

*AmCham Taiwan 2022 vDK Paper #2*  
*Issue Thumbnail & Talking Points – **Bilateral Trade Agreement (BTA)***

**Issue:**

Leveraging the broad consensus across Washington that a Bilateral Trade Agreement with Taiwan is important and necessary to finally formally launch the process or, if politically infeasible, to channel that support to alternative objectives for the relationship.

**Decision-makers / Influencers this call:**

President Biden, both houses and parties in the U.S. Congress, and, ultimately, a broad coalition of labor, business and civil society stakeholders. / Influencers for the Doorknock will include both Congressional leaders and staff with jurisdiction over trade authority, and senior political leadership at NSC (Kurt Campbell), DoS (Dan Kritenbrink), and USTR (Kathrine Tai). Business groups (known to be largely supportive), and agricultural export interests (corporate and congressional) are essential allies. Industry Trade Advisory Committees (ITAC), which provide detailed policy and technical advice, information, and recommendations to USTR on U.S. trade policy. Think tanks are important in making the “go” case.

**AmCham Position & Prior Engagement:**

Achieving a BTA is a top priority of a consensus of members, as documented in the 2021 and 2022 Business Climate Surveys. The Chamber formed a coalition to lobby for a BTA in fall 2019 that now consists of four organizations. Chairperson Shih called for Congress to initiate a study on concluding a BTA, before Pres. Tsai and Dir. Oudkirk at the 3/30/22 Hsieh Nien Fan. President Wylegala re-cast the idea in the “Messages to Washington” segment of the 2021 White Paper and in follow-on placements in *The Hill* and Mandarin-language *Liberty Times* of nesting the BTA campaign in a web of bilateral and/or plurilateral trade and investment agreements. The idea behind this *Taiwan Commercial Initiative* was to support a BTA by quickly generating visibility and momentum in early stages for the project, as well as minimizing the risk of total blockage by charting an alternative “chapter approach” to a comprehensive BTA.

**AmCham Objectives for Call:**

Learn the prospects for movement toward a BTA during the remainder of the current Biden Administration, before and after the fall mid-term elections.

Press the case for supporters of a BTA with Taiwan to seize on a positive window for negotiations in 2023, which has Taiwan standing out as an exceptional candidate for a deal in an otherwise trade-, access- and globalization-hostile American political climate.

(Should the path to BTA negotiation be locked tight through 2024 ...) Discuss how the concept of drawing closer to Taiwan for geo-strategic and economic reasons can be levered to conclude other deals that serve many of the same purposes.

e.g., convert the broad BTA/Taiwan support into a set of narrow, functional agreements with Taiwan (digital economy, technology standards);

a double taxation accord or – more ambitiously –

a framework setting trusted partner – supply chain agreement.

A final BTA “trade-off” would be cementing the case for Taiwan’s inclusion in the IPEF.

**Talking Points:**

- *[Generic introductory points for all calls]*
- Thank you for today’s conversation and the willingness to take views of the private sector into account on this critical partnership and policy.
- What are the prospects in 2023 for the Administration to initiate Taiwan BTA talks? With a Republican controlled House and/or Senate? In a second Biden term?
- Taiwan hits above its weight in strategically important business lines, in particular semiconductors and other components. As the U.S. and China increasingly “decouple,” it makes sense to have Taiwan’s firms tied more closely to us. A BTA will help secure vital supply chains and draw Taiwan’s crucial technology capacities closer to the United States.
- A Taiwan BTA could be negotiated relatively easily, and thus quickly rebuild the notion that the United States is a meaningful player in the Indo-Pacific. A comprehensive U.S.-Taiwan deal would be a game changer.
- Because Taiwan is an advanced economy that shares values with the U.S., a BTA with Taiwan could help establish critical precedents for new trade policies.

**Notes & Follow-up**

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**Background:** The idea of a U.S.-Taiwan trade agreement has been debated off-and-on for at least two decades, with the most intense attention coming on the heels of China’s admission to the World Trade Organization (WTO) in December 2001 (and Taiwan’s own inclusion in January 2002). Mainstream think tanks discussed the idea energetically, and the Senate solicited an official U.S. International Trade Commission (USITC) assessment. The USITC [concluded](#) that “the

U.S. economy likely would experience very small effects from the elimination of trade barriers under a U.S.-Taiwan FTA,” given the disparate size of the two economies.

Close to two decades later, the revival of the BTA from the waning days of the Trump Administration in 2019 has been driven primarily by the rethink in Washington regarding U.S.-China relations, marked by the United States’ general desire to increase its leverage on China for the wider “strategic competition.” Advocates are now stressing both the economic and geopolitical benefits of a tighter U.S.-Taiwan trade and investment relationship.

On December 19, 2019, a bipartisan group of [161 members of Congress sent a letter to the U.S. Trade Representative \(USTR\)](#) calling for “work toward beginning negotiations for a bilateral trade agreement with Taiwan.” On April 8, the leaders of [nine conservative lobbying organizations](#) wrote to President Trump asking him to “initiate negotiations on a free trade agreement (FTA)” with Taiwan. The [Taiwan Allies International Protection and Enhancement Initiative \(TAIPEI\) Act of 2019](#), which entered into force on March 26, suggested that the USTR “should consult with Congress on opportunities for further strengthening bilateral trade and economic relations between the United States and Taiwan.”

***References for deeper background:***

Members of Congress and U.S. international relations commentators have recently revived the idea of concluding a BTA with Taiwan ([Bandow](#), [Walters](#), and [Tellis](#)). Mainstream think tanks discussed the idea ([Lardy and Rosen](#) and [Bush](#)), and the Senate solicited an official U.S. International Trade Commission (USITC) assessment [concluded](#).