

The Interdisciplinary Center Herzliya  
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## **Taiwan-Israel Relations: Towards a New Partnership**

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Ladies and Gentlemen,

I want to thank the conference organizers for inviting me to join you here at Herzliya this year, and for arranging this session. It shows tremendous foresight to provide this opportunity to think creatively about the long-term development of Israel's foreign policy. And I am of course particularly pleased that you have seen fit to include my country, Taiwan, among the possible areas to explore. I heartily agree that there is much room for future cooperation for our countries, and I submit that Taiwan could even become a key partner for Israel in the years to come.

As you are all aware, the East Asian region has become one of the main centers of gravity of the global economy. Indeed, it is currently the source of the largest part of global growth. Therefore, the political and strategic significance of our region has been rising rapidly in recent years, and this trend is likely to continue.

Therefore, it is apparent that Israel should try to develop closer ties to the region, to balance the already close ties with the US as well as with Europe. For a medium-sized country from outside the region, it is necessary for Israel to think strategically about its approach to the region, and choose its partners carefully.

Taiwan and Israel established representative offices in Tel Aviv and Taipei some 10 years ago. We have had some success in promoting relations and cooperation for our mutual benefit. Let me now make the case for taking the relationship to the next level, for Taiwan to be one of Israel's core partners in the Asian region, from economic and technological, political, social, diplomatic, and security perspectives.

### **1) Economic and technological**

Starting with the economic sphere, Taiwan and Israel have both developed rapidly, and both of us can claim to have made "economic miracles". More interestingly, we have followed similar economic models. First, we early on opted to follow free-market principles, eschewing the state-led development models once so-popular in much of the world, and have built open, trade-oriented economies. Second, we have placed special emphasis on human resources and education, with which we have successfully overcome resource constraints. Third, we have fostered free-wheeling entrepreneurship, and the core of both our economies is a flourishing small- and medium-enterprise sector.

Fourth, we have paid special attention to high-technology and science-based industries, and our success in this field has become our hallmark in global markets. Indeed, both our economies have been classified by the World Economic Forum as "core technology-innovating economies." Speaking of the World Economic Forum, I might mention that in its latest report, Taiwan rose from 6<sup>th</sup> place to 5<sup>th</sup> in its ranking of growth competitiveness, which is a significant vote of confidence in our economic prospects.

By happy coincidence, it turns out that the tech sectors of our two countries are more complementary than overlapping. Taiwanese companies excel in manufacturing, especially of hardware, being in fact the fourth largest producer of IT equipment in the world. Israel boasts world-class basic research and is a major center for innovation in software.

With such a similar level of development, as well as economic structure, business culture, and sector complementarity, Taiwan should be perfectly positioned to be Israel's best business partner in Asia. So far (in 2002), we have reached a level of two-way trade of 0.66 billion USD, including 0.26 billion USD of Taiwanese exports to Israel and 0.34 billion USD of Israeli exports to Taiwan. I am confident there is much room for expansion, for great mutual benefit.

## **2) Political**

In the political realm, the consolidation of Taiwan's democratization, especially since the first-ever transfer of power in 2000, means that we can take our place alongside Israel as a full-fledged, vibrant democracy. We share the basic political values of freedom, as well as a common understanding of how countries should be run. Importantly, both our countries are located in regions that are still relatively hostile to freedom, and we have to bear the standard of democracy in the face of this hostility.

Although our democracy is younger than Israel's, we are working hard to deepen it. We will hold our next presidential elections in March 2004 and parliamentary elections at the end of that year. We are also working to draft a new constitution, to replace the current one which was enacted under a dominant-party system in 1947. Especially since our first-ever transfer of power in 2000, we have found that the Constitution is not well suited for a genuine multi-party democracy, and there are many institutional gaps, such as proper checks and balances, which require fixing.

In addition, our parliament has just passed a law allowing the people to exercise their rights to referendums. These steps will increase the competitiveness of our policymaking. Even more important, they show that our people are taking the reins of power as sovereign citizens. I think all Israelis can appreciate that.

### **3) Social**

The Taiwanese people, in general, hold a very positive view of Israel. They tend to admire your courage in creating a new homeland, building a democracy, and standing tall in the face of so many threats. In some ways, it is a role model for us, since we also have had to learn to thrive under a great threat. Your achievements in "making the deserts bloom" and nowadays in high-tech innovation are also well-known and held in high regard. The ancient Jewish culture is also very much respected.

I mention all this because it means that cooperation among our two peoples has a solid social foundation, and that Taiwan, especially now that we have a free and lively society, is a very welcoming place for Israelis to work or live. I dare to say it is more congenial, and safe, than almost any place in Asia.

### **4) Diplomatic**

In the diplomatic realm, our two countries also share many striking similarities. First, we share the same basic principles of diplomacy. Our foreign policy is based firmly on the three intertwined themes of peace and security, economic prosperity, and democracy and human rights. I believe these are your goals as well.

Second, as I alluded to earlier, we are islands of democracy in our respective regions, and we have faced many obstacles in participating in regional forums and organizations. Third, although thankfully Israel was never expelled from the United Nations and its organizations, and is able to exercise its proper full rights as a member, nonetheless we share a political difficulty in relying on the UN for support.

This leads to my final point in this area, which is that both our countries have "special relationships" with the United States, which has long provided more, and more genuine, political support for both of our countries than any other major country. Indeed, many of our best friends in Washington are in fact the same people. Of course we all are very appreciative of the commitment of the American people to democracy and freedom, but it does behoove both of our countries to build on that "special

relationship" and try to develop an even broader base of foreign relations. What better way than to cooperate more amongst ourselves, or perhaps in three-way configurations with the US?

## **5) Security**

In the security realm, of course, both our countries face an ongoing serious threat to our existence from much larger neighbors. This is a fundamental commonality. Without security, our democratic systems, and our whole way of life, remain at risk.

Moreover, in order to defend ourselves we rely on developing more advanced military technology, without which we face the risk of being overwhelmed by our more numerous adversaries. I believe the phrase used here is "maintaining a qualitative edge."

In addition, our "special relationships" with the United States have included its role as our primary suppliers of military hardware. For the latter, this means that our military systems are basically compatible, they "speak a common language." This could be the basis of cooperation as well.

During the first Gulf War, a Taiwanese company – as usual, a small start-up company – named Microelectronics Technology Inc. (MTI) made its reputation when CNN journalists used its portable satellite communication equipment (TCS-lite). MTI specializes in Band Transceivers and cooperates in original design manufacturing with Hughes Network Systems of the US. However, it now turns out that terrorists could also take advantage of this new technology to avoid being tracked by the US; therefore, upon US advice, we have controlled sales of this technology to the Middle East. I cite this example to illustrate that although Taiwan used to receive military aid from the US, now we can offer our help in advanced technology control to fulfill our responsibility towards the global peace.

Finally, a word about terrorism. Taiwan in the past had not paid much attention to this issue, for the simple reason that we have never had terrorism on our soil. The tragic events of September 11, 2001 have changed that attitude. Seven of our citizens lost their lives in New York, along with the thousands of innocent victims from around the world. In addition, two more of our citizens perished in the bombings on the island of Bali in October 2002. These events have brought home to us how we are part of the global village, how we cannot remain aloof from events, even in relatively distant

parts of the world, but must work together to eradicate terrorism from wherever it may develop.

As a result, we have offered strong support for the war on terror, including the campaign against the Taliban and the war to topple Saddam Hussein. We have also taken swift action to track financial flows to prevent terrorists from laundering their money through Taiwan. We are working to prevent proliferation of weapons of mass destruction, in conjunction with the US-led Proliferation Security Initiative announced by President Bush in Poland in May. Although we are not a member of the 11-country grouping, in early August we took one of the first concrete steps by detaining a North Korean freighter and seizing 158 barrels of phosphorus pentasulfide, which can be used to make chemical weapons. In addition to our determination to assist the global efforts against terrorism, this incident also demonstrates the strategic location of Taiwan along the most important sea lanes of communication in East Asia. Taiwan's commitment to the war on terror is critical to regional security.

I believe anti-terrorism and anti-proliferation are areas where we may find new fruitful areas for cooperation with Israel. For example, we could profit greatly from your expertise in terms of how to prevent and control terrorist acts.

In short, when Israel is looking for its true friends in the Asian region, I am confident that Taiwan will rank near the front. We look forward to expanding our cooperation and working together for democracy, peace, and prosperity. Thank you!