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Why Colorado should care about Taiwan | SLOAN

By Kelly Sloan

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Kelly Sloan

Bill Huang is one of the ablest diplomats I've come across. He is the director general of the Taipei Economic and Cultural Office in Denver, which would be called the "Taiwanese Consulate" had Jimmy Carter's foreign policy been a little less myopic, covering a six-state region that includes Colorado, Kansas, Missouri, Nebraska and North and South Dakota. Huang possesses pretty much every trait that makes a person excel in that profession — he is a jovial, good-humored man who never seems to forget a face, loves his country and speaks easily, openly and intelligently about any geopolitical matter. These characteristics serve him well, especially in the rather delicate and difficult role as one of the top diplomats representing a country that to this day is still not officially recognized by his hosts.

The policy of continuing to refuse full formal diplomatic relations with Taiwan was never a particularly good one, and is becoming increasingly irrational, given the depth and scope of what is a surprisingly strong trade relationship and the opportunities that exist for deepening it further yet. On the national level, the U.S. is Taiwan's second-largest trading partner, and Taiwan ranks as America's eighth top trading partner in terms of value; remarkable for a country we obdurately refuse to officially recognize and have resisted formal trade agreements with.

But economics is always ultimately a more local concern, and it is useful here to digest just what Taiwan means in those terms to the local region that Director Huang works. It's one thing to talk of Taiwan's strategic importance, or its commitment to democracy, or the value of trade between the two countries, but what does that mean to you or I in Colorado or Kansas?

Well, here are the numbers: Colorado is Taiwan's sixth-largest trading partner, again in terms of value, at more than \$60.7 billion. Conversely, Taiwan is Colorado's 10th largest export market. O top export to Taiwan is meat, mostly beef, which accounts for around \$55.5 billion.

Kansas benefits even more from trade with Taiwan. In 2021, Taiwan was Kansas' fifth-largest export market for agricultural goods. Here it is mainly wheat; earlier this year, Director Huang led a delegation of the Taiwan Agricultural Trade Goodwill Mission to Topeka to sign a deal to purchase some 66 million bushels — roughly \$576 million worth — for the next two years.

So Taiwan is clearly an important market for local and regional agricultural commodities, which will remain crucial for the region as long as we don't over-regulate ourselves out of the ability to grow and raise food. But there are opportunities for trade growth and economic cooperation beyond beef and bread.

Taiwan's role in the production of semiconductors, especially advanced ones, has been insufficiently commented on. It is difficult to overstate the importance of that industry to the modern economy, of Taiwan's intellectual and technical dominance of that industry, or of how it benefits the U.S. Taiwan produces 65% of the world's semiconductors, 90% (that is, almost all) of the advanced variety. Everything from cellphones to airplanes depends on them. And like most things trade-related, it is not a one-way street — Taiwan makes semiconductors, but America makes the machines that make semiconductors; accordingly, 45% of American exports of semiconductor manufacturing equipment goes to Taiwan.

The Taiwanese are not greedy about the production side either — Taiwan Semiconductor Manufacturing Company Limited (TSMC) is the world's largest contract chipmaker and is building a \$12 billion plant just south of us in Arizona. The company also announced it intends to grow its investment in the U.S. to 40 billion, making it one of the largest foreign direct investments in U.S. history.

This all means there is an enormous opportunity to expand trade with Taiwan, beyond agriculture (which, given the growing population in Taiwan has room to grow as well). Colorado is pretty proud of its aerospace industry, for instance, and the possibilities of cooperation in that space with a stable, functioning democracy (as opposed to, say, the other China) are encouraging.

As I stated, Bill Huang likes to talk geopolitics. Speaking on why America should take seriously the U.S-Taiwan Initiative on 21st-Century Trade, as well as rectify the inexcusable exclusion of Taiwan from the Indo-Pacific Economic Framework, he summed it up nicely: "The US-China trade war and the

military conflict in Ukraine have severely disrupted global supply chains; this has only highlighted Taiwan's strategic geopolitical position and its advantages in high-tech and other key industrial sectors." One can only hope that officials in the U.S. State Department are possessed of such clarity.

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