

April 8, 2020

Dear Mr. President:

We are writing to encourage you to initiate negotiations on a free trade agreement (FTA) with the Republic of China (Taiwan). Such an agreement would further several critical American interests.

First, it would tap into an important market for American exporters. Taiwan is America's 14th leading export market for goods. For agricultural products, it is number eight. The US and Taiwan offer one another attractive opportunities in investment and services as well. Taiwan has more than \$8 billion invested in the U.S., much of which is in manufacturing. And whereas the U.S. runs a trade deficit with Taiwan in goods, it runs a surplus in services.

Second, the U.S needs a new free trade partner in the Indo-Pacific. There are dozens of trade tie ups in the region that exclude the U.S. The most significant of these are the 11-member Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP), the pending 15-member Regional Comprehensive Economic Partnership, and the EU-Japan Economic Partnership Agreement.

Efforts to right trade relationships can be important, as the administration has undertaken to do with KORUS, the US-Japan Trade Agreement, and the Phase One trade agreement with China. But to date, there have been no attempts by the administration to reach new, encompassing agreements, even on a bilateral basis, to help anchor the U.S. economic position in the region.

Third, Taiwan is a model trade partner. According to The Heritage Foundation's Index of Economic Freedom, Taiwan is the 11th freest economy in the world. That incorporates a range of factors from rule of law and government transparency to investment regulations and tax burden. In the area of trade, Taiwan's average trade weighted tariff is 2% -- lower than our own.

Taiwan's tariffs are higher on some products, like agriculture (9.1%). And as with every country in the world, there remain in Taiwan other barriers to foreign trade and investment. But this is exactly why we need an FTA, to break down these restrictions to the benefit of American businesses, workers, and consumers. In fact, on some of the most difficult issues for Taiwan – regulations on imports pork and beef – it may be ready to move forward unilaterally. Indication from Washington that this would facilitate entering into negotiations of a broader agreement would help move Taiwan along in its decision making process and remove a long-standing obstacle to a closer economic relationship.

The idea of a US-Taiwan FTA has been blocked for decades by Washington's concern for Beijing's sensitivities. The most encouraging thing about your administration is its tendency to look past the way business has been done in the past and take a fresh approach when the U.S. stands to gain. The veto power Beijing has exercised over this issue in administrations past should be revoked. Nothing about an FTA with Taiwan is incompatible with serviceable, productive relations with China.

Thank you for your consideration.

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