



# international UPDATE

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## SOUTH AFRICA AND TAIWAN: A DIPLOMATIC DILEMMA WORTH NOTING

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### INTRODUCTION

Practitioners and students of foreign policy frequently proclaim the truth of the old adage that countries engaged in diplomacy have no permanent friends but only permanent interests. A cynical view perhaps, but starkly confirmed by largely western actions in the last few years by the declining scale of intervention in Iraq, Somalia, Bosnia and Rwanda. East Timor figures not at all. As to the non-Western states, nothing emerges from the Organisation of Africa Unity (OAU) and the moribund Non-Aligned Movement (NAM) but rhetoric, only justifiable on grounds of relative poverty - of will as much as of money. Despite bland pronouncements from government on brotherhood and mutual assistance, it is generally understood that South Africa will address its own concerns first. Relations with Taiwan (ROC) will be considered in that light and no other. The cement of pariahdom will crumble quite naturally and painlessly in economic terms. For its part, the ROC will also consider its interests and needs pragmatically, as it has done frequently in the past with most of its trading partners. In any event, it is more than likely that within the next generation, as the aging survivors of the Kuomintang flight from the mainland pass on, the ROC will form links with the mainland PRC, possibly as an autonomous province, satisfying honour on both sides. What held South Africa and Taiwan together was, of course, a common approach to their problems of international recognition. Taiwan too is treated as a fellow outcast because of its insistent claim that it is the sole legitimate government of all China, and is only temporarily based on Taiwan while the mainland is under control of a communist

government.

In an unfriendly and cold world the two pariah states offered each other support and recognition. From this camaraderie flowed numerous material and emotional gains. For example, where else in the world could the South African ambassador have been seen on television and his residence so publicly signposted? Where else would one hear "Jan Pierewiet" - sung in Afrikaans - by foreigners?

### POLITICAL RELATIONS

The closer political ties between South Africa and Taiwan were a reflection of both countries' diplomatic isolation - South Africa for its apartheid policies and Taiwan since its ouster from the China seat at the United Nations (UN) in 1971. Both countries have maintained diplomatic links since 1949, although these links were not particularly close in the following two decades. Pretoria deliberately maintained a relative distance from Taiwan so as not to give the People's Republic of China (PRC) any excuse to increase support for resistance movements inside the Republic, particularly for the Pan-Africanist Congress (PAC) which had established close ties. Taiwan in turn attempted to boost its image in Africa by attending numerous independence celebrations by providing assistance in agricultural demonstration projects in 22 African countries, excluding South Africa.

After Taiwan's removal from the China UN Security Council seat, her diplomatic isolation increased as many of the African countries

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terminated relations with Taipei and established relations with Beijing. However, ties with South Africa were strengthened when both countries consulates were upgraded to embassy level in April 1976 following the visit to South Africa by the chief architect of Taiwan's African strategy, Yan Hsi-K'un who met State President N. Diederichs and Prime Minister B.J. Vorster.

In the 1980s and early 1990s, these ties were further strengthened by the visits of Heads of State P.W. Botha in 1980 and 1986 and again by F.W. de Klerk in 1991. The Vice-President of Taiwan attended ceremonies to mark the inauguration of the new constitution of the Republic in 1984, and in the same year Security Police supremo, General Johann Coetzee, was awarded the Taiwanese medal of *Yan Hai* for promoting 'traditional friendship and military co-operation' between the two countries. The 'traditional friendship' was made concrete by the academic exchange programme for lecturers and students in 1987, and a series of cultural exchanges including a visit by the Cape Town Symphony Orchestra to play at the Taipei Arts Festival. Military co-operation was reflected by South Africa's alleged nuclear ties with Taiwan, and also the exchange of military equipment. By 1994 the two countries had signed 25 co-operative pacts in various fields.

Pretoria increasingly reinforced its connections with Taiwan, especially during the Botha years. It held a memorial service for the late President Chiang-Ching Kuo in 1988 and sent a contingent of government officials to his funeral in Taipei. More recently, in an apparent effort to facilitate foreign investment, Pretoria revised its immigration laws relating to Taiwanese Chinese. Over the past 20 years, political relations can best be described as stable and mutually beneficial. However, following the April elections in South Africa and the corresponding claim for recognition by Beijing, the question as to how Pretoria should handle the issue of Taiwanese diplomatic recognition becomes more pressing.

## ECONOMIC RELATIONS

The warm political and cultural relationship led to an automatic strengthening of economic ties. Numerous bilateral conferences and ministerial discussions have addressed trade, business, investment and joint projects. There are presently 485 Taiwanese-owned factories in South Africa's regional growth points: the former 'national' and TBVC states. Figures from the Board for Regional Industrial Development show that foreign investors placed R558 million in industrial development in

the past 2 years, of which Taiwan invested R328 million. Furthermore, Taiwanese factories employ between 50,000 to 60,000 people. These investments were, however, largely due to the industrial and labour incentives offered by Pretoria to entrepreneurs setting up companies in the homelands. Such incentives included package assistance schemes, low wage levels, minimum taxation and limited trade union activity in the homelands.

Taiwan has been one of the Republic's fastest growing import suppliers with a growth rate of 94% in 1987 and 45% in 1988. In 1993, Taiwan supplied South Africa with R2,039m worth of imports. Anecdotal evidence suggests that Taiwan has expanded her export markets in the areas of consumer electronics and computers - spheres previously dominated by Japan and the United States. Taiwan has also very significantly increased its purchases of South African goods. In 1993, total South African exports to Taiwan amounted to R2,166m and is increasing by 10%-15% per annum. Exports range from coal, fruit, aluminium to pig-iron and steel, making Taiwan South Africa's sixth largest trading partner. To enhance her exports, South Africa has a permanent display at the Taipei World Trade Centre, thus broadening its presence in the Pacific Basin.

A 'strategic alliance programme', established jointly at a conference in April 1993 between the public and private sectors in South Africa and Taiwan, is the latest initiative to boost trade. This project, initiated by Taiwan, was designed to promote strategic alliances as a method of expanding business and technology exchange. In February 1994 both countries concluded a treaty to avoid double taxation on enterprises invested in their respective countries. This step was also seen as paving the way for large-scale mutual investment.

## PROSPECTS FOR THE FUTURE

There are more than immediate bilateral advantages in South African-Taiwanese relations. Pretoria's honeymoon with Taiwan in the apartheid era attracted attention to the potential of the Pacific Rim, particularly South East Asia. But, South Africa no longer can afford (nor needs to) to ignore or neglect the other world economy's pace-setters in terms of aid, trade, investment and development. The PRC's markets would be particularly beneficial for South Africa in this regard and the PRC and South Africa have established missions in each others' countries (the Chinese Centre for South African Studies in Pretoria, the South African

Centre for Chinese Studies in Beijing). According to the PRC, however, full diplomatic links would not be possible while Pretoria recognises Taipei. South Africa's direct trade with the PRC is around R600m, with R1,000m going in the other direction - this figure, however, has been boosted by the export of VW automobiles. Although this might seem comparatively small, to these figures have to be increased by 60% to allow for trade with Hong Kong, totalling R2,86 billion, which feeds indirectly into the PRC economy. South Africa's trade with the PRC grew by 170% between 1992-1993 and is expected to double and triple in the future. Furthermore, the sheer number of inhabitants of the PRC (1.2 billion) compared to the ROC (20 million) and the level of trading activity in both countries provide, superficially at least, an easy answer for South Africa as to which country would be ultimately most valuable if she is obliged to make a choice.

How should the new South African government deal with this dilemma? The Mandela administration will have to set priorities in its foreign relations activities. Taiwan and the PRC are both wooing the African National Congress (ANC). Some diplomats believe that Mandela's government might wish to switch allegiances to the PRC. But others argue that the ANC has almost no historic relationship with Beijing. Recent public appearances in Beijing and Taipei by the ANC show that Pretoria is now willing to co-operate with both countries, but the level of co-operation has thus far not been identified.

There are essentially two options in this regard, although cold logic would appear to put the first beyond serious consideration:

**Option One:** The Mandela administration could attempt to pursue the hazardous option of 'dual diplomatic recognition'. There is, however, an unfavourable international precedent for this approach. In July 1989, the Caribbean micro-state of Grenada recognised both the PRC and Taiwan and established diplomatic links with Taipei, having entered into (non-resident) diplomatic relations with Beijing some years earlier. While Taiwan accepted the 'Grenadian model' the PRC expressed severe displeasure and cut its formal ties with Grenada. In February this year Burkina Faso also attempted this option, and to its disappointment was immediately rejected by Beijing.

It has been said that this action could serve as a challenge to other states, particularly those carrying some political weight, to pursue a similar strategy. South Africa could be one such challenger, carrying with it not only political but also

considerable economic weight. Politically, South Africa is now a democracy with a president of immense international stature. Economically, with its sophisticated infrastructure, advanced technology and manpower potential, the Republic is looked upon as a springboard for trade and investment in the region and on the continent.

Pursuing this admittedly remote possibility, there could be two advantages. First, Taipei is unlikely to be offended because existing diplomatic links will be maintained. Second, with the establishment of full diplomatic links with the PRC, Pretoria could help pursue Chinese policy in Africa, especially through peace-keeping missions and commercial ventures. This would be preferred by Pretoria given its considerable economic relations with Taiwan. The validity of this option remains to be seen. Tian Zenpei, PRC Vice-Minister of Foreign Affairs, on a recent visit to South Africa, stated that Pretoria could not establish diplomatic links with the 'two China's'. Diplomatic links with both the PRC and ROC would mean the existence of two territories (two China's) which would be totally unacceptable to Beijing.

**Option Two:** This is the 'cold shower' option - South Africa's 'derecognition' of Taiwan, with a severing of diplomatic links but the maintenance of a 'cultural' interest and trade office. Following this, full diplomatic ties would be established with Beijing. If this option is to be pursued, the strictest diplomatic discipline and procedure would have to be co-ordinated so as not to offend Taipei. A lesson can be learnt from South Korea's experience. Ignoring its long time alliance and friendship with Taiwan, South Korea established diplomatic relations with the PRC without giving Taiwan any prior notice in August 1992. Taiwan was furious at the move and broke diplomatic relations, cancelled preferential trade agreements and announced termination of airlinks. A similar misunderstood move by South Africa could have uncontrollable and expensive repercussions given the intense relationship between the two countries, sparking off a host of consequences, from the breaking down of trade relations to the ill-treatment of South African nationals in Taiwan. In addition, under intense government pressure, Taiwanese contracts in South Africa could dwindle, and military and cultural co-operation would cease to exist.

A refinement of Option Two would be for South Africa to follow the US example. Taipei and Washington have set up institutes to handle bilateral affairs in the absence of official ties. The US set up the American Institute in Taiwan and Taiwan set up representative offices in the US under the title 'Co-ordination Council for North American Affairs'.

The US Congress has also passed the Taiwan Relations Act which has become the legal basis for the management of bilateral substantive relations between the two sides, and embassies have become cultural studies institutes or trade missions and, with a little finesse, matters have proceeded as before. Given Taiwan's increasingly lonely status as a pariah state, there seems little reason for her to reject what would seem to be a considerable consolation prize.

## CONCLUSION

With South Africa's newly-founded credibility it now has a respectable and legitimate voice in the Community of Nations. Whatever policy or actions it pursues as a global citizen must be reflective of international and domestic concerns and interests. The South African-Taiwanese diplomatic dilemma is a very sensitive issue that will require skilful manoeuvring and negotiating to avoid any repercussions. The above options are in no way an end in themselves, and should either one be followed, their merits, demerits and practicalities must be clearly noted.

## SOURCES

Pickles, J. & Woods, J., 1989. Taiwanese Investment in South Africa. *African Affairs*, Vol.88, No.353. Oxford.

### STATEMENT OF PURPOSE

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