

# **Russia's Unofficial Relations with Taiwan**

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Taiwan is one of the most dynamic centers of financial and economic development in the Asia-Pacific region. It plays an important role in the economy of Pacific Asia as well as in the world.<sup>1</sup>

From the point of view of potential possibilities for the development of business, scientific, and technical cooperation, Taiwan could be considered as a prospective partner for Russian business in Southeast Asia. It is defined by the island's high degree of import dependence for most raw material resources and by its leading role in producing a number of items in the manufacturing industry.

This article will briefly review the contemporary history of Russia's unofficial relations with Taiwan. It will also analyze the current status and presume the possibility of future prospects of bilateral economic and trade relations.

The strategic significance of Taiwan is defined mostly by its advantageous position on the South China and East China Sea routes as well as its proximity to the Philippines. For decades, the Guomindang government, which found refuge on the island after the establishment of the PRC in 1949, has been taken by the West as a bulwark against the spread of communism in Asia. Thus, the island has always had great

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<sup>1</sup> Per capita GNP in Taiwan in 2005 was \$15,659 (twentieth in the world), and its GNP was \$355 billion. External trade in 2005 was \$371 billion (sixteenth in the world), with export being \$189.4 billion and import, \$181.6 billion. Foreign exchange reserves in 2005 were \$253.3 billion. That is third place in the world after Japan and PRC. Source: Directorate General of Budget, Accounting and Statistics, the Republic of China.

political significance. Being equally distant from Korea and Vietnam, countries that saw some hard fighting during the Cold War, Taiwan was the base for military operations against the PRC and pro-communist forces in Indonesia and Indochina.

The major migration to Taiwan from the continent started in the seventeenth century. Considering it to be one of the remote territories of the Celestial Empire, the Chinese officials paid little attention to the situation on the island. The indifferent attitude started to change after the Sino-French War of 1884–1885, when the Qing Dynasty realized that the island could be used as a base for foreign intervention and influence on the continent. After the war, Taiwan was given the status of independent province (the island having been part of Fujian Province). A hero of the Sino-French War, General Liu Mingquan, was appointed the island's first governor.

As a result of the Shimonoseki Treaty in 1895, which ended the Sino-Japanese War, Taiwan was transferred to Japan, which was promptly made a Japanese colony. Foreign consulates resumed their activities on Formosa,<sup>2</sup> including Russian activities in 1896. The first Russian consul was the German native Paul Shabert.

Franklin Roosevelt, Winston Churchill, and Chiang Kaishek agreed to return Taiwan to China at the Cairo Conference of 1943. Stalin recognized this agreement during the Teheran Conference. The official return of Taiwan to China was finally approved at the Potsdam Conference in July 1945, and in September of the same year, Formosa was returned under Chinese jurisdiction.

Chiang Kaishek arrived on the island along with one and half million troops in June 1949. In September 1950, the Soviet UN representative Iakov Malik demanded the inclusion of Taiwan's status into the Security Council agenda and insisted on inviting the PRC delegation. During the discussion, the Soviet delegation maintained that since Taiwan was an integral part of China, all American troops located on the island and adjacent territories ought to be withdrawn.

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<sup>2</sup> Formosa, the name of island popular in English literature, means "magnificent island." The island was given its name by the Portuguese who first discovered it in the sixteenth century. The island is located about a hundred kilometers to the east of continental China and has a territory of approximately fourteen thousand square kilometers.

After the end of the Korean War in 1954, the US signed a security treaty with the government of the Republic of China, which included a clause providing for American participation in military action in case of confrontation with mainland China. The Soviet Union minister of foreign affairs in a statement called the treaty a “rude violation of international agreements, sovereignty, and the territorial integrity of the PRC.”

All contact between the USSR and the Republic of China defined by the Treaty on Friendship and Cooperation of 1945 was broken off. The announcement of the breakup was made on October 3, 1949 after the Soviet Union became the first country to recognize the PRC on October 1. Although there have been some weak tendencies towards change in the status quo since the late 1950s, up to this day, the Russian Federation has had no official relations with Taiwan. It is worth mentioning that the USSR had always adhered to the policy of “one China” but insisted on a political solution to deal with the crisis, unlike some Beijing leaders who were considering military action in 1954 and 1958. Possibly, it was one of the reasons for the cooling of Sino-Soviet relations at the end of the 1950s.

When in September 1954 bombardment of the Taiwan-adjacent islands provoked the first of the three Matszu-Amoi crises, the Soviet Union in Nikita Khrushchev’s statement officially announced its support of the PRC. At the same time, Foreign Minister Viacheslav Molotov expressed concern that the regional conflict would turn into a major war, while accusing the US of provoking the conflict.

Not long before the crisis in 1954, Taiwan’s coast guard captured the Soviet oil tanker “Tuapse,” which was on course from Odessa to Vladivostok. Forty-nine crew members were arrested, four of whom later managed to escape and returned home. A year later, twenty-nine other crewmembers were released and returned to the USSR. The rest opted to stay in Taiwan; later, nine of them would eventually immigrate to the US and Germany. By the end of 1958, seven crewmembers were still in Taiwan, and the tanker itself stayed in Gaoxiong Port where it remains to this day.<sup>3</sup>

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<sup>3</sup> In 1958, a film called “An Extraordinary Incident” was made in the USSR that was based on a true story. The black and white movie is full of ideological stamps of socialist propaganda; however, it remains popular to this day. Despite socialist stereotypes, the main theme of the film is the courage of the people who were deliberately sacrificed for ideological reasons. In 1959, the movie was a major hit with 47.5 million viewers in the country.

In the summer of 1958, the bombardment of Matszu and Amoi Islands was resumed (the so-called “second crisis”). Unlike in 1954, when Soviet diplomats commented on the situation relying mostly on the PRC media, in 1958, their attention to the issue was more thorough. In addition to the PRC media, the Hong Kong and Taiwanese press were also taken into account. A September 5, 1958 article in *Pravda* reported that attacks on the PRC would be regarded as attacks on the USSR with all the subsequent countermeasures.

The 1960s witnessed some substantial changes. The American military presence on the island was diminished. Although in the 1950s, Taiwan enjoyed the second place in the amount of American economic and military support, in the 1960s, this financial flow was considerably cut down.

Changes in US policy towards Taiwan can be attributed to the following. Firstly, in the hope of weakening its archrival, the USSR, America started to work with the PRC with the intention of deepening the contradictions between the two former socialist allies. Secondly, in search of a way out of the mess in Vietnam, the US was hoping to attract China as a negotiator between them and the North Vietnamese government. Finally, and perhaps most importantly, American businesses soon realized the endless possibilities of the Chinese market. The chance of getting closer to China was worth sacrificing its former ally.

The official position of the USSR remained the same—the PRC government is the representative of China in the international arena, not the Chiang Kaishek clique that took over the island, lawfully belonging to the PRC.

Unofficial contact between the USSR and Taiwan started at the end of the 1960s, after the tendency toward a US-PRC rapprochement had become obvious.<sup>4</sup> It is well-known that the visits by Richard Nixon and Henry Kissinger resulted in the signing of the so-called Shanghai communiqué in 1972 when it was declared that the US “acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China.” Meanwhile, Taiwan hoped

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<sup>4</sup> It is worth mentioning the visit of the Soviet citizen Victor Lui in October 1968, who worked with London’s *Evening Post*. He managed to meet with Minister of Defence Jiang Jingguo, Chiang Kaishek’s son successor. In 1969, the deputy minister of education of Taiwan visited the USSR.

that a Soviet-Taiwanese rapprochement would prevent the rising number of Sino-American contacts. It is possible that the USSR in its turn considered that restoration of relations with Taiwan would help to slow down the aggravation in Soviet-Chinese relations. Taiwan was eager to compromise since after the weakening of its relations with the US, it had little to lose. The Soviet Union, however, was very careful in its policy towards Taiwan, trading with it via Hong Kong, Japan, West Germany, and its East European allies.

The Soviet leadership was probably worried that a reestablishment of official relations with Taiwan would bring too many problems to its relations with the PRC and could undermine its image. Therefore, most of the contacts were conducted through third countries on a nongovernmental level.

Although diplomatic, economic, and military relations with the PRC were interrupted for some time, the Soviet Union was unwilling to completely forget its former ally and embrace Taiwan. Each time Taiwan suggested establishing trade relations, the USSR showed restraint for ideological reasons and refrained from direct contact.

Taiwan was also held back by its traditionally suspicious view of Soviet policies, as well as by possible disapproval from the American side. Also, the Taiwanese government was afraid of losing the trust of the anti-communist countries in the case of establishing relations with the USSR.

After the Carter administration reestablished Sino-American relations from January 1, 1979, the Taiwanese leaders had nothing left to do but to try to diminish their dependence on the US and search for a more flexible foreign policy.

When the reforms started in the USSR in the 1980s, Taiwan, one of the "Asian dragons" was often used as an example of a successful market economy.

In 1990, Taiwan abolished restrictions on direct trade and investments in the USSR, stimulating cooperation in the timber industry and fishery while supporting cultural and technological exchange.

After the breakup of the USSR, Russia became its official successor internationally. In September 1992, Boris Yeltsin signed the "Relations between the Russian Federation and Taiwan" decree that at present is the legal base for further development of their relations. The decree provided for the creation of an unofficial economic and culture coordination commission. Its Moscow representative office was opened in 1993

(Taipei-Moscow Economic and Culture Coordination Commission). The Taiwanese representative office was established in 1996 in Taipei (Moscow-Taipei Economic and Culture Coordination Commission). The offices carry the function of a communication channel, support cultural exchange and economic and trade relations, and provide information services. The same presidential decree stated that there would be no change in Russia's position on the Taiwan issue. Only unofficial contacts take place between Russia and Taiwan, and all activity is conducted by nongovernmental organizations, private companies, and trade associations.

Since 1991, the Moscow-based Taipei World Trade Center has been in operation, as well as the representation of the TAITRA, the Taiwan External Trade Development Council.

In September 1997, Moscow and Taipei signed an agreement on air communication. In January 1998, a protocol for sea transport was signed, and in 2002, a protocol for cooperation in small and medium-sized businesses.

At the beginning of the cooperation in 1987, the volume of trade between the USSR and Taiwan was a mere \$7.6 million. Some years later, however, there was some improvement.

Table 1 is the trade data for the last decade.

The data prove the development of bilateral trade and economic relations, although the process is far from stable. For instance, there was some decrease in 1998, 2001, and 2005, but the overall trend is positive. The year 2004 proved to be a peak year in trade: \$2.9 billion.

In 2005, the trade volume was \$2.7 billion, while Taiwan's export to Russia showed significant growth (19.3 percent). According to the statistics, the volume of trade in 2005 was 6.9 percent lower than in 2004. The decrease was mostly caused by a fall in steel prices on the world market. Taiwanese exports grew because of the increase in the trade of Taiwanese notebook PCs, cosmetics, etc. In total, the increase in Taiwanese exports to Russia in 2005 was \$83 million.

In the first quarter of 2006, the trade volume was \$759.6 million, which is 29.2 percent less than in the same period in 2005.<sup>5</sup>

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<sup>5</sup> <http://cus93.trade.gov.tw/english/FSCE/FSC0011E.ASP>.

Table 1. Taiwan's Trade with Russia (1996–2005)

Year	Total Trade Volume		Export		Import		Trade Surplus (Deficit)	
	Amount (US\$)	% change (same period)	Amount (US\$)	% change (same period)	Amount (US\$)	% change (same period)	Amount (US\$)	% change (same period)
1996	1,205,084,164	-33.125	141,241,167	-18.841	1,063,842,997	-34.652	-922,601,830	-36.544
1997	1,409,296,630	16.946	172,496,494	22.129	1,236,800,136	16.258	-1,064,303,642	15.359
1998	981,518,681	-30.354	137,536,002	-20.267	843,982,679	-31.761	-706,446,677	-33.624
1999	1,291,077,336	31.539	107,837,229	-21.593	1,183,240,107	40.197	-1,075,402,878	52.227
2000	1,565,685,445	21.270	186,074,314	72.551	1,379,611,131	16.596	-1,193,536,817	10.985
2001	865,901,098	-44.695	262,374,800	41.005	603,526,298	-56.254	-341,151,498	-71.417
2002	1,179,762,679	36.247	252,715,993	-3.681	927,046,686	53.605	-674,330,693	97.663
2003	1,601,280,827	35.729	301,993,466	19.499	1,299,287,361	40.153	-997,293,895	47.894
2004	2,901,701,798	81.211	429,076,900	42.082	2,472,624,898	90.306	-2,043,547,998	104.909
2005	2,701,183,012	-6.910	512,238,539	19.382	2,188,944,473	-11.473	-1,676,705,934	-17.951

Source: Directorate General of Customs, Ministry of Finance, Republic of China  
<http://cus93.trade.gov.tw/english/FSC/FSC0011E.ASP>

Table 2. **Statistics on Taiwan's Imports from Russia**

Item	2004/01– 2004/12	2005/01– 2005/12	GROWTH RATE (%)
Total	2,472,624,898	2,188,944,473	-11.473
Iron and steel	1,775,752,060	1,424,633,783	-19.773
Organic chemicals	74,707,758	177,111,988	137.073
Nickel and articles thereof	149,813,303	171,249,231	14.308
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	195,149,714	150,582,261	-22.838
Aluminium and articles thereof	111,077,616	91,967,710	-17.204
Other base metals; cement; articles thereof	39,903,137	64,868,409	62.565
Paper and paperboard; articles of paper pulp, of paper or of paperboard	14,054,304	23,079,574	64.217
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	18,275,075	14,655,682	-19.805
Miscellaneous chemical products	9,927,283	14,439,513	45.453
Rubber and articles thereof	11,773,441	11,756,837	-0.141

Source: Directorate General of Customs, Ministry of Finance, Republic of China  
<http://cus93.trade.gov.tw/english/FSCE/FSC0011E.ASP>



**Table 3. Statistics on Taiwan's Exports to Russia**

Item	2004/01– 2004/12	2005/01– 2005/12	GROWTH RATE(%)
Total	429,076,900	512,238,539	19.382
Nuclear reactors, boiler machinery and mechanical appliances; parts thereof	182,513,721	203,256,345	11.365
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	57,128,935	79,138,888	38.527
Plastics and articles thereof	34,757,311	45,227,732	30.124
Articles of iron or steel	34,867,352	37,390,240	7.236
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	17,979,376	20,520,954	14.136
Iron and steel	18,349,235	15,068,017	-17.882
Essential oils and resinoids; perfumery, cosmetics or toilet preparations	11,270,165	14,337,291	27.215
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	10,964,309	12,114,268	10.488
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminants	4,595,635	10,949,978	138.269
Organic chemicals	4,530,621	10,378,919	129.084

Source: Directorate General of Customs, Ministry of Finance, Republic of China  
<http://cus93.trade.gov.tw/english/FSCE/FSC0011E.ASP>

As can be seen from the data, Russia keeps a positive balance in its trade relations with Taiwan thanks to crude oil, cast iron and steel, nonferrous metals, petrochemical products, ferroalloys, coking coal, timber, and chemical fertilizers. Russia imports mostly electronics and electronic parts, computers and computer parts, and home appliances.

The negative trade balance (\$1.68 billion in 2005) issue is taken seriously in Taiwan. However, the prevalence of natural resources in Russian exports and industrial products in Taiwan are considered in Taiwan to be logical at the present stage of relations.<sup>6</sup> To improve the situation, it is recommended to increase the export of Taiwanese products to Russia.

The relatively low level of Taiwanese exports to Russia can be explained by several factors. Firstly, the price of Taiwanese products is still quite high for most Russian consumers, the rest prefer high-end European, American, or Japanese products. Secondly, there are difficulties and complexities involved in bank transfers, which are mostly conducted through third countries.<sup>7</sup> Thirdly, there is insufficient guarantee from the government for foreign investors. Also, the high levels of organized crime in Russia, along with the low levels of security, further impede progress. As a result, foreign business, including the Taiwanese, prefers to invest in more stable and predictable regions.<sup>8</sup> It is also worth mentioning that Russia imports many products from the PRC, some of which are in fact made at Taiwanese-owned operations. However, this trade is officially considered in the statistics as part of the Russian-PRC trade.

Despite the overall growth of the trade and economic relations between Russia and Taiwan, proportionally, it is extremely low compared to the volumes of their overall foreign trade. For instance, in 2005,

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<sup>6</sup> According to the Taiwan representative in Moscow Chen Rongjie, since Taiwan imports the resources that the island lacks, the trade deficit can be considered positive. See Chen Rongjie, "Republic of China Delegation to Russia," *Liberty Times*, November 22, 2002.

<sup>7</sup> Taiwanese banks are careful with letters of credit issued by Russian banks. The payments are conducted with bank transfers or in cash. Among the banks that deal with Taiwanese business are Gazprom Bank, International Industrial Bank, Uralsib Bank, Globex Bank, Alfa Bank, and Guta Bank.

<sup>8</sup> Pavel M. Ivanov, "Nekotorye problemy pazvitiia possiisko-taivan'skikh otnoshenii na sovremennom etape," *Possiisko-taivan'skie otnosheniia i ikh rol' v razvitiu Aziatsko-Tikhookeanskogo regiona: Sb. dokladov konferentsii v Institute stran Azii i Afriki* (Moscow: Izdatel'skii Tsentri ISAA pri MGU, 1997), 48–49.

Taiwanese exports to Russia accounted for only 0.27 percent of its overall volume; Russia imports accounted for only 1.2 percent of the whole.

The volume of mutual investments is also low. In Russia, there are around ten Taiwanese midsize companies operating in trade, service, information, restaurant, and tourism businesses. In St. Petersburg, there are three Taiwanese companies dealing with sea freight, the tea trade, and tourism. Two companies deal with fishery in the Far East. The rest of the Taiwanese companies are located in Moscow; these are representatives of computer companies supplying their products to the Russian market.

In 2002, seven Russian companies operated in Taiwan in the areas of international trade, information services, and sea freight.

Besides the above-mentioned reasons, the low level of investment by the Taiwanese can be explained by the high level of inflation and inefficient procedures for the privatization of state property. Meanwhile, Taiwanese business is trying to establish direct contacts with some of Russia's privately owned businesses, avoiding the inefficient government structures.

Representatives of trade circles often exchange visits and participate in various of trade shows and conferences.

In September 2002, the third investment forum of the Asia-Pacific Economic Cooperation (APEC) was held in Vladivostok. A delegation of twenty-nine people from Taiwan took part in it. It was led by Zhang Junxiong, former prime minister of Taiwan, then secretary general of the ruling Democratic Progressive Party. Besides him, other members of the delegation included the Minister of Transportation Lin Lingsan, the chairman of the Labor Committee Chen Jiu, and officials from the Ministry of Economics and the Committee on Agriculture. According to the media, it was one of the highest levels of presentation of the Taiwanese government in Russia in recent memory.

To promote mutual contacts, the Taiwanese often invite Russian political and governmental dignitaries to visit the island. Among those who have are former USSR president Mikhail Gorbachev, former mayor of Moscow Gavrill Popov, and chairman of the Liberal Democratic Party of Russia Vladimir Zhirinovskii, to name but a few. In 1990, Vladimir Putin, then vice mayor of St. Petersburg, met with the future president of Taiwan Chen Shuibian, then mayor of Taipei.

In 2003, the Taiwan-Russian Association was established on the island. The former Prime Minister Zhang Junxiong became the chairman

of this organization, which proves the high level of interest of the Taiwanese in further developing cooperation with Russia.

As for the future prospects of the relations, the Taiwanese side constantly brings up the subject of direct air flights, which would reduce the distance and make the contacts more intensive.

Trade and economic relations between Russia and Taiwan can be greatly expanded. Taiwanese president Chen Shuibian considers that to achieve this, it is necessary to sign a number of bilateral agreements, such as an agreement on the protection of investments, a no double taxation agreement, and a customs clearance agreement. Taiwanese businessmen hope to have the same conditions in Russia as given to foreign investors in the PRC and Southeast Asia. Moreover, they hope for simpler formalities in the Russian administration system.

For further development of the relations, Taiwan could invite Russian specialists. Besides semiconductor technologies, Taiwan conducts a lot of work on biotechnologies, the creation of digital archives, telecommunications, optical electronics, etc.

Many people see good possibilities in buying Russian resources, first of all, oil. Whilst Russia is very rich in resources, Taiwan is extremely lacking in them.

At present, the Russian share of Taiwan's operations with Europe was a mere 3.6 percent. To develop the relations, according to Russian and Taiwanese businessmen, it is necessary to create a legal basis, sign agreements providing privileges for joint projects, and establish correspondent relations between banks. Also, international organizations such as the WTO (of which Taiwan became a member not long ago and which Russia is planning to join) could facilitate the process.

To realize these plans, the participation of competent Russian governmental structures becomes necessary. However, the absence of governmental agreements between Russia and Taiwan is a great obstacle for further development of the relations. It is proposed that economic cooperation can be developed in the absence of governmental cooperation. In fact, despite there being no diplomatic relations between Beijing and Taipei, the volume of trade over the Taiwan Strait accounts for billions of dollars.<sup>9</sup> Taiwan does not have diplomatic relations with the US or Japan.

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<sup>9</sup> According to the analysis of leading economists, the overall volume of Taiwanese investment in continental China is around \$70 billion. This is comparable to the sum

However, the trade volume between them is many times higher than that between Taiwan and Russia.

Perspectives on Russian-Taiwanese relations drawn by scholars are mostly based on assumptions and are evenly applicable to the economy of the Primorie region. Now, let us take a look at some of them that have significance to the economy of Primor'e.

Opening of a direct air connection between Taipei and Vladivostok could facilitate the expansion of contacts. The first couple of flights were conducted at the end of April—beginning of May 2001. The direct air connection was supposed to have great importance for tourism development.

Vladivostok is a convenient and potentially important transit point for Taiwanese going to the northeastern provinces of China, North Korea, or other Russian cities in the Far East and Siberia and even Moscow. However, first, there was a delay in the organization of flights and later, the whole project came to a halt for an indefinite time. Vladivostok Avia, the nongovernmental company that has the license on air transportation to Taiwan, remains cautious about restoring direct flights, if compared to its Korean rivals.<sup>10</sup> Even now, some technical issues remain unresolved. Besides, the Chinese position on the Taiwan issue remains a strong political factor.

To facilitate this project, there was a plan to relocate part of the investments from China and Southeast Asia to the Far East of Russia, an area rich in resources. The foreign minister of Taiwan stated in 2002 that Taiwan was ready to invest in the development of natural resources of the Far East if “the necessary conditions were created, including financial route control.”

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invested by the US in China. Although politically, mainland China is opposed to Taiwan, the Taiwanese economy has become increasingly tied to the Chinese economy. The main reasons for this are the cheap labor force and huge potential of continental China's market. (China's Ministry of Foreign Trade and Economic Cooperation; US Commerce Department; Morgan Stanley; Goldman Sachs, in Robyn Meredith, “Giant Slurping Sound,” *Forbes Global*, October 28, 2002, 34–36).

<sup>10</sup> In July 2001, the former Korean prime minister visited Taipei. Among other questions, the issue of reestablishing direct Seoul-Taipei flights that were closed after a diplomatic breakup in 1992 was discussed. The Koreans hope to send tourists to Taiwan because many are now afraid to visit Southeast Asia after a sudden rash of highly publicized terrorist attacks. Before the breakup, up to half a million Koreans visited Taiwan annually.

Among other prospective areas of bilateral economic cooperation is Taiwan's participation in the development, transportation, and utilizing of energy resources located in the Far East, Siberia, and Sakhalin. Taiwanese governmental and commercial organizations are interested in the development of the Sakhalin oil and gas resources. Sakhalin is close to Taiwan, and the transportation expenses would therefore be low, and the supply itself could be more stable than that from the Middle East and other distant regions.

The importance of Primorie's location is also defined by the terminal of the Trans-Siberian Railway, the world's longest railway. The railway could give Taiwanese business an extra opportunity for economic development of Siberia, Russia, and Eastern Europe. Besides, Taiwan could be an investor and benefactor of the project connecting the Trans-Siberian and Trans-Korean Railways.<sup>11</sup>

In August 2003, the trade port in Vladivostok signed a friendship agreement with Taiwan's Gaoxiong Port, which has the same agreements with ports in the US, Middle East, and Europe. The port in Vladivostok became the fourteenth in this list and the first in Russia. Gaoxiong Port is one of the five biggest in the world and the biggest in Taiwan. It is connected with Russia through supplies of steel.

Cooperation between the Russian Far East and Taiwan could also be profitable in the fishery and replenishing of fishing resources, production and processing of timber, and the development of business.

Searching for cutting-edge technologies, Taiwan could use Russian scientific and technological findings in the areas where Russia still holds leading positions. These would be space monitoring to prevent natural disasters and man-made disasters, minimizing the consequences of such disasters, ship building, and biotechnologies.

The scientists of the Far Eastern Branch of the Russian Academy of Science (FEBRAS) could share their views on processing mineral resources, dealing with agricultural waste, producing superclean organic and nonorganic materials, water purification technologies, new information technologies (including satellite monitoring), biotechnologies, and many others. At that, because the FEBRAS has a hard time putting

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<sup>11</sup> The fact that the transportation of a standard container by sea from Southeast Asia to Europe costs \$1,500–1,800 and takes a month when transportation from Busan via Siberia costs only \$600 and takes 13 days proves the expedience of the project.

these projects into practice and because Taiwan has great experience in selling its products on the world market, there would be new opportunities for the creation of joint ventures, research centers, techno parks, etc.

At present, neither side sees the other as an enemy, which gives more opportunities for broadening economic ties, trade, and mutual understanding.

An analysis of bilateral trade provides considerable evidence of the compatibility and complementarity of the Russian and Taiwanese economies. At the same time, existing possibilities for the development of trade-economic relations are being insufficiently realized.

In its relations with Taiwan, Russia does not recognize the island's independence, considering it to be an integral part of China. The significance of trade and economic relations is recognized by both sides and remains at an unofficial, nongovernmental level.

For Russia, relations with Taiwan do not necessarily seem to be related to its direct interests. Indeed, the security and stability of its shared border with the PRC appear more decisive, although Russia and Taiwan have been gradually evolving dialogue relations in economic cooperation.

Many countries, although not having diplomatic relations with Taiwan, maintain close economic ties with Taiwanese companies, which is profitable for both sides.

While maintaining a firm position on the Taiwan issue,<sup>12</sup> Russia started developing relations with it in various fields. However, for a number of reasons, cooperation with Taiwan is limited to Moscow and St. Petersburg. Primor'e, although located close to Taiwan, has failed to capitalize on any of its geographical advantages. Meanwhile, Taiwan proved its importance to the region after quickly recovering from the world financial crisis.

In conclusion, Russia and Taiwan have a good chance of developing bilateral trade, investment, and technology cooperation. Although the path

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<sup>12</sup> Moscow has confirmed its position many times. "We believe that there is only one China and Taiwan is an integral part of it. We oppose the independence of Taiwan in any form and do not recognize the concepts of 'Two Chinas' or 'One China and One Taiwan.' This viewpoint is firmly fixed in the Russian-Chinese Treaty on Good Neighborly Relations and Cooperation of July 16, 2001, as well as in a number of bilateral documents, and will not be changed," according to a statement made by the Russian MOF Information Department on February 6, 2006 in response to the stated intention of the Taiwanese president to abolish the Council on National Unity.

to a good level of cooperation could be difficult and take some time, it is in the interests of both sides.