


國立政治大學外交研究所

碩士論文

**A Comparative Analysis of Taiwan-China's ECFA and
Colombia-United States' FTA: POLITICIZED TRADE.**

兩岸經濟協議和哥美自由貿易協定的比較分析:政治貿易.



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ABSTRACT

As part of the globalization of world economy and the growing regionalization trend, Colombia and Taiwan started the negotiation of Preferential Trade Agreements with their respective neighboring powers -the United States and China-, in a process in which individual and regional interests are at stake.

This work argues that the will of creating a PTA is motivated by strategic interaction and strong political consideration under the logic of “politicized trade” from the US and China's side; while for Taiwan and Colombia it is the need of improving their economic ties with the rest of the world as well as their positions in the international order.



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INTRODUCTION

As part of the globalization of world economy and the growing regionalization trend, Colombia and Taiwan started the negotiation of trade agreements with their respective neighboring powers -the United States and China-, in a process in which individual and regional interests are at stake. Owing to increasing globalization, Preferential Trade Agreements (PTAs) have permeated the discourse on international politics. Nowadays one cannot think of a country as an isolated actor from which policy decisions remain separated from the rest of the world. This is most clearly demonstrated by the expansion of the trade-related policy agenda. Therefore there is a thin line separating national politics from global dynamics, which certainly makes of PTAs a major component in a country's foreign economic policy.

One argument is that the unsuccessful Doha Round of World Trade Organization (WTO) negotiations is the main reason for the increase in the negotiations of PTAs, while others explain such agreements as the result of the NAFTA in North America or the European Union. We might say that some of those processes are in fact the competitive result of the North American and European integration, while others reflect the aspiration for economic gains and international bargaining power that such economic links can bring. This point is particularly true for both Taiwan-China and Colombia-United States cases as they are economies of different sizes and levels of development, brought together by PTAs.

This work will argue that in spite of their different strategies towards development and decision making arrangements, both Taiwan and Colombia share the interest in improving their economic ties with the rest of the world as well as their positions in the international order. These are the major reasons for why they are

committing to PTAs with their respective surrounding powers: The United States and China¹.

In these terms, the main objective of this research is to establish and compare the bilateral strategies to the PTAs Colombia and Taiwan have signed with the United States and China respectively, and to establish the effects of such agreements in both Taiwan's and Colombia's regional relations.

The prime motivation for this research stems from the fact that Colombia and Taiwan have different economic trajectories but similar issues with regards to their position in the global system. This work will highlight both the similarities and differences. Taiwan, - one of the Asian Tigers - is considered by many as a success thanks to its outward-looking policy, while the bilateral relationship with mainland China represents the biggest constrain for the island's role in the international arena. In contrast, Colombia, the fourth largest and second most populated South American country, still faces economic and social issues attributed by many to the inward-looking policy, reliance on primary products exports, and internal armed conflict. These factors along with the close relationship with the United States have determined Colombia's status at the international level as well as its foreign policy preferences.

Furthermore, Colombia and Taiwan are salient countries for comparison for a number of reasons. First they occupy broadly similar positions in the global political economy as peripheral and semi-peripheral economies. Second, both countries had similar economic structures under the Import Substitution Industrialization (ISI)

¹ The tentative name for the economic agreement between Taiwan and China is Cross-strait Economic Cooperation Framework Agreement –ECFA-.

model but Taiwan changed its orientations in the 1960's while Colombia remains a primary product exporter. However, both of them seek to expand their export markets and manage the vulnerability that results from the overexposure to such markets. Third, both countries adopted reforms towards liberalization as result of their economic structure and international pressures. Fourth, Colombia and Taiwan have expressed their interest in the process of economic integration brought by the courses of globalization but have not made further progress on that issue. Finally, their economic and political relations are highly influenced by the neighboring powers: The United States and China².

This research is also motivated by the lack of cross-regional studies covering Colombia and Taiwan's experiences and comparative works that analyze their particular approaches to bilateral trade agreements. One reason has to do with the attention given to the effects of such agreements on each individual country, but these studies often ignore the determinants of particular policy choices. Certainly, external constrains determine to some extent national policies, minor and medium powers in particular, but also there are domestic forces that either favor or weaken such policies as will be demonstrated in the following chapters.

An additional reason for the lack of this kind of comparative work could be the limitations posed by methodological problems, language and the difficulty to access the ideas of policy makers behind the official discourse. Then, besides personal interviews, I rely on the existing literature on the bilateral economic strategy and participation of both countries in PTAs, as well as regarding their relations at a regional level. This way I want to delineate three parts of the economic bilateral strategies: the approaches of such strategies to achieve national objectives; the

² For Colombia's and Taiwan's geographical location please refer to appendix A and B.

balance between the strategy and their regional relations, and the coherence between policy and bilateral and regional relations.

Defining a Preferential Trade Agreement

There are three theoretical approaches to trade agreements as explained by Bagwell and Staiger (2002). The traditional approach states that governments create tariffs to manipulate their terms of trade with the objective of maximizing national welfare. However, this approach ignores the political constraints under which real governments operate.

The political economy approach posits that governments place emphasis on the distributional consequences of their tariff choices. This approach emphasizes the political motivations that influence government preferences. Under those two approaches the purpose of trade agreements is to provide governments an escape from a *trade driven* prisoner's dilemma.

The commitment approach in turn, highlights the difficulty for governments in making policy commitments to the private sector, so a free trade agreement is considered as a helpful way for a government to make political commitments to the private sector.

Baldwin argued that governments are motivated by autonomous ideological concerns that shape their general goals, but face a political support constraint when setting trade policy to pursue these goals. Concluding that "models focusing exclusively on short-run and direct self-interest are insufficient for explaining the wide range of behavior patterns observable in the trade policy arena [while] ... long-run

self-interest [and] concern for welfare of other groups and the state” are also necessary to account for trade policy outcomes (1985, 174).

Traditionally, PTAs appear when two or more countries decide to concede each other a given set of preferences and customs advantages –no extensible to others- for the purpose of boosting trade. Therefore they are mainly distinguished by the special market access granted between members. The trade barriers established by members over goods produced within the preferential group are lower than those set on goods produced elsewhere.

PTAs include free trade areas, commerce liberalization agreements, customs unions and common markets. Owing to the increase of such agreements and the rise of trade flows within them, PTAs are considered nowadays major elements of the international political economy.

Since PTAs are generally subscribed by countries located in the same geographical region, the spread of the arrangements has stimulated the rise of regionalism. Under this logic, as more economies are covered by such agreements, more economies that do not belong to the same preferences will establish one in response as it is safer to be in than to be out of the group of the “preferred”. In particular, “according to the WTO report, countries in the Asia-Pacific region are consolidating their drive towards regionalism at an accelerated pace [through such agreements]” (Junfang Xi, 2010: 37).

Although there is a wide range of options to be considered when nations contemplate economic integration, most of the countries are either committed or negotiating a PTA to take advantage of this trend. As explained by Folsom, Gordon & Spanogle (2009) while trying to maintain imports to reasonable levels, all nations want to be major exporters, as exports provide the means to pay the imports. This

need to export leads to the creation of laws of encouragement as tax benefits or exports financing; in contrast to the laws of discouragement or import rules, which include import duties, nontariff trade barriers such as import quotas, import licensing procedures, certain standards, testing requirements, subsidies, and so on.

Balassa (1964) defined economic integration as a process of economic activities accompanied by measures to abolish discrimination between economic units belonging to different nations. In business terms, integration is to be characterized by the absence of various forms of discrimination between national economies. Under these principles, the following stages of economic integration can be identified:

Table 1. Balassa's stages of economic integration

1. Free Trade Zone.
<ul style="list-style-type: none">• Tariffs and quotas removed on imports from members.• Members retain national tariffs against third countries.
2. Customs Union.
<ul style="list-style-type: none">• Tariffs and quotas removed on imports from members.• Common external tariff.
3. Common Market.
<ul style="list-style-type: none">• A customs union plus free movement of labor and capital.
4. Economic Union.
<ul style="list-style-type: none">• A common market with some harmonization of national economic policies.
5. Total Economic Integration.
<ul style="list-style-type: none">• Unification of monetary, fiscal, social and macroeconomic policy.• Establishment of a supranational authority whose decisions are binding for member states.

Source: Laffan, O'Donnell & Smith 1999: 102.

Although Balassa's five stages are still used for the study of economic integration, they underestimated the degree to which national policies and regulations need to be harmonized, and institutions to be created for a Free Trade Zone, a Customs Union and a Common Market. Therefore, more recent studies include the political and institutional requirements to achieve a genuine economic integration and identify extended mechanisms that shape new agreements as:

- Single Market: Besides the characteristics of the Common Market, it includes elimination of technical and fiscal barriers, removal of physical borders, and harmonization of norms on product standards and some of the taxes, at least indirectly, for countries seeking to become part of it.

- Monetary Union: Along with the coordination of economic policies required by the economic union, it fixes exchange rates between currencies of member countries in order to bring stability to the system. However, since these measures are insufficient, the Union is strengthened by replacing multiple currencies with a common currency.

In sum, under free trade areas the parties reduce or remove trade barriers as tariffs and quotas, while retain them towards third parties. In customs unions, trade barriers are removed among the parties, but also common trade barriers are created for all participating states as regards third-party states. Common markets in turn provide free movement of factors of production among the parties, while economic communities and economic unions embrace the harmonization of national policies at different levels (Folsom et al 2009).

On the other hand, to examine the Economic Cooperation Framework Agreement ECFA one needs first to mind the sensitive issue of cross-strait relations between China and Taiwan. ECFA is in fact a comprehensive economic framework

agreement that will automatically lower import tariffs and give the parties preferential access to some sectors, so that the commerce between Taiwan and the mainland is expected to become more integrated.

Taiwan's officials have emphasized that ECFA is a framework, "no more than a preliminary framework...similar to a contents page of a book" (Hong, 2010: 8) but at the same time they have said the agreement is signed according to the Article XXIV of the GATT, with the free trade area to be implemented gradually and not immediately, which would make of ECFA an agreement of phased liberalization.

Nevertheless GATT's Article XXIV states that when signing the agreement the contracting parties must decide the full set of regulations and establish a time table for the creation of the free trade area, and that there should be something in place when the negotiations are completed or the terms of the agreement are presented to the WTO. In this sense, the distance between the government references to the ECFA and the actual GATT's clause, undermine or at least question the coherence that is expected when presenting the agreement to the public. Consequently, the definition of ECFA must be constructed based on what has actually been negotiated and the events that will follow.

The formation of Preferential Trade Agreements is not new. According to Mansfield and Reinhardt (2003: 833) in 1947 GATT stipulated that member-states are permitted to form a PTA only if it eliminates barriers to "substantially all the trade" among its members and does not "on the whole" increase protectionism against nonmembers. Trade integration then seeks to create mechanisms that eliminate discriminatory measures among the parties. However, the authors consider that in fact, trade barriers within preferential arrangements are almost never completely eliminated and members frequently raise trade barriers on nonmembers' products.

In this perspective the formation of PTAs is not limited or conditioned by the developments within the WTO, yet the massive trend to these agreements creates systemic risks for the multilateral Organization. Nearly all of WTO members are partners in one or more regional or bilateral trade agreements which are inherently discriminatory as they don't embrace universalized trade preferences. With every PTA –which liberalizes trade between member states only- the principles of multilateralism and non-discrimination in international trade as embodied by the WTO lose more relevance (Manger, 2009).

Viner (as cited by Folsom et al 2009) explains how PTAs embody two possibilities: *trade creation* among participants and *trade diversion* between those states and the rest of the world. Folsom et al (2009) consider that trade diversion makes difficult to effectively allocate scarce resources, even with the existence of trade agreements, due to the absence of a common trade wall against outsiders. The “Rules of origin” serve as a barrier against third-party imports as under their regulations free trade areas are completely “free” only for the goods originated therein.

In turn, for developed countries individual PTAs with developing economies offer limited export prospects as many of these accords exclude the goods in which developing countries have comparative advantages. This is due to the lax discipline of the WTO's rules that allow excluding sensitive domestic sectors from the PTA's liberalization process. Additionally, the huge amount of existing PTAs creates a puzzle of different rules that are costly for developing countries and hard to follow for firms. For example, only half of the imports into the European Union from least-developed nations make use of the full tariff preferences available. The other half is covered by Most Favored Nation tariffs since “exporters would rather pay the higher

duty than deal with the documentation requirements” (Breton quoted in Manger, 2009: 2).

Furthermore, it has been argued that compared with even minor tariff reductions on a multilateral basis, PTAs do not create much trade (Kruger 1999, Manger 2009). The commitment to lower barriers they suppose is surpassed by the unilateral measures applied by many countries, which reinforces the argument that PTAs are a second-best solution to multilateral and unilateral liberalization. Countries then sign PTAs mainly because these agreements are discriminatory, therefore only countries who sign them can obtain benefits, while the non-members remain marginalized.

Then why are Colombia and Taiwan pursuing PTAs with the United States and China? And why are the United States and China signing agreements with partners that in theory would bring little benefits in terms of market? Do the PTAs that Colombia and Taiwan pursue with the United States and China help them to achieve their individual goals and benefit their regional relations? This work argues that the will of creating a PTA is motivated by strategic interaction and strong political consideration under the logic of “politicized trade”.

To answer those questions and explain the main argument of this research, the analysis will be divided in five chapters. Although the cases are considered separately in much of this work, each chapter will present a comparative table to illustrate the analysis, and the end of chapters III and IV will include comparative remarks to establish major similarities and differences between the cases.

This introduction is the first chapter. Chapter II presents a review on Colombia's and Taiwan's political economy in order to delineate a comparative approach for the study of both cases. In this regard, special attention will be given to their political system, inward/outward-looking economic models and how these variables influence

the foreign policy decision making. Chapter III examines separately Colombia and Taiwan's relations with their neighboring powers by assessing the bilateral trade agreements FTA's and ECFA's major topics and scope, in order to establish the approaches and motivations behind the negotiated bilateral Preferential Trade Agreements. Chapter IV addresses Colombia and Taiwan's regional relations, and the effects of the FTA and the ECFA upon both countries' regional links. Chapter V offers some conclusions on the distinctive features of Colombia and Taiwan's bilateral trade strategies embodied in the FTA and ECFA, as well as the effect of such agreements on both countries' regional relations. Furthermore, some potential contributions will be presented for Colombia and Taiwan to advance in the relations with their neighboring powers and within their regions.



II TAIWAN'S AND COLOMBIA'S POLITICAL ECONOMY AND FOREIGN POLICY

This chapter presents a review on Taiwan's and Colombia's political economy in order to formulate a comparative approach for the study of both cases. In this regard, special attention will be given to their political system, inward/outward-looking economic models and how these variables influence foreign policy decision making.

Table 2 illustrates the similarities and differences to be explained below:

Table 2 Taiwan's and Colombia's Political Economy

	Taiwan	Colombia
Political System	<ul style="list-style-type: none"> • Democratic multiparty system. • President: highest authority. Holds specific powers to conduct national affairs. 	
	<ul style="list-style-type: none"> • Developmental state tradition. • Autonomous State 	<ul style="list-style-type: none"> • Lack of a defined State project. • Clientelistic State
Economic Structure	<ul style="list-style-type: none"> • Japanese colonial rule established the first industrial base. • Primary ISI + new institutions and arrangements. • Secondary ISI based on infrastructure and industrial development > Technology intensive strategy in the 80's. • Economic liberalization + protection of domestic market and key sectors > strengthening of competitiveness. 	<ul style="list-style-type: none"> • Spanish colony based on the extraction of resources. • Primary ISI with persistence of rent seeking and influence of political elites. • Return to the export of agricultural products > Abandonment of the ISI before its completion > Reliance on primary products. • Economic liberalization at the expense of the domestic market.

Taiwan's Political System

The Republic of China (ROC) was founded in 1912 as the first Asian republic. After the Chinese Civil War, the People's Republic of China (PRC) was established on the mainland China in 1949 and the defeated nationalist government of the ROC

moved to Taiwan and since then has exercised full authority over Taiwan, Penghu, Kinmen and Matsu.

The ROC (hereafter Taiwan) thus rules a defined territory, has its own constitution, national flag and anthem, legal system, currency and armed forces. It conducts its own foreign relations with more than twenty countries, and its government represents the 23 million Taiwanese living under its jurisdiction. Consequently “despite PRC protestations to the contrary, it is obvious that the ROC does exist and meets all the requirements of statehood” (Hickey, 2007: 3).

The government of the ROC is divided into three main levels: central, provincial, municipal and county/city, each of which has defined powers. The central government consists of the Office of the President, the National Assembly, and five branches of government or Yuan: the Executive Yuan, the Legislative Yuan, the Judicial Yuan, the Examination Yuan, and the Control Yuan.

The thirteenth term presidential election was held on 14 January 2012. President Ma Ying-jeou was re-elected with 51.6% of the votes, followed by the DPP candidate Tsai Ing-wen with 45.63%. Reuters (2012, January 14).

The president is the highest authority of the nation and holds specific constitutional powers to conduct national affairs. He is assisted in making decisions on state affairs by advisors and agencies such as the National Security Council and the National Unification Council.

As chief of state, the president represents the nation in its foreign relations and at all state functions. He's responsible for developing Taiwan's foreign policy goals, objectives and strategies, “outlining the basic principles of national security and setting the direction and tone of cross-strait relations with the PRC. The president also exercises the powers of concluding treaties, declaring war and making

peace... [and] is responsible for appointing officials including the premier³, the minister of foreign affairs and high-ranking military officers and defining the foreign policy responsibilities, if any, of the vice president” (Hickey, 2007: 45).

All acts of state are conducted in his name and all his powers are exercised in accordance with the Constitution and the law (International Business Publications, 2009). The Ministry of Foreign Affairs (MOFA) belongs to the Executive Yuan and “is responsible for conducting the nation’s foreign affairs and related matters with its main purpose being to preserve and protect the nation’s interest” (Ministry of Foreign Affairs Republic of China (Taiwan) [MOFA], 2011).

After the lifting of martial law in 1987 the Constitution amendment modified the presidential powers. For instance, unlike the almost unlimited power that the president used to exercise over both domestic and foreign policy, the president now shares power with an appointed premier and cabinet.

The Developmental State in Taiwan

Taiwan as all the Newly Industrialized Countries (NICs) has a developmental state tradition, in which the relation between the state and the capital is key to understand the foreign policy formation. Under the developmental state paradigm, state and capital work together aiming to achieve growth, productivity and competitiveness with a commitment to economic growth and technological advancement. In East Asia, authoritarian mono-regime politics were a central part in the implementation of the model as they provided the continuity and the strong state powers necessary to sustain the project.

³ After presidential approval, the premier may serve as a chief foreign policy spokesperson.

In order to realize such ends, the state strategically allocates resources, guides and coordinates markets and the private sector; uses a raft of policy instruments and fosters the state's relations with society. Here, as the state's industrial and mercantile policies have a core role as they gradually strengthen the domestic business sector in the pursuit of techno-industrial catch up (Gerschenkron, 1962 as cited in Hobday, 2009).

Such arrangements introduce another relational concept of the developmental state, which is embedded autonomy. Evans (1995: 59) defines it as “the concrete set of social ties that bind state and society [...] and provide institutionalized channels for the continual negotiation and renegotiation of the state's goals and policies”. Under this category, in Taiwan the state apparatus remains connected to key economic groups, and “its embeddedness provides sources of intelligence and channels of implementation that improve the state's policy competence, thus enhancing the effectiveness of its infrastructural power” (Dent 2002: 40).

Therefore, the state instead of an antagonistic relationship collaborates with the domestic economic class towards a well defined project. For instance, under the liberalization and internationalization policies initiated in the 1980's, the Taiwanese government opened the economy to foreign competition but at the same time implemented measures to strengthen its export competitiveness. The small and medium-size enterprise based nature of Taiwan's economy is therefore a consequence of the evolution of Taiwan's developmental state and its strategic trade policies.

From a single-party power structure, often labeled as a kind of developmental authoritarian dictatorship, Taiwan has become a democracy where the dynamics of

the struggle over power and policy have produced a competitive multiparty system⁴. Within this system there are internal party groupings which represent contending personalities and approaches to issues such as Taiwan's identity, relations with Mainland China, and domestic and foreign policies. However, the competition is framed by a lack of trust in which the political players work to undermine their opponents, therefore political cooperation is absent.

Additionally, Swaine and Mulvenon (2001) identify a lack of maturity on Taiwan's political system characterized by the KMT's partisan political advantage combined with the persistence of its influence over the state; the administrative bias of the state machinery, the bias of the state-owned media, and the lack of autonomy in the private sector. Likewise, Hickey (2007: 60, 61) argues that at least in regards to foreign policy bureaucracy, Taiwan hasn't been able to fill the void left by the downfall of the KMT decision making structure, and as a consequence has a weak state bureaucracy and there is no culture for inter-agency consultation. Therefore, the role played by the MOFA and other foreign policy actors remains very limited in the policy-making processes, according to the above quoted authors.

Different viewpoints are evident when analyzing Taiwan's policy making. Dent instead, recognizes a rational and specialized functionality established among the state's agencies that manage foreign policy issues, which creates in its words "harmonious inter-ministry relations" and avoids overlapping (2002: 268). In this regard, he follows "the introduction in the 1980's of mechanisms for intra-ministerial coordination, located various ministries into the economic policy scope and fostered a broader consensus in foreign policy making" (Dent, 2002: 270).

⁴ The current Legislative Yuan representing parties are in their order of importance: the Kuomintang (KMT), the Democratic Progressive Party (DPP), the People First Party (PFP), the New Party, and the Non-Partisan Solidarity Union (NPSU).

Colombia's Political System

Colombia is a presidential representative democratic republic with a strong executive. The President is both head of state and head of government and is elected for a four-year term. From 2005 a consecutive re-election is possible for a second term.

The central government consists of three separate branches: The executive, legislative, and judicial branches. The executive power is exercised by the government; the legislative power is vested in the Bicameral Congress which consists of the Senate and the Chamber of Representatives, both directly elected for four-year terms; and the Judiciary is independent of the executive and the legislature and consists of the Supreme Court, the Council of State, the Constitutional Court, and the Superior Judicial Council.

Colombia has a multi-party system with three major political parties: The Social Party of National Unity (liberal conservatism); the Conservative Party (conservatism); the Liberal Party (social liberalism), and the Radical Change Party (conservative liberalism); although other parties such as the Green Party (centrism, green politics), and the alternative Democratic Pole (democratic socialism) have achieved significant electoral success as alternatives to the country's traditional political background, the latter being the only center-left party.

The 2010 presidential election was held on 30 May 2010 and former Defense Minister Juan Manuel Santos (Social Party of National Unity) was elected with 69.13% of the votes in the second round, followed by the Green Party candidate Antanas Mockus with 27.47%.

Likewise Taiwan, in Colombia the President symbolizes the national unit and holds constitutional powers to direct the nation's international relations. In this regard,

also included in the presidential functions are the ability to also to appoint diplomatic and consular agents, to receive official agents and to subscribe international treaties or agreements with other States and entities, which shall be the subject of congressional approval (Constitución Política de Colombia, 1991).

The Ministry of Foreign Affairs (*in Spanish: Ministerio de Relaciones Exteriores*) also known as the Chancellery, belongs to the executive branch and is responsible for “conducting foreign relations through diplomatic missions and formulating foreign policies towards democratic prosperity” (Ministerio de Relaciones Exteriores. República de Colombia [Minexteriores], 2010).

Colombia has a historical presidential tradition but unlike Taiwan, there is not a defined state project as we can find under the developmental state paradigm. We can interpret this as a result of inherited institutions from the Spanish colony, as were the local elites who *imported* the European Nation-State model and established it for their future benefit. In this way the elites could rule over politics, laws, institutions and the military, thus a wider participation in the construction of the national project was only achieved after a long process of armed struggles and social discontent that established violence as the only means for the recognition of rights.

The persistence of such dislocation can be explained through the fact that Colombia is still in the process of state-making (Ayoob, 1997). This process basically involves the strengthening of state control over territory and population, the consolidation of political authority, the maintenance of order, and natural resources extraction. According to Tickner (2004, this phenomenon is reflected in the weakness of the institutional apparatus and its control over national territory, which is more than evident in the case of Colombia: precarious state presence, low levels of integration with national centers, and high rates of poverty and underdevelopment.

At an institutional level, such conditions are worsened by a strong executive, one of the main features of Colombian politics. The interactions, divisions and tensions between the agencies responsible for policy design and implementation, negatively affect policy coordination and thus, the process of achieving consensus over domestic and foreign affairs. Martha Ardila quotes as an example “the tensions between the Ministries of Foreign Affairs and Foreign Trade; Foreign Affairs and National Defense; and Foreign Affairs and the Vice Presidency on issues such as security, human rights and cooperation, among others” (2011:94).

In Colombia both the domestic natural resources and geopolitics are important when defining the state’s priorities, yet internal conflict and the search for international cooperation is what predominate in foreign policy making. Certainly there is an overlapping of subjects within these topics since security and drug trafficking are global issues that also influence the domestic agenda. Therefore, one of the major weaknesses of the Colombian political system is the lack of a comprehensive vision to define a coordinated state policy that could be extended to the international field to cope with the country’s permanent demand for international cooperation.

Economic structures: Export-oriented model vs. ISI

There are two main development strategies available for less developed countries: Import Substitution Industrialization (ISI) or Export-led growth. ISI is based on the idea of economic nationalism to achieve self-sufficiency through the encouragement of local industry seeking to produce goods for the domestic market and export primary products.

Haggard asserts that “virtually all developing countries began their contact with the world economy as exporters of primary products, and many remain depending on commodity exports” (1990: 24). The choice of the strategy that should follow this initial period is affected by economic factors, government policies, and agents involved in the trajectory.

Then, such a first stage is usually followed by primary Import Substitution that stresses the domestic production of goods while exporting primary products. The choice to take ISI to a deeper stage would depend on the size of the market, the availability of natural resources, the earnings from exports used to support local manufacturing, the consequent growth of manufactures, and the continuity of supportive industrial policies (Haggard, 1990).

Taiwan’s Economic Structure

The beginning of Taiwan’s heavy industry development took place during the last decade of Japanese colonial rule (1935-1945) which made Taiwan a strategic actor in Japan’s war effort as a manufacturing center. Japan started to progressively invest in the island’s economic development, thus establishing the first industrial base that remained after the end of the war that ended Japanese rule.

Like most developing countries Taiwan started the primary import substitution in the fifties, under Chiang Kai-shek’s administration after his forces moved to Taiwan in 1949. In this context, American financial assistance and technical support were a major contribution for the upgrade of Taiwan’s industrial capital and economic efficiency (Dent, 2002). Nevertheless, the emergence of the developmental state

during the 1950's was the most important determining factor in Taiwan's modern economic development.

From a statist perspective, the extensive role of the State is one of the core reasons for Taiwan's success. The high levels of protection granted to industries, the incentives given to specific sectors, and the general State control over market mechanisms made it possible to achieve high rates of growth. In general, as Gilpin puts it, "in their path to economic success East Asian governments pursued protectionist policies to favor their industrial development, associated with economic self-sufficiency and political autonomy" (1987: 33).

According to Dent, "the export imperative was heightened by the island's lack of natural resources and relatively small domestic market" (2002: 215), which by the late fifties proved to be too small to absorb domestic production. Along the same line Haggard (1990) states that the shift from ISI to an Export-led strategy is more likely to occur when countries lack the necessary resources to continue with import substitution and then face the need to generate non-traditional exports, which will give them a comparative advantage. The shift is pulled by the State through incentives that favor the exporting of labor intensive manufactures and encourage export oriented investment.

Tsai explains that shift arguing that "Primary Import substitution lost momentum" (1999: 72) by 1957 owed to the saturation of the protected Taiwanese market and the failure in saving foreign exchange, which together with pressure from the United States accelerated the reorientation of the development strategy and led the government to implement a reform package from the end of 1957 to 1972.

The new policies included the Foreign Exchange Reform, The Nineteen Point Economic and Fiscal Reform Programme and The Statute for The Encouragement of

Investment⁵. Under these measures “many goods were decontrolled, licenses for many others were eliminated and tariff reform was promulgated to make possible the transition to export-led growth” (Haggard, 1990: 138). These early liberal trade policies were “generally limited to the export sector, with the domestic market remaining heavily protected” (Tsai, 1999: 73).

The secondary import substitution that took place between 1973 and 1980 focused on infrastructure and the role of the state in industrial development. The Ten Major Construction Projects of 1974-1978 involved the establishment of Taiwan’s heavy and chemical industries, which along with the creation of the Industrial Technology Research Institute (ITRI) and the Institute for Information Industry (III) paved the way for the promotion of high-tech industries after 1980.

Wang (1995) explains that second shift on the development strategy as a result of the loss of the competitive advantage of the Newly Industrialized Countries and the consequent need to discover new sources of growth in the early eighties. In this scenario the economic structure had to be upgraded by making it more technology and labor intensive, so the development of the high-tech industry begun. The Information Technologies became the center of the new strategy, which was focused on promoting strategic industries and national key technologies⁶.

Therefore, in addition to the role of the state, the geographic location, the distribution of economic activities and the development of new technologies also contributed to progressive economic development in Taiwan. Under this perspective

⁵ Other measures to promote exports included the liberalization of the foreign exchange allocation system, a special export loan programme, import liberalization and the establishment of exports processing zones.

⁶ The two key policies on Taiwan’s IT development were the Ten-Year Plan 1980-1990 that emphasized on IT production for export, and the Ten-Year Plan 1990-2000 that emphasized on IT applications.

the island not only had the material capabilities required to develop its own industries, but also the necessary policies and institutions to foster and protect economic activities favorable to the interests of domestic industry.

Although developmental statism remains evident in Taiwan's political economy, it has partially given in to neoliberalism. As mentioned, the process progressively started in the seventies and continued through the eighties with the deregulation and liberalization of the economy, driven by domestic and external pressures. During its path to economic development, the final decision-making authority rested with the KMT Party but economic affairs relied mainly on the economic bureaucracy, for Haggard "A sharp division of labor existed in Taiwan between the political and economic sides of government" (1990: 140).

At the domestic level, the increasing democratization initiated in the late eighties brought pressures for the government to move towards a market democracy; while, at the international level, as Dent (2002) points out, the United States pressured Taiwan to adopt less state-active policies in exchange for liberal measures, an idea reinforced by negotiations for Taiwan's accession to the WTO.

By the 21st century Taiwan had become a major world manufacturer and exporter in technology-intensive industry sectors, and had passed many developing countries in terms of income per capita. Additionally, Taiwan's relative lack of natural resources and the need for supplies of strategic industrial materials have led the governments to give particular priority to outward foreign direct investment projects in raw material based sectors.

Colombia's Economic Structure

In early years during the ISI, the governments in Taiwan and Colombia refused an absolute free market approach and intervened in economic activity in an attempt to guide it towards development. In both cases, governments sought to encourage productive diversification, which was accompanied by the creation of state organizations to promote investment in infrastructure and industry. Both economies then were more inward oriented and manufacturing played an important role in terms of primary production.

However, the means and details of their inward-looking policy were different. In Colombia the adoption of the ISI was encouraged in the 1940s and 1950s by the United Nations Economic Commission for Latin America (ECLA) and its director, Raúl Prebisch. "This model aimed to achieve self-sufficiency and a certain degree of withdrawal from and reinsertion into the capitalist trading system" (Haggard, 1990: 26). Furthermore, as García (1974) argues, one of the propositions linked to this approach was the regional integration in Latin America to achieve trade gains through economies of scale, although this point remained secondary to Import Substitution Industrialization.

The effects of the great depression and the characteristics of Latin American economies in the post-World War II period made the ISI appear as the most suitable strategy for economic development in terms of lessening dependence on foreign markets. However, unlike Taiwan, the ISI in Colombia was not accompanied by changes in the institutional arrangements, so the rent seeking as well as the privileges conceded to the industries linked to land owners and political elites remained high.

The ISI in Colombia was initially meant to satisfy domestic demand, while expanding the domestic market. The Instituto de Fomento Industrial (in English, Institute for Industrial Promotion) was created in the late forties; local production was protected under new policies, while new credits were introduced seeking to finance the accumulation of capital (Sanabria, 2007.)

Between 1945 and 1953 there was a significant increase in the production of raw materials that caused a division between commercial-technical agriculture and traditional agriculture. Industrial production continued to be prioritized throughout the fifties, while agricultural production was marginalized. Neither the government nor the farmers made efforts to improve productivity through investment or innovation, instead all the resources were oriented to industry; as a result the land ownership arrangements and the local powers remained the same, while agricultural productivity stagnated.

As a consequence, the social sectors that were not involved in “modern” technical agriculture were left behind by the State incentives, an unequal situation worsened by the absence of land reform. Misas (2002) states that owed to the liberalization of coffee prices the coffee growers and the new industrial bourgeoisie became the new protagonists of the development model and the State acted to favor the interests of these powerful economic elites.

In Taiwan instead, the extensive land reforms of 1949-1953 proceeded first with the rent reduction program; the sale of public land acquired from the Japanese, and the “advance” against the rural power of landlords backed by a newly developed rural administration. To contrast this with what occurred in Colombia we can quote the Korean groups that opposed export-led growth in the sixties “attention to the

exports at the expense of the domestic market, to industry at the expense of agriculture, and to accumulation at the expense of equity” (Haggard 1990: 73).

As a result of the social fragmentation during the sixties, liberal guerrillas were formed in the south of the country, while in the coffee-growing regions the political differences between conservative and liberal farmers set them at odds. The country therefore started to suffer a generalized violence which had its roots in the countryside and “Terror became the normal way of life for millions of Colombians, in the countryside as in the cities, and such an atmosphere necessarily influenced the weakening of the agricultural, industrial and coffee production” (Kalmanovitz, 1988: 379).

After the end of the first stage of the ISI in the sixties, “the Colombian government went back to the export of agricultural products as the main income source to support the industry” (Bethell, 2000:289), coffee thus became the major export sector at the expense of the exports which had led to growth in previous years. However, coffee failed to make an impact on accumulation as the previous *new exports* had done, causing economic stagnation and an overall decrease in exports.

The problem in Colombia was not the abandonment of the ISI model, but the abandonment of the industrialization process itself before its completion and without being replaced by any other strategy. Many authors have argued that the Colombian industrialization process stopped in 1970⁷, and from that year a deindustrialization process started. In this regard Misas states that the policies implemented under the ISI strategy were simultaneously “industrializing and deindustrializing” for the economy (2002: 59) since the protective measures prevented the domestic industry from upgrading its technology capabilities and skills so that they could adapt to the

⁷ Echeverría y Villar, 2005; Sanabria, 2007; Misas, 2002.

levels of international production. What we find here is that in Colombia the ISI was implemented as a complementary model for the agricultural economy but not as an autonomous project that might have created a real industrial-based economy in the long term.

The eighties are usually referred to as the “Lost decade” in Latin America owed to the foreign debt crisis and the economic stagnation of its economies. The widespread adoption of the principles of the Washington Consensus was to a large degree a reaction to the economic crisis and the inability to succeed with the ISI. The protectionist project then was followed by a change of perceptions among national technocrats, public opinion and politicians around the feasibility of industrialization, its objectives, the economic policies, as well as the definition of the role of the state regarding the nation’s economic orientation. In this context, Colombia seemed to have faced no other alternatives and relinquished the ISI before its completion. The liberalization policies then started to rule the economy and the regulatory measures built under the ISI were dramatically changed without knowing which should have been the new strategy or the new institutional arrangements.

Due to the liberalization of international trade and the subsequent increase in imports, domestic firms lost a great portion of the market. As Kalmanovitz (1988) points out, the financial and monetary policies designed in the early eighties were enshrined in the prosperity of the U.S. economy, which gradually strengthened the Pacific area and the participating regions of California and Texas in addition to Japan and its areas of influence - South Korea, Taiwan, Hong Kong, Singapore and Malaysia -.

One more difference between Taiwanese and Colombian paths to development thus comes to the surface: Despite having both the Pacific and the

Atlantic coasts, Colombia was not part of the prosperous Pacific economies of the eighties, as that of Taiwan. On the contrary, its economy was characterized by a decrease in domestic production and exports, and an increasing unemployment rate between 13% and 14,5% (Arango & Posada, 2001). The two economies then ran parallel: the Taiwanese as part of the new scenario of industrialization and technology upgrading, and the Colombian as an example of a failed model replaced by a liberal project for which the economy was unprepared.

Gabriel Misas asserts that economic liberalization couldn't transform the existent relation between economic actors by changing the norms of production or linking the economy to international dynamics. On the contrary, "the new measures caused a decrease in the accumulation of capital, the domestic market was lost to a massive wave of imports, and the trade balance was negative" (2002: 195).

In sum, the negative consequences of the economic liberalization were owed to the State's failure in achieving competitiveness by adapting the domestic economy to international norms. The State failed to promote and protect economic activities favorable to the interests of the domestic industry and lost control over the domestic market.

By contrast, the Taiwanese approach fostered domestic manufacturing from the mid-1930s, and shifted to more outward-looking economic policies in the 60's in a process accompanied by market interventionism and institutional arrangements. This "mixed" approach gave a more explicit role to exports, and although agriculture had a decline relative to manufacturing, agricultural products maintained an important position in the economy.

In both countries, the inward orientation under the ISI model was the result of particular policy choices towards industrialization through protection (tariff protection,

price controls), which helped to achieve a significant diversification and expansion of the domestic industrial base. These measures were followed in Taiwan by a shift in incentives to favor the production of high-technology; unlike Colombia which moved to the expansion of manufactured exports (basically clothing and textiles), yet today the main exports still consist of commodities and agricultural products. Taiwan instead has undergone an amazing transformation from a one-party state under martial law to a prosperous democracy and an economic reference point for the region, first as a center for manufacturing and now as a center for hi-technology innovation.

WTO and Economic Policy for Taiwan and Colombia

The WTO membership represents a major external pressure for Taiwan and Colombia's trade policy liberalization. Like Lam points out "In order to make its application more attractive, Taiwan agreed in 1995 to assume all the responsibility of a developed country member [if accepted], which involved wider market opening" (2002: 285). Certainly, after its accession in 2001 Taiwan has to act according to its WTO obligations, which means it must implement liberalization measures mainly related to the reduction of tariff rates and import licenses.

Nevertheless, in Taiwan neoliberal reforms have not necessarily lead to the deconstruction of the developmental state. Rather, according to Dent "the way in which economic liberalization is implemented is more important ...in particular regarding the regulatory measures that accompany neo-liberal reform". (2002: 217, 218). This is to say 'liberalization with re-regulation' would be the approach that exemplifies the adaptability of Taiwan's developmental state to meet the challenges of globalization. For instance, in its international financial policy the Taiwanese State

has implemented neo-liberal policies only in certain aspects, while others such as the currency market, remain state regulated.

In this regard, Taiwan's Foreign Trade Act embodies the "liberalization plus" approach to Taiwan's foreign economic policy formation by stressing the need for economic openness in the global era but also state activism in promoting industrial competitiveness (Bureau of Foreign Trade, [BOFT] 1993). As an example, the Bureau of Foreign Trade (BOFT) helps companies in increasing their international competitiveness through various plans, measures and schemes, insurances and so on (Dent 2002: 236).

Colombia in turn, has been a member of WTO since 30 April 1995. The approval by the Colombian congress in 1994 of the law that accepts the agreement which establishes the World Trade Organization and the multilateral agreements annexed was a major step in the process of Colombia's economic liberalization. At the same time, the new law set the framework from which to develop future programs of economic integration within Latin America and the Caribbean.

Since economic liberalization policies had started earlier, the country was ahead of the conclusions of the Uruguay Round (1994), this lead many to think that Colombia could easily embrace the obligations required by participation in the WTO.

Certainly, to be a WTO member entails policies and procedural adjustments according to broad international commitments. Consequently, Colombia's participation in the global trading system became more demanding and required greater specialization of the government.

Colombia's membership in the WTO was meant to open new trade opportunities for private business, which as stated by (Acuña, 1994), could in turn take advantage of regional agreements and preferential treatment from developed

countries like the United States and the European Union, with the ATPA and the Andean GSP, respectively. Also, a deeper relation between private capital and national government was expected as a result of the role of the dispute settlement system of the WTO, which is the scenario for governments to safeguard the interest of national businesses.

But most importantly, according to (Ardila, 2005) the WTO would allow the nation to defend its interests as a developing country regarding the “new” issues used by industrialized countries to justify protectionist practices, especially those related to environmental protection, restrictive business practices and labor rights. For instance, in both the Uruguay and the Doha rounds Colombia centered the discussions on agriculture and the elimination of trade barriers for tropical products such as flowers, coffee and fruits, as well as on the textiles industry.

While Colombia had started the liberalization process as the only option after the failure of the ISI model in the eighties, Taiwan maintained a strong institutional and regulatory framework parallel to its liberalization policies. Such liberalization process saw its definite institutionalization in 2001 with the WTO membership. For Taiwan, apart from its adaptability to global dynamics; security and economic reasons are certainly a huge motivation to keep the state-centric approach.

By contrast, Colombian elites embraced liberalization as the path that had to be followed to integrate their economy with the world no matter the disadvantages faced by developing countries in placing their goods on the markets of industrialized countries. As Rocha puts it “Since 1998, the trade strategy in Colombia has focused exclusively on the preparation of the FTA negotiations, in order to repeat the Mexican experience after its entry into NAFTA, but emphasizing in the consolidation

of ATPA preferences and the ACN's customs union⁸ (Rocha, Perilla & Lopez, 2003: 3).

In theory, as a result of their increasing participation in the global trade system, developing countries as Colombia and Taiwan will be forced to strictly (and increasingly) implement multilateral instruments. (Acuña, 2004) adds that transparency and multilateral surveillance are therefore highly expected as they are likely to help those nations meet their aspirations, despite their weak bargaining power. Thus an effective and transparent global trade system will be the best guarantee for the implementation of trade liberalization policies.

However, as the global trade regime has expanded to include more and more developing countries, the range of divergent priorities within the negotiations has widened. This is confirmed by the failure of the Doha Round. Bilateralism within the WTO thus has proliferated (led by the United States) as the main approach due to the failure of multilateralism.

Unlike Colombia, before making any decision on liberalization, the Taiwanese state has to keep in mind potential developments in the Cross-strait economic relationship, which rules, or at least, influences all of Taiwan's foreign policy arrangements. The primary reason for this concern is that the opening of the Taiwanese economy could make it susceptible to Mainland China's efforts to erode the island's regime. For instance, if Taiwan implements full economic liberalization mainland China could invest in Taiwan's strategic industries and make transactions in Taiwan's currency market, etc., and therefore "threaten" Taiwan's financial system.

According to Taiwan's BOFT (2000) "Cross-strait economic and trade exchanges are built on the premise of the preservation of Taiwan's security and

⁸ FTAA: Free Trade Area of the Americas; ATPA: Andean Trade Preference Act; ACN: Andean Community of Nations.

economic competitiveness... [while] imports from mainland China are permitted providing they are not counter to national security interests and will not have any adverse effects on related industries". By contrast according to Colombia's Ministry of Commerce "the national government's policy of internationalization aims to achieve more exports to our largest trading partner (USA), more investment, and therefore more industrial development and employment" (Ministerio de Comercio, Industria y Turismo República de Colombia [MCIT], 2012).

As a result, the geopolitical question, namely mainland China and Taiwan's diplomatic isolation have caused that despite the growing acceptance of economic liberalization, Taiwan continues applying countervailing measures that moderate the external and domestic pressures to embrace economic liberalism.

In sum, "Developmentalist planning albeit less dirigiste in tone and content, remains a key element of Taiwan's economic policy formation" (Dent 2002: 218). Overall when we look at Taiwan's policy formation what we found is a strong state-centric approach. Despite advancing democratization, the main cause for the persistence of such approach is the strength of the developmental state paradigm as well as the Cross-strait relationship and its security implications.

Taiwan's and Colombia's Foreign policy

The structure of this analysis is based in the macro-analytical framework offered by Dent (2002: 1, 2) for the study of Foreign Economic Policy (FEP). The author works upon certain key terms of reference in which the most relevant for the present study are:

- 1) Protagonists: The actors responsible of directing or managing the foreign economic policy;
- 2) Powers: The polities represented by the protagonists, usually Nation States. In this regard, Taiwan is recognized as a power since is able to conduct a well defined foreign economic policy;
- 3) Stakeholding constituencies and formation: Any groups with a direct interest in, or even leverage over Foreign Economic Policy formation.

Owed to the purpose of this work, the framework offered by Dent will be used specifically to analyze Taiwan's and Colombia's foreign policy, where we will consider not only actors, but also its contents and instruments. Table 3 guides the comparison:

Table 3 Taiwan's and Colombia's Foreign Policy

	Taiwan	Colombia
Foreign Policy	<ul style="list-style-type: none"> • Economic and political relations are highly influenced by their neighboring powers: China and the United States. 	<ul style="list-style-type: none"> • FP core: Internal conflict and narcotics
	<ul style="list-style-type: none"> • FP core: Contested statehood. • Growing dependence on China. • Interaction between government and business > horizontal policy tradition. • Business sector with diplomatic competences. • Relations with the outer world define foreign policy guidelines. 	<ul style="list-style-type: none"> • Dependence on US aid. • Strong presidential diplomacy. • Foreign policy is hermetic to business sector. • Domestic situation defines the foreign policy guidelines.

Foreign Policy Protagonists in Taiwan

The competence of the Ministry of Foreign Affairs itself is centered on Taiwan's diplomacy, while agencies such as the Council for Economic Planning and Development (CEPD) and the International Cooperation and Development Fund (ICDF) help to coordinate foreign policy related issues, for instance, setting the

budget and the parameters on industry development, competitiveness and financial aid. The CEPD is especially strong on trade and industrial policy issues, having a major influence in export industry development and competitiveness.

As an agency of the Ministry of Economic Affairs (MOEA), the BOFT is to a great extent responsible for the management of Taiwan's trade policy and diplomacy. It consults with the private sector and coordinates meetings with other government agencies, which are also related to trade issues.

Various MOEA agencies also participate in Taiwan's foreign policy. The Investment Commission is accountable for the inward and outward Foreign Direct Investment policy, the inter-agencies coordination on this regard, and also holds regulatory influence, which allows it to interact with trade and industrial policies.

The Industrial Development Bureau (IDB) works on industry policies related to trade in coordination with the BOFT; tariffs, taxes and credits with the Ministry of Finance; and with the MOFA in providing industrial assistance to Taiwan's diplomatic partners. The IDB also works with business associations in developing measures and strategies that enhance industrial competitiveness.

The Central Bank of the ROC (CBC) is in charge of Taiwan's international financial policy. Also, it has coordinative functions with the MOFA and the MOEA on matters of deregulation and internationalization.

Although the state or state-like agencies are often perceived as the central actors of foreign policy, in the current international system the growing variety of agents and processes create an increasingly plurilateral structure of foreign policy decision-making agents. In this sense, given the unconventional Taiwanese statehood, the state has employed non-state actors and various diplomatic tactics to achieve its foreign policy goals. Below we will go back to this point.

Foreign Policy Protagonists in Colombia

The Colombian government's foreign affairs executive branch, the Ministry of Foreign Affairs is responsible for conducting national diplomacy and the country's international relations.

Created in 1993, the Advisory Committee on Foreign Relations (In Spanish: Comisión Asesora de Relaciones Exteriores) works as an advisory body to the President. As such, its members (ex presidents, ex chancellors and two more members appointed by the president) analyze issues submitted by the president for its consideration. Its main function is to explore and facilitate political consensus on issues of foreign relations with other countries.

The National administrative system of foreign policy and international relations (In Spanish: Sistema Administrativo Nacional de Política Exterior y Relaciones Internacionales) chaired by the president and the vice president, aims to establish a council of foreign policy and international relations. The main objective of this body created in 2008 is to facilitate greater policy coordination between ministries. However, due to the prevalence of the executive within this body, "some have criticized the fact that the minister of Foreign Affairs may be forced to negotiate foreign policy initiatives and even appointments with ministers that could have little or nothing to do with the related field" (Cardona, 2011: xxxvi).

The duties of the National Congress in the foreign policy realm are performed by the Senate and Chamber's Second Committee, which is responsible for international relations. In particular in dealing with foreign policy; national defense and security forces; international treaties; diplomatic and consular careers; foreign trade and economic integration; port policy; international and supranational parliamentary relations; borders; nationality; foreigners; public monuments; military

service; free zones and free trade; and international hiring (Congreso de la República de Colombia, 2011).

In turn, the primary objective of The Ministry of Trade, Industry and Tourism is to formulate, adopt, manage and coordinate policies for economic and social development, related to competitiveness and integration of the industry; goods, services and technology exchange; promotion of foreign investment; domestic trade and tourism policies; and foreign trade plans, programs and projects.

This Ministry has as one of its strategic objectives to achieve the internationalization of the economy by increasing and diversifying the trade of goods and services, as well as foreign direct investment (MCIT, 2011). However, when examining the current foreign trade policy designed by the Ministry of Trade there is no linkage between such a goal and the Ministry of Foreign Affairs as if there was no interconnection between their objectives.

Despite the increasing links between the actors involved in foreign policy, it is the Ministry of Foreign Affairs that is the major body that not only executes policies, but also exerts influence and coordinates their design and analysis. The importance of the Congress in those matters is only given by its role in the passing of international laws and treaties.

The implementation of exports promotion policies is carried out by Proexport and Bancoldex. Bancoldex is a mixed capital corporation linked to the Ministry of Trade, which raises external funds and places them in the domestic market through commercial banks aiming to offer the exporters loans and insurance credits. In turn, Proexport provides advisory services, information, training and marketing support, among others. (Garay, 2004).

Foreign Policy Powers in Taiwan

Taiwan's unconventional status in the international arena, or 'contested statehood' as defined by Dent (2002) is undoubtedly the most important defining feature of its foreign policy. Therefore, the relations with mainland China and the need of gaining and sustaining international recognition are the central issues when developing any aspect of its foreign policy.

We identify the following core foreign policy objectives for Taiwan:

- To maintain and expand Taiwan's presence in the international community.
- To ensure Taiwan's growth and prosperity through access to overseas markets and sources of materials and technologies.
- To improve relations with Mainland China in order to assist Taiwan's development and lower tensions and hence avoid a Cross-strait conflict.

Despite Taiwan's contested statehood it still possesses state-like capacities that enable it to conduct a viable foreign policy. By employing a flexible definition of foreign policy as "the sum of the foreign relations conducted by an independent actor (usually a state) in international politics" (Hickey, 2007: 3) it is possible to identify the major trends of Taiwanese foreign policy despite its lack of formal recognition by most of the international community⁹.

Among Taiwan's different diplomatic approaches, we distinguish the following due to their relevance to Taiwan's current international relations. The first one is the

⁹ Taiwan is currently recognized as a sovereign state by Belize, Burkina Faso, Dominican Republic, El Salvador, Gambia, Guatemala, Haiti, Honduras, Kiribati, Marshall Islands, Nauru, Nicaragua, Palau, Panama, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, São Tomé and Príncipe, Solomon Islands, Swaziland, Tuvalu, and Vatican City. All these nations maintain diplomatic formal relations with Taiwan.

KMT's long standing *total diplomacy* started in the seventies; based on the deployment of all available resources to secure diplomatic recognition amongst developing countries and foster informal relations with other states that had transferred diplomatic recognition to Beijing (Hickey, 2007; Swaine and Mulvenon 2001). Furthermore, the *flexible diplomacy* introduced in 1988 by then President Lee Teng-Hui was a pragmatic approach which objectives were "to consolidate and strengthen the existing diplomatic links; to develop functional ties with other states; and to seek membership and active participation in international organizations" (Hickey, 2007: 14). As explained by Swaine and Mulvenon (2011: 27) "[such an approach, also called] *Dollar Diplomacy* also included efforts to avoid excessive dependence on the Mainland by expanding economic ties with other regions in Asia, especially South East Asia...the so-called "southward" policy that began in 1993 and produced a significant amount of Taiwan investment and trade with Southeast Asia".

President Ma Ying-Jeou in turn, seeks to improve cross-strait relations as well as Taiwan's international space. Based on this aim he proposed a *viable diplomacy* based on a "diplomatic truce" and a pledge of "three noes" (no unification, no declaration of independence, and no war) during his term (Wang 2009: 2).

On the broadest level, the two latter approaches have required an unconventional way to conduct foreign relations, first by denying the zero-sum Mainland China-Taiwan competition over formal recognition and participation in international organizations, in favor of a flexible way that accepts a wide range of international contacts. This has resulted in the willingness to establish diplomatic relations with states albeit their existing relations with Beijing, where economic incentives have played a crucial role. Also, the establishment of official and unofficial cultural, economic and political ties with states and international agencies has been

used to expand Taiwan's international presence. It is noteworthy that pragmatic diplomacy remains as the core of Taiwan's approach to foreign policy, while some forms of dollar diplomacy are still visible.

Such foreign approaches and efforts have improved Taiwan's international position in certain respects. However, the formal membership in international organizations - without provoking a major tension with Mainland China -, is what remains in many ways one of the main objectives of Taiwan's foreign policy.

Besides, Taiwan's concerns about economic and political issues can be reduced to one foreign policy objective: To resist the advance of the Mainland's principle objective of national reunification, which Beijing authorities and the Chinese Communist Party consider as "one of the three historic tasks of our Party and our country" (Chen 2010: 15). For Taiwan, to submit back to the Mainland's rule would mean the ultimate loss of self-determination in every single aspect: political, economic and social. For most Taiwanese the "one country, two systems" model is unacceptable, so that Taiwan's leaders have been suspicious of any gesture from Beijing that states socio-economic or politico-economic continuity as in Hong Kong's case.

However, since president Ma Ying-Jeou took office there has been an overlap between these types of interests, instead of an opposing nature. On the one side, Taiwan has a growing economic dependence on mainland China, while China's growing reliance on Taiwan's capital and technology diminishes the potential threat on the economic realm. On the other side, the development of closer economic and political ties reinforces the idea of Taiwan and China as natural economic partners that could assist each other. Unfortunately, Taiwan's diplomatic vulnerability raises

the island's sensitiveness to be dependent on any country; in particular it's most powerful "partner", mainland China.

In sum, Taiwan's foreign policy objectives could be resumed in controlling-diminishing economic dependency on mainland China for markets and supplies; the military-security objectives related to the Cross-strait relationship; and the increase of participation in international organizations.

In this regard, the sense of Taiwanese nationalism plays an important role as it is largely based on the maintenance of its distinctiveness from mainland China as a separate identity, which is reflected in the resistance upon China's attempts to undermine Taiwan's achievements or lock its economy into its own sphere. Since the late eighties the state's identification with the ideals of the Nationalist KMT Party and its monopoly over political and social life exercised by the Mainlander minority "have been largely replaced by a new identity and basis for state authority—a concept of popular sovereignty based upon the individual's association with a free, democratic and prosperous Taiwan, not necessarily the larger Chinese state or a Chinese ethnic or cultural community" (Swaine and Mulvenon, 2001: 7).

This transformation has led to a general belief in the separateness of the Taiwanese state and the unwillingness to reunify with Mainland China¹⁰. That

¹⁰ A poll by Global Views Survey Research Center upon Taiwanese people's stance on unification-independence issue found that 18.5% of the polled supported immediate declaration of independence by Taiwan; 10.5% said Taiwan should maintain status quo before moving toward independence; 38.2% preferred to maintain status quo and then act according to circumstances; 13 % were supportive of permanent status quo (People opting for status quo accounted for 51.2%); 4.7% chose to maintain status quo and then be unified with China; 2.8% said Taiwan should be unified with China as soon as possible; and 12.3% of people did not give explicit response. Global Views Survey Research Center (2010) *Survey on Signed Cross-Strait Economic Cooperation Agreement, People's Views on Unification-Independence Issue, and President Ma Ying-jeou's Approval Rating*. Retrieved from Taiwan Security Research website

explains why the signing of ECFA in 2010 raised concerns among Taiwanese society. Many are suspicious about developing stronger economic ties with China, because as argued by P Chen (2010), they are pulling Taiwan into a Cross-strait economic space. On the other side, some business sectors hold a different position owed to the benefits the Chinese economy has given them as a huge destination for their exports and investments.

Foreign Policy Powers in Colombia

In his vast study of Colombian Foreign Policy, Diego Cardona (2011) identifies the *traditions* that distinguish Colombian diplomacy: unconditional respect for the rules of international law, the separation between means and ends, the importance of multilateral channels, balanced relations with the world, harmonious relations with neighboring countries, the priority of the relationship with the United States through mutual respect, emphasis on the peaceful settlement of international disputes, and respect for the consensus in international organizations.

However, in Colombia foreign policy is a government policy instead of a state policy, which means that it is not designed to project the achievement of goals throughout different administrations, but changes according to each president preferences or orientations. This has caused a general discontinuity in the foreign policy approach and objectives, yet some shared goals might persist as will be presented below.

During Alvaro Uribe's government (2002-2010) the foreign policy was used as an instrument of his government program "Democratic Security". With this, the main features of foreign policy were a purely realist and statist approach to international

relations and the traditional security paradigm based on defense and territoriality¹¹. All enshrined in the preventive security doctrine applied by the Bush administration (2001-2005, 2005-2009), based on a bipolar orientation of world politics -enemies and friends-.

Along this line, during Uribe's administration foreign policy objectives were:

- To defend national sovereignty and promote a comprehensive development of borders.
- To strengthen strategic bilateral relations.
- To advocate for national interests in the multilateral arena.
- To obtain international support for the National Development Plan (in particular, support in the global fight against terrorism and drugs).
- To promote a better international understanding of Colombia's reality.
- To strengthen ties with Colombian communities in foreign countries. (Presidencia de la República de Colombia [Presidencia] (2002: 19-25).

In this sense, the search for cooperation became a priority of Colombian foreign policy, which led to closer ties with the United States owed to the military aid (Plan Colombia, Plan Patriota, military bases), and with the European Union for humanitarian cooperation for the victims of internal displacement. Therefore, during Uribe's administration there was not a differentiation between Colombia's international relations and its internal political situation, thus the way Colombia related to the world was defined precisely by the internationalization of what happened within its borders.

¹¹ For a broader discussion on "Colombian realism" see Juan Gabriel Tokatlian, "La teorización de las relaciones internacionales en Colombia". Documentos de Trabajo Iepri, no. 2, Febrero 1991.

After his victory in 2010 Colombia's presidential election, Uribe's former Defense Minister Juan Manuel Santos presented a foreign policy program which principles and outlines are "To progress towards democratic prosperity a greater diversification of Colombian international relations shall be necessary both, in the multilateral environment and in the search of new partners and strategic alliances within international scope" (Ministerio de Relaciones Exteriores [MRE], 2010). This new discourse initiated a change in Colombia's foreign policy, which although keeping elements of the Democratic Security era, now is more focused on finding new external partners, stronger relations with Latin America and in general, more pragmatic and institutionalized policies.

In turn, the Colombian Ministry of Foreign Affairs states that Colombia "shall continue positioning the achievements obtained as an international benchmark in the struggle against the world drugs problem, terrorism, institutional strengthening and commitment to defense and promotion of human rights" (MRE, 2010).

Based on which are considered the three more serious challenges Colombia has to face: more employment, less poverty and more security, the core foreign policy objectives of the Santos administration are:

- Greater diversification of Colombian international relations and agenda.
- Greater regional integration.
- Economic growth and competitiveness.
- Peace consolidation.

Certainly, a shift in foreign policy scope is evident as it has been registered by the media and the academia (Tickner, A. (2010, November 9); Ramírez, S. (2011); Romero (2011, March 5); Castaneda (2011, April 1)). Although Colombia's domestic issues are still part of the agenda, "Santos' government seeks to open up to the

region and the world, rather than expect that the region and the world deal with Colombia's internal problems, as his predecessor did. That is, he does not intend to anchor international policy exclusively to domestic security in its military dimension, as happened during the last decade” Ramírez, S. (2011: 79).

Nonetheless, since the beginning of the 21st century the main priorities of Colombia's foreign policy have been the bilateral relationship with the United States, security and trade, and thus foreign investment. Other issues such as migration and cooperation were subordinated to the above in order to implement Uribe's policy of democratic security. Therefore, both the Defense and the Foreign Trade ministries have had the leadership, despite diplomacy being the ideal instrument to conduct a country's international relations.

This upholds the points made by Cardona in the sense that “Colombia's foreign policy guidelines are usually defined by outcomes, instead of long term planning, hence Colombia's foreign policy can be defined not by its design but by its partial results in its agenda and the definition of policies along the way” (1997: 343).

After Uribe and Santos' experiences it is evident the need to design a foreign policy based on a private-public domestic agreement with clear goals and specific activities, that beyond politics and institutions sets an agenda on various topics (economy, security, competitiveness, internationalization) where both government and business interests can merge. However, such interests "should be channeled by a efficient State able to safeguard the common interests as arbitrator, partner and promoter of a more balanced, project not only economic but also social" (Cardona 1997: 345).

As we will see below, international policy mechanisms are diverse, ranging from presidential diplomacy to legal, political and economic agreements, the

diplomatic career, the responsibilities of the Ministry of Foreign Affairs and the parallel diplomacy of civil society. All of which have variations across countries and particular topics. High priority issues are usually handled by the presidency, even though this kind of diplomacy has been increasingly broadened to other issues on the international agenda.

Regarding Colombia, during the government of Alvaro Uribe security issues and the relationship with the United States were conducted from the presidential palace in collaboration with the Ministry of National Defense, leaving both the multilateral and the routine issues to the Chancellery.

In his 2006 work *Evaluation of Colombian Foreign Policy -A View from the Colombian Senate*, Senator Juan Manuel Galan (2007) found that a number of problematic features, which had been reported by experts early in 2002, were still occurring. The diagnosis identified the following issues: International politics is mostly of government, not State; low professionalism and specialization of the foreign service; the state disregards the participation of civil society in the formulation and evaluation of foreign policy; diplomacy depends more on the president on duty than on the institutional response; lack of coordination; and excessive *Respice Polum*¹² (meaning looking to the northern star: the United States).

Taiwan by contrast cannot be studied from the scope of conventional diplomacy. The lack of statehood and its ambiguous position in the international

¹² In 1914 when Colombia negotiated the Urrutia-Thomson Treaty with the United States seeking to mend the rift resulting from the Panama Canal crisis, Colombia made a conscious and determined decision, despite significant opposition, to accept a subordinate status to the interests of the United States. That basic principle of foreign policy became known as *Respice Polum*. This policy was conceived and promoted by Marco Fidel Suarez while serving as the Colombian Minister of Foreign Relations (1914-1918). Since that time, *Respice Polum* has effectively guided Colombian policy in international relations. Robinson, Cordel. *Colombia's International Relations: A Search for an Independent Role*. *Latin American Research Review*, Vol. 29, No. 3 (1994), pp. 265-268.

system are the core features to understand its foreign policy. These two features are by definition linked to Taiwan-China relations, being China the main external force that influences the policy making process, yet Taiwanese resources, economic dynamism and adaptive policies, have kept other options open to exert its foreign policy.

Foreign Policy Stakeholding Constituencies and Formation in Taiwan

Under the early Kuomintang (KMT) military rule the government maintained a division of power that kept the business elite on the margins of the power structure. As a consequence, the government was inclined to State-owned enterprises rather than the promotion of big conglomerate business groups. Therefore, the growth of private oligopoly-monopolies was constrained, in part to prevent the emergence of power centers different from the state.

The developmental state thus organized various associations as the Chinese National Federation of Industries (CNFI), and the Importers and Exporters Association of Taiwan (IEAT)¹³, that helped build policy networks as well as to establish state-business dialogues, although their main purpose was to transmit state policies to the business community (Gold 1986, Kuo 1998, Wade 1990, Weiss 1998 as cited in Dent 2002: 266). At the same time, the preponderance of the Small-Medium enterprises in Taiwan's economy base made it rather difficult for the economic elites to gain influence and bring together the dispersed business representation.

¹³ It is a nonprofit organization which acts as the main representative of Taiwan's industrial sector and serves to bridge the gap between the industrial sector and the government.

However, due to the needs of improving the economy's techno-industrial capacity, a more bottom-up scheme emerged from the mid 1980s and was reinforced with the democratization process after 1986 when the business elites started to gain more influence over foreign economic policy.

According to Swaine and Mulvenon (2001: 17):

“The impetus for change in the ROC's government foreign policy occurred as the result of less direct causes such as generational change and achievements in economic and technological fields. Both of which opened the path for the development of a new middle class and a strong business community, as well as for the gradual softening of the government's conservative policies”.

The changes on the legislative system brought by democratization opened new channels for business groups to lobby for liberalization from government regulation and for an upgrade of industrial capacity. From this time a real institutionalization of the business-state relations started, and both the CNFI and the IEAT established a close relationship with the government as important promoters of the interests of Taiwan's business sector, as well as a source to push the government for competitiveness strategies.

This interaction between government and business class has shaped a horizontal policy tradition, which is also based on fostering economies of scales, as exemplified by the national plans that prioritize the development of strategic industries and export competitiveness¹⁴.

¹⁴ The Ten Year Plan 1980-1990 and 1990-2000 for the development of Information technologies, as well as the Six Year Plan for National Economic Development 1991-1996.

Therefore, one of the results of the democratization process is the increase of the influence of the business sector over Taiwan's foreign policy, which undoubtedly diminishes the autonomy held by the State during the military rule. One example of this reallocation is when legislative processes that seem to affect the interests of business groups take place: power, political support, lawmakers, economic bureaucracy and business groups converge. In other words "democratization did not eliminate clientelistic networks, but fostered their growth and diversification" (Göbel, 2001: 6).

However, the developmental nature of Taiwan's state is still evident in specific cases. On the one hand, as observed by Hsu "is the state will that prevails where it diverges with the objectives of Taiwan's major business groups" (Hsu, as cited in Dent 2002: 271); on the other hand, the state remains the main supporter of business development in the post-industrial Taiwanese society.

Dent (2002: 267) distinguishes a sort of dependence on the business sector for managing particular issues of foreign economic policy in a "quasi-diplomatic function". For instance, Chen-fu Koo of Taiwan Cement who promoted ties with Japan and acted as Taiwan's representative at PECC, PBEC and APEC; Jeffrey Koo of China Trust Corp. who has been active in promoting Taiwan's interests in the US, Europe, and South East Asia; while Y.F Chang the billionaire who led Formosa Plastics Group was an important representative in Cross-strait diplomacy.

The Cross-strait business community hence is an internal force that despite the developmental nature of the Taiwanese state has increased its influence over foreign policy formation. As mentioned above, the central government has deferred diplomatic competences to business heads. Also, "Small-Medium enterprises associations with extended operations in China, have allied with host provincial

authorities in forging common interests groups...creating a network with particular influence over Cross-Strait policies in general” (Dent 2002: 276). Now, after the ECFA it should be expected that this influence will grow as the economic space between China and Taiwan grows.

Besides the government-business relationship, in order to confront its diplomatic challenges Taiwan has also employed different levels of interaction that surpass the classic state-to-state figures, such as party-to-party diplomacy and parliamentary diplomacy.

Regarding the first one, most of Taiwan’s political parties have sought to forge linkages and friendly relations with their counterparts in the thought that political parties with a similar ideological outlook will be able to draw support and express solidarity. In turn, inter-parliamentary diplomacy is based on organizing exchanges with foreign parliamentarians upon the aspiration that “increased contacts and connections with foreign lawmakers will garner additional support for Taiwan” (Hickey, 2007: 55).

In fact, the involvement of Taiwanese lawmakers in activities with their counterparts made it possible that both the European Parliament and the US Congress passed various pro-Taiwan resolutions and laws, while the legislature of some European nations established friendship groups with Taiwan¹⁵.

Taiwan’s civil society influence over foreign policy is still weak although the official discourse often exhorts the empowerment of civil society. In DPP leader Chen Shui-bian’s inaugural presidential speech in May 2000, he stated that “the age of large and capable governments has now passed, replaced by one of small and

¹⁵ For example, the demand that the George W. Bush administration treat Taiwan as a non-NATO ally; the demand by the EU Parliament that China remove the missiles it has deployed directly opposite Taiwan; and the call for supporting Taiwan’s full membership in the WHO.

effective governments, which have established partnership relations with the people”, and that “we should ... actively expand the role of public participation” (Chen, S. 2000). Dent notes how this suggested a shift from a *state-centered* to a more *society-centered* approach to policy making upon the state idea on how to meet developmental challenges (2000: 219). However, Taiwanese civil society still lacks the capacity to drive foreign policy decision making, although it shapes it in a way that it may set a limit on the government’s policy options. For instance, no group openly embraces China’s unification scheme of “One country two systems”, thus it would be a failed political initiative from the beginning.

The governments of Chen Shui-bian and Ma Ying-jeou have tried to encourage greater democratic participation in the policy process, as well as to use Taiwan’s democratic achievements to broaden its international leverage, especially in its relations with liberal democratic powers and institutions. Nonetheless, when a government expresses its will for the citizens to participate in public policy formation, it rarely states how this can be effectively achieved, and this delays the establishment of a cultural and institutional awareness of the participation of civil society in policy building, mostly when it comes to foreign policy.

Additionally, playing the civil society card still implies some limitations due to the importance of nation-states in the international system, which explains the obstacles imposed on Taiwan in setting and achieving certain foreign policy objectives, for instance, joining economic international organizations.

Foreign Policy Stakeholding Constituencies and Formation in Colombia

As seen in the previous section a range of internal, external and personal elements intervene in the decision-making process. Rosenau (1990) specifically refers to five factors: systemic, functional, governmental, social and cultural.

Personal factors have a preponderant role in Colombian foreign policy, which Ardila defines as “not only reactive but also personalized, depending on the will of decision-makers of different rank and the positions they hold” (2011:94). During Uribe’s administration the world was acknowledged as a place ruled by anarchy and fierce competition, following the hard-line neorealist view. In that sense, conflicts were inevitable so the policy makers must give priority to national security and international alliances that could ensure it. According to Cardona (2011), for Santos in contrast, Colombia is part of an interdependent world where a social pact between the states makes cooperation more profitable than conflict as argued by Rosseau, or where trade and cooperation produces more mutual gains than isolation as stated by Smith and Ricardo.

In recent years Colombia’s presidential diplomacy has been emphasized at the expense of the agencies that should take part in the foreign policy process. This deinstitutionalization ignores the initiatives of the responsible bodies, weakens the professional Foreign Service and discourages the appointment of diplomatic officials in positions of responsibility. Additionally, in Colombia it is common place to have large untrained Foreign Service staff abroad as exchange for political support or patronage.

For instance, during Uribe’s presidential reelection the appointments in the diplomatic service clearly became a way to pay for political favors and ensure support for the government. The list of relatives of politicians who were part of the

Foreign Service was not short, as the opposition parties and some media reported (Samper 2005, February 23; Revista Semana 2005, March 13)¹⁶.

With this, the politically motivated appointments have imposed on the foreign service a bureaucratic quota, while meritocracy and the fight against corruption were left behind by the government's interests. This is only one way that reveals how the Colombian political system is characterized by clientelism, using the state as bureaucratic loot. Also, it makes evident how the group in power holds absolute control over public jobs and through them ensures the support for political and economic decisions.

Additionally, a pending issue is the linking of connoisseurs of international politics to the foreign service, as well as the participation of experts in promotion and negotiation of critical topics for the country, such as strategic issues, economic affairs, trade promotion and investment, science and technology, environmental agenda, competitiveness, information technology and expertise in geographic areas of the world (Cardona, 2011).

Therefore, we can argue that in practice there is no institutionalized or structured Colombian foreign policy decision-making; instead its relevance is influenced by many aspects depending on the one side on government's will, and on the other on the topics they cover.

¹⁶ "José Carlos Holguin son of Conservative Party leader Carlos Holguin Sardi, a supporter of Uribe was appointed as ambassador to Ecuador's; Miguel Gomez son of Enrique Gomez Hurtado leader of the conservative party was appointed as ambassador to France, where also works the son of Alberto Santofimio an all-time Uribe supporter; Margarita Name daughter of Senator Jose Name was appointed in the Colombian mission to the UN and his brother as an officer of the Colombian consulate in New York; the sister of Senator Armando Benedetti was offered the consulate in Milan ... It can't be a coincidence!, too many relatives of politicians in the Foreign Service. Too much abuse of the Treasury. Too much mockery of average Colombians who pay the bill". Samper (2005, February 23).

Colombia's international behavior then could be variable as the decisions are hermetic and self-oriented. Consensus and transparency thus have a secondary place and "loyalty is often more valued than knowledge" (Ardila, 2011: 95). In this regard, the Advisory Committee on Foreign Relations is a good example: It is comprised mostly of former presidents and chancellors and acts as a political entity to strengthen and legitimize presidential power in international affairs; therefore it has never reflected a different opinion from that of the head of the state. As Amaya (2009) puts it, it is believed that the Committee reaches consensus, even though it often only reports about decisions already taken.

On the other side, not only the internal variables but also the systemic ones have gained importance for Colombia's foreign policy due to two reasons. The first one is related to the historic partnership with the United States known as *Respice Polum*. The second is a result of such a relationship, namely, the suspicion that it has recently created among South American countries. For instance, for the Colombian state not only has it been difficult to establish alliances apart from those with the United States, but also it does not seek regional joint solutions through collaboration.

Colombia has a number of issues related to transnational problems on the global agenda, such as illicit drugs and transnational crime and terrorism, whose treatment requires international and regional cooperation. However, while other countries have an institutionalized coordination on security topics, in Colombia despite being a priority, there is no such formulation. As a consequence, the security agenda is concentrated in presidential diplomacy or the Ministry of National Defense.

Although during the last few years non-governmental actors have gained strength in seeking to promote sensibility and influence foreign policy, Martha Ardila

highlights that “in its specific case and unlike other countries, Colombian foreign policy decision-makers seldom interact with entities other than the State” (2009: 108). Botero and Tickner (2009) in turn state that Colombian Foreign Policy decision-makers have shown low concern about the participation of non-governmental actors, while people perceive that their opinions weigh little in the definition of international politics.

When looking at Colombia and Taiwan we find that the logic of politics is different in both countries. The Taiwanese state has enjoyed relative autonomy in formulating policies, as it “can formulate policy goals independently of particular groups, they can change group or class behavior, and they can change the structure of society” (Krasner, 1977 as cited in Deyo 1987). Furthermore, in Taiwan “the local bourgeoisie was not only underdeveloped; it was also a potential base for political opposition to the Kuomintang” (Evans 1987: 213). Additionally, given the governmental concerns about the cross-strait relationship, “trade policy is often made in response not to domestic economic interests, but rather to the international political economic environment of threat under which Taiwan is forced to operate” (Hseuh as cited in Ravenhill 2010).

In general, Colombian politics are heavily conditioned by the interests of political elites and the usual linkage of State officials to private interests. As Thorp and Durand asses (1997: 224) “Colombia has been characterized by vertical clientelistic relationships [...] the vertical level uses trust and reciprocity to maintain control”. Regarding foreign policy making, the linkage between the domestic agenda and global issues has increased the influence of the United States, its biggest ally in solving the internal armed conflict.

After examining foreign policy protagonists, powers and formation, we present an overview of Taiwan's and Colombia's participation in international organizations, their relations with their diplomatic allies and its impact over the China-Taiwan and United States-Colombia bilateral relations, as those topics are interconnected with the mentioned foreign policy objectives.

Taiwan's Participation in International Organizations

A nation's membership in international organizations determines to a great extent its diplomatic leeway and its engagement in multilateral diplomacy. No matter its contested statehood, Taiwan has frequently adjusted its policies to keep its position as a responsible international actor, featuring a close alignment with the international regime's rules, which makes possible some sort of integration into global structures of trade, technology and finance.

By the end of the seventies, the ROC lost its seat in the United Nations owed to the Sino-U.S rapprochement, and had to face the formal United States' diplomatic de-recognition. This was the most significant change in Taiwan's foreign policy before the starting of its democratization process in 1986. In recent years Taiwan has attempted to rejoin the United Nations and its principal affiliated organs but not much success has been granted. Yet despite China's obstruction, Taiwan has managed to either stay or become member of some international organizations in spite of the embarrassments of nomenclature.

In 1986, when the PRC joined the Asian Development Bank of which the ROC was a founding member, the ROC was allowed to retain its membership though under the name of Taipei-China, which allows both sides of the strait to be represented at the institution.

Together with the WTO entry, one of Taiwan's most successful achievements in terms of multilateral diplomacy was its 1991's accession to the APEC forum. Under the "Chinese Taipei" nomenclature, Taiwan together with the PRC and Hong Kong joined the Forum. Hong Kong, China, and the Chinese Taipei joined under the "local economies" status, and Taiwan made the compromise of remaining "local". It was a major accomplishment as it deferred recognition to Taiwan as an equal member of the community of the Asia-Pacific economies. Thereby, the PRC, Taiwan and Hong Kong joined the forum together as equal members.

Taiwan became the 144th member of the WTO on 1 January 2002, under the name of "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (abbreviated as "Chinese Taipei"). In terms of market access and achievements at international level, Taiwan's WTO accession marks a definitive point in its foreign policy.

The absence of formal diplomatic ties with its major trade partners means the trade deals were not covered by international treaties or formal international agreements. The WTO membership then solved this by providing an international legal basis, as well as a multilateral context for trade negotiations. However, if the WTO helps to diversify Taiwan's export channels by improving the contact with its trade partners and creating a proper environment for trade agreements to be sustained, it also implies protectionist tensions in bilateral economic relations.

The WTO's accession for Taiwan was expected to be significant in at least two points: The first one, in reinforcing its multilateral diplomacy by serving as a bridge to other international economic organizations; and the second one: in helping Taiwan diversify its market dependency on China, as it would help it to strengthen its links with other economies, and would provide a basis upon which to conduct

market access agreements. Both goals are yet to be achieved not only due to the failure of the Doha Round, but also because Beijing has limited Taiwan's maneuvers within the WTO as it has also done within APEC (CNN World (2001, November 11); Frew, A. (2001, October 19); Taipei Economic and Cultural Representative Office in the U.S (2010, June 19). Delisle (2008: 389) comments on Taiwan's situation in the late 2000s despite its accession to the WTO:

“Slower growth, a relatively brief recession and “hollowing out” of some sectors pointed to reasons for concern about the economic underpinnings for Taiwan's importance to the international community especially giving the contrast with the booming if, volatile economy across the Strait that was ever more important to and deeply integrated with the global economy”.

On a more informal dimension Taiwan has extended its network of semi-diplomatic relations with various governments, many international and intergovernmental organizations, international nongovernmental organizations, and participation without membership in many others. Nonetheless, the lack of membership in most of the International Organizations has privileged the bilateral approach in the construction of Taiwanese foreign policy, while the democratic values and economic achievements have been used by the last two governments as an axis to build up foreign relations and try to expand the bilateral space with North American, European and East Asian partners. However, there are still various obstacles for Taiwan to develop its diplomacy at most levels and despite the wide internationalization of Taiwan's economy during the last forty years, the island is confronted by external constraints based on the acceptance by the majority of national governments of the view that Taiwan is a Chinese province and not a sovereign nation-state. As Wang puts it “In sum, Taiwan's unique international legal status is more a result of the recognition game rather than an intrinsic lack of statehood” (2009:7).

To summarize, according to the MOFA, by 2011 Taiwan has been granted official full-member status in 31 international inter-governmental organizations and more than 1000 non-governmental organizations. However, of those 31 organizations only 3 have an economic orientation and are highly important for economic diplomacy: The World Trade Organization, The Asian Development Bank and APEC. Consequently, Taiwan's membership in key international economic organizations as the International Monetary Fund or the World Bank is still problematic as long as they consider statehood as a required entry criterion.

Although the WTO entrance was supposedly the key step to help diversify Taiwan's trade partnerships and settle a legal framework for conducting and sustaining trade agreements, this is yet to be achieved. Taiwan was listed as the world's twenty-fourth largest economy in 2010 by the International Monetary Fund, yet its continued semi-peripheralization in the global system is what plays a decisive role in its economic foreign policy.

Taiwan's comparative space for multilateral economic diplomacy thus remains very limited. In the post Cold War era multilateralism and the development of regional organizations have been key in the promotion of economic and security issues, therefore we can say that the exclusion of Taiwan compromises the effectiveness of multilateralism, at least in the Asia-Pacific region.

Given the tight diplomatic space to manage its foreign relations Taiwan's foreign policy protagonists are compelled to either take advantage of the opportunities, or face the threats posed by the expanding relationship with the mainland, no matter the changes in the nature of the international political economy –interdependence, role of non-state actors- which could have brought more possibilities for widening Taiwan's leverage.

Colombia's Participation in International Organizations

The end of the Cold War and the subsequent economic globalization brought about the development of regionalist projects in most parts of the world. The Andean Community although originally created in the 1970's is one of the South American versions of such projects and Colombia is one of its founding members.

In the 1980s Colombia broadened its bilateral and multilateral relations by joining the Contadora Group, the Group of Eight (now the Rio Group), and the Non-Aligned Movement, which chaired from 1994 to 1998. It has also signed FTAs with Chile, Mexico and Venezuela.

Colombia has traditionally played an active role in the United Nations and the Organization of American States and its subsidiary bodies. Former President Cesar Gaviria became Secretary General of the OAS in 1994 and was reelected in 1999. Colombia participated in the December 1994 and April 1998 Summit of the Americas and hosted the follow up post-conference and the ministerial-level meetings on trade, science and technology. Colombia participates regularly in international forums, including the CICAD (Inter-American Drug Abuse Control Commission), and the OAS, specifically in money laundering, chemical controls and prevention of drug abuse.

Cesar Gaviria's administration in 1990 was the scenario for the renovation, and somehow evolution of Colombia's participation in international organizations. Undoubtedly, globalization and economic liberalization boosted this new notion of Colombia's role in the world, which basic principles could be summarized as follows: Promoting peace and international cooperation while respecting international law, universality of relations within ideological pluralism, strengthening of negotiating

capabilities, intensification of presidential diplomacy, and bigger relevance of economic aspects in the foreign policy.

Under such principles, new goals were defined: national autonomy, peace with economic democracy, as well as integration and coordination of external relations. Colombia then determined the geographic focus for its foreign efforts: Latin America and the Caribbean, North America, Europe and the Pacific Rim; while trade diplomacy was intensified through promotion and active participation in organizations such as The Association of Caribbean States, GATT, MERCOSUR, The Latin-American Integration Association (ALADI), The United Nations Industrial Development Organization (UNIDO), The Pacific Economic Cooperation Council (PECC), as well as the intention to join the NAFTA.

The acceleration of economic liberalization, the support for President George Bush's initiative for the Americas (NAFTA), the strength reached by Colombian-Venezuelan trade and the dynamism of the G-3 (Colombia, Venezuela and Mexico) marked a profound shift: "to look at the market under the new demands of the global economy, which meant that, in fact, Colombia had to overcome the emphasis on security in his international agenda" (Tokatlian, 2000:39).

Accordingly, Colombia is committed to achieve free trade in agriculture as a member of the Cairns Group; it is at the forefront of the development of regional trade agreements and groupings such as the Andean Community and the G-3; and it seeks to increase its role in the Asia-Pacific region: It is a full member of the Pacific Basin Economic Council (PBEC), participates in APEC's working groups on energy cooperation and telecommunications, and aspires for full APEC membership.

Therefore, in the midst of a sharp global change Colombia reoriented its policies aiming to "look" outside the country and became part of the diverse and

changing global scenario rather than focusing on any particular country or group of countries. However, such a new foreign policy model suffered a major letdown in President Ernesto Samper's government (1994-1998) as it was characterized by the debate about the legitimacy of his election (linked to the support of mafia lords) and the consequent veto by the United States government. The country's political and economic environment affected foreign relations forcing them into a very low profile; participation in international organizations was limited to diplomatic protocols, while bilateral trade relations were rather poor.

Such a situation demanded a reconfiguration of Colombian diplomacy, institutions, and agencies. The internal crisis can be summarized in six points according to political scientist Fernando Cepeda (2002: 181): "A delicate public order situation; the linkage between illicit drugs, guerrilla, paramilitary and institutions; violation of human rights; internally displaced people, corruption and deterioration of the economy".

The severity of these problems required a major shift in foreign policy and incorporated a series of additional components that had not been treated with importance in the country's international relations. In this sense the reconstruction and normalization of the bilateral relation with the United States was a primary objective for Andres Pastrana's administration (1998-2002), who confirmed that "the political and economic alliance with Washington was a state policy." (Cardona, 2001: 61). The restoration of good relations included a broader bilateral agenda: fight against drugs, alternative development solutions, control of chemicals and arms trafficking, crops eradication, control of money laundering, strengthening of justice administration, restoration of trade, and migration. Therefore, Colombia suffered a return to the *Respice Polum* towards the United States, a relation that has hampered

closer ties with other countries, as well as the development of more positive approaches to the many problems Colombia has to face.

In a multilateral system parties can secure advantages that are harder to win in bigger forums. An additional advantage is flexibility, which makes it possible to exchange views on international and bilateral issues without the constraints of formal bilateral meetings. However, Colombia has focused on the issue of drugs, drug trafficking and in recent years on terrorism, which are not entirely outside the interests of other states, yet are rather separated from topics strictly linked to trade, investment and technology.

Taiwan's Diplomatic Allies

The new scenario brought by democratization in the eighties pushed for the expansion of ties with the international economy and served as the new convergence point to foster relations with other countries away from China, Japan and the USA, although 90% of them were already recognizing the PRC.

In fact, democratization processes at home do not necessarily lead to increased international legitimacy. Deans (1998) presents the concepts of *negative sovereignty* as right of self-determination, and *positive sovereignty* as the capacity for effective and civil government, to analyze Taiwan's international status, and concludes that it possesses the latter but not the former.

Under this scenario, Taiwan launched a foreign policy strategy focusing on the newly independent nations or those which did not have relations neither with Beijing nor with Taiwan, in an attempt to enlarge its diplomatic space especially making use of economic means, cultural channels and business representations.

Initially, the goal of such a strategy was to use any possible means to evade political and diplomatic isolation while using an international position to gain some political advantage. Unofficial contacts also were encouraged, and the economic factor played a major role under this strategy by committing other states in a network of trade, investment and technological relations so “that it would be harmful to their interests for the PRC to attempt to subjugate Taiwan” (Swaine and Mulvenon, 2001: 19).

The use of economic means to broaden international space, known as *economic diplomacy* is explained by Dent as one type of foreign economic policy instruments, being involved with policy representation in foreign engagements. The core technical policy realm of foreign economic policy mainly relates to different forms of international economic activity: trade, foreign direct investment, international finance; and official development assistance and cooperation (ODAC).

“Trade policy is normally afforded greatest priority, although globalization has made FDI and international finance increasingly salient FEP aspects. State ODAC policies, where practiced, tend to receive a considerably lower political priority”.

(Dent, 2002: 20).

However, Taiwan is an exception to this rule, since “Its ODAC policy is used to nurture diplomatic ties and hence it’s political legitimacy in the international community” (Dent 2002: 20).

Taiwan’s “diplomatic weapon” has been its technological, economic, trade and financial power, so every time China tries to conquer Taiwan friendly countries, the island has not had any other option but to launch several programs to deepen the bilateral relations. However, most of the countries which recognize Taiwan as a

sovereign state and therefore have diplomatic relations with the island are either poor countries with a high external debt or less developed countries with a medium-low income, accounting only for less than 3% of Taiwan's total trade volume according to the BOFT statistics (BOFT, 2011). China then has discredited Taiwan's foreign relations arguing that it takes advantage of the economic difficulties of some of those countries to attract them with money aid, while they forget their moral principles and receive it, as reported by the Manila Standard (1997).

The importance of the countries that keep diplomatic relations with Taiwan is based on the fact that they ensure Taiwan's existence as a sovereign nation by supporting it internationally and presenting a positive image of it based on its democratic regime and economic success; but in economic terms these countries hardly represent opportunities for Taiwan to expand or diversify its markets, which is a crucial issue given its export-oriented economy. As Gerald Chan states "Taiwan is financially rich but diplomatically poor" (1997: 37), so it conducts numerous initiatives and devotes big amounts to loans and aid for its diplomatic partners¹⁷, according to "its aid provision priority of promoting friendly relations with its allies" (MOFA, 2009). No matter the unequal relationship this has reinforced, Taiwan is interested in keeping the partnership for its political value:

"Due to its unique diplomatic situation, it is imperative that Taiwan prioritize the allocation of its limited resources based mainly on the need to maintain and strengthen relations with its diplomatic allies" (MOFA, 2009).

¹⁷ In 2011 Taiwan's foreign assistance budget was NT\$14.4 billion which accounts for 0,1% of its GNI. The UN set the goal of 0.7% but only Norway, Sweden, Luxembourg, the Netherlands, and Denmark have been able to contribute over 0.7% of their GNI as their aid to the world.

Nevertheless, the frame of the relations between Taiwan and its allies is still weak and narrow. Pérez Expósito (2002) ascribes this to the lack of actors involved, the few links between political parties and enterprises, and the ignorance about the other's culture. These factors have made the relationship of Taiwan with its allies very vulnerable to political changes and both parties' public opinion, and the relationships have fallen into a pure "buy and sell" dynamic between the island and a bunch of poor and small countries that only count on their political support to give in exchange.

Although Taiwan has to a great extent used economic diplomacy as a means to foster bilateral relations with other nations, diplomatic recognition is still denied by its most important economic partners. This is what Dent calls a "sense of diplomatic claustrophobia that provides the defining context in Taiwan's management of its foreign economic relations" (2002: 250). Certainly, the nature of the Cross-strait relation has left no option for Taipei but the establishment of non-official relations with big economies or main trade partners, which neither are able nor wish to break their links with mainland China. China in turn, has little interest in entering into a direct fight with Taiwan given its need to cooperate with the big powers.

Colombia's Diplomatic Allies

As seen above, the proximity to the United States as a historical feature of Colombian foreign policy is associated with "a realistic behavior in which the State chooses foreign policy alternatives that best meet its specific objectives" (Ardila, Cardona & Tickner 2002: 20), that in the US-Colombia's case finds its justification in the fight against drugs and crime, national security and in recent years, terrorism.

One of the best examples of Colombia's parochialism is that its foreign policy historically is reduced to relations with the main powers, in particular with the US. In a way this explains the delay in the development of ties with, for instance, the Asia Pacific if compared to other Latin American countries as Chile, Peru, Mexico and Brazil, which already have deep and broader ties with the world's most dynamic region.

Regarding the European Union, although trade and investment are important vectors of the EU-Colombia relationship and Colombia benefits from the Generalized System of Preferences (GSP+), the relations are underpinned by EU development cooperation (European Union, 2012). According to the European Commission (2007), the priority sectors regarding Colombia are as follows: (1) peace, stability and alternative development, (2) justice and human rights, and (3) trade and competitiveness.

Colombian governments have kept most of the commitments to Europe and Asia, but there are no specific targets or strategies for the inclusion of Colombia in the Pacific or a more dynamic relationship with Europe, instead the search for technical cooperation and support for the resolution of internal conflicts are prioritized. Thus, the domestic variables have shaped the international agenda, although there are issues like competitiveness and trade, which could help Colombia approach other geographical areas.

Indeed, what foreign alliances are and what they should be is rather distant, but Colombia is far from taking on the challenge of geographic and thematic diversification of its agenda. Colombia not only has limited autonomy and leeway due to its asymmetrical military, political and economic relations with the United

States, but also it has played a passive role in the construction of the bilateral alliance, which is evident in its unrestricted attachment to Washington provisions.

In this context, developing diversified alliances could be based on the fact that Colombia is Andean, Amazonian and has coasts in the Caribbean and the Pacific. The schemes of spontaneous integration and open regionalism that have prevailed in Asian countries could be an option for Colombia to balance its relations with Washington and improve its international position.

The dominance of the United States in Colombia's foreign policy agenda highlights the conditions imposed by the international context and in particular by the military and political hegemony of Washington. As Waltz puts it (1988) economic capabilities cannot be separated from other capabilities of the States, so they use economic means for political and military goals, and political and military means to achieve economic interests.

For Taiwan in turn, not only has its particular relationship with China conditioned its relations with its allies, also its neglected statehood and the lack of diplomatic recognition have affected its diplomacy, forcing it to opt for bilateral diplomacy. Undoubtedly, being denied formal recognition by its major trade partners remains an important constraint for Taiwan's foreign policy, and policy makers themselves.

In the next chapter we will focus on the main features of the bilateral relations between Taiwan-China, and Colombia-United States by examining the ECFA and FTA's approach and scope, as well as the rationales that lie behind the negotiations.

III COLOMBIA'S AND TAIWAN'S BILATERAL RELATIONS WITH NEIGHBORING POWERS AND THEIR PREFERENTIAL TRADE AGREEMENTS.

This chapter separately examines Colombia and Taiwan's relations with their respective neighboring powers by assessing the bilateral trade agreements FTA's and ECFA's major topics and scope, in order to establish the approaches and motivations behind the negotiated bilateral PTAs.

This chapter is based on the idea that the underlying nature of those PTAs is a disparity of powers, thus the parties do not negotiate from an equal base. Achieving a PTA between big powers and developing countries thus is not a smooth process as the negotiations involve different motivations expectations and domestic pressures. So, if the United States, Colombia, Taiwan, and China are all members of the WTO, why did they negotiate a PTA?

There are several reasons to explain the popularity of *individualistic* bilateral trade agreements over the multilateralism embraced by the WTO. First, the multilateral trade negotiations date back to the forties and there are still crucial issues that have not been negotiated, so the PTAs might solve particular issues which the WTO has not. Additionally, Liou (2008: 182) cites Australia's former Ambassador to GATT Alan Oxley to explain that FTAs are also easier to enter into in comparison with WTO negotiations due to the smaller number of parties involved, and follows "Another major difference between FTAs (and RTAs) and WTO is that the former may embrace political and strategic meanings, while the latter, as it is, is nothing but an agreement on trade".

Therefore, when a nation opts to form preferential trade agreements there are usually economic and non-economic reasons, hence as suggested by this research's

title we will try to establish up to what point Taiwan and Colombia are part of a scheme of *Politicized Trade*.

Table 4 illustrates this chapter's comparison between the PTA agreements, the motivations and the approaches of each of the parties involved.

Table 4 Taiwan-China ECFA and Colombia-US FTA compared

	Taiwan-China ECFA	Colombia-US FTA
Economic Background	<p>Taiwan:</p> <ul style="list-style-type: none"> • Top ten of China's trading partners • Largest source of China's FDI • 2011: \$127.5 billion total trade between Taiwan, China and Hong Kong 	<p>Colombia:</p> <ul style="list-style-type: none"> • Less than 1% of total US trade • 22nd largest export market for US goods • 2011: \$37.4 billion total two-way trade
Approach and Scope	<ul style="list-style-type: none"> • Institutionalization of an exchange relation in the context of Asian regionalization. • China's strategy > influence in South and North East Asia by signing PTAs and integrating the parties into its market. 	<ul style="list-style-type: none"> • Alleviation of Colombia's internal armed conflict in the context of war on terror. • US bilateral strategy > geopolitical and security considerations, in which trade is a means for deepening political relations.
Objectives	<p>For Taiwan:</p> <ul style="list-style-type: none"> • To normalize economic relations with China by removing trade restrictions. • To avoid being marginalized by regional economic integration. • To enhance its position as a platform for regional investment. 	<p>For Colombia:</p> <ul style="list-style-type: none"> • To strengthen the trade relationship with the US and secure antinarcotics aid. • To achieve economic growth and foreign investment. • To boost Colombia's social development.
Features	<ul style="list-style-type: none"> • Does not include the possibility for Taiwan to extend or sign similar agreements with other economies inside or outside the region. • Gives Taiwan trade privileges such as the Early Harvest List. • Open trade to enhance economic growth, regional and national bonds > security for all parties concerned. 	<ul style="list-style-type: none"> • Deepens bonds with the US and allows greater US involvement in domestic affairs related to counternarcotics and counterinsurgency. • Secures US assistance toward the war on drugs. • Open trade and investment regimes used to promote economic development > alleviation of poverty and conflict (expected).

Main Concerns	<ul style="list-style-type: none"> • Sovereignty • Impact on agriculture and electronics • Overdependence on the Chinese market 	<ul style="list-style-type: none"> • Agricultural subsidies • Impact on agriculture and intra-Andean trade • Human Rights
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As seen on the table, in this chapter is argued that the axis of the Colombia-US Free Trade Agreement is Colombia's internal armed conflict; while in the Taiwan-China Economic Cooperation Framework Agreement it is the institutionalization of an exchange relation that has been occurring for years, which political background is projected to either give Taiwan a wider leverage, or broaden Chinese influence over Taiwan.

Colombia, the United States and the Free Trade Agreement

Colombia-United States Bilateral Relations

As seen in chapter II, the United States has always been an influential actor in Colombian politics. Since the beginning of 21st century the main priorities of Colombia's foreign policy have been the bilateral relations with the United States, security and trade, and thus foreign investment.

The supporters of a bilateral trade agreement have presented the FTA as the definitive step that the two countries had to follow in their close relationship. "Seal a deeper partnership between two friend nations that are long-time friends" (Roberts, 2008), is only one of the motivating factors that the United States has put forward regarding a free trade agreement with Colombia.

For years Colombia has been synonymous with turmoil due to internal armed conflict and for being the world's largest cocaine producer, which undoubtedly has shaped the relationship with North America, so the United States faces the

complexities of signing an FTA with a country that beyond trade has various significant problems which also affect its national security and stability.

Free Trade Agreement's Scope and Approach

The US-Colombia FTA is part of the new bilateral trade strategy pursued by the United States after the failure of the Free Trade Area of the Americas as one trade block for the region. Why does the United States favor bilateralism vis-a-vis regionalism and multilateralism? The proliferation of bilateral trade agreements has been attributed to the combined failures of the WTO, the Asia-Pacific Economic Cooperation (APEC), the WTO and the Free Trade Area of the Americas (FTAA) to push ahead their trade liberalization agendas (Mercopress, 2003). Apart from this increasing awareness of the weakness of regional institutions and initiatives, “the new interest in bilateralism has also been explained by perceptions of positive demonstration effects from regional agreements elsewhere and changing configurations of domestic economic interests pursuant to globalization” (Francis and Kallummal, 2006: 3).

As we argue throughout this research, for the United States part of the preference for forging new bilateral links is connected to geopolitical and security considerations, in which trade is seen as a means for deepening political relations or fighting terrorism. Economically speaking, bilateral trade agreements are also viewed as a way to increase market access for US exporters by dismantling trade barriers, as well as preferences in other agreements in which the United States is not party.

In November 2003 the United States Trade Representative Office (USTR) notified the US Congress of its intention to negotiate an FTA with Bolivia, Colombia,

Ecuador and Peru; all beneficiaries of the Andean Trade Preference Act (ATPA). In a personal interview, Jorge H. Botero, Colombian Minister of Commerce, Industry, and Tourism during Uribe's administration (2003-2007) expressed that the United States openly said that Venezuela was not included into the scheme owed to its lack of commitment in the war against drug trafficking (Botero, Jorge H. Personal Interview, February 8, 2011).

The negotiations with Colombia then started in 2004 and concluded in 2006 after 16 rounds, 21 months and over 100 meetings. In 2007 both countries negotiated a Protocol of Amendment based on "the New Trade Policy Template", a bipartisan agreement that was followed by the approval of the FTA by the Colombian Congress.

According to Silva (2007), the delay on the bilateral negotiations was due to the elimination of the tariffs on United States exports, the discussions on the nature of the Free Trade Agreement itself and the vulnerability of the Colombian agriculture regarding the United States tariffs and subsidies. Besides the content of the agreement, the end of George W. Bush administration was also an obstacle as the Democrat opposition got stronger and the United States Congress approval was postponed until October 2011 owed to the Human Right situation in Colombia. Meanwhile, the Colombian Constitutional Court had completed the agreement content's review in 2009 and concluded that the agreement conformed to Colombia's Constitution that same year. For the contents of the Agreement, please refer to Appendix D.

Non-economic factors in the Free Trade Agreement

This century Latin America has witnessed the spread of a left-leaning wave¹⁸ and with this, a revival of the idea of Latin Americanism. Although finding a common base between all these governments is not as easy as it may seem, there are some shared ideas that are always stressed: they all aspire to create regional integration and also declare themselves anti-imperialist, hence they oppose the United States policies towards the region. In spite of this environment, Colombia has elected and reelected right wing governments that have unrestrictedly echoed the United States policies, to the extent of being the only country in America that supported the Iraq invasion in 2003.

With this we don't mean strictly that the FTA can be regarded as a payoff for the Uribe government's unwavering support for the United States attack on Iraq. Peru was also negotiating a preferential agreement, didn't support the invasion and at the end completed the FTA negotiations earlier than Colombia.

The negotiations between Colombia and the US are instead a sign of the Colombian support for the creation of the new American hegemony and its control of the rules of trade and war.

While in Washington in 2004 to reaffirm his commitment to the Bush administration, Colombian President Alvaro Uribe urged Washington to start the Free Trade Agreement negotiations. After finally getting a date for the talks, he pointed out to the media the importance of forging the agreement in order to achieve economic prosperity and continue with the war against drug trafficking and terrorism

¹⁸ Hugo Chávez in Venezuela, Lula da Silva and Dilma Rouseff in Brazil, Fernando Lugo in Paraguay, Néstor Kirchner and his wife Cristina Fernández in Argentina, Ollanta Humala in Perú, Evo Morales in Bolivia, Daniel Ortega in Nicaragua, Manuel Zelaya in Honduras, Rafael Correa in Ecuador.

(El Universo, March 24 2004). In turn, Arlene Tickner (2007) explains Colombia's behavior towards the United States as "intervention by invitation", by which the last two Colombian governments, Andres Pastrana 1998-2002 and Alvaro Uribe 2002-2010, intensified Colombia's association with the United States and requested greater involvement by that country in domestic affairs related to counternarcotics and counterinsurgency.

Jorge Humberto Botero (February 8, 2011, personal interview) explains that under the logic of political motivations, Colombia spent 2 years trying to negotiate with the Americans for what Colombia wanted in the free trade agreement, so the Colombian team on a *heroic effort* decided to present its own text of the agreement, but finally concluded that in that way they were not getting anywhere. Finally they accepted the text written by the US, and he follows: "We fought in all the topics that interested us, always trying to find the optimal result". In this regard, one can question the lack of diplomatic experience of the Ministry of Commerce's negotiating team and the complete absence of the Ministry of Foreign Affairs throughout the negotiations. As Silva indicates, "This agency only came to have greater role, especially through the Colombian Embassy in Washington when trying to obtain the US Democrats support for the ratification of the agreement" (Silva, 2007: 89).

On the US side, the end of the Bush administration and Washington's foreign policy failure in the Middle East provoked a shift in the United States priorities towards South America, although the long term interests in Colombia remained the same: the conquest of new markets, the fight against drugs and the battle against terrorism. Under this frame, the FTA though being an economic agreement is strongly linked to Colombia's domestic issues, as well as a strategic mean to ensure and protect the interests of United States in Colombia and South America in terms of

political influence, as stated by Nicholas Burns – former US under Secretary of State for Political Affairs - :

“Colombia is one of our most important partners and one of the region's success stories. No country in the region is more important to or a better friend to the US than Colombia. The US seeks to build on this strong partnership with Colombia...roughly 90% of the cocaine and slightly over 50% of the heroin consumed in the United States come from Colombia. The Colombian government, with our support, is now improving substantially the life of its citizens and the private sector is an indispensable partner in this effort. Since 2000, the United States has provided alternative development...as Colombians agree, assistance is not a sustainable, permanent solution to Colombia's development challenges; new jobs and rising incomes are needed...the Free Trade Agreement will usher in a new era of economic growth and investment as well as a strengthened trading relationship between the United States and Colombia...A growing partnership with Colombia is our best investment towards our shared vision of a stable Latin America and a strong hemisphere”. (Burns 2007: 105).

However, after being asked if Colombia was convinced that it was the US best South American partner when negotiating the trade agreement, former Minister Botero answered “Yes, there was the belief that we had a special relationship with the United States, president Uribe believed in that idea, but I did not much. Then

after we realized that the US team was negotiating with harshness and arrogance, sometimes every single point of the document” (Botero, Jorge H. Personal Interview, February 8, 2011).

After eight years, on October 12 2011 the US Congress finally approved the long-stalled FTA with Colombia along with the trade pacts with Panama and South Korea. On May 15 2012 the agreement entered into force making more than 80 percent of the US goods exported to Colombia duty-free immediately.

Economically speaking, before the FTA the US faced important trade barriers in Colombia as it imposes an average of 14% import duties on the products made in USA, which the FTA will eliminate. According to the Office of the United States Trade Representative, an additional 7% of US exports will receive duty-free treatment within five years of implementation of the FTA and the remaining tariffs would be eliminated ten years after implementation (Office of the United States Trade Representative [USTR], 2010). Colombia is the largest export market in South America for US agricultural goods and the agreement immediately grants improved market access to certain farm and dairy products, while soybeans, meat, wheat, cotton, key fruits and vegetables receive duty-free treatment. From this perspective, the ratification of the agreement was urgent for the US; since Colombian products were already enjoying duty-free access to the US market through the Andean Trade Promotion and Drug Eradication Act (ATPDEA)¹⁹. Bilateral trade with the US has gained increasing importance from Colombia as it has increased from \$ 6.1 billion in 1992 to \$ 10.2 billion in 2002 and \$ 15.6 billion in 2010, although Colombia only accounts for less than 1% of total US trade.

¹⁹ A trade preference system created in 1991 to operate until 2006 by which the US grants duty-free access to a wide range of exports from the Andean countries. The purpose of ATPDEA is to foster economic development to provide alternatives to cocaine production.

Furthermore, the US goods trade deficit with Colombia was \$1.9 billion USD in 2009, \$3.5 billion USD in 2010 and \$8.8 billion USD in 2011 according to the United States Census Bureau (2011), and the US International Trade Commission has estimated that the US good exports would increase by about \$1.1 billion annually under the FTA (USTR, 2009). Total two-way trade reached \$37.4 billion in 2011 and Colombia is currently the 22nd largest export market for US goods as shown by the International Trade Administration (2012) statistics.

Besides, Colombia is rich in petroleum, natural gas, coal, iron ore, nickel, gold, copper, emeralds and hydropower, and in terms of megaprojects in those sectors multinationals from Canada and the United States are among the major players. Two-thirds of US imports from Colombia are mineral fuels, an imperative for the US. In fact, according to the Office of the United States Trade Representative (2011), the five largest import categories from Colombia in 2010 were: mineral crude (\$10.5 billion), precious stones and gold (\$1.6 billion), spices, coffee, and tea (\$817 million), live trees and cut flowers (\$562 million), and nuts and bananas (\$269 million).

Former Commerce Minister Botero argues that “in order to understand the role of political factors in the trade agreement it is enough to consider that although the negotiations with Colombia were not significant in terms of economic benefits for the United States, they were important in creating precedents for other treaties that the US was planning to negotiate” (Personal interview, February 8, 2011).

Colombia is also the hemisphere’s number one recipient of assistance from the US. Much of this assistance is directed toward the war on drugs through the program Plan Colombia, now called Plan Patriota. One of the objectives of such a plan, explicit after 9-11 with the “registration” of the Colombian conflict in the lists of global

fight against terrorism was the weakening of the guerrilla. Therefore, the US approach to the FTA is that of enhanced trade as a means to boost Colombia's economic and social development in order to contribute to the solution of social turmoil and drug trafficking, and stability in the South for the United States. In other words, conflating the war against drugs with the war against terrorism was the core of the Bush Administration's strategic approach to FTAs (e.g. PTAs with Australia and the Middle East). In this regard, the remarks of former Secretary of State for Political Affairs Nicholas Burns' are very indicative:

“As a key U.S. ally in the region, a stable Colombia is absolutely essential to the security of our hemisphere [...] the United States has made a substantial investment in Colombia's successful struggle against narco-terrorism [...] and there are important signs that Colombia has turned a corner in its effort to bring security, prosperity, and justice to its citizens. We now have a unique, even historic opportunity, to make a strategic commitment that will allow Colombia to build upon recent progress and finally emerge from a ruinous conflict [...] The pending FTA with Colombia is surely one of the most important means by which we can support Colombia in its success and encourage yet further progress [...] However, this agreement is about more than dollars or pesos, it is about achieving the vision of a more secure, prosperous and just hemisphere” (Burns, 2007: 2-3).

Ian Jackson's study of the geopolitics of George W. Bush foreign economic policy, explains precisely the US interest in an FTA with Colombia “It is important to note that the Bush administration adopted a very selective approach to choosing its

potential trade partners. Geopolitical considerations were a primary factor in Bush decision to initiate trade talks with other nations” (Jackson 2007: 575).

In this sense, the US expects the agreement to influence Colombian efforts to reduce coca cultivation and combat drug trafficking. John McCain, acknowledged that the FTA is a symbol of the "friendship and enormous support that the Colombian government has given and people have given us in trying to stem the flow of illegal drugs into the United States of America” (Bumiller, July 2, 2008).

On its side, the Bush Administration considered the trade deal as something of a reward for Colombia's progress in combating the FARC (in English, Colombian Armed Revolutionary Forces), which relies heavily on drug-trafficking for funds (Collier, 2008: 7). Collier criticizes the US approach “Since many Colombian agricultural products will almost certainly be less profitable with the passage of the trade agreement, some producers may turn to the illegal production of coca as a means of economic survival” (2008: 4).

In terms of being able to compete in the United States, an FTA is not expected to open up the market in a significant way for Colombian products. Nor will it address agricultural subsidies that grant US farmers, which is a huge competitive advantage over their Colombian counterparts. In fact, many Colombians are pessimistic about it. It has been argued that the agricultural implications for Colombia are disastrous. 12 million out of 44 million Colombians live in the countryside and the agricultural sector represents 11.4% of Colombia's GDP and 22% of employment, twice the level for manufacturing (Podur, 2009).

Although Colombian manufactures will have free-tariff access to the US market, Colombia's main exports consist of commodities and the value-added products are basically clothing and textiles. Also, it has been said that the agricultural products

produced by the two countries will be strongly affected by the FTA, but Colombian agriculture in an even greater way due to its vulnerability to cheaper, subsidized American farm goods (Collier, 2008: 5).

Colombia mostly exports coffee, oil, coal, gold, emeralds and bananas. According to the RECALCA report cited by Peters and Paley (2008, September 5) “these are the same kinds of products that Colombia was exporting 100 years ago... [Colombia] imports technology and industrial goods, and it is necessary to export more and more primary materials to buy the same amount of technology and machines”. This confirms the Prebisch-Singer *Theory of Unequal Exchange*, which predicts that terms of trade worsen for developing countries due to low income elasticity of demand for their primary product exports. Indeed this type of exporting scheme is deepened with the signing of the FTA. From this perspective, Stiglitz point is prescient:

"The so-called free-trade agreements started by the Bush administration are, of course, not free trade agreements at all. If they were, they would be a few pages long-with each party agreeing to eliminate its tariffs, nontariff barriers and subsidies. In fact, they go on for hundreds of pages. They are typically managed for the special interests in the advanced industrial countries (especially those that make large campaign contributions, like the drug industry). The United States keeps its agricultural subsidies, and developing countries are not allowed to impose countervailing duties. And the agreements typically go well beyond trade, including investment

agreements and intellectual-property provisions” (Stiglitz, as cited by Hufbauer 2008).

Since the United States Trade Representative, Robert Zoellick, confirmed in 2003 that Washington was willing to initiate talks on an FTA with Ecuador, Peru and Colombia, several debates have taken place about the scope of the agreements, the negotiations, the impact on the Colombian economy, the disadvantages for agriculture, the deepening of dependence on US markets, the loss of sovereignty, and the weakening of trade relations with neighboring countries. However, Colombian governments have been strongly committed to the FTA arguing that it will consolidate the existing the preferences granted by the ATPDEA.

Jorge H. Botero (Personal interview, February 8, 2011) explains that ATPDEA is not as deep as an FTA for two reasons: It is strictly temporary, hence each term Colombia was constantly worried that it would not be renewed; and it does not contain regulations on investment, but only on trade. Therefore, Botero explains:

“Colombia rather than having preferential trade access was aspiring to build a credible, strong and stable institutional framework that could not be changed unilaterally, and in that way attract foreign investment, as well as other countries interested in accessing the US market via Colombia. For all these reasons Colombia had to go beyond the APDEA and look for a complete and thorough agreement”.

Contrary to Uribe administration’s optimism and aspirations, the ratification of the FTA by the US Congress was frozen by the Democrat-led congress owing to the concerns about the Human Rights situation in Colombia. Labor, human rights groups, and the Democrats argued against the agreement on the grounds that Colombia has

the worst human rights record in the Western Hemisphere. They say the FTA as written can do nothing to change this problem, and might even exacerbate it.

In fact, Colombia is the most dangerous country in the world for trade union activists. Since 1991 more than 2000 labor leaders have been killed according to Amnesty International (Gordon, Webber, 2008: 77), but it is highly improbable that the Human Rights protection will be improved as result of the FTA, as suggested by Uribe. Actually, the majority of the attacks on union activists is perpetrated by right wing paramilitary groups, which as a number of commentators have shown, have ties with the Colombian military and often operate with their support. On top of this, the Uribe government was embroiled in a scandal for almost three years, in which the ties to paramilitaries of more than 30 of his political allies have been exposed.

In this context, Barack Obama expressed his disapproval of the FTA during his presidential campaign stating that continued violence in Colombia and the treaty's insufficient human rights protections should slow the agreement's passage. Once elected, he asked the Office of the US Trade Representative to address the outstanding issues in the agreement; however, during a visit from Colombian President Uribe in June 2009, President Obama said he did not have a "strict timetable to the agreement, as controversy over the safety of Colombian labor leaders continues" (White House, 2009, June 29).

Kevin Gallagher (2008, April 9), an international-relations scholar at Boston University, called the agreement "one of the most deeply flawed trade pacts in US history [that] will hardly make a dent in the US economy, [and] looks to make the Colombian economy worse off". In support of his view, he cites a 2007 study from United Nations Economic Commission for Latin America and the Caribbean, which make a distinction between the static and dynamic gains from trade liberalization.

The study concludes that the Colombia deal would have a negligible effect on the US because Colombia is small, and also, that Colombia would suffer static losses as a result of new competition in its home markets from the US (Crook, 2008 as cited by Gallagher 2008).

The Republicans instead called on Obama's government to finally submit the agreement to Congress for enactment. As explained by Engler (2009), their main argument was that with the financial crisis and unemployment topping 10% nationally, US exports are very important in creating jobs. In fact, nearly \$10 billion of U.S. manufactured goods are annually shipped to Colombia, generating a \$6 billion trade surplus for US manufacturers

With the US and EU facing recession and financial crises, the free trade deals illustrate how developed economies are looking at emerging markets as sources of growth. The US Congress approved in one session the FTAs with South Korea, Colombia, and Panama in October 2011, despite the continuous human right violations in Colombia and the proven failure in the battle against drugs.

Although the potential economic benefits have yet to be seen, regarding Colombia's case in particular, one of the FTA's goals has already been achieved: On the one side, it allows the United States to reaffirm its support for the Colombian government on its war against the insurgency and drug cartels; on the other side it reinforces US influence in South America. Additionally, as Obama has pointed out, it is expected that for the US "the deals would help in promoting job creation and economic growth [...] a major win for American workers and businesses" (Global Financial Newswires, 2011, October 13).

Taiwan, China and the Economic Cooperation Framework Agreement (ECFA)

Taiwan-China Bilateral Relations

Whenever we want to talk about Taiwan's foreign relations, we should refer first to the People's Republic of China (PRC) and The Republic of China (Taiwan)'s struggle as the main factor that has marked both Taiwanese losses and gains in the international arena. Since 1949 when the nationalist Kuomintang Party moved from China to Taiwan after being defeated by Mao Tse-Tung, the island adopted an internationalization strategy which broadly differed from that of the PRC.

Therefore, "Contested statehood" is the most important defining feature of Taiwan's foreign economic policy (Dent, 2002: 208). China's insistence that Taiwan is not a sovereign State has been accepted by most governments, which has undoubtedly imposed major constraints on Taiwan's performance in the international arena.

As seen in the previous chapter, Taiwan adopted foreign trade as the tool to obtain the necessary instruments for its own development, to satisfy its internal consumption requirements, and to gain the economic resources through exports. At the same time, the pressure coming from having the PRC as vigilant neighbor state, forced Taiwan to rely on the United States and Japan as allies in the economic and security fields.

Under Lee Teng-hui's administration (1988-2000) the island continued its diplomatic competition with the PRC and implemented *pragmatic diplomacy* as a new framework for its foreign relations recognizing Beijing's de facto government and its control over mainland China. Lee Teng-hui formally announced that the civil war was over and called to "accept the reality that, within overall Chinese boundaries,

there exist two political entities which exercise jurisdiction over two separate parts of China” (Dent 2002: 249).

Taiwan established the Straits Exchange Foundation (SEF) in 1990 as the main unofficial Cross-Strait representative body, along with the Mainland Affairs Council (MAC) set up in 1991. The MAC is in charge of handling matters related to the People’s Republic of China, and supervising the activities of the SEF, which handles and coordinates affairs related to exchanges between the two sides of the Taiwan Strait. (Van Vranken, 2007). As an equivalent organization to the Straits Exchange Foundation, the mainland established the Association for Relations across the Taiwan Strait (ARATS) in 1991.

The main outcome of the new pragmatism in terms of Taiwan’s international role was its entry to the Asia Pacific Economic Forum APEC in 1991 together with the economies of the Republic of China and Hong Kong.

In 1988 Taipei lifted its travel ban on trips to Mainland China, while in Beijing the State Council passed the regulations that allowed Taiwanese investment on the mainland. This was followed by 1994’s Compatriot Investment Promotion Act that granted the principle of equal treatment upon Taiwanese business people and firms operating in the People’s Republic of China. The liberalization of Taiwan’s policy towards China have brought a growing flow of trade and various kinds of exchange during the last two decades, providing a key export market and source of raw materials for Taiwan’s production apparatus.

Specifically, the mainland China variable with all its economic and political forces has a bearing on every aspect of Taiwan’s foreign policy, as it shapes not only the practical aspects of its diplomacy but also the technical realms. Furthermore, the proliferation of cross-strait trade and investment has undoubtedly forged stronger

economic linkages between Taiwan and mainland China during the last two decades, which has been central to the latest developments in Taiwan's economic and foreign policy.

Seeking to stimulate Taiwan's economy, in 2001 Chen Shui-bian's government organized the National Economic Development Conference (NEDC) where different measures were discussed to improve the economic climate, including the liberalization of Cross-strait economic exchange, as explained by Lin Xiaru (2010). However, the Democratic People's Party (DPP) reversed this position by continuing with the "no haste, be patient" policy on Cross-strait trade and investment, which was an important technical aspect to Taiwan's foreign economic policy. Therefore, there was not a substantial change in Taiwan's domestic and foreign economic policies during the DPP rule. The most notable development in that field was Taiwan's accession to the WTO in 2002.

The Economic Cooperation Framework Agreement ECFA

Although several meetings had taken place between SEF and ARATS since their creation, little progress was made on substantive issues of Cross-Strait affairs, in part because the two organizations ceased their interactions between 1995 and 2007. It was not until 2008 under Ma Ying-jeou's administration that the conversations about a bilateral economic agreement started, followed by a substantial discussion on primary economic interests. The changes in both the global political economy and in Taiwanese domestic politics with the change of government have undoubtedly opened new paths for Taiwan.

New cross-Strait negotiation and communication mechanisms have developed after the Kuomintang returned to power in May 2008, but they reached unprecedented levels when the negotiations of an Economic Cooperation Framework Agreement (ECFA) were launched aiming to establish a trading mechanism that in words of Chinese officials “can best accommodate the mainland and Taiwan” (Peng, January 21, 2010). The negotiations came after Hu Jintao presented in December 2008 six proposals to promote the development of cross-Straits relations.

As a result, in the summer of 2009 Beijing and Taipei initiated informal talks about the ECFA. Since the ECFA is a framework agreement, its contents are subject to negotiations between the two parties. The first round of formal negotiations took place in Beijing on January 26, 2010 and produced an agreement of the outlines for conducting the negotiations. Please refer to Appendix C for the text of the Agreement.

As examined in the previous chapter, under the developmental state model Taiwan’s governments had maintained a comparatively strict regulatory approach on Cross-Strait economic relations to avoid any attempt from mainland China to undermine Taiwan’s regime. However, on the mainland’s side the ECFA represents a strategic move to pressure Taiwan within the WTO framework to start removing its barriers for trade and investment.

Taiwan ranks in the top ten of China's trading partners according to the PRC's Ministry of Commerce. Taiwan’s Ministry of Economic Affairs data shows that total trade between Taiwan and China, including Hong Kong when the ECFA talks started was \$109.3 billion in 2009, representing 28.9% of Taiwan’s total trade share. In the same year 27% of Taiwan exports were sold to China (Ministry of Commerce

People's Republic of China [Mofcom], 2010). Additionally, Taiwan has made an important contribution to China's development especially in technology with 36% of its investments in IT as showed by the Mainland Affairs Council statistics.

Considering the model provided by the ASEAN-China Framework Agreement on Comprehensive Economic Cooperation, the ECFA includes tariff reductions; early harvest lists market access for goods and services, rules of origin, dispute resolution, safeguard measures, investment, economic cooperation, and information exchange (Mainland Affairs Council [MAC], 2010).

ECFA's Scope and Approach

According to Taiwan's Mainland Affairs Council, the objectives of the ECFA can be summarized in three points:

- To normalize economic relations with China by removing the restrictions that have persisted in bilateral trade even after the two economies joined the WTO,
- To avoid being marginalized by regional economic integration, and
- To enhance its position as a platform for regional investment (Mainland Affairs Council [MAC], 2010).

The ECFA therefore embodies Taiwan's foreign policy objectives, so we can suggest that Ma's administration has acknowledged this agreement as the main bastion for Taiwan to perform in the international community. In this sense, Liou points out "Unlike his predecessor, the Ma Ying-jeou government regards Mainland China as a key to solving Taiwan's marginalization crisis" (2010: 18). Under this

scope, it is logical for Taiwan to start negotiations with China aiming to broaden its economic and political ties with the world, as China represents the axis that guides Taiwan's foreign policy.

Regarding ECFA's third objective, the reciprocal opening of banking, securities, and insurance markets is an issue of concern within the ECFA. Since 1988 Taiwanese businesses have invested around US\$150 billion in China, making of the island the fifth largest source of FDI in China. Likewise, in 2009 the third meeting between Straits Exchange Foundation (SEF) and Association for Relations across the Taiwan Strait (ARATS) reached a consensus to open Taiwan to Chinese investment.

After that happened, Taipei published a list of sectors in which investment by mainland firms would be permitted, as well as the regulations over the investments. In his study on Cross-strait economic relations, Fuller (2008) explains why the data underestimates Taiwan's investments in China. He asserts that not only much of Taiwan's investment has flowed through Hong Kong but also as Taiwanese investors came under scrutiny from their government, they began to move their investments through offshore banks in the Caribbean. Therefore, quite small economies appear among the top 10 largest investors in China, but if one includes the Taiwanese FDI to China coming through those regions, Taiwan is the second largest source of China's FDI after Hong Kong.

As a consequence, the ECFA has put an end to the extreme caution used by earlier Taiwanese governments to manage economic relations with mainland China. Taiwan thus faces two external forces in this regard: first, the outer pressures calling for deeper integration and liberalization have somehow brought this pace of change; second, the WTO obligations compel both parties to remove many of their

restrictions on trade, in particular the ones regarding the unilateral blocking of imports and/or investment.

The official signing of ECFA took place in China on June 29 2010. Both sides had expressed their hope to sign the agreement during the round of negotiations held in mainland China, as it appeared that a following round in Taiwan would bring an opportunity for the Taiwanese opposition to mobilize against the agreement on the eve of the elections (Brown, 2009). Indeed, various demonstrations took place on the surroundings of the presidential building in Taipei during the last week of June pointing out the negative impact of ECFA over Taiwan's democracy (Wu Tsen-his, 2010, June 28). This did not impede the adoption of the accord.

The parties finally reached an agreement in the "Early Harvest List", which constitutes the backbone of the ECFA. This list refers to goods and services that will be subject to privileged market access through immediate tariff concessions or exemptions before the start of the formal negotiations, and they include those Taiwanese industries that need tariff reductions to maintain their competitiveness. Under the Early Harvest, China will lower the tariffs on 539 categories of Taiwan products while the island will offer concessions for 267 categories of Chinese products. This represents China's unique feature of making concessions to parties in the agreements, as well as an expression of the prevalence of political over economic considerations; while Taiwan is not making any concessions on agricultural products.

Such imbalance is inconsistent with WTO principles, but the ECFA has been negotiated outside the WTO umbrella and it is likely to be a continuation of the terms under which both parties interact in the WTO: "China extending WTO's most-favored nation status to Taiwan — meaning trade terms equivalent to those all other WTO

members receive — while Taiwan imposes unilateral barriers to imports, investment, and visitors from China” (Rosen and Wang, 2010:1). This is only one of the aspects that could question how important is the WTO for the ECFA, as Ravenhill has pointed out “The WTO’s rules on preferential trade agreements among its members have proved to be one of the least successful dimension of the global trade regime” (Ravenhill, 2010: 1).

The controversy around ECFA

Fuller argues that the fears around Taiwan's closer economic relations with China are three: “the impact on Taiwanese industrial base and the loss of manufacturing jobs, Taiwan's industrial adjustment, and the capacity to capture China's huge market” (2008:246). As should be expected when a country with higher wages enters into an FTA with a neighbor with lower wages, Taiwan might lose some industrial employment, but Fuller considers that as long as Taiwan industrial employment remains high and income inequality keeps stable and moderate, it is possible to preserve industrial employment. Furthermore, we are witnessing how China’s labor cost advantage is shrinking with an increasing evidence of rising wages.

Seeking to lessen the concerns over the possible negative consequences of the agreement, the Taiwan government published the results of the simulations conducted by the Chung-Hua Institution for Economic Research using the Global Trade Analysis Project, which shows among other data that the ECFA should boost economic growth by between 1.65% and 1.72%, and create between 257,000 and 263,000 jobs. However, various economic scholars think differently. They have

criticized the model used, saying that it falsely assumes Taiwan's economy always has full employment and as such failed to reflect economic reality (Yang, 2010, April 26).

Regarding the industrial adjustment, for decades and even in recent years with the manufacturing's move offshore, Taiwan keeps on combining public and private initiatives to adjust in key sectors by creating new competitive advantages in electronics and maintaining existing competitiveness in semiconductors, one of the key components of its economic success (Wang, 1995).

As for the conquest of China's market, undoubtedly Taiwan has an advantage due to the cultural proximity of certain products, but "the restrictions imposed by the Chinese government over foreign firms have prevented some Taiwanese from building a deep presence in China" (Fuller, 2008: 262). This is hoped to disappear with the ECFA with the opening of distribution and preferential tax treatment. Until now, despite the Mainland's denial of Taiwan's sovereignty, Taiwanese-based firms are treated as foreign firms when it comes to government preference or support for strategic industries.

On Taiwan's side the business sector pushed Ma's administration to conclude the deal as soon as possible as the ASEAN-China FTA had affected the competitiveness of Taiwanese prices. As Liou states "Taiwan government's Mainland China policy is characterized by lagging behind the actual trend of its enterprise's interactions with China" (2010: 5) consequently, he follows by quoting Leng (1998) "from time to time Taiwan governments have to adjust their Mainland China policy to reflect the reality under the business sector's lobbying.

This confirms the view that "exporting interests are more likely to lobby for regional rather than global liberalization when they are competitive within the

regional market or when they either currently or could depend on a regional market to realize economies of scale” (Ravenhill, 2010: 7). In the next chapter we will go into Taiwan’s regional relations in more depth.

In general, we argue that economically speaking the biggest challenge for Taiwan is the vulnerability caused by its high level of dependence on overseas markets, products and technology for its growth and prosperity. In this sense Taiwan has to face the paradox of being a trading state that needs to maintain access to global resources to survive but at the same time to avoid being locked under China’s economy.

Non-economic factors in the ECFA

On the political side, China is unwilling to accept the emergence of an independent Taiwanese state and has openly asserted it will employ force to prevent such an outcome (Embassy of the People’s Republic of China in the United States of America, 2003, October 23). Certainly, the changes brought by democratization, Taiwan’s economic growth rates, its levels of foreign trade and investments across the region, and the accumulation of foreign exchange reserves raised concerns on the Chinese side. However, under Ma Ying-jeou’s administration “Improving Taiwan’s relations with China became the top priority” (Yeh, 2010:59), so the shift in the cross-strait strategy has changed the way both governments perceive each other: less as a threat, more as interdependent actors.

One way for China to demonstrate its ability to influence South and North East Asia is by signing preferential PTAs and integrating the parties into its market. The motivations behind China’s interest in adopting a preferential agreement with Taiwan

are based on the changes in the strategy toward the Taiwan issue. As Hickey indicates, “Beijing has softened its rhetoric and now seeks to use economic and cultural instruments to promote ties with the island” (2009: 114).

As seen in the previous chapter, China has formulated a fundamental approach of isolating Taiwan in the international community while catching it through the economy. The ECFA is indeed a continuation of such strategy: The agreement does not include the possibility for Taiwan to extend or sign similar agreements with other economies, but it gives Taiwan trade privileges such as the Early Harvest List.

In turn, the “threat” posed to Taiwan by Mainland China has increased owed to the deep changes in China’s material resources and global influence caused by the economic and social reforms implemented since the late seventies. China’s high economic growth rates and escalating involvement in the international community have increased the will of foreign countries and international agencies to maintain good relations with China, and more important, to support its position regarding the status of Taiwan.

In this sense, with the competition caused by the agreements signed with Taiwan (ECFA) and South East Asia (ASEAN +1), China can extend its influence over the region by putting pressure on other countries such as Japan or South Korea to also sign preferential trade agreements. With this, an economic East Asian structure centered in China could be established. Former Minister of the Mainland Affairs Council Ming-Tong Chen explains “Through signing a FTA with ASEAN, China has spearheaded the construction of a free trade system in Southeast Asia and excludes Taiwan from the process, causing many to have a sense of crisis over Taiwan’s marginalization” (2010: 28), and apparently leaving Taiwan with no option but negotiate a separate PTA with China.

Besides the mere economic aspect, we could also look at the ECFA as a counterweight element used for China to contain Taiwan's domestic opposition. If Beijing aims to do so, it must restrain certain demands and be more generous in meeting Taiwan's requests when discussing the scope of the agreement. This would help Ma to implement the Mainland China policy, which he has recognized as his foreign policy first priority.

Above all, bilateral relations have eased compared with Chen Sui-bian's years, even on the sensitive issue of Taiwan's international visibility. For instance, as a result of consultations between Beijing and Taiwan, in May 2009 the island attended as an observer a World Health Assembly session in Switzerland. This was the first time Taiwan participated in a UN agency meeting since it lost its UN membership in 1971.

Additionally, there have been important signs on the institutionalization of cross-strait negotiations as it was established in 2008 that top leaders of ARATS (Mainland's Association for Relations Across the Taiwan Strait and SEF (Taiwan's Strait Exchange Foundation) will meet twice a year on the Mainland and Taiwan in turn. However, the Mainland can't ignore the capacity of Taiwan's opposition to undermine the development of cross-Strait relations and to mobilize local forces against the ECFA, as was seen on Taipei's streets.

Besides safeguarding Taiwan's sovereignty, the opposition party DPP arguments against the ECFA include its negative impact on the agricultural and electronic sectors, the lack of transparency on the negotiations, and Taiwan's weaker position vis-à-vis China as the agreement is not being negotiated inside the WTO, although the parties had to notify the organization of the accord to. But more

important, the opposition has argued that the ECFA is a cover for unification with China.

In response, the ruling party has emphasized that signing an ECFA is an economic matter that does not involve issues of sovereignty or politics and has presented as a warranty that the agreement came into effect only after it passed by the legislative Yuan (Mainland Affairs Council, 2009). Also, the government has announced that it will not open up Taiwan's market any further to agricultural produce from mainland China, nor will it allow mainland Chinese workers into Taiwan under the ECFA's provisions. But as long as the content of the agreement remains unavailable to the public, the DPP can continue to exploit suspicion about it.

Despite the secret nature of the negotiations, they test the ability of both China and Taiwan to achieve agreements on issues that affect their elemental economic interests and to deal with sensitive subjects, such as security. Even though the tension between the parties has been lessening, there have been no signs that Beijing will withdraw the missiles targeting Taiwan. On December 31, 2009, President Ma stated that a peace agreement with China is not possible "under the present situation that China has deployed 1,300 missiles aimed at Taiwan, and will not give up the threat of using force against the country" (China Post, 2010, January 1), but regarding the ECFA he defended the agreement arguing that "closer cross-strait business ties would reduce the possibility of conflict" (Ko Shu-ling, 2009, November 20).

China in turn condemns the United States arm sales to Taiwan, an issue that certainly involves a complexity of positions and policies by Beijing, Taipei, and Washington. However, if the ECFA is projected to boost mutual trust according to the liberal assumption that trade reduces conflict, China might be willing to mull over the

missiles targeted at Taiwan, Taiwan then would probably consider its arms requests and this would lead the United States to consider its decisions on what is needed for Taiwan's defense.

In this regard, President Ma has insisted that improving the relations with China would not only enhance security and stability, but would expand Taiwan's economic opportunities in Mainland China (Ma, 2009, April 22).

Chapter Remarks

We can conclude after examining the two preferential trade agreements that the underlying assumptions behind a free trade policy are straightforward. For the Colombian case, open trade and investment regimes are considered as the means to promote economic development, which in turn contributes to alleviation of poverty and conflict. While for Taiwan, they are supposed to enhance economic growth, regional and national bonds, and security for all parties concerned.

If Washington decided to unblock the agreement with Colombia on the assumption that trade and security are strongly linked, it would have little choice but to pursue bilateral trade agreements with other countries in the hemisphere as an appropriate strategy to meet its economic and foreign policy objectives. As for the Colombian side, the relations with the US are strongly framed by political motivations, so that the FTA has been acknowledged as the "magic recipe" to improve Colombia's social conditions, democracy, and human rights protection, as well as to finish the internal armed conflict. But, were the Free Trade Agreements created with this aim?

Taiwan and China relations are by definition different. Both are each other's strategic partner, and the current global economic interconnections as well as the rising China; seem to make unavoidable the attainment of a bilateral PTA. Each party has a card to play, but the weaker has way more at stake. Ma's policy towards China is to some extent the result of the disadvantages caused by previous foreign policy decisions. Taiwan acknowledges the reality of a rising China and as such needs to deepen bilateral relations and enhance its regional position in order to reduce dependence on the Chinese market.

The opposition fears the increasing interdependence between Taiwan and China, but it should be understood that interdependence has been a constant in the Cross-strait relations and does not necessarily mean domination, but mutual dependence.

Taiwan and China need each other but Taiwan needs to safeguard its political and economical achievements. One way to do so is by making good use of its comparative advantages and not concentrating its trade and investments in China. Politically, Taiwan as a democratic nation needs to be an advocate of transparency by pushing forward for the establishment of mechanisms for dispute settlement within the ECFA and also by making the agreement more accessible to civil society, which also could help to avoid a negative image of the increasingly close Cross-Strait relations.

Despite broad journalistic coverage, editorials and forums in Colombia and Taiwan about signing a PTA with their neighboring powers, there are no documents that follow the whole negotiation processes. This lack of "democratization" of the agreements in both of the cases reinforces the doubts on their benefits and

questions their legitimacy. Former Minister Botero's comment is very illustrative in this regard:

“The negotiation of the text is what remains in the document [...]

There is also a parallel text which is a series of footnotes in which both parties define the scope given to a particular agreement.

Therefore, the texts alone do not tell the whole truth [...] one should go to the footnotes and the exchange of letters to decode the true scope of the agreement” (Personal interview, February 8, 2011).

As more regional blocks commit to agreements and policy harmonization that facilitates their competitiveness in the international arena, Taiwan and Colombia have engaged in bilateral trade agreements aiming to achieve their policy objectives. But in the current momentum of regionalization it seems to be mandatory to further develop their relations with the region and expand their space for involvement in more practical areas. The next chapter will explore the effects of the FTA and the ECFA upon Taiwan's and Colombia's regional links.

IV THE EFFECT OF PREFERENTIAL TRADE AGREEMENTS ON COLOMBIA'S AND TAIWAN'S REGIONAL RELATIONS

This chapter will address Colombia and Taiwan's regional relations, and the effects of the FTA and the ECFA on both countries' regional links. As shown on table 5, it is argued that in a growing regionalization context the ECFA will eventually benefit Taiwan as it makes of the country a visible regional actor and presumably its bonds with key partners will be enhanced. In contrast, the FTA with the United States, fractures Colombia's relation with its neighboring countries, and isolates it from the region by favoring the economic relation with a third country in spite of the existing institutions and historical ties with South America, especially the Andean Countries, towards regional integration.

The Regionalization of World economy

Regionalism, defined as "A state-led or states-led project designed to reorganize a particular regional space along defined economic and political lines" (Payne and Gamble, 1996:2), has often been explained through the focus of the liberal approach of maximization of benefits.

As part of the trend of regional economic integration some 511 notifications of Regional Trade Agreements (RTAs) have been received by the World Trade Organization. Of these, 319 are in force. What all RTAs in the WTO have in common is that they are reciprocal trade agreements between two or more partners (World Trade Organization [WTO], 2012).

Regarding Preferential Trade Agreements (PTAs), they are unilateral trade preferences, in which among other measures, the parties make reciprocal tariff

exemption. These agreements are discriminatory in nature and as such will affect nonmembers, thus the bilateral interests involved in the PTAs affect a country's regional relations in a complex way and as such they become central to the region's overall strategic arrangements. The end of the Cold War and the subsequent economic globalization brought the development of regionalist projects in most parts of the world.

Table 5 Taiwan's and Colombia's regional relations and the PTAs

	Taiwan	Colombia
Regional Relations	<ul style="list-style-type: none"> • 2011: 50 PTAs concluded within the region. • Deeper relationships and bilateral agreements with Southeast Asian countries. (1994's policy "Go South"). • Significant trade and investment partner of ASEAN (semi-periphery / periphery relations). • Region: defining role in inter-state relations (Hurrell). 	<ul style="list-style-type: none"> • 1993: Formation of Andean Free Trade Area • Engaged in regional integration in the mid-sixties (Andean Pact). • Has never embraced the region as a priority > PTAs with other countries and economic blocs have been favored. • Region: Low binding power.
Regional effects of the PTA	<ul style="list-style-type: none"> • ECFA might have an effect on PTAs negotiations between China, Taiwan, South Korea and Japan > could encourage the strengthening of links towards a wide East Asian PTA, in which Taiwan could eventually participate. • Will eventually make of Taiwan a visible regional actor and presumably its bonds with key partners will be enhanced. • Taiwan as a platform for regional investment. • The impossibility to sign PTAs with key Asian trading partners raises fears of marginalization and loss of competitiveness, mostly after the ASEAN+1. 	<ul style="list-style-type: none"> • Andean countries (Venezuela and Bolivia) did not participate in the FTA scheme. • Fractures the relation with neighboring countries, and isolates it from the region by favoring the economic relation with a third country in spite of the existing regional institutions. • Loss of key markets: Venezuela. • Individualism and predominance of bilateralism with the US reduce the links with the Andean nations and weaken the mechanisms and institutions created by them for international bargaining.

Regionalism in South America and Colombia's Regional Relations

In the mid-sixties, Latin America headed to regional integration based on the Economic Commission for Latin America and the Caribbean's (ECLAC) principles of interdependence and integration, which stated that this was the only way to reduce asymmetries between central and peripheral countries. The result was the signing in 1969 of the Cartagena Agreement by Chile, Colombia, Peru, Ecuador, Bolivia, and Venezuela later in 1973²⁰, which led to the creation of a regional bloc consisting of countries whose interests converged on the need to accelerate their development through trade and economic policies.

Known as the Andean Pact, the agreement emerged as an expression of the need to articulate strategic integration and development, as the objectives go:

"To be a regional bloc strong enough to outpace other parties by conferring its member countries optimal negotiating skills; to promote the formation of new capital, to restore balance of trade, to increase gross national product, to open sources of employment; to enable industrialization, to expand exchanges in the region, to increase exports, and to accelerate economic development" (Mendoza 1974: 8).

The Andean Community (CAN) is a binding project of integration²¹ backed by the member's Constitutional texts. The Constitution of Colombia states in its Article 9:

²⁰ Chile and Venezuela withdrew from it in 1976 and 2006 respectively.

²¹ According to the Colombian Constitution's Preamble, Articles 9 and 227.

“The external relations of the state are based on national sovereignty, on respect for the self-determination of peoples, and on the recognition of the principles of international law approved by Colombia. In the same manner, the foreign policy of Colombia will be oriented toward the integration of Latin America and the Caribbean”.

Given the binding nature of the Andean Community, the set of laws of any eventual PTA signed with a non-member should respect the primacy of the Andean legislation on pain of being declared unconstitutional by Colombian Constitutional Court, yet this was never a topic during the negotiations of the PTA with the US.

The weakening of the regional project started early when in spite of the initial commitment of the members to the integrationist project, the crisis of the import substitution on which the Andean Pact was based resulted in the eighties becoming a lost decade for both the Andean countries and Andean integration, while the failure of the countries in recovering from the debt crisis caused stagnation of the whole integration process.

Despite being an incomplete project, the Andean Community is a landmark of South American regionalist projects together with Mercosur, and Colombia is one of its founding members. In the early 1990's, then-members Bolivia, Colombia, Ecuador, Peru and Venezuela re-launched the Andean project and it became part of the *new regionalism* trend of the post-Cold War era, aiming to constitute free trade areas that might become customs unions and, finally, common markets. To date, however, member states have only eliminated tariffs on their trade with each other, and formed a free trade area in 1993.

Bulmer-Thomas' as cited in Prieto (2003: 270) argues that current regionalist schemes in Latin America and the Caribbean, excluding NAFTA, are unable to significantly increase their share of intra-regional trade in goods, therefore extra-regional trade will remain more important for most of these countries. This individualist rationality of states based on maximizing economic benefits and reinforcing bargaining power, could explain to some extent Colombia's desire to pursue a bilateral trade agreement with the US, but falls short in explaining political reasons and justifications of this agreement, such as the war against drugs and the ideological affinity between presidents Uribe and Bush.

In fact, Colombia has shown little engagement with the Andean Community as a regional project. This tendency to pursue trade agreements with extra-regional actors might be attributed to the fact that the Andean Community is still an imperfect customs union and it has not reached a consensus on a Common External Tariff (Feinberg, 2002), therefore in Colombia and Peru the PTA with US became a higher priority than the agreements reached with their neighboring countries.

US-Colombia FTA's Effect on Colombia's Regional Relations

Colombia's preference for bilateral relations with non-South American countries has caused unease in its relations with its neighbors. Venezuela announced in 2006 its withdrawal from the Andean Community after stating that, after Colombia and Peru signed FTAs with the United States, the Community was "dead" (Wilson, 2006, April 19).

The subsequent breakdown in the Colombia-Venezuela bilateral relation between 2009 and 2010 during the second term of President Alvaro Uribe, plus

Venezuela's completion of the formal withdrawal procedures in 2011 marked on the one side, the definite collapse of bilateral trade between the two countries and a letdown for the Andean regional integration scheme not only because Venezuela was one of the block biggest members, but more importantly because it was Colombia's second largest trading partner after the United States. To date, Venezuela has lost that position owed to the 65% decline in Colombian exports, and now occupies the fourth place after the US, China and Ecuador (Mesa, 2011, March 12).

Bolivia, in turn, has expressed its concerns about the danger of the Colombia-USA accord for its soy market. Soy is the most important agricultural product in Bolivia, and Colombia is one of its biggest consumers, but as explained by Gamarra (2007), after the FTA subsidized American soybean will take over the Colombian market.

Whenever there was a controversy about the costs and benefits of establishing a closer trade relation with the US at the expense of Colombia's neighboring countries, the argument that prevailed in Uribe's discourse was that bilateral trade agreements allow more leverage and access to new markets. But this has not been an exclusive argument of his administration. Historically, although Colombian governments have shown a sense of belonging to the region, it has never been embraced as a priority; thus PTAs with other countries and economic blocs have been favored.

In this regard, it is important to clarify the linkages between the FTA proposed by the US and the Andean countries. Firstly, Venezuela did not participate in the scheme as it was not invited by the United States. The excuse was that Venezuela was not a beneficiary of ATPDEA and its results in the fighting of drug trafficking

were poor. The Chavez administration in turn, expressed in advance its rejection not only of the FTA, but also of the Free Trade Area of the Americas (FTAA).

Bolivia attended the early negotiations only as an observer due to domestic political unrest (in 2003 the president had stepped down in the face of popular protests), which in the opinion of the United States, was reason enough to make it ineligible for a PTA.

As seen in the previous chapter, one reason that reinforced in Colombia the attractiveness of a trade agreement with US was the belief during the Bush administration that Colombia could be the bridge for the United States to play a more significant role in Latin America. But clearly Colombia was never a special ally, the US Congress, in particular the Democrats, perceived Colombia with suspicion and often linked it to Human Rights violations. Additionally, Brazil and Mexico have displaced Colombia as the link to improve US relations with the region.

Colombia's isolation then deepened at the regional stage, and now is viewed with suspicion not only by the new Latin American left-leaning governments, but also by the United States establishment.

Additionally, as stated by Tickner (2004:21) the monothematic nature of Colombia's foreign policy does not fit well with to the positions of various countries in the region, which have sought to distance themselves from the security policies of the United States.

This might explain why despite Colombia's insistence on the need for regional initiatives to fight terrorism, and repeated claims that the Colombian security crisis is a threat to regional security, Colombia's efforts have not only been unsuccessful, but have instead created the perception that Colombia is the bastion of Washington's security policies in the region.

When contrasting Colombia's foreign policy objectives (diversification of international relations and greater regional integration) with actual facts, we can conclude that Colombian foreign policy instruments and orientation are not suitable to fulfill the country's objectives or needs in the current international and regional contexts.

Regionalism in East Asia and Taiwan's Regional Relations

In East Asia, bilateral relationships have been crucial for regional peace and stability; furthermore in the era of globalization and multilateralism such links have taken a new strategic approach as countries pursue various ways to realize not only their security interests, but also economic and political ones (Mansfield and Reinhardt, 2003).

Taiwan has been a significant trade and investment partner of ASEAN and the framework of semi-periphery-periphery relations is suitable to explain their relations. Economic links started in the seventies when Taiwan decided to relocate its labor-intensive industries in South East Asia, and continued during the nineties when Taiwanese companies relocated their production in South East Asia to lessen the impact of increasing production costs in Taiwan, as explained by (Mihn, 2010). Therefore, as Dent notes "South East Asia's advancing development has assisted the Taiwanese economy's own techno-industrial restructuring through the mediation of outward FDI" (2002: 256).

Currently Taiwan mainly exports electrical machinery and parts to ASEAN countries while importing mineral fuels and electrical machinery parts, which reflects a significant intra-industrial trade pattern between the two sides (Zhao, 2010).

On its side, ASEAN started in 1992 the project of a free trade area (AFTA) and this provided a strategic need for Taiwan to develop its economic ties with the region, given the exclusivity measures included in the project. As a response, Taiwan's 1994's policy *Go South* –in reference to South East Asia, became a major element in Taiwan's foreign economic policy (Peng, 1994). However, the policy framework was mostly focused on Taiwanese investments in the region, supporting Taiwanese firms through tax incentives and credit lines; instead of dealing with the negative effects of AFTA's trade diversion on Taiwanese exporters.

East Asia is nowadays the most active region in the world for the negotiation of PTAs. By the end of 2011 some 50 of these processes were concluded as shown in Table 6. It is worth noting that at the beginning of the 1990s there were essentially no PTAs in East Asia, which means that over the last two decades, these countries have signed more PTAs than any other region. This is explained as a "catch-up phenomenon, as East Asia was the least regionalized region during the Cold war due to the bloc confrontation"²².

Taiwan-China ECFA's Effect on Taiwan's Regional Relations

Taiwan's concerns about mitigating its economic dependence on mainland China, as well as diversifying its export markets away from traditional markets such as the United States provides an important context for its foreign economic relations with ASEAN in particular, and the Asian region in general. Since the implementation of the *Go South* policy in the nineties, South East Asia has been promoted as an alternative region to mainland China for Taiwan to develop closer economic ties.

²² Remarks of Professor Steven Wang on a previous document written by the author about East Asian Regionalism.

Additionally, seeking to reinforce economic relations with the ASEAN block, Taiwan has developed deeper relationships and has signed various bilateral agreements with Southeast Asian countries through their representative offices designed to facilitate trade and investment. These include ministerial level consultations, technological assistance, financial assistance, and humanitarian aid among others, though none of them are legally binding (Mihn, 2010).

Although Taiwan has been marginalized in the developments of East Asian international political economy, the 1998 financial crisis was an opportunity for Taiwan to extend its dollar diplomacy. In fact, Taiwan provided financial assistance through the Asian Development Bank and supported the Japanese initiative of an Asian Monetary Fund. Given its links with ASEAN, the assistance not only helped Taiwan build up crucial alliances in the region, but also served to protect its interests in terms of investment and trade (Chu, 2012: 34).

As it was mentioned, two of the objectives of the ECFA are to avoid Taiwan to be marginalized by regional economic integration and to enhance its position as platform for regional investment. Certainly, Taiwan does not want to be isolated, but its unique relation with China makes it difficult to find partners willing to negotiate a bilateral trade agreement with the Chinese disapproval. However, Beijing has blocked various Taiwanese attempts to exercise its dollar diplomacy in the region. For instance, its participation in a bond issue to boost Southeast Asian economies after the 1998 crisis; and more importantly, in being part of the ASEAN+3 framework, which has marginalized from further developments in the East Asian economic group.

Taiwan's promotion of the ECFA thus has to do with the so-called political domino effect, "with governments' primary concern being their potential exclusion from a new dimension of regional economic diplomacy" (Ravenhill, 2010: 15). In this

perspective, Taiwanese officials have presented the ECFA as the step that will permit Taiwan to participate in the region more visibly by allowing it to negotiate PTAs, as well as by reducing restrictions for transnational capital, so that it could have the chance to become an investment platform to other Asian countries.

Taiwan already has FTAs with Panama (2003), Guatemala (2005), Nicaragua (2006), El Salvador (2007) and Honduras (2007), and is in negotiations with Dominican Republic and Paraguay, but the impossibility in doing so with its key Asian trading partners raises fears about the island regional marginalization and loss of competitiveness in important markets, mostly after the establishment of the ASEAN-China agreement (ASEAN+1) in 2003.

In this sense, it is important to highlight that “FTAs may be considered crucial to remove disadvantages generated by the trade agreements enjoyed by competitors, as by definition they are discriminatory” (Ravenhill, 2010: 11). From this view, the importance of the ECFA at a regional level lies in the effect it might have on the PTAs negotiations between China, Taiwan, South Korea and Japan, as it can encourage the strengthening of links towards a wide East Asian PTA, in which eventually Taiwan could participate.

But Beijing has not made any declaration about removing political impediments for Taiwan and other countries to sign PTAs within the framework of the ECFA, but if the Cross-Strait agreement allows the signing of further trade pacts between Taiwan and major trade partners, Ma will demonstrate that the closer links with Mainland indeed benefit Taiwan’s role in the region.

Judging from Ravenhill’s study (2010) that shows that less than 5 percent of intra-ASEAN trade was conducted under the preferential rules established by AFTA, the significance of the ECFA for Taiwan would be based on the eventual possibility

of becoming part of further agreements in the region, rather than on the direct effect it might have on domestic business or investment.

Table 6 East Asian Economic Integration

COUNTRY	STATUS OF THE AGREEMENTS
Japan	<p>Signed: Singapore, Malaysia, Philippines, Thailand, Mexico, Chile, Indonesia, Brunei, ASEAN, Switzerland, Vietnam</p> <p>Under negotiation: Korea, Australia, India, Gulf Cooperation Council</p> <p>Under consideration: ASEAN+3, China+Japan+ROK, Peru</p>
ROK	<p>Signed: US, Chile, Singapore, EFTA, APTA, ASEAN, India, EU, Gulf Cooperation Council</p> <p>Under negotiation: Japan, Canada, Mexico</p> <p>Under research: ASEAN+3, Mercosur, China+Japan+ROK, Peru, China, Gulf Cooperation Council, Australia, New Zealand.</p>
China	<p>Signed: Hong Kong, Macao, APTA, ASEAN, Pakistan, Chile, New Zealand, Singapore, Taiwan</p> <p>Under negotiation: Australia, Iceland, Gulf Cooperation Council, Norway, Costa Rica, Peru, Southern African Tariff Alliance</p> <p>Under consideration: ASEAN+3, India, ROK.</p>
Taiwan	<p>Signed: Panama, Guatemala, Nicaragua, Honduras, El Salvador, China</p> <p>Under negotiation: Dominican Republic, Paraguay</p> <p>Under research: Japan, United States, Singapore, New Zealand, Philippines</p>
ASEAN	<p>Signed: AFTA, ASEAN+China, ASEAN+Korea, ASEAN+Japan framework accord, ASEAN+India.</p> <p>Under negotiation: ASEAN+Australia+New Zealand, ASEAN+EU</p> <p>Under consideration: ASEAN+3, ASEAN+Canada, ASEAN+Japan, China, ROK, India, Australia, New Zealand (ASEAN+6).</p>

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Table 6 illustrates the dynamics of the Asian “spaghetti bowl” in which Taiwan only participates through ECFA. According to Taiwan-ASEAN studies center (2012) and BOFT (2012), in 2011 total trade between Taiwan and ASEAN countries was 84.364 billion US dollars; and 127.555 billion US dollars between Taiwan and China. Total exports from Taiwan to ASEAN were 51.543 billion US dollars; and 83. 959

billion US dollars exports to China. Total imports from ASEAN to Taiwan were 32.821 billion US dollars, and 43.595 billion dollars from China to Taiwan.

Based on this data and table 6, we can argue that reducing Taiwan's economic dependence on the Chinese market provides an important base for its economic relations with ASEAN, as "South East Asia has been promoted as an alternative developing country region to mainland China for Taiwan to develop closer economic linkages" (Chan 1996, Chen 2002 as cited by Dent, 2002: 256).

APEC membership has helped Taiwan strengthen its relations with South East Asian countries. However, the forum deficiencies²³ have caused concern in Taipei given the diplomatic importance attached to its membership. APEC's weakness in fostering cohesion among its members has made it more difficult for Taiwan to strengthen links with the Asia Pacific community as a whole, while the forum's failure in fostering the WTO's institutional progress has impeded Taiwan from extending its diplomatic leeway within the main organization for trade opening.

In summary, acknowledging that the strategy of open regionalism stimulates rivalry and competition, the success in improving Taiwan's international position depends on its ability to develop comparative advantages, increase its trade opportunities and attract foreign capital.

Chapter Remarks

From a regional focus, we have seen in the Colombian case that individualism and predominance of bilateralism with US lead to reduced links with South American

²³ The failure of APEC's Early Voluntary Sectorial Liberalization initiative; the failure to draw a consensus on launching the WTO's New 'Millenium' Round of global trade talks.

nations and also weaken the mechanisms and institutions created by them for international bargaining.

On the contrary, for Taiwan taking part in an “individualistic” PTA, allows the country to create new and improve existing ties with the region so as not to be marginalized in the increasing regional economic integration. In this regard Hurrell’s assumption about regional cohesion is very appropriate: “The region plays a defining role in interstate relations, both within the region and with the rest of the world” (Hurrell 1996: 44).

The political and economic reasons, as well as the nature of the Andean Community’s low binding power in practice, have allowed Colombia to negotiate a PTA with the US with great disregard for its partners. Thus the region plays a weaker role in Colombia’s foreign policy when compared to the Taiwanese case.

An optimistic scenario for Taiwan after the ratification of the ECFA is that the increasing trade agreements could consolidate into a single regional PTA. At the moment Taiwan is standing outside East Asian economic integration process, so the ECFA seems to be the only feasible option for the island to become part of global regionalization of economy.

Therefore Taiwan holds a defensive motivation behind ECFA as it seeks to avoid being left at a competitive disadvantage by other regional trade agreements. An additional fundamental factor behind the ECFA is that two economies that have already established a significant degree of trade and investment seek to deepen their economic relationship.

In both cases, East Asia and South America, the growing number of PTAs is the response to the failure of the multilateral trade liberalization under the WTO umbrella, and they move forward at the expense of regional blocks.

V CONCLUSIONS AND POTENTIAL CONTRIBUTIONS

Conclusions

Taiwan and Colombia started to negotiate PTAs with China and US respectively as a consequence of increasing globalization of world economy and subsequent regionalization trend. The commitment to such accords reflects from Colombia's and Taiwan's side, their aspiration for economic gains and expansion of their bargaining power.

Despite the difference in their strategies towards development and institutional arrangements, Taiwan and Colombia show similarities in their foreign policy objectives, as they express an interest in improving their regional relations and increase their international presence, while ensuring economic growth and prosperity. On top of that, Taiwan's and Colombia's economic and political relations are highly influenced by their respective neighboring powers: China and the United States.

At the political system level we find more differences than similarities. Taiwan has a developmental state tradition, in which the state apparatus is connected to economic groups towards a defined State project based on an export-led economy and Taiwan's particular status in the international community. Unlike Taiwan, Colombia lacks a defined state project and this affects negatively policy coordination and coherence as it is not designed to extend the achievement of goals throughout different administrations.

Also, foreign policy choices in Colombia and Taiwan are determined by opposite inputs. In Colombia domestic factors such as drug trafficking and armed conflict are what define foreign policy choices, so that the linkage between domestic and global external forces has increased the United States influence over Colombia.

In Taiwan, on the contrary, are the external forces, namely Mainland China and more recently, regionalization projects.

One similarity between Taiwan and Colombia is that personal factors influence the orientation of foreign policy, so it might change according to each president's preferences or orientations. However, in Colombia this is exacerbated by the combination of strong presidentialism and the absence of a state foreign policy.

In practice, there is not institutionalized or structured Colombian foreign policy decision-making, it is influenced by aspects in which their relevance depends on the president's will and on the topics they cover. In Taiwan, due to its contested statehood, policies are made according to the international environment under which it has to operate, such as, predominance of bilateralism over multilateralism.

When trying to establish the path followed by Taiwan and Colombia towards development, major differences come to surface: The primary ISI started by Taiwan in the fifties is the most important factor in its modern economic development. High levels of protection granted to industries, incentives given to specific sectors, and general State control over market mechanisms made it possible for the island to achieve high rates of growth and industrialization. Although Colombia also implemented the ISI model, it was not accompanied by changes in institutional arrangements such as the land reform in Taiwan, thus rent seeking and privileges of the industries linked to land owners and political elites remained high. Additionally, in Colombia the ISI was not implemented seeking to industrialize the country, but as a complement for the agricultural model.

The loss of the competitive advantage of the NICs and the consequent need to discover new sources of growth led Taiwan to make a timely shift on the ISI from the production of labor-intensive goods to capital and technology-intensive products

for export. Colombia stayed ambivalent between agriculture and manufactures, and finally privileged the export of agricultural products to support industry. The problem in Colombia was not the abandonment of the ISI itself, but rather the abandonment of the industrialization project before its completion and the subsequent failure to replace it with any other strategy.

In Taiwan, the second phase of the ISI was followed by the implementation of certain liberal policies limited to the export sector, while the domestic market remained protected. In Colombia liberal policies failed to protect domestic economic activities and owed to the parallel liberalization of international trade, the domestic industry lost a significant part of the market. Thereby, while Colombia started the liberalization process as the only option after the failure of the ISI model in the eighties, Taiwan maintained a strong institutional and regulatory framework that would allow it to implement selective policies in specific fields. The result of the government's preferences then are reflected in the path that Taiwan and Colombia follow to development and in the way they relate to the outer world: Taiwan as an exporter of technology, and Colombia as exporter of manufacturing and commodities.

At the multilateral level there are also differences. The WTO entrance was supposedly to help Taiwan diversify its partnerships but this is yet to be achieved. As Taiwan's multilateral diplomacy remains very limited, bilateralism seems to be the only option for Taiwan to extend ties with other economies. On the contrary, Colombia has voluntarily opted for bilateralism, despite being full member of multilateral organizations at both the global and regional level.

In this work a political economy approach has been chosen to explain how the will of creating a PTA is motivated by strategic interaction under the logic of

Politicized Trade, which leads governments to sign those accords against the principles of multilateralism and non-discrimination enacted by the WTO.

In spite of the disparity of powers underlying the negotiation of the PTAs, Taiwan and Colombia have committed to such agreements with their neighboring powers as a way to cope with their domestic and external agendas. For the US and China the preference for forging these new bilateral links is connected to geopolitical and security considerations.

It is evident that the parties do not negotiate from an equal base, so a strategic approach is what can really explain the interest of the big powers in signing PTAs. For instance, in the US case the strategic approach to the Colombia FTA has been that of conflating the war against drugs with the war against terrorism; for China, it is to consolidate its influence in East Asia around its economic power, minimize Taiwan's opposition through a shift in the Cross-strait relations, and achieve the ultimate CCP's objective of Taiwan-China political integration.

The ECFA embodies certain Taiwanese foreign policy objectives but at the same time reflects China's strategy in East Asia: The Early Harvest List is an expression of the prevalence of political over economic considerations as it shows Taiwan how it benefits from the cooperation with Mainland China.

From Taiwan's side, the ECFA is more of a tool for economic survival as China represents the largest growing market both in goods and services, and eventually could allow Taiwan to participate in East Asian regionalization. The ECFA undoubtedly represents a new stage in Cross-Strait relations for both sides of the strait. It not only institutionalizes an exchange relation, but represents the first step for Taiwan in the regionalization dynamics that have been taking place in East Asia since the nineties.

If the ECFA really helps Taiwan to achieve its goals is yet to be seen. The ECFA is a discriminatory bilateral agreement, and as such can improve Cross-strait relations but not necessarily will do the same with the links between Taiwan and the international community, especially when Taiwan's external partnerships still need of Chinese approval. Taiwan then faces the challenge of achieving a broader international space and economic growth, which the ECFA is supposed to help with, while avoiding to be locked under China's influence.

Regarding Colombia's foreign policy objectives, the FTA signed with the US is related to two of them: economic growth and competitiveness, and peace consolidation. More than economic reasons, political considerations are at stake in this accord. The goal of peace consolidation is strongly linked to the US political motivations behind the agreement: US wants to strengthen its support for the solution of the Colombian internal conflict, as well as to increase its influence in South America. US is Colombia's biggest aid provider and the FTA is for Colombia a way to secure this aid, while for the US is a tool to secure its presence in the region. In contrast, the Colombian goals of diversification of its international relations and greater regional integration are rather incongruent with the bilateral-discriminatory nature of the FTA. As for the economic benefits, it is still too early to present results.

At a regional level, Taiwan and Colombia have been isolated due to different reasons. Taiwan owed to the constraints imposed by China, and Colombia due to its historic partnership with the United States. Both Taiwan and Colombia include in their foreign policy objectives the expansion and diversification of their international relations. However, signing PTAs inevitably affects regional nonmembers and has an impact on the region's overall strategic arrangements.

ASEAN has already signed a PTA with China; therefore the ECFA is a catch-up tool for Taiwan to avoid being marginalized from the current East Asian regionalization in which China, its main trade partner is deeply involved. Nevertheless, the course of Taiwan's relations with ASEAN still depends on Chinese approval of the inclusion of third parties under the new Cross-strait scheme established with the ECFA.

For Colombia the state of affairs is completely opposite. Despite being a founding member of the Andean Community, Colombia has shown little engagement with this regional project, while extra-regional trade remains more important despite the existent Constitutional commitment to its neighboring countries.

The materialization of Colombia's alignment with the US policies through the ratification of the FTA prompted unease relations with its South American partners: the collapse of bilateral trade with Venezuela, negative impact on Bolivian economy, a rift with the countries that have sought to distance themselves from the policies of the US, and letdown in the Andean regional integration project.

Potential Contributions

When contrasting Colombia's foreign policy objectives (diversification of international relations and greater regional integration) with actual facts, we can conclude that Colombian foreign policy instruments and orientation are not suitable to fulfill the country's objectives or needs in the current international and regional contexts.

For Colombia to advance in its relations at the regional and bilateral levels is necessary to design a foreign policy based on a domestic agreement with clear goals and specific activities. In this way there would be an agenda on various topics (economy, security, competitiveness, internationalization) -beyond politics and institutions- where both government and business interests can merge.

If Colombia seeks to improve its international performance, it is mandatory to implement a professional diplomatic service. When negotiating any kind of international agreement, the advantages are not only given by economic and military power. The expertise of the negotiating team helps to define the guidelines and the country's position instead of defining the strategies during negotiation rounds, as happened to Colombia vis-à-vis the US.

Also, in order to diversify its foreign policy, Colombia should take advantage of its geographical location to advance in initiatives of spontaneous integration (i.e. in its borders with Venezuela, Brazil, Ecuador, and Peru) to balance its role in South America with the bilateral relations with the US. Migration, services, competitiveness and security are topics that concern all neighboring countries and can lead to higher levels of cooperation.

After studied analysis, it is clear that when negotiating the FTA with the US, the Colombian government ignored factors that could maintain a joint position between South America and the US, and factors that threatened to undermine it. Also, there was a total lack of consideration of domestic political processes inside the countries and how these could affect the FTA negotiations. In this sense, it is preeminently important that Colombia defines a coordinated state policy that could be extended to the international field to cope with the country's relations outside the region and its permanent demand for international cooperation.

As for its relations with the US, Colombia should take a more active role in defining aspects of the bilateral policies instead of being only a recipient of the US provisions. The Santos administration is making an effort to change the “stiffness” of the Colombian foreign policy strategy of the last decade, but this not only requires the rebuilding of Colombia’s international image, but also the implementation of broader approach including topics such as human rights, democracy and development.

Taiwan, in turn, cannot ignore the growing importance of China. The ECFA therefore is a decisive step in the history of cross-strait relations. While the ECFA’s impact on cross-straits relations and East Asian regionalism remains to be seen, the agreement certainly provides a significant gateway to regional stability and presents an important case of bilateral trade liberalization with the framework of the multilateral trading system. Taiwan then faces the challenge of enhancing its regional position vis-à-vis ASEAN and maintaining its international competitiveness.

An optimistic scenario for Taiwan after the ratification of the ECFA is that the trade agreements could consolidate into a single regional PTA. To date the ECFA seems to be the only feasible option for the island to become part of the global regionalization of the economy.

If we want to anticipate the future of the dynamics between China-Taiwan-East Asia relations, academic research alone will not suffice. We must look at the facts that may eventually serve as a base upon which cross-Strait policy can be carefully constructed. For example, Cross-strait measures towards transparency and participation of the civil society may help to build confidence and reduce suspicions.

Additionally, as a democratic nation, Taiwan must not only safeguard its political and economic achievements, but must also be an advocate of regional practices that enhance regional trust.



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Appendix A

Map of the Americas



Appendix B

Map of East Asia



Appendix C

Text of the Economic Cooperation Framework Agreement ECFA.

Source: ECFA.org <http://www.ecfa.org.tw/EcfaAttachment/ECFADoc/ECFA.pdf>

Cross-Straits Economic Cooperation Framework Agreement

[This translation is for reference only. The interpretation of the Cross-Straits Economic Cooperation Framework Agreement shall be based solely on the authentic copy in the Chinese language.]

Preamble

The Straits Exchange Foundation and the Association for Relations Across the Taiwan Straits, adhering to the principles of equality, reciprocity and progressiveness and with a view to strengthening cross-Straits trade and economic relations,

Have agreed, in line with the basic principles of the World Trade Organization (WTO) and in consideration of the economic conditions of the two Parties, to gradually reduce or eliminate barriers to trade and investment for each other, create a fair trade and investment environment, further advance cross-Straits trade and investment relations by signing the *Cross-Straits Economic Cooperation Framework Agreement* (hereinafter referred to as this Agreement), and establish a cooperation mechanism beneficial to economic prosperity and development across the Straits.

The two Parties have agreed through consultations to the following:

Chapter 1 General Principles

Article 1

Objectives

The objectives of this Agreement are:

1. To strengthen and advance the economic, trade and investment cooperation between the two Parties;
2. To promote further liberalization of trade in goods and services between the two Parties and gradually establish fair, transparent and facilitative investment and investment protection mechanisms;
3. To expand areas of economic cooperation and establish a cooperation mechanism.

Article 2

Cooperation Measures

The two Parties have agreed, in consideration of their economic conditions, to take measures including but not limited to the following, in order to strengthen cross-Straits economic exchange and cooperation:

1. Gradually reducing or eliminating tariff and non-tariff barriers to trade in a substantial majority of goods between the two Parties;
2. Gradually reducing or eliminating restrictions on a large number of sectors in trade in services between the two Parties;
3. Providing investment protection and promoting two-way investment;
4. Promoting trade and investment facilitation and industry exchanges and cooperation.

Chapter 2 Trade and Investment

Article 3

Trade in Goods

1. The two Parties have agreed, on the basis of the Early Harvest for Trade in Goods as stipulated in Article 7 of this Agreement, to conduct consultations on an agreement on trade in goods no later than six months after the entry into force of this Agreement, and expeditiously conclude such consultations.
2. The consultations on the agreement on trade in goods shall include, but not be limited to:
 - (1) modalities for tariff reduction or elimination;
 - (2) rules of origin;
 - (3) customs procedures;
 - (4) non-tariff measures, including but not limited to technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures;
 - (5) trade remedy measures, including measures set forth in the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, the *Agreement on Subsidies and Countervailing Measures* and the *Agreement on Safeguards* of the World Trade Organization, and the safeguard measures between the two Parties applicable to the trade in goods between the two Parties.
3. Goods included in the agreement on trade in goods pursuant to this Article shall be divided into three categories: goods subject to immediate tariff elimination, goods subject to phased tariff reduction, and exceptions or others.
4. Either Party may accelerate the implementation of tariff reduction at its discretion on the basis of the commitments to tariff concessions in the agreement on trade in goods.

Article 4

Trade in Services

1. The two Parties have agreed, on the basis of the Early Harvest for Trade in Services as stipulated in Article 8, to conduct consultations on an agreement on trade in services no later than

six months after the entry into force of this Agreement, and expeditiously conclude such consultations.

2. The consultations on the agreement on trade in services shall seek to:

(1) gradually reduce or eliminate restrictions on a large number of sectors in trade in services between the two Parties;

(2) further increase the breadth and depth of trade in services;

(3) enhance cooperation in trade in services between the two Parties.

3. Either Party may accelerate the liberalization or elimination of restrictive measures at its discretion on the basis of the commitments to liberalization in the agreement on trade in services.

Article 5

Investment

1. The two Parties have agreed to conduct consultations on the matters referred to in paragraph 2 of this Article within six months after the entry into force of this Agreement, and expeditiously reach an agreement.

2. Such an agreement shall include, but not be limited to, the following:

(1) establishing an investment protection mechanism;

(2) increasing transparency on investment-related regulations;

(3) gradually reducing restrictions on mutual investments between the two Parties;

(4) promoting investment facilitation.

Chapter 3 Economic Cooperation

Article 6

Economic Cooperation

1. To enhance and expand the benefits of this Agreement, the two Parties have agreed to strengthen cooperation in areas including, but not limited to, the following:

(1) intellectual property rights protection and cooperation;

(2) financial cooperation;

(3) trade promotion and facilitation;

(4) customs cooperation;

(5) e-commerce cooperation;

(6) discussion on the overall arrangements and key areas for industrial cooperation, promotion of cooperation in major projects, and coordination of the resolution of issues that may arise in the course of industrial cooperation between the two Parties;

(7) promotion of small and medium-sized enterprises cooperation between the two Parties, and enhancement of the competitiveness of these enterprises;

(8) promotion of the mutual establishment of offices by economic and trade bodies of the two Parties.

2. The two Parties shall expeditiously conduct consultations on the specific programs and contents of the cooperation matters listed in this Article.

Chapter 4 Early Harvest

Article 7

Early Harvest for Trade in Goods

1. To accelerate the realization of the objectives of this Agreement, the two Parties have agreed to implement the Early Harvest Program with respect to the goods listed in Annex I. The Early Harvest Program shall start to be implemented within six months after the entry into force of this Agreement.

2. The Early Harvest Program for trade in goods shall be implemented in accordance with the following rules:

(1) the two Parties shall implement the tariff reductions in accordance with the product list and tariff reduction arrangements under the Early Harvest stipulated in Annex I, unless their respective non-interim tariff rates generally applied on imports from all other WTO members are lower, in which case such rates shall apply;

(2) the products listed in Annex I of this Agreement shall be subject to the Provisional Rules of Origin stipulated in Annex II. Each Party shall accord preferential tariff treatment to the above-mentioned products that are determined, pursuant to such Rules, as originating in the other Party upon importation;

(3) the provisional trade remedy measures applicable to the products listed in Annex I of this Agreement refer to measures provided for in subparagraph (5) of paragraph 2 of Article 3 of this Agreement. The safeguard measures between the two Parties are specified in Annex III of this Agreement.

3. As of the date of the entry into force of the agreement on trade in goods to be reached by the two Parties pursuant to Article 3 of this Agreement, the Provisional Rules of Origin stipulated in Annex II and the provisional trade remedy measures provided for in subparagraph (3) of paragraph 2 of this Article shall cease to apply.

Article 8

Early Harvest for Trade in Services

1. To accelerate the realization of the objectives of this Agreement, the two Parties have agreed to implement the Early Harvest Program on the sectors and liberalization measures listed in Annex IV. The Early Harvest Program shall be implemented expeditiously after the entry into force of this Agreement.

2. The Early Harvest Program for Trade in Services shall be implemented in accordance with the following rules:

(1) each Party shall, in accordance with the Sectors and Liberalization Measures Under the Early Harvest for Trade in Services in Annex IV, reduce or eliminate the restrictive measures in force affecting the services and service suppliers of the other Party;

(2) the definition of service suppliers stipulated in Annex V applies to the sectors and liberalization measures with respect to trade in services in Annex IV of this Agreement;

(3) as of the date of the entry into force of the agreement on trade in services to be reached by the two Parties pursuant to Article 4 of this Agreement, the definitions of service suppliers stipulated in Annex V of this Agreement shall cease to apply;

(4) in the event that the implementation of the Early Harvest Program for Trade in Services has caused a material adverse impact on the services sectors of one Party, the affected Party may request consultations with the other Party to seek a solution.

Chapter 5 Other Provisions

Article 9

Exceptions

No provision in this Agreement shall be interpreted to prevent either Party from adopting or maintaining exception measures consistent with the rules of the World Trade Organization.

Article 10

Dispute Settlement

1. The two Parties shall engage in consultations on the establishment of appropriate dispute settlement procedures no later than six months after the entry into force of this Agreement, and expeditiously reach an agreement in order to settle any dispute arising from the interpretation, implementation and application of this Agreement.

2. Any dispute over the interpretation, implementation and application of this Agreement prior to the date the dispute settlement agreement mentioned in paragraph 1 of this Article enters into force shall be resolved through consultations by the two Parties or in an appropriate manner by the Cross-Straits Economic Cooperation Committee to be established in accordance with Article 11 of this Agreement.

Article 11

Institutional Arrangements

1. The two Parties shall establish a Cross-Straits Economic Cooperation Committee (hereinafter referred to as the Committee), which consists of representatives designated by the two Parties. The Committee shall be responsible for handling matters relating to this Agreement, including but not limited to:

- (1) concluding consultations necessary for the attainment of the objectives of this Agreement;
 - (2) monitoring and evaluating the implementation of this Agreement;
 - (3) interpreting the provisions of this Agreement;
 - (4) notifying important economic and trade information;
 - (5) settling any dispute over the interpretation, implementation and application of this Agreement in accordance with Article 10 of this Agreement.
2. The Committee may set up working group(s) as needed to handle matters in specific areas pertaining to this Agreement, under the supervision of the Committee.
 3. The Committee will convene a regular meeting on a semi-annual basis and may call *ad hoc* meeting(s) when necessary with consent of the two Parties.
 4. Matters related to this Agreement shall be communicated through contact persons designated by the competent authorities of the two Parties.

Article 12

Documentation Formats

The two Parties shall use the agreed documentation formats for communication of matters arising from this Agreement.

Article 13

Annexes and Subsequent Agreements

All annexes to this Agreement and subsequent agreements signed in accordance with this Agreement shall be parts of this Agreement.

Article 14

Amendments

Amendments to this Agreement shall be subject to consent through consultations between, and confirmation in writing by, the two Parties.

Article 15

Entry into Force

After the signing of this Agreement, the two Parties shall complete the relevant procedures respectively and notify each other in writing. This Agreement shall enter into force as of the day following the date that both Parties have received such notification from each other.

Article 16

Termination

1. The Party terminating this Agreement shall notify the other Party in writing. The two Parties shall start consultations within 30 days from the date the termination notice is issued. In case the

consultations fail to reach a consensus, this Agreement shall be terminated on the 180th day from the date the termination notice is issued by the notifying Party.

2. Within 30 days from the date of termination of this Agreement, the two Parties shall engage in consultations on issues arising from the termination.

This Agreement is signed in quadruplicate on this 29th day of June [2010] with each Party retaining two copies. The different wording of the corresponding text of this Agreement shall carry the same meaning, and all four copies are equally authentic.

Annex I: Product List and Tariff Reduction Arrangements Under the Early Harvest for Trade in Goods

Annex II: Provisional Rules of Origin Applicable to Products Under the Early Harvest for Trade in Goods

Annex III: Safeguard Measures Between the Two Parties Applicable to Products Under the Early Harvest for Trade in Goods

Annex IV: Sectors and Liberalization Measures Under the Early Harvest for Trade in Services

Annex V: Definitions of Service Suppliers Applicable to Sectors and Liberalization Measures Under the Early Harvest for Trade in Services

Chairman

President

Straits Exchange Foundation

Straits

Association for Relations Across the Taiwan

Appendix D

Summary of the Text of the Colombia-US Free Trade Agreement.

Source: <http://www.ustr.gov/trade-agreements/free-trade-agreements/colombia-fta/final-text>

PREAMBLE

The Government of the United States of America and the Government of the Republic of Colombia, resolved to:

STRENGTHEN the special bonds of friendship and cooperation between them and promote regional economic integration;

PROMOTE broad-based economic development in order to reduce poverty and generate opportunities for sustainable economic alternatives to drug-crop production;

CREATE new employment opportunities and improve labor conditions and living standards in their respective territories;

ESTABLISH clear and mutually advantageous rules governing their trade;

ENSURE a predictable legal and commercial framework for business and investment;

AGREE that foreign investors are not hereby accorded greater substantive rights with respect to investment protections than domestic investors under domestic law where, as in the United States, protections of investor rights under domestic law equal or exceed those set forth in this Agreement;

RECOGNIZE that Article 226 of the Colombian Constitution provides that Colombia shall promote its international relations based on the principle of reciprocity;

RECOGNIZE that Articles 13 and 100 of the Colombian Constitution provide that foreigners and nationals are protected under the general principle of equality of treatment;

AVOID distortions to their reciprocal trade;

FOSTER creativity and innovation and promote trade in the innovative sectors of our economies;

PROMOTE transparency and prevent and combat corruption, including bribery, in international trade and investment;

PROTECT, enhance, and enforce basic workers' rights, strengthen their cooperation on labor matters, and build on their respective international commitments on labor matters;

IMPLEMENT this Agreement in a manner consistent with environmental protection and conservation, promote sustainable development, and strengthen their cooperation on environmental matters;

PRESERVE their ability to safeguard the public welfare;

CONTRIBUTE to hemispheric integration and provide an impetus toward establishing the Free Trade Area of the Americas;

BUILD on their respective rights and obligations under the Marrakesh Agreement Establishing the World Trade Organization and agreements to which they are both parties; and

RECOGNIZE that Colombia is a member of the Andean Community and that Decision 598 of the Andean Community requires Andean countries negotiating trade agreements to preserve the Andean Legal System in relations between the Andean Community Member Countries under the Cartagena Agreement;

HAVE AGREED as follows:

Chapter One

Initial Provisions and General Definitions

The Parties to this Agreement, consistent with Article XXIV of the GATT 1994 and Article V of the GATS, hereby establish a free trade area.

The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which such Parties are party.

Chapter Two

National Treatment and Market Access for Goods

Chapter Three

Textiles and Apparel

Chapter Four

Rules of Origin and Origin Procedures

Chapter Five

Customs Administration and Trade Facilitation

Chapter Six

Sanitary and Phytosanitary Measures

The objectives of this Chapter are to protect human, animal, or plant life or health in the Parties' territories, enhance the Parties' implementation of the SPS Agreement, provide a Standing Committee for addressing sanitary and phytosanitary matters, attempt to resolve trade issues, and thereby expand trade opportunities.

Chapter Seven

Technical Barriers to Trade

The objectives of this Chapter are to increase and facilitate trade and obtain effective market access through the improved implementation of the TBT Agreement, the elimination of unnecessary technical barriers to trade, and the enhancement of bilateral cooperation.

Chapter Eight

Trade Remedies

Chapter Nine

Government Procurement

Chapter Ten

Investment

Chapter Eleven

Cross-Border Trade in Services

Chapter Twelve

Financial Services

Chapter Thirteen

Competition Policy, Designated Monopolies, and State Enterprises

Recognizing that the conduct subject to this Chapter has the potential to restrict bilateral trade and investment, the Parties believe that proscribing such conduct, implementing economically sound competition policies, and cooperating on matters covered by this Chapter will help secure the benefits of this Agreement.

Chapter Fourteen
Telecommunications

Chapter Fifteen
Electronic Commerce

Chapter Sixteen
Intellectual Property Rights

Chapter Seventeen
Labor

Chapter Eighteen
Environment

Recognizing that each Party has sovereign rights and responsibilities with respect to its natural resources, the objectives of this Chapter are to contribute to the Parties' efforts to ensure that trade and environmental policies are mutually supportive, to promote the optimal use of resources in accordance with the objective of sustainable development, and to strive to strengthen the links between the Parties' trade and environmental policies and practices, which may take place through environmental cooperation and collaboration.

Chapter Nineteen
Transparency

Chapter Twenty
Administration of the Agreement and Trade Capacity Building

Section A: Administration of the Agreement

Section B: Trade Capacity Building

Article 20.4: Committee on Trade Capacity Building

1. Recognizing that trade capacity building is a catalyst for the reforms and investments necessary to foster trade-driven economic growth, poverty reduction, and adjustment to liberalized trade, the Parties hereby establish a Committee on Trade Capacity Building, comprising representatives of each Party.
2. In furtherance of the Parties' ongoing trade capacity building efforts, and in order to assist each Party other than the United States in implementing this Agreement and adjust to more liberalized trade, each such Party should periodically update and provide to the Committee its national trade capacity building strategy.

Chapter Twenty-One
Dispute Settlement

Chapter Twenty-Two
Exceptions

Chapter Twenty-Three
Final Provisions

