

## CHAPTER 5

### CONCLUSION

Based on the research question on "*How International Cooperation and Development Fund (ICDF) as an instrument of Taiwan's chequebook diplomacy become dilemmatic for Taiwan in the span of 2016-2023?*" it can be concluded that Taiwan's ICDF projects have been effective in influencing Paraguayan public but the issue that ICDF can repair is limited and is not very effective in long term. Although the usage of ICDF as an instrument may have been successful the dilemmatic effect from Taiwanese investments and economic aid is problematic for Taiwan, especially in term of the elite's interest and economic benefit from establishing relations with Taiwan.

Taiwan's usage of soft power diplomacy through ICDF projects has been successful in maintaining Taiwan's public image in Paraguay. The projects that ICDF implemented are outside the limit of what the Taiwanese government can offer. With the support of increasing the level of women's rights and scholarship programmes, it would have been better if Taiwan's chequebook diplomacy was put solely on supporting and funding more ICDF projects, as it is better for Taiwan in the long run. Taiwanese media's

call for an alternative solution of the chequebook diplomacy comes in the form of ICDF but the project is still lacking in Paraguay.

Taiwan and Paraguay current diplomatic relations have been somewhat problematic with how the Paraguayan government felt as if they were being castaway by Taiwan. Even though the number of opportunities that came in wait for Paraguay says otherwise, it is not wrong for Paraguay to feel that way since Taiwan is holding Paraguay back for a better economic development. Furthermore, Taiwan focuses on connecting more to New Southbound countries, only building a rift between Taiwan and Paraguay.

Taiwan has two dilemmas for the case of their diplomatic approach for Paraguay. On one hand, Taiwan knows that the usage of chequebook diplomacy in Paraguay will only cause internal issues for Paraguay as the funds that Taiwan gives to Paraguay are mishandled by the Paraguayan government. Paraguayan elites are both an issue and a gate for Paraguay diplomatic relations for Taiwan. On one hand, Paraguayan corruption and human rights violations will increase as long as Taiwan decides to insinuate more from their investment and financial aids, but on the other hand they really need a good relationship with the Paraguayan elite because Taiwan situation is currently at a disadvantage, especially since China has been closing in on Paraguay.

The other dilemma stems from the economic or trade sector. Paraguay's trade value with Taiwan is not big. With China dominating the

import market of Paraguay, and the export value between Taiwan and China is not that much different, the option of recognising China is a better option than it is to choose Taiwan. Pressure from the market forced Paraguay to decide whether the option of choosing Taiwan is the right option, which has become a political issue in the country.

Although there is a bilateral economic agreement between Taiwan and Paraguay such as the Joint Economic Agreement in 2018, the gap on export value of beef product to Taiwan is still huge when compared to other countries such as Germany or Chile. Taiwan's investment in the country is also small compared to Paraguay's neighbours. Taiwan's solution in combating this issue is by lowering the tariff barrier which seems to be working as Taiwanese businesses have ventured into the Paraguayan market.

Taiwan has been planning to curb back on chequebook diplomacy, and even though the government has stated that they are already abandoning the foreign policy completely in 2017, they are still issuing an imbursement act as late as 2022. Taiwanese media have been pushing for the total abandonment of chequebook diplomacy, but Taiwan cannot really abandon it without the risk of losing their Latin American allies, especially Paraguay, which is currently considering their diplomatic relations with Taiwan as a political issue.

Even though the push for the abandonment may have been the case, the ICDF which is technically part of Taiwan's chequebook diplomacy effort is what has been maintaining the public image of Taiwan in Paraguay. ICDF projects and programmes have pushed the boundaries of Taiwan-Paraguay relations in terms of socio-cultural and economic. Paraguay is a landlocked country that have a homogenous resource as Taiwan, as such increasing trade value may seem like an effective approach, but it won't be "groundbreaking" in the long run, meanwhile the multistakeholder diplomacy approach in Paraguay can increase public opinion that can guarantee the bond between Taiwan and Paraguay.

The ICDF and NGOs in Paraguay have been the substitute of the Taiwanese government's direct involvement in the country. As Taiwan is a country with little to no international recognition, the push on using NSAs have been considered a success for Taiwan in using their soft power diplomacy in the country. Although Paraguay still needs a lot of investment from Taiwan and relations between the two countries are not always stable, the usage of multistakeholder diplomacy may let Taiwan still hold a grip on Paraguay even if there are political issues between the two states.

Governmental tools such as the ICDF is a great example on how a country should do chequebook diplomacy if they chose to. Although Taiwan chequebook diplomacy is not perfect, the legacy that ICDF created has led to Latin America's youth felt the gratitude and advantage from their

state's current choice on recognising Taiwan as "China." This research shows that an organisation, NGOs and government funded, is more effective than the financial aid as part of chequebook diplomacy. This research highlights the important role of NGOs and other NSA as part of a diplomatic instrument and how they serve their purpose of a firsthand actor that delve into a part where the state cannot go into, which can further create useful and reliable policies.

Despite the findings, this research also has weaknesses that can hopefully be resolved in future research. With how short the research span of this research is, the effect of how effective organisation such as ICDF really is cannot be put into certainty, more so if we put the question of how country such as Honduras that receive a lot of ICDF projects still decide to abandon Taiwan. Furthermore, effects of NSAs and ICDF involvement can only be experience in more than a decade time span, in which some countries have already made their decision in foreign relations in that time span. It is recommended for further research to focus more on part of chequebook diplomacy that did not only play on the effectiveness of public opinion and have an impact on the bilateral relationship in a shorter time span.

## BIBLIOGRAPHY

### Books

Englund, Johan. (2022). *Isolating Taiwan Beyond the Strait: Chinese pressure tactics in four democracies*. Sweden: FOI.

Hocking, Brian. (2006). "Multistakeholder Diplomacy: Forms, Functions, and Frustrations." Chapter. In *Multistakeholder Diplomacy: Challenges and Opportunity*. Edited by Jovan Kurbalija and Valentin Katrandjiev. Malta: DiploFoundation.

Tucker, Julian and Larissa Stunkel. (2020). *Taiwan-Paraguay Relations: Convergent Trajectories*. Institute for Security & Development Policy. Pg. 1-2. Retrieved February 12, 2023.

### Journal Article

Alexander, Colin. (2015). "Development Assistance and Communication: The Case of the Taiwan International Cooperation and Development Fund," *Global Governance* 21, No. 1.

Cevheri, Ertuğrul. (March 2019). "United Nations and Democracy Promotion: Liberalism under the Guise of a Neutral Rhetoric." *International Journal of Society Researches* 10, No. 17.

Chen, Pochih. (2016). "Lessons from Taiwan's Economic Development." *Orbis* 60, No. 4. Pg. 515-530.

- Erikson, Daniel P. and Janice Chen. (2007). "China, Taiwan, and the Battle for Latin America," *The Fletcher Forum of World Affairs* 31, No. 2.
- Garlick, Jeremy. (2020). "The Regional Impacts of China's Belt and Road Initiative," *Journal of Current Chinese Affairs* 49, No. 1. Pg. 3-13.
- Grunchy, Allan G. (June 1984). "Neo Institutionalism, Neo-Marxism, and Neo-Keynesianism: An Evaluation," *Journal of Economic Issues* 18, No. 2.
- Huang, Eric Ting-Lun. (2003). "Taiwan's Status in a Changing World: United Nations Representation and Membership for Taiwan." *Annual Survey of International & Comparative Law* 9, No. 1.
- Jacobs, J. Bruce and I-hao Ben Liu. (June 2007). "Lee Teng-hui and the Idea of 'Taiwan'." *The China Quarterly* 190. DOI: 10.1017/S0305741007001245.
- Kanji, Laura. (Winter 2016). "Illustrations and Influence: Soft Diplomacy and Nation Branding through Popular Culture." *Harvard International Review* 37, No. 2.
- León-Manríquez, José Luis. (2016). "Power Vacuum or Hegemonic Continuity?: The United States, Latin America, and the "Chinese Factor" After the Cold War." *World Affairs* 179, No. 3.
- Li, He. (2005). "Rivalry Between Taiwan and PRC in the Latin America." *Journal of Chinese Political Science* 10, No. 2.
- Long, Tom and Francisco Urdinez. (January 2021). "Status at the Margins: Why Paraguay Recognizes Taiwan and Shuns China," *Foreign Policy Analysis* 17, No. 2.

López, Maria Antonella Cabral. (2020). "A Look at Taiwan's Cooperation With Paraguay (2009 – 2019)," *Austral: Brazilian Journal of Strategy & International Relations* 9, No. 17.

M., Lorenzo. (2019). "Taiwan's development aid to Latin America and the Caribbean and the One China policy," *Razón Crítica* (7).

Nye Jr., Joseph S. (Winter 2020). "Countering the Authoritarian Challenge: Public Diplomacy, Soft Power, and Sharp Power." *Horizons: Journal of International Relations and Sustainable Development*, No. 15.

Pozzebon, Steffano. (2021). "A most unlikely ally," *Index on Censorship* 50, No. 1.

Salamini, Leonardo. (Winter 1975). "The Specificity of Marxist Sociology in Gramsci's Theory," *The Sociological Quarterly* 16, No. 1. pg. 66-67.

Shattucker, Thomas J. (2020). "The Race to Zero?: China's Poaching of Taiwan's Diplomatic Allies," *Orbis* 64, No. 2.

Therborn, Göran. (1986). "Karl Marx Returning: The Welfare State and Neo-Marxist, Corporatist and Statist Theories." *International Political Science Review / Revue Internationale de Science Politique* 7, no. 2.

### **News Websites**

"Cena en honor de la Asociación de Taiwán ICDF Alumni del Paraguay." *ABC Color*.

"Taiwanese business team rounds up exploration mission to Paraguay," *Merco Press*, July 16, 2022.



“Taiwan accuses China of 'vaccine diplomacy' in Paraguay.” *BBC News*. April 7, 2021.

“Taiwan, Paraguay stage economic cooperation meeting in Taipei.” *Taiwan Today*. April 1, 2022.

ABC Color, “China Taiwán lanzó 49 becas para estudiar en el exterior durante 2023 y 2024.” *ABC Color*. January 27, 2023.

ABC Color. “Marito fue reconocido por su apoyo a Taiwán en plano internacional.” *ABC Color*. May 17, 2023.

ABC Color. “Paraguay, Taiwán y China: relaciones comerciales y potencialidades.” *ABC Color*. August 28, 2022.

Berg, Ryan C. and Wazim Mowla. “Taiwan’s Future in Latin America and the Caribbean.” *The Diplomat*. September 1, 2022,

Caceres, Miguel Angel. “Paraguayos Reciben Educación de Primer Nivel en Taiwan.” *ABC Color*. March 9, 2016.

Carneri, Santi and Ernesto Londoño. “Paraguay’s president faces mass protests and calls for impeachment as cases rise.” *The New York Times*. March 7, 2021.

Carvalho, Raquel. “China in Latin America: partner or predator?” *South China Morning Post*. May 25, 2019.

Chambers, Bala. “Latin America increasingly turning to China at Taiwan’s expense,” *TRT World*.

Chuosa. “Taiwan scholarship helps Paraguayan students study abroad.” *China Times*. July 26, 2013.

CNA, Staff writers with. “No ‘quid pro quo’ over Paraguay’s Taiwan ties: MOFA.” *Taipei Times*. September 30, 2022.

Covarrubia, Kevin. “Taiwan’s hope in Latin America,” *Taipei Times*, September 6, 2022.

Desantis, Daniela. “Paraguay 'remains firm' on Taiwan ties after Nicaragua pivots to China,” *Reuters*, December 11, 2021.

Desantis, Daniela and Ben Blanchard. “Paraguay says 'excellent' Taiwan ties not conditional on new investment,” *Reuters*. September 29, 2022.

Editors, Taipei Times. “EDITORIAL: Diplomatic policy needs explaining,” *Taipei Times*, May 25, 2018.

Elliott, Lucinda and Daniela Desantis. “Paraguay election build-up dominated by corruption and Taiwan.” *Reuters*. April 29, 2023.

Ferreira, Nizla. “In 26 years, Taiwan awarded 304 scholarships to Paraguayans.” *La Nacion*. February 4, 2017.

Heduvan, Julieta and Juan Manuel Harán, “How Taiwan Become a Key Issue in Paraguay’s Presidential Election,” *The Diplomat*, March 11, 2023.

Horton, Chris. “50 years after China's admission, Taiwan remains shut out of UN.” *Nikkei Asia*. 25 October 2021.

Jenn-hwa, Tu. “Paraguay trade deal misrepresented.” *Taipei Times*. July 20, 2017.

Jenning, Ralph. “Brazil eyes Taiwan’s semiconductor capital to grow advanced chip industry in Latin America’s biggest economy.” *South China Morning Post*, October 6, 2022.

Kessler, Jacob. "Taiwan in the hot seat during Paraguay presidential elections." *Aljazeera*. April 17, 2023.

Long, Tom and Francisco Urdinez. "Taiwan's Last Stand in South America." *Americas Quarterly*. May 7, 2020.

Martina, Michael, Matt Spetalnick and Daniela Desantis. "US, Taiwan seen powerless to stem island's diplomatic losses in Latin America." *Reuters*. April 5, 2023.

Parks, Ken. "Taiwan's Last South American Ally Gets Helicopters, Covid Drugs." *BNN Bloomberg*s. March 25, 2021.

Ramos, Juan Fernando Herrera. "The important role Taiwan ICDF plays in Taiwan's diplomacy." *Taipei Times*. May 7, 2019.

Reuters Staff. "Taiwan says India helped Paraguay get vaccines after China pressure." *Reuters*. April 7, 2021.

Rey, Debora. "Coalition challenges Paraguay's long-ruling Colorado Party." *AP News*. April 29, 2023.

Stott, Michael and Kathrin Hille. "Paraguay calls for Taiwan to invest \$1bn to remain allies." *Financial Times*. September 29, 2022.

Thomson, Jono. "Honduran students grateful for support from Taiwan." *Taiwan News*. March 29, 2023.

Wu, Huizhong. "Paraguay leader praises Taiwan as 'lighthouse of democracy'." *AP News*. February 16, 2023.

Yi-hsuan, Lu, Lin Ching-hua and Jake Chung. “Southbound Policy options discussed.”  
*Taipei Times*. August 30, 2021.

### **Official Documents & Website**

(22 October 2020). “Force Multipliers? U.S. and Taiwanese Interests in Latin America.” Wilson Center.

(2021). *Study Programs Available for Taiwan ICDF Scholarship Application at Partner Universities in 2022*. Taiwan ICDF.

“2022 Paraguay Taiwan Chamber of Commerce Members Friendship Conference.”  
Consulate General in Dongfang City. July 10, 2022.

“Bovine Meat in Paraguay.” OEC World.

“CNFI: Introduction.” Chinese National Federation of Industries.

“Corruption Perceptions Index.” Transparency International.

“Diplomatic Allies,” Policies & Issues. Ministry of Foreign Affairs: Republic of China (Taiwan),

“Dollar Diplomacy, 1909-1913.” Office of the Historian.

“Foreign Affairs: Fact Focus.” Government Portal of the Republic of China.

“Foreign Policy Guidelines.” Ministry of Foreign Affairs (Taiwan). last updated February 2, 2022,

“MOFA response to comments by Honduran Foreign Minister Reina as reported by Honduran news outlet El Mundo” Ministry of Foreign Affairs Republic of China (Taiwan) March 21, 2023.

“President Tsai hosts state banquet for President Mario Abdo Benítez of Paraguay.” Office of the President: Republic of China (Taiwan). February 16, 2022.

“Taft’s ‘Dollar Diplomacy’.” UH Pressbook. Accessed October 24, 2022.

“TaiwanICDF Scholarship Partner Universities.” ROC-Taiwan.org. Retrieved July 9, 2023.

“The Embassy of the Republic of China (Taiwan) in Paraguay Holds Virtual Orientation for Taiwan Scholarship Recipients.” Ministry of Education, Republic of China (Taiwan). October 30, 2020.

“The Republic of China (Taiwan) has terminated diplomatic relations with the Republic of Honduras with immediate effect to uphold national dignity.” Ministry of Foreign Affairs: Republic of China (Taiwan). March 26, 2023.

“Will Paraguay ditch Taiwan?” Economic Intelligence. November 8, 2022.

Anni, Lin. (2007). *Taiwanese businessmen bravely ventured into the world and wrote many legends*. Economic Daily. Pg. 1-5. Retrieved June 13, 2023,

Bown, Chad P. and Yilin Wang. “Taiwan's outbound foreign investment, particularly in tech, continues to go to mainland China despite strict controls.” Peterson Institute for International Economics. February 27, 2023.

CEIC. “Taiwan Direct Investment Abroad.” CEIC Data.

COHA. (19 September 2008). "The Big China and Taiwan Tussle: Dollar Diplomacy Returns to Latin America." Council of Hemispheric Affairs.

Embassy of Taiwan in Paraguay. (2021). Report on Investment Environment for Taiwanese Businessmen in Paraguay. Asuncion, Taiwan Embassy.

Executive Office of the President. (31 July 2019). "Reforming Developing-Country Status in the World Trade Organization." *Federal Register* 84, No. 147..

Florida State College at Jacksonville (N.D). "Roosevelt's "Big Stick" Foreign Policy and Taft's "Dollar Diplomacy," Florida State College at Jacksonville.

ICDF. "Paraguay Projects." Taiwan ICDF.

Kordell, Kristen A. (October 2020). "The evolving relationship between the international development architecture and China's Belt and Road: Who is making the rules?" *Brookings*.

Ministro de industria y Comercio. "El comercio entre Paraguay y Taiwán creció de US\$ 40 millones en 2018 a US\$ 260 millones en el 2022, unos 700% en 4 años, evaluó el ministro Castiglioni." República Del Paraguay ministro de industria y Comercio. February 19, 2022.

Monzón, Nemesio Barreto. "Paraguay. The True History of Newspaper 'ABC-Color'." Indymedia.be. May 5, 2006.

Olsen, Brian. (2009) "The Role of Dollar Diplomacy in China-Taiwan Diplomatic Competition in the Caribbean and Central America." Master Diss., Universitas Simon Fraser.

- O'Reilly, Kevin. (September 27, 2019). "The Evolving Role of Taiwan in Latin America and the Caribbean." U.S. Department of State.
- Qi-ru, Cai and Song Jin-sheng. (2020). "Tzu Chi Paraguay Provides Food to Relieve Hunger," Tzu Chi Culture and Communication Foundation.
- Roy, Diana. (April 12, 2022). "China's Growing Influence in Latin America." CFR.
- Samuel. "ICDF Scholarships (Taiwan Universities)." International Scholarship.
- Santiago, Monica D. "Pink Tide in Latin America." Modern Latin America.
- Southbound CSIS. (2019). *Taiwan's New Southbound Policy: Deepening Taiwan's Regional Integration*. CSIS.
- Stevenson-Yang, Lucy and Henry Tugendhat. (August 8, 2022). "China's Engagement in Latin America: Views from the Region." United States Institute of Peace.
- Stuenkel, Oliver. "Could a Long-Ruling Party Fall in Paraguay?" Carnegie Endowment. April 27, 2023.
- Subcommittee on the Western Hemisphere, Civilian Security, and Trade. (May 2019). First Session. *Dollar Diplomacy or Debt Trap? Examining China's Role in the Western Hemisphere*. Washington: U.S. Government Publishing Office.
- Timoneda, Joan Carreras. (2008). "Dollar Diplomacy: Fallacies and Consequences of Foreign Investment in Cuba, 1909–1924." ASCE.

Valles, Maria Pacheco. (July 27, 2022). "Tzu Chi lleva Ayuda a una Remota Localidad de Paraguay." Tzu Chi USA.