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Towards an
EU-Taiwan
Investment Agreement

Prospects and Pitfalls

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The European Union in International Affairs
ISBN 978-3-319-68402-4 ISBN 978-3-319-68403-1 (eBook)
<https://doi.org/10.1007/978-3-319-68403-1>

Library of Congress Control Number: 2017954736

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Cover illustration: © Melisa Hasan

Printed on acid-free paper

This Palgrave Pivot imprint is published by Springer Nature
The registered company is Springer International Publishing AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

The original version of this chapter was revised. An erratum to this chapter can be found at https://doi.org/10.1007/978-3-319-68403-1_7

PREFACE

EU–Taiwan relations should be strong. The two share a commitment to universal values, including democracy, the rule of law, freedom of speech and assembly, together with a firm belief in the virtues of free trade and the market-based economy. Taiwan’s success runs counter to the oft-touted view that authoritarianism offers the best path to progress in Asia. But the relationship is overshadowed by China, not least a perception that EU states are increasingly reluctant to engage with Taiwan for fear of upsetting it. The European Commission has, nonetheless, offered to start discussing a possible investment agreement with Taiwan. Such an agreement could provide the necessary catalyst to developing bilateral relations further, but this work argues that a successful outcome is far from certain. This is not, as widely assumed, because of opposition from China but from a simple lack of sufficient political will on both sides, a lack of will for which Chinese opposition is a convenient scapegoat.

The book seeks to identify the obstacles to an agreement, suggests what needs to be done to overcome them and proposes the necessary elements that would meet the objectives of both sides. In doing so, it is intended primarily as a guide for policymakers, negotiators and advisors involved in the negotiations but also for businesses in both the EU and Taiwan who stand to gain from such an agreement and more generally for anyone interested in Taiwan’s recent and prospective economic performance.

I am most grateful to all those who gave generously of their time in assisting or advising me in my research, especially colleagues in the Institute of European and American Studies at Academia Sinica who so kindly hosted me as a Visiting Fellow, and the staff of the Centre for Chinese

Studies in Taiwan for their ever-willing and helpful administrative support. My research was made possible by support from the Taiwan Fellowship Program of the Ministry of Foreign Affairs of the Republic of China (Taiwan). I am grateful to the Ministry, particularly its Policy Planning Department, for its generosity in making this possible. For the avoidance of any doubt I wish to emphasise that the Ministry was not involved in any way with the research nor did it seek to influence my findings. All the views and opinions expressed in the book are mine, and I am also solely responsible for all errors and omissions.

Nottingham, United Kingdom

Michael Reilly

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LIST OF ABBREVIATIONS

AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of South East Asian Nations
BIA	Bilateral Investment Agreement
CAL	China Airlines
CCP	Chinese Communist Party
CETA	Comprehensive Economic and Trade Agreement
DPP	Democratic Progressive Party
ECFA	Economic Co-operation Framework Agreement
ECIPE	European Centre for International Political Economy
EIU	Economist Intelligence Unit
EMC	Electro-magnetic compatibility
EU	European Union
FTA	Free Trade Agreement
GDP	Gross domestic product
ICT	Information and Communication Technology
IEC	International Electrotechnical Commission
IMF	International Monetary Fund
ISO	International Standards Organisation
ITA	Information Technology Agreement
ITU	International Telecommunication Union
KMT	Kuomintang (Chinese Nationalist Party)
MFN	Most Favoured Nation
MOEA	Ministry of Economic Affairs
NGO	Non-government organisation
NTB	Non-tariff barrier
OECD	Organisation for Economic Co-operation and Development
PRC	People's Republic of China

SDOC	Supplier's Declaration of Conformity
SEC	State-Owned Enterprise Commission
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SPS	Sanitary and phytosanitary measures
TiSA	Trade in Services Agreement
TPP	Trans-Pacific Partnership
TSC	Taiwan Sugar Corporation
TSMC	Taiwan Semiconductor Manufacturing Company
TTIP	Trans-Atlantic Trade and Investment Partnership
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
USTR	United States Trade Representative
WEF	World Economic Forum
WTO	World Trade Organization

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