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U.S., Taiwan Kick Off Talks to Deepen Trade, Economic Ties

China has condemned the initiative, which comes ahead of a possible Biden-Xi summit



Terry McCartin, assistant U.S. trade representative, is leading the U.S. delegation at the talks with Taiwan.

PHOTO: GIULIA MARCHI/BLOOMBERG NEWS

By Yuka Hayashi

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The U.S. and Taiwan began two days of face-to-face meetings in New York on Tuesday aimed at strengthening trade and economic ties at a time of ramped-up tensions between Washington and Beijing.

The meetings, which were disclosed earlier this year, are expected to cover areas including agriculture and digital trade.

While the pact won't be concluded at least until next year, Taiwanese officials have said that they hoped to deliver an "early harvest" in some areas in the coming months.

China, which sees Taiwan as part of its territory, has condemned the trade initiative, saying the talks send a wrong signal that implies Taiwanese sovereignty.

"China is always against any country negotiating economic and trade agreements of sovereign implication or official nature with China's Taiwan region," Chinese Embassy spokesman Liu Pengyu said. "We urge the U.S. not to repeat its wrongdoing."

This week's meetings come as the U.S. and Chinese governments are working to arrange a meeting between President Biden and Chinese leader Xi Jinping on the sidelines of the Group of 20 summit of major economies in Indonesia in mid-November.

Tensions are high between the two countries, with the White House continuing tariffs on Chinese imports approved by the Trump administration.

The administration unveiled a new defense strategy Thursday, casting China as the greatest danger to American security and calling for an urgent, concerted effort to build the military capabilities to deter Beijing in the decades to come.

The meetings in New York, dubbed the U.S.-Taiwan Initiative on 21st Century Trade, follow the May launch of a broad economic-cooperation pact known as the Indo-Pacific Economic Framework for Prosperity, which reflects the Biden administration's effort to beef up economic relations with friendly nations in the region to counter

China.



The U.S. and China are working to arrange a meeting of their leaders at a G-20 summit in Indonesia in mid-November.

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Taiwan had expressed interest in joining the IPEF but the U.S. chose the bilateral format to deepen ties with Taipei.

Taiwan's Executive Yuan, the executive branch of the government, said last week that the new initiative will help Taiwan establish a fair and competitive investment and trade environment, help exporters to reduce operating costs and promote small and midsize enterprises to expand into the international market.

Like the IPEF, the Taiwan initiative isn't designed as a traditional trade agreement involving tariff reduction to increase trade. Instead, it covers a range of issues to strengthen bilateral ties, such as trade facilitation, regulatory practices, removing discriminatory trade barriers and imposing rigorous labor and environmental standards, as well as digital and agricultural trade matters.

Still, U.S. business groups and trade experts welcome the initiative, which comes at a time when Taiwan's presence as a trading partner looms large, particularly because of its position as a dominant global supplier of advanced semiconductors.

"What we've got here is a big shift in attitude at the Trade Representative's office to lean into the relationship. That's a big win," said Rupert Hammond-Chambers, president of the U.S.-Taiwan Business Council, a group that represents companies doing business with Taiwan.



Taiwan had expressed interest in joining the Indo-Pacific Economic Framework for Prosperity, but the U.S. chose a bilateral format to deepen ties.

PHOTO: JONATHAN ERNST/REUTERS

The bilateral negotiations are taking place under the auspices of the American Institute in Taiwan, the de facto U.S. Embassy in Taipei, and the Taipei Economic Cultural Representative Office in the U.S., Taiwan's

representative office in the U.S.

The U.S. delegation is being led by Terry McCartin, assistant U.S. trade representative. The U.S. delegation will also include representatives from the National Economic Council, the Department of Commerce, the Treasury Department, the Small Business Administration, and the Food and Drug Administration.

A meeting between U.S. Trade Representative Katherine Tai and John Deng, her Taiwanese counterpart, may take place later this month as Ms. Tai travels to Asia to attend a trade ministers' meeting of the Asia-Pacific Economic Cooperation, of which Taiwan is a member.

Even as the U.S. has robust relations with Taiwan, it hasn't had formal diplomatic relations with the island since 1979, the year the U.S. established a formal relationship with China, which sees Taiwan as part of its territory.

Write to Yuka Hayashi at Yuka.Hayashi@wsj.com