Global Opportunities Local and Transnational Politics: Taiwan's Bid for FTAs

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I.1. The myth of the FTA and the apprehensions of being marginalized

The proliferations of Free Trade Area (FTA) in Asia has generated many webbed trade blocs which were characterized as the “ Spaghetti bowl” (Asian noodle bowl) of overlapping trading partners under different “ rules of origin” in various trade pacts.

Taiwan has been blocked from signing FTAs with many of them. The apprehension of being marginalized in the trend of economic integration and partisan politics on how to cope with China amid the drive for globalization have dominated Taiwan’s policy circles and academia research for decades.

I.1.The low utilization of the FTAs; A sour grape argument ?

A survey from Asian Development Bank Institute on the application of FTAs at the firms' levels in many countries found that the percentage of applying the preferential trade rule is only 29 % in Japan, 24.9% in Thailand, 20.8% in Korea, 20% in the Philippines and 17.3% in Singapore (Kawai and Wignaraja, 2009. P.11).

For Taiwan, even the utilization rate for the " early harvest product list" under Economic Cooperation Framework Agreement (ECFA) with China is only about 20% for textile products, and about 50 to 60% in petro-chemical, machinery/parts and transport equipment in 2012. Therefore, FTA is not a panacea at all for trade-inhibiting problems.

Psychologically, participation or lack of it affects the incentive of investment domestically and from abroad.

I.2.The emerging trade blocs in the region

a) Trade in parts and components

Since the Plaza Accord in 1985, trade in parts and components dominated the trade flows within Asia while most of their final products are destined to OECD markets, especially the U.S.

In other words, intra-region trade in Asia is engaged more for intra-industry trade whereas that of inter-regional is more on an inter-industry basis.

I.2. The emerging trade blocs in the region

Trade flows within ASEAN and between ASEAN and those six external economies are liberalized but not among those six economies outside of the ASEAN.

Combining the ASEAN plus 3 and the ASEAN plus 6 led to the emerging Regional Comprehensive Economic Partnership (RCEP).

The U.S. decided to join the four Trans-Pacific Partnership initiating members (TPP-4) for FTA talk in 2008. TPP-4 enlarged its member states to become TPP-12 by including Canada, Mexico and Japan, etc.

I.2. The emerging trade blocs in the region

Vowed to cover more members across the Pacific Ocean and liberalize deep by including service sector, labor and environment standards and regulatory governance on state-owned enterprises, the TPP will link Asia Pacific with Latin America and hopes to become the “Gold-standard FTA” in the 21st century.

The RCEP and the TPP can be a pair of rival trade blocs through the emerging China-centric and the U.S.-centric hubs with overlapping spokes.

Both RCEP and TPP are considered by APEC Business Advisory Committee (ABAC) in 2013 as the pathways to Free Trade Area of Asia Pacific (FTAAP).

I.3. A Comparison between the TPP and RCEP : Economic security nexus

Arguably, in terms of its political and strategic interest, Taiwan will have collateral benefits from its membership in the TPP (vs. the RCEP), namely, enhancing her economic-security nexus with the leading members in the club and further safeguarding her security.

But it is much better if Taiwan can join both which are not mutually exclusive at all. Political feasibility, to be elaborated in Section II, would also suggest that Taiwan pursue its membership bids in both the TPP and the RCEP.

I.4. The purpose of this study

The purpose of this study is to analyze how Taiwan can do to cope with the rapidly evolving trade environment, why and how it can achieve that goal by pursuing both the TPP and RCEP, and, if neither agreement comes through, suggest some policy measures on improving economic structure to adapt to the new trading environment for further development.

Major Trade Blocs in Asia Pacific Region

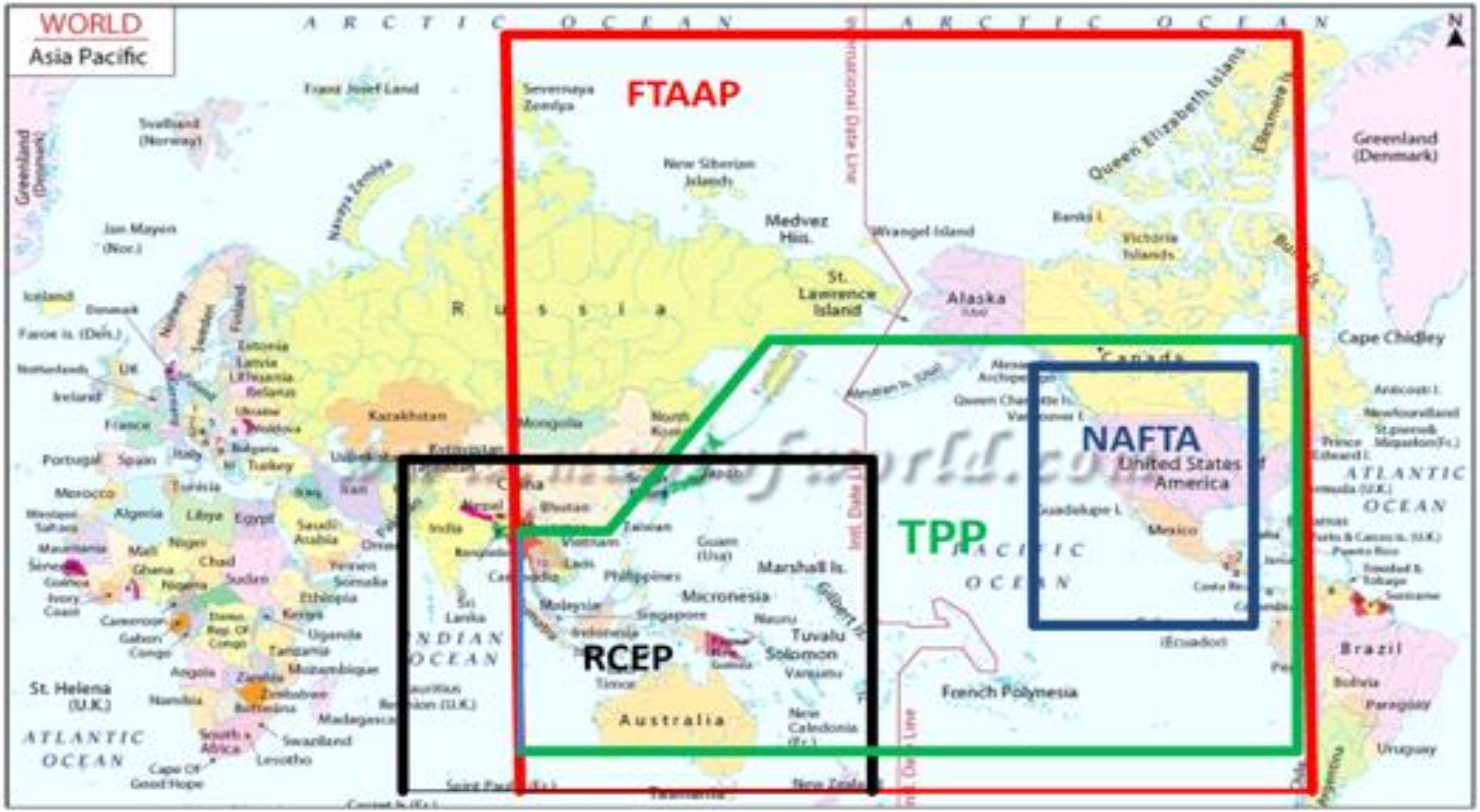

Figure 1: Major trade blocs in the world economy

II.Hope for the Best:
A Double Play

II.Hope for the Best: A Double Play

Based on internal and external rationales, Taiwan’s pursuit of both RCEP and TPP could help its bids for each.

II.1Domestic politics on prioritizing the FTA talks

All politics, including political economy of trade, is local. Taiwan is no exception. What is unique to Taiwan is that the pursuit of any FTA is entangled with national identity and partisan politics.

II.1.Domestic politics on prioritizing the FTA talks

While the government of Kuomintang (KMT), has officially announced its interests in pursuing FTAs on all fronts, the Blue camp is more enthusiastic about signing FTAs with China than with the US (Chiang et al, pp.106-107).

Hence, it may well lead the Blue camp to favor the China-centric RCEP over the U.S.-centric TPP.

II.1.Domestic politics on prioritizing the FTA talks

But pursuing more agreements with China under the framework of ECFA has been upsetting most people in the Green camp. The Green camp believes that China, claiming sovereignty on Taiwan, has been enticing Taiwanese businessmen or Taishangs to become a strong pressure group by which to leverage the KMT government to lean toward China.

II.1.Domestic politics on prioritizing the FTA talks

However, the Green camp is not totally opposed to liberalizing trade with China, however. What many in this camp strongly favor is for Taiwan to become part of the TPP before seeing further cross-strait economic integration which would otherwise affect Taiwan's autonomy and their cherished aspiration of a de jure independent Taiwan.

II.1.Domestic politics on prioritizing the FTA talks

In the words of an interviewee in the Chinese authorities, the ECFA “serves as an effective tool to enhance the formation of a ‘one China’ political identity and to suppress separatist, independence movements’” (Yuan, 2012.p.7). Taiwan’s trade with and investment in China has generated disproportional gains, more to big businesses, less to small and medium enterprises, and perhaps undesirable income redistribution effects as well.

II.1.Domestic politics on prioritizing the FTA talks

More KMT constituents have benefitted than DPP’s (if any) from cross-strait economic integration. Hence, constituents of the two political camps tend to harbor divergent attitudes on further expansion of the ECFA and deeper economic integration with China.

II.1.Domestic politics on prioritizing the FTA talks

Given income and political effects of economic liberalization with China, the Green camp would be alienated if the ruling KMT government prioritizes RCEP over TPP. Warranted or not, many in the Blue camp are wary of joining the TPP not that they necessarily oppose it, but that they thought such an attempt would antagonize Beijing and jeopardize the next round of negotiation for an expanded ECFA with China as well as the negotiation for membership in the RCEP.

II.1.Domestic politics on prioritizing the FTA talks

While the Green camp is wary of asymmetric dependency on China's market, the Blue camp does not think that this is a problem at all. The Blue camp's preference of RCEP over the TPP is evidenced by the incumbent government's persistent efforts to sign the trade pact in service sector with China without prior consultation with the enterprises, the industrial associations in service and even the legislators of its own party.

II.1.Domestic politics on prioritizing the FTA talks

Human rights, labor, environment, and other groups have long advocated that labor and environment standards be incorporated into public policies. The TPP is led by the U.S. which is undoubtedly a democratic country whereas RCEP is led by China which is an authoritarian regime. Various civic society groups in Taiwan will be more enthusiastic about, and lend more support to their government's participation in, TPP negotiations than RCEP ones.

II.2.The “China factor” in pursuing the trade pacts

Externally, the single most formidable hindrance for Taiwan to ink free trade agreements is the omnipresent “China factor.” That China has minimal tolerance for Taiwan’s presence in international arena and for other countries’ assistance to help Taiwan to secure its place in the sun is too self-evident to warrant any elaboration here.

II.2.The "China factor" in pursuing the trade pacts

China's stand on this issue is as follows:

First, expand ECFA which will further incorporate Taiwan into its orbit economically in the short term and political in the longer term.

Second, delay its reply to Taiwan's aspiration to join the RCEP, then allow Taiwan to negotiate into RCEP only after its scheduled completion in 2015 under China's terms.

II.2.The “China factor” in pursuing the trade pacts

Third, prevent Taiwan from flirting with the TPP by demonizing it as a device to contain China's economic and political influence, though the U.S. has repeatedly declared it is not, and if China cannot prevent Taiwan from bidding for TPP's membership, then it probably will try to draw some red line for the US which is the leading player of the TPP.

II.2. The “China factor” in pursuing the trade pacts

It would then make sense for Taiwan to keep all the door opens, pursuing both the TPP and the RCEP, and indeed more bilateral FTAs with other economies as well. Can Taiwan kill the two birds with one stone? Will the two pursuits be compatible or cross-cutting?

First of all, the sequencing order of application is dictated by the application procedure and membership requirements for the trade pacts. The following reality check list helps to find a road map for Taiwan’s bids.

II.3. Sequencing order of applying for the TPP and RCEP

1)

The TPP has an open admission policy for APEC members that are interested in joining, whereas the RCEP mainly recruits those which have already FTA with the ASEAN as a group such as ASEAN plus Australia, China, India, Korea, Japan and New Zealand.

II.3.Sequencing order of applying for the TPP and RCEP

2)

ASEAN as a group is more interested in consolidating various FTA plus 1 and, in screening various RCEP applicants, will give priority to those that already have signed FTAs with the ASEAN.

II.3.Sequencing order of applying for the TPP and RCEP

3)

There is a double eligibility criterion for any country to join the TPP which includes the approvals from both individual member state and the TPP as a group.

II.3.Sequencing order of applying for the TPP and RCEP

Taiwan can only prepare to apply, rather than apply, for entering the RCEP now, as the door is temporarily shut till the RCEP agreement is inked in 2015 by the founding members. As a member of APEC forum, Taiwan's chance of being invited to the TPP talk is high, and it can be exploited right away.

II.3. Sequencing order of applying for the TPP and RCEP

Taiwan’s quest for institutionalizing its trade liberalization with its trade partners in the region may coincide with U.S. “pivot to Asia”. There are seven countries which belong to both: Australia, Brunei, Japan, Malaysia, New Zealand, Singapore and Vietnam. Bilateral FTA talks with individual ASEAN members, especially on the peninsular side of the organization, are something that Taiwan can initiate without anybody’s approval, though ‘the China factor’ may make it difficult to conclude these talks.

II.5.Political dividends of FTAs

For Taiwan, FTAs may come with some political dividends, if it can join under a proper name. Taiwan may be able to present itself as a negotiating party in the TPP under the name of “Chinese Taipei” (the so-called Asia Development Bank formula, rather than the “Custom Territory of Taiwan, Penghu, Kinmen and Matsu” (CT-TPKM), which is used in the WTO. The ADB formula, Chinese Taipei, connotes an official title for a Chinese national government with a capital in Taipei.

II.5.Political dividends of FTAs

Assuming that Taiwan under the banner of "Chinese Taipei" succeeds in joining the TPP within the next two years, it will be awkward, if not hard, for China to prevent Taiwan from using the same name in its application for admission to the RCEF in 2015.

II.5.Political dividends of FTAs

Taiwan’s pursuit for bilateral FTAs with those which have dual memberships in RCEP and TPP will not compromise or jeopardize its chance to be a negotiating party for either or both the TPP and the RCEP. On the contrary, it could help to create a window of opportunities to join both and enables Taiwan to kill two birds with one stone.

III. What if Both Doors Remain Shut?

III.What if Both Doors Remain Shut?

The ‘China factor’ may push political cost of joining either trade pact far beyond what Taiwan’s domestic partisan politics could bear. The worst scenario for Taiwan is to find insurmountable high entry barriers to the negotiation rooms of the two trade blocs. If neither the TPP nor the RCEF is beyond the reach of Taiwan, will Taiwan be continuously marginalized ? There are several ways to overcome it ;

III.1.Multiple bilateral FTAs to reach the near hub-ness

The first is the Mexican model where a small economy not only signs a FTA with large economies (the U.S. and Canada), but also inks bilateral trade pacts with other small economies in its neighborhood (Latin American and Caribbean countries).

III.1.Multiple bilateral FTAs to reach the near hub-ness

The second is the EFTA model where small economies outside a sizable and growing trade and economic bloc (the European Union) set up their own shop (the European Free Trade Association).

The third is the Singapore model where a small economy forges FTAs with as many trade partners far and near as possible. Taiwan should adopt both the Mexican and Singaporean models to not only escape marginalization, but also try to attain a near hub-ness status in the Asia Pacific region (Chow, 2013 a).

III.2.Looking beyond regional horizon: The Pacific Alliance

The Pacific Alliance, which is also the third pathway identified by the ABAC (the APEC Business Advisory Council) toward FTAAP, could be an alternative avenue for Taiwan to break its increasing isolation from an increasingly integrated East Asian economy. A bit like the Third Way, the Pacific Alliance does not have a hegemonic member and seems to be beyond the radar screen of the US or China.

III.2.Is Latin America more friendly to Taiwan than other regions ?

The opportunity provided by the Pacific Alliance should be exploited before China seals more investment commitments and gains more soft power in Central America.

The impacts of major trade pacts on Taiwan's economy

Major trade pacts	TPP		RCEP		Pacific Alliance		CJK FTA		TTIP*	
	I	II	I	II	I	II	I	II	I	II
Nominal GDP (%)	-0.54	-0.70	-1.51	-1.90	-0.39	-0.51	-1.27	-1.57	-0.49	-0.65
Social welfare ($ million)	-832	-2097	-2292	-5536	-483	-1360	-1772	-4316	-585	-1817
Export ($ million)	-784	-1328	-2283	-3571	-514	-741	-1626	-2524	-517	-1006
Import ($ million)	-1538	-1944	-4295	-5313	-942	-1154	-3167	-3867	-1048	-1512
Terms of trade (%)	-0.31	-0.27	-0.89	-0.85	-0.19	-0.18	-0.68	-0.64	-0.21	-0.19

Table 1: The impacts of major trade pacts on Taiwan's Economy under comparative Static (I) and Dynamic Scenarios (II)

* Trans-atlantic Trade and Investment Partnership

Source: Hsu (2013)

IV.Economic Re-structuring Holds the Key

IV.1.Agriculture: An economically weak but political strong sector

Since the TPP negotiations are committed to setting “zero tariff “on all commodities including agriculture, Taiwan will have to prepare to face up to this challenge, especially in the area of agricultural imports. One should also realize that the TPP include three major agricultural exporters in the world; Australia, New Zealand and the U.S.

IV.1.Agriculture: An economically weak but political strong sector

If the TPP accomplishes its scheduled tariffs reduction on agriculture without discount, then Taiwan would need to resolve its domestic obstacles on liberalization of agricultural trade.

Tariff schedules in Taiwan

Tariff schedules in Taiwan

sector	Global（%）	From TPP12 (%)	From RCEP(%）
1 pdr	0.12	0.00	0.00
2 wht	6.49	6.50	6.49
3 gro	1.59	1.60	1.33
4 vege,fruit	17.23	17.16	17.36
5 osd	3.89	3.88	3.24
6 c_b	0.00	0.00	0.00
7 pfb	0.02	0.00	0.00
8 ocr	5.70	5.96	5.63
9 ctl	3.11	4.21	3.57
10 oap	5.40	6.24	3.80
11 rmk	0.00	na	0.00

Table 2: Tariff Schedule on Taiwan’s Imports from the world, TPP-12 nations, and RCEP area

Source: calculated from the GTAP version 8.1 by Hsu

Tariffs schedule in Taiwan

sector	Global（%）	From TPP12 (%)	From RCEP(%）
12 wol	1.39	1.43	1.40
13 frs	1.74	0.83	0.62
14 fish	15.16	15.74	14.77
15 coa	0.00	0.00	0.00
16 oil	1.21	1.07	1.12
17 gas	0.11	0.00	0.00
18 omn	0.30	0.32	0.29
19 cattle meat	15.27	15.56	15.55
20 other meat	19.50	19.82	19.74
21 vol	2.69	2.33	1.73
22 milk	11.19	11.31	11.24

Table 2: Tariff Schedule on Taiwan’s Imports from the world, TPP-12 nations, and RCEP area

Source: calculated from the GTAP version 8.1 by Hsu

Tariffs schedule in Taiwan

sector	Global（%）	From TPP12 (%)	From RCEP(%）
23 pcr	0.34	0.00	0.00
24 sugar	10.43	10.95	10.96
25 other food	17.68	17.34	17.99
26beve.tobac.	11.28	11.59	11.37
27 tex	7.59	7.72	7.63
28 wearing apparel	11.31	11.28	11.37
29 lea	4.23	3.91	4.56
30 lum	2.19	2.95	2.36
31 ppp	0.09	0.09	0.07
32 p_c	2.59	3.13	2.75
33 crp	2.96	2.98	2.99
34 nmm	5.88	5.94	5.85

Table 2: Tariff Schedule on Taiwan’s Imports from the world, TPP-12 nations, and RCEP area

Source: calculated from the GTAP version 8.1 by Hsu

Tariff schedules in Taiwan

35 i_s	0.36	0.37	0.33
36 nfm	1.01	1.01	0.98
37 fmp	6.09	6.02	6.07
38 mor.veh	12.06	13.30	11.38
39 otn	3.90	3.74	4.59
40 ele	1.85	1.94	1.71
41 ome	3.15	3.25	3.14
42 omf	3.43	3.71	3.40

Table 2: Tariff Schedule on Taiwan’s Imports from the world, TPP-12 nations, and RCEP area

Source: calculated from the GTAP version 8.1 by Hsu

IV.2.Service: a socio-political complicated sector for mature economy

From Lee and Itakura (2013), the tariff equivalents of non-tariff trade barriers on service sector in Taiwan is as follows; 10.8% in construction and utilities, 28.8% in trade, 12.6% in sea transport, 25.4% in airport, 26.1% in other transport, 23.6% in communication, 27.5% in financial services, 29.1% in government services and 26.7% in other private services.

IV.2.Service: a socio-political complicated sector for mature economy

If Taiwan is to participate in the TPP, then it has to well prepare to open its service sector. If future service trade pacts will be truly symmetric, giving equal treatment to both sides, those in the high end of service trade will benefit from, whereas the less skilled will be adversely affected by liberalization of service trade with China.

IV.2. Service: a socio-political complicated sector for mature economy

In terms of political spectrum of the constituents, those owners, managers and service persons in high end service (engineering service, high tech gadget testing and packaging, software development, financial product designs and transactions, fashion and cosmetic marketing, etc) are more in line with the KMT government for the expansion of ECFA into the service sector, while low end service people (beauty salons, transportation yeomen, etc) are, in contrast, more attuned to the Green camp.

IV.2. Service: a socio-political complicated sector for mature economy

Those who oppose the trade pact in service with China are not necessarily from the Green camp. These opponents are against any further trade liberalization agreement with China for fear of opening the gate for China's investors to infiltrate the Taiwan society, a development that, in the Green camp's words, would "generate significant legacies on Taiwanese society".

IV.2. Service: a socio-political complicated sector for mature economy

Most investment from China are directly or indirectly sourced at or affiliated with huge state-owned enterprises whereas 99.7% of the 93,500 firms in Taiwan's service sector are owned and operated by SMEs. China-invested service firms in Taiwan will be either monopolies or oligopolies whereas those local SMEs in Taiwan are highly competitive and can easily go out of business.

IV.2. Service: a socio-political complicated sector for mature economy

Asymmetrical industrial organization and market power between the China-invested and local enterprises in service industry kept many service firms in Taiwan wary of and worry about unfair market competition once the door to China is open. Taiwanese people favor American investors more than those from China as the survey by Chiang et al (2013) indicated.

IV.2. Service: a socio-political complicated sector for mature economy

Admitting chain stores of a fast food giant, McDonald restaurant caused fewer problems than licensing a single Peking duck house from China. The reason is simple and clear: the U.S. has no interest in claiming sovereignty on Taiwan but Beijing does.

IV.3. Three points on Industrial Restructuring

Comprehensive study on industrial restructure for globalized trade liberalization is beyond the scope of this paper. But three major directions are highly recommended.

a. First, promote Taiwan's functions in the global production network and increase the value-added in the global supply chain.

b. Second, re-structure production method from OEM (original equipment manufacturing) to newly innovative production methods such as the application of the "3 D printing" to manufacturing sector.

c. Third, exploit the untapped trade potential by identifying the niche products in niche markets

IV.3.Three points on Industrial Restructuring

a. Branding and Enhancing value-added in OEM by functional and processing upgrading

IV.3. Three points on Industrial Restructuring

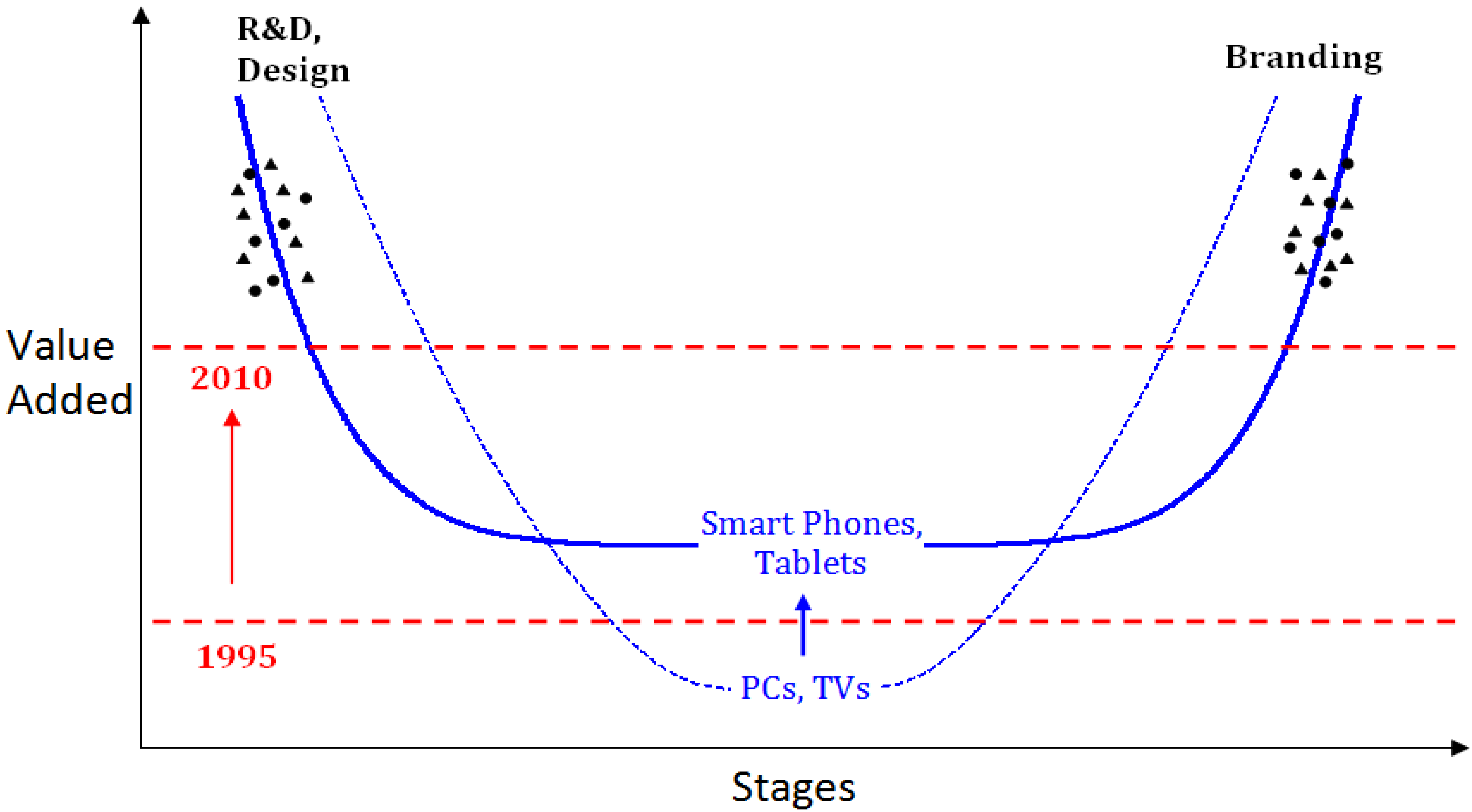

Figure 2: Breaking Through the Threshold by process and functional upgrading

Source: author (Chow, 2013b)

Major brand names of Taiwanese manufactures

Company	Brand Name	Products
Acer	Acer	Notebook PC
Asustek	ASUS, ASRock	PC, PC motherboard, ODD, PDA, cellular phone
BenQ	BenQ	Notebook PC, MP3 player, LCD TV
Compal	Palmax, Optorite	Cellular phone, ODD
Elite	-	PC motherboard, mini PC
FIC	Afina	Mini PC
Gigabyte	AXPER	PC motherboard, mini PC, notebook PC, LCD TV
Hon Hai	Foxconn	PC motherboard
hTC	Dopod	PDA
Inventec Appliance	OKWAP	Cellular phone
Mitac	Mio	Smartphone
Quanta	Nu, Gia	ODD, cellular phone, display monitor, LCD TV
Tatung	Elio	MP3 player
TPV	AOC	Display monitor

Table 3: Major brand names from Taiwanese manufactures

Source: Author (Chow, 2013b)

IV.3. Three points on Industrial Restructuring

There are two approaches to moving upward on the smiling curve: **process upgrading and functional upgrading.** Humphrey (2004) argued that once firms enter the GVC such as OEM, suppliers would gain valuable lessons from their partnerships with buyers. Specifically, they would be able to upgrade product development.

IV.3. Three points on Industrial Restructuring

Many Taiwanese firms managed to exploit their second mover advantage by expanding the bottom of the "smiling curve" through advancement in processing technology and product development. Taiwanese government did not support the branding of national champions of industry, as what the Korean government did to its *chaebol* conglomerates.

IV.3. Three points on Industrial Restructuring

Taiwan should transform its role from what is being performed Faxcom to Tobisba does in Apple’s I-Pad.

Taiwan has followed a non-statist model of branding development. Some Taiwanese firms such Acer, Asustek, and BenQ have developed their own brand names, as Table 3 reports.

IV.3. Innovate new production technology

b. Innovate new production technology

The other way to improve Taiwan’s industrial structure lies in innovation of production technology. While sector–specific industrial promotion policies undertaken in the past decades cannot be replicated the new socio-political environment, a more generic method of nurturing technology innovation is highly doable. One example is for Taiwan to ride the next big wave of 3D printing industrial revolution, which is based on computer design and additive manufacturing and which is what the U.S. is betting on to overhaul its economy to create high value jobs.

IV.3. b. Innovate new technology-“3D printing” manufacturing technique

The “3D printing” manufacturing technique can grossly reduce the time it takes from the drawing board to prototype making and testing. It has potential of revolutionizing the mode of production, transcending the Henry Ford type of large scale manufacturing of the standardized product, and ushering in an innovative, diversified, flexible, and diversified type of manufacturing in meeting quickly changing market demand and satisfying a wide range of consumer references.

IV.3. b. Innovate new technology-“3D printing” manufacturing technique

The 3D industrial revolution can transform Taiwan's industrial structure and enhance its position in global production chain to the extent that it can still do well in the world economy even without the benefits conferred by FTAs. Of course, just like microwave oven in the kitchen, the “3D printing” production technique can be complement with but not to substitute the long existing production techniques for mass production in all manufacturing industries.

IV.3. b. Innovate new technology-“3D printing” manufacturing technique

While the role of government on industrial policies is highly contentious, its role to internalize the externality to avoid the “ coordination failure” for multiple equilibriums along the line of the theory of “Big Push” is highly recommended.

Government serves as a coordinator

For economic transformation, the government can serve as a coordinator to transform the economic structure from the conventional OEM to newly innovative production technologies. Venture capital, be it private or public or joint, can be a good vehicle as it can socialize the risk of creating new production technology. The government in Taiwan has actually begun to use this device to promote the biotech and biomedical research and product development.

c.Exploit the untapped trade potential: Identifying the niche products in niche markets

Another potential big point is for Taiwan to exploit its untapped trade potentials by identifying yet-to-develop niche products in niche markets. Based on the TradeSim model which simulated the export performance for Taiwan's exports, Chow and Ciuriak (2008) calculated the gap between the actual and the potential exports from a modified gravity model simulations.

c.Exploit the untapped trade potential: Identifying the niche products in niche markets

Relative trade potential in each sector is ranked into 5 classifications in an ascending order of trading opportunities:

1. very strong current trade that is above predicted value
2. strong current trade, that is also above the predicted value
3. predicted values equal to current values or are low
4. untapped trade potential; and
5. highly untapped trade potential.

V.Summary and Conclusions

Along with South Korea, Taiwan used to be a super exporter and a most often cited model of export-led industrialization before the advent of the spaghetti bowl of FTAs. Thanks to the “competitive trade liberalization’ between the TPP and the RCEF, Taiwan sees a glimpse of hope of returning to regional FTA blocs, as well as going for more bilateral FTAs. Given domestic partisan politics and external harsh reality (the whim of China, an economic power house), this study has contended that Taiwan cannot afford picking and choosing a regional FTA to join, but rather is obliged to knock on all doors that may be open to it. Prioritizing should not be on its menu.

V.Summary and Conclusions

With *fortuna* and the support of TPP members, especially the U.S., Taiwan may be able to have a double play. But should Taiwan continue to be excluded from the two emerging free trade blocs, the TPP and the RCEF, it would not be the end of the world for Taiwan. The Pacific Alliance could be a good substitute, and an aggressive pursuit of bilateral FTAs can also keep Taiwan alive and kicking.

V.Summary and Conclusions

Whatever scenario is going to unfold, Taiwan would be doing itself a big favor by overhauling its economic structure, with or without membership in major regional trade pacts.

Thank You very much for listening

End