

The 27th Forum 2000 Conference, 2023: Enhancing Economic Resilience of Democracies

Mr. Jakub Klepal, Executive Director of the Forum 2000 Foundation, Distinguished guests, Ladies and Gentlemen,

Greetings from Taiwan!

It is a great pleasure to address this prestigious forum again. The shared values of supporting democracy and respecting human rights connect us all and have brought us here together. I would like to thank you for having me join with hundreds of prominent leaders from around the world.

Taiwan has always been on the Forum's invitation list because we have been fighting for and supporting freedom, democracy, human rights and the rule of law. Indeed we have been praised by many as a democratic success story, and we almost always rank at the top in Asia in terms of scores on freedom, democracy and human rights. We intend to keep it that way, and will not shy away from working with the Czech Republic and other European friends to advance our common cause.

There are more issues requiring our attention, though.

The most recent global challenges caused by the COVID-19 pandemic and Russia's shameless aggression against Ukraine have laid bare our economic vulnerabilities. Establishing sound

industrial supply chains and improving economic resilience have become the most urgent issues for governments around the world, and Taiwan is no exception.

Last year, the Russian invasion of Ukraine resulted in multifaceted economic impacts, such as energy shortage and severe inflation due to Russia's gas cutoffs and grain embargoes. These challenges have implications far beyond Europe because of a deeply intertwined trade network, and global economic downturn subsequently became their byproduct.

Trade and commerce were previously considered key mechanism to improve people's well-being. Now, they are being employed by authoritarian regimes as weapons to achieve their political objectives. The economic coercion posed by authoritarianism on democracies has increased in both scale and intensity.

In Asia, Taiwan is a member of the democratic camp on the frontline of countering authoritarian expansionism. Continued aggression from China manifests in various forms, from military provocation and diplomatic isolation to economic coercion. The PRC's harassment and coercion extend even to those who stand with Taiwan or speak vocally against China. Economic sanctions imposed on Lithuania and Australia by the PRC are vivid examples.

China and Russia's unjustified and illegal actions have shown the importance for democracies to de-risk with authoritarian countries and strengthen trade ties among like-minded partners. Taiwan undertook concrete actions to support our partners under the PRC's unlawful sanctions. We adopted multiple measures to help Lithuania expand its export markets and backed Australia by purchasing more products banned by China.

Some of you may have heard this. My ministry has been serving Australian red wine since day one of the Chinese ban. The increase of consumption might represent only a small fraction of what has been affected. But if such friendship and mutual assistance come from more like-minded countries, it will go beyond mere symbolic gesture to real substantive support to alleviate the impact of economic coercion. Taiwan knows this all too well, because our great friend Japan has been helping us whenever the PRC banned any of our agricultural products, such as pineapples and mangos. In other words, a network of mutual assistance will prove to be vitally important as we face a wide array of challenges in an increasingly divided world.

We have noticed that Europe has adopted a de-risking approach to deal with authoritarian states, as demonstrated by President of the European Commission Ursula von der Leyen in her speech on EU-China relations earlier this year. We also welcome the G7 Leaders' Statement on Economic Resilience and Economic Security issued this May, which called for, in addition to de-

risking with authoritarian powers, building and strengthening resilient and reliable supply networks among trusted partners.

Indeed, building trusted partnerships with like-minded countries is key to enhancing economic resilience. During the pandemic, the global supply chains experienced severe disruption.

Taiwan's government did not take advantage of the situation, but urged Taiwan's chip industry to increase production to meet the demand of, for instance, automobile industry in Europe in general and in Germany in particular. This is a telling example of how important trusted supply chains are.

Enriching our toolbox to counter malicious trade practices and economic coercion is also essential to safeguarding our economic interest. This has been a topic in the EU for some time, and also in the recent G7 meetings, and can have positive implications for those affected by economic coercions, including Taiwan. That is why we applaud the European Parliament for adopting the Anti-Coercion Instrument very recently. The instrument can prevent EU member states from becoming targets of unfair trade sanctions, like those imposed on Lithuania by China.

To me, if the EU can do that, we should be able to bring in more democracies, in North America and in the Indo-Pacific, for discussions on joint measures. I sincerely believe that this would be much more powerful to safeguard democracies around the world from the economic threat and coercion by authoritarian

states. Subsequently, democracies will be more secured and resilient in the intensifying competition with authoritarianism. This would be particularly helpful to smaller states on the frontline facing authoritarian expansionism, whether in Eastern Europe or in the Indo-Pacific.

With a vibrant market economy and a high degree of freedom, Taiwan has taken the chance to develop a robust semiconductor industry and form a huge ecosystem that is hard to replicate. Leaders around the world now know that Taiwan is a crucial player in chip manufacturing in the global supply chain. Additionally, Taiwan is positioned in a strategic location along the trade route of the Taiwan Strait, where half of the world shipping goods sail through.

As a result, if China unilaterally alters the status quo by force and disrupts peace and security in the Taiwan Strait, the world economy as a whole is likely to suffer severe consequences, and it is hard for me to imagine anyone can be free from the impact. No wonder it has become almost a standard line for prominent international leaders to comment that peace and stability in the Taiwan Strait is an integral part of the global security and prosperity.

We, the government and people of Taiwan, know that we share responsibilities to maintain peace and stability in our region. And we will continue our policy of prudence to deny China any excuse to launch an attack. Under President Tsai's outstanding

leadership, this policy has prevented conflict and is applauded by the international community. We have showed and will continue to show to Beijing that we are open-minded and willing to engage in peaceful dialogue to find a way forward for Taiwan and the PRC to coexist based on the cross-strait status quo, which serves the best interest of the world.

But at the same time we are moderate and conciliatory, we will continue to invest in our own defense and be ready to defend our freedom, sovereignty, and democratic way of life. We believe in deterrence in our pursuit of peace. We will not bow to pressure, threat or coercion. Not a chance.

Meanwhile, facing authoritarian threats, Taiwan is adopting de-risking strategies such as diversification and cultivating diverse economic portfolios to avoid overreliance on a single sector or trading partner. The New Southbound Policy and Taiwan-Europe connectivity enhancement program both aim to achieve these goals.

In a world facing unprecedented challenges, it is imperative to recognize how democratic principles are essential pillars of economic resilience. Democracy, at its core, rests on the principles of accountability, transparency, and the rule of law. These principles provide the foundation for a robust economic system that is resilient, sustainable, and coherent with national security in the long run.

On this important occasion, I would like to extend my wholehearted appreciation to the Czech Republic and other democracies for supporting Taiwan. In his speech at the 78th United Nations General Assembly plenary session, President Petr Pavel condemned China's military provocations and called for peaceful settlement of disputes.

Authoritarian regimes are undermining the rules-based economic order and posing significant threats to supply chain security. To ensure the stability of our economies, democracies must work together to navigate the complex challenges of our time. Taiwan stands ready to cooperate with like-minded countries to enhance economic resilience to fight against authoritarian expansionism and economic coercion.

Ladies and Gentlemen, let us join hands in this noble endeavor to uphold democratic values and build a more prosperous, equitable, and peaceful future for the citizens of our nations and the world at large. May the spirit of democratic unity continue to guide our path forward.

In unity, democracies shall thrive in prosperity!

Thank you!