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**Transforming India-Taiwan  
Relations**

**New Perspectives**

**Prashant Kumar Singh**



INSTITUTE FOR DEFENCE  
STUDIES & ANALYSES

रक्षा अध्द्ययन एवं विश्लेषण संस्थान

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# ABBREVIATIONS

ASEAN	–	Association of Southeast Nations
BERI	–	Business Environment Risk Intelligence
BIMSTEC	–	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BJP	–	Bharatiya Janta Party
CBM	–	Confidence Building Measures
CBSE	–	Central Board of Secondary Education
CEC	–	Continental Engineering Corp
CECA	–	Comprehensive Economic Cooperation Agreements
CENTO	–	Central Treaty Organization
CEO	–	Chief Executive Officer
CEPA	–	Comprehensive Economic Partnership Agreements
CIER	–	Chung-hua Institution of Economic Research
CPC	–	Communist Party of China
CPI	–	Communist Party of India
CSC	–	China Steel Corporation
DG	–	Director-General
DPP	–	Democratic Progressive Party
DPU	–	Democratic Pacific Union
DST	–	Department of Science and Technology
EAS	–	East Asia Summit

ECA	–	Economic Cooperation Agreement
ECAFE	–	Economic Commission for Asia and the Far East
ECFA	–	Economic Cooperation Framework Agreement
EU	–	European Union
FDI	–	Foreign Direct Investment
FICCI	–	Federation of Indian Chambers of Commerce & Industry
FTA	–	Free Trade Agreement
GATT	–	General Agreement on Tariffs and Trade
ICAO	–	International Civil Aviation Organisation
ICCR	–	Indian Council for Cultural Relations
ICRIER	–	Indian Council of Research on International Economic Relations
ICSSR	–	Indian Council of Social Science Research
ICT	–	Information and Communication Technology
ICWA	–	Indian Council of World Affairs
IDSIA	–	Institute for Defence Studies and Analyses
IFS	–	Indian Foreign Service
IIC	–	India International Centre
IIM	–	Indian Institute of Management
IIT	–	Indian Institute of Technology
IMD	–	Institute for Management Development
IT	–	Information Technology
ITA	–	India-Taipei Association

JS	–	Jan Sangh
JWG	–	Joint Working Group
KMT	–	Kuomintang
LEP	–	Look East Policy
MEA	–	Ministry of External Affairs
MOE	–	Ministry of Education
MOE	–	Ministry of Education
MOEA	–	Ministry of Economic Affairs
MOFA	–	Ministry of Foreign Affairs
MOU	–	Memorandum of Understanding
MRA	–	Mutual Recognition Agreements
NAM	–	Non-Aligned Movement
NCCU	–	National Chengchi University
NDA	–	National Democratic Alliance
NDU	–	National Defence University
NGO	–	Non-Governmental Organization
NSB	–	National Security Bureau
NSC	–	National Science Council
NSC	–	National Security Council
NTHU	–	National Tsing Hua University
PLA	–	People's Liberation Army
PRC	–	People's Republic of China
PSP	–	Praja Socialist Party

RBI	–	Reserve Bank of India
ROC	–	Republic of China
SEZ	–	Special Economic Zone
SP	–	Socialist Party
SP	–	Swatantra Party
TAITRA	–	Taiwan External Trade Development Council
TCA	–	Taipei Computer Association
TEC	–	Taiwan Education Centres
TECC	–	Taipei Economic and Cultural Centre
TEMA	–	Taiwan Electric and Mechanical Association
TICC	–	Taiwan-India Cooperation Council
TRA	–	Taiwan Relations Act
UGC	–	University Grants Commission
UK	–	United Kingdom
UNESCO	–	United Nations Education, Scientific and Cultural Organisation
UNSC	–	United Nations Security Council
USA	–	United States of America
USSR	–	Union of Soviet Socialist Republics
VWP	–	Visa Waiver Programme
WEF	–	World Economic Forum
WHO	–	World Health Organization
WTO	–	World Trade Organisation



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Prashant Kumar Singh

# PREFACE

Taiwan is a part of the geographical area of operation of India's Look East Policy (LEP). Although India does not recognise Taiwan as a sovereign state, its functional and people-to-people contacts with Taiwan are explainable under the LEP. Besides, India's economic activities are on the rise in the vicinity of Taiwan. Though commercial in nature, India's presence in the South China Sea, along with improvement in its bilateral relations with Asia-Pacific countries — especially in the realm of politics and defence cooperation — is of strategic significance. In the overall strategic context of the region, increasing functional ties with Taiwan without undermining the support to the one China Policy would be a stiff challenge requiring clarity of vision and skilled diplomacy. Thus, it is imperative for India to have a much better understanding of Taiwan, and the Asia-Pacific region.

In the author's view, functional ties/cooperation and people-to-people relations could make a separate category without attaching any diplomatic, political or strategic meanings. The main attributes of this category can be listed as below:

- A comprehensive package that includes cooperation in education, culture, science and technology, trade and investment and other similar issue-areas.
- The package could also be characterised as people-to-people relations.
- Cooperation without manifest strategic underpinning and implications.

Engagement with Taiwan would lead India to have a more informed Taiwan policy. Its unique geographical location and political situation would also contribute to India's understanding of the Asia-Pacific region. Taiwan is situated in the middle of the disputed waters of the South and the East China Seas. Considering the continued threat from the People Republic of China (PRC) to its national security, Taiwan not only has a natural interest in the modernisation of the People's Liberation Army (PLA), China-Japan tensions, and the dynamic of Sino-US relations, but also a natural expertise on them. Taiwan and China have

historical and cultural affinity, but political and strategic distance. Strategically, Taiwan is close to the US and figures in Japan's security considerations. It is obliquely mentioned in the US-Japan Defence Guidelines, 1997. But the US and Japan's support for PRC's One-China Policy has set a limit on their relations with Taiwan. Thus, Taiwan is not fully open to either of the major regional players. This situation leaves it marginalised and dissatisfied with every major power in the region and makes it a neutral interpreter of the region's politics. India could tap into this consultative potential of Taiwan.

Functional cooperation with Taiwan is even more valuable. Taiwan is a thriving and industrialised economy that is closely integrated with the international economy. It is amongst the world's leading exporting and importing countries. It is the leading producer and manufacturer in the world in foundries, IC packages, blank optical discs, mask ROMs, mobility scooters/powering wheelchairs and chlorella. If the products made by Taiwanese companies outside Taiwan are also taken into account, the list of products commanding a high share in the world is even longer. Notebooks, Tablets, LCD monitors, IC packages, motherboards (System & Pure MB), WLAN CPEs, cable modems, and digital blood-pressure monitors are a few examples. Apart from electronics, Taiwan's agro-industries, particularly food-processing, maintain international standards. It also holds high rank in the international rating by agencies like the Institute for Management Development (IMD), Business Environment Risk Intelligence (BERI), the World Economic Forum (WEF), and the Heritage Foundation. Its business environment, research and development, and innovation are recognised worldwide. (Data relating to all these is available in the tables at the end of this monograph). Further, Taiwan's education system ranks quite high. For instance, fourteen Taiwanese universities in 30 disciplines are on the list—compiled by the QS World University of the UK—of the top 200 universities in the world.<sup>1</sup>

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<sup>1</sup> 'Universities Ranked in Top 200 in 30 Subjects Worldwide', 10 May 2013, *Taipei Times*, at <http://www.taipeitimes.com/News/taiwan/archives/2013/05/10/2003561924> (Accessed on 18 June 2013).

India could become an important destination for Taiwan's new Go South policy for diversifying Taiwan's trade and investment basket. India could also become an alternative to China for many Taiwanese companies in view of rising wages and costs in that country. In fact, a regulated flow of skilled labour from India can help overcome the problem of high costs in Taiwan itself. Taiwanese FDI can contribute to India's manufacturing, infrastructure and other sectors. India and Taiwan make a case for mutual benefit by being substantial complementary economies, as India's computer software industry complements Taiwan's computer hardware capability. India's demography, with a more than 300 million strong middle class, offers an economic opportunity for Taiwanese entrepreneurs. India is also one of the leading suppliers of natural resources. It can be a gateway to South Asia, and even West Asia, for Taiwanese companies. Further, like Taiwan, India too has a reasonably impressive record of achievements in science and technology. For instance, India has gained international recognition in the automobile, electronics and space science sectors. In education, India has internationally recognised institutes—like the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs). Besides, there is sufficient space for cooperation between the two countries in the spheres of culture and tourism.

This monograph deals with Taiwan as it exists in the world today. It does not deal with the legal question, whether Taiwan is an independent state or a Chinese province. Despite its ambiguous diplomatic status, Taiwan remains an important factor in the East Asian security scenario. In spite of the Cross-Strait relations in their best phase, the solution to the Cross-Strait conundrum remains elusive. Taiwan and the People's Republic of China (PRC) have signed 19 agreements related to functional areas since 2008. However, a formal political dialogue or a peace agreement that the PRC is pushing hard for, is not in sight. Taiwan does not appear inclined to yield on the question of sovereignty. Any formula that would downgrade Taiwan's international standing is unacceptable to both Taiwan's political class and the common Taiwanese. Contrary to Chinese expectations, the prospects of economic cooperation and integration have not made the Taiwanese amenable to Chinese claims over Taiwan. Similarly, on the other side of the Taiwan Strait, Taiwan's unification with China continues to be a powerful reference point for Chinese nationalism. China still has its missiles

deployed against Taiwan. Moreover, it is yet to renounce the use of force as an option to resolve the Cross-Strait problem. This reinforces Taiwan's perception of China as a threat to its security. Finally, the US, the security guarantor of Taiwan under the Taiwan Relations Act (TRA) 1979, continues to maintain diplomatic ambiguity over the Cross-Strait issue. Therefore, any conflagration in the volatile waters of Taiwan Strait could result in a US-China face off.

Taiwan is also a part of problematic territorial claims in the East China Sea and the South China Sea. Its claims overlap with those of China and are ignored by the other concerned parties. Taiwanese claims mostly address domestic constituency. It appears content with the practical arrangements for resource-sharing. A good example is its fishery pact with Japan in 2013. However, since these claims stoke popular sentiment in Taiwan, it is difficult for the Taiwanese government to ignore the public opinion on these issues. Therefore, overlooking Taiwan in the regional security map would bring pressure on the US alliance in the region, of which Taiwan is a part. Taiwan successfully drove this point during the standoffs between Japan and China in the East China Sea over the Senkaku/Diao Yu islands in 2012-13 by its diplomatic manoeuvrings. In fact, the Japan-Taiwan fishery pact has effectively made the dispute tripartite, and implies that Taiwan is a player in the dispute. In May 2013, the government of Taiwan conveyed that diplomatic recognition or not, it is capable of taking care of its citizens when it flexed its economic muscle against the Philippines over the killing of a Taiwanese farmer-fisherman by the Philippines coastguard.

Finally, accelerated interaction and cooperation in functional areas between India and Taiwan would, in the long-term, also contribute to increased mutual awareness. The Cross-Strait unification would not be the only eventuality in the dialectics of Cross-Strait relations. Whether Taiwan would eventually unify with China, or the status quo would persist, or some other form of Cross-Strait relations would emerge, is difficult to predict. To study and engage Taiwan is important irrespective of the scenarios, because each scenario will shape the regional security dynamics in its own way.

# 1

## INTRODUCTION

This monograph begins by establishing a narrative of India-Taiwan relations. Though not very long, the historical relationship between India and the Republic of China (ROC) during the 1930s and 40s was fascinating. It encompassed British colonial rule in India, the Japanese aggression on China, India's freedom struggle, the Second World War, the camaraderie between India and the ROC, the charming personalities of Jawaharlal Nehru and Chiang Kai-shek and Madame Chiang Kai-shek, and the civil war in China. In the late 1940s, the ROC versus the People's Republic of China (PRC) conflict became a test case for Indian policy of state recognition. Later, in the 1950s, Cold War determined the Indian position on Formosa (the ROC). This monograph illustrates a lesser known fact that has now faded from public memory: that apart from Tibet, the issue of Formosa was also raised by Indian opposition parties to criticise Nehru's China Policy. The monograph briefly discusses the Cold War to understand the history of no-contact between India and Taiwan. It proceeds to discuss and analyse the state of India-Taiwan relations after 1995 within the framework of India's Look East Policy and Taiwan's Pragmatic Diplomacy. Finally, it concludes by making an attempt at re-interpreting Nehru's policy on Taiwan.

There is a strong desire in the public mind and the Taiwanese and Indian establishments to strengthen their relationship. However, the two sides are still hampered by mutual ignorance. This is the result of the four decades-long rupture in the relationship between the two countries. A fresh start is confined to people-to-people contact. Because India is adhering to One-China policy, it is prudent to begin building the relationship between the two countries through people-to-people contact. People-to-people contact requires far more coordinated, institutionalised, and sustained initiatives by the governments of India and Taiwan.

This monograph, thus, endorses people-to-people relations as a comprehensive package for functional ties in education, culture, science and technology, trade and investment, as well as in other such areas where cooperation has no manifest and direct political or diplomatic

implications. The normalisation and stabilisation in the Cross-Strait relations constitutes an opportunity for India and Taiwan to further deepen their ties. The recognition of Taiwan as a reality separate from China in functional areas has been accepted by the international community. Enhanced cooperation with Taiwan would in no way undermine India's long-standing support to the One-China Policy. In keeping with these ideas, this monograph presents a broad roadmap by retelling the forgotten stories of the past and providing a base for discussing the present and the future.

In terms of methodology, the history of relations of between the two countries has been reconstructed on the basis of Nehru's writings. The following publications contain illuminating accounts of the period around 1942—particularly Chiang Kai-shek's 1942 India visit—and Nehru's personal relations with the Chiang Kai-shek family: 'A Chinese Interlude' in Maulana Abul Kalam Azad's *India Wins Freedom* (1989); 'The Background' in Gyaneshwar Chaturvedi's *India-China Relations: 1947 to Present Day* (1991); 'India and China during the World War II (1939-1945)' in B.R. Deepak's *India-China Relations in the First Half of the 20<sup>th</sup> Century* (2001); Avinash Mohan Saklani's 'Nehru, Chiang Kai-shek and the Second World War' in Madhvi Thampai's (ed.) *India and China in the Colonial World* (2005); and Guido Samarani's *Shaping the Future of Asia: Chiang Kai-shek, Nehru and China-India Relations During the Second World War Period* (2005).

Maulana Azad's *India Wins Freedom* discussed India's domestic political scenario during Chiang Kai-shek's India visit in 1942. The chapter was helpful to understand British annoyance with the interaction between Chiang Kai-shek and Congress leaders, particularly with Nehru, during his visit. Samarani's work, in particular, was essential in contextualising the interaction between the Congress and the ROC leadership in late 1930 and the early 1940s. However, later works, including Samarani's, discuss this period—and the personal rapport between Nehru and the Chiang family—as a continuum of India-China relations that the PRC carried forward after 1949. Besides, these discussions generally end around 1945, and do not fully reflect the intensity of emotions involved—at least those experienced by Nehru. The scholarship neglected the circumstances that changed Nehru's attitude towards Chiang Kai-shek and the Kuomintang (KMT). Thus, the above



mentioned works do not contribute to a better understanding of India's position on Taiwan after 1949.

Since scholarship is limited on India-ROC relations after 1945, Nehru's writings are a treasure trove on the subject as he was the Congress's foreign policy spokesman during this period. He was the Congress President when the war broke out between Japan and China in 1937, and was the Premier of the interim government formed in 1946. Later, he became the first Prime Minister of independent India and was also the foreign minister. Nehru remains indispensable because the relationship between pre-independence India and the ROC hinged on the personalities of Nehru, Chiang Kai-shek and Madame Chiang Kai-shek. Thus, Nehru's writings offer better sources.<sup>2</sup>

The lack of any literature post-1995—at least in English—is even more glaring. Anita Sharma and Sreemati Chakrabarti's *Taiwan Today* (2007) that contains chapters on India-Taiwan relations, Prakash Nanda's chapter 'Taiwan's Courtship with India' in *Rising India: Friends and Foes* (2007) and Fang Tien-Sze's recent article 'Taiwan's Relations with India: Issues and Trends' (2013) are perhaps the only works available. In its attempts to provide a comprehensive view of India-Taiwan relations, this monograph has some advantage. The first two works mentioned above were written in 2007. Since then, President Ma Ying-jeou has brought about a political change in Taiwan. Therefore, the monograph analyses the transformations in the context of India-Taiwan relations. Though Fang's article is a valuable work that underlines the existing state of the relations in the scholarship, this monograph, on the contrary, offers a historical narrative and attempts to reinterpret India's Look East Policy (LEP) in the context of India-Taiwan relations.

In the light of insufficient amount of secondary academic work on contemporary India-Taiwan relations, this study offers a view from the field. The section on the contemporary relations after 1995 is based on an extensive field-trip to Taiwan which was sponsored by the Indian Council of Social Science Research (ICSSR), New Delhi.

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<sup>2</sup> Incidentally, the contacts between the British colonial government of India and the ROC are beyond the ambit of this monograph as it examines the contacts between pre-independence India and the ROC within the nationalist framework, with Nehru as the point of reference.

There is scarce literature in English on the historical context of India-Taiwan relations in Taiwan. The author could not find any single piece of writing that could throw light on the ROC thinking with regard to India during the 1950s and 60s, and whether it ever tried to revive its contacts with India in the backdrop of India's defeat at the hands of the PRC in 1962. These are lines of investigation that demand separate studies. Similarly, the main sources of contemporary India-Taiwan relations are scholarship from Taiwan. In fact, in a way, one sees India-Taiwan relations through Taiwanese debates on India. Because, most of the initiatives regarding India-Taiwan relations have come from Taiwan. Taiwan appears more enthusiastic about India, whereas Taiwan is generally neglected in India.

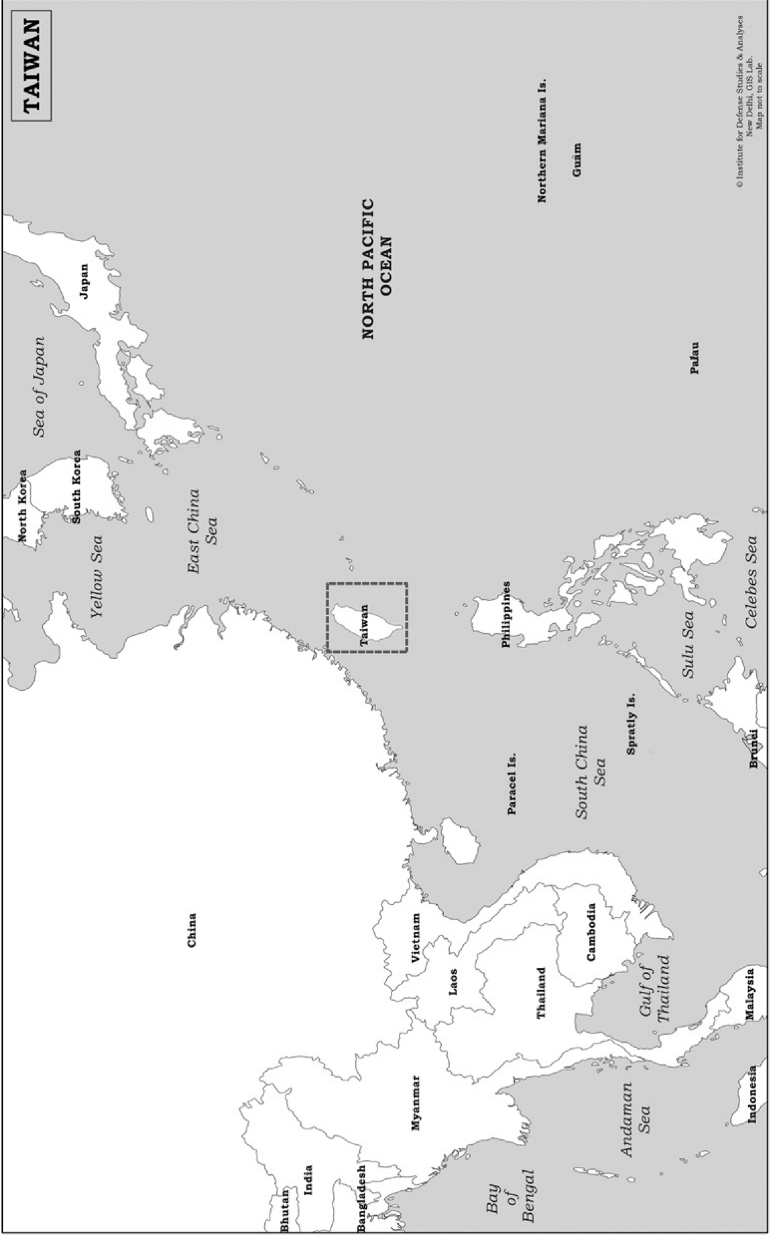
Lam Peng-Er's *Japan-Taiwan Relations: Between Affinity and Reality* (2004), Jing Sun's *Japan-Taiwan Relations: Unofficial in Name Only* (2007), Christopher M. Dent and Debra Johnson's *Taiwan-EU Economic Relations: A European Perspective* (2000), and F. Mengin's *'A Functional Relationship: Political Extensions to Europe-Taiwan Economic Ties'* (2002) are very useful sources for understanding Taiwan's management of its external relations under the framework of flexible diplomacy without undermining the One-China Policy of the PRC. Particularly, the readings on Taiwan-Japan relations are important to know about a delicate balance it maintains between Japan and China considering troubled China-Japan relations. Taiwan became the first victim of Japanese colonialism in 1895, and remained its colony for the next fifty years. Although the maritime territorial dispute in the East China Sea is recognised between Japan and China, Taiwan also claims the territory. Taiwanese and Chinese historical claims against Japan in the disputed waters are the same. On the other hand, Taiwan and Japan are on the same side in their security concerns vis-à-vis China. The Guidelines for Japan-US Defence Cooperation covers Taiwan, though through oblique reference.

The references and footnoting protocol in the discussion on contemporary India-Taiwan relations after 1995, are based on the discussions with the Taiwanese scholars and officials whom the author interviewed. A lot of cross-checking and corroboration followed these discussions and deliberations. Moreover, there is a certain overlapping in the views and arguments of the scholars and officials. Thus, it has

not always been possible to identify the views, and ascribe them to individual scholars and officials in the monograph. Moreover, some views are politically sensitive and the interlocutors did not wish to be quoted. Therefore, the account of contemporary India-Taiwan relations after 1995 is in report-format. Appendix 1 provides a cumulative list of the interlocutors for the record.

As far as terminology is concerned, the term Republic of China (ROC) is chiefly used in the historical context of 1930s and 40s when the ROC existed on the Mainland. After that, it is used in the Cold War context till 1971, when the ROC lost the China seat in the United Nations Security Council (UNSC). 'Formosa' is used in the context of the live international debate on legal status of Taiwan when 'Formosa'—so named by the Portuguese during the colonial period—was in vogue in international vocabulary in the 1950s. 'Taiwan' came into international usage especially after 1971 when, having replaced the ROC in the UNSC, the PRC objected to any name or symbol that may confer signs of sovereignty on Taiwan. It started insisting on the use of 'Taiwan' as it more clearly conveys the country as a province of China. In the present context, Formosa is a historical term, and for the Taiwanese, both words—the ROC and Taiwan—denote the same meaning. Besides, the Nationalist Government and the KMT government were one entity in history, and are used interchangeably in the historical context. However, the term 'Nationalist Government' has lost its relevance with the passage of time. The KMT government ceased to be a synonym for the ROC government or the Taiwan government after Taiwan's democratisation in 1990s. Now, the KMT has become yet another political party competing in electoral politics, though it continues to be a powerful pole in the political divide of Taiwan.

It could be asked whether India's relations with contemporary Taiwan can be traced to the ROC that existed on Mainland China. Taiwan was a Japanese colony till 1945, and the ROC ceased to exist on Mainland China in 1949. However, present day Taiwan is governed by the constitution of the ROC. Besides, both pre-1949 and post-1949, the ROC had the continued leadership of Chiang Kai-shek. Indeed, there is a legal and political continuity that justifies tracing India's relations with contemporary Taiwan to the ROC that existed on Mainland China.



## 2

# TAIWAN: AN INTRICATE PRESENT WITH A COMPLEX PAST

Every country engaging with Taiwan has to deal with historical complexities that have woven intricacies around Taiwan's present day identity. Historically, Taiwan was China's backwater territory. Although a slow seeping of the Chinese into Taiwan had been there all along, the migration of Chinese settlers picked up pace in the 17th century, and onwards. Chinese empires and their continental orientation had strong biases against maritime trade and seafaring. These were manifested in various restrictions imposed on them under the influence of Confucian official classes. The Chinese imperial governments discouraged migration to Taiwan, and put restrictions with varying degrees, and with varying penal consequences till the last decades of the Qing dynasty. Nevertheless, the Chinese migrated to Taiwan in search of better livelihood, and to avoid political and intellectual persecution. Fugitives also sought refuge in Taiwan. The Mandarin Chinese classes considered such people to be 'fortune-seekers' and 'degraded' Chinese. Taiwan was not deemed a proper Chinese territory, and was considered strategically insignificant.

Taiwan gained some importance after 1644, when the Qing overthrew the Ming dynasty in China. A Ming loyalist general named Zheng Chenggong (also known as Koxinga, a name given by Europeans) continued resistance against the Qing. He made Taiwan his base, established his political power by expelling the Portuguese and the Dutch colonials, and began conducting operations against the Qing from Taiwan for many years. Finally, the Qing court annexed Taiwan in 1683 from his successors, making Taiwan part of the imperial China for the first time in history. Even after its annexation, the Qing court considered selling Taiwan to the Dutch who had, by then, lost interest in it. The famous statement attributed to Kangxi, the then Qing emperor, that 'Taiwan is no bigger than a ball of mud. We gain nothing by possessing it, and it would be no loss if we did not acquire it' expressed the

typical Chinese attitude towards Taiwan.<sup>3</sup> From 1683 to 1885, Taiwan was under the jurisdiction of the Fujian provincial government. In 1886, it was elevated to the status of province. The imperial Qing authority was limited to the western coastal plains that form only one-third of Taiwan. It did not cover the mountainous areas, and the east coast inhabited by aborigines.

The Qing government ceded Taiwan to Japan under the treaty of Shimonoseki in 1895, marking the beginning of the Japanese colonial era in Taiwan's history. Taiwanese took the ceding as betrayal and abandonment, and organised resistance against the Japanese on their own. Taiwanese resisters declared a Republic of Taiwan in 1895. However, the resistance could not be sustained, and was crushed. The two events—the abandonment and the declaration of the ephemeral Republic—have left an indelible impact on Taiwan nationalists who underline their separate identity from China.<sup>4</sup>

After 1895, Taiwan and China took independent historical courses. Subsequent Chinese governments did not appear concerned about Taiwan. Taiwan remained immune to the happenings in China after the collapse of the Qing Empire in 1911-12, and later to the Chinese civil war. Taiwan figured neither in the Nationalist nor in the Communist political discourse of the 1920s and 30s in any significant way. The communists treated Taiwanese as a nationality. The Chiang Kai-shek government revoked the treaty of Shimonoseki in 1941 in retaliation against the Japanese invasion that had started in 1937. Around this time, Taiwan started appearing, to some extent, in competitive

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<sup>3</sup> Emma Jinhua Teng, *Taiwan's Imagined Geography: Chinese Colonial Travel Writing and Pictures, 1683-1895*, The Harvard University Asia Centre, 2004, p. 34; Alan M. Wachman, *Why Taiwan? Geostrategic Rationales for China's Territorial Integrity*, NUS Press, Singapore, 2008, p. 55.

<sup>4</sup> The scheme of this section is to provide a historical overview to be able to grasp the intricacies of the present. This section does not intend to provide a comprehensive view of Taiwan's history, and the legal debates surrounding it. Please see, 'Taiwan's Early History', 'The Japanese Occupation', and 'The Return of the Mainland Rule', in Denny Roy, *Taiwan: A Political History*, Cornell University Press, 2003; see also 'Getting to the Present' in Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait*, Brookings Institution Press, 2005.

nationalisms of the KMT and the CPC. The Cairo Declaration in 1943 and the Potsdam Declaration in 1945 (which declared that the Chinese territories stolen by Japan would be returned to China by the allied powers during the Second World War) brought Taiwan back in focus. Chiang Kai-shek accepted Japanese surrender in Taiwan in 1945 on behalf of the allied powers. He was authorised to administer the territory on their behalf. Taiwan was still not a serious issue for the communists. In 1946, the official communist publication exhorted the nationalities of Korea and Taiwan to rise up against foreign powers when Taiwan had already been under the Chinese administration.<sup>5</sup>

Taiwan became a serious political issue between the KMT and the CPC after 1949. The communist forces vanquished the KMT authority on the mainland in the civil war in 1949, forcing it to retreat to Taiwan. The hostile Nationalist presence on Taiwan shaped the threat perception of the communists. The Taiwan issue acquired serious proportions and a Cold-War dimension after the outbreak of the Korean War in 1950, as now the US, which had been holding back its support to the KMT government after its flight to Taiwan, decided to continue to recognise the ROC. This decisively shaped the CPC's threat perceptions vis-à-vis the Nationalist presence on Taiwan. For the Communists, without securing Taiwan, the civil war remained unfinished.

Incidentally, the basis of the KMT and the CPC claims over Taiwan were the same. The two contenders staked their claims based on the Cairo and the Potsdam declarations. The KMT government continued to treat itself as a lawful government of entire China, and the communists as the usurpers of power. For it, Taiwan, a Chinese territory under the two declarations, legitimately belonged to the ROC. On the other hand, for the communists, the KMT was vanquished, the ROC ceased to exist, and the Nationalists on Taiwan were a bunch of renegades. The PRC had succeeded the ROC; therefore, Taiwan, under the declarations, was part of the PRC.

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<sup>5</sup> This paragraph draws on Frank S. T. Hsiao and Lawrence R. Sullivan, 'The Chinese Communist Party and the Status of Taiwan, 1928-1943', *Pacific Affairs*, 52(3), Autumn, 1979, pp. 446-467.

There was third view too, upheld by Taiwan nationalists. They argued that Taiwan was a former Japanese colony whose legal status required formal decision. They demanded self-determination for the Taiwanese. They viewed the KMT as an outsider. According to this perspective, the two declarations were not binding treaties. The commitments under the two declarations were declaration of intent only. Moreover, Chiang Kai-shek accepted the Japanese surrender, and administered Taiwan on behalf of the allied powers. A formal retrocession of Taiwan to the ROC never took place. However, they could not receive international support, because the KMT government suppressed their voices. The legal argument about Taiwan never been formally restored to the ROC, thereby rendering the KMT rule over it illegal never became a relevant argument, as the legitimacy of KMT authority was never demonstrably challenged in Taiwan by the public. Nevertheless, a legal/academic debate continues till today about whether Taiwan is a recalcitrant Chinese province, or a separate state; or whether it was a Chinese province, where democratisation has fundamentally changed its legal identity.<sup>6</sup>

Taiwan's democratisation in late 1980s and 1990s opened up Taiwan nationalist voices. In the political and electoral arena, the KMT opposes pro-independence sentiments (formal independence from China) and

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<sup>6</sup> 'Countering Claims that the Cairo Declaration Was Illegitimate', *The China Post*, 5 December 2013, at <http://www.chinapost.com.tw/editorial/taiwan-issues/2013/12/05/395151/p2/Countering-claims.htm> (Accessed on 13 December 2013); 'Cairo and Potsdam Declarations', at <http://www.civil-taiwan.org/cairo-potsdam.htm> (Accessed on 23 December 2013); 'Cairo Declaration as Legal Basis Incorrect: Advocates', *Taipei Times*, 2 December 2013, at <http://www.taipetimes.com/News/taiwan/archives/2013/12/02/2003578133> (Accessed on 13 December 2013).

See also, Ng Yuzin Chiautong, *Historical and Legal Aspects of the International Status of Taiwan (Formosa)*, at <http://www.wufi.org.tw/en/historical-and-legal-aspects-of-the-international-status-of-taiwan-formosa/> (Accessed on 14 December 2013); and Jean-Marie Henckaerts (ed.), *The International Status of Taiwan in the New World Order: Legal and Political Considerations*, Kluwer Law International Ltd., 1996, London. The latter is a good book on the debate on the legal status of Taiwan, with chapters by Hungdah Chiu 'The International Legal Status of Taiwan', Hans Kuijper 'Is Taiwan a Part of China?' and Jean-Marie Henckaerts 'Self-Determination in Action for the People of Taiwan' being relevant to understanding historical and legal complexities as well as developments post-democratization in Taiwan.



represents Pan-China sentiments. It believes in Taiwan's eventual unification, though not time-bound, with the Mainland. The Democratic Progressive Party (DPP), on the other hand, asserts that the question of unification should be left to the Taiwanese to decide—an indirect assertion of independence. As far as the sovereignty of the ROC is concerned, the two parties representing the two ends of the spectrum assert it equally. On the other hand, unification remains an emotive issue in China, and is a national commitment of the CPC. Taiwan is one of the most powerful contemporary reference points of Chinese nationalism. The CPC does not renounce the use of force to achieve the unification in case Taiwan declares independence, or if there is a breakdown of political or social order leading to secession, and if the unification is delayed inordinately.<sup>7</sup>

Internationally, countries can be broadly divided in two camps regarding the issue of the recognition to the ROC. There were countries, which never recognised the ROC after the declaration of the PRC on Mainland China in 1949. They supported PRC's One-China policy, and endorsed its claim on Taiwan. These countries were generally newly decolonised. Many of them were in the Soviet camp. India was also one of these countries. The prominent exception in this category was the United Kingdom (UK) which was an ally of the US. Other countries under the US leadership recognised the ROC, and helped it retain its Seat in the United Nations Security Council (UNSC). These countries later switched recognition from the ROC to the PRC—some before 1971 and others after 1971, the year when Sino-US rapprochement took place. Today, less than two dozen countries—all very small in size and inconsequential in international politics—recognise Taiwan diplomatically. It is not a member of international organisations which require statehood. The government in Taipei that once held the China seat in the UNSC conducts its external relations only in a non-diplomatic and

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<sup>7</sup> For China's conditions regarding the use of force, please see article 8 of 'Full Text of Anti-Secession Law', at <http://www.china.org.cn/english/2005lh/122724.htm> (Accessed on 3 August 2013).

non-political manner. While the government in Taiwan continues to assert its sovereign status, the world has come around to PRC's One-China policy. In the diplomatic and political arena, the PRC has isolated Taiwan almost completely.

Thus, as this historical description makes clear, maintaining a good functional relationship with Taiwan without antagonising China demands dexterity.

# 3 JAWAHARLAL NEHRU AND THE ROC

Jawaharlal Nehru developed a romance with China long before the signing of the Panchsheel Agreement with the PRC in 1954 or the Afro-Asian Bandung Conference in 1955. These two events are cited extensively to highlight his idealistic view of India-China friendship. The ROC had captured his imagination in the late 1930s. The PRC, however, made a rather belated entry. His concept of the India-China friendship was deeply embedded in his sense of history, culture and values. Although anti-imperial camaraderie was a significant element, his vision was essentially nationalist, and defined in cultural terms. Thus, it would be wrong to attribute this vision to his socialist leanings or to a sense of being part of a socialistic fraternity along with China. Moreover, as is clearly evident in his letters and speeches, he was impressed by the personalities of Generalissimo Chiang Kai-shek and his wife Madame Chiang Kai-shek who were central to his vision of China. Hence, the Nehru government's switching of recognition from the ROC to the PRC was not an ideological statement but a simple acknowledgement of the facts on the ground. Furthermore, Nehru's distaste for Chiang Kai-shek in the 1950s was a late development, and in response to the Cold War. Nehru considered Formosa as China's historical territory and endorsed the PRC's claim. Nevertheless, he accepted the 'distinct individuality' of Taiwan and supported autonomy for it. Finally, although Nehru's views on China and Formosa carried the day, he had his share of opponents; his views were challenged on ideological and intellectual grounds in India.

## Background

Probably the earliest notable contact between the Indian people and the ROC (founded in 1912), came about when the great Indian poet Rabindranath Tagore visited China in 1924. He was one of the first Indians who envisioned India and China unity and friendship.<sup>8</sup> Later,

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<sup>8</sup> Nirupama Rao, 'Rabindranath Tagore's Vision of India and China', *The Hindu*, 25 November 2011 at <http://www.thehindu.com/opinion/op-ed/rabindranath-tagores-vision-of-india-and-china/article1095523.ece> (Accessed 8 August 2013).

Sun Yat-sen's wife, Song Qingling, was invited to attend the Congress Session in 1928. However, the initiative of her invitation ran into difficulties because of the colonial government's opposition. India and the ROC built up their contacts in the twilight of colonialism and imperialism. The Congress Party, which was leading India's freedom struggle, observed 'China Days' after the breakout of the Sino-Japanese war in 1937; opposed Japanese aggression; gave a call for the boycott of Japanese goods (especially Japanese silk), and collected money from the Indian public for China's war effort.<sup>9</sup> The Congress sent a medical team to China<sup>10</sup> that included five doctors, including Dr. Dwarkanath Kotnis who died while assisting the Chinese people in their fight against Japan. Kotnis has come to be seen as an icon of India-China friendship.<sup>11</sup> Incidentally, this team was sent to assist the ROC government in Wuhan; but after the fall of Wuhan in December 1938, it moved to Yan'an, the communist party stronghold, in early 1939 and worked under the communist leadership since then.<sup>12</sup>

## Nehru and the ROC

Nehru visited south China in 1939 to express his solidarity with the Chinese people. Incidentally, as mentioned earlier, he was the Congress

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<sup>9</sup> 'Observance of China Day, 1937', Statement to the Press, 14 September 1937, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 724. 'Observance of China Day, 1938', Statement to the Press, 24 December 1937, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 733; 'Boycott of Japanese Goods', Statement to the Press, 30 September 1937, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 725; 'Appeal to Help China', Statement to the Press, 18 September 1937, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 732; and 'The Need for help to China', Speech on China Day, 9 January 1938, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 734.

<sup>10</sup> 'Despatch of Medical Unit to China', Circular to the P.C.Cs and the A.I.C.C., 1 June 1938, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 747.

<sup>11</sup> 'Dr. Kotnis Ki Amar Kahani', Press Information Bureau (PIB) Feature, [http://pibmumbai.gov.in/English/PDF/E2013\\_FR12.PDF](http://pibmumbai.gov.in/English/PDF/E2013_FR12.PDF), (Accessed on 5 August 2013).

<sup>12</sup> Guido Samarani, *Shaping the Future of Asia: Chiang Kai-shek, Nehru and China-India Relations During the Second World War Period*, Working Paper No. 11, Centre for East and South-East Asian Studies, Lund University, Sweden, 2005, pp. 9-10.

President in 1936-37 when the Congress had observed 'China Days'. He met the Chiang Kai-shek family many times during the visit. Later, Chiang Kai-shek and his wife Madame Chiang Kai-shek visited India in February 1942. The political objective of their visit was to seek India's whole-hearted support against the Axis powers in the Second World War because they feared that India might 'succumb to Japan's pressure'. The Japanese juggernaut had forced the ROC leadership to seriously take care of China's southern borders as well as India. The construction of the Yunnan-Burma Road was a result of this.<sup>13</sup> During his visit, Chiang Kai-shek extended his nuanced support for India's independence, arguing that the Dominion status was the best India could expect in the given situation. Later, in June 1942, Mahatma Gandhi wrote him a letter assuring him that his efforts to gain independence for India were not meant to weaken the British vis-à-vis the Japanese. He made it clear that he considered the Japanese domination equally injurious.<sup>14</sup>

Jawaharlal Nehru had a keen interest in international affairs. He was the foreign policy spokesperson of the Congress party during India's freedom fight. He exercised a decisive influence on the foreign policy of post-independence India as well. China was particularly close to Nehru's heart. His first significant interaction with China occurred in 1927 in Brussels where he, along with Chinese nationalists, made a joint statement against imperialism in the meeting of League against Imperialism.<sup>15</sup> China, which was then the ROC, occupied a central position in his foreign policy discourse—in his correspondence, speeches, interviews and press statements—from 1937 onwards till the end of 1949 when his government switched its recognition to the PRC. His

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<sup>13</sup> Jawaharlal Nehru, 'A New Road to China', *National Herald*, 31 October 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 11, 1978, pp. 346-47. Nehru wrote this article in the backdrop of controversy of the British Government closing the Burma Road temporarily in 1940 under pressure from Japan. In this article, Nehru underscores the importance of the road in China's war efforts, and also in bringing India and China closer.

<sup>14</sup> Selected Letters of M.K. Gandhi, 'To Chiang Kai-Shek', June 14, 1942, at [http://www.gandhi-manibhavan.org/gandhicomelive/comesalive\\_letter25.htm](http://www.gandhi-manibhavan.org/gandhicomelive/comesalive_letter25.htm) (Accessed on 3 May 2014).

<sup>15</sup> Guido Samarani, n.12, p. 2.

writings about China brought to the fore his vision for India-China relations and their place in the world.

Nehru had a deeply held belief that destiny had imposed a shared responsibility on China and India— ‘sister nations from the dawn of history’ —to fight imperialism and colonialism together.<sup>16</sup> They needed to be in sync, support each other and transform their ‘ancient friendship’ into a ‘new camaraderie of two freedom loving nations’.<sup>17</sup> Nehru’s China visit in 1939 and Generalissimo Chiang Kai-shek’s visit to India in 1942 were the two landmark instances of India-ROC interaction. During his China visit, Nehru went to Kunming, Chengdu and Chongqing despite mild dissuasion from his family and well-wishers who advised him against it because of prevailing war situation there.<sup>18</sup> However, his being in China during the war—more precisely in Chongqing amidst Japanese air raids—gave him a first-hand experience of the miseries caused by the Japanese invasion.<sup>19</sup> In Chongqing, he drafted a small blueprint as to what the Congress could do to increase the interaction between the Chinese and the Indian people. Among other things, he suggested inviting Chinese representatives to the annual summits of the Congress.<sup>20</sup>

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<sup>16</sup> ‘India and China’, Statement to the Press, 13 April 1937, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 8, 1976, p. 709.

<sup>17</sup> Jawaharlal Nehru, ‘Why India Supports China’, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 9, 1976, p. 209.

<sup>18</sup> ‘To Agatha Harrison’, Letter, 14 August 1939, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 10, 1977, p. 80. For the other details of the visit, please see, ‘To V.K. Krishna’, Letter, 28 July 1939, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 10, 1977, pp. 76-77; ‘To the Council-General of China’, Letter, 5 August 1939, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 10, 1977, pp. 78-79; and Jawaharlal Nehru, ‘Diary of a Journey’, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman Vol. 10, 1977, pp. 84-100.

<sup>19</sup> Jawaharlal Nehru, ‘China in the Travail’, Interview to the Press, *The Hindu*, 24 September 1939, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 10, 1977, p. 112.

<sup>20</sup> Jawaharlal Nehru, ‘A Note on the Development of Contacts between China and India’ (a Note Written by Nehru in Chongqing), *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman: Vol. 10, 1977, p. 102.

Here, it must be made clear that Nehru was the guest of the ROC government during his visit. There is no evidence of his having met any notable communist figure during this visit.<sup>21</sup> Later, recalling his visit in 1942, he nostalgically wrote:

For long I have dreamt of India and China marching together in the present and future. I went to Chungking with that hope. There I found that the Chinese leaders were also very keen to develop relations. I rejoiced and I was happy because I saw the future, the future in which India and China would march hand in hand.<sup>22</sup>

He took his dreams of India-China amity on to a metaphysical plane:

Many years ago, I thought and dreamt of China and India coming closer to one another, meeting again after a long separation and cooperating to their mutual advantage. When fate and circumstances sent me to China two and a half years ago, that dream became more vivid, and my mind was filled with the days of long ago when pilgrims and travellers crossed the oceans and mountains between China and India in search of the rich cultural inheritance which each country possessed. I saw myself in the long line of those pilgrims, journeying to the haven of my desire.<sup>23</sup>

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<sup>21</sup> 'To Mao Tse-tung', Letter, 11 July 1939, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 10, 1976, p. 75. Nehru and Mao Zedong had exchanged letters before the visit. However, the contents of the letter make it clear that the two did not have any past personal familiarity. This is in contrast to the personal warmth apparent in Nehru's letters to Chiang Kai-shek and Madame Chiang Kai-shek which is missing in the letter to Mao. Nehru wrote this letter as a reply to Mao's letter in which the latter had thanked the Congress party for sending a medical team to work with the communist Eighth Route Army.

<sup>22</sup> 'Imperialism and China', Speech in Calcutta on the Occasion of Chiang Kai-shek and Madame Chiang Kai-shek's arrival in India, 20 February 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 476.

<sup>23</sup> 'India-China Friendship', Broadcast on China Day, 7 March 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 480-81.

He was convinced that India and China would eventually become the masters of their destiny and comrades-in-arms as free nations:

Both China and India have experience of long yesterdays of our past history and, in our subconscious, we carry the memories of hundreds of generations with all that they teach, of joy and sorrow, of strength and weakness, of wisdom and folly. Our waters run deep. We are not froth and foam on the surface, which vanish when strong winds blow. So we shall pass from the ever-changing reality of today to the reality of tomorrow, when we should hold our own again, and not subject to the whims of others. In that reality to come, India and China will hold together.<sup>24</sup>

Moreover, Generalissimo Chiang Kai-shek and Madame Chiang appear to have been integral to Nehru's almost metaphysical attachment to China.

The Generalissimo has made a tremendous mark on the history of our times, which no one can deny. During my visit to China, two and a half years ago, I had the honour of meeting the Generalissimo and his wife. The Generalissimo's personality made a deep impact on my thoughts and action. He is not only a great general but a great leader who has successfully unified China, and made his people stand firm as a rock against Japanese aggression. He is not only a great Chinese but a great Asiatic and world figure. He is one of the top most leaders of the world. Madame Chiang Kai-shek is full of vitality and charm. She is a star hope for the Chinese people who can never forget the inspiration they receive from her personality.<sup>25</sup>

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<sup>24</sup> 'China Brought Nearer', Message to *The Hindu* on the Occasion of China Day (*The Hindu*), 6 March 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 480.

<sup>25</sup> 'Tribute to Chiang Kai-shek', Speech in New Delhi on the Occasion of Chiang Kai-shek's India visit, 11 February 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 467.



Nehru was in constant touch with Chiang Kai-shek and Madame Chiang after his China visit in 1939. They also wrote to him when he was in prison.<sup>26</sup> Together, they personified China for him.

The Generalissimo is a very remarkable man. He has proved himself to be a successful leader of the people, and a successful general and captain in war. He is one of the very few leaders, who stand out prominently in the world today. Today, if you visit China, you will find that every citizen accepts the greatness of Marshal Chiang Kai-shek. It is by accepting the greatness of his leadership that the unity of China has been brought about. They now look up to him for leading them to victory and building a new China. Madam Chiang Kai-shek, who is his consort, is not only his partner in his life's journey but has been a fellow-warrior with him, standing side by side with him in China's battle for freedom. She has inspired the women of China, the youth and men of China, and has become a symbol of China's invincibility and her magnificent spirit of resistance...<sup>27</sup>

In a broadcast on China Day (7 March 1942), Nehru said,

The Generalissimo was the symbol of China's freedom and unity and the determination which never wavers, the radiant lady who came with him (*to India*) and who was his partner in life's journey

<sup>26</sup> 'Cable to Madame Chiang Kai-shek', Letter, 15 December 1941, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979: 465; 'To S.K. Dutta', Letter, 24 December 1941, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Volume 12, 1979: 465 (The letter to Dutta mentions Nehru receiving a letter from Chiang Kai-shek when he was in jail); Letter, 'Cable to Madame Chiang Kai-shek', 20 January 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 466. These letters are just by way of example. Otherwise, Nehru's letters to Chiang family—either personal or regarding China—are many in number, and can be found in various series of Nehru's selected works.

<sup>27</sup> 'Imperialism and China', Speech in Calcutta on the occasion of Chiang Kai-shek and Madame Chiang Kai-shek's arrival in India, 20 February 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 477.

showed us how graciously womanhood can face even the storm of war when the cause of freedom beckons.<sup>28</sup>

Nehru described Chiang Kai-shek and Madame Chiang Kai-shek's visit to India as marking 'a new epoch in the relations between India and China'.<sup>29</sup> According to Nehru, the two countries had been drifting towards each other in the decade preceding the visit and in the backdrop of the Second World War, and the Japanese aggression on China. He wrote, that Generalissimo and Madame Chiang's visit to India had 'quicken the process' of this natural drift of history.<sup>30</sup> In his opinion, the visit left 'a deep impression on the Indian people who have regretted that opportunities of giving them a popular welcome were not available'.<sup>31</sup> The assertion about the Indian people symbolised Nehru's own optimism and regret. For him, the visit 'seemed to bring' his dream of India-China unity 'very near to realisation'.<sup>32</sup>

After the 1942 visit, the Chiang family and Nehru remained in touch for some years, and through a regular exchange of letters.

I am greatly cheered by your cordial message which I have received with gratitude and happiness. During these years my thoughts have constantly been with China and you and Madame Chiang. I have sorrowed over China's trials and rejoiced of her courage

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<sup>28</sup> 'India-China Friendship', Broadcast on China Day, 7 March 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 481.

<sup>29</sup> 'Imperialism and China', Speech in Calcutta on the Occasion of Chiang Kai-shek and Madame Chiang Kai-shek's arrival in India, 20 February 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 476.

<sup>30</sup> 'China Brought Nearer', Message to *The Hindu* on the occasion of China Day, 6 March 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 479.

<sup>31</sup> 'Visit of Chinese Leaders to India', Statement to *The News Chronicle*, London, 28 February 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 12, 1979, p. 478.

<sup>32</sup> 'India-China Friendship', Broadcast on China Day, 7 March 1942, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol.12, 1979, p. 481.

and success. Earnestly trust that future will bring greater successes, unity and strength to China under your leadership. Reports of Madame Chiang's ill health have distressed me. Hope she is in good health now. Sincere Regards. Jawaharlal Nehru.<sup>33</sup>

Chiang Kai-shek's assertion that, throughout the history, 'there was absence of aggression on either side in spite of a common land frontier of three thousand kilometres' greatly impressed Nehru.<sup>34</sup> For him, this was an endorsement of his Asianism that symbolised peaceful co-existence. Chiang Kai-shek took an interest in the release of Congress leaders from jail. He wrote to President Roosevelt supporting freedom for India which annoyed Winston Churchill.<sup>35</sup> The ROC was one of the movers (along with Belgium, Canada, Colombia, the US and the UK) of the resolution on the India-Pakistan Question in the UNSC on

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<sup>33</sup> 'Cable to Chiang Kai-shek', undated; sent in reply to Chiang's cable to Nehru on 19 June 1945), *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, p. 433.

<sup>34</sup> 'Visit of Chinese Leaders to India', Statement to the *News Chronicle*, London, 28 February 1942, *Selected Works of Jawaharlal Nehru*, Vol. 12, 1979, pp. 478-79.

<sup>35</sup> 'Following a visit by Generalissimo Chiang Kai-shek to India in February 1942, he communicated directly to President Roosevelt and also to the American Ambassador in China his views as to the critical political and military situation in India, and the urgent need for British action to solve the political problem. He quoted instructions to the Chinese Ambassador in London to present these views to Prime Minister Churchill. On July 25, 1942, Generalissimo Chiang sent another urgent confidential message on the Indian situation to President Roosevelt, urging that the United States should advise both Britain and India to seek a reasonable and satisfactory solution. President Roosevelt telegraphed the text of this message to Prime Minister Churchill, asking him for suggestions as to a reply. The Prime Minister replied that the British Government did not believe Chiang's estimate of the situation as being correct, and expressed the desire that Chiang be persuaded to cease activities as to India, and that Roosevelt should not permit pressure to be put on the British Government. President Roosevelt then informed Chiang of British opposition to suggestions from other members of the United Nations as to India, and added that under the circumstances it would be wiser for Chiang and himself not to take the mediatory action Chiang, had proposed.'

'Exchange of Views between Generalissimo Chiang Kai-Shek and President Roosevelt Regarding the Situation in India', United States Department of State / Foreign relations of the United States diplomatic papers, 1942, at <http://digicoll.library.wisc.edu/cgi-bin/FRUS/FRUS-idx?type=div&did=FRUS.FRUS1942China.i0021&isize=text> (Accessed on 7 June 2013).

21 April 1948.<sup>36</sup> Apart from grand issues and themes, the Chiang family and Nehru also discussed routine government business, like improving trade and commerce between India and China.<sup>37</sup> However, this short-lived relationship between India and the ROC had its share of friction too. In 1947, at Asian Relations Conference organised by the Indian Council of World Affairs (ICWA) in New Delhi, the ROC representative objected to India's separate invitation for Tibet to attend the conference, and Tibet being displayed in a different colour from the rest of the China. The KMT government had apprehensions about Tibetan activities in India, and Nehru's motives in Tibet.<sup>38</sup>

### **Nehru Versus Sarat Chandra Bose on Chiang Kai-shek**

Nehru's fulsome admiration for Chiang Kai-shek leaves one wondering whether he was not aware of the ROC regime's authoritarian character or whether he was overlooking it. Nehru's admiration for the Chiangs received a jolt when Sarat Chandra Bose publicly denounced Chiang Kai-shek as the 'grand fascist of the East'. The intensity of the Nehru versus Sarat Chandra Bose debate indicates that this was probably the first time that Nehru was criticised for his relations with the Chiangs. It highlights that not everybody in India thought as highly of Chiang Kai-shek as Nehru.

Nehru took exception to Sarat Chandra Bose's statement and criticised him for his extreme stance. He declined to accept that Chiang was a

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<sup>36</sup> 'Resolution 47 (1948) On the India-Pakistan question submitted jointly by the Representatives for Belgium, Canada, China, Colombia, the United Kingdom and United States of America and adopted by the Security Council at its 286th meeting held on 21 April, 1948', Document No. 5/726, 21 April, 1948, at <https://www.mtholyoke.edu/acad/intrel/kashun47.htm> (Accessed on 7 June 2013).

<sup>37</sup> 'To Madame Chiang Kai-shek', Letter, 11 July 1940, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 11, 1978, pp. 341-342. Replying to Madame Chiang who may have raised the issue of trade and commerce, Nehru wrote: 'I hope that ultimately some permanent improvement will take place in the economic contacts between China and India. You can rest assured that so far as we are concerned we shall work to that end with all our might.'

<sup>38</sup> Yun-yuan Yang, 'Controversies over Tibet: China Versus India, 1947-49', *The China Quarterly*, (111), September 1987, pp. 408-409.

fascist: 'To call the Generalissimo a fascist is a manifest absurdity in view of all that has happened during the past eight years or more'.<sup>39</sup> He maintained that Bose's views on Chiang Kai-shek were his personal views, and did not represent the views of the Congress party.<sup>40</sup> He argued that such vehemence against Chiang was uncalled for considering his status as the head of government in China. He recalled how Chiang had gone out of his way to help India. He was referring to Chiang urging the US President Roosevelt to intervene when the Congress leadership was arrested during the 1942 Quit India Movement. Moreover, he grieved: 'It seems obvious to me that his (Sarat's) anger is directed more against me than Chiang Kai-shek'.<sup>41</sup> However, Nehru also clarified that he had been all along aware of the shortcomings of the Chiang regime, and had maintained contact with him in his capacity of the head of Chinese state.<sup>42</sup>

It is difficult to deny that Nehru was enamoured of the Chiangs. However, for Nehru, Chiang symbolised the classic nationalist leader in the 19th and early 20th century mould who, against all the odds unified his country, and was fighting to free his country from Japan. On whether or not Nehru was overlooking Chiang's authoritarianism, Nehru may have been aware of the KMT's misrule; but, his feelings of friendship and appreciation always prevailed—at least till 1945 when

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<sup>39</sup> 'Rejoinder to Sarat Chandra Bose', Statement to the Press, 29 September 1945, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, p. 447.

<sup>40</sup> 'To Tan Yun-Shan', Letter, 29 September 1945, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, pp. 445-446.

<sup>41</sup> 'To Vallabhbhai Patel', Letter, 9 October 1945, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, p. 452-3.

<sup>42</sup> 'Rejoinder to Sarat Chandra Bose', Statement to the Press, 29 September 1945, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, p. 447; 'To Vallabhbhai Patel', Letter, 1 October 1945, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, pp. 448; 'Second Rejoinder to Sarat Bose', Statement to the Press, 1 October 1945, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Orient Longman, Vol. 14, 1981, p. 451.

the acrimony between Nehru and Sarat Chandra Bose erupted. Nehru objected to putting Chiang in the league of Hitler and Mussolini. Driven by his freedom fighter's instinct, Nehru appeared willing to make allowances for Chiang Kai-shek in view of his struggle for his nation's territorial unity, integrity and independence. Nehru's writings began to criticise the KMT government's policies after the civil war broke out in China in 1946. However, his strongest criticism of Chiang Kai-shek would come in 1950s.

## Nehru and the Civil War in China

Nehru keenly followed the course of the civil war in China, and predicted its outcome with considerable accuracy. He had assessed that the Nationalist government's real weakness was not military, but political. He was aware that media reports of 'big battles' were not true and the Nationalist troops were simply walking over to the communists, which was a sign of the 'inner weakness' of the Nationalist government.<sup>43</sup> He argued that the Communists' strength and the Nationalists' weakness were political. The Nationalist government had miserably failed to make agrarian and other reforms, thus people lost faith in it. This loss of faith was the root cause of the Nationalist's loss of China to the Communists.<sup>44</sup> Later, in 1950, Nehru would recount that the common Chinese people 'had no sympathy with communism'. But the problem was that they had no place in the system because a completely authoritarian KMT government 'tolerated no criticism', and lumped together all voices of dissent as communist and anti-government.<sup>45</sup>

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<sup>43</sup> Jawaharlal Nehru, Letter, 6 December 1948, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 1, 1985, pp. 230-231.

<sup>44</sup> Jawaharlal Nehru, Letter, 1 July 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 1, 1985, p. 393.

<sup>45</sup> 'To Tan Yun-shan', Letter, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Fund), Second Series, Vol.14 (part 1), 1992, pp. 514-515; Minutes of the Third meeting of the Colombo Conference, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Fund), Second Series, Volume 14 (part 1), 1992, p. 526.

In spite of his emotional bond with the Chiang family, Nehru expounded that every country can ‘choose its own political or economic structure’ as long as it complied with ‘the larger framework of international cooperation.’ Any outside interference would be counter-productive. Therefore, India was not inclined to intervene in China’s revolutionary course, neither alone nor in alliance with other countries.<sup>46</sup> In 1947-48, when the civil war was still in progress, Nehru’s initial assessment was that eventually China would be divided into two large territories. The Communists would mainly be confined to the north.<sup>47</sup> However, circumstances soon made it clear to Nehru that the Communists were not eager for a political settlement; they would rather overcome the Nationalists and gain total control over China. Nehru then modified his assessment, to the view that the Communists would sweep Mainland China, Hong Kong would remain a British Colony, and Formosa—to where the Nationalist government was retreating—would be beyond the pale of Communist authority.<sup>48</sup>

As the Communists occupied more and more territory in the civil war, Nehru was confronted with the dilemma regarding who should be recognised as the Chinese State the ROC or the PRC. His considered response was to wait and watch the situation on the ground, and avoid a hurried decision. The Nationalist government had stopped functioning, and ceased to be a government in any sense. On the other hand, the Communists were yet to announce the formation of a central government in spite of controlling large parts of China. Nehru was of the opinion that ‘the question of formal recognition’ should wait for the formal announcement of the new central government.<sup>49</sup>

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<sup>46</sup> Jawaharlal Nehru, Letter, 15 August 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 1, 1985, p. 434.

<sup>47</sup> Jawaharlal Nehru, Letter, 16 November 1948, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 1, 1985, p. 221.

<sup>48</sup> Jawaharlal Nehru, Letter, 2 September 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 1, 1985, p. 449.

<sup>49</sup> Jawaharlal Nehru, Letter, 3 June 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 1, 1985, p. 355.

However, it was clear to him that the Communist juggernaut was unstoppable, and he had not the slightest moral or ideological or legal hesitation and confusion about recognising the new government. He was waiting for the events to reach their logical conclusion.<sup>50</sup>

Nehru politely declined Tan Yun-Shan's (an academic at Shanti Niketan) request for appealing to Chiang Kai-shek to make a political settlement with the Communists. Nehru realised that it was too late, and it would also be 'discourteous' to Chiang Kai-shek as he exercised no authority or control in China. On the question of recognition, Nehru conveyed his unequivocal position to Yun-Shan: 'As for recognition, there is no doubt that recognition has to be given to a fact'.<sup>51</sup>

Soon it was clear beyond doubt, that the Nationalist regime's collapse was complete in Mainland China, and it had retreated to the island Formosa. There was no serious opposition to Communist authority on the Mainland. Moreover, several countries, sympathetic to the Communist regime, were willing to recognise it. Nehru's emotional bond with Chiang family did not colour his appreciation of the facts on the ground. He advocated an early recognition for the PRC.<sup>52</sup>

Nehru's policy towards the ROC was endorsed by the Congress party and the government. The Governor General C. Rajagopalachari, and Deputy Prime Minister Sardar Vallabhbhai Patel opined that India should take some more time before according recognition to the PRC, as this was a critical decision. As far as Sardar Patel was concerned, his belief in delaying the decision may have been because of Tibet; but it is unlikely that he had any idea of using Chiang Kai-shek's government

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<sup>50</sup> Jawaharlal Nehru, Letter, 16 September 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 1, 1985, p. 467.

<sup>51</sup> 'To Tan Yun-shan', Letter, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Memorial Fund), Second Series, Vol. 14 (part 1), 1992, pp. 514-515. Tan Yun-Shan was an academic at Shanti Niketan in West Bengal, India.

<sup>52</sup> Jawaharlal Nehru, Letter, 5 December 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 1, 1985, p. 503.



against the Communists. However, Nehru countered that since the developments in China had far reaching implications for international politics, it was only prudent to recognise the new regime without delay. He had already been in consultations with Britain and the Commonwealth countries. They—particularly Burma (Myanmar) which became the first country to recognise the PRC—wanted immediate recognition for the new regime. Nehru assessed that India's delay would imply that it was merely an ordinary follower of the other Commonwealth countries, which would send a wrong message regarding India's status. Finally, on 31 December 1949, Nehru wrote that 'practically the whole of continental China' was 'under the new regime', which was 'predominantly communist'. China had a strong central government that was difficult to ignore for long. Therefore, he concluded, 'after full thought and frequent consultation with other countries, we have decided to recognise this new government of China, as from today.'<sup>53</sup> By this time, Chiang Kai-shek had already left for Taiwan—on December 10, 1949.

### **Epilogue to Nehru's Relations with the ROC**

As the civil war began winding down, Nehru sought to maintain a distance from Chiang Kai-shek's desperate anti-communist moves. Chiang Kai-shek, President Elpidio Quirino of the Philippines, and President Syngman Rhee of South Korea were working on a Far East Anti-Communist Pact, or the 'Pacific Anti-Communist Union'. India was invited to send its representative to the Asian Conference in Manila in 1949 which Nehru as such was not averse to. However, he decided against doing so because of the meeting between Chiang Kai-shek and Quirino where they had expressed their desire to build an Asian anti-communist alliance. Nehru maintained that India was not sympathetic to communism and was fighting it in its own way; but sending a representative to the conference would convey a wrong

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<sup>53</sup> Jawaharlal Nehru, Letter, 31 December 1949, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 1, 1985, p. 516.

message as India was averse to such international alliances. Thus, he instructed Vijaya Lakshmi Pandit, India's Ambassador to the US (1949-51), to maintain a distance from all such moves.<sup>54</sup>

Nehru also instructed Vijaya Lakshmi Pandit not to promise anything to Madame Chiang Kai-shek who was to meet her and make an emotional plea for India's support for the Nationalist government. Nehru responded that, despite his personal friendship with the Chiangs, he as the Prime Minister and Foreign Minister of India, could not be unmindful of the facts as well as public opinion in India. He further said that even his own convictions did not support the KMT's anti-people policies. He told Vijaya Lakshmi Pandit that public opinion was against the KMT regime. Supporting the KMT would also have domestic implications as the Indian communists could use this against the government. His view was that Indians 'cannot possibly ally themselves with the Kuomintang merely because of the past', and went on to say: 'I am very sorry for Madame Chiang and I want you to be gentle to her, and give her my answer in the best language you can find. But I do not wish to delude her about the Indian attitude'.<sup>55</sup>

India was among the first that switched recognition from the ROC to the PRC. Moreover, it also moved a resolution in 1950 demanding that the China seat in the UNSC be given to the PRC. Later, Nehru viewed Chiang's authority in Formosa as going against the verdict of history. Chiang Kai-shek belonged 'to the past that is done with' and he had 'no place in the future'. History had passed him by 'and yet attempts are made to hold on to' him 'and to shut our eyes to reality'.<sup>56</sup> Nehru was sarcastic about the US projecting Chiang Kai-shek as a

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<sup>54</sup> 'To Vijaya Lakshmi Pandit', Cable, 12 July, 19 August 1949, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Fund), Second Series, Vol. 12, 1991, pp. 389-391.

<sup>55</sup> 'To Vijay Laxmi Pandit', Cable, 1 July 1949, *Selected Works of Jawaharlal Nehru* (A Project of the Jawaharlal Nehru Fund), Second Series, Vol. 12, 1991, pp. 408-409.

<sup>56</sup> Jawaharlal Nehru, Letter, 2 July 1953, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 3, 1987, p. 323.

‘symbol of the free world’. He maintained that personalities like Chiang Kai-shek, Syngman Rhee and Emperor Bao Dai of Vietnam (who the US was supporting) were incapable of creating a ‘vision of freedom in people’s minds’.<sup>57</sup> During the ceasefire process in the Korean War (in which India was involved), Nehru named Chiang Kai-shek and Syngman Rhee as being the real obstacles to the peace effort in the Korean peninsula.<sup>58</sup> Nehru was of the view that since, for them, war was ‘the only solution’ to their problems, they were therefore ‘averse to any peaceful settlement’.<sup>59</sup> Nehru’s assessment might be legitimate as Chiang Kai-shek was exhorting the US to wage an all-out war against the PRC during the Korean War.

Observing Nehru’s attitude toward the ROC and Chiang Kai-shek in the late 1940s, and later in the 1950s, readers may wonder whether Nehru was really that romantic, emotional or full of admiration for them. Clearly, there was an evolution in Nehru’s views and opinions about the ROC and Chiang Kai-shek which can be seen in his later writings. However, one could say that Nehru’s views on the ROC and Chiang Kai-shek were part of his idealism regarding China as a civilisational entity, and the nation as a whole. Probably, he saw the advent of the PRC in the historical continuum of China, and the Communists as the new custodian of Chinese civilisation and nationalism. The change of regime in China did not change Nehru’s vision for India-China friendship. He pursued his vision in the Panchsheel Agreement and the Bandung Conference in 1955. As for Chiang Kai-shek, his views did change. His appreciation of Chiang Kai-shek developed when the latter was leading the war against Japanese invasion and colonialism. But Nehru had to make a dispassionate choice between

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<sup>57</sup> Jawaharlal Nehru, Letter, 2 July 1953, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 3, 1987, p. 503.

<sup>58</sup> Jawaharlal Nehru, Letter, 28 September 1953, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 3, 1987, p. 384-5.

<sup>59</sup> Jawaharlal Nehru, Letter, 2 July 1953, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 3, 1987, p. 323.

the KMT and the CPC during the Chinese civil war. Later, the Nationalist Government's disruptive activities in the peace process in the Korean War, and Chiang's adamant attitude to recover the Mainland through military means may have been factors responsible for changing Nehru's opinion about Chiang.

Once India derecognised the ROC, it cut off all relations with it. However, as the ROC was still member of the UN, India had to occasionally grapple with tricky situations. For instance, the UNESCO was to hold a conference in New Delhi on the New Education Fellowship in 1959. The Ministry of External Affairs (MEA) pointed out that since Israel, South Korea and Taiwan were among the invitees, India needed to take care of diplomatic sensitivities regarding their participation. Nehru allowed the conference; but the MEA was advised not to send any wrong diplomatic message.<sup>60</sup>

There is no evidence of any official or unofficial contact between India and the ROC after 1949. The alleged role of Formosa in sabotaging Air India's 'Kashmir Princess in 1955,'<sup>61</sup> the ROC providing bases for American planes to carry out operations in Tibet; its pilots and planes joining Americans in these operations; and the debate in Taiwan after India's 1974 nuclear test on whether Taiwan too should consider the nuclear option to deter the PRC can hardly be taken as instances of contacts.

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<sup>60</sup> 'Conference of the New Education Fellowship', *Selected Works of Jawaharlal Nehru*, Vol. 42, (Second series), 2010, p. 197. Interestingly, the ROC owed One million four hundred and ninety-two thousand seven hundred and forty n.p. to India. To recover the amount, India was corresponding with the PRC as it was the successor state of the ROC. 'Amount outstanding against the Nationalist Government of China', *Selected Works of Jawaharlal Nehru*, Vol. 44, (Second series), 2012, p. 569. Nehru provided this information to the Rajya Sabha on 24 September 1958 in the reply to a question.

<sup>61</sup> The airplane crashed in mid-air after taking off from the Hong Kong aerodrome due to a time-bomb explosion. The PRC accused the agents of the ROC employed at the aerodrome. Nehru was also inclined to believe this charge. See, Jawaharlal Nehru, Letter, 20 May, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Vol. 4, 1988, pp. 174-75.

## 4 INDIA AND FORMOSA: LEGAL AND POLITICAL PERSPECTIVES

This chapter investigates India's position on the RoC after 1949 in the context of its policy of state recognition in international law. The chapter also underscores the opposition parties' views on the issue.

### **Recognition from the ROC to the PRC**

After Independence, India extended diplomatic recognition to several newly independent states 'as a matter of routine course'.<sup>62</sup> The general principle for recognising a new state was whether the state in question had really acquired statehood, and whether the government exercised effective control over a substantial area of the state territory. The formal statement of recognition had to be accompanied by the establishment of diplomatic relations. It discarded the principle of legal legitimacy that judged whether the state in question came into being through legal methods. India did not attach any ideological strings either, and accorded recognition regardless of the nature of the process by which they came into being. As a matter of principle, India ascertained facts with maximum exactitude before recognising a state.

The cases of Vietnam, Israel, Spain and the PRC tested India's principles of state recognition. India did not recognise any government in Vietnam in the 1950s as the country was divided and in a flux. The issue of government authority was yet to be established. India recognised Israel in 1950 after deferring the decision for two years. Moreover, it did not establish formal diplomatic relations with it until the early 1990s, though it had maintained relations in other forms. Although India had objected to the partition of Palestine, it never disputed the statehood of Israel

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<sup>62</sup> This section of the chapter relies on K.P. Mishra, 'India's Policy of Recognition of States and Governments', *The American Journal of International Law*, Vol. 55, No. 2, April 1961, pp. 398-424.

once the partition had taken place, and Israel had become a reality. The delay was dictated primarily by political considerations in deference to the sentiments of the Indian Muslims and India's political equation with the Arab states. However, once India decided to recognise Israel, it did so unambiguously and without making any de facto or de jure distinctions while the UK and the US first gave Israel de facto recognition only. India's withholding of recognition to General Franco's regime in Spain for a considerable period was the exception to the rule. The ideological distaste that India shared with the Second World War allies towards Franco because of the history of his association with the Axis powers caused this delay. However, it should be noted that India had been making reconciliatory gestures towards Spain since 1950. When India finally recognised Spain on 25 May 1956, it was a 'vivid confirmation of the view, constantly put forward by India, that questions of ideology, or antipathies should not prevent countries from doing business with each other or of showing factual awareness of each other's existence'.<sup>63</sup>

This section examines India's decision to switch recognition from the ROC to the PRC, and whether it was in keeping with its general policy on state recognition and international law. The case of the PRC was a test of whether India preferred legal legitimacy or respected the political verdict in China. The PRC was not a product of de-colonisation. Instead, it was a product of an internal overthrow of the Nationalist government. For some countries, prominently the US, the question was whether the Communists were legitimate rulers or usurpers. However, India overlooked the legalities and respected the verdict of the revolution in China. Nevertheless, it did so in strict conformity with the principles of international law.

The new government in China had conveyed a message to the international community about its desire 'to enter into diplomatic relations...on the basis of principles of equality, mutual interest and mutual respect for sovereign and territorial rights.' On 30 December

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<sup>63</sup> Ibid., p. 412.

1949, the MEA announced that the government had ‘received a communication from the Foreign Minister of the People’s Republic of China’ in October 1949 seeking diplomatic recognition for the PRC. The MEA further said that the government had conveyed its ‘willingness to establish diplomatic relations with China’.<sup>64</sup> Nehru informed the Indian parliament in March 1950 that the PRC had been recognised because ‘it is a question of recognising a major event in history’, and because it controlled ‘practically the entire mainland of China’. Moreover, its government was stable and unlikely ‘to be supplanted or pushed away by any force’. He informed the Parliament that the recognition of the PRC and the exchange of diplomatic missions had only happened after all the facts had been carefully ascertained.<sup>65</sup>

Sir B.N. Rau, India’s chief delegate to the UN General Assembly, quoted L.F.L Oppenheim, the renowned authority on international law, while clarifying India’s position on the recognition to the PRC.

A government which enjoys the habitual obedience of the bulk of the populations with a reasonable expectancy of permanence can be said to represent the state in question, and as such to be entitled to recognition. The bulk of the practice of States, in the matter of recognition of Governments, is based on the principle of effectiveness thus conceived.<sup>66</sup>

Thus, India recognised the PRC only when it had determined the actual status of the PRC with utmost certainty, on counts of effective control, absence of opposition and challenge to the government authority, and the future stability. Internationally, the USSR appreciated India’s decision to recognise the PRC, its socialist brother. The US was disappointed with India because it recognised the PRC too quickly. The UK supported India and shared its legal reasoning. As has been mentioned, India and the UK were in consultation. The UK recognised the PRC one week

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<sup>64</sup> Ibid., p. 399.

<sup>65</sup> Ibid., p. 401.

<sup>66</sup> Ibid., p. 401. Oppenheim gave this definition in his classic *International Law*.

after India, though it only established full ambassadorial relations with the PRC in 1972. Before that the two countries had had diplomatic relations at the level of charge d'affaires since 1954.<sup>67</sup> Incidentally, it was suggested that Britain's decision to recognise the PRC was guided by its interests in Hong Kong. In hindsight, India and Britain's assessment of stability of the PRC rule proved accurate. The countries of the world would get around to agreeing with their position sooner or later.

Thus, it is clear that Nehru's government withdrew recognition from the ROC not because of any ideological distaste, rather due to the situation on the ground that had changed. A counter-factual scenario would have arisen if China had been partitioned between the Communists and the Nationalists as Nehru had originally assessed, then, India would have either recognised neither or it would have recognised both of them, leaving it to them to accept or not accept India's recognition. But the separation of Formosa from the PRC could not have been considered a partition of China because of minuscule geographical size of Formosa. Although the ideology of socialism did not play a role in the switching of recognition, the ideological assessment in the Indian establishment that the Communist Party of China (CPC) was a nationalist force made it easy for Nehru to transfer his vision of the India-China friendship from the ROC to the PRC.

### **India's Position on the Legal Status of Formosa**

As in the case of recognition for the PRC, India's position on the status of Formosa was closely aligned with that of Britain. There were three major points of view with regard to the legal status of Formosa in the 1950s.

The first was that of the PRC and the ROC. They argued that the ROC had revoked the treaty of Shimonoseki in 1941 that had ceded Formosa to Japan. As the Cairo Declaration and the Potsdam

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<sup>67</sup> 'Overview on China-UK Relations', 10 May 2010, at <http://www.chinese-embassy.org.uk/eng/zygx/introduction/> (Accessed on 29 January 2014).



Declaration had promised to restore Chinese territories annexed by Imperial Japan to China, therefore they argued that Formosa belonged to China. The PRC appropriated the claim of the ROC by advancing the logic of state succession. For them, the only question was: to which did it belong— the PRC or the ROC? The problem of Formosa meant a continuation of the civil war. These two parties were equally opposed to both UN mediation as well as self-determination by the Taiwanese people to decide the status of Formosa.

The second view was that of the US. After initial hesitation, the US reached the conclusion that the legal status of Formosa could not be determined pending a peace treaty with Japan which was the former colonial master of Formosa. On the face of it, the US did not endorse the claim of the ROC. However, once the treaty was concluded in 1951 (the Treaty of San Francisco), the US supported the claim of the ROC by implication, as the US recognised the ROC as China, and not the PRC.

Rejecting the thesis that the Formosan problem was essentially a legal problem, Britain put forward a third point of view that focused on the political aspect of the problem. Britain did not consider the Cairo Declaration and the Potsdam Declaration as being legally binding, but advocated that they be taken into consideration during deliberations on the issue. Besides, Britain argued that viewing the Formosan issue as a leftover of the revolution was dangerous as the two parties in the dispute were aligned to two antagonistic superpowers: the US and the USSR.<sup>68</sup> Thus, Britain sought a peaceful and negotiated settlement of the problem, with some scope for the UN to play a role.

At the time when Chiang Kai-shek retreated to the island of Formosa, India described Formosa as a former colony of Japan. However, this technical phraseology was inconsequential. Nehru refused to entertain

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<sup>68</sup> This section of the chapter draws on J.P. Jain's 'The Legal Status of Formosa: A Study of British, Chinese and Indian Views', *The American Journal of International Law*, 57 (1), January 1963, pp. 25-45.

the idea of two Chinas in no uncertain terms, and considered Formosa as historically Chinese territory, except for the brief interruption of Japanese colonisation. He argued that, as per the Cairo and Potsdam Declarations, 'Formosa should go to China'.<sup>69</sup> For India, the PRC was China. India opposed the US line that Formosa was an undetermined territory. In fact, India boycotted the Treaty of San Francisco with Japan in 1951. One of the reasons for boycotting the treaty was that it left the status of Formosa undetermined. However, at the same time, India did not want to be seen as toeing the PRC line uncritically. Like Britain, it too deemed it a political problem that needed a political solution.

On 27 September 1950, Sir B.N. Rau stated in the UN General Assembly that

Formosa was 'a former Japanese' territory 'regarding whose disposal there have been certain declarations in the past, but whose actual disposal still remains to be made ... It will be remembered that we had a somewhat similar problem to deal with last year—the disposal of certain former Italian colonies. The big four had been unable to agree on this matter and had therefore turned over the problem to the General Assembly.'<sup>70</sup>

Sir Rau's statement has been interpreted as an endorsement of the Cairo Declaration and the Potsdam Declaration for determining the status of Formosa; as underlining the need of Peace Treaty with Japan; and making a case for a possible role of the UN in the resolution of the problem.

Nehru considered the Formosan problem to be as critical as the war in the Korean peninsula, although the resolution of the Formosa problem could have waited until the Korean problem was resolved.

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<sup>69</sup> Ibid., pp. 40-41.

<sup>70</sup> Ibid., p. 39.

The three-member group (of which India was one) for negotiating a cease fire in the peninsula proposed Five Principles on 13 January 1951. The principles also included a provision for the peaceful settlement of other Far Eastern problems, including Formosa and the entry of the PRC into the UN, once the ceasefire was achieved. Nehru described these as principles for negotiated settlement ‘in accordance with the international agreements and the U.N.’<sup>71</sup>

India and Britain were of the view that the Cairo Declaration and the Potsdam Declaration by themselves were not legally binding. Nevertheless, Their sanctity lay in the post-war arrangement. That left their implementation open to discussion and deliberation.

During the First Strait Crisis of 1954-55 and the Second Strait Crisis in 1958, Nehru appealed for the peaceful resolution of the issue. During the two crises, he made a distinction between the offshore islands and Formosa proper. He recognised that the offshore islands were vital for the safety and security of Mainland China, and should be immediately handed over to the PRC. However, Formosa was a separate and larger question. Nehru was clear that as Formosa would eventually go to China, the larger question of Formosa could await resolution.<sup>72</sup> The British government took a similar position on the offshore islands.<sup>73</sup>

Nehru was perceptive in his recognition of Taiwan’s ‘distinct individuality’ that made the issue of Formosa proper a larger question. During the 1958 Strait Crisis, Nehru reiterated India’s position that ‘Formosa should go to China’, but argued that, considering its ‘distinct

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<sup>71</sup> Ibid., pp. 39-40.

<sup>72</sup> Jawaharlal Nehru, Letter, 2 August 1955, *Letters to Chief Ministers* (ed.) G. Parthasarathi (A Project of the Jawaharlal Nehru Memorial Fund), Teen Murti House, New Delhi, Volume 4, 1988, p. 236.

<sup>73</sup> ‘To Harold Macmillan’, Letter, 7 September 1958, *Selected Works of Jawaharlal Nehru*, Vol. 44 (Second series), 2012, p. 572. In this letter, he discussed the issue with the British Prime Minister Harold Macmillan, and reminded him that Anthony Eden had asked for the return of the offshore islands to China in 1955.

individuality', Taiwan 'should be an autonomous part of China'. He thought this was 'the only solution of the problem' and that the solution should be clinched 'by peaceful methods and by the passage of some time'.<sup>74</sup>

Nehru appeared more critical of the Nationalists than the Communists on the Mainland. He held long deliberations with Zhou Enlai over Formosa. The latter was agreeable regarding autonomy for Taiwan; but on the question of renouncing force against Taiwan, he skirted the issue by saying that it was the KMT and the US that were unleashing the violence against the PRC, and not vice versa. Nehru had his reservations about the details of the situation, and said: 'unfortunately it appears that rather rigid attitudes have been taken up on every side'.<sup>75</sup>

India under Nehru was rejecting legal obduracy, and wanted the revolutionary stridency of the PRC to be toned down. Nehru and Rau conveyed the sense that India was looking at the problem from a political perspective; and a peaceful and negotiated settlement of the problem was possible. Besides, despite the opposition parties' scathing criticism (to be discussed in the next section), Nehru's position on Formosa was not devoid of pragmatism. While he was endorsing the PRC's claim over Formosa in general, he was not refusing to acknowledge the separate reality of Formosa.

Interestingly, V.K. Krishna Menon, who represented India at the 13th Session of the UN General Assembly in 1958, presented a rather different picture of India's views on Formosa. His speech in the Assembly echoed the line of the PRC. He stated that Formosa and Manchuria could not have been under trusteeship as they had already been liberated. Endorsing the logic of continuation of the civil war, he argued: 'The whole problem or part the remainder of it is the unfinished

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<sup>74</sup> Jawaharlal Nehru, 'To Chief Ministers', Letter, 6 September 1958, *Selected Works of Jawaharlal Nehru*, Vol. 44 (Second series), 2012, p. 2. In the same letter, Nehru considered Taiwan a larger question whereas the offshore islands (Matsu and Quemoy) were separate.

<sup>75</sup> Press Conference, New Delhi, 7 September 1958, *Selected Works of Jawaharlal Nehru*, Volume 44 (second series), 2012, p. 97-98.

part of the revolution.’ Without directly questioning UN’s authority, he did not mince words while expressing ‘his doubts about the feasibility, the desirability or the usefulness’ of the UN’s role. He refused to accept that this was ‘an international problem’, open for any international mediation. In his view, if at all any international mediation was required, it should be left to the PRC and the US, both of whom were ‘the two powers most directly concerned’ with the problem. Similarly, he was dismissive of the ‘Taiwanese’ right to self-determination: ‘They do not enjoy the advantages of a government of their own. They would come into the larger State with all that goes with it.’<sup>76</sup> Thus, clearly Menon’s views on Formosa negated Nehru and Rau’s views on Formosa. Though it never rubbished the PRC’s claim over Formosa, India always supported international mediation through peaceful means. Nehru was supportive of autonomy for Taiwan. This could be indicative of his accommodation of the ‘Taiwanese people’s right to self-determination, though he did not express it in his speeches. Perhaps Menon was airing his own intellectual and ideological convictions stemming from his over-enthusiasm; or may be it is just another example of the confusion that crept into India’s China policy in the late 1950s.

### **The Opposition Challenge to India’s Official Views on Formosa**

Nehru’s Formosa policy, as well as that of succeeding Congress governments, did not go unquestioned and unchallenged in India. Almost the entire opposition in the 1950s and 60s—the Socialist Party, the Praja Socialist Party (PSP), the Swatantra Party (SP), the Socialists, the Jan Sangh (JS) and the Hindu Mahasabha—was critical of it. Only the Communist Party of India (CPI) backed the Congress governments’ Formosa policy.

The critique of the Nehruvian line on Formosa was part of the larger critique of Nehru’s non-aligned foreign policy and his China policy. Besides, the opposition also saw Formosa as a potential and valuable

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<sup>76</sup> J.P. Jain, no.68, pp. 41-42.

strategic ally against the PRC. Some opposition parties considered Formosa as being an important actor in their vision of a larger anti-communist international alliance. Nehru's Formosa policy was criticised on several counts. The opposition charged the Nehru government of applying double standards: fighting communists at home and supporting them abroad, and of ignoring the right to self-determination of the Formosans. The opposition criticised Nehru and succeeding Congress governments for not recognising Formosa's strategic value, and of practicing untouchability against Formosa. The opposition also lobbied to get Formosa recognised.

The renowned socialist leader Ram Manohar Lohia cited Formosa as an example of the 'unprincipled foreign policy' of Nehru. He argued that India should have applied the same logic of 'actual possession' to Formosa by which it recognised 'Mao's government in Mainland China'. He maintained that the decision to not recognise Chiang's government had conveyed the message that 'a genuinely socialist Asia did not exist', and that there was no difference between 'communist Asia and pseudo-socialist Asia'. In fact, they were 'birds of the same feather'.<sup>77</sup>

In the course of a debate in Parliament in 1950, Congress member M.R. Masani accused the Government of India of being totally unmindful of 'the independence of the Formosan people',<sup>78</sup> and said China was an aggressor in Formosa as well as in Tibet and Indo-China.<sup>79</sup> Masani later joined Swatantra Party. Ila Pal Chaudhary was concerned about 'the fate of Tibet and Formosa'.<sup>80</sup> Ashok Mehta, the

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<sup>77</sup> Ram Manohar Lohia, 'Where the Mind is without Fear', in Verinder Grover (ed.), *Ram Manohar Lohia*, Vol. 9, Deep and Deep Publications, New Delhi, 1996, pp. 342-343.

<sup>78</sup> Nancy Jetly, *India-China Relations, 1947-77: A Study of Parliament's Role in the Making of Foreign Policy*, Radiant Publishers, New Delhi, 1979, p. 27. Nancy Jetly's book is extremely important for information about India's post-1949 views about Taiwan. Although this book is not about Taiwan, and discusses the debates in Indian Parliament on India-China relations, the book is full of references about Taiwan (Formosa).

<sup>79</sup> *Ibid.*, pp. 28 and 21.

<sup>80</sup> *Ibid.*, p. 41.

Praja Socialist Party (PSP) leader, condemned US intervention in Formosa but at the same time castigated the Indian government for its uncritical backing of the PRC over Formosa. During the debate on Formosa in the Parliament in the backdrop of First Strait Crisis, Mehta wondered what right India, a country that was fighting communist forces at home, had 'to hand over nine million' Formosans 'to the Communist regime', and questioned whether India had any moral compunctions in supporting the 'transfer of population and territories to communists in other countries.' He seemed to have the communist-led armed movements of Telangana and Tebhaga in the India of the late 1940s, in his mind. In the discussion on Formosa in December 1958 during the second Strait Crisis, Hem Barua of the PSP suggested that a plebiscite under UN supervision could be conducted to resolve the Formosan problem; and its result could be considered binding.<sup>81</sup> He declared that 'peace at the cost of the right of self-determination' was not an option.<sup>82</sup> In a parliamentary debate on international affairs in December 1967, Acharya Kripalani of the PSP said that India had forgotten 'the very elementary maxim of foreign policy': that is, of treating one's enemy's enemy as one's friend.<sup>83</sup> Speaking in Parliament in November 1965 in the context of Indo-Pak War of 1965, M.R. Masani of the Swatantra Party demanded that diplomatic relations be established with Nationalist China because it could 'form a second Front if we are attacked in a major war'.<sup>84</sup> Later, in February 1968, he described the PRC government as a 'bandit regime' during a debate on the President's Address in which the government had declared its reconciliatory stance towards China.<sup>85</sup>

The Hindu Mahasabha, a party critical of Nehru's Tibet policy owing to its Hindu religious world view, was at forefront of criticising Nehru

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<sup>81</sup> Ibid., p. 46.

<sup>82</sup> Ibid., pp. 43-44.

<sup>83</sup> Ibid., p. 254.

<sup>84</sup> Ibid., p. 235.

<sup>85</sup> Ibid., p. 256.

and the stand of other Congress governments on Formosa. Its parliamentarian V.G. Deshpande moved an unsuccessful motion ‘censuring the Government for its support of People’s China’s claims’, and said that ‘People’s China was continuing aggression in Formosa and, by siding with it, India was siding with aggression.’<sup>86</sup> His intervention took place in 1955 in the context of the President’s Address. On the same occasion, N.B. Khare, another member of the Hindu Mahasabha, expressed surprise as to why ‘India should so vociferously support China’s claims over Formosa, although the two were separated by 150 miles of sea’ when ‘People’s China was silent on Kashmir and Goa, which were integral parts of Indian territory’.<sup>87</sup> The Hindu Mahasabha and its ideological sibling, the Jan Sangh pitched for the diplomatic recognition of Formosa. Balraj Madhok, the Jan Sangh leader, and Mahant Digvijay Nath, a member of parliament from Hindu Mahasabha, moved their two different motions criticising the government for not recognising the Nationalist China. In April 1969 they demanded immediate establishment of diplomatic relations with Formosa. Nath’s motion also demanded the de-recognition of the PRC.<sup>88</sup>

Incidentally, Madhok had a keen interest in Formosa. In his view, it was in the best interest of India to have comprehensive and closer ties ‘with Formosa, the most powerful and stable country in Southeast Asia.’ Interestingly, he described Formosa as a *democratic country* that wanted to have good relations with India, and held the view that Nehru was not able to appreciate its strategic value. A delegation from Formosa visited India to participate in the Economic Commission for Asia and the Far East (ECAFE) meeting in 1966. The delegation brought with it ‘a hundred tons of seeds of good quality rice’. However, the government of India did not respond to their gesture. Atal Bihari

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<sup>86</sup> Ibid., p. 44.

<sup>87</sup> Ibid., p. 44.

<sup>88</sup> Ibid., pp. 259-61 and p. 260.



Vajpayee, then a Jan Sangh MP, chastised the government in Parliament: ‘This is a very low level of exhibition of the untouchability policy in the international field. Do our ministers’ hands get dirty on shaking hands with them? What mentality is this? I can definitely say that this is not in the country’s interest.’ Alluding to the threat from the PRC, he argued ‘there could be occasions when’ India ‘might need’ Formosa’s ‘help, their sympathy, their support’.<sup>89</sup>

The Jan Sangh, as a whole, advocated the two-China policy, arguing that ‘Chiang’s Formosa is as much a fact as Mao’s Peking.’ Besides, Formosa was ‘the symbol of unity against spread of communism in Asia’. The Jan Sangh believed that, by recognising the PRC, India was basically recognising an enemy (the PRC) and discarding ‘a natural ally of India’ (Formosa). The Jan Sangh argued that, instead of running after the Arab countries, India should invest in relations with countries like Formosa and Israel; but unfortunately, the Indian government was wishing away Formosa. The Jan Sangh even went to the extent of saying that even if Taipei refused to be recognised simultaneously with China, India should recognise Taipei, and ‘dare Peking to snap diplomatic ties with India’. ‘But’, the Jan Sangh regretted, ‘such common sense politics have been well beyond the special sense of New Delhi’.<sup>90</sup>

From within the Congress party, M.K. Krishna supported the alliance with the US whose airbases in Thailand and Formosa would come to the aid of India against China.<sup>91</sup> In fact, there had been many Congress parliamentarians who had expressed views on China which were at variance with Nehru’s. Many opposition leaders— for example Masani and Kripalani— had criticised Nehru’s Formosa policy in late 1940s and early 1950s when they were in the Congress.

<sup>89</sup> N.M. Ghatate, *Atal Bihari Vajpayee: Four Decades in Parliament*, Shipra Publications, New Delhi, 1996, p. 74.

<sup>90</sup> Mohammed Ali Kishore, *Jan Sangh and India’s Foreign Policy*, Associated Publishing House, New Delhi, 1969, pp. 105-06.

<sup>91</sup> Nancy Jetly, n.78, p. 143.

India's official line on Formosa was supported by CPI leaders. Hiren Mukherjee supported India's stand on Formosa, but criticised it for not opposing the US intervention in Formosa. Renu Chakravarti made light of 'the idea of recognising Taiwan'. Chakravarti's question was: 'Does Taiwan recognise the McMahon line? Does Chiang Kai-shek's Government not fully support the territorial claims made on India by the Republic of China even to this day?'<sup>92</sup>

The government of India remained steadfast, and did not succumb to the opposition's pressure. Responding to the opposition's criticism (December 1967), India's Foreign Minister Swaran Singh said that India was in no way willing to recognise Taiwan. He pointed out to the opposition that the Formosan government's position on the border problem between India and China was the same as that of the PRC. Besides, recognising Formosa would embarrass India in the international community. He accused the opposition parties of not appreciating the complications involved in their demand of recognising Formosa, and said that they were causing harm to India by raising such a demand.<sup>93</sup> Incidentally, there has been much curiosity regarding why Chiang Kai-shek did not take heed of proposals from Indian military officials for a joint front against the PRC. This implies that such proposals were made. However, this author has not come across such proposals. Moreover, if at all any existed, the proposals were from Indian military officials and not from the Indian political leadership. As has been discussed, the Indian government never entertained similar proposals floated by opposition political parties. Besides, under US pressure Chiang Kai-shek had denounced military methods in 1959 to recover the mainland from the Communists. Finally, as John W. Garver has recorded, Chiang was not convinced about India's motives in Tibet

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<sup>92</sup> Ibid., pp. 42-43.

<sup>93</sup> Ibid., p. 255.

which he considered Chinese territory. Thus, in the light of all these developments and apprehensions, such proposals were bound to remain unheeded.<sup>94</sup>

By the beginning of 1970s, India's official position on Formosa had carried the day in domestic debates. From 1970 onwards, Formosa went missing from Indian political and foreign policy discourse. It lost its relevance because it lapsed into gradual oblivion after it lost its UNSC seat in 1971, and eventual victory of the Nehruvian foreign policy of non-alignment and its tilt towards the USSR. India and the USSR signed the Indo-Soviet Treaty of Friendship and Cooperation in 1971. To the credit of Nehru and succeeding Congress governments, they accurately assessed the future course of international politics and that of the ROC.

It has been said that faraway Taiwan could have been a leverage vis-à-vis China. However, this could hardly have been so as India shares a long border with China and it had security vulnerabilities vis-à-vis China that were exposed in the 1962 war. Besides, Chiang Kai-shek never agreed to settle for anything less than sole and full recognition to the ROC. The Nationalist leadership never entertained the idea of dual recognition. Japan was the only exception, with which it continued to

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<sup>94</sup> In the twilight days of his rule in the Mainland, Chiang Kai-shek had frictions with India over Tibet. Later, as John W. Garver has noted, in the late 1950s and early 1960s during the rebellion in Tibet, Chiang supported Tibet's autonomy. Although he tried to increase strategic difficulties for the communist government in China, he never supported Tibet's independence. In fact, the Nationalist Government in Taipei disapproved of India's creation of a Special Frontier Force (SFF) after the 1962 war as it perceived that the motive of the SFF was to liberate Tibet, and create a buffer between India and China. After the war, the Taipei leadership dissuaded Tibetan leaders, who were in its contact, from fighting for independence, and convinced them about autonomy within a non-communist China. See, John W. Garver, *The Sino-American Alliance: Nationalist China and American Cold War Strategy in Asia*, M.E. Sharpe, London, 1997, pp. 177-81.

Incidentally, Garver has also noted that the ROC provided airbases and its air force for carrying out operations, along with the US air force, to aid and assist Tibetan rebellions. He suggests that these operations put India-China relations under pressure. If that be so, this was the US's objective. The ROC just played an assisting role. There is nothing to prove, at least as of now, that the ROC had given any politically serious thought to India in the context of these operations in Tibet. See, John W. Garver, *Ibid.*, pp.167-74.

maintain relations in a non-diplomatic format after it switched recognition from the ROC to the PRC in 1972. In this situation, how feasible was it to use Taiwan as diplomatic leverage? However, perhaps there was a scope for strategic ambiguity vis-à-vis Formosa as a quid pro quo for the strategic ambiguity maintained by the PRC over the Kashmir issue. At the time when China was strategically silent on the Kashmir issue despite having good relations with India in the 1950s,<sup>95</sup> India also could have played up Taiwan's 'distinct individuality', and asked for a political solution to the problem a little more vociferously. Nehru's China policy had idealism, though it was not totally utopian. India's treaty moves towards Nepal, Bhutan and Sikkim were a pragmatic response to China's expansion in Tibet.<sup>96</sup> Nehru's mention of Taiwan's 'distinct individuality' implied autonomy for it. This description could have ensured certain amount of pragmatism vis-à-vis Formosa too. Thus, the opposition's critique of Nehru's attitude towards Formosa was moderately valid. But, on the whole, the opposition's views amounted to the *de rigueur* kind of criticism, associated with opposition parties. It was not feasible to meet all their demands.

Madhok's description of Taiwan as a democratic country was factually wrong, unless his definition and interpretation of democracy also included the authoritarian and brutal repression of the KMT regime of 1950s and 60s. However, Nehru's assessment was also not accurate in some aspects. The continued presence of the ROC in Taiwan has disproved Nehru's prediction that it had no future. In fact, it has reinvented itself as a unique political entity. Nehruvians and the opposition debated the issue within the Communist versus Nationalist paradigm or the PRC versus the ROC framework. They failed to notice brutal repression of the Taiwanese during White Terror, and the martial law imposed by the KMT regime.

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<sup>95</sup> John W. Garver, 'China's Kashmir Policies', *India Review*, 3 (1), January 2004, p. 3.

<sup>96</sup> Dawa Norbu, 'Chinese Strategic Thinking on Tibet and the Himalayan Region', *Strategic Analysis*, 32(4), July/August 2008, pp. 694-695.

## 5 THE COLD WAR TRAJECTORIES OF THE ROC AND INDIA

As mentioned earlier, India's stance towards the ROC after 1949 was shaped by the Cold War during which India and the ROC followed two thoroughly different courses. The concern for survival was the defining feature of the ROC's response to the Cold War; whereas India's response to the Cold War was shaped by ideology and national interest. India adopted a non-aligned foreign policy, but loosely aligned itself with the USSR. On the other side, the ROC became a staunch US ally. The PRC was the common factor in their response to the Cold War albeit in completely different ways. In the 1950s, the PRC emerged as an important factor in India's vision for Asia, having replaced the ROC. The unification threat posed by the communist regime in the PRC was an existential issue for the ROC.

The Cold War pulled the ROC back from precipice. The existence of the ROC was hanging in the balance after the retreat to the island of Taiwan in 1949. The Truman Doctrine, issued on 12 March 1947, for containing communism had failed to save the KMT government on Mainland China. The doctrine was more concerned with Russian communism due to its geographical proximity to Europe. Encouraged by the Soviet-Yugoslav split in 1948, the US was expecting a repeat of the same in PRC-Soviet relations. The Truman administration was optimistic about the stability and future of the Communist regime in China, and had a very grim view regarding the survival of the KMT government in Taiwan.<sup>97</sup> The US released a White Paper on China on 5 August 1949 explaining to its missions abroad why it was not responsible for the fall of China to the Communists. Later, in January 1950, President Truman declared that, 'according to the Cairo Declaration, Taiwan belonged to China'.<sup>98</sup>

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<sup>97</sup> John W. Garver, no.94, pp. 11-21.

<sup>98</sup> Chiao Chiao Hsieh, *Strategy for Survival: The Foreign Policy and External Relations of the Republic of China on Taiwan, 1949-79*, The Sherwood Press, London, 1985, pp. 80-81.

However, to the good fortune of the ROC government in Taiwan, subsequent events moved very swiftly. The seizure of US Consulate property in Peking in January 1950 by the Communist government and the USSR-PRC Alliance Pact on 14 February 1950 forced the US to rethink the prospects of an eventual Sino-Soviet rift. Finally, the Korean War, which broke out on 25 June 1950, reversed the fortunes of the tottering ROC. Authorised by the UN resolution of 27 June 1950, the US forces came to the rescue of the South Korean government. Later, China's entry into conflict turned it into a US-China confrontation. These developments, particularly the Korean War, changed the dynamics in the Taiwan Strait.<sup>99</sup> On 27 June, 1950 President Truman announced the neutralisation of the Taiwan Strait 'to prevent the war from spreading further', and sent the Seventh Fleet to the Taiwan Strait to 'prevent any attack on Taiwan' while appealing to the ROC government to stop military operations against Mainland China. The changed circumstances forced a change in Truman's views regarding the legal status of Taiwan: 'The determination of the future status of Taiwan must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.'<sup>100</sup> Now, Taiwan became a territory with an undetermined legal status.

The Cold War history of the ROC after the Korean War was the history of the cementing its relations with the US. The Republican administration of Dwight D. Eisenhower (1953-61) was ideologically sympathetic to the ROC, and ended Truman's neutralisation of the Taiwan Strait in 1953. The US came to rescue of the ROC in the First Taiwan Strait Crisis, and signed a US-ROC Mutual Defence Treaty in 1954. It again aided Taiwan from a communist onslaught in 1958 during the Second Taiwan Strait Crisis. Eisenhower unequivocally granted recognition to the Nationalist government of the ROC. The high point of political support to the ROC was his visit to Taipei in 1960, which remains the only visit made by any US president to Taiwan, till date.

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<sup>99</sup> John W. Garver, no. 94, p. 21; Chiao Chiao Hsieh, No. 98, p. 82; Richard C. Bush, *At Cross-Purposes: US-Taiwan Relations Since 1942*, M.E. Sharpe, London, 2004, pp. 88-92.

<sup>100</sup> Chiao Chiao Hsieh, no. 98, p. 83.

During his presidency, the ROC received valuable economic aid, and military assistance and training. His successors, John F. Kennedy (1961-63) and Lyndon B. Johnson (1963-69) abided by the policy parameters set up him and Truman.<sup>101</sup>

However, throughout the period leading up to 1971 when the US-PRC rapprochement took place, the US policy towards China dictated the terms of the US-ROC Cold War metrics. The US never favoured the idea of an all-out war to annihilate the communist regime on the Mainland, even though it was frequently floated by Chiang Kai-shek's government, especially during the Korean War, the Cultural Revolution in China, and the Vietnam War. During the First Taiwan Strait Crisis, the US made it clear that its security commitment did not cover the small islands adjacent to Quemoy, Penghu and Kinmen. After the 1958 crisis, the US made the ROC give up the idea of taking military action to recover the Mainland as per the ROC-US joint communiqué in 1959. The US was bitter that the ROC government had almost tricked it into its larger game plan to go to war with the PRC during the 1958 Crisis.<sup>102</sup> The ROC was only of limited coordination value in the US's overall Cold War strategy. The US employed ROC capabilities in covert military and espionage operations on Mainland China, but never equipped the Nationalist government with offensive military capabilities.<sup>103</sup> It used the ROC more as a political tool to exert pressure on the PRC. However, the ROC received handsome rewards for its limited coordination value. The American military support guaranteed the existence of the ROC; its economic assistance contributed to the transformation of Taiwan's economy; and its political support ensured the continuation of the ROC on the China seat in the UNSC for more than two decades. Thus, the ROC was a beneficiary of the Cold War.

The recovery of the Mainland and retaining its China seat in the UNSC were the ROC's two most important foreign policy goals during the Cold War. On the recovery front, it persistently exhorted the US to live

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<sup>101</sup> Ibid., p. 84-89.

<sup>102</sup> John W. Garver, no. 94, pp. 137-138.

<sup>103</sup> John W. Garver, no. 94, pp. 93-112.

up to its commitment to the 'free' world. It attempted to build an anti-PRC alliance in the region, and never missed an opportunity to convince the US that the total destruction of the communist regime was necessary for lasting world peace. However, its efforts were limited to delivering speeches and issuing statements.

By the 1960s, it had become clear that the recovery of the Mainland was an unrealisable dream. Saving the China seat in the UN was a priority. With the help of the US, the ROC had managed to defeat the resolutions almost every year since 1950, that sought to replace the ROC with the PRC. The increasing numbers of newly independent countries were creating difficulties for the ROC. Therefore, along with political methods, the ROC turned to the diplomacy of foreign aid in the 1960s, by undertaking various agricultural and economic assistance programmes to garner the support of newly independent countries. The Vanguard Project initiated by the government in 1961 was a major example in this regard.<sup>104</sup> Incidentally, the bringing of 100 tons of rice seed by the ROC delegation to India in 1966, which Vajpayee referred to in Parliament, may have been a part of it. However, whether this incident could be used to prove that the ROC was seeking to revive its relations with India cannot be stated with any degree of certainty because of the want of requisite information. Nevertheless, RoC's reliance on the US had alienated the larger community of newly independent countries from it. Besides, even in the US-led Western camp, cracks were widening on the issue of China. The UK had already recognised the PRC in 1950, and had differences with the US over the ROC. France recognised the PRC to show its independence from the US in 1964.<sup>105</sup> Canada recognised the PRC in 1970.<sup>106</sup> The US itself

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<sup>104</sup> Chiao Chiao Hsieh, no. 98, pp. 181-184.

<sup>105</sup> Garret Martin, 'Playing the China Card? Revisiting France's Recognition of Communist China, 1963-1964', *Journal of Cold War Studies*, 10 (1), Winter 2008, pp. 52-80.

<sup>106</sup> 'Bilateral Relations', Government of Canada, at [http://www.canadainternational.gc.ca/china-chine/bilateral\\_relations\\_bilaterales/index.aspx?lang=eng&menu\\_id=2](http://www.canadainternational.gc.ca/china-chine/bilateral_relations_bilaterales/index.aspx?lang=eng&menu_id=2) (Accessed on 25 August 2013).



had decided on a rapprochement with the PRC as a hedge against the USSR by 1970. Finally, the ROC left the UN in 1971, courtesy the very Cold War politics that had benefited it thus far.

Contrary to the stand taken by the ROC, India had challenged the bipolarity of the Cold War and pursued a non-aligned course, making ideology a strong content of India's foreign policy after the Independence. The genesis of this foreign policy can be traced to the pre-independence era. The Congress party had espoused a world view of freedom, equality and peace in its fight against British colonialism. It had also promoted the unity of the oppressed, especially in the Afro-Asian world because of a shared colonial history. The second aspect in the domestic arena was the Congress's commitment towards a socialist structure of society and politics within the framework of individual liberty and political freedom. Thus, the India that emerged was not similar to either the USSR-led socialist bloc or the US-led liberal democratic bloc. India's choice of a planned economy and its dismantling of old feudal structures brought it closer to the USSR; whereas its commitment to individual liberty, political freedom, representative democracy, and universal suffrage was in keeping with the values of the liberal democratic world. Moreover, although it opted for the socialistic economic model, it did not altogether discard capitalism. As it was basically opposed to the acquisitive traits of capitalism, it evolved the model of a planned economy that sought to strike a balance between the finer aspects of capitalism and socialism. Thus, the path India chose to tread was a product of the ideals adopted during its fight against imperialism and colonialism, and the socio-economic requirements of independent India. The non-aligned foreign policy of India was a natural corollary to this.<sup>107</sup>

India's unique non-aligned foreign policy became an inspiration for the newly independent world which made India its leader for a brief period. The non-aligned foreign policy, Asianism, Afro-Asian unity,

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<sup>107</sup> J. Bandyopadhyay, 'Nehru and Non-Alignment' in B.R. Nanda (ed.), *The Nehru Years*, Nehru Memorial Museum and Library, New Delhi, 1990, pp. 170-84.

decolonisation and world peace were all interrelated themes in India's post-independence foreign policy vision. The Asian Relations Conference in New Delhi in March 1947; the Conference on Indonesia in New Delhi in January 1949; India's peace initiatives during the Korean War (1950-53); the Bandung Conference of Afro-Asian countries in 1955; the Belgrade Summit (the first summit of Non-Aligned Movement) in 1961 were landmark events where India played a pivotal role and propagated its foreign policy vision. The Panchsheel—the Five Principles of Peaceful Coexistence—Agreement signed between India and the PRC in 1954 reflected India's post-independence foreign policy vision.

As has been pointed out, India and the ROC had a fundamentally different outlook towards the PRC in the 1950s. Besides, the difference in their attitude towards the US was also fundamental. India's outlook towards the US and the ROC remained unchanged even after it was defeated by the PRC in the 1962 war. Throughout the 1950s, the KMT government in Taiwan made strident appeals for the destruction of the PRC while India was fighting for the PRC's socialisation in the international community and the membership of the UN. Apart from moving the proposal in the UNSC to change China's representation from the ROC to the PRC in 1950, India continued to advocate that the ROC be replaced by the PRC throughout this period.<sup>108</sup> From the perspective of the ROC, India was its 'executioner' whereas the UN entry campaign for the PRC was symbolical of the realisation of Nehru's dream of India-China camaraderie. Equally important were the Cold War's realpolitik concerns. While India had refused to become the part of the Cold War alliances, Pakistan had joined the Central Treaty Organisation (CENTO or the Baghdad Pact) of the US camp in 1955. The USSR, a permanent member of the UNSC, helped India by foiling Pakistan's attempts to move resolutions on Kashmir in the UN with Western support.<sup>109</sup> Besides, India was 'distasteful' to the US on

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<sup>108</sup> Rup Narayan Das, *India-China Relations: A New Paradigm*, IDSA Monograph Series No. 19, New Delhi, May 2013, pp. 13-15.

<sup>109</sup> Surjit Mansingh, 'India and the United States', in B.R. Nanda (ed.), *The Nehru Years*, Nehru Memorial Museum and Library, New Delhi, 1990, p. 165.

ideological grounds, and because of the US equation with Pakistan, as well as its (US) economic policies. Thus, in spite of their ideological dissimilarities, India was broadly in the Soviet camp whereas the PRC was the most important socialist country after the USSR.<sup>110</sup> The 1962 war fractured the India-China friendship dream. India could have reviewed its non-aligned foreign policy as the USSR maintained neutrality and it was the US that offered some assistance to India during the war. India could also have reviewed its outlook toward the ROC. To change its outlook towards the ROC would have been easier following the Sino-Soviet rift, as neither of the two superpowers would have had objection to this. India chose to do neither. Instead, Indian foreign policy became more and more USSR-centric, the culmination of which was the 1971 treaty. India never considered it necessary to revive its relations with the ROC. On the other hand, the ROC remained a steadfast ally of the US. Except for a few media reports, which remain unconfirmed till date, there is nothing to suggest that the ROC ever thought of changing sides from the US to the USSR.<sup>111</sup> In fact, the Sino-US rapprochement created a unique situation wherein two mortal enemies—the ROC and the PRC—found themselves in the same camp. Therefore, in spite of the defeat at the hands of the PRC, it was still difficult for India to change its stance towards Formosa. Besides, the concerns regarding Chinese retaliation must have also played a role in this.

This summation highlights the differences between India and the ROC during the Cold War. While India was the leader of the non-aligned movement, the ROC was part of the American camp. The trajectories that India and the ROC followed during the Cold War were

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<sup>110</sup> Surjit Mansingh, *Ibid.*, pp. 157 and 161; K.P.S. Menon, 'India and the Soviet Union' in B.R. Nanda (ed.), *Ibid.*, p. 135; B. R. Nanda, 'Introduction' in B.R. Nanda (ed.), *Ibid.*, p. 4.

<sup>111</sup> John W. Garver, 'Taiwan's Russian Option: Image and Reality', *Asian Survey*, 18 ( 7), July 1978, pp. 751-66; Peter M. Ivanov, *Russian-Taiwanese Relations: Problems and Prospects of Development*, Occasional Papers/Reprint Series in Contemporary Asian Studies, No. 2, 1996 (133), School of Law, University of Maryland, pp. 1-96.

fundamentally irreconcilable. It is, therefore, easy to understand why India was not interested in the rice seeds brought by the ROC delegation in 1966, and why there was a history of zero contact between the two countries from 1949 to 1995.

## 6 REDEFINING INDIA'S LOOK EAST POLICY

India's Look East Policy (LEP) can be seen as a means of reviving its historical contacts with East Asia after the long interregnum of European colonialism.<sup>112</sup> With the exception of an ephemeral flirt with Asianism after Independence, India's relations with the regional countries to its east had remained minimal until the beginning of 1990s. There are, however, instances suggesting otherwise: such as Singapore's support to India in Indo-Pak war of 1965, and seeking India's assistance for raising its own army; and Malaysia's efforts to facilitate a dialogue between India and the ASEAN in 1975 and in 1980. But, on the whole, there was mutual indifference throughout the Cold War. The reasons were manifold. The countries in the region were mainly in the US camp, and apprehensive of the spread of the communism. Due to their allegiance to the US, India distrusted the ASEAN and considered it to be a US construct. On the other hand, ASEAN countries were wary of India's close relations with the USSR. The regional countries perceived India as an unreliable and incapable ally against the spread of communism due to its closeness with the USSR and its defeat at the hands of China. Besides, due to historical and close social and educational links with the West, India's post-Independence elites strongly identified themselves with the West. Their liberal orientation drew them closer to Western countries, and their ideological commitment to oppose colonialism and neo-colonialism, and the choice of a planned economy brought them closer to the USSR. Thus, the relatively backward region of East Asia did not appeal to their personal identification despite Nehru's conscious ideological attempt to create a Pan-Asian unity in the late 1940s and early 1950s. As time elapsed, India also fell behind

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<sup>112</sup> Christophe Jaffrelot, 'India's Look East Policy: An Asianist Strategy in Perspective', *India Review*, 2 (2), April 2003, pp. 35-36; Baladas Ghoshal, 'India and Southeast Asia', in A.K. Damodaran and U.S. Bajpai (eds.), *Indian Foreign Policy: The Indira Gandhi Years*, Nehru Memorial Museum and Library, 1990, New Delhi, p. 181.

the East Asian countries in the race for prosperity. Last but not least, due to connectivity problems, East Asian countries and India were never neighbours in the true sense.<sup>113</sup>

Thus, the LEP introduced in early 1990s was a fresh initiative in India's foreign policy towards East Asia. The policy that was directed at South East Asian countries in the beginning has come to encompass the entire Asia-Pacific region in the course of time. The policy is not in the nature of a defined set of principles for achieving narrow objectives. It is instead more of a general policy directive. In the early 1990s, economic considerations were the main motives behind the policy. However, as time elapsed, the policy has evolved to include various political and strategic aspects as well.

The beginning of the 1990s presented a complex domestic and international scenario for India. India's model of a command economy came under duress which led to a balance of payment crisis in 1991. Following the advice of the International Monetary Fund (IMF), India undertook a series of initiatives to liberalise and globalise its economy. This crisis coincided with the collapse of the USSR which brought the Cold War to an end, but put India in a delicate situation. The USSR's disappearance from the international scene meant the loss of a valuable diplomatic ally for India. It was also an economic loss as the rupee-rouble trade accounted for around 25 per cent of India's exports.<sup>114</sup> This situation compelled India to rethink its old ideology based foreign policy, and craft a pragmatic model more suited to post-Cold War economic, political and security requirements.

In this context, the LEP was an acknowledgement by India of the changing dynamics in the Asia-Pacific. The region was on the way to becoming the hub of future economic activities in the world. The

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<sup>113</sup> Christophe Jaffrelot, *Ibid.*, pp.43-44 ; Baladas Ghoshal, *Ibid.*, pp. 184-88; Rajiv Sikri, 'India's 'Look East' Policy', *Asia-Pacific Review*, 16 ( 1), May 2009, p. 132; G.V.C. Naidu, 'Wither the Look East Policy: India and Southeast Asia', *Strategic Analysis*, 28(2), April/ June 2004, pp. 334-335.

<sup>114</sup> Christophe Jaffrelot, no. 112, p. 45.

prosperity of the regional economies, particularly the Asian Tigers (Singapore, Hong Kong, Taiwan and South Korea) attracted India's attention. The regional economies were an attractive source of foreign direct investment (FDI) for India. Besides, the prospering regional economies appealed to India's desire for an alternative model to Western capitalism. In 1994, the Indian Prime Minister P.V. Narasimha Rao (1991-96), who introduced and initiated the LEP to meet the challenges of the domestic economic crisis and the post-Cold War world, said:

The Asia-Pacific could be springboard for our leap into the global market place...I am happy to have had this opportunity to enunciate my belief in this vision of a new relationship between India and the Asia-Pacific...I trust this vision be realized...and the next century will be a century of partnership for us all.<sup>115</sup>

Foreign Minister Inder Kumar Gujral's statement in 1996 underscored India's appreciation of the economic importance of the region.

Our imagination is now riveted on the Asia-Pacific Century that is knocking at the door of human kind...Pan-Asian regionalism will take some time to emerge as a stable international phenomenon; when it does, it will truly change the world...Now, in the 21st century, Asia and the Pacific rim are likely to be the West's true peer in wealth, in technology and in skilled human resources.<sup>116</sup>

India signed the Comprehensive Economic Cooperation Agreements (CECA) with Singapore, the ASEAN and Malaysia in 2005, 2010 and 2011 respectively. It signed the Comprehensive Economic Partnership Agreements (CEPA) with South Korea and Japan in 2005 and 2011. These agreements are indicative of India's growing economic ties with the Asia-Pacific.

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<sup>115</sup> Christophe Jaffrelot, no. 112, p. 45-46.

<sup>116</sup> Christophe Jaffrelot, no. 112, p. 45-46; p. 35.

The strategic aspects of the LEP include the political and security concerns with regard to China that are shared by India and many of the regional countries. The post-Cold War period has revealed a trend of simultaneous cooperation and friction in the relations between many regional countries and India on the one hand, and China on the other. South East Asian countries overlooked the Tiananmen incident in 1989, and considered it as China's internal matter—a stand which was contrary to the US, otherwise a historical ally to many of them. This ushered China's relations with the region into a new phase. Since 1989, China has vigorously implemented a good neighbour policy in South East Asia. China has also been engaging with the ASEAN and the East Asia Summit. The recent example of its multilateral engagement with the regions is the Regional Comprehensive Economic Partnership (RCEP). Its positive role during the Asian financial crisis was widely appreciated in the region and served to greatly enhance China's image. Its trade and investment in the region has touched record heights; and riding on this, China has come to dominate the regional economic landscape. Nevertheless, a general distrust of China persists in many of the regional countries. Developments like China's nuclear test in 1996, the Cross-Strait stand-off in 1995-96, China's maritime disputes in the South China Sea, and China's People's Liberation Army (PLA) modernisation have kept the security concerns of the region alive. These contradictions are on-going.<sup>117</sup>

Similarly, after the restoration of the normal relations between India and China in 1988, the two countries initiated various confidence building measures. These included a Joint Working Group (JWG) on the border question in 1989, important military confidence building measures (CBMs) in 1993 and 1996, the appointment of a politically empowered special representative for the resolution of boundary disputes in 2003 and the laying down of Political Parameters and Guiding Principles for the Settlement of the Boundary Question Agreement in 2005. The latest development in the bilateral relations of the two countries is the Border Defence Cooperation Agreement

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<sup>117</sup> G.V.C. Naidu, no. 113, p. 336.



(BDCA) signed during Indian Prime Minister Manmohan Singh's China visit in October 2013. The agreement has been signed after recent destabilising military activities on the border.<sup>118</sup> Since the late 1980s, there has been considerable growth in trade, and increasing contacts in the fields of culture, education, and science & technology between the two countries. Nevertheless, mistrust in the security realm persists. India has been extremely concerned about the military and strategic dimensions of China-Pakistan relations. China too has its concerns about Tibetan activities in India. India's Defence Minister George Fernandes's Freudian slip of the tongue after India's nuclear tests in 1998, that China was India's 'enemy number one' revealed India's dilemma about China. Moreover, in recent years, diplomatic spats on the boundary issue have increased. The recent was the stand-off in Ladakh in 2013.<sup>119</sup>

In this backdrop of simultaneous cooperation and friction, it has been perceived that while India is a counter-weight its political and strategic reach in the region to hedge its strategic bets vis-à-vis China, many regional countries also look to India as a counterweight against China. India's demand for a peaceful resolution of maritime territorial disputes in the South China Sea and safe and peaceful passage in the international waters there<sup>120</sup>, and its increasing political engagement and defence cooperation with regional countries, give strategic contours to the LEP.

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<sup>118</sup> 'India, China Not to Use Force in Case of Face-offs', *The Hindu*, 24 October 2013, at <http://www.thehindu.com/news/national/india-china-not-to-use-force-in-case-of-faceoffs/article5263941.ece> (Accessed on 7 December 2013).

<sup>119</sup> Sujit Dutta, 'Managing and Engaging Rising China: India's Evolving Posture', *The Washington Quarterly*, 34 (2), Spring, 2011, pp. 127-144. Sujit Dutta explores the complex nature of India-China relations involving both cooperation and friction. For the recent military standoff in Ladakh, please see, 'China ends Ladakh Standoff, Troops Pull Back', *Hindustan Times*, 5 May 2013, at <http://www.hindustantimes.com/India-news/NewDelhi/China-ends-Ladakh-standoff-troops-pull-back/Article1-1055249.aspx> (Accessed on 7 December 2013).

<sup>120</sup> 'Sovereignty over areas of the South China Sea is disputed between many countries in the region including China. India is not a party to this dispute and believes it must be resolved peacefully by the countries concerned. India has, on several occasions, reiterated its position that it supports freedom of navigation and right of passage in accordance with accepted principles of international law and practice. These principles should be respected by all.' Indian Ministry of External Affairs, in response to a question in the Parliament, 19 December 2012. at <http://164.100.47.132/LssNew/psearch/QResult15.aspx?qref=133341> (Accessed on 31 May 2013).

Robust defence cooperation between India and many of the regional countries took off after 1990. With Singapore India has signed the following agreements: the annual Anti-Submarine Warfare (ASW) in 1994; the annual Defence Policy Dialogue in 2003; and a Joint Military Exercises Agreement for the training of the Singapore Air Force and infantry signed in 2007 and 2008.<sup>121</sup> India and Malaysia have signed an MOU for Defence Cooperation in 1993. They have been holding regular Defence Secretary Talks and Army Service-level Talks for many years now. The Indian Air Force provided a training programme for the Malaysian pilots on the SU-30 MKM 'for two and a half years since February 2008'.<sup>122</sup> In addition, a Defence Cooperation Agreement was signed with Indonesia in 2001, followed by the institution of a Defence Minister level biennial dialogue in 2011.<sup>123</sup>

At the strategic level, India entered into a strategic partnership with Vietnam in 2007. Vietnam is a signatory to the G-4 Draft Resolution on UNSC reforms, and supports India's claim to permanent membership of the UNSC. Recently, India announced a \$100 million loan to Vietnam for the purchase of various military items. This relationship has assumed greater importance because of Vietnam's maritime territorial disputes with China in the South China Sea, and India's commercial interests, supported by the Vietnamese in the waters off Vietnam in the South China Sea.<sup>124</sup> Similarly, India and Japan have a strategic and global partnership. They have been holding annual

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<sup>121</sup> V. Suryanarayan, 'India and Singapore: Defence Cooperation on the Upswing', 10 June 2013, at <http://www.ipcs.org/article/india/india-and-singapore-defence-cooperation-on-the-upswing-3987.html> (Accessed on 31 May 2013).

<sup>122</sup> 'India-Malaysia Relations', at [http://www.mea.gov.in/Portal/ForeignRelation/India\\_Malaysia\\_Relations.pdf](http://www.mea.gov.in/Portal/ForeignRelation/India_Malaysia_Relations.pdf) (Accessed on 31 May 2013).

<sup>123</sup> 'India-Indonesia Relations', at [http://mea.gov.in/Portal/ForeignRelation/Indonesia-Brief\\_for\\_MEA\\_website\\_decem\\_2012.pdf](http://mea.gov.in/Portal/ForeignRelation/Indonesia-Brief_for_MEA_website_decem_2012.pdf) (Accessed on 31 May 2013).

<sup>124</sup> Rajaram Panda, 'India and Vietnam: Defence Cooperation, Economic Ties and a Strategic Partnership', 9 August 2013, at <http://www.ipcs.org/article/india/ipcs-special-commentary-india-vietnam-defence-cooperation-economic-ties-and-4080.html> (Accessed on 15 August 2013).

strategic dialogues since 2007. There were reports suggesting that China was upset about the India-Japan Global Partnership that was formalised in 2000 during the Japanese Prime Minister Mori's visit to India. The Japanese Prime Minister Shinzo Abe's proposal for a quadrilateral cooperation between India, Australia, the US and Japan—stemming from Japan's security concerns regarding China has a clear strategic dimension, although India has its reservations on the issue.<sup>125</sup>

Apart from the bilateral implementation of the LEP, India has emerged as an important player in the multilateral scene of the Asia-Pacific. India entered ASEAN as a sectoral dialogue partner in 1992. It acquired the status of a full dialogue partner in 1996. India and the ASEAN have had summit level meetings since 2002. India became a strategic partner in 2012, on the occasion of a Commemorative Summit in New Delhi. ASEAN plays a key role in India's LEP. India took the lead in the creation of the sub-regional grouping—the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in 1997. India is a member of the East Asia Summit (EAS). In the beginning, there were differences among ASEAN members and the ASEAN+3 (China, Japan and South Korea) over giving India a place in the EAS. Some countries wanted to keep the EAS limited to the ASEAN+3. However, the debate was settled in favour of India, and it participated in the EAS Summit in 2005. This was a major success of India's LEP.<sup>126</sup>

In 2000, India initiated the Mekong-Ganga Cooperation (MGC) along with five ASEAN countries—Cambodia, Lao PDR, Myanmar, Thailand and Vietnam. The chief objective of this initiative was to

<sup>125</sup> Rajaram Panda, 'Changing Dynamics of India-Japan Relations: Future Trends' in Akihiro Iwashita (ed.), *India-Japan Dialogue: Challenge and Potential*, Comparative Studies on Regional Powers, Slavic Research Center, Hokkaido University, Japan, July 2011 at [http://src-h.slav.hokudai.ac.jp/rp/publications/no06/01\\_Panda.pdf](http://src-h.slav.hokudai.ac.jp/rp/publications/no06/01_Panda.pdf) (Accessed on 2 June 2013).

<sup>126</sup> For India and ASEAN, please see, 'ASEAN-India Commemorative Summit 2012' at <http://www.aseanindia.com/summit-2012> (Accessed on 2 June 2013); For BIMSTEC, see, 'A Brief Note on Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Nepal's involvement' at <http://www.mofa.gov.np/en/bimstec-170.html> (Accessed on 2 June 2013); for BIMSTEC, MEKONG-Ganga Cooperation and East Asia Summit, Rajiv Sikri, No. 113, pp. 136-38, pp. 142-43.

increase cooperation in tourism, culture, education, transport and communications. The cooperation between countries of the two river basins is symbolic of the revival of ancient civilisational, cultural and commercial contacts.<sup>127</sup> India has been laying emphasis on exploring the shared religious and cultural heritage of Buddhism with East Asia in its LEP. The fourth EAS Summit in 2009 floated the idea of reviving India's ancient Nalanda University, a great centre of learning in its time. The university campus is being set up in the Indian state of Bihar.<sup>128</sup>

Thus, the 1990s initiated a new era in India's relations with the region. In this period and the subsequent decades, the LEP has emerged as a diverse and flexible basket of objectives and tools that is applicable to the entire Asia-Pacific. While ruling out the so-called 'China factor' (that may be there at the back of the minds of the policy planners of India and that of other concerned countries) may not be right, deeming it the dominant factor in the policy would be equally wrong. The strong bilateral ties that India and the East Asian countries have with China do not allow India to couch its LEP in anti-China terms. The LEP caters to rising India's legitimate aspirations and requirements in the Asia-Pacific, and is not to be considered as any grand 'contain China' policy.

Finally, the flexibility and diversity of the LEP can accommodate India's people-to-people relations with Taiwan within its ambit. Even though India does not recognise Taiwan diplomatically, their functional relations could further redefine the LEP. The chapter Contemporary India-Taiwan Relations would elaborate these propositions.

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<sup>127</sup> 'Mekong-Ganga Cooperation (MGC)', May 2013 at [mea.gov.in/Portal/.../Brief\\_on\\_MGC\\_for\\_MEA\\_website-Final.pdf](http://mea.gov.in/Portal/.../Brief_on_MGC_for_MEA_website-Final.pdf) (Accessed on 12 August 2013).

<sup>128</sup> 'About East Asia Summit', ASEAN India Website at <http://www.aseanindia.com/about/eas> (Accessed on 14 June 2013).

# 7

## TAIWAN'S PRAGMATIC DIPLOMACY

After the loss of its China seat in the UNSC in 1971, Taiwan received one diplomatic jolt after another. The ROC lost the diplomatic recognition of forty six countries to the PRC between January 1971 and January 1979.<sup>129</sup> But the US switch in 1979 was the biggest blow. After this, Taiwan remained relatively inward looking for almost a decade. However, in the long run, the US withdrawal from the ROC proved helpful as it compelled Taiwan to engage with the world on its own. This is the historical backdrop of Taiwan's current pragmatic foreign policy and diplomacy. Although Taiwan's pragmatic diplomacy, also termed as substantive or flexible diplomacy, is considered to be the contribution of President Lee Deng-hui (1988-2000), its origins can be traced to Taiwan's 'Trade and Economic First' foreign policy of 1970s.<sup>130</sup> Lee's predecessor, Chiang Ching-kuo (1978-88), had clearly steered Taiwan's foreign policy and diplomacy on to a pragmatic path after 1979. His dispassionate handling of the situation after the de-recognition by the US and acceptance of the model of unofficial relations proposed by the US, were an evidence of this developing pragmatism. He did not press President Ronald Reagan who had, during his presidential election, demanded the restoration of relations with Taiwan, to live up to his words. Chiang knew that moving the clock backwards would impact peace between the US and China, and prove dangerous for Taiwan. The Taiwan Relations Act (TRA) 1979 and Reagan's famous Six Assurances in 1982 were, perhaps, the reward for his pragmatism. Later, Taiwan compromised on the issue of the display of its national flag and the playing of its anthem at international

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<sup>129</sup> Chiao Chiao Hsieh, no. 98, Appendix Four: 'ROC Diplomatic Relations, January 1971 -January 1979'.

<sup>130</sup> *Ibid.*, pp. 230-279.

events which showed even greater flexibility. It allowed its athletes to participate in the 1984 Olympics as the ‘Chinese, Taipei’.<sup>131</sup>

Lee Deng-hui developed his framework of flexible diplomacy with three objectives:

- The advancement and reinforcement of formal diplomatic ties
- The development of substantive relations with countries that do not maintain formal relations with Taiwan
- Admission or readmission into international organisations and activities vital to the country’s national interests<sup>132</sup>

Lee’s flexible diplomacy along with the democratisation, nationalism, and the Cross-Strait normalisation talks was an important feature in Taiwan of the 1990s. Lee was a native Taiwanese who did not come from traditional Mainlander dominated KMT leadership.<sup>133</sup> His accession to power was the result of Chiang’s efforts to accommodate local Taiwanese sentiments.<sup>134</sup> Lee did not view the Cross-Strait problem through the traditional Mainlander prism. Instead, he put across a Taiwan-centric view of the problem. For him, Taiwan was not part of the CPC-KMT problem, but a victim. The problem was imposed on Taiwan by history. Guided by this conviction, he pursued a flexible diplomacy, which subtly asserted Taiwan’s sovereign status vis-à-vis China, and promoted Taiwan’s rising nationalism that perceived Taiwan as being distinct from Mainland China.<sup>135</sup> This was in line with his other moves to expand his electoral support base among the larger

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<sup>131</sup> Dennis Van Vranken Hickey, *Foreign Policy Making in Taiwan: From Principle to Pragmatism*, Routledge, London, 2007, p. 87.

<sup>132</sup> Dennis Van Vranken Hickey, no. 131, pp. 89-90.

<sup>133</sup> In Taiwan, the word ‘Mainlander’ is used for the people who (or their parents) migrated from Mainland China around 1949 with the KMT government.

<sup>134</sup> Denny Roy, no. 4, pp. 179-288.

<sup>135</sup> For interplay between Taiwan’s domestic political scenario and Lee Deng Hui’s foreign policy, see Richard C. Bush, *Untying the Knot: Making Peace in Taiwan Strait*, Brookings institution Press (Washington), 2005: pp. 45-54.

Taiwanese population. At the same, he initiated the Cross-Strait talks in 1992 under the so-called 1992 Consensus (One-China with Different Interpretation). But it soon became clear that the flexible diplomacy and the Cross-Strait talks were contradictory in the PRC's view. The PRC suspected Lee Deng-hui's commitment to unification, and considered flexible diplomacy as being a pro-independence move.<sup>136</sup>

Lee Deng-hui's flexible diplomacy had mixed success. The US Assistant Secretary for Commerce, Thomas Duesterberg, visited Taiwan in February 1992. He was the first high level visitor from the US after 1979. Britain's State Minister for Corporate Affairs, John Redwood, also visited Taipei in 1992, the first ever senior British official to visit Taiwan since 1950.<sup>137</sup> Taiwan could gain admission to some international organisations that had an economic orientation: for example, the Asia-Pacific Economic Cooperation (APEC) as Chinese Taipei. It joined the GATT, which later transformed into the World Trade Organisation (WTO), as the 'Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu' in 1991.<sup>138</sup> Taiwan is known as Chinese Taipei in the WTO. Taiwan's memberships of non-governmental international organisations went up from 728 in 1988 to 943 in 1998 during Lee's tenure (1988-2000). Lee's flexible diplomacy succeeded in Taiwan opening its representative offices in 65 countries under different unofficial nomenclatures in 1996. The number was 38 in 1982. Lee could ensure foreign travel for Taiwan's leaders under various unofficial pretexts.<sup>139</sup> All these moves enabled Taiwan to increase its international 'living space' as well as meet the requirements of economic globalisation in the 1990s. However, his attempts to increase the number of its formal diplomatic allies failed. Although he succeeded in increasing the number of diplomatic allies marginally to 30—mainly among smaller countries of

<sup>136</sup> Ibid., no. 135, p. 49 and pp. 141-155.

<sup>137</sup> Chien-Min Chao, 'The Republic of China's Foreign Relations under President Lee Teng-hui: A Balance Sheet', in Bruce J. Dickson and Chien-Min Chao (eds.), *Assessing the Lee Teng-hui Legacy in Taiwan's Politics*, M.E. Sharpe, London, 2002, p. 188.

<sup>138</sup> Ibid., p. 188.

<sup>139</sup> Ibid., p. 185-87.

Oceania and Latin America, Taiwan lost its long standing and relatively important diplomatic allies like Saudi Arabia, South Korea and South Africa to the PRC during his presidency.<sup>140</sup>

His moves to join and re-join international organisations, in particular, were construed as pro-independence moves which miffed the PRC. The PRC mounted a retaliatory diplomatic counter-offensive by secretly instructing its missions abroad to implement the ‘three empties’ policy which meant ‘to rid the ROC of all diplomatic allies’, ‘to block every formal venue’ for Taiwan, and ‘to exhaust all resources’ of Taiwan by 2000.<sup>141</sup> Lee’s US visit in 1995 — the first by any ROC president — was undertaken under the pretext of attending a function at Cornell University, his alma mater. It created tensions in Sino-US relations that led the Taiwan Strait Crisis in 1995-96.<sup>142</sup> Finally, in the wake of this crisis, Bill Clinton’s ‘Three No’s’ — ‘We don’t support independence for Taiwan; or two Chinas or ‘one Taiwan-one China’; and ‘we don’t believe that Taiwan should be a member in any organisation for which statehood is a requirement’<sup>143</sup> — set clear limits for Lee’s pragmatic diplomacy.

President Chen Shui-bian’s Democratic Progressive Party (DPP) government (2000-08) pursued Lee Deng-hui’s flexible diplomacy even more enthusiastically. Lee had taken certain concrete steps towards the Cross-Strait normalisation in early 1990, but Chen Shui-bian, a native Taiwanese of revolutionary frame, was not enthusiastic about Cross-Strait relations. The Democratic Progressive Party (DPP) represents Taiwanese nationalism in Taiwan’s electoral politics. Unlike Lee, who built his political career along the KMT’s Pan-China frame of mind, Chen represented Taiwan nationalism, had suffered personal tragedies,

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<sup>140</sup> Dennis Van Vranken Hickey, no. 131, p. 90.

<sup>141</sup> Chien-Min Chao, no. 137, p. 191.

<sup>142</sup> Denny Roy, no. 4, pp. 195-96

<sup>143</sup> Shirley A. Kan, *China/Taiwan: Evolution of the ‘One China’ Policy’-Key Statements from Washington, Beijing, and Taipei*, 26 August 2013, Congressional Research Service at <http://www.fas.org/sgp/crs/row/RL30341.pdf> (Accessed on 19 August 2013).



and had served jail terms because of his participation in the fight for democracy in Taiwan.<sup>144</sup> In the beginning, he showed restraint when he announced his Cross-Strait policy of ‘Five No’s’. However, he soon hardened his attitude towards the Mainland, and took a pro-independence turn, coming up with the provocative ‘One Country on Each Side’ formulation in 2002. The reasons for this turn was a mix of his convictions and electoral compulsions.<sup>145</sup>

There was no conceptual difference between Lee’s and Chen’s foreign policies. Chen’s pragmatic diplomacy was more aggressive. President Chen and his other high ranking officials succeeded in visiting the US. The US President George W. Bush’s 2001 statement: ‘I will do what it takes to help Taiwan defend herself, and the Chinese must understand that,’ came as a great morale booster for the Chen government. His government took extra care in handling the island’s disputes with Japan. It put forward the idea of cooperation among democracies, with a focus on the US, Japan and India. The competition for diplomatic allies among smaller countries intensified between Taiwan and China. Taiwan succeeded in getting its diplomatic allies to submit two proposals to the UN in 2005 seeking its entry. Besides, the representatives of 15 countries requested the General Assembly to consider Taiwan’s participation in the world body. However, these proposals were not entertained by the UN. In 2003, Chen proposed a Referendum on Taiwan’s membership of the WHO, a move that both Beijing and Washington considered a ploy for an eventual referendum on Taiwan’s relationship with China. Later, in 2007, Chen asked for a referendum over its re-joining the UN as well.

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<sup>144</sup> Richard C. Kagan, *Chen Shui-bian: Building A Community and A Nation*, Asia-Pacific Academic Exchange Foundation (Taipei), 2000, pp. 101-16.

<sup>145</sup> ‘As long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called ‘state-to-state’ description in the Constitution, and I will not promote a referendum to change the status quo in regards to the question of independence and or unification. Furthermore, the abolition of the National Unification Council or the National Unification Guidelines will not be an issue’, Su Chi, *Taiwan’s Relations with Mainland China: A Tail Wagging Two Dogs*, Routledge, London, 2010, pp. 93 and 161-98.

The most significant foreign policy contribution of lasting importance of the Chen government was to step up and diversify ‘people-to-people diplomacy’. The focus of the ‘people-to-people diplomacy’ remained the same as that of pragmatic diplomacy: that is, to enhance Taiwan’s international personality, and improve international relations by bypassing China’s manoeuvres to undercut Taiwan’s international personality. For its ‘people-to-people diplomacy’, the Chen government made use of parliamentarians, political parties, NGOs, and academics.<sup>146</sup> The DPP government declared a change in the focus of its international aid and assistance to ground-level productive activities instead of dollar diplomacy—a euphemism for bribes.

The Chen government’s rhetoric and actions, and the Chinese reaction to them fomented unprecedented levels of tension across the Strait. Chen Shui-bian’s ‘One Country on Each Side’ statement in 2002, the widely believed mock decapitation of Annette Lu by the PRC in 2004<sup>147</sup>, the passing of the anti-secession law by PRC in 2005<sup>148</sup>, and the scrapping of National Unification Guidelines and National Unification Council by the DPP government in 2006<sup>149</sup>—all indicated a worsening of Cross-Strait relations. The fears of the Chinese invasion were very real between 2000 and 2008.

As US got involved in Afghanistan after 9/11 and later in Iraq, and as the Cross-Strait atmosphere vitiated, the US distanced itself from Chen Shui-bian’s polemics.<sup>150</sup> China’s mock decapitation of Vice-President

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<sup>146</sup> Dennis Van Vranken Hickey, no. 131, p. 98.

<sup>147</sup> Su Chi, *Taiwan’s Relations with Mainland China: A Tail Wagging Two Dogs*, Routledge, London, 2010, pp. 261-264. Mock decapitation of Annette Lu by the PRC refers to the incident that took place during Lu’s travel to Taiwan’s offshore island by aeroplane in 2004. In this incident, it was reported that the Chinese fighter planes made dangerous and threatening manoeuvres very close to her aeroplane. The message given out was that the PRC was capable of singling out and targeting the top Taiwanese leadership without invading it.

<sup>148</sup> Steve Chan, ‘Taiwan in 2005: Strategic Interaction in Two-Level Games’, *Asian Survey*, 46(1), January/February 2006, p. 66.

<sup>149</sup> Yun-han Chu, ‘Taiwan in 2006: A Year of Political Turmoil’, *Asian Survey*, 47(1), January/February 2007, p. 47.

<sup>150</sup> Su Chi, no. 147, pp. 202-205.

Annette Lu demolished the notion that China, in no case, would invade Taiwan. Likewise, the US disapproval of President Chen Shui-bian's Cross-Strait policies conveyed a clear message to the Taiwanese authorities that the US would not come to the rescue of Taiwan in every case. President Bush's 2005 statement: 'If China were to invade unilaterally, we would rise up in the spirit of the Taiwan Relations Act. If Taiwan were to declare independence unilaterally, it would be a unilateral decision, that would then change the US equation', was a very stern message conveyed to Taiwan.<sup>151</sup>

The shift wrought by the incumbent Ma government in Cross-Strait relations introduced even greater flexibility in Taiwan's diplomacy. Since 2008, the Ma government has stated that peace and stability across the Strait is priority. Taiwan and China have concluded 19 agreements in the area of functional cooperation since 2008.<sup>152</sup> The latest in the series is a Service Trade Agreement signed in June 2013.<sup>153</sup> The Economic Cooperation Framework Agreement (ECFA), a framework for free trade, signed in 2010 symbolises the paradigm change.<sup>154</sup> Consistent with this, Ma declared a diplomatic truce, and stopped competing with China for diplomatic influence and allies after coming to power. His government has abandoned all bids—such as re-joining the UN—that served to irritate the PRC. Reciprocating these overtures, the PRC has stopped poaching on Taiwan's diplomatic allies.<sup>155</sup> Ma's foreign

<sup>151</sup> Ibid., pp. 269-271. Shirley A. Kan, *Evolution of the One China Policy: Key Statements from Washington, Beijing and Taipei*, 26 August 2013, Congressional Research Service at <http://www.fas.org/sgp/crs/row/RL30341.pdf> (Accessed on 4 September 2013).

<sup>152</sup> For the details of the agreements, see the official website of Taiwan's Straits Exchange Foundation at <http://www.sef.org.tw/lp.asp?CtNode=4382&CtUnit=2567&BaseDSD=21&mp=300> (Accessed on 20 December 2013).

<sup>153</sup> 'Mainland, Taiwan Negotiators Sign Service Trade Agreement', 21 June 2013, at [http://news.xinhuanet.com/english/china/2013-06/21/c\\_132475474.htm](http://news.xinhuanet.com/english/china/2013-06/21/c_132475474.htm) (Accessed on 20 August 2013).

<sup>154</sup> 'ECFA to Create New Opportunities, Pave Way for Golden Decade of Made-in-Taiwan Products', Office of the President (Republic of China (Taiwan) at <http://english.president.gov.tw/Default.aspx?tabid=1124&itemid=21869&rmid=3048> (Accessed on 20 August 2013).

<sup>155</sup> Dafydd Fell, *Government and Politics in Taiwan*, Routledge, London, 2012, pp. 167-168. The relevant section is 'Do We See a Revolution for Taiwan's External Relations under Ma?' in the chapter titled 'Taiwan's External Relations: Balancing International Space and Cross-Strait Relations' of the book.

policy goals were set in accordance with functional utility and importance. He succeeded in gaining observer status for Taiwan in the World Health Assembly of the WHO in 2009,<sup>156</sup> and visa-free entry for the Taiwanese to more than 100 countries.<sup>157</sup> Taiwan's inclusion in the US Visa Waiver Programme (VWP) in October 2012 was his major achievement. Taiwan is now the 37th country in the world, the 7th in Asia to become part of the VWP in spite of not having diplomatic relations with the US.<sup>158</sup> US President Barack Obama's signing into law the H.R. 1151 in July 2013 supporting Taiwan entry into the International Civil Aviation Organisation (ICAO) is Ma government's latest diplomatic achievement.<sup>159</sup> Taiwan was invited to attend the ICAO meet being held from 24 September 2013 to 4 October 2013.<sup>160</sup>

Thus, Taiwan's flexible diplomacy appears to have stabilised. Taiwan now seems to have realised that aggressive foreign policy moves, such as the bids to re-join the UN or to increase the number of its diplomatic

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<sup>156</sup> Ministry of Foreign Affairs of Republic of China (Taiwan) at <http://www.mofa.gov.tw/EnOfficial/NationalOrg/OrgList/?opno=6453f36a-1a1d-44ad-b912-40729a8d53c5> (Accessed on 25 August 2013).

<sup>157</sup> 'MOFA Warns against Visa-Free Misuse', *Taipei Times*, 12 April 2013, at <http://www.chinapost.com.tw/taiwan/foreign-affairs/2013/04/12/375828/MOFA-warns.htm> (Accessed on 25 August 2013); 'MOFA Denies Manipulating Visa-Free Count', *Taipei Times*, 28 June 2011, at <http://www.taipetimes.com/News/front/archives/2011/06/28/2003506864> (Accessed on 25 August 2013).

The exact figure is not available. However, it is more than 100, as per various media sources.

<sup>158</sup> 'US Grants Taiwan Visa Waiver Status', *Taipei Times*, 3 October 2012, at <http://www.taipetimes.com/News/front/archives/2012/10/03/2003544238> (Accessed on 25 August 2013); 'Visa Waiver Programme', Travel.State.Gov at [http://travel.state.gov/visa/temp/without/without\\_1990.html](http://travel.state.gov/visa/temp/without/without_1990.html) (Accessed on 25 August 2013); 'US Visa Waiver Gives Taiwan Wider Global Reach', Taiwan Insights at <http://www.taiwaninsights.com/tag/visa-free-status/> (Accessed on 25 August 2013).

<sup>159</sup> 'Obama Backs Taiwan Inclusion in the ICAO', *The China Post*, 14 July 2013, at <http://www.chinapost.com.tw/taiwan/national/national-news/2013/07/14/383711/Obama-backs.htm> (Accessed on 25 August 2013).

<sup>160</sup> 'Taiwan Invited to ICAO Meet as Guest: Officials', *Taipei Times*, 14 September 2013, at <http://www.taipetimes.com/News/front/archives/2013/09/14/2003572094> (Accessed on 25 August 2013).

allies, are bound to have repercussions vis-à-vis China. The PRC has very successfully drawn the red lines for Taiwan's foreign policy so that Taiwan operates in the international arena—only in non-diplomatic terms—only to serve its functional interests. Anything over and beyond this will invite retaliation. This trend is likely to continue in the foreseeable future, regardless of the party in power.

# 8

## CONTEMPORARY INDIA-TAIWAN RELATIONS

The establishment of *unofficial* relations between India and Taiwan in 1995 was a child born out of the marriage of India's Look East Policy and Taiwan's pragmatic foreign policy. Except for instances when Taiwanese ministers or officials visited India to attend multilateral meets, there were no official bilateral visits during the Cold War era. The cut-off in the relations was so complete that that it is difficult to find any happy anecdotes about India-Taiwan interactions during that period.<sup>161</sup> The legacy of no-contact is so real that even after about two decades of the establishment of *unofficial* relations, and the increasing realisation of looking at each other as valuable economic partners, the levels of mutual awareness and knowledge are still very low. The Taiwanese are yet to fully appreciate India's economic environment, and people in India are generally ignorant of the domestic and external dynamic within which Taiwan operates. India's knowledge of Taiwan's economic advancement, science and technological expertise, and educational standards remains minimal because of mutual neglect since long.<sup>162</sup>

The jettisoning of its ideology based foreign policy after the end of the Cold-War, and search for foreign capital in the backdrop of the 1991 economic crisis facilitated India's early contacts with Taiwan. The

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<sup>161</sup> I could collect only one anecdote in twenty-five interviews during the field-trip, and my earlier one-year stint in Taiwan. With great difficulty, I found Vice-Admiral (ret'd.) Lang Ning-Li, who very fondly remembers that, sometime in 1970s he, as a young naval officer along with his other crew members, visited an Indian naval ship; and the Indian side also made a return visit to his ship, in an Australian port.

<sup>162</sup> Some business contacts survived and endured during this period. Incidentally, in the 1980s, Indian jewellers had a very conspicuous presence in the business of diamonds and other precious and semi-precious stones in Taiwan, particularly in Taipei. However, later, the entry of international jewellery brands replaced them. Some jeweller families, who moved to Taiwan in the 1980s, are still living in Taipei's Tainmu area.

initiative came from the Indian side. The nature of early contacts was in the form of high level but unofficial visits to Taiwan for exploring economic opportunities. The most important of these was the Inder Kumar Gujral-led delegation to Taiwan in 1992. The delegation included R.N. Malhotra (retired Governor, Reserve Bank of India), A.P. Venkateswaran (retired Foreign Secretary) and Charan Das Wadhwa (an eminent economist).<sup>163</sup> The delegation met with then President Lee Deng-hui. The aim of the Gujral's visit to Taiwan was to scout for FDI for India. Some other events, like a seminar at the India International Centre (IIC), New Delhi in 1994 attended by a Taiwanese delegation, also took place.<sup>164</sup> These contacts could be considered as a prelude to establishment of relations in 1995.

### **Re-Establishing Relations: A Modest Beginning (1995-2000)**

India set up the India-Taipei Association (ITA) in Taipei in 1995. Former Ambassador Vinod C. Khanna was appointed the first Director General of the ITA. A few months later, Taiwan opened the Taipei Economic and Cultural Centre (TECC) in New Delhi. P.Y. Teng took charge of the TECC with the designation of Representative. It was clear that the nature of the relations was unofficial, not a relationship between two sovereign states. The ITA and the TECC were not embassies, though the two agencies were competent to execute agreements in functional areas on behalf of their governments without directly involving them. The beginning of the *informal* relationship was without any prejudice to India's support to the One-China policy. Khanna emphasised that there was no clandestine anti-China agenda behind the setting up of the ITA

<sup>163</sup> 'The India-Taipei Association: A Mission Extraordinaire', Interview with Ambassador Vinod C. Khanna, *Indian Foreign Affairs Journal*, 5 (2), April 2010, pp. 240-251. The interview remains the most reliable source on India-Taiwan relations in the 1990s. The information about the Gujral delegation is on page 244.

<sup>164</sup> See, 'Comments of Mr A. Madhavan, IFS (Retd), Former Ambassador of India to France', Chennai Centre for China Studies Website, 5 August 2008 at <http://www.c3sindia.org/feedback> (Accessed on 3 September 2013).

and TECC.<sup>165</sup> Prime Minister P.V. Narasimha Rao's instructions to Khanna when he was being considered for the appointment are instructive in this regard.

Do you think that this can be done without damaging in any way our relationship with the People's Republic of China (PRC)? That is far too important for us. I am told that it would in India's interest to establish economic relations with Taiwan, but we cannot risk our relations with the PRC.<sup>166</sup>

Thus, as Khanna unequivocally stated in an interview given to the *Indian Foreign Affairs Journal*, the reasons for the decision were purely economic. He argued that Taiwan's economic muscle, particularly its huge foreign exchange reserves of \$100 billion, were the main attraction for India. On the other hand, one can infer that Taiwan's pragmatic foreign policy that was striving to break-through Taiwan's diplomatic isolation prompted the decision to set up a Taiwan representative office in India.

Khanna's mandate was to build economic relations, though projecting India's view point on political or strategic matters in the domestic and international media was also his duty. However, he was clear that cultivating political connections was not his mandate. He recalled that the year 1995 marked a modest beginning in the relations. His main achievement was to put in place a proper visa mechanism for Taiwanese

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<sup>165</sup> While conducting interviews, this author came across an interesting version of Gujral's visit to Taiwan. In this view, India was under economic duress, and was willing to establish full ambassadorial relations with Taiwan in 1992 in the hope of Taiwanese investment. But, Taiwan did not take India seriously then. However, this version appears inconsistent in India's long-standing support to the One China policy that did not waver even after the 1962 war. Besides, this view is also inconsistent with the positive trajectory of India-China relations that began with Rajiv Gandhi's visit in 1988. Moreover, no ground-level activities were ever noticed that can corroborate the version. At best, what seems more reasonable is that India may have enquired whether Taiwan's investment would increase if India increased its contacts with Taiwan. Some light-hearted exchange of casual remarks may have taken place. Assuming that anything more than that level may have happened is inconsistent with the overall scheme of things in India-China relations, late 1980s onwards.

<sup>166</sup> 'The India-Taipei Association: A Mission Extraordinaire', Interview with Ambassador Vinod C. Khanna, *Indian Foreign Affairs Journal*, 5 (2), April 2010, p. 241.



wishing to visit India. Besides this, he also promoted educational links between India and Taiwan. However, on the economic front, the Indian expectations of Taiwanese investment could not be fulfilled because China was a much more attractive and closer destination for Taiwanese businessmen. Incidentally, according to Khanna, China took India's decision to set up the ITA in its stride, and did not make it an issue because India had taken utmost care not to convey a wrong message to China.

### **Optimism Versus Circumspection: 2000-2008**

There was an accelerated momentum in India-Taiwan relations after 2000. The proactive steps taken by the Democratic Progressive Party (DPP) government in Taiwan under President Chen Shui-bian were responsible for this. Unlike the KMT—a party that ruled Taiwan for five decades with pan-China convictions and stood for the eventual unification of Taiwan with China—the DPP that came into power in 2000 is a product of Taiwan's struggle for democracy and is known for its pro-independence proclivities. The DPP seeks the localisation of Taiwan's polity and does not rule out independence from China, if the Taiwanese people so decide.

President Chen Shui-bian started implementing independence without declaring it from the beginning, although he displayed a cautious approach towards China for some time seen in his 'Five No's Policy.' The DPP government promoted local Taiwanese culture in school text books, and by renaming roads and street squares. On the international front, the DPP government started exploring options for the diversification of Taiwan's foreign and economic relations as a security hedge vis-à-vis Mainland China.<sup>167</sup>

The government and its affiliated institutions espoused the idea of building international friendships with countries following democratic principles to create a larger strategic context favourable to Taiwan's security. At the same time, the DPP government pushed its Go South

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<sup>167</sup> Su Chi, no.147, p.91, 129-30. Incidentally, all this had started Lee Deng-hui's presidency in 1990s. Nevertheless, during Chen's presidency, these attempts received greater push.

Policy in the economic realm to incentivise Taiwanese businessmen to go to the countries south of Taiwan for trade and investment. The idea was to slow down the process of Cross-Strait economic intercourse. However, this was centred on South East Asian countries. Although India did not figure in Taiwan's Go South Policy, it did receive the sudden and serious attention of Taipei's diplomatic, security and strategic circles. The DPP leadership's expectations were, perhaps, based on the complicated history of India-China relations. India's military power and its strategic location in the Indian Ocean were also considered on their own merit. Although Taiwan did not envisage any military alliance with India, it was open to some sort of defence cooperation such as military exercises and intelligence sharing, with a political objective to deepen Taiwan's sense of security vis-à-vis China.

## **Initiatives**

The early initiatives were quite low-key and aimed at building people-to-people contacts. In fact, some of the contacts were so low-profile and personal in nature that it could be legitimately questioned whether they really had the sanction of the Taiwanese government. Be that as it may, all these initiatives are recounted in Taipei as early instances of people-to-people contacts with India. Education and science and technology were the main areas for cooperation and exchange.

### ***Education***

Several Indian academics are reported to have participated in a few of the conferences organised by Vice-President Annette Lu's organisation, the Democratic Pacific Union (DPU), which was working towards promoting Taiwan's visibility in the international arena. In 2002, Vincent Chen spent three months at the Institute for Defence Studies and Analyses (IDSA) in New Delhi as a Visiting Fellow. He was probably the first Taiwanese scholar to spend that much time in India. Likewise, Andrew Chou was reportedly the first active service officer who visited the IDSA, and stayed for about the same duration after him. K. Santhanam, the then Director General of the IDSA, also visited Taiwan during this period. Incidentally, the IDSA is seen as a government—or at least a quasi-government body—in Taiwan. In 2004, Taiwan began offering the Taiwan Scholarship and Mandarin Scholarship (National Huayu Enrichment Scholarship) to Indian students

too.<sup>168</sup> The Mandarin scholarship was suspended for a year or two because the Ministry of Education (MOE) had no education division at the TECC in India. Later, when the education division was set up, the scholarship was resumed. The Faculty of Social Science at the University of Delhi and Taiwan's National Chengchi University (NCCU) also signed an MOU in 2007.<sup>169</sup>

### ***Science and Technology***

Taiwan's Labour Ministry, the MOE, and the NSC took the initiative to invite Indian engineers for work and research to Taiwan. Academia Sinica, Hsinchu Science Park and Nangang Software Park hosted these engineers. Currently, there is a small but vibrant population of Indian engineers and researchers working in Hsinchu Science Park. More significantly, the ITA and the TECC signed an MOU on behalf of India's Department of Science and Technology (DST) under the Ministry of Science and Technology and Taiwan's NSC, in 2007. This MOU is a longstanding landmark of India-Taiwan cooperation between 2000 and 2008.<sup>170</sup> It is still in operation and encourages the promotion of joint research in the physical sciences. As per the MOU, the DST and the NSC hold annual meetings alternately in New Delhi and Taipei, which are attended by four to five representatives from each side. The main purpose of the annual meeting is to invite research proposals in

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<sup>168</sup> To begin with, Taiwan Scholarship was provided by Ministry of Education (MOE), Ministry of Economy Affairs (MOEA), and the National Science Council (NSC). Now, the MOE provides it.

<sup>169</sup> 'Memorandum of Understanding between University of Delhi (India) Faculty of Social Sciences and National Chengchi University (Taiwan R.O.C.)' at <http://oic.nccu.edu.tw/data/1121177595478196a026cf31.pdf> (Accessed 7 August 2014).

<sup>170</sup> 'India-Taiwan Programme of Cooperation in Science & Technology', Global Innovation and Technology Alliance Website at [http://gita.org.in/funding\\_country\\_4.html](http://gita.org.in/funding_country_4.html) (Accessed on 29 August 2013);

'India-Taipei Association in Taipei, and Taipei Economic and Cultural Centre in New Delhi, India-Taiwan Programme of Cooperation in Science & Technology Call for Joint Research Project Proposals' at [www.oir.iitm.ac.in/.../India-Taiwan-Call-for-Proposal-Documents-May-2](http://www.oir.iitm.ac.in/.../India-Taiwan-Call-for-Proposal-Documents-May-2) (Accessed on 29 August 2013).

The sources mentioned here contain some relevant information pertaining to the MOU.

the natural and physical sciences, and also to decide the number of joint workshops to be held in a year—normally between three and six. Twenty academics and officials—ten from each country—participate in these workshops. The MOU was renewed for another five years in 2012, and is a success story of India-Taiwan people-to-people relations. It demonstrates the sustainability of the institutional arrangements between the two sides. This MOU could be a model for cooperation in other fields also.<sup>171</sup>

Furthermore, China Airlines started a direct flight between New Delhi and Taipei in 2003. It has symbolic value as it established direct air contact between Taiwan and India.

### **The Desire for Strategic Cooperation**

Although the DPP government started with low-key contacts, Taiwan soon began making further efforts in the direction of strategic cooperation with India. These efforts were consistent with its vision for cooperation among democracies. The Taiwanese government offered a million dollar relief package after the 2001 earthquake in the Indian state of Gujarat. Vice-President Annette Lu herself volunteered to visit India and disburse the relief material. It was the first time after Chiang Kai-shek's visit in 1942 that a top ROC leader had expressed the desire to visit India. However, the Indian government refused to give her a visa and instead, Parris H. Chang, Deputy Secretary General of Taiwan's National Security Council (NSC) came to India, bringing the relief material. What should have been seen as a gesture became

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<sup>171</sup> This author would like to make a special mention of Dr. Fang Tien-Sze who very generously shared information, and never hesitated to clarify, about India-Taiwan cooperation in the fields of education and science and technology. He was Assistant Director, Science and Technology Division at Taipei Economic and Cultural Centre (TECC) in India from 2005-2011. Incidentally, his recent article 'Taiwan's Relations with India: Issues and Trends' (November 2013) is an important contribution to understand the current status of India-Taiwan relations. However, by the time this article was published, the present monograph had reached advanced stages of publication. Nevertheless, his views have been adequately represented in the monograph. The author is equally indebted to Dr. Lai I-Chung, Director, Foreign Policy Studies at Taiwan Think Tank, Taipei for sharing his information about the cooperation during the DPP government. For further details, see Appendix 1.

problematic because of its likely undesirable implications for India-China relations.<sup>172</sup>

### ***Defence Cooperation***

Around 2004, the DPP government initiated the process of forging a strategic relationship with India, and according to the Taiwanese interlocutors, some intelligence cooperation did take place between India and Taiwan. Parris H. Chang and Antonio Chiang (also a fellow Deputy Secretary-General, NSC), the two officials from the NSC and National Security Bureau (NSB), were responsible. The DPP government also sent several mid-level military officers to India during 2000-08 as a part of its delegations.

Unofficial sources suggest that other meetings also took place between different officials from both sides. While these cannot be confirmed, they do suggest the desire for strategic cooperation. For instance, the Taiwanese interlocutors, retired military officials and civilian military scholars, interviewed in Taipei in July 2013, further disclosed that during this period, the Indian and Taiwanese naval chiefs informally met in Singapore on the side lines of an international event. More than one source has confirmed this meeting. However, whether the meeting was a one-off or other such meetings have taken place is not clear, as is the nature of the meeting. The scope, nature and frequency of this intelligence sharing are difficult to determine. Moreover, this author had no means of cross-checking the information provided by Taiwanese interlocutors from Indian sources. However, on the basis of the information available about India-Taiwan relations in the public domain,

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<sup>172</sup> Incidentally, the earlier mentioned Annette Lu's DPU was desirous of inviting the Indian politicians to its conferences also, although this could not be possible due to the problems of access. The anonymous Referee B of this monograph supplied the information that DPU had India as a member in its member list. It invited Ms. Najma Heptulla, former Deputy Chairperson of Rajya Sabha, as a full delegate to attend a conference it organized in 2007. However, she did not go. The decision about her not attending the conference was not conveyed to the organizers either. Interestingly, the conference organizers and participants made the Head of the Department (HoD) of Delhi University's Department of East Asian Studies a deputy delegate by passing a resolution at the conference on 13 August 2007. The HoD was the sole Indian representative in the conference. The MEA or the IFA did not find this episode significant enough to take cognizance of it, or comment on it.

it seems that these initiatives were quite modest and only indicative of Taiwan's desire for strategic cooperation with India.

### **The Taiwan-India Cooperation Council (TICC)**

The establishment of the Taiwan-India Cooperation Council (TICC) in Taiwan was an important indication of Taiwan's seriousness about building good relations with India as well as its endeavour to achieve some political semblance for them. Interestingly, this event was important for it exposed the fragile nature of the new relationship by stoking the factional politics within the DPP.

Although the personalities attached with it deny that the Council had any political agenda, the political overtones inherent in the TICC could not have been overlooked. The TICC was set up in 2006, though work on it had started in 2004. Former Prime Minister Yu Shyi-kun, who had just stepped down in 2005 and was still the chairman of the ruling DPP, became the chairman of the TICC. Lai I-chung was its Secretary-General. A number of Taiwanese ministers and officials were members. The immediate objective of the TICC was to promote coordination between the government, industry and academics as well as awareness about India to encourage industry and investors to do business with India. Its main activity was to organise conferences on economic issues.

However, from its start, this initiative ran into trouble. Political interlocutors whom the author interviewed suggest that there was political rivalry between Yu and the Prime Minister Su Tseng-chang (the current DPP Chairman). While there can be views and counter-views about this, the Council could not get the support it needed. The Prime Minister considered the TICC as a platform for Yu to consolidate his political influence. Deputy Prime Minister Tsai Ing-wen's support for the TICC aggravated these apprehensions as Ing-wen was also his opponent. The initiative could not get the support of the ITA either. The old-timers connected with the Council rue the fact that Vijay Gokhale, the then Director-General of the ITA, never attended the Council's programmes. His representative, who attended the founding ceremony of the TICC, did not share the dais with the Taiwanese. The TICC could not elicit support from the ITA for its initiatives. However, in Indian perspective, such a pronounced political character of the

TICC could not be palatable for them. The ITA's involvement in the TICC could also lead to unforeseen diplomatic complications.

In addition, the position of the Council was seriously undermined after the KMT presidential candidate Ma Ying-jeou's India visit in 2007. There was criticism of the Council as to why Ma could visit India while the Chairman of the Council could not. Lastly, the KMT government that came to power in 2008 considered the TICC as being a DPP legacy. It forced the Council to change its leadership. The government could succeed in doing so because the Council received funds from the government for research. The CEO of TECO (Dongyuan Corporate) Michael Huang became its chairman in 2008. The Council is still in existence on paper, but in reality, from all available reports, it appears to have ceased functioning.

### ***George Fernandes's Taiwan Visits***

George Fernandes, former Defence Minister of India, visited Taiwan twice in his personal capacity—first in 2004 and again in 2006—at the invitation of the Taiwan Think Tank, a body that is strongly identified with the DPP. He was the senior most Indian politician to visit Taiwan during the tenure of the DPP government. He reportedly empathised with Taiwan's security concerns, and supported the idea of an India-Taiwan-Japan strategic alliance. Perhaps his famous 'China is India's No. 1 enemy' statement had attracted the attention of Taiwanese politicians and scholars close to the DPP. He participated in seminars with some prominent Taiwanese politicians. He is fondly remembered in Taipei as someone who had a vision of India-Taiwan relations when nobody else seemed to care about them.<sup>173</sup>

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<sup>173</sup> The author held long discussions about India-Taiwan relations during the DPP era with Shih-chung Liu (Director, Department of International Affairs, DPP), Huai-Hui Hsieh (Deputy Director, Department of International Affairs, DPP), Jiann-Jong Guo (Executive Director, Taiwan Think Tank, Taipei), Lai I-Chung, and Hsu Chien-Jung (Managing Editor, Thinking Taiwan Forum, Taipei). He also had prolonged conversations with Professor Liu Fu-Kuo and Associate Professor Chen Mumin on the same subject. Information about India-Taiwan relations is drawn on these interviews. For details, see Appendix 1. However, the conclusions do not necessarily reflect the views of the interviewees. They may not share the conclusions. The conclusions are mine alone.

## **Analysis of the Relations between 2000 and 2008**

The DPP government's focus on building India-Taiwan relations through low-key initiatives and people-to-people contacts should not be dismissed offhand as it is a natural way to build a new relationship. Moreover, this was consistent with Taiwan's strategy of pursuing flexible and pragmatic people-to-people diplomacy. Despite its modest success, the DPP displayed a political vision for India-Taiwan relations. In spite of being out of power for six years, its New Frontier Foundation organises seminars where Taiwan's India hands hold discussions. It strives to maintain a regular and live contact with India. The DPP sends its party and legislative delegations to India, the last visit being in 2011. The DPP leader, Tsai Ing-wen, visited India in 2012. It still espouses the idea of cooperation among democracies. During the last presidential election, the DPP's presidential candidate Tsai Ing-wen, propounded a foreign policy vision of cooperation among democracies that included India, the US and Japan. India is probably the only country mentioned by the DPP in the same breath as the US and Japan. The desire for military and intelligence cooperation with India appears as a prominent reference point in DPP circles.

However, the DPP government's political vision and its attempts to forge a political relationship with India were, perhaps, too far ahead of their time. Incidentally, its overtures to India attracted the US attention as well. The DPP's political overtures to India came abruptly, without any history or context. India's denial of a visa to Vice-President Annette Lu and the distance maintained by ITA officials from the TICC are evidence of India's cold response to these moves. It appears that either the DPP government was unaware, or, in its optimism, it had overlooked the complex nature of India-China relations.

The course of India-China relations from 1988 onwards, and the course of Taiwan-China relations from the mid-1990s till 2008, followed two different trajectories. As mentioned earlier, India and China had embarked on a journey of cooperation after India's Prime Minister Rajiv Gandhi's visit in 1988. Between 1988 and 2005, the two countries achieved major successes in the security and political arenas (see chapter on India's Look East Policy). Cooperation has all along dominated friction in the India-China bilateral relations. On the other hand, Taiwan-China relations took a dangerous turn following the 1995-96 Cross-



Strait Crisis. Suffice to say, that during Chen Shui-bian's government from 2000 to 2008, the threat of a Chinese invasion of Taiwan was very real (see chapter on Taiwan's Pragmatic Diplomacy).

The DPP's strategic vision of three-way cooperation between India, Taiwan and Japan was opposed within Taiwan — not only by the opposition KMT but also by politically non-affiliated sections. For them, such ideas were too risky given the state of Cross-Strait relations. Moreover, India was an alien power in Taiwan Strait. It neither had stakes in the Taiwan Strait nor did it have sufficient political and economic wherewithal to carry out strategic manoeuvres in the region. Further, India's dabbling in the troubled waters of the Taiwan Strait surely would have invited reaction not only from China but also from other stakeholders in the region, like the US. Thus, it was difficult for the DPP to find takers for its India vision. Its legacy in India-Taiwan relations is people-to-people contact and an on-going functional cooperation.

### **On the Same Page: 2008 Onwards**

There is a widely shared perception in Taiwan that President Ma Ying-jeou's KMT government that came to power in 2008 is unenthusiastic about India. This perception requires a careful examination.

The Taiwanese critics of the Ma government argue that the Ma government does not accord political importance and priority to India. They point out that India no longer finds any serious mention in government pronouncements, and that any mention of India in the Ma government's New Go South Policy is but perfunctory. Many political and academic interlocutors are critical of the government for being indifferent to the military and intelligence cooperation begun by the DPP government. It is insinuated that the people without intimate knowledge about India, or any sustained professional interest in India, are overseeing India affairs in Taiwanese foreign policy and security set-up. Similarly, it is suggested by critics that Taiwanese representatives in India do not enjoy the political confidence of the government. Thus, Wenchi Ong, as Taiwan's representative to India, was not given a political mandate. Moreover, according to critics, the government has not taken any action on India's request for cooperation towards Chinese language teaching in India's Central Board of Secondary Education (CBSE)-run schools. The MOE is criticised for being lackadaisical

regarding the running of the three Taiwan Education Centres (TEC) in India. As evidence, they cite budgetary cuts made by the MOE. The critics are of the view that the Ma government has scaled down relations with India because of its concerns regarding Mainland China.

To arrive at an understanding of the actual ground situation, it is important to examine the period 2008 onwards—when the KMT came back to power and Ma Ying-jeou became the President.

## **Initiatives during the KMT Government**

### ***Economy***

India and Taiwan concluded the long-pending Double Taxation Avoidance Agreement in 2011, and also signed the Customs Cooperation Agreement. The Indian Federation of Indian Chambers of Commerce and Industry (FICCI) and the Taiwan External Trade Development Council (TAITRA) signed the Carnet Protocol in 2013. The Protocol falls in the same category as the ATA Carnet and was facilitated by the ITA and TECC.<sup>174</sup> These agreements are important for business facilitation.

The ITA has been successful in facilitating the formation of the Taiwan-India Business Association for government-industry coordination, and has around 70-80 companies as its members. The Taipei Computer Association (TCA)<sup>175</sup> and the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) have set up designated cells for India. The TCA is the largest representative body of Taiwan's information technology and computer industry. The ITA has started a quarterly magazine and a weekly newsletter that focuses on the economy. All these efforts have been undertaken to increase awareness and

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<sup>174</sup> 'FICCI-TAITRA Carnet Protocol to Facilitate Temporary Duty Free Admission of Goods/Exhibits between India and Taiwan', Press Release, 18 March, 2013 at <http://www.atacarnet.in/indiaprwire-18-march-2013.html> (Accessed on 5 September 2013).

<sup>175</sup> 'Office of Taiwan-India Cooperation, Taipei Computer Association', Official Webpage at [http://www.emmaexpo.com/en\\_US/exh/info.html?id=0ACA804D78E4BEDCD0636733C6861689](http://www.emmaexpo.com/en_US/exh/info.html?id=0ACA804D78E4BEDCD0636733C6861689) (Accessed on 5 September 2013).

improve business sentiment about the Indian market, and to remove misperceptions about India's business climate. The TECC set up a new office in Chennai in 2012. The China Trust Bank has also opened its second branch in Sriperumbudur, Tamil Nadu.<sup>176</sup> As a matter of policy, the TECC assisted and facilitated the entry of Taiwan's steel giant China Steel Corporation (CSC) into India. Initially, China Steel invested \$178 million in Gujarat where it has since begun operations.<sup>177</sup> It was a policy decision to support CSC as its success would inspire other Taiwanese companies to invest in India. Incidentally, bilateral trade too has increased since 2008 (see Table 1).

- a. India Taskforce: The Ma government's New Go South Policy, like the old Go South Policy, aims at diversifying Taiwan's international economic relations. However, the scope of the new policy has been extended from the South East Asian countries to Australia, New Zealand and India. The establishment of the India Task Force indicates that India is priority. The MOEA constituted the Task Force for India in 2011. The vice-minister of MOEA is the chairman of this Task Force, which also has government officials, think-tankers, and Taipei Computer Association as members. The Task Force has five sub-groups:
  1. Economic Cooperation
  2. Industrial Cooperation
  3. Trade Cooperation
  4. Education Cooperation
  5. Economic Cooperation Agreement (ECA)

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<sup>176</sup> The information is available at the bank's website [www.chinatrustindia.com](http://www.chinatrustindia.com) (Accessed on 5 September 2013).

<sup>177</sup> 'China Steel Corp to Invest \$178 M in New Plant in Gujarat', *Business Line*, 25 August 2011 at <http://www.thehindubusinessline.com/companies/china-steel-corp-to-invest-178-m-in-new-plant-in-gujarat/article2396950.ece> (Accessed on 5 September 2013).

The sub-groups hold separate meetings with government agencies that are of concern to them. Then, the entire taskforce meets under the chairmanship of the vice-minister. The Task Force sends its report to Taiwan's Executive Yuan once in six months. It is not time-bound and is on-going. As of July 2013, the Task Force has made two recommendations:

1. The Government of Taiwan should encourage private sector companies to invest in India.
2. The Government should send more delegations to India.

Besides, the Bureau of Industry of the MOEA has undertaken a research project to explore the possibilities of Taiwan entering into joint ventures with Japan in India. However, as of now, Taiwan has not achieved success on this count as the Japanese companies want to go it alone. Incidentally, it is not clear whether the research project of the Bureau of Industry is part of the Task Force or is a separate entity.<sup>178</sup>

- b. India-Taiwan FTA Study: The Chung-hua Institution of Economic Research (CIER) and the Indian Council of Research on International Economic Relations (ICRIER) conducted a joint feasibility study on a FTA/ECA. The Bureau of Foreign Trade and the office of Trade Negotiation in Taiwan supervised this study.

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<sup>178</sup> The vice-minister of MOEA visited India in September 2013 to attend the seventh EMMA Expo held in Chennai, from 5-7 September 2013. The ministerial delegation had three groups: investment, trade promotion, and economic dialogue. In this delegation, there were around 150 members, representing relevant sections of the government and non-government sectors relevant to the already mentioned three groups. The delegation was supposed to have economic dialogue with India's commerce ministry. Around 125 Taiwanese companies reportedly had registered for this exhibition. The author gathered much of the information about this visit while he was in Taiwan during his field-trip. However, the visit was well-covered by the Indian media. See, '150-Strong Taiwan Trade Team to Visit India', *Business Standard*, 3 September 2013, at [http://www.business-standard.com/article/news-ani/150-strong-taiwan-trade-team-to-visit-india-113090300685\\_1.html](http://www.business-standard.com/article/news-ani/150-strong-taiwan-trade-team-to-visit-india-113090300685_1.html) (Accessed on 7 September 2013); also see, '150-Strong Taiwan Trade Delegation Coming to India', *The Times of India*, 5 September 2013, at [http://articles.timesofindia.indiatimes.com/2013-09-05/pune/41800451\\_1\\_trade-delegation-taiwan-food-processing](http://articles.timesofindia.indiatimes.com/2013-09-05/pune/41800451_1_trade-delegation-taiwan-food-processing) (Accessed on 7 September 2013).

However, the China First Policy is an important component of PRC's One-China Policy. This policy allows Taiwan to join any international organisation in which statehood is not a criterion, and only if China is already a member of the organisation in question. For example, China allowed Taiwan to join the WTO only after it had joined it first. This policy is not limited to international organisations. When Taiwan succeeded in having a direct flight between New Delhi and Taipei in 2002, China asserted its China First Policy by starting direct flights between New Delhi and Beijing (on April 1), four days before the flight between New Delhi and Taipei was scheduled to be inaugurated.<sup>179</sup> China did not object to the Taiwan-New Zealand FTA because it already had one with New Zealand.<sup>180</sup> Similarly, it may not object to the Taiwan-Singapore FTA for the same reasons.<sup>181</sup> However, it would be difficult for Taiwan to join the TPP without China joining it first, though the reasons for Taiwan not joining the TPP, as of now, have nothing to do with China's objections—and are purely economic.

However, the MOFA officials reiterate that PRC's China First policy would not pose any problem for the India-Taiwan FTA as China already has ECFA with Taiwan—which is a free trade framework. Recently, Taiwan signed an agreement for trade in service with China under ECFA, and it will soon have another agreement for goods trade. Besides, the entire political and economic dynamics of the Cross-Strait relations has changed since the direct flight episode in 2002. Nevertheless, if the India-Taiwan FTA comes to pass, India will be the first large economy, other than China, with whom Taiwan will have an FTA.

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<sup>179</sup> Prakash Nanda, 'Taiwan's Courtship with India', in Prakash Nanda (ed.), *Rising India: Friends and Foes*, 2007, Lancer Publishers, New Delhi, p. 310.

<sup>180</sup> 'Taiwan and New Zealand Sign Free-Trade Agreement', *The Wall Street Journal*, 10 July 2013, at <http://online.wsj.com/article/SB10001424127887324425204578597022344060966.html> (Accessed on 7 September 2013).

<sup>181</sup> 'We Applaud the Taiwan-Singapore FTA', Kuomintang Official Website, 6 August 2010, at <http://www.kmt.org.tw/english/page.aspx?type=article&num=113&num=8444> (Accessed on 7 September 2013).

Therefore, India would have to be mindful of a possible Chinese reaction.<sup>182</sup>

### ***Education and Culture***

The MOE has established two TECs and two Taiwan Education Program (TEP) in India after 2008: TECs at the OP Jindal Global University in Haryana in 2011; the Amity University in Uttar Pradesh in 2011; and TEPs at the Jamia Millia Islamia in Delhi in 2013 and at the China Studies Centre, IIT Madras in 2013.<sup>183</sup> The TEC focuses on Chinese language teaching. The TECC has facilitated the establishment of these centres. While the funding comes from the MOE, they are administered by the National Tsing Hua University (NTHU). Taiwan provides teachers and teaching material. It spends around \$15,000 per teacher per year whereas the Indian universities provide them with free accommodation and some other facilities, like insurance. In 2013, the MOE had some budgetary problems and, therefore, the MOFA pitched in with financial assistance to the centres. There are proposals to expand this programme to other universities too. However, the MOE appears unwilling to expand the programme further.

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<sup>182</sup> 'Overview of Taiwan's Progress on FTA/ECA: Progress in Launching and Signing of FTAs between Taiwan and Its Primary Trading Partners (the United States, Singapore, the European Union, the ASEAN, Japan, New Zealand, India, and Australia)', 7 January 2013, A Ministry of Economic Affairs document, available at [www.moea.gov.tw/Mns/otn\\_e/content/vHandMenuFile.aspx?menu](http://www.moea.gov.tw/Mns/otn_e/content/vHandMenuFile.aspx?menu) (Accessed on 7 September 2013).

<sup>183</sup> 'India Seeks Chinese Teachers', *Taipei Times*, 11 May 2011, <http://www.taipeitimes.com/News/taiwan/archives/2011/05/11/2003502966> (Accessed on 3 August 2013); 'India's Taiwan Education Center to Focus on Language', *Taipei Times*, 3 August 2011, at <http://www.taipeitimes.com/News/taiwan/archives/2011/08/03/2003509826> (Accessed on 8 September 2013); 'Taiwan Language Education Program Opens in India', *Taipei Times*, 2 August 2013, at <http://focustaiwan.tw/news/aedu/201308020027.aspx> (Accessed on 8 September 2013); 'India Needs More Native Mandarin Instructors to Teach the Language Which can Bridge the Gaps in Trade between India and China, Says H.E. Wenchyi Ong', 8 August 2012, at <http://www.amity.edu/events/eventdetails.asp?id=2231> (Accessed on 8 September 2013); 'Taiwan Education Centre, India' at [tecindia.proj.nthu.edu.tw/index.php?lang=en-US&active=ReportItem&item=16](http://tecindia.proj.nthu.edu.tw/index.php?lang=en-US&active=ReportItem&item=16) (Accessed on 18 September 2013); 'Inauguration of the Taiwan Education Program India', IIT Madras China Studies Centre at <http://csc.iitm.ac.in/?q=node/399> (Accessed on 18 September 2013).

The foreign ministry officials argue that the MOE has taken the then Indian Human Resource Minister Kapil Sibal's request in 2011 for 10,000 Chinese language teachers as symbolic of communicating the likely demand for Chinese teachers, if the CBSE were to decide to introduce Chinese in CBSE schools.<sup>184</sup> It would be difficult for Taiwan to provide so many qualified Chinese language teachers in view of its small demography. The MOE is reportedly having internal discussions on the possibility of cooperating with the CBSE in this regard, and providing teachers in a phased manner.

The number of MOUs between Indian and Taiwanese universities has gone up noticeably after 2008. Incidentally, the NTHU tops the list of these. The university has reportedly the largest population of Indian students. The NTHU has signed MOUs with the University of Delhi (2009), IIT Delhi (2009), IIT Madras (2009), the IISC Bangalore (2009), and JNU, New Delhi (2012). These MOUs facilitate student and faculty exchange. The IIT Kharagpur and National Chiao Tung University of Taiwan signed an MOU for student exchange in 2012.<sup>185</sup> In the summer

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<sup>184</sup> The foreign ministry officials interviewed are Stephen S.C. Hsu and Jia-Xiang You. For details see Appendix 1. 'India Seeks Chinese Teachers', *Taipei Times*, 11 May 2011, at <http://www.taipetimes.com/News/taiwan/archives/2011/05/11/2003502966> (Accessed on 8 September 2013).

<sup>185</sup> 'MOUs List', University of Delhi Official Website at [http://www.du.ac.in/fileadmin/DU/about\\_du/PDF/14213\\_MoUs\\_List.pdf](http://www.du.ac.in/fileadmin/DU/about_du/PDF/14213_MoUs_List.pdf) (Accessed on 9 September 2013); 'Memorandum of Understanding between Indian Institute of Technology Delhi (IITD) and National Tsing Hua University (NTHU)', National Tsing Hua University Website at <http://oga.nthu.edu.tw/userfiles/files/contract/India-IITD.pdf> (Accessed on 9 September 2013); 'Memorandum of Understanding between National Tsing Hua University (NTHU) and Indian Institute of Technology Madras, Chennai, India', National Tsing Hua University Website at <http://oga.nthu.edu.tw/userfiles/files/contract/India-IITM.pdf> (Accessed on 9 September 2013); 'Memorandum of Understanding between National Tsing Hua University, Taiwan and Indian Institute of Science, Bangalore, India for Cooperation in the Field of Research and Education', National Tsing Hua University Website at <http://oga.nthu.edu.tw/userfiles/files/contract/Indian-IISc.pdf> (Accessed on 9 September 2013); 'Memorandum of Understanding between Jawaharlal Nehru University, New Delhi, India and National Tsing Hua University, Taiwan', National Tsing Hua University Website at [http://oga.nthu.edu.tw/userfiles/files/contract/India-U\\_of\\_Jawaharlal%20Nehru%20University.pdf](http://oga.nthu.edu.tw/userfiles/files/contract/India-U_of_Jawaharlal%20Nehru%20University.pdf) (Accessed on 9 September 2013);

'Academic & Research Agreements Signed during 2012–2013 International Level' at <https://www.iitsystem.ac.in/Archive/MOU-PDF/IITKGP/MOU%20International%202012-13.pdf> (Accessed on 9 September 2013); at <http://units.nccu.edu.tw/server/publichtml/html/w800/ew800.html> (Accessed on 9 September 2013).

of 2013, 23 students from different IITs visited Taiwan as part of this programme. India Studies Programmes are being started in various formats in Taiwanese universities. The College of International Affairs, founded in 2011 at the NCCU, has a Centre for Indian Studies. The NTHU is also trying to set up an India Centre.

On the other hand, with the active facilitation of the IITA, the Association of Indian Universities (AIU) has granted recognition to Taiwanese degrees. The Indian Council of Cultural Relations (ICCR) has given scholarships to two Taiwanese students.<sup>186</sup> These initiatives can serve to assuage the Taiwanese complaints that most of the initiatives in bilateral relations between India and Taiwan have been taken by the latter.

## **The Roadblocks in Trade and Investment**

With the exception of Taiwanese Information Technology (IT) sector, there is a negative perception of India's business environment in Taiwan. The IT sector is exception probably because it deals with the large companies, and perhaps because this sector has limited interaction with the bureaucracy. However, Taiwanese IT companies have their apprehensions when it comes to working with the government, and with semi-government organisations.<sup>187</sup>

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<sup>186</sup> Discussion with Pradeep Kumar Rawat, the DG, IITA, Taipei. Also see for the information about the recognition of the Taiwanese degrees, 'India recognizes degrees of all Taiwan universities', TECC in India Website at <http://www.taiwanembassy.org/IN/ct.asp?xItem=145349&ctNode=5059&mp=277> (Accessed on 10 September 2013).

<sup>187</sup> The Taipei Computer Association, set up in 1974, has 4000 Taiwanese ICT companies, which make 80 per cent of Taiwanese companies as its members. The Association is working for Taiwan-India cooperation in certification, market development, HR cooperation, activities, and product trends collection. The association is active in job placement for the Indian students. It is working in close coordination with agencies like Times Jobs and National Institute of Electronics and Information Technology (NIELIT). It organizes a Taiwan-India Forum annually. The Association participated in 2012 career fair in India held by Times Jobs. The Association has some cooperation with the IIM, and also the IITs. The TCA website has a special India page, and another named Fans of India-Taiwan (Fans of IT) on Facebook. According to a survey conducted by the Association, 90 per cent of Indian talent/students working or studying in Taiwan are interested in staying back in Taiwan, or to work with Taiwanese companies after returning to India. Most importantly, by the end of this financial year, the Association will set up a service centre and branch office in Bangalore. As of now, the Bangalore centre is the main focus. The author received this information from Ihuan Lee, Director, Office of Taiwan-India Cooperation, Taipei Computer Association, Taipei with whom he had an interaction in Taipei during the field-trip.



In relative terms, India-Taiwan bilateral trade has grown from the 1995 levels when the bilateral trade was reportedly around \$700 million. Bilateral business and other forms of cooperation are more evident in the IT sector. The Taiwanese construction giant, Continental Engineering Corporation (CEC) and steel giant China Steel Corporation (CSC) have business operations in India. However, the growth in bilateral trade is very slow and the investment is negligible. The reasons for this are three: economics; perception, and the bureaucratic tendency to treat Taiwanese companies as Chinese companies.

### ***Economic Reasons***

The main reason for the slow progress of economic ties between India and Taiwan are economic. First, China is the overarching reality that has overshadowed Taiwan's economic relations. It has emerged as Taiwan's number one trading partner and investment destination. The total bilateral trade was worth US \$ 113.2 billion in 2013 that comprised 21.57 per cent of the total trade.<sup>188</sup> China is the biggest and the closest market available to the Taiwanese entrepreneurs, and is capable of satiating their appetite. At the same time, it has the advantage of nearness, shared language, culture, customs and traditions where personal connections are easy to build. In comparison, India is a distant country, with an unfamiliar civilisation and language, and where personal connections and bonds are difficult to cultivate. Besides, Taiwanese entrepreneurs are more inclined to trade with the developed world rather than with the developing economies. China's export-friendly policies have been a major attraction for them. Taiwanese companies doing business in China are, in general, export-oriented; they use China to gain access to the markets of the developed world. In the case of India, they are convinced that India does not provide better, or equal, options for export. Moreover, China is perceived as a much more business-friendly country — especially when it comes to government regulations and bureaucracy — than India.

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<sup>188</sup> 'Value of Exports & Imports by Country', Bureau of Foreign Trade (Taiwan), Time Period 2013/01 - 2013/11, at <http://cus93.trade.gov.tw/ENGLISH/FSCE/> (Accessed on 22 January 2014).

Secondly, Taiwanese companies face stiff competition from Japan and South Korea because of India's CEPA with Japan and South Korea, and its FTA with ASEAN.

India's CEPA with South Korea and Japan, and its FTA with ASEAN are major causes of worry for such Taiwanese companies as petrochemical and steel industries. With lower import tariffs on relevant products from Japan, South Korea and some ASEAN countries, which will eventually come down to zero over a period of time, some Taiwanese products have lost their competitiveness in the Indian market. This phenomenon has not only hurt the competitiveness of Taiwanese products in the Indian market, but may also discourage Taiwanese investment in India. For Instance, China Steel Corporation (CSC) indicated that the plan for the first phase of production and sales of electrical steel coils by its branch 'China Steel Corporation India Private Limited' in the state of Gujarat calls for its raw material 'cold rolled steel coils' to be supplied CSC. However, India's import tariff of 7.5 per cent on cold rolled steel coils from Taiwan is excessive, and higher than the 2.5 per cent on imports from Japan and South Korea. This will significantly increase procurement costs for CSC's branch in Gujarat, seriously impacting its competitiveness and ultimately affecting the feasibility of subsequent expansion of investment in India.<sup>189</sup>

The concerned Taiwanese officials this author interviewed complained that if a Taiwanese company operating in India, has to import an item required for production from its main facility in Taiwan, it has to pay more tariff than its Japanese or Korean counterparts. Incidentally, this problem is being repeatedly highlighted—mainly by Taiwan's CSC.

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<sup>189</sup> Information given in a written Note provided by the Bureau of Foreign Trade, to the author.

### ***Negative Perception of India***

The level of awareness about India is generally very low in Taiwan. Taiwanese companies are yet to fully appreciate the spending capacity of the Indian middle class. The poor logistical infrastructure, like electricity and roads, deter Taiwanese businessmen. Corruption and bureaucratic hassles also contribute to this negativity. In terms of culture and life-style, the Taiwanese generally view India as being backward which dissuades entrepreneurs from doing business with India.

### ***Taiwanese Companies treated as Chinese Companies***

Taiwan has a problem with India's implementation of the One-China Policy in the economic realm. It believes that when it comes to tourism and investment, India has somehow been treating Taiwan as an appendage of China since the early 1990s. As such, Taiwanese tourists are denied access to the areas where the entry of Chinese citizens is restricted. Similarly, Taiwanese companies, like the Chinese companies, have to undergo a longer review process, and are not given a one-time banking clearance to bring in capital.

The Case of the Continental Engineering Corporation: The CEC complained in 2013 that the Government of India was applying the same rules to it that it applies to Chinese companies. The details of this case are as follows:

The CEC complained that it has set up project offices for construction tenders in India through an automatic approval route since 2006. In 2012, the CEC established a new project office for its project in the New Delhi Metro Rail Project. However, the Reserve Bank of India (RBI), for the first time, regarded the CEC as a Mainland Chinese company, and thus required a copy of the RBI's prior permission in accordance with Regulation 4 of Notification No. FEMA 22/2000-RB dated May 3, 2000 [which reads] as follows: 'No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran or China, without prior permission of the Reserve Bank, shall establish a branch, a liaison office or a project office in India' The RBI's citation of this rule will impose an extra review process on CEC's new project offices

and incur risks and uncertainties for CEC's tender bidding and fund transfer activities in India in the future.<sup>190</sup>

This episode became an issue in Taipei as the company took it up with Taiwanese opposition leaders.<sup>191</sup> The application of China-specific rules to Taiwanese companies creates unpredictability. A company can face a problem any time, regardless of how long it has been doing business in India. As Taiwanese interlocutors argue, this situation will scare the Taiwanese away from the Indian market. The Taiwanese say that such steps by India touch a painful nerve, and they reiterate that Taiwan is treated as a separate economic entity everywhere in the world, even in China.

### ***Weak Financial Links***

Weak financial and banking links are also cited as a reason for weak economic relations between India and Taiwan. Till recently, there was only one Taiwanese bank (China Trust Bank) in New Delhi; but it has since set up a second branch in Sriperumbudur in 2012. On the other hand, there is no Indian bank in Taiwan. Nevertheless, the suggestion that strong banking links are a critical requirement for enhancing bilateral trade and commerce is not convincing. Taiwan-China bilateral trade and investment had touched great heights before they finally established banking links. Besides, one bank is adequate for corporate banking. However, it will be good for both countries to have robust banking relations. The reasons for the existing weak banking links are mainly

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<sup>190</sup> Information given in a written Note provided by the Bureau of Foreign Trade to the author. Also see for the said Regulation, 'Foreign Exchange Management (Establishment in India of Branch or Office or Other Place of Business) Regulations, 2000', Notification No. FEMA 22 /2000-RB dated 3 May 2000, Reserve Bank of India (RBI) at [http://www.rbi.org.in/Scripts/BS\\_FemaNotifications.aspx?Id=176](http://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=176) (Accessed on 10 January 2014).

<sup>191</sup> 'Taiwan Raises Issue with India over Investments', *Taipei Times*, 19 July 2013, at <http://www.taipeitimes.com/News/taiwan/print/2013/07/19/2003567675> (Accessed on 14 August 2013). The author was conducting his field-trip in Taiwan when this issue came up. He came to know about the company taking up the issue with opposition leaders in the course of his interviews.

market-driven and managerial. Taiwanese banks have a difficulty in finding bilingual and bicultural mid-level managers to handle operations in India. Besides, professionals in the Taiwanese banking sector are disinterested in India as India cannot offer the high salaries and lifestyle of Hong Kong and Singapore. Moreover, high capital requirements and other licence regulations are a disincentive for Taiwanese banks. On the other hand, Taiwan is not attractive for Indian banks because of small profit margins from its banking market.

### ***Summary***

There is some basis for Taiwan's grievance that India is yet to treat it as an economic reality separate from Mainland China, and that the absence of an FTA/ECA between India and Taiwan are making it tough for Taiwanese companies to compete with Japanese and South Korean companies. However, the problem faced by the CEC seems to be more of a bureaucratic hassle than a political problem, which can be sorted out through dialogue at appropriate levels. To believe that this is the only reason for the low economic interaction between India and Taiwan would be erroneous. The issue of an FTA/ECA between India and Taiwan has also come up recently, and the feasibility study about India-Taiwan FTA indicates that the two sides are giving serious thought towards this. However, it will be some time before anything concrete can come about because India has issues regarding its trade deficit with Taiwan.

Governments can only facilitate business. They cannot impose their political agenda on businessmen, and compel them to do business with a particular country when they do not find that country attractive from the business point of view. A relevant example would be that, despite the best efforts of the ITA, tourism to India has not taken off because the tour packages from Taiwan to India are more expensive than countries like the Philippines. That China offers better business opportunities for the Taiwanese entrepreneurs than most countries, including India, is commonly accepted. However, even though China dominates Taiwan's economic landscape, Taiwan's international economic relations are quite diversified. Japan, the US, ASEAN and the EU all have strong trade and investment relations with Taiwan. In 2013, Japan was the number one exporter to Taiwan with 10.82 per

cent share in Taiwan's total trade.<sup>192</sup> India-Taiwan bilateral economic relations also have space for growth if properly cultivated.

In this author's assessment, bilateral economic relations between India and Taiwan remain stunted mainly because of perception problems. Taiwan is still mainly interested in India's IT sector. Incidentally, Taiwan is looking for qualified manpower from India for its IT sector which is facing stiff competition from China and South Korea. Taiwan needs to appreciate that India's economy goes much beyond IT. In spite of complaints regarding poor infrastructure, corruption, and slow decision-making being largely true, the Indian business environment is relatively liberal and based on the rule of law. In recent times, many Taiwanese companies have reportedly moved to Vietnam, Cambodia, Myanmar and Bangladesh. It is difficult to believe that India will fare worse than these countries as a liberal economy. The crux of the problem, however, lies in the lack of awareness on both sides.<sup>193</sup>

### **The Possibility of Defence Cooperation: Taiwanese Perspectives**

Whether India and Taiwan can have some degree of cooperation in the defence, military and intelligence fields are subjects of valid enquiry. The author is not in a position to confirm the veracity of the information related to defence cooperation during the DPP government in Taiwan, which has been discussed earlier. The Indian side has never mentioned any such cooperation. However, Taiwanese interlocutors cutting across the political and academic spectrum have confirmed this cooperation. If one were to accept this as reliable information, one would have to accept that defence cooperation is probably an area where cooperation has been scaled down in view of Taiwan's changed political priorities

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<sup>192</sup> 'Value of Exports & Imports by Country', Bureau of Foreign Trade (Taiwan), Time Period 2013/01 - 2013/11, at <http://cus93.trade.gov.tw/ENGLISH/FSCE/> (Accessed on 22 January 2014).

<sup>193</sup> The author has benefited greatly from his interaction with Chen Y.T. (a highly placed official at Bureau of Foreign Trade in Taiwan), Ihuan Lee, Pradeep Kumar Rawat, Wenchi Ong, Jiann-Jong Guo, Assistant Professor Chin-Ming Lin, and the foreign ministry officials Stephen S.C. Hsu Jia-Xiang You, about economic and trade and commerce related issues between India and Taiwan. For details see Appendix 1.

under the Ma government. Nonetheless, the desire for defence cooperation with India still persists in Taiwanese military circles.

Taiwan keeps track of India's naval build-up, and China's naval activities in the Indian Ocean. A potential naval competition between India and China will have indirect implications for Taiwan's security too. In this regard, the Taiwanese military security setup wants to learn more about India's defence and military. Therefore, it would be wise to speculate on the likely contours of defence cooperation between India and Taiwan. What can Taiwan offer? And, what would it expect in return?

Taiwan seems willing to host Indian military students at its National Defense University (NDU) which can offer courses in PLA Studies. They can study China's strategic culture, strategy, doctrine, war-fighting, tactics, and organisation within PLA Studies. The NDU offers regular strategic courses to Lt. Colonel and Colonel-level officials. There are military students from South Korea, Jordan and some Latin American countries at the NDU. The students first do a three-month course in Chinese language, and then do a one-year regular course. So far, no Indian student has been to the NDU. India was supposed to send one Air Force official in 2013, though the plan was eventually cancelled.

There could be annual military exchanges, joint meetings, seminars and conferences with India on the Chinese People's Liberation Army (PLA) because its modernisation is a matter of common concern for the two sides. Taiwan can offer some sort of intelligence cooperation also.

As of now, no three-star Taiwanese General has ever visited India. The Taiwanese military officials who visit India have always been below the two-star level. Some retired Taiwanese Generals have reportedly visited India, but only in their private capacity. There is no information available from the Indian side. The Taiwanese argue that their serving three and four-star Generals regularly visit the US and Japan, and have visited France and the Netherlands, in the course of making arms purchases from these countries. Therefore, as the Taiwanese side may say, the Indians should not be so sensitive with regard to military exchanges.

Taiwan also has the desire to participate in India's joint exercises with foreign militaries, particularly with Singapore, as observers. Singapore

is seen as the place where some of this military cooperation can take place. Taiwanese interlocutors point out that their military officers routinely go and observe US military exercises; and US military officials do the same in Taiwan.

In the naval arena, which is the increasing focus of Taiwan's attention, Taiwan can expect India to allow its ships to make port visits for fresh water and fuel replenishment. Currently, after leaving Gaoxiong, Taiwanese naval ships first stop at Singapore and then go directly to Jordan. Incidentally, they also have some defence cooperation with Jordan. Taiwan might also expect India's help for training its Coast Guards.

Last but not least, Taiwan is keen to know more about the Russian Sukhois. Taiwan may request India to allow Taiwanese officers to examine Russian Sukhois and other weapons so that Taiwan can be ready with a tactical response, as the Chinese PLA is also using the same Russian weapon platforms. Incidentally, some sources indicate that such cooperation is already taking place, though it is not clear whether Taiwanese pilots are being trained, or just being allowed to have a look at the planes. Interestingly, they also do not forget to mention that this cooperation is taking place without US facilitation.

In response to the pointed question whether India would not run the risk of being double-crossed, and whether the information regarding India would be passed on to China, the Taiwanese interlocutors argued that China and Taiwan have no political and military contacts. In fact, their relations are still antagonistic in the political and military realms. Why would Taiwan pass on information about India to China? For the Taiwanese, this apprehension has no rational basis.<sup>194</sup>

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<sup>194</sup> The section on 'The Possibility of Defence Cooperation: Taiwanese Perspectives' draws on the author's interviews with renowned PLA expert Professor Arthur Ding, Lang Ning-Li, Tiehlin Yen, and Shen Ming-Shih, a strategic and military affairs expert and some others who requested anonymity. For details, see Appendix 1.



## India-Taiwan Relations after 2008: An Analysis

The period after 2008 has witnessed a growth in political confidence between India and Taiwan. India has allowed minister-level visits from Taiwan to India, though political or high bureaucratic level visits from India to Taiwan are yet to start. The only secretary level visit that takes place from India to Taiwan is from the ministry of science and technology. Some odd additional secretary level visits also have taken place.

However, it is the joint secretary level visits from India to Taiwan that have been a regular and stable phenomenon. The increased joint secretary level visits from India are an indicator of the progress in the bilateral relations, and India's growing confidence regarding its relations with Taiwan. The Taiwanese side argues that while the direct and smooth interaction at senior levels has its own importance as it ensures the fast removal of many unnecessary irritants, the joint secretary level visits are an asset as they constitute the future bureaucratic leadership in India, and have a more functional utility. Gautam Bambawale, Joint Secretary (East) at the Indian MEA, has visited Taipei several times in recent years. Similarly, the ITA has started displaying the Indian national flag outside the building complex that houses its office. This not only has a sentimental value but also indicates an increase in confidence on a very subtle level. At present, the reported communication hassles of the earlier days have been overcome and the ITA and TECC hardly face any problems of access to the concerned authorities. Taiwan views the fact of India allowing President Ma to make a stopover in Mumbai en route to Africa in 2012 and the announcement of the joint feasibility study on the India-Taiwan FTA by the Indian Foreign Secretary Nirupama Rao in 2011 as very encouraging signs in the India-Taiwan relationship. These two events demonstrate the growing political confidence and trust in bilateral relations and the success of Taiwan's persistence.<sup>195</sup>

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<sup>195</sup> The anonymous Referee A of this monograph desired to know Taiwan's stand on Tibet and the McMahon line. Many in India who follow Taiwan for personal interest, often pose similar questions and queries.

The ROC views about Tibet during Chiang Kai-shek are mentioned in footnote no. 94.

During the period under discussion, the ITA and TECC both had dynamic leaders — the Indian Director-General was Pradeep Rawat and the Taiwanese Representative was Wenchi Ong — and they have been widely appreciated in their host countries. Their personal enthusiasm

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There is a sharp difference between the ruling KMT and the opposition DPP on the Tibet issue and the McMahon line. The KMT, true to its historical legacy and commitment to the ROC Constitution (adopted in 1946 when the KMT still ruled on the Mainland China), considers Tibet as Chinese territory, and shares the PRC's views on the McMahon line. With elapsing time and the changed domestic political contexts in Taiwan, the KMT leadership has reconciled with its reduced status. Its old Constitution-based claims are rather a form of lip-service necessitated by domestic politics. Tibet figures in Taiwanese political discourse on human rights and democracy. The DPP takes a very pro-Tibet stance. It cites Tibet as an example of the perils that close dealings with China may bring forth. Driven by its pro-independence sentiments, the DPP government wanted to abolish the Mongolian and Tibetan Affairs Commission (MTAC) that has existed since 1912 in the ROC. But it was not able to do so in the face of bureaucratic resistance. It created the Taiwan-Tibet Exchange Foundation (TTEF) in 2002, underscoring its understanding that considered Taiwan-Tibet relations independent of China. The new body was assigned day-to-day functions concerning Tibet, and the Dalai Lama's office interacted with the TTEF. Later, the media reported complaints against the present KMT government of ignoring and downgrading the TTEF, which was denied by government sources. The different attitude towards the Dalai Lama's Taiwan visits is another example that highlights differences between the KMT and the DPP on the Tibet issue. The DPP has always welcomed his visits, while the KMT has been unenthusiastic about his visits. The Dalai Lama visited Taiwan for the first time in 1997, during the presidency of Lee Deng-hui, whom China accused of having a pro-independence agenda. He again visited Taiwan in 2001 during the DPP government. Ma Ying-jeou's KMT government denied him a visa in August 2008. However, in 2009, when the Dalai Lama was invited to visit and 'pray for typhoon victims' by the DPP-controlled local bodies in Central Taiwan, his government gave him a visa on religious and humanitarian grounds. The Ma government then, once again, denied him a visa in 2012.

As far as the DPP is concerned, it sees Taiwan as different from China. For it, the McMahon is a dispute between two separate countries in which Taiwan has no stake.

'New Tibetan Organization to Be Opened', *Taipei Times*, 20 January 2003, at <http://www.taipetimes.com/News/front/print/2003/01/20/0000191671> (Accessed on 13 December 2013). The news report is about the opening of TTEF, and the assigning of many of the functions of the MTAC to the TTEF. It also conveys that the government has decided to abolish the MTAC. However, the MTAC was never abolished.

For Dalai Lama's first visit to Taiwan in 1997, please see, 'Dalai Lama Welcomed to Taiwan: Bringing Tibet and Taiwan Closer Together' at <http://www.taiwandc.org/twcom/75-no6.htm> (Accessed on 13 December 2013); for his second visit, please see, 'Taiwan welcomes Dalai Lama', BBC News, 2 April 2001 at <http://news.bbc.co.uk/2/hi/asia-pacific/1252478.stm> (Accessed on 13 December 2013); for his third visit, please see, 'Dalai Lama Visits Typhoon-hit Taiwan', *The Guardian*, 31 August 2009 at <http://>

played an important role in facilitating the relations. However, the assumption that the two officials achieved their share of success in the face of the Ma government's lack of encouragement is not correct. In an interaction with this author, the two officials rejected this assumption unequivocally.<sup>196</sup> In fact, Ong was emphatic in denying that his mandate was confined only to economic relations, and that he had no political mandate. He asserted that political relations were very much his responsibility, though he intentionally downplayed this aspect to gain the confidence of the Indian authorities and smoothen his functioning. He said he had gone to India with the clear political mandate for increasing the number of high-level visits to India. In a similar vein, MOFA officials also refute the insinuation that the Ma government has scaled down relations with India in view of Chinese sensitivities. In their support, they cite various measures, already mentioned in this monograph, that have been taken by the Ma government. Interestingly, the discussion with the Foreign Ministry officials in Taipei revealed that a New Delhi posting has become much sought after — after Washington, Tokyo and some other European capitals. They maintain that this could not have been the case if the government was less than keen for improved relations with India.

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[www.theguardian.com/world/2009/aug/31/dalai-lama-taiwan-visit](http://www.theguardian.com/world/2009/aug/31/dalai-lama-taiwan-visit) (Accessed on 13 December 2013); for the denial of the visa to Dalai Lama in 2012, please see, 'Dalai Lama Visa Rejection Draws More Fire', *Taipei Times*, 24 November 2012, at <http://www.taipetimes.com/News/front/archives/2012/11/24/2003548467/1> (Accessed on 13 December 2013);

The article 'Taiwan-Tibet Issue: An Irritant to China', available at *Los Angeles Times*, 3 May 2000, at <http://articles.latimes.com/2000/may/03/news/mn-25985> (Accessed on 13 December 2013) encapsulates the basic difference between the DPP and the KMT on Tibet. The article was written on the eve of DPP forming its first government in 2000 after Chen Shui-bian's victory in presidential election. 'Peace Talks' With PRC A Trap: Just Ask Tibet', *Taipei Times*, 6 May 2010, at <http://www.taipetimes.com/News/editorials/archives/2010/05/06/2003472297> (Accessed on 13 December 2013); 'DPP, KMT Fail to Agree on Tibet Resolution Draft', *Taipei Times*, 2 April 2008, at <http://www.taipetimes.com/News/taiwan/archives/2008/04/02/2003408111> (Accessed on 13 December 2013); 'Minister Under Fire for Refusing to Join Parade for Tibet', *Taipei Times*, 9 March 2012, at <http://www.taipetimes.com/News/taiwan/archives/2012/03/09/2003527356> (Accessed on 13 December 2013).

<sup>196</sup> See Appendix 1 for details.

On the political level, the KMT government accords priority to stability and normalcy in Cross-Strait relations, and avoids any competition with Mainland China for diplomatic influence. Peaceful and normal relations with Mainland China are what the KMT stands for, and the government does not perceive any immediate threat from China. Therefore, it cannot view the strategic scenario the way the DPP government did. Thus, it is natural that India does not receive as much vocal political attention as it did during the DPP government. But this silence is not consciously India-specific; it is also true of Taiwan's relations with the US because of the country's changing political priorities after 2008.<sup>197</sup> Incidentally, some credence can be given to the assertion that the DPP has more knowledge resources on India as it has facilitated scholarship on India out of political conviction and priority. On the other hand, as the KMT has historically been oriented towards Mainland China and the US, India has not found significant space in its larger intellectual explorations. Nevertheless, recently, it has started paying more attention to Indian affairs due to India's rising economic, technological and military potential, in particular the Indian Navy.

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<sup>197</sup> There have been perceptions that the US has concerns about the Cross-Strait normalisation process not being transparent enough and too fast and about Taiwan's perceived cooperation with China on the East China Sea dispute that is at odds with 'favourable' diplomatic ambiguity that Taiwan receives from the US-Japan security alliance. In Taiwan's security, diplomatic and other concerned circles there is an ongoing discussion as to whether Taiwan can have a choice between the US and China. See Edward I-hsin Chen, 'Taiwan's Leadership Changes: Implications for U.S.-Taiwan and Cross-Strait relations', The National Bureau of Asian Research, 16 April 2013, at [http://www.nbr.org/downloads/pdfs/Outreach/Chen\\_commentary\\_041613.pdf](http://www.nbr.org/downloads/pdfs/Outreach/Chen_commentary_041613.pdf) (Accessed on 30 April 2013); 'Between Sacrificing Taiwan and Sacrificing the US: Taiwan Must Think Carefully Its Supreme National Interests' China Times editorial,

January 18, 2012, Kumintang Official Website, at <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=113&anum=12480> (Accessed on 4 February 2014). The Taiwanese defence about the so-called misperception between the US and Taiwan is that it was basically unintentional communication gap which the Government has recently rectified. The examples of Taiwan-US cooperation in the chapter on Taiwan's Pragmatic Diplomacy in this monograph are cited in this regard. The point made here is that after 2008 there is a general toning down of official statements on international affairs for avoiding friction with China.

A political priority or political vision depends on who defines it. Ong's political mandate was to facilitate political visits to India. The MOFA wants India to start sending high-level delegations to Taiwan. The three TECs can also be viewed in terms of strategic value. From Taiwan's point of view, if more TECs come up and play a part in training Indian officials in Mandarin Chinese, they would help them to take a balanced view of Cross-Strait relations. There is a certain amount of optimism in Taiwan that, at the existing pace, India and Taiwan people-to-people relations would touch a new level in the next five to ten years. Thus, the KMT government too has a political angle in its relations with India, though its expectations are realistic and long-term, and demonstrate patience with India. The positive trends in India-Taiwan relations seem to be immune to the party context.<sup>198</sup>

### **The ITA Director-Generals: Indian Reference Points**

India does not have political reference points to enable an analysis of India-Taiwan relations in the way of difference of approach between the DPP and the KMT DPP regarding India. Here, political reference points mean political leadership and discourse. India has had a very consistent policy towards Taiwan that goes beyond party politics. There is hardly any instance when India has seen its relations with Taiwan in political terms. Prime Minister P.V. Narasimha Rao's Congress government established relations with Taiwan in 1995 strictly on non-political and non-diplomatic terms. Later, the BJP-led NDA government

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<sup>198</sup> The author would like to extend special thanks to Pradeep Kumar Rawat, Wenchi Ong, Taiwan's former representatives at the TECC in India, New Delhi, and the foreign ministry officials for sharing their perspectives on political questions. At the time, Ong was with the China Trust Bank, Taipei. Incidentally, while the author could interview many personalities associated with the DPP, he did not get a chance to meet high-level KMT functionaries. However, this inadequacy was compensated to a great extent by the fact that the KMT is a ruling party since 2008, and the official views that the author received from the government officials also reflect the KMT position. Besides, Vice-Admiral (retd.) Lang Ning-Li and Tiehlin Yen, an academic with military service background, maintain close association with the KMT and hold ordinary membership of the KMT. They clarified issues and queries related to the KMT positions.

followed the same policy parameters. Incidentally, the BJP is the latter day reincarnation of the old Jan Sangh that had been critical of Prime Minister Nehru's China and Formosa policy. The tenure of the BJP-led NDA government (1998-2004) largely coincided with that of the DPP government in Taiwan (2000-08). Ideally, the BJP-led government should have been more receptive to the DPP government's political overtures. However, it carried forward the policy of prioritising good relations with China. The previously mentioned 2003 and 2005 agreements with China were the BJP government's achievement. The Atal Bihari Vajpayee government denied visa to Vice-President Annette Lu in 2001, even though Vajpayee, as an opposition parliamentarian in the Rajya Sabha, had chastised the Government of India for practicing 'untouchability' against Taiwan in 1966. Thus the BJP government continued with the oft-repeated Indian policy on Taiwan, and the ITA chose not to respond to the DPP government's overtures.

As far as India is concerned, the relationship has been handled by officials. In this context, the ITA Director-Generals can make for some reference points. Ambassador Vinod Khanna, an old China hand, and the first ITA Director-General, laid down the ground rules for the ITA. In Taipei, his primary objective was to introduce Taiwanese investors and entrepreneurs to India while being careful to avoid giving any signs of acknowledging the sovereignty of Taiwan in the ITA's functioning. Ambassador Ranjit Gupta, who served as the Director-General of the ITA from 2000-03, is remembered in Taipei for educating India about Taiwan, and underscoring the need for treating Taiwan independently of China. He is credited with breaking the self-imposed constraints that hindered interaction and communication with Taiwanese authorities. Incidentally, the two Ambassadors had retired before being appointed Directors General of the ITA.

Ambassador Vijay Gokhale was the first serving Indian Foreign Service (IFS) officer to be appointed the Director General of the ITA, and that has been the case since. He was posted in Taipei from 2003-07. His tenure coincided with the worst phase in the Cross-Strait relations. He had to be very cautious about the DPP government's political optimism with regard to India. That he and the DPP government were not on the same page became evident in many cases. Prominent among these was the issue of the TICC, which also found mention in

the Taiwanese media. The next Director General, T.P. Seetharam, witnessed the transition from the DPP to the KMT government, and the relaxation in Cross-Strait relations during his tenure from 2007 to 2009. Pradeep Rawat's tenure, who served as Director General from 2009 to 2012, was highly appreciated in Taipei. Many of his initiatives won him kudos. He should be credited for taking full advantage of the opportunities provided by stability and normalcy prevailing in the Cross-Strait relations, and for strengthening functional relations in education and economy. The aforementioned Double Taxation Avoidance Agreement, the Customs Cooperation Agreement and other important agreements were signed during his tenure. At present, Manish Chauhan is Director General, ITA. He assumed office in August 2013.<sup>199</sup>

Considering that India-Taiwan relations are conducted without direct interaction between the governments, the Directors-General of the ITA would continue to play important roles in shaping India-Taiwan relations in the short to medium term. This would also be true of the Representatives at the TECC in India. However, the long-term goal would be to make the relationship move beyond personalities and give it institutional strength.

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<sup>199</sup> The author received valuable Taiwanese inputs about Pradeep Kumar Rawat, the then Director General, ITA, and his predecessors from Prof. Liu Fu-Kuo, Dr. Fang Tien-sze and Dr. Lai I-Chung.

# 9

## CONCLUSION

This monograph has underscored that India's decision to switch recognition from the ROC to the PRC was determined by the facts-on-the-ground and was not an ideological statement. Besides, in spite of recognising the PRC's claim over Formosa, Jawaharlal Nehru did not subscribe to the continuation of civil war there. He considered it a political problem that deserved a negotiated settlement. Besides, Nehru recognised the 'distinct individuality' of Taiwan as well as its autonomy. The point is an over-cautious approach in relations with Taiwan does not translate into true implementation of Nehru's One-China policy.

Since Nehru, Taiwan's 'distinct individuality' has strengthened with the passage of time, along with its democratisation and rising nationalism. The CPC-KMT divide to explain the Cross-Strait problem is outdated. It has ceased to be an issue now for over two decades. Ignoring Taiwan's democracy and public opinion serves little purpose. The contemporary re-interpretation of the 'distinct individuality' of Taiwan that Nehru talked of, would be an acceptance that Taiwan is a well-functioning democratic society with *de facto* sovereign status, and for whom 'eventual unification' with the PRC is not the only eventuality. Besides, the world's unqualified support for the One-China policy is an intervention in China's favour that overlooks a democratic Taiwan that is struggling to find ways to negotiate with the PRC. This uncritical support is akin to external interference which Nehru opposed. If Nehru's words provide any direction, India should take more cognizance of the facts-on-the-ground. Even the PRC conducts its economic relations with Taiwan in accordance with the WTO regime, like any other foreign country. Besides, the US, the EU countries and Japan's functional relations with Taiwan prove that they do not in any way compromise the One-China Policy. In fact, India's relations with Taiwan are far below the level of being construed as being in breach of India's support to the One-China Policy.

India's caution vis-à-vis Taiwan is really far in excess of what is needed. It is clear that India does not have any stakes in the Taiwan Strait. It does not have any commercial interest in the Taiwan Strait or in the East China Sea of the kind that it has in the South China Sea off



Vietnamese waters. Historically, India has always stayed clear off any policies that can destabilise its relations with China. The Indian government refused to succumb to opposition pressure to recognise the ROC even after the 1962 war with the PRC. On the other hand, Taiwan is no longer interested in ambitious foreign policy moves. It is enjoying the dividends of a diplomatic truce with the PRC. Thus, there is nothing in the present context whereby any further improvement in India-Taiwan relations can be construed as negating India's adherence to the One-China policy.

India-Taiwan relations have the potential to emerge as a special feature of India's Look East Policy and Taiwan's Flexible Diplomacy. India-Taiwan people-to-people relations can make a unique case for the implementation of India's Look East Policy. Whether India is really implementing its Look East Policy in Taiwan depends on how one interprets the policy. If one analyses the Look East Policy in terms of pronouncements and grand standing, serious doubts arise regarding the applicability of this policy to Taiwan. However, if one attaches importance to the actions on the ground, India's relations with Taiwan can indeed come within the ambit of its Look East Policy. India took the initiative to establish relations with Taiwan in the early 1990s. But the initiative seems to have lost momentum since then. At present, Taiwan's pragmatic diplomacy is more visible in India-Taiwan relations. The push for better India-Taiwan relations is generally more from the Taiwanese side.

Since the re-establishment of relations in 1995, India-Taiwan relations have operated on the level of people-to-people contacts and relations. India has never had dramatic expectations from the relationship. Except for the short-lived strategic overtures after 2000, Taiwan also has come to realise that weaving a strategic context for India-Taiwan relations is not feasible. The relationship today is proceeding in the right direction, though it requires political guidance. India and Taiwan can continue to cooperate in their own right. Strong people-to-people relations could strengthen future ties, and work as shock absorbers. The objective should be to put the relationship in an irreversible mode where institutions matter more than individuals, and the relationship can sustain through geopolitical pressures.

# 10

## THE ROADMAP FOR THE RELATIONSHIP: POLICY RECOMMENDATIONS

Thus far, the slow pace of the relationship has been established. Be that as it may, this situation has not been able to curb the desire for enhanced cooperation and goodwill that exists in the concerned circles in Taiwan and India. Strengthening people-to-people relations has been a priority and should remain the main direction for India-Taiwan relations. Considering the fact that the relations are still evolving, putting a premium on political aspects would make the relationship vulnerable as it would not be strong enough to withstand the pressures of geopolitics.

India should not display an extra-cautious approach when it comes to strengthening functional ties with Taiwan. There should be clarity in political discourse and policy that the functional relations with Taiwan do not in any way compromise its longstanding support to the One-China Policy.

### **Greater Institutionalisation**

As of now, individual dynamism has contributed substantially towards people-to-people relations. Now, the focus should be on institutionalising the efforts. By institutionalising the efforts, India-Taiwan relations would be free of bureaucratic hassles and would acquire a strong institutional format. A Task-Force could be constituted, either jointly or separately, by the two countries to identify possible institutional linkages and potential areas of functional cooperation between the ministries and departments on both sides. The expertise of the private sector could also be utilised to carry out more specialised sector-based studies to identify competition and complementarities within the economies. These responsibilities could be assigned to reputed think tanks like the IDSA. Besides this, channels of communication should be opened at senior official levels.

The two sides should work towards expanding the consultative space. Although some dialogue is already taking place at the think-tank level, the frequency of the dialogue and consultation needs to be increased. Think-tanks, civil-society groups and parliamentary forums of the two countries should be encouraged to hold exchanges in order to increase mutual understanding, and provide actionable suggestions for policy makers.

## Media and Culture

The media space is by and large an unexplored territory. India and Taiwan should find greater space in each other's media. Incidentally, India's 'publicity managers' should not make *a priori* assumptions about the universality of the English language. The 'Incredible India' campaign for tourism promotion, aired on CNN and BBC in Taiwan, holds little value in English. The Indian film industry—very popular in Taiwan—can be leveraged for soft power. Indian International Film Festivals can be organised in Taipei or Kaohsiung on the lines of Macau where, incidentally, the 14th Indian International Film Festival was held in 2013. Publicity in various forms to promote cooperation in education, culture, tourism, and business and investment should be accorded a priority. The objective of India should be to leverage its soft power.

Gautam Buddha and Mahatma Gandhi are as popular in Taiwan as they are elsewhere in the world. A large percentage of the Taiwanese population comprises practicing Buddhists. According to Frances Chung-Feng Lee, Deputy Representative of the Taipei Economic and Cultural Centre in India, "The religious tourism could become an important link to further strengthen Indo-Taiwan relations."<sup>200</sup>

During Taiwan's struggle for democracy, the opposition parties promoted Gandhian non-violence. India should invest in setting up centres for Buddhist Studies and Gandhian philosophy in Taiwan.

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<sup>200</sup> 'Taiwan Keen to Explore Buddhist Sites in Haryana', *Hindustan Times*, 16 January 2014, at <http://www.hindustantimes.com/india-news/haryana/taiwan-keen-to-explore-buddhist-sites-in-haryana/article1-1173573.aspx> (Accessed on 20 January 2014).

## Education

Education remains one of the prominent areas for soft power investment which would yield long-term dividends. The greater the number of student and faculty exchange programmes in pure sciences and social sciences, the better it would be. Apart from the exchange programmes, the universities of the two countries should attract students from both sides. This will help Taiwanese universities—particularly the private ones – that are facing supply problems and are looking for international students. Education in Taiwanese universities is affordable for Indian students in comparison to the Western universities. However, Taiwanese universities need to introduce more courses in English. Indian IIMs and IITs and other similar institutes can provide affordable world-class education in business management, and science and technology to Taiwanese students. Cooperation need not be limited to regular courses. Fashion, music, dance, yoga, movies, cookery, and hospitality can all be brought under the ambit of this cooperation.

Chinese language teaching and learning is important for India not only because it enhances employment prospects but also has strategic value. A commercially sustainable model needs to be worked out for this. While it is true that Taiwanese investment in Chinese teaching in India is investment in its own soft power, and the salaries being paid by Taiwan's MOE is to its own people, the Indian side should be aware that this has limits. Qualified and experienced Taiwanese teachers will not be available on an Indian salary. Taiwan can invest in teaching Chinese to Indians only up to a limit. Therefore, India has to share the financial burden, and private sector investment in Chinese language teaching should be encouraged. Also, Taiwanese curriculum use traditional Chinese characters in Chinese teaching whereas in India simplified characters are given preference. Understandably, the simplified characters have greater relevance considering China's demographic size and commercial importance. This practical problem needs to be taken care of while designing Chinese language courses for Indians with Taiwan's help. Taiwanese language centres can offer teaching simplified characters.

The Taiwanese rue the fact that most of the initiatives in the education sector — like the National Huayu Enrichment Scholarship and Taiwan Scholarship for Indian students — have come from Taiwan, to which India is yet to reciprocate. This complaint has some merit. India should

also offer scholarships and fellowships to Taiwanese students and faculty members. A joint India-Taiwan Scholarship/Fellowship programme should also be considered. Indian universities should have Taiwan Studies in their curriculum. Many prestigious universities in Europe, North America and Australia are offering courses in Taiwan Studies. As of now, the East Asian Studies Department of the University of Delhi (DU) offers an optional course on Taiwan in its M.A. programme. Research scholars at DU and JNU have worked on Taiwan for their M. Phil. and PhD degrees. However, such efforts are insufficient. The focus on Taiwan Studies should be increased. Taiwan Studies should be given independent and institutional stature.<sup>201</sup>

More initiative needs to be taken for cooperation in social science research. Apart from individual universities, there should be greater cooperation between the Indian Council of Social Science Research (ICSSR), the University Grants Commission (UGC) and Taiwan's MOE and NSC.

## Economy

Although the long-term goal should be to encourage investment by small and medium enterprises (SME) by both countries, in the short term, priority should be accorded to facilitate big-ticket success stories—like the CSC and CEC—to inspire the business community in both countries. Moreover, Taiwanese and Indian companies should be facilitated to graduate from the Business-to-Business to the Business-to-Consumer model.

A recent study, *A Study of India's Environment, Major FDI Inflows and Suggestion for Taiwan's Businessmen*, by the ICRIER has pointed out that

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<sup>201</sup> Please see the website of the European Association of Taiwan Studies (<http://eats-taiwan.eu/> Accessed on 5 September 2013). The School of Oriental and African Studies (SOAS), University of London, runs a prestigious Taiwan Studies Centre (<http://www.soas.ac.uk/taiwanstudies/> Accessed on 5 September 2013); also see, the North American Taiwan Studies Association (<http://www.na-tsa.org/new/> Accessed on 5 September 2013); the Japan Association for Taiwan Studies (JATS) (<http://www.jats.gr.jp/> Accessed on 5 September 2013) at Osaka International University; and for Australia, see, [http://www.ealrga.org.au/newsletter1001/1001\\_riley.html](http://www.ealrga.org.au/newsletter1001/1001_riley.html) Accessed on 5 September 2013).

the problems of poor infrastructure, complex taxation, regulations and compliance requirements are ‘generic’, equally ‘applicable to both domestic and foreign investors in India’, and primarily related to domestic reforms in India. This study suggests that ‘country dedicated zones’ for Taiwan, ‘along the lines of that for Japan and Korea’, will not only address investor concerns but also cultural and linguistic problems, that are, in any case, ‘temporary troubles’.<sup>202</sup> The study underlines that there should be a social security agreement ‘to protect the interest of Taiwanese expatriates in India and vice-versa’, and mutual recognition agreement (MRA) should be signed to make Taiwanese products more acceptable in India. The adoption of common standards for the Information and Communication Technology sector (ICT), machine tools, and auto component industries is also recommended to facilitate the sale of Taiwanese products in India.

Although Taiwanese manufacturers have the option of customising their products to Indian standards, the MRA would make the marketing of products easier. The study reports that the Bureau of Indian Standards is already in the process of drafting an MoU for MRA between India and Taiwan. The study highlights the point that Indians are already using a lot of Taiwanese products; however, since their manufacturing locations are not in Taiwan, they are not recognised as such in India. Obviously, therefore, Taiwanese companies should be spending more on publicity—branding and marketing—in India.<sup>203</sup>

Another recent study, *Enhancing Trade, Investment and Cooperation between India and Taiwan*, by the ICRIER proposes that Taiwanese companies should take the ‘joint venture’ route instead of the ‘wholly-owned subsidiary route’ as joint ventures with Indian companies will guide them through the Indian market, and help them overcome language and other cultural barriers. Enhanced interaction between industry

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<sup>202</sup> Rajat Kathuria and Mansi Kedia Jaju (eds.), *A Study of India's Environment, Major FDI Inflows and Suggestion for Taiwan's Businessmen*, Academic Foundation, New Delhi, 2013 at [http://www.icrier.org/pdf/study\\_of\\_india%27s\\_investment\\_environment.pdf](http://www.icrier.org/pdf/study_of_india%27s_investment_environment.pdf) (Accessed on 11 September 2013).

<sup>203</sup> Ibid.

associations and professional bodies of the two countries, and regular business meets, trade fairs, and exhibitions will also lead to greater awareness about the Indian market and enable Taiwanese companies to find the right partners. The setting up of an 'India-Taiwan Business Coalition' to promote industry exchange and interaction among individual business enterprises is also recommended. The study suggests that the Indian Department of Commerce should have regular interaction with TECC and ITA, and the two countries should 'set up a Joint Working Group for a possible comprehensive partnership agreement'. Extensive industry consultation should be initiated in this regard. The existing agreement between TECC, New Delhi and the ITA, Taipei on the Promotion and Protection of Investment should be reviewed 'to add more trade facilitation and investment promotion measures'. Taiwanese companies generally 'do not have manufacturing facilities in India and tend to operate through sales/trading offices'. Besides, there are few 'joint ventures between Indian and Taiwanese companies'; therefore, Taiwanese companies are generally unaware of the price sensitive nature and taste of Indian consumers. This makes it difficult for them to compete with 'companies from countries like Korea'. Therefore, regular interactions at several levels — industry, think-tanks and government — are recommended. Moreover, in the case of India, 'exchanges and interactions should also be held at the state level'. In fact, 'India can learn from' Taiwan's 'regulatory environment and global production chains'. This is especially true in the food processing and agriculture production as sectors where India can 'learn from Taiwan'. Taiwan's successful experience of developing Special Economic Zones (SEZ) in China can also provide useful insights for Indians.<sup>204</sup>

While the creation of a more business-friendly environment remains a long-term goal, India could start by introducing some Taiwan-specific

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<sup>204</sup> Parthapratim Pal, Arpita Mukherjee and Kristy Tsun-Tzu Hsu (eds.), *Enhancing Trade, Investment and Cooperation between India and Taiwan*, Academic Foundation, New Delhi, 2013 at [http://www.icrier.org/pdf/enhancing\\_trade\\_investment\\_cooperation.pdf](http://www.icrier.org/pdf/enhancing_trade_investment_cooperation.pdf) (Accessed on 11 September 2013). The two reports were carried out as joint feasibility studies on India-Taiwan FTA.

measures, as mentioned in the two ICRIER studies, already cited. It should certainly do away with obsolete regulations that hyphenate Taiwan with China. The guidelines for treating Taiwan as a separate economic reality should come from the top political leadership. On the other hand, if Taiwan is really committed to its New Go South Policy as an economic-strategic choice, it should present a balanced view of the Indian market to its entrepreneurs. Besides, the FDI should not be a one-way street. India's business sectors should also be encouraged to invest in Taiwan.

## **Defence**

India is comparatively a far superior military power. Whether the aforementioned courses offered by Taiwan's NDU, joint seminars and workshops will only contribute to a better strategic understanding of the security environment and China's military modernisation, or will they also contribute to the Indian military at the operational and tactical level, needs to be carefully examined. Besides, language is also an issue; whether courses taught in Chinese language will benefit Indian military students is the question.

Defence cooperation is indeed a sensitive issue and requires a political decision. A visible form of defence cooperation with Taiwan has the potential to create distortions in India-China relations. Also, in view of the Ma government's reconciliatory policies towards China, there is, in fact, not much scope for India-Taiwan defence cooperation beyond a minor upgrading of military exchanges.

## **Areas for Future Research**

For historical enquiry, the scholars could conduct research on the RoC's view of India in the 1950s and 1960s. Whether the RoC ever considered and attempted to revive the relations with India may be an interesting academic enquiry. A scholarly investigation into the MEA's thinking towards Taiwan is also required. Research on the constraints faced by the TECC in India would be a good contribution. This study underlines that there is ample scope for further research in specialised areas that could interest industry and government departments.



# TABLES

**Table 1: India-Taiwan Trade (US\$ Millions) (2007-08 to 2012-13)**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Export	1,735.67	1,504.30	1,877.34	2,301.49	3,348.44	3,038.64
per cent Growth		-13.33	24.80	22.59	45.49	-9.25
India's Total Export	163,132.18	185,295.36	178,751.43	251,136.19	305,963.92	300,274.12
per cent Share	1.06	0.81	1.05	0.92	1.09	1.01
Import	2,399.52	2,868.79	2,612.66	3,961.11	5,187.28	4,381.77
per cent Growth		19.56	-8.93	51.61	30.96	-9.21
India's Total Import	251,654.01	303,696.31	288,372.88	369,769.13	489,319.49	491,945.05
per cent Share	0.95	0.94	0.91	1.07	1.06	0.89
Total Trade	4,135.19	4,373.08	4,490.00	6,262.60	8,535.72	7,420.41
per cent Growth		5.75	2.67	39.48	30.53	-9.23
India's Total Trade	414,786.19	488,991.67	467,124.31	620,905.32	795,283.41	792,219.17
per cent Share	1.00	0.89	0.96	1.01	1.07	0.94
India's Trade Balance	-88,521.83	-18,400.95	-09,621.45	-18,632.94	-83,355.57	-91,670.93

**Source; Department of Commerce:** Export Import Data Bank: Dated: 09/08/2013 (Values in US\$ Millions) at <http://commerce.nic.in/eidb/iecmt.asp> (Accessed on 9 August 2013).

Table 2: Trade between Taiwan and India (1999-2008)

Unit: US\$

Year	Total	Percentage Change	Export to India	Percentage Change	Import from India	Percentage Change	Balance	Change per cent
1999	84,101,180	0.31	594,147,52	12.94	389,953,658	15.42	204,193,864	214.14
2000	1,231,281,4	25.1	717,909,05	20.83	513,372,416	31.65	204,536,637	0.17
2001	1,130,185,831	8.21	635,244,749	11.52	494,941,082	3.59	140,303,667	31.40
2002	1,206,864,5	6.79	654,186,18	2.98	552,678,372	11.67	101,507,811	27.65
2003	1,401,268,6	16.11	775,907,75	18.61	625,360,855	13.15	150,546,899	48.31
2004	1,945,061,46	38.81	1,082,292,19	39.49	862,769,268	37.96	219,522,925	45.82
2005	2,442,424,84	25.57	1,582,855,58	46.25	859,569,261	0.37	723,286,322	229.48
2006	2,716,335,26	11.22	1471,065,511	7.06	1,245,269,749	44.87	225,795,762	68.78
2007	4,879,231,84	79.63	2,341,976,657	59.27	2,537,255,190	103.75	-	--
2008	5,346,000,65	9.57	3,007,920,71	28.44	2338,079,942	7.85	195,278,533	--

**Source:** Customs of the R.O.C. at <http://www.roc-taiwan.org/public/Attachment/94101723371.pdf> (Accessed on 9 August 2013).

**Table 3: Taiwan's FDI Equity Inflows in India from April, 2000 TO April, 2013**

Absolute Figure	65.70 US\$ million
Rank in the Total FDI from the World	41
percentage with total FDI Inflows	0.03

**Source:** [http://dipp.nic.in/English/Publications/FDI\\_Statistics/2013/india\\_FDI\\_January2013.pdf](http://dipp.nic.in/English/Publications/FDI_Statistics/2013/india_FDI_January2013.pdf) (Accessed on 24 May 2013).

**Table 4: Sector-wise Distribution of Taiwanese FDI into India (from April 2000 to January 2012)**

Rank	Sector	Amount of FDI Equity Inflows (US \$ million)	Percentage of FDI equity inflows from Taiwan
1	Service Sector	9.43	14.38
2	Computer Software & Hardware	9.41	14.36
3	Construction (infrastructure)	7.88	12.02
4	Consultancy Services	5.18	7.90
5	Telecommunications	4.58	6.98

**Source:** Taiwan Country Note, FICCI East Asia Division, January 2013 (Accessed on 24 May 2013).

Around 80 major Taiwanese companies were doing business in India in 2010. For this information, please see, 'India and Taiwan: Key Trade & Investment Challenges', Speech by Angelo Lee, Taiwan Chamber of Commerce in Delhi, India, available at <http://www.icrier.org/pdf/Session%20III-Angelo%20Lee-Paper.pdf> (Accessed on 24 May 2013).

**Table 5: Comparison of Taiwan's and India's Macroeconomic Indicators**

Taiwan (2011)			India (2012-13)		
GDP (US \$ billion)	466.5		GDP (at current prices, US \$ billion)	1841.7e	
GDP per capita (US\$)	20,122		GDP per capita (US\$)	1473.2e	
Economic growth rate (percentage)	4.3		Real GDP growth rate (percentage)	5.0e	
Sectoral Share in GDP (percentage)	<i>Agriculture &amp; allied activities</i>	1.8	Sectoral Share in GDP (percentage)	<i>Agriculture &amp; allied activities</i>	13.7e
	<i>Industry</i>	29.5		<i>Industry</i>	26.7e
	<i>Services</i>	68.8		<i>Services</i>	59.6e
Consumer price index annual rate of change (percentage)	1.42		Inflation rate (WPI, annual avg. percentage)	7.4	
Gross Fiscal Deficit (percentage of GDP)	---		Gross Fiscal Deficit (percentage of GDP)	5.2	
Unemployment rate (per cent)	4.39		Unemployment rate (per cent)	9.3	
Exports (US \$ billion)	308.3		Exports (US \$ billion)	300.3	
Imports (US \$ billion)	281.4		Imports (US \$ billion)	491.9	
Balance of trade (US \$ billion)	26.9		Balance of trade (US \$ billion)	-191.6	
Current Account Balance (US\$ bn)	4.12		Current Account Balance (US\$ bn)	-87.8	
Foreign exchange reserves (US \$ billion)	385.6 (4 <sup>th</sup> highest in the world)		Foreign exchange reserves (US \$ billion)	292.6	
Exchange rate (TWD:USD)	30.27		Exchange rate (INR:USD)	54.5	
Approved overseas Chinese and foreign investment (US \$ billion)	5.0		FDI (US \$ billion)	34.3	
Outward investment (US\$ billion)	3.7		FDI outflows (US\$ billion)	7.1	
Mainland-bound investment (US \$ billion)	14.3		Investment in China	---	

Trade with China (US \$ million)	1,34710	Trade with China (US \$ Million)	65,783.21
Rank in World's Exports and Imports	<i>Merchandise: Exports (17); Imports (18)</i>	Rank in World's Exports and Imports	<i>Merchandise: Exports (19); Imports (12)</i>
Size of Economy in the World	24 <sup>th</sup>	Size of Economy in the World	4 <sup>th</sup>
Area	36,009.5 KM Square	Area	32,87, 263 KM square
Population	23225000	Population	1.25 billion e.
Population Growth Rate	0.3 per cent	Population Growth Rate	1.31 per cent
Population Density	641	Population Density	382

**Sources for Taiwan:** The main source of the statistics is ‘Industrial Development in Taiwan, ROC’, Industrial Development Bureau, Ministry of Economic Affairs, Taipei, Taiwan: P. 2. However, the statistics about Taiwan’s trade with China, the size of economy, area, population, population growth rate and population density have been sourced from Taiwan Statistical Data Book, 2012 at [www.cepd.gov.tw/dn.aspx?uid=10330](http://www.cepd.gov.tw/dn.aspx?uid=10330) (Accessed on 24 May 2013). and the figure about Taiwan’s rank in world’s exports and imports are from WTO website <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=TW>(Accessed on 24 May 2013).

**Sources for India:** the statistics about India are from ‘India’s macroeconomic indicators, Export-Import Bank of India’, at <http://www.eximbankindia.com/ind-eco.pdf>. (Accessed on 28 May 2013). However, the data about unemployment rate in India in 2012 is from open newspaper sources available on the Internet (Accessed on 28 May 2013); the figures about India’s rank in world’s exports and imports are for 2011, and are from the WTO website <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=S&Country=IN> (Accessed on 28 May 2013); data about India’s size in the world economy is from <http://www.thehindu.com/business/Economy/india-4th-largest-economy-but-has-low-per-capita-income-survey/article2998234.ece> (Accessed on 28 May 2013); population growth rate figure is from [http://www.indexmundi.com/india/population\\_growth\\_rate.html](http://www.indexmundi.com/india/population_growth_rate.html) (Accessed on 28 May 2013).

**Table 6: A Comparison of Taiwan's and India's Overall Performance Ranked by International Institutes**

	Institute	Assessment	World Ranking
Taiwan	International Institute for management Development (IMD)	World Competitiveness Yearbook	11
India	International Institute for management Development (IMD)	World Competitiveness Yearbook	40
Taiwan	Business Environment Risk Intelligence (BERI)	Profit Opportunity Recommendation	4
		Operation Risk Index	2
		Political Risk Index	8
		Foreign Exchange Risk Index	4
India	Business Environment Risk Intelligence (BERI)	Profit Opportunity Recommendation	---
		Operation Risk Index	---
		Remittance and Repatriation Factor	---
Taiwan	World Economic Forum (WEF)	Global Competitiveness Index 2013-14	12
		Networked Readiness Index 2013	10
		The Global Enabling Trade Report 2012	29
India	World Economic Forum (WEF)	Global Competitiveness Index 2013-14	60
		Networked Readiness Index 2013	68
		The Global Enabling Trade Report 2012	100

Taiwan	Economist Intelligence Unit (EIU)	Information Technology Industry Competitiveness Index 2011	13
India	Economist Intelligence Unit (EIU)	Information Technology Industry Competitiveness Index 2011	34
Taiwan	Heritage Foundation	2013 Index of Economic Freedom	20
India	Heritage Foundation	2013 Index of Economic Freedom	119

**Sources:** World Competitiveness Yearbook (IMD) at <http://www.imd.org/news/World-Competitiveness-2013.cfm> (Accessed on 11 August 2013); Business Environment Risk Intelligence (BERI): Ministry of Economic Affairs (ROC) website [http://www.moea.gov.tw/Mns/english/news/News.aspx?kind=6&menu\\_id=176&news\\_id=29651](http://www.moea.gov.tw/Mns/english/news/News.aspx?kind=6&menu_id=176&news_id=29651) (Accessed on 11 August 2013); Global Competitiveness Index 2013-14 at [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf) (Accessed on 11 August 2013); Networked Readiness Index 2013 at [http://www3.weforum.org/docs/GITR/2013/GITR\\_OverallRankings\\_2013.pdf](http://www3.weforum.org/docs/GITR/2013/GITR_OverallRankings_2013.pdf) (Accessed on 11 August 2013); The Global Enabling Trade Report 2012 at [http://www3.weforum.org/docs/GETR/2012/GlobalEnablingTrade\\_Report.pdf](http://www3.weforum.org/docs/GETR/2012/GlobalEnablingTrade_Report.pdf) (Accessed on 11 August 2013); Economist Intelligence Unit (EIU) at <http://globalindex11.bsa.org/key-findings/> (Accessed on 11 August 2013); 2013 Index of Economic Freedom at <http://www.heritage.org/index/ranking> and [http://thf\\_media.s3.amazonaws.com/index/pdf/2013/Index2013\\_Highlights.pdf](http://thf_media.s3.amazonaws.com/index/pdf/2013/Index2013_Highlights.pdf) (Accessed on 11 August 2013)

**Table 7: Miscellaneous Comparison**

	Taiwan	India
Mobile-cellular Subscriptions (2012)	29,455,219	864,720,000
Fixed-line Telephone Subscriptions (2012)	15,997,553	31,080,000
Percentage of Individuals Using the Internet (2012)	75.99 per cent 10.97 million	12.58 per cent
Fixed (Wired)-Broadband Subscriptions (2012)	5561711	14306000
'State of cluster development' (The WEF Global Competitiveness Report 2012-2013)	1 <sup>st</sup> rank holder (By the end of July 2012, Taiwan had 62 industrial parks: 55 developed and 7 developing)	29 <sup>th</sup> rank holder
Labour Market Efficiency (The WEF Global Competitiveness Report 2012-2013)	22 <sup>nd</sup> rank holder	82 <sup>nd</sup> rank holder
Container Ports among the Largest 50 in the World	The port of Kaohsiung (The 13 <sup>th</sup> largest).	The 34 <sup>th</sup> largest in the world Jawaharlal Nehru Port, Mumbai (The 32 <sup>nd</sup> Largest)

**Sources:** Mobile-cellular subscription at [http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Mobile\\_cellular\\_2000-2012.xls](http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Mobile_cellular_2000-2012.xls) (Accessed on 14 August 2013); Fixed-line Telephones Subscriptions at [http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Fixed\\_tel\\_2000-2012.xls](http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Fixed_tel_2000-2012.xls) (Accessed on 14 August 2013); Percentage of Individuals Using the Internet at [http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Individuals\\_Internet\\_2000-2012.xls](http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Individuals_Internet_2000-2012.xls) (Accessed on 14 August 2013); Fixed (Wired)-Broadband Subscriptions at [http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Fixed\\_broadband\\_2000-2012.xls](http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/Fixed_broadband_2000-2012.xls) (Accessed on 14 August 2013). All the links to the statistics are available at the website of International Telecommunication Union at <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> (Accessed on 14 August 2013); Container Ports among the Largest 50 in the World: World Shipping Council website at <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports> (Accessed on 14 August 2013).



**Table 8: Products Made in Taiwan Ranked No. 1 in the World**

Item	Production Value (US\$ million)	Percentage World Share	Production Volume	Percentage World Share
Foundries	16,545	64.5	17.6 million pieces	58.8
IC Packages	10,370	43.9	--	--
Blank Optical Discs	1,163	42.8	--	--
Mask ROMs	349	56.3	--	--
Mobility Scooters/Powered Wheelchairs	280	20	150 thousand vehicles	18.8
Chlorellas	261	63	860 tons	46

**Source:** 'Industrial Development in Taiwan, ROC', Industrial Development Bureau, Ministry of Economic Affairs, Taipei, Taiwan: p. 6.

**Table 9: Products Made by Taiwan Ranked No. 1 in the World**

Item	Production Value US \$ million	Percentage World's Share	Production Volume	Percentage World Share
Notebooks	78,690	89.4	174.79 million pieces	89.4
Tablets	19,133	87.6	59.04 million pieces	86.5
Foundries	17,995	70.2	19.84 million pieces	66.1
Desktops	15,466	25.2	56.67 million pieces	43.6
LCD Monitors	13,620	54.4	115.82 million pieces	69.2
IC Packages	11,491	48.6	--	--
Shoes	10,200	35	850 million pairs	32
Motherboards (System & Pure MB)	5,705	85.3	120.21 million pieces	80.2
Servers (System and Pure MB)	3,443	--	3.69 million pieces	44.3
Digital Still Cameras	3,325	34.4	61.81 million pieces	48.4
WLAN CPEs	2,969	66.3	330.50 million pieces	87
Portable Navigation Devices	2,800	67.1	27.59 million pieces	79.5
xDSL CPEs	1,919	63	55.31 million pieces	70

Reels	1,620	51	3.8 million pieces	49
Cable Modems	1,607	83	31.74 million pieces	87
Blank Optical Disks	1,550	57	--	--
Golf Heads	745	79.9	38.38 million pieces	79.3
Mobility Scooters/ Powered Wheelchairs	450	32.14	250 thousand pieces	31.25
Electronic Glass Fabric	445	43.2	--	--
Mask ROMs	349	56.3	--	--
Diving Suits	375	76	4.3 million pieces	74
Electric Thermometers	280	40	40 million pieces	40
Dry Film Photoresists	280	35	240 million square meters	40
Chlorellas	261	63	860 metric tons	46
Digital Blood-Pressure	5,338	88.3	25.67 million pieces	98.5
Monitors	200	31	9.5 million pieces	32.1
Resuscitators	25	33.3	2.5 million pieces	33.3

**Source:** 'Industrial Development in Taiwan, ROC', Industrial Development Bureau, Ministry of Economic Affairs, Taipei, Taiwan: p. 7

**Table 10: World Ranking of India's Agricultural and Mineral Production**

Product	The World Rank
Mica Blocks and Mica Splittings	1
Milk	1
Rice	2
Wheat	2
Steel	4
Iron Ore	4
Cotton	2
Bauxite	4
Manganese	6

**Sources:** Different open sources available at the Internet

**Table 11: Number of US Patents Granted to the Citizens of Selected Countries**

2010 Ranking	Country	No. of Patents				Share of All Patents			
		2000	2009	2010	2011	2000	2009	2010	2011
1	America	97,011	95,038	121,179	121,261	56.84	45.52	49.59	48.95
2	Japan	32,922	38,066	46,978	48,256	17.87	19.83	19.23	19.48
3	South Korea	3,472	9,566	12,508	13,239	0.46	4.98	5.12	5.34
4	Germany	10,824	10,352	13,633	12,986	7.73	5.39	5.58	5.24
5	Taiwan	5,809	7,781	9,635	9,907	0.88	4.05	3.94	4.00

**Source:** 'Industrial Development in Taiwan, ROC', Industrial Development Bureau, Ministry of Economic Affairs, Taipei, Taiwan: p. 14

**Table 12: Research and Development Expenditure Comparison**

Country /Category	Total R&D Expenditure (US \$ millions) (PPP)	Proportion of R&D Expenditure to GDP (per cent)	R&D Expenditure by Sector of Performance (2009)	
			Government per cent	Business Enterprises per cent
Taiwan, 2010	23,467	2.90	28.9 (2009)	70.1 (2009)
Japan, 2009	137,909	3.33	17.7	75.8
United States, 2008	398,194	2.79	27.1	72.6
Germany, 2008	76,797	2.78 (2009)	28.9	67.5 (2009)
France, 2009	47,954	2.21	38.9 (2008)	61.9
United Kingdom, 2010	40,384	1.82	22.8 (2008)	73.5 (2008)
South Korea, 2008	43,906	3.36	25.4	75.4

**Source:** 'Industrial Development in Taiwan, ROC', Industrial Development Bureau, Ministry of Economic Affairs, Taipei, Taiwan: p. 14

# APPENDICES

## APPENDIX -I

### List of Interviewees

Name	Designation and Affiliation	Date	Place
Arthur S. Ding	Professor and Director, Institute of International Relations (IIR), National Chengchi University (NCCU), Taipei, Taiwan. He was Secretary General, Chinese Council of Advanced Policy Studies (CAPS), Taipei, Taiwan when I interviewed him in July 2013.	10 July 2013	Taipei
Chen Mumin	Associate Professor, Graduate Institute of International Politics, National Chung Hsing University, Taichung, Taiwan	19 July 2013	Taipei
Chen Y.T.	Director, First Bilateral Trade Division (Asia, Oceania and Middle East), Bureau of Foreign Trade, Ministry of Economic Affairs, Taipei, Taiwan	26 July 2013	Taipei
Chenlung Kuo	Deputy Editor-in-Chief, UDN TV, Taipei, Taiwan	6 July 2013	Taipei
Chi-shin Chang	Post-Doctoral Research Fellow, National Tsing Hua University, Hsinchu, Taiwan	17 July 2013	Taipei
Dr. Fang Tien-sze	Assistant Professor, Centre for General Education, National Tsing Hua University, Hsinchu, Taiwan	17 July 2013	Taipei
Hsieh Huai-Hui	Deputy Director, Department of International Affairs, DPP, Taipei, Taiwan	9 July 2013	Taipei
Ihuan Lee	Director, Office of Taiwan-India Cooperation, Taipei Computer Association, Taipei, Taiwan	26 July 2013	Taipei
Jia-Xiang You	Officer, South Asia and General Section, Department of East Asian and Pacific Affairs, Foreign Ministry, Taipei, Taiwan	11 July 2013	Taipei

Jiann-Jong Guo	CEO, Taiwan Think Tank, Taipei, Taiwan; Associate Professor, Graduate Institute of China Studies, Tamkang University	1 July 2013	Taipei
Lai I-Chung	Director, Foreign Policy Studies, Taiwan Think Tank, Taipei, Taiwan. He was the Secretary-General, Taiwan-India Cooperation Council (TIACC) from 2006-08.	8 July 2013	Taipei
Lang Ning-Li	Vice Admiral (retd.), Foundation Fellow, National Security Division, National Policy Foundation, Taipei, Taiwan	23 July 2013	Taipei
Frances Lee	Deputy Representative, Taipei Economic and Cultural Centre (TECC) in India, New Delhi, India	27 May 2013	Delhi
Chin-Ming Lin	Assistant Professor, Graduate Institute of American Studies, Tamkang University, Danshui, Taiwan	17 July 2013	Danshui
Liu Fu-Kuo	Professor, Institute of International Relations (IIR), National Chengchi University (NCCU), Taipei, Taiwan	15 July 2013	Taipei
Hsu, Chien-Jung (Mattel Hsu)	Managing Editor, Thinking Taiwan Forum (attached with ex DPP Chairperson Dr. Tsai Ing-wen's office), Taipei; Adjunct Assistant Professor, Department of Taiwan and Regional Studies, National Dong Hwa University, Hualien, Taiwan	1 July 2013	Taipei
Peter Kang	Professor, Department of Taiwan and Regional Studies, National Dong Hwa University, Hualien, Taiwan	1 July 2013	Taipei
Pradeep Kumar Rawat	Director General, India-Taipei Association, Taipei, Taiwan. He demitted the office in August 2013. At present, he is at the MEA in New Delhi.	19 July 2013	Taipei
Samuel C.Y. Ku	Institute of China and Asia-Pacific Studies, National Sun Yat-Sen University, Kaohsiung, Taiwan	20 July 2013	Kaohsiung

Shen Ming-Shih	Associate Professor, Department of Strategic Studies, NDU, Taoyuan, Taiwan	10 July 2013	Taipei
Shih-chung Liu	Director, Department of International Affairs, DPP, Taipei, Taiwan	4 July 2013	Taipei
Simon S. Pan	Senior Advisor, Taipei Economic and Cultural Centre in India, New Delhi (I met him in Taipei as he was on leave)	19 July 2013	Taipei
Stephen S.C. Hsu	Section Chief, South Asia and General Section, Department of East Asian and Pacific Affairs, Foreign Ministry, Taipei, Taiwan	11 July 2013	Taipei
Tieh-lin Yen	Deputy Executive Director, Centre for Security Studies, MCSS, National Chengchi University (NCCU), Taipei, Taiwan	8 July 2013	Taipei
Tiun Hak-khiam	Professor, Department of Chinese Language and Literature National Taitung University, Taitung, Taiwan	20 July 2013	Taidong
Wenchyi Ong	Taiwan's ex Representative in India	22 July 2013	Taipei

## **APPENDIX -II**

### **Mahatma Gandhi's Letter to Chiang Kai-Shek June 14, 1942<sup>205</sup>**

SEVAGRAM,

June 14, 1942

DEAR GENERALISSIMO,

I can never forget the five hours' close contact I had with you and your noble wife in Calcutta. I had always felt drawn towards you in your fight for freedom, and that contact and our conversation brought China and her problems still nearer to me. Long ago, between 1905 and 1913, when I was in South Africa, I was in constant touch with the small Chinese colony in Johannesburg. I knew them first as clients and then as comrades in the Indian passive resistance struggle in South Africa. I came in touch with them in Mauritius also. I learnt then to admire their thrift, industry, resourcefulness and internal unity. Later in India I had a very fine Chinese friend living with me for a few years and we all learnt to like him. I have thus felt greatly attracted towards your great country and, in common with my countrymen, our sympathy has gone out to you in your terrible struggle. Our mutual friend, Jawaharlal Nehru, whose love of China is only excelled, if at all, by his love of his own country, has kept us in intimate touch with the developments of the Chinese struggle.

Because of this feeling I have towards China and my earnest desire that our two great countries should come closer to one another and co-operate to their mutual advantage, I am anxious to explain to you that my appeal to the British power to withdraw from India is not

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<sup>205</sup> 'To Chiang Kai-Shek', *Selected Letters of Mahatma Gandhi* at [http://www.gandhi-manibhavan.org/gandhicomelive/comesalive\\_letter25.htm](http://www.gandhi-manibhavan.org/gandhicomelive/comesalive_letter25.htm) (Accessed on 3 August 2013).

meant in any shape or form to weaken India's defence against the Japanese or embarrass you in your struggle. India must not submit to any aggressor or invader and must resist him. I would not be guilty of purchasing the freedom of my country at the cost of your country's freedom. That problem does not arise before me as I am clear that India cannot gain her freedom in this way, and a Japanese domination of either India or China would be injurious to the other country and to world peace. Domination must therefore be prevented and I should like to play her natural and rightful part in this.

I feel India cannot do so while she is in bondage. India has been a helpless witness of the withdrawals from Malaya, Singapore and Burma. We must learn the lesson from these tragic events and prevent by all means at our disposal a repetition of what befell these unfortunate countries. But unless we are free we can do nothing to prevent it, and the same process might well occur again, crippling India and China disastrously. I do not want a repetition of this tragic tale of woe.

Our preferred help has repeatedly been rejected by the, British Government and the recent failure of the Cripps Mission has left a deep wound which is still running. Out of that anguish has come the cry for immediate withdrawal of British power so that India can look after herself and help China to the best of her ability.

I have told you of my faith in nonviolence and of my belief in the effectiveness of this method if the whole nation could turn to it. That faith in it is as firm as ever. But I realize that India today as a whole has not that faith and belief, and the Government in free India would be formed from the various elements composing the nation.

Today the whole of India is impotent and feels frustrated. The Indian Army consists largely of people who have joined up because of economic pressure. They have no feeling of a cause to fight for, and in no sense are they a national army. Those of us who would fight for a cause, for India and China, with armed forces or with nonviolence, cannot under the foreign heel, function as they want to. And yet our people know for certain that India freedom play even a decisive part not only on her own behalf, but also on behalf of China and world peace. Many like me feel that it is not proper or manly to remain in this helpless state and allow events to overwhelm us when a way to effective



action can be opened to us. They feel, therefore, that every possible effort should be made to ensure independence and that freedom of action which is so urgently needed. This is the origin of my appeal to the British power to end immediately the unnatural connection between Britain and India.

Unless we make the effort, there is a grave danger of public feeling in India going into wrong and harmful channels. There is every likelihood of subterranean sympathy for Japan growing simply in order to weaken and oust British authority in India. This feeling may take the place of robust confidence in our ability never to look to outsiders for help in winning our freedom. We have to learn self-reliance and develop the strength to work out our own salvation. This is only possible if we make a determined effort to free ourselves from bondage. That freedom has become a present necessity to enable us to take our due place among the free nations of the world.

To make it perfectly clear that we want to prevent in every way Japanese aggression, I would personally agree that the Allied Powers might, under treaty with us, keep their armed forces in India and use the country as a base for operations against the threatened Japanese attack.

I need hardly give you my assurance that, as the author of the new move in India, I shall take no hasty action. And whatever action I may recommend will be governed by the consideration that it should not injure China, or encourage Japanese aggression in India or China. I am trying to enlist world opinion in favour of a proposition which to me appears self-proved and which must lead to the strengthening of India's and China's defence. I am also educating public opinion in India and, conferring with my colleagues. Needless to say, any movement against the British Government with which I may be connected will be essentially non-violent. I am straining every nerve to avoid a conflict with British authority. But if in the vindication of the freedom which has become an immediate desideratum, this becomes inevitable, I shall not hesitate to run any risk however great.

Very soon you will have completed five years of war against Japanese aggression and invasion, and all the sorrow and misery that these have brought to China. My heart goes out to the people of China in deep sympathy, and in admiration for their heroic struggle and endless

sacrifices in the cause of their country's freedom and integrity against tremendous odds. I am convinced that this heroism and sacrifice cannot be in vain; they must bear fruit. To you, to Madame Chiang and to the great people of China, I send my earnest and sincere wishes for your success. I look forward to the day when a free India and a free China will co-operate together in friendship and brotherhood for their own good and for the good of Asia and the world.

In anticipation of your permission, I am taking liberty of publishing this letter in Harijan.

Yours sincerely,

M. K. Gandhi

## **The Carnet Protocol**

FICCI & TAITRA sign Carnet Protocol to facilitate temporary duty-free admission of goods/exhibits between India and Taiwan

NEW DELHI, March 20, 2013.

In a bid to facilitate duty free temporary admission of goods and exhibits between India and Taiwan, the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Taiwan External Trade Development Council (TAITRA) today signed a FICCI-TAITRA Carnet Protocol similar to the ATA Carnet, backed by an agreement between India-Taipei Association (ITA), Taipei and Taipei Economic and Cultural Centre (TECC), India.

The FICCI-TAITRA Carnet Protocol was signed on behalf of FICCI by Mr Siddharth Birla, Senior Vice President, FICCI, and on behalf of TAITRA by Mr Chao, Yuen-Chuan, President & CEO, TAITRA.

In terms of the FICCI-TAITRA Carnet Protocol, FICCI in India and TAITRA in Taiwan will facilitate the grant of ATA Carnet like document to Indian and Taiwanese businessmen for temporary movement of goods/exhibits for exhibitions/fairs in India and Taiwan.

ATA Carnet is an international uniform Customs document issued in 72 countries including India, which are parties to the Customs Convention on ATA Carnet. The ATA Carnet permits duty free temporary admission of goods into a member country without the need to raise a customs bond, payment of duty and fulfilment of other customs formalities in one or a number of foreign countries. The ATA Carnet System is administered by ICC-WCF World ATA Carnet Council (WATAC), Paris, in cooperation with the World Customs Organization (WCO).

FICCI has been appointed as the National Issuing and Guaranteeing Association for the operation of ATA Carnet System in India.

The goods being imported from Taiwan are not presently covered under the ATA Carnet System as Taiwan is not a signatory to the

Convention. However, Taiwan has signed similar carnet protocols with more than 35 countries including the US, Canada, Japan, Singapore, Australia, Malaysia, South Africa, the EU, etc. These protocols grant duty free admissions for exhibition goods which are brought for exhibition purposes on a temporary basis.

The FICCI-TAITRA Carnet Protocol will pave the way to enhance the bilateral trade co-operation between India and Taiwan through the use of Carnets.<sup>206</sup>

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<sup>206</sup> 'FICCI Press Release' at <http://www.ficci.com/PressRelease/1181/FICCI-press-mar20-ata.pdf> (Accessed on 21 June 2013).

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