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TAIWAN'S PATH FORWARD:
A CONVERSATION WITH KMT CHAIRMAN ERIC CHU

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P R O C E E D I N G S

MS. MALONEY: Good morning. Good morning and thank you so much for joining our event today, "Taiwan's Path Forward: A Conversation with KMT Chairman Eric Chu." I'm Suzanne Maloney, vice president and director of Foreign Policy at the Brookings Institution. And I'm delighted to welcome Chairman Chu back to Brookings.

Today's event is being co-hosted by Brookings and the Center for Strategic and International Studies, CSIS. Chairman Chu will be speaking to an in-person audience here in our Falk Auditorium, and we're also webcasting live to an audience around the world. Our conversation today is on the record.

This event comes at an important moment. There is growing international awareness of the importance of Taiwan's security, and we are all deeply concerned about rising tensions in the Taiwan Strait. Chairman Chu's visit today provides an opportunity to gain a deeper understanding of the KMT's vision for Taiwan's future, for cross-Strait relations and for U.S./Taiwan relations.

This event today reflects Brookings's tradition of non-partisanship both at home and abroad. We take pride in providing a venue for candid and respectful discussions on the most pressing domestic and international issues. Taiwan certainly counts among those issues.

I will soon invite Chairman Chu to the podium to deliver his initial framing remarks. Following the chairman's presentation he will join in a conversation on stage with Ryan Hass, the Chen-Fu and Cecilia Yen Koo chair for Taiwan studies here at the Brookings Institution, and Bonny Lin, director of the China Power Project at CSIS. As part of that discussion, Ryan and Bonny will moderate questions from the audience.

Now let me please introduce Chairman Chu. He has had a distinguished political career in Taiwan, serving as Vice Premiere, as a Legislator, as a County Magistrate, and as the City Mayor. In other words, he has deep experience at many levels of Taiwan's government system. He studied at National Taiwan University and earned his Ph.D. at New

York University.

Chairman Chu, welcome to Brookings, the floor is yours.

CHAIRMAN CHU: Thank you, Suzanne, for your kindly introduction. And thank you, Ryan and Bonny, for your invitation, especially I have to appreciate, to thank you, my old friend, Richard.

Today is my third time in Brookings, but it's different role, different position. Even I am the chairman of KMT, but I am opposition. We don't have the power to say something but at least we have the right to say the future of Taiwan is a common awareness and a common interest for whole Taiwanese people.

I would like to use the opportunity to draw up all your wisdom together and shed some light on Taiwan's future together. Before the public speech we have a closed-door roundtable meeting with some scholars. I thank you so much for your concern, your suggestion for us. So this time I would like to say something about Taiwan's path forward. It's a pivotal role in a turbulent time.

Nobody would see Taiwan attract so much attention after three decades of peace era. And today we all know it's a turbulent time. Why it is a turbulent time, not only because U.S.-China relations, but also the international environment changed during the past decades.

You see what happened 2016 - Brexit. The Brexit and the populism come up surrounding the world. We can see what happened in UK, what happened in Asia countries, what happened in European countries, and what happened in the United States. 2018 we saw what happened between U.S.-China, especially the trade wars start.

During the past three years is a common pandemic surrounding the world. The COVID outbreak even today in Taiwan is still under the serious situation. 2021 is global shipping disruption caused a lot of trouble to all the international business and the trading issues. And this year, early this year, about 100 days before, what happened between Ukraine and Russia. The invasion of Russia to Ukraine not only caused the international

attraction but to also tell us a big lesson, especially as Taiwanese people, what may happen someday in Taiwan Strait or what attention to the international society, what about the possible potential security of peaceful relationship between two sides.

The rising of geopolitical risk during the past few years suddenly increase. We can find it in the war in 2022 in the world, also we can see during the past five years a lot of major incidents and the process of the geopolitical risk. This caused we said that during the past three decades, is the most dangerous era, most dangerous time for all of the world.

Of course we also see that democracy in crisis. The international magazines or those journals, said how democracy ended, or how democratic democracy died, everything happened, and what happened possibly for those also retarian regions increase and was a decrease of democracy for the rest of the world.

And how about in China? During the past few years there is gross concern about what happened in China, especially what the CCP, Chinese Communist Party, would do going forward. You see like few months ago the lockdown in Shanghai caused a lot of tension. And what happened in Hong Kong for past few years. And even in Xianjing or even in whole China the media control. So I think this grasp a huge attention to the world what happened in China and what the CCP, Chinese Communist Party, would do in the future.

Here, smile to everybody. We are here, we are back. Why we said we are here, we are back? The main purpose of my trip this time of course to have speech in Brookings, but also, we were open, reopen our office in Washington, D.C. in the coming Wednesday.

Why I say we are back. Actually KMT had an office in Washington, D.C. since year 2000 to 2008. But we returned to power in 2008, we closed the office. Maybe we miscalculated the moment we thought KMT would be always as the ruling party forever. After we lost the power again, 2016, DPP became the ruling party. There was no office KMT here but DPP still, the ruling party, still has office in Washington. No voice of KMT in

Washington, D.C., no voice of the opposition to represent people in Taiwan here. I think it's not fair, also not good for Taiwan's democracy.

We are mislabeled by some people, or some media says we are pro-China party. Is totally wrong. We are pro-U.S. party forever. Since we inaugurate the party, return the party all we were in power or in opposition. We are the party pro-U.S., close to U.S., pro-democracy, pro-peace.

We are not the party so called entire U.S. party. This totally wrong, we have to come back to tell everybody in Washington, in the world, we are the party pro-democracy, pro-U.S., never against democracy.

So we will open a new office in Washington the coming Wednesday. Actually we prepare already for happy year, hopefully in the future. The voice from KMT, the voice from opposition in Taiwan, the voice represents partially from Taiwan, you can hear in Washington.

The pivotal role of Taiwan, oh, we say suddenly Taiwan is so crucial, so critical to the world. It's got the help from the Ukraine war, unfortunately. It's about the tension between U.S./China because of the policy change, atmosphere change during the past 10 years.

I mention to my friends in Brookings. I said if year 2008 I stand here since the engagement between U.S. and China, they say it's right direction. The engagement from West to the East is right direction. But suddenly it's not engagement, suddenly it's competition. Maybe it's confrontation. So the world's changed, what's our position, what's our role of Taiwan and what's the path for Taiwan forward?

You see for China, from Chinese side point of view, for Beijing's point of view we have to understand they think Taiwan is so important because they think Taiwan is after Hong Kong and Macau, they think Taiwan is the last piece for their reunification. Especially Taiwan is after 1895, '94 see no China's war, see no Japan's war, so it's a very important significance for Chinese people. Of course it's also a gateway to wider sea path,

for sea space for Chinese society.

And for the U.S., for the United States point of view, you can see Taiwan is the center of the first island chain. No matter what it's even the center of the first island chain. Then you can see if United States failure to defend the Taiwan's democracy properly, I cannot say for sure, will properly undermine U.S. leadership for the Western Society.

I think somebody said probably 70 years ago, UK in the Suez event, lost their leadership for Western society. If some day happen United States cannot do something, or cannot defend together for Taiwan, it may happen for U.S. leadership undermine. If People Liberation Army, PLA, control Taiwan Island may be a security strength to the U.S. It's also quite common in Washington today. So you can see that's the strategy for U.S. Previous one was the strategy for China.

Then pivotal and global tech supply actually also quite critical for the world. Taiwan's advantage not because of its geopolitics, but also because our high tech, our IT supply for the world just make a commercial. PSMC, the main supply for the world was founded by KMT's Administration, was founded by KMT's President Chung Chin-col, and then after then our ex-Premier Soon Yun-gen. So I said because they are foreseeing for the future Taiwan's IT industry now dominates the world about 66 percent of the semiconductor chips for the world. For the high end one it's about 95 percent of the semiconductor chips supplied by Taiwan semiconductor company, mainly PSMC and the other several. So you can see Taiwan's semiconductor industry is so crucial, so critical to the global economy in the innovation race. So that's Taiwan's position.

Then I said from U.S. strategy, from China strategy, and Taiwan's position, then we can see what's the history between Taiwan and the U.S., mainly lead by KMT. We see Dr. Sun Yat-sen, the founding father of IOC, also the founding father of KMT. He created, he found our party actually from United States, from Honolulu and San Francisco. I just visit San Francisco few days ago. If you visit Chinatown of San Francisco, you can find a lot of footprints of Dr. Sun Yat-sen at the moment for revolution.

And during the World War II KMT Administration, KMT government, would operate with U.S. to again stop fascism. During the Cold War KMT Administration and the United States together we cooperate together to against Communism. So we should said KMT and U.S. government, we are together to against those wrong way of the world.

Today Taiwan is not only the semiconductor hub but also our cultural hub for international society. That's why you can see the National Palace Museum in Taipei. It's a fine collection of old Chinese histories treasury. And you can see our Chinese philosophy, publishing, and even religion. It's all in Taiwan. So we are so proud, I said Taiwan is a mixed of Chinese cultural, Japanese cultural, Western cultural, Southeastern Asian cultural, but mainly we are the central of Chinese cultural still. So from this point of view we could be the hub for the Western society to the Eastern society.

Then after this presentation you all know Taiwan's history and the importance of our position in the world. But during this pivotal era, pivotal time, crucial time, what's our position, what's our choice? We could be a flashpoint of the world, or we could be the stabilizer of the world. If we want to be the flashpoint some tragedy may happen. If we want to be the stabilizer of the world, I think it's good news for the world. We can still maintain the hub for the culture, we can still maintain the key supplier for the semiconductor, we can still be the stabilizer for the international society. So that's our choice.

I don't like this kind of cover story happen every month on those international magazine or journal. It's not a good commercial for us. So what's KMT answer to our time? I said we have to self-guard Taiwan. We have to defend Taiwan first because it's under this pivotal time we would said we have to secure the peace and the stability of Taiwan. So during the past few decades, especially during the Cold War era, or during the confrontation between Taiwan and the Mainland China, we have the experience, we have seen the brutality of war and committed it to peace and stability. We know the peace and the stability is more important than everything. Besides this, I know, and we know, if you want peace you have to prepare the war. Self-defense is the Number One for peace and

stability. Strong defense and a liberal coalition requires indispensable for this region's security. That's our promise. We think as even we are opposition, someday we became ruling, we will always insist we have to maintain our self-defense capability and capacity.

For the two sides, cross-Strait. KMT's position is still under the principled engagement with Beijing for cross-Strait stability threat reduction and the crisis management. So which means dialogue is still needed, contact still needed, engagement with principle still needed. We think that's the best solution, both self-defense ability plus principled engagement are good for Taiwan's security and for the regional peace.

Strength, our strengthening our defense and the deterrence is our vow and our promise to the people. Recently American visitors come to Taiwan, I talk to them with my advisors together. We said we have to improve capacity and the capability in an asymmetric operation with enhanced joint training and exercise. Which means under the overall defense concept asymmetric, capacity, and capability are both very important for Taiwan. And we have to prioritize our investment, all our defense procurement acquisition because we don't have so much or unlimited resources, we have to prioritize our procurement, especially for the coming near term, our assessment is for five to 10 years, so important.

For the reserve or for the training we need the cabinet level, not an agency under the defense because it will link together with all the ministries together. So I would say we have to enhance to cabinet level to have this reserve mobilization and we have to reform Taiwan's draft service based on combat support, urban, and the critical infrastructures defense. All this reform we were talk the details in the future if there is some, you know, speech, our advisors, our consultants would like to present to all of you.

The democracy. Liberty and democracy is the center of KMT's thinking, it's a founding vision for us. We never, never step back for anything regarding to human rights, liberty, or democracy. We fight with Americans, as I said, in World War II and against Communists in Cold War, and our democracies reform during the past three decades,

everybody can witness this reform. So we vow to defend Taiwan's democracy and being compromised by any force.

As I said, Taiwan should be the intercultural dialogues, Western, Eastern, Southeastern Asia, Japanese, all came through Taiwan be the channel, be the hub to dialogue. Even Taiwan can preserve as a hope for Chinese democracy. You know, Taiwan can have the democracy, why not China someday. We have to wait for this happen, but we need Taiwan as a model.

Taiwan can also help the West to better understand China. And we can be a channel for all our friends in the Western society to understand the Eastern society. So to protect Taiwan as an open hub to facilitate the intercultural dialogue, to protect Taiwan as the hub for our high-tech companies, to protect Taiwan as the hub for democracy. So Taiwan could be the hub. Everybody can use Taiwan as a hub.

Finally, now the last one. If you visit KMT, why I want to say this one, because a lot of people ignore this, this slogan for KMT. If you visit KMT central, you can see this my words in China's character in English. You will be self-taught Taiwan, it will be defend democracy and pursue or fight for our future. You see, KMT's main thinking this my word, just as I talk to you, hold a speech, we safeguard Taiwan, we defend our democracy, we fight for our peace and security and prosperity and future.

Ladies and gentlemen, today I'm here, it's not only to kill off the wrong label to us but also to bow to all our friends in Washington, in the world. We work together, to fight together, but we were not only from the party's point of view, we were from Taiwan's point of view. Taiwan shall make a choice, Taiwan is not a trouble, but a solution for the coming challenges. The topic of our time is not merely deterrence, but also endurance. Not only resisting autocracy, but also enlarging democracy. That's our goal.

Thank you.

MS. LIN: Chairman Chu, thank you so much for joining us in D.C. and taking the time to fly all the way out to share not only your vision but also the KMT's vision

for the future of Taiwan.

So I want to start off with a question of unpacking a bit of your presentation to try to understand in what ways KMT's view of cross-Strait relations differ from the DPPs. So maybe I could start off with a question of as you look at cross-Strait relations, what are the top priorities for the KMT that you think defer from the DPP's, or in what ways you think as the KMT moves forward you will take a different approach to cross-Strait relations compared to the DPP?

CHAIRMAN CHU: The purpose of KMT's office in Washington is not to compete with our government, not to blame our ruling party, it's to present the voice of Taiwanese people for peace and security. So what are differences between KMT and our government or ruling party?

The number one I should say is under the same purpose, to self-guard Taiwan we believe we should enhance our self-defense ability. Under today's government strategy is not enough to self-defend Taiwan.

Second one is we still need dialogue or contact or communicate with Beijing, with principle. KMT now is not the ruling party, we have no power, we have no right to talk about any political issues. But at least through the channel to help Taiwanese students, Taiwanese people, Taiwanese businessmen in mainland to solve their problem. This can soften the tension between two sides. If those Taiwanese people in China or those mainlands in Taiwan, I mean they are students in Taiwan or they are visitors in Taiwan, get a kindly welcomed, I think the tension could be solven.

CHAIRMAN CHU: Mr. Chairman, thank you for being with us today and sharing your thoughts.

As you know, the United States has become more active and more focused on events in your neighborhood.

CHAIRMAN CHU: Yeah.

MR. HASS: Is there anything that you would like to see the United States

focus on more or less in Asia going forward?

CHAIRMAN CHU: Every attention from the U.S. will be welcome, but hopefully this kind of attention won't cause any trouble for this region. So I do appreciate any kind of help from United States, but hopefully the tension can be easier for the coming years.

MR. HASS: Thank you.

MS. LIN: So, Chairman Chu, you mentioned in your presentation that when looking at Taiwan's defense you want to focus, according to your slide, near-term contingencies which you describe in the next five to 10 years in Taiwan.

CHAIRMAN CHU: Uh-huh.

MS. LIN: Could you spell out a little bit more what contingencies you want Taiwan to invest the most in in terms of defense?

CHAIRMAN CHU: Okay. I'm not the expert of this kind of issues but I do believe the government should not be a yes man or yes woman forever, for any kind of this defense requirement. We should sit down and listen to a lot of experts in this kind of issue. For example, KMT was the ruling party for long decades, we have a lot of experts in defense. We suggest the government what kind of asymmetric capacity or asymmetric capability we need and what kind of training, what kind of joint exercise we need or what kind of reserve training we need. I think the starting point is for the good or for the benefit of Taiwan, not because we are opposition.

MR. HASS: We are going to open the floor up. I know that there are many people who have questions here. If you raise your hands our colleague will come with a microphone so that our live virtual audience can also hear your question as well. We'll start with Shirley.

MS. SHIRLEY: Thank you, Chairman, it's really great to have you in D.C. and to hear about KMT's plans. As you mentioned the one of the most important legacies of the KMT is that it had built Taiwan's economy and set the foundation for becoming a

powerhouse. And one of the biggest issues we face of course, we as in the Taiwan private sector as well as the whole island, is that as you mentioned, U.S./China decoupling. This really changed the whole world.

CHAIRMAN CHU: Yeah.

MS. SHIRLEY: So how do you propose as different than the DPP Administration, to help Taiwan not be harmed by this decoupling and actually even benefit from this kind of trend going forward as the world continues to regionalize as opposed to globalize? Thank you.

CHAIRMAN CHU: Shirley, thank you so much. I can share with you the number, the percentage of Taiwan's trading between Mainland China, we call Mainland China, plus Hong Kong, is about 43 percent. And the percentage of Taiwan U.S. trading is about 15 percent. So both markets, both trading partners are very important to us. We know the U.S.-China trading war or high-tech war or this kind of conflicts will be not only the challenge for the party, including KMT. But also a very big challenge for those business. They have to reform their supply chain and they have to, you know, change their strategy during the past few years.

Hopefully this kind of tension could be smoother, could be easier. But KMT is ready to, if we became the ruling party, we will find a way to salute this kind of trouble. Because don't forget, we are the ruling party, we were the ruling party during the Cold War, after the Cold War, and we find a path for Taiwan. So we have so many, so many experience, so many experts for economy. Thank you, Shirley.

MR. HASS: It's okay. Tina, okay.

MS. TRINH: I'm with Voice of America, China Branch. My question is, you talked about principled engagement with China for dialogue. And I haven't heard you mention anything related to '92 consensus, which was a previous, under President Teng-hui, the principle that a political foundation to engage with Beijing. So are you considering a new kind of framework to engage with Beijing for dialogue?

CHAIRMAN CHU: Uh-huh. Thank you so much. As I should answer the question, this one is a what's the meaning of the 1992 consensus? We all know that one is constructed or that one is created and agreed to between two sides. It's a no consensus consensus. The most common one is no consensus consensus. We just put those conflicts aside and keep moving.

Here is my advice as Andrew, he was cross-Strait affairs minister and he knows if we want to make everything clear for those kind of issues regarding to trade, regarding to finance, regarding to education, regarding to those non-political issues, may get some trouble. So that's quite critical for KMT's position. We want to solve the problem for the people so don't waste our time on this kind of so-called non-consensus consensus. So that's a foundation, that is a steal the key, just like American's one China policy. It's also a non-consensus consensus. It's a created ambiguity. That's my answer.

MR. HASS: We will go back here in a second, but we received a question from our online audience, which was, if the KMT were to become the majority party again --

CHAIRMAN CHU: Uh-huh.

MR. HASS: -- would it work with Beijing to try to secure Taiwan's entry into the Comprehensive and Progressive Transpacific Partnership, CPTPP?

CHAIRMAN CHU: CPTPP is it China would be the --

MR. HASS: Would the KMT want to work with Beijing to try to facilitate a path that would allow for Taiwan's future entry into CPTPP?

CHAIRMAN CHU: We would like to be invited by U.S. to join the HIPAP (phonetic). That would be more important for us.

MALE SPEAKER: And thanks again for coming and taking my question. You mentioned that you wanted to engage with Beijing on more economic grounds. But as we've seen in recent years, the economic space has also become a national securities space. So do you have a plan for engaging while at the same time making sure that critical industries are secured?

CHAIRMAN CHU: Pardon me?

MALE SPEAKER: Sorry. Do you have a plan for engaging economically while protecting critical industries?

CHAIRMAN CHU: Yeah. You know, because Taiwan is trading polymers, as I mentioned, 43 percent with China. But you mention about this critical industry, many about the PSMC or the semiconductor related. Those kind of industry is, how you say it, it's locate many places already, Taiwan, U.S., European countries, China as well. But a lot of, I want to mention to you, a lot of medium, some small and medium business of Taiwan, they focus mainly Chinese market. So as a government you cannot ignore those small and medium size business.

MR. HASS: So does that mean that the efforts to diversify Taiwan's trade and investment flows would not be continued if the KMT were to --

CHAIRMAN CHU: We would diversify, definitely, that's our goal. No government, including I think including KMT and DPP want to focus on one market. But very ironically when KMT was in power DPP condemn us as you focus on China. So over about 40 percent, so 40 percent. Now DPP's government, DPP's Administrations now is 43 percent. That's a problem for both parties. So I think the challenge will be how to divide and diversify our market. It's not an issue in Taiwan, but also the issue for many countries.

MS. LIN: So I think we have time for one final question. The guy in the middle with your hand raised very high, right there.

MR. JEFFERSON: Hi there, my name is Jefferson, I'm currently an intern at the State Department. And thank you for coming here.

My question is, when you talk about engagement with the West it seems like you mostly refer to the U.S. and right now like the U.S. is trying to get Europe more engaged with the Taiwan/China issue, but they are kind of on the fence because they sometimes have stronger economic ties to China, they don't see China as a threat. So as the KMT Chairman, do you have a plan to engage, you know, the wider West members of NATO not

in the United States and Canada, to help defend Taiwan or to build a stronger alliance with Taiwan? So I just want to ask about that part.

CHAIRMAN CHU: Thank you for your comment. Actually that's what I'm doing now. I'm doing not only in Washington. During the pandemic time this year I spoke to many different countries, ambassadors, or representatives in Taiwan. We think, we believe not only the United States but also Canada or some European countries, all those Western societies, they are our allies, not only this country. Thank you.

MR. HASS: Well we have many more questions that we could ask and explore but unfortunately our time has come to an end. So on behalf of Bonny Lin and myself, thank you for joining us for this Brookings CSIS co-hosted event. And we look forward to continuing conversation going forward.

CHAIRMAN CHU: Thank you, Ryan. And thank you, Bonny. Thank you everybody. Thank you.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

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