

## China's Diplomatic Gain Is Taiwan's Loss

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TAIPEI, Taiwan, July 8 -- The news came as a shock to many Taiwanese. After 63 years as a faithful ally of this self-ruled island, Costa Rica was switching diplomatic relations to mainland [China](#), acknowledging that money was the big lure.

The change of course by a tiny Central American nation, announced in May, was a small event in the ebb and flow of world affairs. But here in Taiwan it was regarded as a major setback, perhaps an omen, in the long-standing and fierce competition with China for international recognition.

As China becomes more integrated into the world's economic and political system -- and increasingly loses its stigma as a Cold War adversary -- the competition in recent years has become increasingly difficult for Taiwanese diplomats. The number of countries recognizing mainland China has risen to 169 while Taiwan's score has declined to 24, most of them pocket-size countries where a small amount of aid money can make a big difference.

Taiwan's foreign minister, James Huang, said national pride is not the only reason for the competition. Diplomatic allies are so many "bargaining chips" in any negotiation with China, he said, and reduction of [Taiwan's](#) "international space" is tantamount to a reduction in its ability to deal with the government in Beijing on equal footing.

"At the end of the day, when we sit at the negotiating table, we will have no leverage at all" if the defections continue, he said in an interview. "This is what China wants."

Philip Yang, a professor at National Taiwan University and political analyst, said the loss of diplomatic recognition could also damage the Taiwanese government's standing at home because many of Taiwan's 23 million inhabitants regard the issue as a measure of national identity.

"It's more to prove to ourselves that we are living in international society as an independent state," Yang said.

Costa Rica's defection hurt particularly because of its long tradition of support for Taiwan in the international arena. Moreover, diplomats voiced fears that other Central American stalwarts -- [Nicaragua](#), [El Salvador](#), Honduras, [Guatemala](#) -- might follow Costa Rica's example.

President [Chen Shui-bian](#) ordered a diplomatic offensive to try to hold things together. Vice President [Annette Lu](#) flew Wednesday to the [Dominican Republic](#), where she ponied up \$300,000 for a children's hospital and pledged another \$700,000. She moved on to [Paraguay](#) over the weekend and planned a third stop in Guatemala.

Huang, meanwhile, left the same day for a tour of African allies [Malawi](#), [Gambia](#), Swaziland, Sao Tome and Principe, and [Burkina Faso](#). He was shown Sunday in Taipei newspapers posing with the king of [Swaziland](#), who dutifully backed Taiwan's unlikely bid to join the [United Nations](#).

Chen himself talked on the telephone Wednesday with the leaders of Paraguay, Honduras and Nicaragua, officials said, and he announced he will go to [Honduras](#) in August for a conference among Taiwan and its remaining Latin American allies. Chen also took time to address legislators from six Latin American countries on Tuesday, here attending the Forum of Presidents of the Legislative Bodies of [Central America](#) and the [Caribbean](#) Basin.

The main fear now is Nicaragua, Taiwanese said. This is because of President [Daniel Ortega](#), who was elected in November for a second time. Ortega switched relations to mainland China when he was president the first time, in the 1980s, as head of the Marxist-oriented [Sandinista National Liberation Front](#).

His successor restored ties to Taiwan in 1990 and Ortega has displayed a friendlier attitude this time around. But he also has demanded more economic assistance, including help for a \$40 million hydroelectric plant, telecommunications aid and forgiveness of about \$50 million in debt.

Huang said Taiwan's tool of persuasion in retaining such allies is its embrace of shared political values, such as democracy, human rights and freedom. But he acknowledged that the argument carries less weight now than it did in the 1960s. Then, when the United States still recognized Taipei and mainland China was an ideological outcast, Taiwan had ties with 67 nations. By 1979 the count was down to 22.

Although Taiwan officials cringe at charges of checkbook diplomacy, their practical appeal these days is economic. In Nicaragua, for instance, Taiwan has become the largest foreign investor, with \$260 million in projects accounting for 25,000 jobs.

But China, with its booming economy, also has found new friendships through foreign aid. Some small Caribbean and Pacific island countries have bounced back and forth between [Taipei](#) and [Beijing](#) several times on the basis of such aid offers, running a sort of auction for diplomatic loyalties.

China's other great asset, Huang noted, is the promise of trade, particularly its worldwide search for oil and minerals that he qualified as "neo-mercantilism." [Chad](#)'s decision to break with Taiwan two years ago, for instance, was tied to a Chinese offer to explore for oil.

President Oscar Arias of Costa Rica, in explaining his decision to abandon Taiwan, said the promise of trade relations with [China](#) was just too great to ignore.

Both the Chinese and Taiwanese governments also have been widely reported to resort to bribery. The reports, denied with equal vehemence in Beijing and Taipei, usually have emerged in the form of charges leveled by one political faction against another after a switch.

The Costa Rican newspaper La Nacion revealed several years ago that \$240,000 paid by Taiwan to the private Association for the Development of Foreign Policy in [Costa Rica](#) was used in part to pay \$1,500 a month to the daughter of then-President Abel Pacheco. Pacheco acknowledged the payments but insisted they were legitimate because they were for his daughter's services at the Costa Rican Embassy in [Mexico](#). At the same time, he allowed as how such private associations needed more supervision.