

Chapter 3: The Development of Taiwan's EEC Trade in a Global Perspective

All countries' political ideologies and foreign relations are perhaps mirrored in their choice of economic development strategies – especially foreign trade policies. But thanks to Taiwan's peculiar diplomatic status as a *de jure* “non-state” in the eyes of most foreign governments, global politics have played a disproportionately large role in shaping its international economic relations.

In this section we will draw attention to the critical importance of regional and global politics as a factor shaping the direction of Taiwan's trade. In this case it will be useful as well to preface analysis of the changing nature of its post-war economic relations with EEC by briefly delineating the changing European environment, which Taiwan has had to address and accommodate.

3.1. Taiwan's Economic Relations with Europe – Shaping Factors

Considered from whatever perspective – cultural, linguistic, demographic, economic or political – the European continent is far from being a homogeneous entity. From the end of the Second World War until quite recently, a dichotomous identity – Western and Eastern Europe – reflected a political and military duality, mirrored in most European countries' membership of either the North Atlantic Treaty Organization (NATO) or the Warsaw Pact.⁴⁸ The existence of these organizations was reflected in most European countries' strong political orientation towards either the United States or the Soviet Union. These political ties began parallel economic orientations. Whether to a greater or lesser extent, the economic organizational framework and policy thrust of West European countries were heavily influenced by the capitalist ideology of the USA.⁴⁹ By contrast,

⁴⁸The North Atlantic Treaty, signed in 1949, was designed as a military alliance between the USA and its European wartime allies. NATO originally comprised 11 members, although to these were added, during the Cold War period, Greece and Turkey (1952), West Germany (1955) and Spain (1982). The Warsaw Pact (formally, Warsaw Treaty of Friendship, Co-operation and Mutual Assistance) was established as a military alliance in 1955, and comprised the former USSR and its European satellites Albania, which, however, withdrew.

Source: The Encyclopedia Americana, <http://go.grolier.com/gol>.

⁴⁹ The formal frameworks through these orientations manifested themselves were various. Their origins lie in the US-sponsored European Recovery Programme (April 1948-December 1951), designed to rehabilitate the economies of 16 West European nations (Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom and West Germany) and thereby create stable conditions in which democratic institutions

their East European counterparts were locked into economic dependence upon the USSR, both in terms of the economic systems (based on the Soviet central planning model) which most of them were forced to adopt, and the policy goals to whose fulfillment those systems were directed.⁵⁰

Against this background, the end of the Cold War marked a real watershed in Europe's post-war political and economic development. The disintegration of the former Soviet Union and the disbandment of the Warsaw Pact symbolized a major change in the political configuration of Europe.⁵¹ The accompanying de facto collapse of CMEA⁵² presented its own economic challenges and opportunities. In particular, East European countries that had previously been tied to the USSR were now free not only to initiate efficiency-enhancing, market-orientated reforms and privatization, but also to develop their own foreign trade in accordance with the principle of comparative advantage. The result was to generate new economic relationships, the final outcome of which will not emerge for many years.

Given the peculiar character of Taiwan's international relations and the difficulties it has faced vis-a-vis former socialist countries, it is not surprising that its trade relations within Europe should have mirrored those elsewhere in the world and been directed overwhelmingly towards West European countries. The new political and economic configuration that has begun to emerge within Europe in the wake of the collapse of communism in the Soviet Union and its former European satellites will, in the fullness of

could survive. In order to co-ordinate European participation, these countries, led by France and the UK, later established the Committee of European Economic Co-operation – a body itself superseded by the Organization for European Economic Co-operation (OEEC). In 1957, the European Economic Community (EEC – later translated into the European Community (EC) and the European Union (EU)) was established, since when it has been the major institutional framework in which European economic integration has proceeded.

Source: The Encyclopedia Americana, <http://go.grolier.com/gol>.

⁵⁰ As early as January 1949, the Council for Mutual Economic Assistance (CMEA, but more often referred to as COMECON) was established in order to facilitate and co-ordinate economic development in East European countries belonging to the Soviet bloc. Initially, COMECON's most important activities were limited to the registration of bilateral trade and credit agreements among member countries, although after 1953 the focus shifted towards promoting industrial specialization in an attempt to avoid previous duplication in industrial production in East European countries. Following the establishment of the EEC, COMECON pursued more systematic efforts towards economic integration, albeit with little success.

Source: The Encyclopedia Americana, <http://go.grolier.com/gol>.

⁵¹ This has manifested itself most dramatically in the extension of NATO membership to former Warsaw Pact members (e.g. Poland, Hungary and the Czech Republic in 1999).

⁵² The democratic revolutions throughout Eastern Europe in 1989–90 left CMEA defunct. In 1991, it was renamed the Organization for International Economic Cooperation – a far looser organization than its predecessor.

Source: The Encyclopedia Americana, <http://go.grolier.com/gol>.

time, doubtless be reflected in the emergence of new patterns of trade and investment between Taiwan and European countries. But this is likely to be a long-term process and for the foreseeable future, the existing orientation of Taiwan's economic relations within Europe is likely to change only very slowly.

The most powerful unifying element in Western Europe since the 1950s has undoubtedly been the European Economic Community (especially after its translation into the European Union). It seems certain that the EU will continue to play the same role in the future, albeit one that will increasingly embrace countries that had previously been part of the Soviet sphere of influence.

The physical expansion of the EU through the admission of new members is one reason why its dominance in Taiwan-Europe trade should not appear surprising. Translated into economic terms, Taiwan's trade relations with the EU have become increasingly attractive, as the EU market has expanded and its influence in the global economy has grown.⁵³

Trends in Taiwan's Trade with Europe

Even allowing for the growing involvement of European countries in its merchandise trade and outward investment,⁵⁴ Taiwan's foreign economic relations since

⁵³ The following indicators are suggestive of the economic weight of the EU relative to that of other major countries in the world as of 1999:

	<i>Shares of the following countries [region] in world total</i>			
	<i>EU</i>	<i>China</i>	<i>Japan</i>	<i>USA</i>
Population	6.4	20.9	2.1	4.6
GNP	28.0	3.4	14.0	28.6
GNP at PPP	20.2	10.6	7.8	21.5
Exports*	40.0	3.1	6.4	13.8

* Data for 1998.

Source: The World Bank, *World Development Report, 2000–2001* (New York: Oxford University Press, 2001): pp.274–75 and pp.302–303.

⁵⁴ The following investment data in Table conceal the fact that in 1992 and 1993, private foreign investment in Europe exceeded the corresponding figure for the United States.

the 1960s have been dominated by the United States and Asia (above all, East Asia). This orientation probably reflects the influence of both political and economic factors. Michael Yahuda once described mainland China's relations with Europe as a "secondary relationship,"⁵⁵ and on the evidence presented earlier, one might be tempted to use the same term to characterize the Taiwan-Europe economic axis. For much of the period under consideration here, this seems a reasonable designation of the relationship. There are, however, two qualifications. The first is that in the most recent past, Europe – above all, the EU – has come to rival the USA as an export market, as well as having become an important destination for Taiwanese investment (especially private foreign investment). The second is that the quantitative dimension of foreign trade and investment does not reveal the entire story. In particular, closer economic ties between Taiwan and European countries (especially EU member states) have facilitated technological co-operation and the acquisition by Taiwan of key new technologies and market information.⁵⁶

Until the late 1980s, when cross-Straits economic relations first began to gather momentum, Taiwan's foreign trade had been overwhelmingly directed towards capitalist countries. Only after 1987, when economic rapprochement between Taiwan and mainland China began, did this pattern begin to change. As we have seen, the same

Taiwan's outward investment by region (1952–1999)

(In US\$)

	<i>Asia</i>	<i>Americas</i>	<i>Europe</i>	<i>Others</i>	<i>Total</i>
1952–79	43,057	13,576	142	2,515	59,290
1980	3,170	35,130	1,000	2,805	42,105
1985	4,206	35,830	891	407	41,334
1990	602,910	838,711	96,176	14,409	1,552,206
1995	467,743	787,105	59,868	42,162	1,356,878
1999	836,378	2,267,710	60,982	103,943	3,269,013

Source: Chi Schive, "Taiwan's Economic Role in East Asia." Washington D.C.: The center for the International and Strategic Studies, 1995 p. 71; Taiwan Statistical Data Book (*TSDB*). Taipei, 2000, p. 262.

Notes: Figures for Asia exclude Taiwan's investment in mainland China.

⁵⁵ Michael B. Yahuda, "China and Europe: the significance of a secondary relationship," Thomas W. Robinson and David Shambaugh . eds.. Chinese Foreign Policy: Theory and Practice. (Oxford: Clarendon Press, 1994): pp. 266–282.

⁵⁶ Thus, in addition to seeking new markets, "since the early 1980s, it has been the stated policy of the Taiwan government to engage the United States and Europe in a broad-based programme of technological co-operation with Taiwan firms" (*Simon, Denis Fred. "Charting Taiwan's technological future: the impact of globalization and regionalization."* Shambaugh ed.. Contemporary Taiwan, p. 168.

pattern is reflected in Taiwan's trade with European countries. In the immediate aftermath of the end of the Cold War new investment opportunities became available in the former Soviet Union and former East European socialist countries. Taiwan's response to such opportunities was, however, quite modest.⁵⁷

The further expansion of such ties, especially, if Eastern Europe enjoys rapid and sustained economic growth, may lead to an accelerated expansion of bilateral trade ties between Taiwan and countries in the region. But for the time being, Taiwan's trade (especially its export trade) with Europe remains dominated by West European Member States of the EU – but it doesn't mean that the option of Eastern Europe have to be neglect or underestimate.

3.2. Factors Constraining the Bilateral Trade

If there was any initial economic interest among Taiwanese entrepreneurs in Eastern Europe, it was limited to exports to the region. However, the Taiwanese traders complained about high inflations rates, financial instability, high shipping costs, and price competition from mainland China and other suppliers with low production cost. Another major obstacle to Taiwan trade with EEC was the weak financial standing of many EEC companies, which lacked hard currency and often deferred on payments, increasing the risk of bad debts, which Taiwan's SMEs were seldom able to absorb.

As well many of Taiwanese businessmen still have concern whether to start cooperation with EEC or not. The main reason for that is high corruption level in the EEC's region. As an example of this situation could serve recently happened so called 'Archasia' case. On April 16, 2008 Archasia - a Taiwan architecture firm, beat 18 contestants to win the bid to renovate the Olympic Stadium for Euro 2012, to be co-hosted by Ukraine and Poland. The project of Archasia had been accepted by Ukrainian side, but then it was refused without a proper explanation. Instead the costly German firm project was accepted. Archasia started to seek one million dollars in damages from

⁵⁷ Schive Chi, "Taiwan's Economic Role in East Asia." Washington D.C.: The center for the International and Strategic Studies. 1995, p. 20.

the Ukrainian government for scrapping a contract to remodel a Kiev stadium to host the Euro 2012 football tournament.

Archasia President Eric Hsu said Taiwan's representative at the World Trade Organization (WTO) had raised the issue with Ukraine's WTO representative. Archasia has also sought China's help to stop Ukraine from awarding the contract to a German firm, Archasia has signed up the China Metallurgical Group Corp to carry out the renovation of the Kiev Olympic Stadium. 'We heard that China State Council's Taiwan Affairs Office is taking the issue seriously and has been contacting Ukraine since June,' he told Deutsche Presse-Agentur by phone.⁵⁸

Archasia was seeking China's help in settling the issue because Taiwan does not have diplomatic ties with Ukraine, and China does.

Archasia has filed a lawsuit with a Kiev court against the Ukrainian sports ministry for cancelling the contract. In the result the issue had been resolved in favor of Archasia.

In addition to the corruption factor there is still one important issue remaining, in particular visa's question, which is directly correlated with contradiction in diplomatic status of Taiwan.

Convenience of obtaining visas and appropriateness of visa fees without any doubt could influence on the effectiveness between bilateral relationships in many terms as well as economic one.

Taiwan citizens heading to Belarus, Ukraine, Moldova, Latvia or Lithuania could originally obtain landing visas upon arrival, but in fact it's more impossible then possible. All of these Eastern European countries lacks of representative office in Taipei, so the visitors might to take a risk to be reject in visas obtaining. One of the solutions is to issue visas through its Beijing or Hong Kong offices.⁵⁹ Because of the circumstances that ROC passports are not recognized - in addition to sometimes being mistaken for PRC passports

⁵⁸ DPA, "Taiwan firm may sue Ukraine for damage over euro 2012 stadium." *Asia-Pacific news*. August 16, 2008

⁵⁹ Interview with Mr. X, CEO one of the Taiwanese agrochemicals companies (February 2009).

- citizens of Taiwan are the victims of the discrimination. For this reason, it's suggests that it should very seriously reconsider the question of Taiwan's "national status," and abandon impractical ideological stances, or "one big China" thought, adopting instead a realistic stance wherein names correspond with reality.

When talking precisely about EEC side the 'China factor' was and is one of the major terminating elements in the deepening bilateral economic relations.

For instance, Latvia already tested the limits of Beijing's tolerance for the dialogue with Taiwan. The concrete steps taken against them where mostly diplomatic, rather than economic, thus augmenting political cost of compliance with Taiwanese diplomatic objectives. In the Latvian case, China cancelled the dispatch of the PRC ambassador and suspended dialogue with Riga, while intensifying communication with other Baltic States (Lithuania and Estonia).

To win back Latvia, Beijing proffered a small incentive in the form of the expansion of Sino-Latvia trade, which until 1995 surpassed the PRC's trade with Baltic States. However, the perceived lost economic opportunities in China weight more heavily on Riga's decision on the consular agreement with Taiwan. China rewarded its allies for loyalty, not defiance. Thus, it offered the Baltic States, as well as Ukraine and Belarus, generous soft loans, grants and humanitarian assistance, while the raw materials-rich post-Soviet states became the greatest beneficiaries of the China trade, registering large trade surpluses.

3.3. Perspective for Expanding

Despite on the above factors, the Taiwanese managed to expand their exports of computers, computer peripherals, bicycles, textiles, machinery and consumer products to EEC, while Taiwan's hunger for Eastern European steel, semi-finished non-metal products, crystal and glass, lumber, chemicals, and other basic metals gradually tapered off. Following the Asian Financial Crisis of 1997-1998, MOEA allegedly reconsidered it's 'go south policy', as the battered economies of Southeast Asia lost much of their

attraction. It suggested intensification of the exploration of the EEC markets. The opening of the Taiwan Trade Centre in European countries was to serve the purpose. By the early 2000s, Taiwan's trade with EEC had indeed intensified its pace some surpassing the growth rate of Taiwan's overall foreign trade.

However, as we could see from the **Table 1** the Taiwan's total trade with EEC by 1 January 2009 is decreased in comparison with the year 2007, in particular over the period 01/01/2007 – 01.01/2009 the amount of total trade declined from \$30,252,395.00 to \$28,742,069.00, and its compound annual growth rate (CAGR)⁶⁰ is approximately - 2.53%.

Table 1
Year Comparison of ROC Imports and Exports to EEC,
January 2007 vs. January 2009

YEAR COMPARISON OF ROC IMPORTS & EXPORTS												
EEC												
DATE : 2009/4/13												
TIME PERIOD : 2009/01-01V.S.2007/01-01												
COUNTRY NAME	TOTAL TRADE(re-imports & re-exports included)			EXPORT+re-exports			IMPORT+re-imports			SURPLUS/DEFICIT(re-imports & re-exports included)		
	2007	2009	GROWTH	2007	2009	GROWTH	2007	2009	GROWTH	2007	2009	GROWTH
	January 1 st		RATE(%)	January 1 st		RATE(%)	January 1 st		RATE(%)	January 1 st		RATE(%)
BELARUS	3,443,067	1,250,521	-63.68	988,071	1,044,881	5.75	2,454,996	205,640	-91.624	-1,466,925	839,241	---
ESTONIA	9,659,956	7,455,019	-22.826	9,131,528	7,230,052	-20.823	528,428	224,967	-57.427	8,603,100	7,005,085	-18.575
LITHUANIA	9,867,450	4,597,603	-53.406	8,960,355	4,240,488	-52.675	907,095	357,115	-60.631	8,053,260	3,883,373	-51.779
LATVIA	6,976,277	4,396,051	-36.986	6,948,243	4,326,178	-37.737	28,034	69,873	149.244	6,920,209	4,256,305	-38.495
MOLDOVA	305,645	155,168	-49.233	294,148	125,223	-57.429	11,497	29,945	160.459	282,651	95,278	-66.291
UKRAINE	22,301,396	10,887,707	-51.179	16,034,718	4,864,245	-69.664	6,266,678	6,023,462	-3.881	9,768,040	-1,159,217	---
TOTAL	30,252,395	28,742,069	-2.53%	42,357,063	21,831,067	---	3,930,050	887,540	---	22,392,295	20,335,587	---

Source: Based on data of Directorate General of Customs, Ministry of Finance, ROC

Note: --- Means no data is available or can't be represented numerically

⁶⁰ CAGR is a business and investing specific term for the geometric mean growth rate on an annualized basis. It represents the smoothed annualized gain earned over the investment time horizon. CAGR is not an accounting term, but remains widely used, particularly in growth industries or to compare the growth rates of two investments because CAGR dampens the effect of volatility of periodic returns that can render arithmetic means irrelevant. CAGR is often used to describe the growth over a period of time of some element of the business, for example revenue, units delivered, registered users, etc. (based on Investopedia, <http://www.investopedia.com/terms/c/cagr.asp>).

In our case the CAGR calculation showed essentially smoothes out the progress of EEC – Taiwan trade over recent period of time, providing a clearer picture of almost lack of stable profit. However, although the total trade amount started at \$30,252,395.00 in 2007 and ended with \$28,742,069.00 in beginning of 2009 , its growth in any one year may have been quite a bit lower or even positive (if the investment gained money over that time, etc.). Consequently, the CAGR figure may give the impression that the investment has produced a stable decline in our case throughout its life, even if the trade was extremely volatile, fluctuating a great deal from year to year, especially under the circumstances of global economical slowdown, when it's become common issue that the trade balance become rather negative than positive from country to country. As well it's a common trend of the flowing investment to EEC as a potential (even though unstable) market whether than to any other area.

As we could observe from the **Table 2** the total share of Eastern European countries in export and import and as the consequence the total amount of trade is slightly could be compared with main Taiwanese trade partner such as USA, China, Japan and the main bodies of EU community.

Table 2
Value of Exports and Imports by Country
(EEC, US, Japan, Hong Kong, Korea, and Germany),
January 1991 – January 2009

VALUE OF EXPORTS & IMPORTS BY COUNTRY EEC/ US/JP/HK/CN/KR/DE										
										updated : 2009/4/13
TIME PERIOD : 1991/01 - 2009/01							UNIT:AMOUNT(US\$)			
CODE NO	COUNTRY NAME	TOTAL TRADE(re-imports & re-exports included)			EXPORT+re-exports			IMPORT+re-imports		
		RANKING	AMOUNT	SHARE(%)	RANKING	AMOUNT	SHARE(%)	RANKING	AMOUNT	SHARE(%)
TOTAL	Global-Country		4,942,846,993,630	100		2,597,633,360,047	100		2,345,213,633,583	100
UA	UKRAINE	59	4,607,036,955	0.093	68	1,266,717,888	0.049	49	3,340,319,067	0.142
EE	ESTONIA	94	823,830,629	0.017	80	702,506,438	0.027	112	121,324,191	0.005
LT	LITHUANIA	98	763,782,978	0.015	81	675,779,259	0.026	118	88,003,719	0.004
LV	LATVIA	103	585,941,754	0.012	88	503,923,168	0.019	125	82,018,586	0.003
BY	BELARUS	112	476,542,862	0.01	131	110,298,992	0.004	81	366,243,870	0.016
MD	MOLDOVA	155	105,202,025	0.002	180	22,004,028	0.001	124	83,197,997	0.004
TOTAL UA+EE+LT+LV+BY+MD			8,126,120,181	0.149		3,281,229,773	0.126		4,081,107,430	0.174
US	UNITED STATES	1	874,925,640,936	17.701	1	508,828,887,156	19.588	2	366,096,753,780	15.61
JP	JAPAN	2	819,134,348,128	16.572	4	231,267,205,237	8.903	1	587,867,142,891	25.067
HK	HONG KONG	3	534,642,672,073	10.816	2	500,330,588,121	19.261	15	34,312,083,952	1.463
CN	CHINA	4	487,446,568,993	9.862	3	310,979,707,484	11.972	3	176,466,861,509	7.525
KR	KOREA,REPUBLIC OF	5	205,563,104,885	4.159	8	68,696,234,601	2.645	4	136,866,870,284	5.836
DE	GERMANY,FEDERAL REPUBLIC OF	6	171,186,036,105	3.463	6	76,481,081,287	2.944	5	94,704,954,818	4.038

Source: Based on sources the Bureau of Foreign Trade (ROC), Trade statistic

So in case of EEC, and if take as example so called Baltic States, in particular Latvia, Estonia and Lithuania, represents small economies that make them unimportant economic partners, while their geographic location – strategically important to Russia and Scandinavia. As well with Estonia, Latvia and Lithuania’s entry into the EU in 2004 and rapid development in the decade since the Baltic States abandoned the planned economy has put them in a stronger economic position and increase their value at the international

arena. Therefore it would be a good strategy for Taiwan to increase trade relationships with Baltic States and EEC as a whole. Moreover, it's obvious that the access to the EEC economies will allow and already allowing the Taiwanese producer to source competitively priced raw materials, which Taiwan itself lacked but needed for sustained economic development.

In addition would be useful to provide with one more evidence of potential growing the EEC market. According to SDL, the leading provider of Global Information Management (GIM) solutions today, released the SDL 2007 World Language League Table – cataloging the languages most commonly translated through its systems.

The company translates over a billion words into over 150 languages every year through a combination of automated technology and a team of linguists. Two of the most significant findings in the League Table were the increase of translation into Chinese and Russian, and the significant uptake of localization in Eastern Europe.

Chris Boorman, chief marketing officer at SDL commented as follow -“We have observed a strong increase in European language translations – particularly from the Eastern regions as the EU expands. While Canadian French, Spanish, European French and German have held on to the top four spots since 2006, movements further down the list are strong indicators of international business change”.⁶¹

Translations into Chinese have become more frequent, jumping from eighth to sixth place in the global chart of the top ten most translated languages, and Russian makes its first ever appearance in the league at number ten. Japanese and Dutch have moved down the league to seventh and eighth places respectively.

“The changes in the translation league table are indicative – and can often even predict – changes in the international markets,” explained Boorman. The rise of Chinese

⁶¹ SDL official website <http://www.sdl.com/en/products/global-content-management/default.asp>.

translation is particularly significant, indicating China's economic expansion in the IT and telecoms sectors. The increasing role of Europe in the global economy and the expansion into Eastern Europe are represented well in the overall league table. In particular, the rise of Russian and Eastern European languages are important, reflecting the growing power of 'nearshoring' in these regions.⁶²

In order to catch up with changing role of Eastern European market it's required to enhance the assistance in terms of bilateral business cooperation. Concrete approaches may include the following:

- Demand that the Taiwan government draw up a long-term strategy and measures for a penetration into Eastern Europe, in order to counterbalance the phenomenon of lopsided concentration of resources in China;
- Effectively utilize the powers and services of government agencies stationed abroad to forge Taiwanese entrepreneurs scattered over the region into a united force which can back up government strategies, and to assist Taiwanese businessmen in solving the legal, language and cultural problems confronting them in their investment and business operations;
- Set in motion a great new wave of "turn-key plant exportation" and provide assistance to traditional industries which still have competitive punch to target their product-marketing efforts on Eastern Europe;
- Enter into "investment underwriting agreements" with governments there, on the one hand to guarantee the business operations of Taiwan business people there, on the other hand in order to establish political and commercial relations;

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SDL world language league table 2007	SDL Language league table 2007 (growth percentages)
1. Canadian French	1. Latvian - 81%
2. Spanish	2. Bulgarian - 78%
3. French	3. Estonian - 77%
4. German	4. Romanian - 71%
5. Italian	5. Lithuanian 67%
6. Chinese	6. Slovenian - 49%
7. Japanese	7. Traditional - Chinese 44%
8. Dutch	8. Russian - 39%
9. English	9. Turkish - 36%
10. Russian	10. Japanese - 28%

SDL official website, Eastern Europe and China dominate 2007 translation trends, <http://www.sdl.com/cn/events/news-PR/2007/Eastern-Europe-and-China-dominate-2007-translation-trends.asp>.

- Establish a "Taiwan R&D and Sample Exhibition Center," utilizing the cheaper brain power there to research and develop products with worldwide commercial potential.

Due to the fact that over the past five decades Taiwan has developed its economy with an export-oriented approach, its traditional formula for engaging in international trade has for the most part been to import raw materials and export finished products, persisting in this way up till the present day - a fact proven by the swarming of Taiwan businessmen to China to set up factories. Now, a half century later, Taiwan entrepreneurs ought to take a new, critical look at themselves and understand the world from a broader, deeper perspective. We have much room for developing our potential with respect to accessing and utilizing all manner of Eastern European resources and investments in order to strengthen Taiwan's role in the international trade arena. Taiwan is already equipped with excellent prerequisites for launching an advance into Eastern Europe.