

## Why Panama matters by Dennis Hickey

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On June 13, Panama switched diplomatic recognition from the Republic of China on Taiwan (ROC or Taiwan) to the People's Republic of China (PRC or China). Panama City and Beijing jointly announced that "the Government of the Republic of Panama recognizes that there is but one China in the world, that the Government of the PRC is the sole legal government representing the whole of China, and that Taiwan is an inalienable part of China's territory." Panama's defection should serve as a "wake-up call" for the present administration in Taipei. To be sure, something needs to change.

After learning of the loss of one of Taiwan's oldest friends, officials in Taipei – including President Tsai Ing-wen – lashed out at Panama for its shocking "betrayal." Authorities also blasted the PRC for "oppressing" Taiwan. Senior officials even went so far as to threaten that the Tsai administration would consider all of its options while rethinking relations with the Chinese mainland. Paradoxically, anti-China pundits based in Taiwan (and elsewhere) put a different spin on the diplomatic defection. Some argued that the loss of Panama didn't matter, while others claimed that Beijing had returned to the practice of "checkbook diplomacy" (bribing small countries to switch diplomatic relations). But these interpretations fall short.

For starters, the present administration in Taipei was neither shocked nor betrayed by Panama's defection. Officials knew that Tsai's refusal to endorse the "1992 Consensus," an arrangement whereby both sides agreed that there is "one China" but each side holds its own interpretation of what that means, delivered a death blow to the "diplomatic truce" that existed from May 2008 to March 2016. For eight years, not one country switched diplomatic relations from Taipei to Beijing. Throughout Taiwan's 2015-16 election cycle, prominent individuals across Taiwan's political spectrum warned that the ceasefire would collapse after Tsai's election as ROC president. When the matter was raised during a televised presidential debate on Dec. 27, 2015, Tsai criticized the truce. She claimed, "Taiwan's diplomats have lost their direction in the past eight years of diplomatic truce and have lost their efficiency and competitiveness – as a result Taiwan has become beholden to China in maintaining diplomatic ties." Tsai exclaimed that Taipei's diplomats should become "combat ready." Several days later, she complained that the island's diplomats wasted their time waiting for "someone to throw them a bone." In other words, Tsai telegraphed a clear

message during her campaign. Namely, she expected—perhaps even welcomed—an end to the diplomatic truce.

Tsai's condemnation of the diplomatic truce must have warmed the hearts of Taiwan's diplomatic allies. This is because many had been clamoring for years to dump Taipei and establish ties with Beijing. According to cables released by Wikileaks on Aug. 30, 2011, China had refused requests by some countries—including Panama – to switch recognition to the PRC. This story was reported widely in the press. So, it's inconceivable that Taipei somehow failed to receive the message and was genuinely surprised by Panama's so-called "betrayal."

Does Panama's defection to the PRC signal a return to "checkbook diplomacy?" No, it does not. One should not jump to the lazy conclusion that China is "bribing" countries and/or "buying" diplomatic recognition. This might have been true in the 1980s—but those days are over. Rather, the PRC has grown steadily in economic, political and strategic importance. With an economy now over 20 times the size of Taiwan's economy, the choice between Taipei and Beijing is an easy one for any rational leader to make – including the leaders of small countries.

So, what does all this mean? Does Panama matter? What, if anything, does the switch in recognition mean for Taiwan? As with any interesting development in international politics, numerous questions have been raised.

To state it succinctly, the defection of Panama matters. And it matters a lot for Taiwan. In fact, it is important on several levels.

First, it is important because a sovereign state is traditionally defined as a body that exercises authority within its borders, possesses a stable population that owes its allegiance to a government and maintains diplomatic relations with other states. Taipei has long sought to maintain relations with foreign governments to bolster claims that the ROC exists as a sovereign state. On the other hand, Beijing has often tried to convince governments to abandon Taipei and switch recognition to the PRC as a part of its campaign to prove that the ROC ceased to exist in 1949.

Second, the Panama case is important because Taiwan uses diplomatic partners to advance its interests in the global community. For example, eleven of the island's allies called for Taiwan to be permitted into the World Health Assembly after it was locked out of the IGO in May 2017.

Third, it should be noted countries like Panama provide Taipei's top leadership with an excuse to make "transit stops" in the US while journeying to the global south. Taiwan's leaders use these "rests" to hold discussions with important players in America's government. For example, while "resting" in Miami while en route to Panama City in 2016,

President Tsai had a face-to-face meeting with Senator Marco Rubio (R.-Florida).

Perhaps most important, the Panama case must be considered as symptomatic of a larger trend. It is not an isolated incident. Since Tsai's election and refusal to endorse the "1992 Consensus," Beijing has permitted three countries to switch diplomatic relations to the PRC. More will follow. Furthermore, some countries are beginning to downgrade "unofficial" relations with Taiwan. Nigeria was the first to downgrade such ties. Dubai did the same in May. Some in the Taiwanese business community view this as an ominous development. They recall the past difficulties Taiwanese encountered doing business in many foreign countries. Moreover, Taiwan now finds itself locked out of the World Health Organization (WHO) and the International Civil Aviation Organization (ICAO). This development holds consequences for both those living in Taiwan and elsewhere. And, of course, it is significant that Beijing cut off all communication with Taipei in June 2016, and that Chinese military exercises in the waters surrounding Taiwan have accelerated.

Is there anything positive to say about the "Panama episode?" Actually, some are encouraged by the Tsai administration's promise to reconsider its failed approach toward Beijing. This is because an honest and objective reappraisal of policy is overdue. The time has arrived for Tsai's administration to take a long hard look at Taipei's relationship with Beijing and ask itself whether the short-term domestic political gains generated by torpedoing the "1992 Consensus" are really worth the costs that the Taiwanese people must now pay.

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