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**House Ways and Means Committee Hearing  
“The Future of U.S.-Taiwan Trade”**

**September 14, 2022**

**Provided by:**

The Macon  
**Edwards**  
C O M P A N Y

Witnesses

- Ms. Shawna Bader-Blau, Executive Director, The Solidarity Center
- Ms. Bonnie Glaser, Director of the Asia Program, The German Marshall Fund of the United States
- Mr. Mark Wu, Independent Expert, Professor of Law & Faculty Director for the Fairbank Center for Chinese Studies, Harvard University
- Mr. Russell Boening, President, Texas Farm Bureau

Opening Statement

R. Neal

- I know in this committee there is strong bi-partisan support for building our ties with Taiwan. Taiwan serves as a beacon of democracy in Asia. This community stands with the people of Taiwan. We unequivocally stand with democracy and our partners.
- We need to enhance our economic engagement to put our support behind Taiwan.
- The path forward is bright, and I am confident that an agreement can be reached.

K. Brady

- The U.S. and Taiwan have many shared values in a robust trade relationship. Congress has long supported stronger trade engagement with Taiwan. We must intensify this engagement.
- It has been frustrating that this administration has chosen to sit on the trade sidelines that has allowed China to give their farmers, tech companies, and trade a leg up on Americans.
- If we remain on this course, we will not reach the concrete outcomes and meaningful enforcement that ensure open trade and can raise populations out of poverty.
- We need more workers, and more customers that come from trade.
- More must be done to open markets and strengthen supply chains in Taiwan and around the world. We are risking the United States being cut out of these countries as they shift to other trading partners. The TPA should not have been allowed to expire.

Glaser

- We need a comprehensive bi-lateral U.S. Taiwan trade agreement. BTA needed because Taiwan is a robust democracy that should be championed by the United States. A BTA would demonstrate

the United States solidarity with Taiwan. Modernizing the U.S.-Taiwan Trading relationships. This could be the only avenue for Taiwan to join the competitive trade liberalization in Asia. Taiwan's fate is critical to peace and stability in the Indo-Pacific.

Wu

- Taiwan is a miracle economically, socially, and politically. This miracle is under threat. The past decade we have seen in Asia countries engaged in a series of trade agreements that has intertwined major Asian countries economies together. American leadership is required so that we can send a signal to the world that it is expected of us to trade with Taiwan to push back against these authoritarian states.
- We also need to bear in mind that we are rethinking trade agreements for American workers. We need to move in tandem on these.
- There are three points that we need to bear in mind. Traditionally trade agreements have focused on market access, Taiwan's economy is deeply intertwined with the PRC, and they are trying to shift away from that, ECFA is a trade framework agreement that previous representatives made with the PRC. These need to be considered as we focus on regulatory issues to forge high standards and we must move quickly and strategically.

Bader-Blau

- We come to this hearing for full support for Taiwan's democratic trajectory.
- Independent trade unions are essential for sustainable democracy. We must support these unions in Taiwan. Taiwan's economy depends on over 700,000 migrant workers and they subjected to injustices in sectors. Taiwan is a driving force in global supply chains, but these manufacturers often violate national and international standards in their factories across the globe.
- We know that congress convenes this hearing in full support of Taiwan, and we believe that this support needs to be placed behind workers' rights.

Boening

- Trade is critically important to the economic security and prosperity of U.S. farmers and ranchers. Engagement in Taiwan and the Indo-Pacific region is critical for the continued growth of U.S. agricultural exports.
- We urge you to address the existing barriers and form a modernized trade agreement with Taiwan. We must take the necessary steps to increase trade with Taiwan and lessen their dependence on China.
- We must work towards stronger, modernized trade agreements that are enforceable around the world. This can only be achieved through direct negotiations.
- TPA is critical in forming trade agreements for these markets.

Questions

Neal

- Considering the China's crack down on political and human rights in Hong Kong would you give us your suggestions for Taiwan's importance as an ally?

- G: Taiwan has proven to be a beacon for democracy. This is the only example of ethnic Chinese that have built an effective democracy.
- Can you expand on building U.S.-Taiwan trade to deepen economic ties?
  - W: I want to emphasize that we should think about this trade agreement as a market access plus strategy. It is about realigning supply chains in Asia and making sure that the supply chain flows through friendly countries to withstand economic coercion. I noted that we should not think about this simply as trade, but trade across the board.

#### Brady

- If Taiwan were to enter the Trans-pacific partnership what impact would this have on American farmers and ranchers?
  - RB: Yes, without an agreement they will look to other suppliers and other sources. These trade agreements are so important to American Agriculture. Close to 30% of farm income comes just from the export market.
- Is it enough to just do a framework and dialogue approach? Do we need a real agreement?
  - RB: We need the enforceable free trade agreement.
- Is trade promotion authority necessary to show that we are serious about trade with Taiwan?
  - RB: We believe that a TPA is necessary.

#### Doggett

- How do you feel that the Biden administration could engage workers and other parties in negotiations? What role should Congress play in strengthening our relationship with Taiwan?
  - BB: There is a lot we can do to make a work centered trade policy. Workers and their representatives in Taiwan are trying to engage on this, and congress can help this by ensuring that they are working with stakeholders and workers to make sure they are benefiting from this trade agreement.

#### Buchanan

- In terms of the agricultural industry, where are we now? What is your expectation with Taiwan?
  - RB: I believe we do. They are our sixth largest export market for agricultural products. We think that the sky is the limit. There is some momentum, but we need to sit down at the table.
- I know a lot of the focus is on beef and pork? Your thoughts?
  - RB: Yes, and that is the direct consumer goods. We have soybeans and fresh fruit as well.
- It has been an economic miracle. What does the free trade agreement mean to you?
  - W: Its competitive advantages are its talent and the democratic society. That talent and society needs to stay there to push back against the PRC.
- I know the trade agreements we have done has allowed countries to do more business with the U.S. and other places. What is your sense of that?
  - W: It would spur other countries and our like-minded allies to step up their engagement. We need to do this collectively.
- They say that 95% of chips come out of Taiwan is that your sense?

- W: Yes, they have been pushing the edge in partnership with American Firms, the Netherlands. We need to lock this down.

Thompson

- Mr. Wu, you note that more work is needed to address non-tariff trade barriers. Can you expand on how this would strengthen more consistent agricultural sales in Taiwan?
  - W: Mr. Boening has alluded to some of this. It is just ensuring that Taiwan's food safety standards are focused on risk and science-based approaches. I want to emphasize that the future of American farming is moving towards biotech, and we need to make sure that these standards are aligned.
- Can you talk about a deal to reduce tariffs and address non-tariff trade barriers aids with other countries on similar issues?
  - RB: I will go back to the USMCA that set the standard. When folks see we are making the agreements, and everyone is following them, it brings more folks to the table.
- Can you talk about how labor protections in Taiwan help serve U.S. interests and how they help contrast labor conditions with other countries in the region?
  - SB: American workers should not be competing with forced labor conditions. It is important that expanded trade leads towards prosperity in Taiwan. We need to directly attack these shortcomings.

A.Smith

- Can you discuss on the U.S.-Taiwan initiative on 21<sup>st</sup> century trade will increase market access for American exports? How do you evaluate the inclusion of Taiwan in IPEF versus a partner in a separate bilateral initiative?
  - G: I think if we had included Taiwan, we might've lost some other countries that would have seen this as destabilizing. I am of the view that this 21<sup>st</sup> century trade initiative will be used to make progress even more quickly. In the meantime, we can negotiate the building blocks of a future trade agreement with Taiwan. To my understanding, market access is not included at this point.
- Can you discuss the value of showing leadership by signing a trade agreement?
  - G: I think it is crucial. I think the rest of these countries are unlikely to move forward if we do not move first.

Larson

- How can we most effectively apply a provision like the rapid response mechanism to Taiwan to protect labor rights?
  - BB: The rapid response mechanisms deployed in Mexico have led to historic achievements. We have seen it be used effectively to benefit fundamental workers' rights. This tied to trade law and immediately enforced would set a new floor.
- Mr. Wu, what would be the priorities for environmental protection in the trade deal? How can we build on the environmental provisions in the USMCA?
  - W: I think the USMCA is certainly setting a cutting edge in environmental protection. I think this allows us to set standards that have not previously been built in. When we look

- at renewable technologies this will be big. I think that this will have ripple effects throughout the region.
- What are your top priorities?
  - o W: Coordination on key renewable technologies and standard setting there.
- How can the committee best balance expand economic ties with Taiwan while making sure we are investing in our own domestic manufacturing?
  - o G: The Biden Administration has made it a priority to invest in America and I think the CHIPS Act shows this. We should consider other areas where we can support investment in America.

#### Rice

- What are the duties that we place on Taiwan's exports?
  - o RB: I do not know for sure, but it is pretty much zero.
- It is 5% or less. Do you think we need a bilateral trade agreement?
  - o BB: My organization does not take positions on agreements.
- Is the Administration doing enough to push for a bilateral trade agreement with Taiwan?
  - o G: I support the fact that they have created an alternative to IPEF. It is still not a bilateral free trade agreement.
- Mr. Wu? Are they taking aggressive actions?
  - o W: I think they are taking action. The proof will be in the pudding in six months when elections are happening in Taiwan.
- When did this start happening?
  - o W: The trade and investment framework agreement start in June of 2021.
- Mr. Boening, are they aggressively pursuing a trade agreement with Taiwan?
  - o RB: I agree with Mr. Wu. We want them to do more. We think the potential is there.

#### Blumenauer

- You talked about the delicate balancing act that all of these actors are involved in. In terms of this relationship, I think that there is an opportunity for us to come together. This is not beyond our capacity. Coordination with Taiwan is very important. Can you talk about this conundrum in terms of what we need to do in dealing with the Taiwanese fishing industry?
  - o SB: There is an opportunity for us to commit to ending forced labor in that sector. We need to extend full labor protections to everyone. We need to have joint attention to employers who are getting away with political behavior.

#### J. Smith

- Since Taiwan's east pork and beef restrictions in June of 2021, how has it impacted U.S. Markets? Are we seeing an uptick in beef and pork exports?
  - o RB: Yes, exports have gone up exponentially.
- To Taiwan?
  - o RB: Yes.
- Do you believe that there are necessary topics to address and include in future agreements?

- RB: Yes, I alluded to these non-trade barriers and my testimony. These can only be addressed through negotiations.
- Which topics are making the most significant impact?
  - RB: The 15% tariff and the ractopamine issue.

Kind

- Should there be some concern on the reaction from the PRC?
  - G: When it comes to trade agreements, we should keep in mind that Taiwan is a member of the WTO. It has the right to negotiate trade agreements with other members. If we do not move forward, we do not provide the cover and encouragement for others.
- Mr. Wu?
  - W: I agree. Just as PRC has recognized Taiwan it has also recognized our ability to do so with Hong Kong.
- Is it time for us as a Congress to indicate what the consequences would be if the PRC were to take adverse actions against Taiwan?
  - W: I think what congress needs to do is think about this across the board. What would happen with blockades or increased cyber-attacks? We need to have a plan in place. This needs to be done in conjunction with the Administration.
  - G: I think it is clear that China is looking at the sanctions put on Russia. We need to look at the play book we used against Russia, and we need to talk closely with our allies.
- What is Taiwan's track record with labor rights?
  - SB: It falls behind national standards, and there are many ways to improve.

Schweikert

- The trade between Taiwan and PRC can you help me understand how robust it is?
  - W: The PRC is Taiwan's largest source of exports at 28%. As far as imports the PRC is the largest source at 21.6%. By contrast the U.S. is 10%.
- What are the products of manufacturing and what are the movements of money and investment?
  - W: There are significant investments that Taiwanese firms have made in mainland China. There are over 200,000 Taiwanese that work on the mainland. This cannot be a cookie cutter trade agreement.
- Trans-shipments made in PRC come to Taiwan and have value added and then somehow are labeled as originating in Taiwan? What do you believe is an indication of the scale of this?
  - W: That is quite difficult to say. This is a real threat. If we look at industries like steel, we have seen that PRC firms have found it easier to invest in other countries in southeast Asia that are more open to PRC involvement.
- Do you know about their VAT tax model? What is the percentage? Are there different categories?
  - W: I do not.
- The whole conversation I was building to on refundability of exports on their VAT we will not have.

- W: So, as far as trade policy is concerned that policy is used as an element of industrial policy. That is not the only tool of industrial policy. Currency interventions by the central bank is another tool there as well.
- When you have looked at economic integration, how difficult would this be to get in an agreement?
  - W: I think that this is a sector-by-sector conversation. This will take many years and have dynamic effects on the supply chain.
- What can I do to be a good host to the community coming into the Taiwan semi-conductor factory?
  - W: Making sure knowledge and workers can flow in, capital is available, and making sure that minerals critical to semiconductors are readily available.

#### Sanchez

- How can our trade agreement support stronger labor standards and enforcement? How can we extend protections to migrant workers in the seafood industry?
  - SB: I think it is critically important that Taiwan reforms its labor laws. We would urge Congress to ensure that this happens. Very often these labor laws are violated. Many migrant workers are paying fees to work. These brokerage companies need to be eliminated.
- It would be Congress's job to see that these standards were put into place with enforcement mechanisms?
  - SB: We would urge building on the USMCA model in a conversation around trade.
- Would you agree that when we look at democracies around the world with shared values as allies, that trade with those allies this increases trust and commitment as well.

#### LaHood

- The Indo-Pacific region is craving U.S. leadership. Mr. Wu, if you listen to what PRC is saying about democracy, they are our economic rival. Can you talk about the Chinese malign activities and the level of extortion and coercion that they engage in?
  - W: It ranges across the board. The most overt example is what happened with Lithuania. It can take other steps with other allies and relations. We have seen them slow down regulatory approval.
- Can you talk about the lack of U.S. leadership in this region?
  - W: I think in Taiwan the USTR has stepped up. I think that in regard to the other areas with IPEF and corralling other folks together to work on a comprehensive approach. What we have not addressed are the market access issues.

#### Chu

- We know that trade with Taiwan supports 188,000 jobs in the U.S., Taiwan is already the 7<sup>th</sup> largest export market for agricultural products. Today they are signing an agreement for 2023 and 2024 for agricultural products. Can you talk about why this moment is right for an FTA with Taiwan?
  - G: I believe that we have a leader in Taiwan who is committed to this relationship. She has already used her political capital to lift many of these restrictions. She has a year and a half left in her presidency. This moment is important. Taiwan is under the increasing pressure

from China. There are things that we can do in peace to bolster the confidence of the Taiwanese people.

- W: I highlighted Taiwan's inter-dependence on China, and they want to lessen this. This administration has tried to push for policies that do this, but they have not been successful yet. What has happened in Hong Kong allows Taiwan to set up and we are seeing Amazon and the migration of different types of services move towards Taiwan.

Wenstrup

- Let's talk about shifting away critical supply chains from China? What can we gain in terms of our national security and supply chain?
  - W: semiconductor chips and the high-tech equipment are critical for our national security. Taiwan is a leader in industrialized factories. We need to shift on how we think about these services. We must consider how we are sourcing these. This is part of one large equation that is vital for American security.
  - RB: Those of us in the ag sector consider food security as national security. This relationship with Taiwan is important to us. They know that they can depend on us for food, and we can depend on them for chips.

Del Bene

- We should build on the success of the historic USMCA. Mr. Wu, can you elaborate on the opportunities if we were to more closely integrate our service sectors?
  - W: More so than anything it is about making Taiwan a hub for services in Asia. With the situation in Hong Kong this creates a second bite in the apple for Taiwan and we need to be there to support that.

Kelly

- Do we think that China will hold up their part of the agreement on anything. I think we weaken ourselves by going offshore to do things. Where do you think we should be if we rely on one supplier or one buyer? Where will Taiwan be in ten years?
  - G: I have not given up hope that in five- or ten-years Taiwan will be autonomous and safe and that it will have a prosperous economy. I hope that it will be more integrated more broadly.
- That will take the rest of the world to back up the agreement. I am concerned that we have given up market shares to someone who is a bad actor.
  - G: I think the trend is moving in the right direction.
- Mr. Wu?
  - W: I know the damage that has been done through globalization. No country in this high-tech age can be an island. This does not serve the country's needs. I think Taiwan is a part of this equation, but it is what we do in the next couple of years that will determine what happens around the world. We need an escape hatch.

Moore

- Everyone seems to be convinced we need an FTA. I am questioning if there is a breakeven point that will or will not trigger the mainland to be involved. We talked about the element of trust that



needs to be established to get other countries involved. Mr. Wu, can you elaborate on the need for a unique trade agreement with Taiwan, where will we need to compromise?

- W: What I meant was how tight we write rules of origin, stronger labor mechanisms, and looking at this in conjunction with other elements of state craft. I want to reiterate how important this is.
- SB: I would say that I appreciate your questions. I have not yet underscored how neglectful both Taiwan and the US have been with forced labor and worker rights in Taiwan. We need to work together jointly with Taiwan to improve laws and standards in Taiwan.

#### Ferguson

- I think of trade agreements as icing on the cake for Americans and American workers. China is Taiwan's largest trading partner, what are the things that we could be competitive in to take market shares away from China?
  - W: Where should we be looking to displace imports in the Taiwanese market? High Tech Semi-conductors, renewable technologies, and biotech pharmaceuticals.
- On biotech, would you agree that intellectual property protections need to be incredibly strong?
  - W: Absolutely. Not just the laws, but also the enforcement.
- How important is it that we become incredibly active in these trade agreements and begin taking market shares back?
  - RB: It is incredibly important for agriculture. Exports are important everywhere. We look at the world as our customer.

#### Pascrell

- Mr. Wu, would it be beneficial for this agreement to be submitted to Congress?
  - W: In terms of that submission this is a delegated authority. This body has control over the scope of the legislation. Were it to come to this body this would signal bipartisan support and would signal that this is beneficial.
- So, Article VIII does not apply here?
  - W: That is not what I am saying. Article I absolutely applies in that you hold the scope of that delegation.
- Taiwan's fishing fleet is the second largest in the world. Your testimony suggests that the Taiwanese officials are getting serious about combatting this. What can CBP share with our partners to ensure compliance with labor laws?
  - SB: It is important that we uphold our own laws. The U.S. and Taiwan should work together to sanction these abusive companies. There have been an enormous number of recommendations from within Taiwan that have not been acted upon.

#### Davis

- How do we deal with both aspects of what is taking place in terms of China and Taiwan? What recommendations do you have?
  - G: Taiwan faces an enormous amount of pressure from PRC. There is much that the U.S. is doing and much more that we can do. Under the Taiwan relations act we continue to enable it to defend itself. There is much more we can do with economics and trade.

- How do we reconcile these two. How do we deal effectively with promoting our thoughts and ideas relative to worker rights and fair treatment?
  - o SB: I think that as two societies committed to democracy, we have a duty to support each other and the development of human rights standards. We have an opportunity to make this change through expanding trade. Working together and establishing common goals is important. We need this to benefit workers not just corporations.

Estes

- Can you tell me about the trade agreement with Taiwan and what it will do for your constituents? Do you think that the Administration is doing enough to pursue that?
  - o RB: There are things that can be done with beef that would help our producers tremendously. We need that market. We feel like the current Administration can do more. We look for markets. We appreciate what this committee is doing with putting this on the front burner.

Kildee

- Can you highlight ways that Taiwan can eliminate some of the trade barriers? How can the U.S. supplement these actions to help U.S. Agriculture?
  - o RB: The zero tolerance ractopamine needs to be looked at. This goes back to having trade agreements where your partners recognize sound science. That is the only way we will get there with direct negotiation and things that are able to be enforced after we come to an agreement.
- Mr. Wu, can you comment more broadly on how this congress can work with Taiwan to strengthen its relationship with the U.S. and bring it out of this China sphere?
  - o W: Trade is one part of that pillar, and military as well. There are things that you are doing and will continue to do to integrate it into global supply chains.

Beyer

- Why will they not see this trade agreement as provocative? Why will this bring us closer to peace?
  - o G: PRC has never said that reunification is his first priority. He has said that this is a historical mission of the party, but every Chinese leader has said this. He has said that reunification is a requirement for the achievement of national rejuvenation, the target for which is 2049. We do not know where this falls on his list of priorities. We must make sure that we are creating policies that influence Xi Xiang Ping's cost benefit analysis.
- Mr. Wu, given the enormous amount of trade between Taiwan and the PRC, how do we keep our IP protected against being taken up by the PRC?
  - o W: There needs to be a strengthening of IP enforcement against economic espionage. It is about creating deterrents and having consequences for the bad actors involved.
- Do you have confidence that Taiwan will be able to live up to USMCA labor standards?
  - o SB: Having spent the last couple of weeks having conversations with organizations and unions in Taiwan I am convinced that workers have an enormous and effective role to play in addressing the weaker laws. I think that any discussion we have about trade needs to be centered around these ideas.

#### Arrington

- President Biden is MIA on trade. We are all re-learning some important lessons, weakness invites aggression and energy security is national security.

#### Evans

- Mr. Wu, how important are offices such as these in supporting and expanding economic relations between the U.S. and Taiwan.
  - o W: They are very important, the people-to-people ties are critical as well as understanding the consumer markets and where their strengths are.
- Any thoughts or recommendations you have in terms of the process?
  - o W: I think a lot of the work on trade facilitation helps to grease that wheel. In terms of the types of services that are created, it comes about in those people-to-people connections.

#### Schneider

- Mr. Wu, you talked about the Market Access Plus Agreement. Can you talk about the significant steps we should be taking and how we should evaluate any proposed agreement to make sure we are achieving that?
  - o W: Market Access by itself can be dangerous. We need to make sure that there are other guard rails in place. We exercise control over that here. We need to be able to trust that they will do the same.
- Can you expand on why we need to pursue a bilateral trade agreement?
  - o G: I want to agree with you on China's ambitions for the future. Xi Xiang Ping has said that he believes that socialism will defeat capitalism. We are competing in governance. What we need to do is deliver a better system of governance to our people. We need to strengthen America and then we will be able to successfully compete with China.

#### Smucker

- Why is the bilateral agreement not occurring? What could we be doing?
  - o G: You have a lot of cheerleaders in the administration who would like to see a trade agreement.
- Why is this not happening?
  - o G: My understanding is that other people want to focus on worker centered economic policy. It falls to you to persuade them that this is in the interest of Americans.
  - o W: Some of what we see in scope is driven in politics in Taiwan. What we have is the scope of what we think could be achievable in this year and the next. Trade agreements are very difficult during election years.
  - o RB: I think the USMCA was mentioned. I do not know why the Administration is not focused on this. Let's use USCMA as the template. Let's try it.

#### Suozzi

- How likely is it that we will get a concession to our demands regarding labor, the environment and human rights? What do we think the reaction of China will be?

- W: I think in the environment there is a lot of momentum to move forward. I think as far as China is concerned if it falls in the One China Policy in the scope of the existing jurisdictions. It is important that we abide by that.
- SB: With respect to labor organizations they are eager to use the spotlight that this is bringing to improve bargaining, the right to strike, and the limitations that exist now.
- How far about getting concessions from them with the issues you have addressed?
  - RB: I think we can get there.
  - G: China is not going to go to war with Taiwan over FTA. If we recognize them as an independent sovereign state yes, they will.

#### Panetta

- Are your Texas producers having the same amount of difficulty communicating with Taiwan?
  - RB: Yes. We have to work with them to get them to recognize sound science.
- Do you think that a trade agreement can set some of the rules for communication and adherence to sound science?
  - RB: Again, this gives us a template to start but we still have to work on the USMCA and other issues.
  - W: I think it could be by creating a new enforcement mechanism beyond going to the WTO.
- You said that tariffs are not a main barrier, but they are higher for agricultural goods than other products? Shouldn't we consider reducing tariffs for high tariff products?
  - W: I did say that tariffs were a problem for agricultural goods and our automotive industry. We need to focus on regulatory elements, market access, and tariffs.
- Do you think tariffs should be on the table?
  - RB: Yes.

#### Hern

- Can you speak about why the TPA is important to the U.S. and our trading partners?
  - G: I believe that a TPA will enhance our ability to negotiate good trade agreements with countries around the world.
- Can you go into detail on why an aggressive and ambitious trade agenda is important for maintaining global market shares? How at risk are we at losing these shares to competitors?
  - RB: Customers want a reliable source for their products. When we lose those markets, it takes years to get them back. Those of us in the agriculture community are in favor of TPA and aggressive trade policy.
- Are there any tax incentives related to the Ag industry that congress should focus on?
  - RB: A tariff is a tax. Eliminating those is eliminating a tax.

#### S. Murphy

- The U.S. does not have an income tax treaty with Taiwan. Can you tell me what the challenges are to doing this? What benefits might be available if we can address this issue?
  - G: I know that Taiwan is interested in having a tax agreement.
  - W: This falls outside of the scope. There is a question of what forms and what entities would fall into this treaty.

## Gomez

- How do strong independent trade unions contribute to a sustainable democracy and fair-trade policies?
  - o SB: When we shore up workers and their rights to organize, we strengthen the rights of grassroots citizens. Giving voice to the voiceless in our societies. There is a huge opportunity to recognize the advocacy of organizations to promote that.
- Does Taiwan have the potential to serve as a regional leader for the labor movement in Asia? How can congress support capacity building in Taiwan?
  - o SB: Taiwan's companies play into this abuse by not exercising their ability to control suppliers across the supply chains. Taiwan has the opportunity to address the behavior of its corporations by adopting the UN's Guiding Principles on Business and Human Rights.

## Miller

- How important is trade promotion authority for securing a long-lasting trade deal with Taiwan?
  - o G: I think that TPA is the way to go. I am glad that this Administration has gotten started talking with Taiwan about these trade issues. Ultimately, we need a comprehensive trade agreement with Taiwan.
- How do you think the US and Taiwan can further trade cooperation with energy?
  - o W: This is important in terms of Taiwan's dependence on foreign energy. Ensuring that the infrastructure is in place is critical. Looking at the diversification of sources beyond the U.S. as well and renewables.

## Murphy

- Have you heard about Taiwan specifically with MRL issues?
  - o W: It certainly has been an impediment to our farmers. Taiwan with different types of regulatory forces have slowed down or even blocked entry. WE need to lock in a risk-based science-based approach.
- Does anyone have any concerns about the communists' party's restrictive access?
  - o G: The Chinese continue to pursue policies that increase Taiwan's dependence on China. There are of course many things we can do to help increase our interaction. Trade is one sector where we have control. I think we should focus on the areas where we can have the most impact.

## Plaskett

- What is the significance of these efforts by the PRC to deepen trade, investment, talent, and technology ties with Taiwan? How has China fought to leverage Taiwan's capabilities in the semiconductor industry?
  - o W: I think talent is a big part of China's strategy. They are dangling research labs, money, and market access. This talent is sometimes American educated where we must create welcome conditions for immigrants to stay.
- Have they been successful in this attraction?
  - o W: If you look at who the talent is at the foundries and building out biotech a lot of them are from overseas.

- How has Taiwan's industry and government responded to such efforts?
  - o W: I think Taiwan has tried. They have been tried in semiconductors. I do not think the southbound policy has worked. I think it does require that Taiwan have a counterweight of advanced economies.
- How is the U.S. working with Taiwan to deepen these relationships? How is it affecting our supply chain issues? What can we do to support these issues?
  - o W: the U.S. is already doing quite a bit. We need to be doing this across the board on an array of issues including control and investment. We need to integrate our supply chains more tightly.

#### Kustoff

- Characterize currency manipulation. What can the administration do about the currency manipulation carried out by Taiwan?
  - o W: Currency tax affects trade and competitiveness. There has been intervention by the Taiwan Central Bank. That intervention might be keeping the Taiwan dollar at levels less than what the market would suggest. This is an issue that should be focused on across the board. This is an opportunity for us to set high standards on this agreement.
- Talk about how this manipulation affects our exporters and imports.
  - o W: If the new Taiwan dollar is at a rate that is artificially lower than it should be it makes the price for American goods more expensive. This makes exports cheaper from Taiwan. It is important that we have agreed upon global standards for central banks.
- Can you characterize the level of intellectual property theft that has been carried out by the Taiwanese?
  - o W: I think there have been improvements in Taiwan in its IP regime that is in regard to its laws on the books and enforcement. There are still concerns about copyright, trade secrets, and espionage. That is why I urge in my testimony for very strong discipline and cooperation in criminal enforcement in regard to espionage.