether China today has leaders of the vision and caliber of Zhu Rongji, but let's hope they do.

And then, as in the late 1990s, there's the prospect of Taiwan's joining TPP. Now, obviously, this depends a lot on United States being willing and firm to treat Taiwan's TPP membership on its economic merits, and letting China believe that we would actually go ahead. I think we should do that, because, you know, if Taiwan meets the standards, despite the fact that it requires a lot of concessions and sacrifices -- and if it's able to push this through the political system, even though it complicates the life of a number of economic sectors, we should be prepared to go ahead.

So, this is the path to the top of the mountain. It may be a little naïve, but we've done it once before. It should give Taiwan confidence that we could do it again. And if you don't know that you can get to the top of the mountain, you're not going to start walking through the foothills. But, you know, perhaps Taiwan can get to the top of the mountain. And so it's good to start the work that's already begun. Thank you.

Now I'm going to turn to Dave Brown. Dave is known to many of you. He was a Foreign Service Officer for over 30 years. He taught for many years across the street at SAIS. And he is on the board of a venerable institution, the American Institute in Taiwan. Dave?

DAVID BROWN: Thank you, Richard, and thanks to Brookings for giving me the opportunity to appear on this panel. It was partly by my own choice and partly by the structure of this panel that I've been asked to talk about the domestic obstacles within Taiwan to trade liberalization and, eventually, Taiwan's joining the TPP. Talking about obstacles is not a particularly pleasant task to undertake, and so I'm going to, with Richard's encouragement, also say a few words at the end, as to how these obstacles can be overcome, to try and put a slightly more positive spin on things.

Taiwan presents a paradox. On the one hand, it is a trade and export-oriented economy, and it has a number of companies that are extraordinarily successful and competitive internationally. They have a business leadership, which was at lunch today, which represents all of those positive strengths and traits in Taiwan society. But on the other hand, it has a public which has a rather strong protectionist trend to it -- protectionist slant.

In talking about this -- and it's from the public that these obstacles to trade liberalization come -- and so in talking about the obstacles, I'm going to talk about four things: public opinion, the role of the legislature, the role of the DPP opposition party, and the role of the governing party.

To start with public opinion: roughly 60 percent of the general public in Taiwan sees imports as a threat to the economy, and believes that limiting imports is important to protecting domestic jobs.

These attitudes have been exacerbated, I think, over the past decade by the fact that real wages in Taiwan have not gone up in real terms, and the gap between, you know, well-to-do and the less well-off has been exaggerated. Globalization, i.e. trade, is part of this, and it is those who have not done so well that are the people who voice the protectionist sentiments.

If you look at those people in Taiwan who think the economy has not done well, roughly 2/3 of them are protectionist in their outlook. If you divide the Taiwan population into five 20 percent groups, from the wealthy to the less well-off, it's the lowest 20 percent in terms of income who are the strongest opponents. And it's only the top 20 percent that has even a

slim majority of the general public who's in favor for the trade liberalization.

Now for the role of the LY, Taiwan's a democracy, a vibrant democracy, and it's perfectly reasonable for the Legislative Yuan to reflect public sentiment to a degree. And this comes about, in one respect, because, as a vibrant democracy, Taiwan has many civil society groups, trade associations, labor unions, farmers' groups, special interest groups, even wealthy individuals who have particular sectoral concerns.

And all of these groups get involved in Taiwan politics, and support campaigns for the legislature. And as a result of this, there are some members of the legislature who are, in effect, surrogate spokesmen for these domestic constituencies. And they are the ones who voice some of the concerns about trade liberalization.

Another thing has to do with the way the legislature makes decisions. Much of the business of the Legislative Yuan is not done in plenary session, but through a process of interparty consultation, in which each party, regardless of its size, has an equal voice. And this process means that the voices of smaller parties, including the DPP, the largest of those, has out -- its weight is overweighted, and that the majority that the KMT holds in the legislature doesn't always dictate the way things come out. So, the structure of the legislature complicates trade liberalization.

Turning to the DPP -- I would say the leaders -- or at least many of the leaders of DPP -- are sophisticated, internationally-minded individuals, who understand the rationale for Taiwan liberalizing its economy further, joining the TPP, endorsing free trade agreements, and so forth. But they have a membership of voting supporters who are the most protectionist group within Taiwan society. Roughly 70 percent of people who identify as DPP supporters have a sort of protectionist tinge to their views on these trade issues.

And so it's understandable that the DPP is going to, in many cases, reflect their interests as the largest opposition party. But it's also true that the DPP uses any issue that appeals to its members as a vehicle for trade or for political mobilization, and, often, puts their partisan interests ahead of their policy views. And that affects the way business is done in the legislature.

Turning to the governing party -- the KMT is the party of business. I would guess that most of the members who are here today would be supporters of the KMT. They have, therefore, a strong understanding of the role of trade liberalization, and how joining the TPP can help preserve and improve Taiwan's international competitiveness.

President Ma Ying-jeou is a perfect example of this. He is a bold spokesman for free trade, and, on the beef issue, after a great deal of hesitation, he made the right decisions, and pushed that through to a successful resolution.

But the governing party has its problems, as well, and one of them has to do with coordination between the executive and the KMT caucus in the Legislative Yuan. The KMT caucus wants to ensure that its members' points of view are taken into account. And looking from the outside -- perhaps I'm wrong -- it doesn't seem as though the coordination between the caucus and the executive branch has always been done as well as it might be done.

Beyond that, there is a friction between President Ma and Speaker Wang in the Legislative Yuan, which has had a deleterious effect on the ability of the executive and caucus in the LY to coordinate -- most symbolized by the recent move by President Ma to deprive Speaker Wang of his membership in the KMT -- and, as a result of that, perhaps even his role as Speaker. So, the KMT is also part of the obstacles to getting trade liberalization accomplished.

So, to summarize it, I think there are a number of obstacles that stand in the way of trade liberalization generally, and TPP membership in particular.

Now how can we overcome these? Vincent Siew has one point of view, and that is that these differences internally are exaggerated by some people, and that he has a strong confidence that there is a considerable degree of consensus between the ruling and opposition party on these. And in the end, that will determine it.

I would like to believe that he is correct, but it seems to me that domestic political factors are always intractable. They certainly are in the United States, and they appear to be in Taiwan, as well.

So, how can we make progress? I'll throw out four quick ideas.

One is that it cannot be left to the KMT and the business community alone to argue the case for TPP membership. The opposition party -- in particular, the DPP -- needs to step up to the plate, and become part of the voice within Taiwan arguing the case for further trade liberalization, even though this may not be acceptable to some of their own members.

Secondly, I think -- and here again, I may be overly critical of the government, when one of their distinguished representatives is in the audience, but I think that, as an outside observer -- that there is more the government could do to explain the course of negotiations, while they are being conducted, to the public and to the affected sectors in Taiwan, so that when the agreement is announced, they have built up a certain body of understanding and consensus on the importance of acting positively on the agreement. And I, for one, perceive that the government has not been doing that work as thoroughly as it might be.

Thirdly, the KMT needs to work out a deal between the Executive and Speaker Wang, on how to move the KMT's legislative priorities through the LY in a more efficient manner.

Now when I wrote that sentence a week ago, I said, “People in the audience are going to laugh. There’s no way that this is going to happen.” But, in fact, Ma and Speaker Wang had shaken hands, and they have agreed that government business should go on. And just yesterday, President Ma, in his role as Chairman of the party, instructed the party to form a taskforce which would find a way to resolve these differences concerning Wang’s membership in the party. So, I have some hope that the KMT will be able to do this.

And thirdly, turning to the DPP, I think the DPP needs, on certain important issues, to put policy ahead of partisanship. And in this respect, I am somewhat encouraged by the statement that the DPP put out last week with respect to the Taiwan/Singapore economic cooperation agreement, endorsing that agreement as something that was positive. And on this point, I would agree with Vincent that its way seems to be cleared for smooth passage through the legislature.

So, those are my four domestic bits of suggestion on the international scene. I think I would take Vincent’s comment or the theme of his speech as the most important thing that we in the United States can do, which is to do everything we can to get Taiwan into the TPP negotiating process, because it’s that process which is going to drive liberalization in Taiwan. With that, thank you very much.

DR. BUSH: Thank you, Dave. We now turn to our third speaker, Philip Yang. Philip is one of Taiwan’s most prominent political scientists. He was trained at UVA, which speaks well of him. He has taught at National Taiwan University, published extensively, and created a good platform for discussions of Taiwan’s security.

In good Confucian fashion, he hasn’t stayed within the walls of the university, but done important stints in government service. He was minister of the Government Information Office, and he was deputy secretary-general in the National Security Council. So, Philip, welcome.

PHILIP YANG: Thank you, Richard. It’s always nice to come back, because, just like Richard’s kind introduction, that I went to UVA, which is only -- if you drive a little bit fast, one and a half-hour, but normally should take two and a half. I didn’t get a speeding ticket. But I really enjoyed staying here in Washington, even though when I went to UVA, I was supported by a Fulbright Scholarship -- but with only a partial grant, so I’m not full bright; I’m only half bright.

Let me begin with two major things that I think before the end of 2016, in the coming three years, I think that the two major things will have a tremendous impact in Taiwan. I mean, internally or externally.

Of course, the first one would be the 2016 presidential election. Of course, it’s

related to the developing of the democratic consolidation in Taiwanese politics, and, also, related to the future development of the cross-strait relations. I think you know the background very well -- and, also, it will definitely touch upon the identity politics inside Taiwan, okay, which our Vice President, Vincent Siew, mentioned. And so I'm not going to, you know, discuss those issues, because we're here to discuss TPP.

So, that would be the second thing: whether we can participate in the TPP negotiation process in the upcoming three years. I think that would be a major challenge for Taiwan.

I think, well, the reason's clear. But what's the meaning for TPP for Taiwan? I think that economics probably would tell you that it's about the economic diversity or integration with the regional economic development, which has been going on for decades.

And then balance the external economic relationship, which Vice President Siew mentioned, that to ensure that freedom of external choices -- I mean, both economically and strategic sense.

And then, of course, shall be the major topic for today's discussion: The fourth possible implication of joining the TPP would be the political, security, strategic, and psychological, you know, implications.

I think that for economic diversity, it's clear that, for Taiwan, 70 percent of our GDP actually depends on -- related to trade with other countries. And ECFA, Singapore, and New Zealand represent a major step for Taiwan's efforts to try to secure our major export markets -- the number one trade partner since 2003, mainland China, and then two major trade partners with Taiwan.

But that's not enough. If you compared, you know, the list of what the Korean government had done in the past, okay, and not to mention some other ASEAN countries -- and we know the reason behind this. Richard mentioned this, mainland China's opposition and some of the political reality.

And, of course, the domestic problems, which David addressed and I will touch upon a little bit later. But, indeed, to ensure the economic diversity I think is vital for Taiwan.

And integration with the regional economic development -- I think it was in 1993 when United States first held Economic Leaders Summit in APEC. Then Defense Minister -- correct me if I'm wrong; I think it's William Perry -- he has a proposal that, "Why don't we change the C of the APEC?" APEC stands for Asia-Pacific Economic Cooperation. It doesn't really sound like a name for any organization, but he argued that, "Why don't we change the name Cooperation into Asia-Pacific Economic Community?" You know, following the model -- then the EEC to EC -- Economic Community in Europe. That was the idea then.

Of course, it rejected by all ASEAN countries and even Japan, okay, because it wasn't possible right then to have this kind of the Western legalistic pact of free trade agreement, okay?

But if you look at today what the process of those eight ASEAN Plus agreements -- and now China, Korea, and Japan are having summit to discuss the possible Northeast Asia free trade zone. Now we can see the development of TPP and RCEP .

So, eventually, like I think it was a couple speakers ago mentioned APEC again -- that, hopefully, there will be Asian-Pacific free trade agreement in the future.

So, this is the trend, as a matter of fact. And Taiwan, because our ambassador to the WTO, Ambassador Lin is here, because after 2004, the problem with the WTO, and countries decided to sign bilateral and multilateral trade agreements or FTA to secure trade relations with other countries and market shares.

But Taiwan, because of a lot of problems, now excluded from those 40-some trade agreements in Asia. And finally, we secured one with Singapore and New Zealand.

So, this is far from enough, and, as the Vice Minister mentioned, that we found this quite interesting -- the HSBC's research about this economic linkage between the development of GDP and export of Taiwan -- that if you -- let me just rephrase that. Before 2008, one percent of the increase of U.S. GDP, which can bring about six percent export in Taiwan -- but not anymore, after 2008. On the contrary, if there's a one percent increase in mainland China's GDP, there will be a 3.8 percent increase of export of Taiwan. So, you can see this kind of a trend, all because of cross-strait economic enhancement.

So, let me touch upon, a little bit, this political, and security, and statistic, and psychological implication. I think that this morning, we visit the House. I think the chairman of the Asia-Pacific Committee -- Steve Chabot, he said that. I think it's very, very strong and quite accurate. He said that -- let me quote -- "The best defense or deterrent for Taiwan is for the PRC to know and to believe that Taiwan is strong, and United States supports Taiwan," okay?

If we look at what he said -- in the past, mostly probably mainly from political military to a security angle, and that United States, under the 1979 TRA to support Taiwan, and give Taiwan sufficient military defense capability, like those parties we recently acquired. And then we probably stop there, okay, thinking about Taiwan is strong, or to deter that mainland China's possible invasion, with the support and linkage with U.S. military.

But in fact, actually, I think that my experience in the past couple of days, together with this delegation, remind me that I think, basically, it's the economic strength that

serve as a backbone of maintaining the strength of Taiwan -- and interests between the United States and Taiwan, especially U.S. interests. We mentioned so many times about U.S. interests in Asia or in Taiwan. I think that will be, of course, political institutions -- you know, a liberal political institution or human rights. I think most important of all, still, economic interests and peaceful status quo -- and, of course, recently, freedom of navigation of mainly the U.S. interests in Asia.

So, I think this is quite important for Taiwan to join the TPP and other trade agreements, to secure our economic diversity, integration with the regional economic development, and, most important of all, that our relations and economic linkage with not only United States, but, also, other countries, like Japan and the rest of the members of TPP.

And there's a lot of debate about, what is the, you know, essence or meaning of the U.S. rebalancing policy? I think that it mentioned five or seven elements in the official documents.

But from my point of view, it's that major three angles. One, of course, would be the economic one -- the U.S. policy of reengaging Asia-Pacific economies. And then TPP now, of course, serves as a pillar of this major U.S. economic rebalancing policy.

Another one would be, of course, the military part, and the enhancement of military relations and linkages with major allies. And this is a very important part for United States.

Of course, the apparent one would be, the third one would be the diplomatic or multilateral efforts done by the United States -- even joined the East Asia Summit, which was probably unthinkable a couple years ago.

So, rebalancing means that U.S. interest -- is paying great attention to its interests in this region. So, I think that, from this angle, we have to look at how Taiwan can, you know, fit in in this kind of framework and development, and so I think that U.S. interest in Asia and Taiwan, and to understand that the Taiwan participation in TPP -- not just for our own economic development and liberalization, but also for, you know, for finding our positions, and to secure our relations with some major country in this region.

Now let me turn to some of the domestic obstacles that I'd like -- if I may add it to the list that David provided. I think that there's a very interesting coincidence, if I may. Because, as I mentioned, that WTO faced this problem after 2004 and 2005, and then countries that decided to go for the FTA efforts. And at that time our government, the DPP government, actually didn't respond that promptly -- and, also, facing a lot of difficulty because of the political reality across Taiwan Strait

But ever since 2008, so the Ma government decided to ease the cross-strait

economic constraints, and engage economic dialogue and signing, all together now, 19 agreements with mainland China -- and some of them actually not that economic in nature, which is like the judicial assistance and crime combatting, okay?

However, together with our effort, trying to join as the region and the world for economic liberalization and deregulation -- so it's this two trend actually tangled together, and as Vice President Siew mentioned, that if I may add to your explanation to the domestic resistance, to economic liberalization and deregulation, is that it's also part of the identity politics and cross-strait distrust, okay?

And in this process, of course, we signed the ECFA in 2010, and then now, the services part package is still waiting for approval in the Legislative Yuan.

So, from DPP or from some of the protectionist-minded individuals who are in elites, that this is not just about trade; this is not just about liberalization. And this is also about, you know, identity. This is also about ideology. So, it's getting really complex.

And together with that is that the differences between KMT and DPP, and then you're right in mentioning that some problem inside the process, of procedure of the Legislative Yuan, and efforts that should be done more by both parties -- especially the DPP -- to seek bipartisan consensus in terms of both the cross-strait economic relations policies and regional policy for further trade liberalization.

And another element I would like to add is that you mentioned I think it is Richard mentioned that now, political and corporate elites and leaders have no difficulty supporting this trade liberalization. But now, in Taiwan, there is a trend what we call the *renmin yundong* -- how to translate that?

DR. BUSH: People's movement.

DR. YANG: People's movement -- yeah, thank you. Yeah, perfect. Yeah. So, it's getting -- with the support of our media -- anyone that's been to Taiwan, you know the difference of media. And, currently, I'll say that some of our media holding a quite negative position toward trade liberalization and deregulation. You cannot blame them, I have to say that -- because just like David mentioned that -- because in the past, 15 or 20 years, also, Taiwan maintained its kind of economic stagnation, okay? And there's really no, you know, increase of a real sense of wages or salary.

So, this is very difficult for the people. And it tangle with the cross-strait, and identity, and ideology.

However, as I mentioned again, if you have time to go back to, you know, Vice

President Siew's remarks, he mentioned that. Then let's look at the way we signed the ECFA, and, also, the pact with Singapore and New Zealand; then the way we solved this U.S. beef issue, okay?

The U.S. beef issue was there for six years. During that six years of time, you know, Korea signs probably more than 20 FTA, including the one with the United States. So, that caused distrust on the U.S. side, especially probably on the USTR side. And it's understandable.

So, what I would like to explain is that it's not just a simple -- not like in other countries -- simple, just a resistance among the protectionist-minded people, of rejecting this trend of trade liberalization and deregulation, especially looking at what it means for Taiwan, especially in the past and in the future.

And, indeed, our own responsibility to deal with this -- like, I totally agree with David's suggestion and Richard's argument that we have to deal with this. And political elites and social people interested in the people's movement and media should take a serious look and examination what it means for us in participating in TPP negotiation -- because, again, let me go back to the argument I made.

I think that, in the coming three years -- not just the 2006 presidential election -- Taiwanese are paying too much attention to those elections, but fail to pay equal attention to those real things. One would be our participation of the TPP negotiation. So, I thank you.

DR. BUSH: Thank you very much -- really excellent.

We have now 15 minutes for questions and answers, and maybe I'll take a couple at a time. And please identify yourself, and if you want to direct your question to any particular person, please say so. So, I saw my colleague Mireya's hand first, so we'll give her the first question.

QUESTION: Hi. Thank you very much. Mireya Solís, senior fellow here at Brookings. I have two brief questions.

I think it was remarkable in the keynote this afternoon that Mr. Siew asked, does the United States really care about the U.S.-Taiwan relationship? And given that Taiwan is extremely dependent on China and marginalized from everybody else, would be against the interest of the United States. Is the United States prepared to walk the walk in facilitating TPP membership?

So, I guess my question is to ask you those questions to you, the panelists, and what is your assessment in terms of key figures in the Obama administration, and congressional leaders, and USTR, and so forth? How much are they thinking about Taiwan's

potential membership in the TPP -- how much of a priority it is? Where is the discussion at, at this moment?

And the second question I have is regarding the potential WTO model of accession, where both Taiwan and China came in close succession. And I think that we have to think about, how ready are these countries to join TPP? And even though the Third Plenum was very encouraging, it seems to me that China's still a long way off in terms of being ready, whereas, despite the domestic obstacles that you discussed this afternoon, Taiwan could be readier soon.

So, what happens if Taiwan is readier much sooner than China, in terms of seeking TPP membership? How would that affect the conversation? Thank you.

DR. BUSH: Okay, thank you. And we'll take a question here, and then do some answers.

QUESTION: Thank you. I'm Jerry Chan, graduate student at Maxwell, Syracuse University. I have two-part questions.

The first is, will Taiwan's entry to the TPP significantly affect cross-strait relations and existing trade agreements, such as ECFA or the service agreements?

And my second part is, as the past speakers on the panel says, that Taiwan's economy is essential for its survival. Is TPP a method of Taiwan to increase/expand its soft power in the Asia-Pacific region, to ensure security stability, instead of using the past hard approach, which is using military strategy of increasing arms deals with the U.S.? Thank you.

DR. BUSH: Thank you. Who'd like to offer an initial answer? Okay, to Mireya's question -- I suspect that there are probably different points of view or different emphases within the administration. I think that in USTR and some places in Capitol Hill, the problem of credibility of commitments is more serious than in other places. And that's in part because they reflect the interests of sectors in the United States that would like to expand exports to Taiwan. And so maybe they're setting a somewhat higher standard.

I think in more political parts of the administration and among the scholarly community, there may be an understanding that cross-strait relations are more likely to go well if Taiwan has sources of strength that itself builds up. And economic competitiveness is one of them, and that depends on having strong economic relations with all major trading partners, not just with China -- and that the United States can help in that regard -- not by lowering standards to TPP, but being open to Taiwan, and, as Dave said, facilitate Taiwan's entry into the negotiating process, which will then have knockoff effects.

We had TPP and cross-strait relations, and TPP and soft power.

Okay, please.

DR. YANG: I like the term “soft power,” because I was the minister for GIO -- that all the movies and music is actually under my domain.

And it’s, indeed, that if we can join the TPP. It’s not just for the sake of the political, you know, linkages, or to try to avoid international isolation. I think it’s mainly for economic liberalization and, also, economic competitiveness in the future for Taiwan’s economy -- and have a linkage, of course, with the development of soft power.

And that’s the reason why I argue that Taiwan’s efforts, Taiwan’s bid for the TPP negotiation -- and including the composition of this delegation coming to the States from New York to Washington and San Francisco, with so many top business leaders. If you know Taiwan, you know those are big names, you know.

In fact, in my personal opinion -- again, my personal opinion, because I also serve as spokesperson for this delegation -- my personal opinion is that this is Taiwan’s own rebalancing strategy, okay?? Because in the past, after 2008, you know, without, you know, start of trade liberalization, which is identical with our economic negotiation with mainland China.

So, [inaudible] this business means business, you know? And in any democratic society, government cannot restrain or ask the businessmen to do or not to do. So, this is a very natural development that China became our number one trade partner.

But government -- let me use our Vice Minister’s point of view -- the government have a plan for the long term, have a vision. So, government cannot take, you know, influence that the short-term, you know, market force -- but what is the mid-term or long-term vision for Taiwan’s economy? I think that’s the government’s position and obligation.

So, indeed, we think that try to enhance U.S.-Taiwan trade relations, and, also, hoping the United States supports Taiwan to join the TPP negotiation would be our own rebalancing strategy. So, if I may put it this way, using your term.

DR. BUSH: Okay. Dave?

MR. BROWN: On the question of soft power, I would address that in this way - - and I think Taiwan, as it tries to make its way in a difficult world environment, has two trump cards, you might say, to play.

One is its democratic values, which was the start of Vincent’s speech, and the

other is its economic strength, and it's important as an economic partner for other countries.

And if Taiwan is, indeed -- and I believe it is -- being marginalized to a certain degree by its exclusion from the process of trade liberalization that's going on in East Asia, and its economy is not performing optimally, then I think TPP is a crucial opportunity for Taiwan to strengthen its economy, and strengthen that pillar of its relationship with the rest of the world.

DR. BUSH: So, let's take a couple more questions. I see someone right there -- right in the aisle, the gentleman.

QUESTION: Yes, Chung-chien Teng from National Chengchi University. I have a small but important question about TPP in general to Richard. Your talks, you mention about the Trade Promotion Authority. If there were no authority, what would happen? Thank you.

DR. BUSH: Okay. And the lady at the back?

QUESTION: Hi, it's Charlene Lim from Chinese University of Hong Kong. This is question is first for Richard, and then the second one will be for Mr. Brown and for Mr. Yang.

But, as we know, all of you have mentioned, the services sector really needs restructuring and upgrading in Taiwan. And in this light, one of the key parts of the services sector is the financial sector. But we understand that the TPP discussion currently is not including the financial services sector, like the U.S. has been trying to exclude it from discussions with Europe. How do you think about it, Richard, in terms of the possibility of financial services being included?

And in that light, turning to the domestic side for Mr. Brown and Mr. Yang, the Taiwanese elites and domestic society have both been very close-minded about opening the financial sector, and their needs to catch up to the manufacturing, to support the *taishang* in China.

So, how do you think about this, in terms of joining TPP and, surprisingly, to go along with what Mr. Yang was saying, in terms of balancing the China part? Because Taiwan's getting closer to China and financial integration.

DR. BUSH: On the first question -- if TPA does not pass, then that creates the real possibility that when the trade agreements go before the House and the Senate, that they're open for amendment. And amendment simply means changing the text of the agreement. And, you know, if it's a binding change in the text, then the agreement has to be renegotiated.

So, this is similar to what happened with the beef protocol that the United States negotiated with Taiwan in 2009, and the Legislative Yuan saw fit to change it. And we know what happened then.

Charlene asked really formidable questions. Whether or not financial services is in TPP, the question is -- is that right? I don't know.

MR. BROWN: I don't know.

DR. BUSH: Yeah, is it? No. It is? Oh, okay. Mireya, do you want to -- Okay, project, please.

DR. SOLÍS: I'm not an expert on financial sectors, but my understanding is that in the U.S./E.U. negotiations, what has been the main issue is that you're talking about -- on the European side, they're asking for convergence and mutual recognition of standards.

All American FTAs have included financial services, but they deal with the nondiscrimination aspect of it, and that's how I understand it's being discussed in the TPP. And that's why, with Europeans in particular, the financial services talks have been more sensitive.

DR. BUSH: My non-expert view would be that even if financial services is dealt with in a somewhat limited way in TPP, it's still in Taiwan's interest to liberalize. I mean, it's for its own sake to do it, not as a favor to the United States.

Any other -- okay, Steve, please -- Steve Chan, former Minister of Health.

QUESTION: I'm glad I made a decision not to go to Senate, but sit here and listen to this, first of all. I want to take this opportunity to clear some points Vice President Siew said previously.

DR. BUSH: Okay.

MINISTER CHAN: So, one of the audience asked him, "Is this your personal opinion or government's decision?" He said, "No, this is mine." But what he *really* means is, "I'm not in government now. I cannot speak as a government official." That's what he really means.

But, as far as I know, to join the TPP is the current administration's policy. And last year, at President Ma's inauguration speech, he made that clear in that speech. He said, "We want to be member of the TPP within eight years." So, that's clear. I just want to take this to express that.

The other thing is, these two sessions talk about the economy first, politics this; that's a perfect setting for that. Actually, this is two elements always in it .

On the previous session, talked about, I think, Terry Cooke, he said many Americans doesn't realize the value of ECFA, and didn't take advantage of it. Which is -- I fully agree with that. Not many American companies know it -- until recently -- some of them - - particularly I'm familiar with the pharmaceutical companies. And 10 years ago, they see the huge market in China. They kind of forget Taiwan. They move their headquarters to Beijing, and then just leave small teams in Taiwan. So they said, well, yes, they get the initial succeed, but now they stop, and they regret. Many of them tells me about this now. So, until I tell them, "Well, we have ECFA," they say, "Wow, I wish we knew then."

Then if that's the case, they don't have to stop there. They can just take in the ECFA, and just sell through it. That's what I'm to say. But now they know, and I hope the people will take this opportunity.

And the third -- I'm very glad that David talked about this internal Taiwan domestic politic about this difficulty. You know very well what happened in Taiwan. You talk about it from DPP side. Yes, that's what the situation -- you talk about the KMT side. Yes, that's the situation.

But some people ask me about, is TPP the American strategy to quarantine or constrain to China -- which I'm not so sure, but I believe, as far as I know, TPP is the free trade, and then we set up the standard. As long as you meet the standard, you joined.

And why China goes to RCEP -- my personal opinion is, they know they can't get there right now. So, they want to lower the standard, and make another organization as their private club.

But I'm sure when the time comes, when they're ready, they'll move into TPP. So, there's no need to use that kind of thinking to think about it -- and particularly, recently, we visited China three weeks ago with Vincent. And we also went to Shanghai to really know what's going on with their free trade zone there, what it means.

And they really tried -- I know they're trying, but they're afraid of trying. So, that's why they took Shanghai, as a pilot plan to see how they can open up -- and particularly from the financial control area. So, I think they know eventually, they need to go to that stage, but they take their steps. So, with that understanding. I think TPP should just go ahead and go it, and they will help them move along.

And last week, the *sanzhong qianhui* they tried to, but they take their step. You can see the result from *sanzhong qianhui* . That's what they tried to do.

So, what is the best possibility of Taiwan to overcome all of this domestic politics and really get ready for this? I personally think as long as we offer that, a time will come. But being realistic, I personally think the nearest possibility to get this to come to the real consensus has to be after 2016. And by that time, I think we'll have more consensus by then.

And on the last, I have a very strong feeling about what happen now, with this kind of imbalance. And so much depends on China's market from Taiwan's point of view

I don't think Taiwan purposely choose that; it was just it became that, because the economical situation, but, also, in American policy that times, Taiwan's businessman needs to survive. And therefore, that's the way to survive, so they move over there. That's all. There's no political intention to do that, but it just happened that way.

But, okay, now we know this is the situation now. American try to rebalance Asia now. So, we got to think about this. Can this situation continue to just allow that business as business? I don't think so. We count that business with business only, then they will continue this kind of trend.

If United States try to rebalance Asia, Taiwan try to rebalance ourself, then some policy has to move in, and to redirect this direction. And this is something -- I think this message, we try to bring it to here. That's all I'm saying.

DR. BUSH: Thank you very much, Steve. I'm glad that you chose to stay at Brookings, and not go to the Senate.

So, I think we need to bring this panel to a close. I want to thank Dave Brown and Philip Yang for your great presentations. Thank you all for your questions. And so you are excused, and if I could ask Francis to come and join me on the stage.

For our last speaker, we are privileged to have someone who is an official of the ROC government, Francis Kuo-Hsin Liang. He's the Deputy Minister for Taiwan's Ministry of Economic Affairs. He has served in the Taiwan government, and served the Taiwan people for a long time, in seeking to enhance Taiwan's prosperity and competitiveness. And we're pleased to have him conclude our session today with a few remarks. Francis?

DEPUTY MINISTER LIANG: Okay, thank you very much, Richard. First of all, I must say that I feel both honored and excited to have this opportunity to participate today's program.

I'm honored because we had many presenters and commentators that participate in today's program are renowned expert in this area. So, I feel very much honored to be with them.

I'm excited because I learned a lot from all the speakers and the presenters today on this important subject matter of Taiwan, and the TPP, and Taiwan's possible membership in the TPP framework.

I believe this is a very, very important subject matter, so I like to share with you some of my thoughts, and some of the conclusions I got from the previous discussions.

Of course, as you understand, Taiwan's economic development is very much dependent on international trade. This has been explained time and again, also by Professor Yang.

Of course, we should not forget about the multilateral negotiation in Geneva, but we all know that international trade and investment has never been a barrier-free environment. And it's because the Doha Round of negotiation in Geneva under WTO hasn't been able to come to a close after 11 years of negotiation. So, now we see more and more bilateral and regional negotiation on free trade agreement.

And this proliferation of regionalism has taken its toll on Taiwan very much, because we calculated that, currently, for every \$100 value of trade that Taiwan conducted, only \$4 is eligible for preferential treatment under a formal FTA -- while for Singapore, it's \$63, and for Korea, it's \$34. But Korea is currently negotiating more FTAs. So, this put Taiwan in a very disadvantageous position to conduct our foreign trade.

As a matter of fact, the World Economic Forum, they did a study, and they called that Global Enabling Trade Index. And Taiwan always comes as one of the top performers, but only on this index Taiwan ranked, I believe, 126th out of 130 countries surveyed.

That's the duty we pay in relation to the nominal tariff, but because only \$4 out of \$100 is under FTA -- so we pay, on average, the highest import duty in all our major markets.

And when I come to that figure, I was surprised that we would be 126th in the world, because we won't be able to enjoy the FTA treatment in all our major markets.

So, this is a very, very important subject matter for us, and I will tell you how I think it is important.

But, Richard, I'd like to mention one thing that you mentioned -- that probably, in some U.S. trade officials' mind, Taiwan's credibility of negotiating and implementing trade agreement is at issue. And I fully understand if that impression comes from the trade on beef for two years.

But, to be honest, even for our beef protocol, probably only two percent of the whole protocol was stopped by our legislature. But in the meantime, U.S. government are working with us. We were negotiating ITA agreement under WTO in Geneva. We were actually trying -- United States, Taiwan, and Japan -- we brought E.U. to WTO dispute settlement, because we don't think that they are enforcing the ITA 1 faithfully, and we work with the USG very diligently. And we even were the one that started the negotiation on TISA - the Trade in Service Agreement -- in Geneva, working with the USTR.

But, unfortunately, those were the negotiators for IT products. They are not for beef. So, different people have different portfolio.

But they gave people the impression that the credibility of Taiwan's trade negotiation is under scrutiny, but we actually are very happy that we, in the meantime, are still working with our U.S. counterparts on many of the regional and multilateral negotiation.

And, of course, TPP is important for us. But why? I think I will give you two more reasons that I think it's important.

One is that TPP is, by all accounts, the most valuable undertaking for Taiwan, because it's a high standard, as Vice President Siew mentioned. If we can finish this negotiation, then probably we're going to go on to do all other negotiations on its economic and merits.

Number two -- TPP membership includes some of Taiwan's most important trading partners, particularly the United States and Japan. Japan is our number two largest trading partner; United States is number three. So, we have ECFA with China, our biggest market, and joining TPP would take care of almost all of our major trading partners, except for Europe. So, this is very, very important, in a way that can, instead of individually looking for bilateral negotiation with Canada, with the United States, with Japan, this will be a perfect arena for us to finish the rest of our FTA strategy.

So, we think this is very important, and I think previous speakers mentioned that not many American firms realize the value of Taiwan to their business, because in the past five years, under President Ma, Taiwan has repositioned ourselves tremendously, as the gateway in the region.

For instance, personally, I helped six Japanese firms to open their operation in Taiwan. One larger one is the Japanese digital camera manufacturer, Canon. In the year 2010, we signed ECFA with China. In the same year, they started building two new factories in Taiwan. Each employed 2,500 to 3,000 workers.

Why? Because under ECFA, early harvest digital camera is duty-free to China.

Digital camera components are free to China. So, they built one factory for the camera; one factory for the components. And it has started shipping one year afterwards. And they were happy with the factories, so, actually, they are now shipping to Europe from this factory.

And because Japan's business realized that for Japanese government to negotiate and conclude an FTA with China probably will take quite a few years.

So, we hope that a U.S. business can come to the same conclusion, in realizing that partnering with Taiwanese business will help them to go into that market tremendously.

And I want, also, to answer the question people asked -- are we prepared, or are we ready for TPP negotiation?

I think we heard all the comments. I read the report from your institution. Really, I'm impressed by the depth and width of those observations and the suggestions. Some, we are currently doing in Taiwan already.

For instance, you mentioned the interest groups in your study, and we are creating a special taskforce in direct dialogue with those interest group. And, actually, we have internal taskforce for negotiating FTAs. It was chaired by our Premier.

And last year, we also created a special committee under this taskforce -- Committee for Industrial Advisory Work. And that is an outreach and a dialogue with industry and academia.

And I'd also like to really draw your attention to the fact that we started negotiating with Singapore 2010, right after we signed ECFA with China. And then 2011, we started in negotiation with New Zealand on FTA. And this past July, we signed FTA with New Zealand. And on November 7th, we signed our FTA with Singapore.

The reason why I like to mention those two FTAs is not only that by opening the door with China, we are also opening the door to other trading partners. But in the process of negotiating with those two trading partners, they teach us a lot about TPP preparation, because they are, on one hand, currently negotiating with the other partners, including the United States, on TPP.

So, when they negotiate bilateral trade with us, they remind us very much that they are using the TPP standard to request Taiwan -- because, first of all, they don't want to maintain two different [inaudible] system; that would be very costly for the trade community. But they also want to be sure that they are negotiating at our high standard.

So, actually, when we change the trade law to accommodate New Zealand's request for certificate of origin in the future to be issued by exporters themselves -- they self-

satisfy -- our law didn't allow that, so we changed the law, because we know that many TPP countries are currently doing that.

So, we have TPP in mind while we were negotiating with New Zealand and Singapore. So, actually, some of the American negotiators later, when they had the opportunity to see the full text of our FTA with New Zealand and now with Singapore -- they really laughed, saying, "Hey, those guys are talking with your own TPP content."

So, this is the way we prepare ourself. And we also prepare ourself by benchmarking the liberalization commitments from, say, KORUS, the U.S. trade deal with Korea.

So, we set up an internal interagency taskforce. We review the commitment and regulatory change in, say, Korean-U.S. deal -- and ask our agency, okay, you come up with the same commitment. If not, why not?

So, we are doing this one by one, putting our own agency at spot. But understand, we are serious about this. This is how we prepare ourself.

So, again, I think this is a very, very interesting workshop, and I learned a lot, and I would like to, again, using this opportunity to affirm two things.

One is that I have the confidence to share with all of you that Taiwan is ready to apply for TPP membership, when the window of opportunity becomes available.

And number two, I'd like to take this opportunity to thank you, Richard, and the Brookings Institution, for organizing this important workshop. And this definitely cleared many issues for the road for Taiwan to join TPP in the future. Again, thank you very much. Thank you.

DR. BUSH: Thank you. Thank you very much, Francis. I think you made some very valuable contributions to our discussion.

As you suggested at the end, this is part of an educational process. As we've discussed through the afternoon, TPP is part of the policy challenge, but it's also a political challenge, so there's a lot of education that goes on within Taiwan, and you're responsible for a lot of the educating. We should call you Professor, instead of Deputy Minister. There's a lot of education that has to go on in the United States, to clear up misunderstandings, and then between us, there's a lot. So, we're pleased to be a part of that, and thank you for your involvement.

I want to thank my colleague, Joshua, for the opportunity to work together with him, and I want to thank the staff for preparing and executing a really fine event.

Thank you all for coming.

* * * * *