

Future of US-ROC Economic Relations

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III. FUTURE OF US-ROC ECONOMIC RELATIONS

(9:30 a.m.-12:00 noon)

April 16, 1977

The meeting was opened by Mr. Simon, who introduced the chairperson for the session, Dr. G. J. Sigur, Director of the Institute for Sino-Soviet Studies at George Washington University. Dr. Sigur said that he was delighted to be here this morning and to serve as chairman of this final session of the Conference on U.S.-Republic of China Relations. He thought that it was always exciting to deal with projections concerning the future. He had always envied Herman Kahn in the Hudson Institute, and he had thought often that perhaps it would be interesting to join him and deal with things in a way that you did not have to concern yourself too much with facts. However, that was not what we were going to try to do today. We were going to be concerned with facts, and would deal with one of the most important questions facing the United States in its global policies, and especially in its policies toward Asia and the Pacific and what would happen in terms of our ties with the Republic of China on Taiwan, particularly in the economic area. The resolution of the American position toward the ROC could be critical to the whole question of American intentions and hopes of maintaining peace and stability throughout the world. Dr. Sigur did not think that such a formulation overstated the case. He believed it was true, and therefore he was sure that we would all take this matter of the future of these relations with the seriousness which it warranted. He was very pleased to start this session off by introducing David Simon, who would summarize the American Chamber of Commerce on Taipei position paper on US-ROC relations. Dr. Sigur then invited Mr. Simon to speak. Mr. Simon said that none of what he had to say here was his own words. It was all directly from Taiwan's American Chamber of Commerce and he was just going to summarize the position paper.

The position paper stated that the PRC engages in restrictive trade practices as compared to the ROC, which presents a truly reciprocal trade pattern with resulting economic benefits to both the United States and Taiwan. The People's Republic of China has a non-consumer product market of limited products, non-recurrent purchases and import restrictions. The interest of the PRC is in technology, not in products. It was estimated in the

report that consumer products will not be in demand in the PRC for two generations. The loss of United States relations with the Republic of China would have many ramifications: the outlook for economic increase would be negative and abrogation of the Defense Treaty would remove protection essential for Taiwan. Some specific problems cited were Eximbank loans and guarantees of 1.5 billion dollars, U.S. banks on Taiwan, United States investment, OPIC insurance, and the most favored nation treatment of Taiwan. It was also pointed out by the Chamber of Commerce that United States security could also be threatened.

[The following is the text of the position paper prepared by the American Chamber of Commerce in the Republic of China.]
