
China through the European Looking Glass: an Expert Dialogue

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The research question

1. Why is there no consistent German - and European - policy towards Taiwan?
2. Why has Taiwan all but disappeared from public debate in Germany in spite of the growing significance of ‚Asia‘ and ‚China‘?

The research narrative

- Germany's Taiwan policy is a function of its policy vis-à-vis other powers, most notably the United States in the security realm and the People's Republic of China in the economic realm.
- While this may be interpreted as a power-oriented German approach – Germany maximises its gains vis-à-vis others through cooperation with the most powerful/potent actors - the compatibility of security interest and economic sectors does more plausibly explain this orientation.
- Rather than taking this relative negligence of Taiwan as a sign of weakness, we argue that it represents the strength of the relationship between these two democratic polities.

Political Status of German/EU-Taiwan relations

- Germany pursues „One-China-Policy“ but appreciates very good economic, cultural and societal relations with Taiwan.
- Germany (Government + society) has a broad range of regular contacts and continuing relations with ROC.
- Germany's policy course reflects some of lessons learned from its own history as a divided nation.
- Lately, there has been concern in Germany about the death penalty/executions in Taiwan.
- The European Parliament is the strongest protagonist of a further integration of th ROC in international organisations (WHO).

German Images of Taiwan

- The forgotten heritage of early relations
 - ‘China’s little brother’
 - ‘China light – China without elbows’
 - ‘Wild’ democracy
 - Taiwan not ‘China’ anymore – or is it?
- High-Tech, Manchester Capitalism, Bubble Tea!

The evidence in the economic realm

Economic Ties in the Shadow of the Mainland

- Taiwan 5th most important trading partner in Asia and 15th overall outside the EU
- Germany No 1 trading partner of the ROC in Europe
- Total volume in 2011: >16,3 bil. US\$(> Singapore; > Greece)
- Growing impact of the 'China Business': Taiwan as a regional service hub (marketing, sales)
- Positive impact of the ECFA on German-Taiwan economic relations (GIT survey 2012)

Mainland China's Economic Shadow

	Taiwan	Mainland China
German Imports from (billion US\$)	6,9	76,4
German Exports to (billion US\$)	9,4	92,7
Percent of EU 27 total trade volume	1,2%	13,8%
FDI-Inflows into EU27 (billion €)	0,2	0,7
FDI-Outflows from EU27 (billion €)	0,9	7,1

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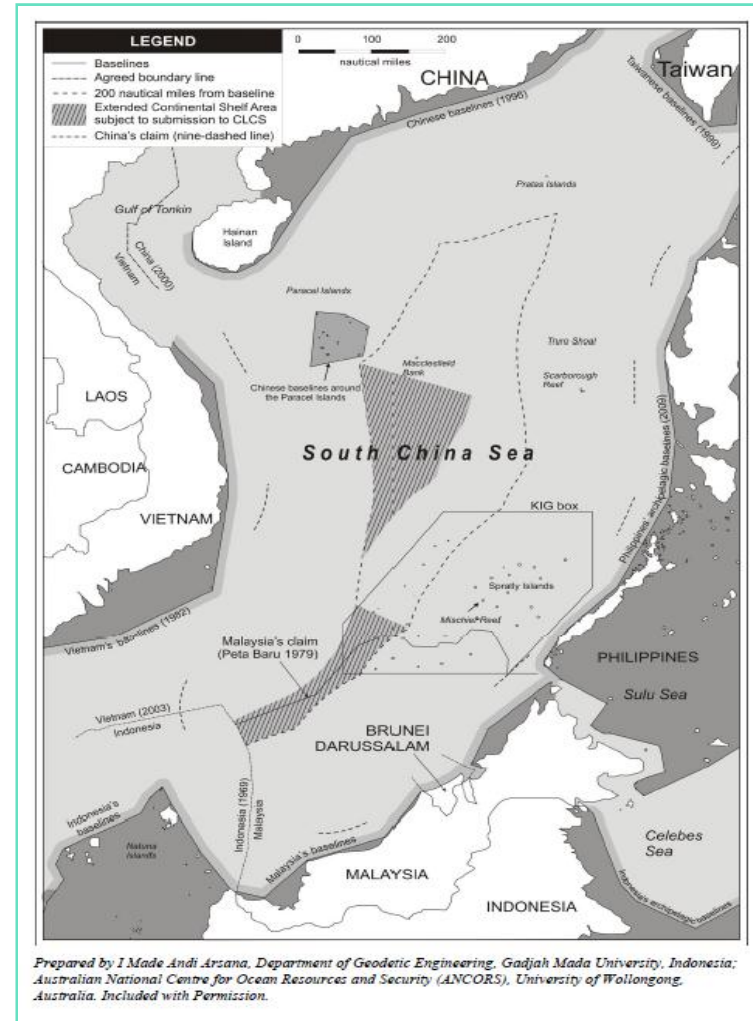
The evidence in the security realm

German government's security outlook on ROC & PRC

- Longstanding call for peace and stability: transformation only through peaceful means and consensus.
- Despite strong interests by leading German corporations, FRG-GOV has denied transfer of military hardware to ROC
- Strong FRG-GOV support for US balancing role in the Taiwan Strait, all Asian SLOCs and especially the South China Sea.
- A growing concern about the economic and political stability of the „illusionary giant“ PRC in Germany's policy community.
 - Economic realm: fragile banking sector; social unrest and environmental pollution as serious concerns.
 - Security realm: volatile societal nationalism; expansionary territorial claims;

South China Sea: High potential for military hostilities

1. South China Sea: Critical Territorial Conflict which may trigger armed hostilities.
2. ROC-Gov has historically claimed large parts of the area within „Nine-dashed-line“.
3. FRG/EU-gov concerned about recent escalation which may have involved subnational PRC entities.
4. Solution: Joint area of fishing and hydrocarbon resource exploration outside UNCLOS.



PRC's first encounter with leadership in Crisis management: DPRK nuclear program

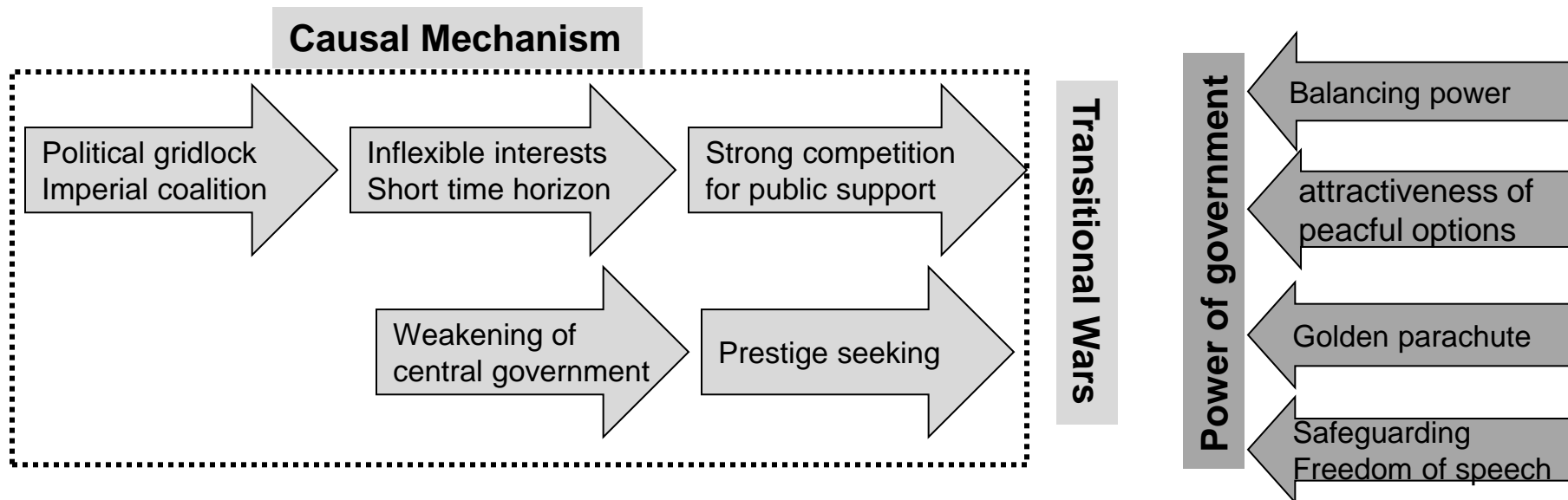
- The PRC's policy on North Korea shows strong indications of a steep learning curve since early 1990s.
- DPRK ist the „unloved cousin“ or „rogue province“ of the PRC.
- PRC favors stability over non-proliferation goals on the Peninsula and therefore has failed to provide leadership in strengthening the Nonproliferation Treaty.
- PRC has been sensitive to US claims that DPRK destabilizes other regions through WMD exports, e.g. Pakistan, Syria and Iran.

Asia Pivot in President Obama's foreign policy

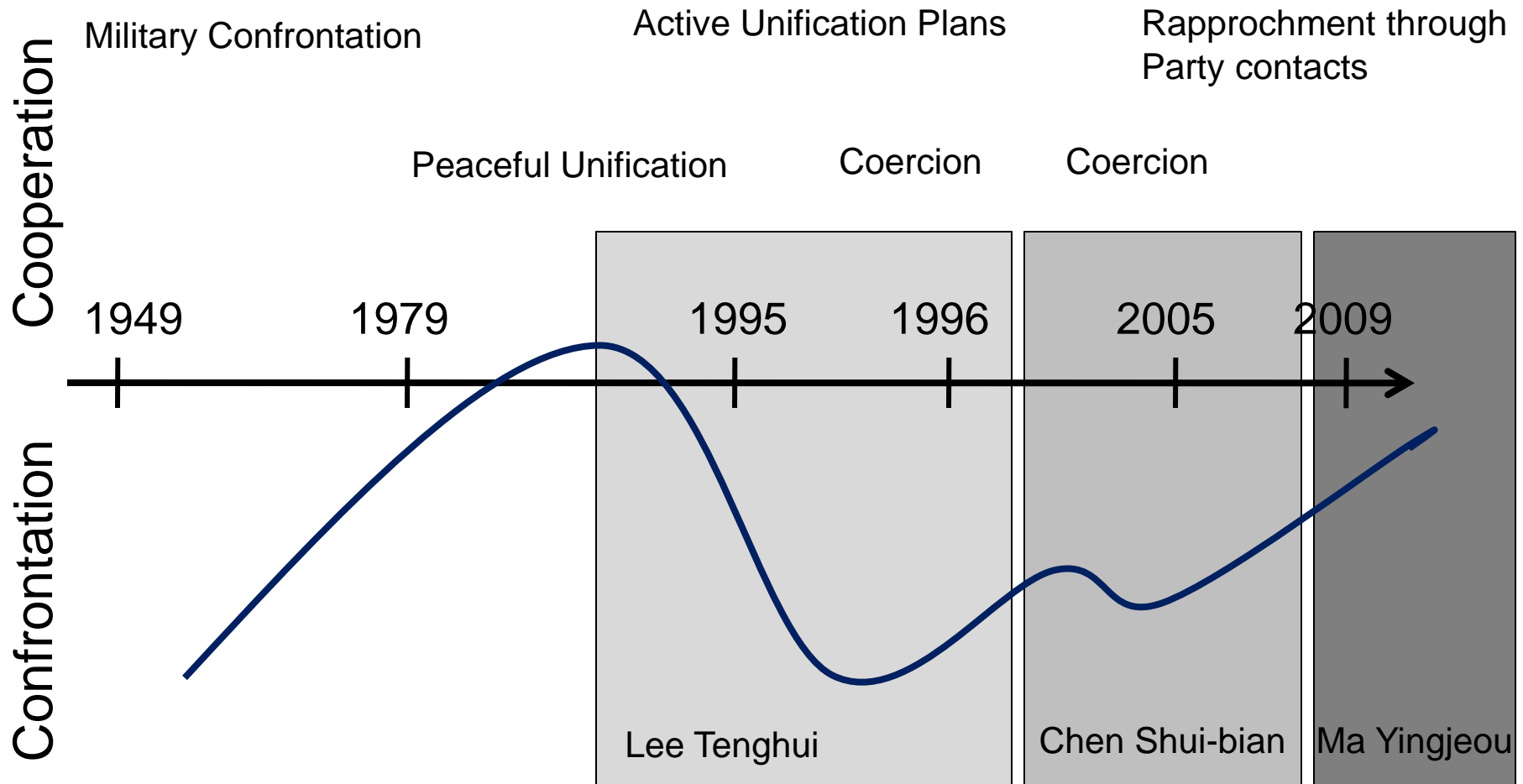
- Since Fall 2011 the Obama administration has declared Asia as „pivotal region“ and maintained that a US leadership is crucial.
 1. US troop deployments in Australia, Navy cooperation with Singapore, Military Cooperation with Philippines.
 2. No defense budget cuts in Asia: extension + Flexibilization (DOD Strategic Guidance 2012).
 3. Attempt to balance US-Engagement in Asia und Middle East
 4. Membership in „East Asian Summit“.
 5. Membership in Trans-Pacific-Partnership (FTA)

Transitional war hypothesis (Mansfield/Snyder 1995)

1. Statistical evidence shows that democratic regimes in transition more often than embedded democracies engage in military hostilities and autocratic regimes. (Serbia-Croatia, Armenia-Azerbaijan, PR China, Russia).
2. „Democratization typically creates a syndrome of weak central authority, unstable domestic coalitions, and high energy mass politics. Political leaders, finding no way to reconcile incompatible interests, resort to shortsighted bargains or reckless gambles in order to maintain their governing coalitions.“ (88)
3. Factors which reduce transitional war probability: „more democracy“; Power position of transitional state, Balancing of other powers; attractiveness of peaceful options; „Golden parachute for central leadership“; „Free market place of ideas, freedom of speech“.



Phases in Cross-Strait Relations



Conclusion and outlook