

ORAL HISTORY

The India-Taipei Association: A Mission Extraordinaire

Vinod C. Khanna

Vinod C. Khanna, the First Director General of the India-Taipei Association, the de facto Indian Mission to Taiwan, narrates the establishment of the office in 1995 and the nuances in India's diplomatic undertaking there.

Indian Foreign Affairs Journal (IFAJ): Thank you, Ambassador Khanna, for agreeing to talk on the lesser noticed but important case in India's diplomatic endeavours during the mid-1990s. Few people know about the establishment of the India-Taipei Association in 1995, which was the harbinger of streamlining India-Taiwan relations. Could you enlighten us on how things started in that direction?

Vinod C. Khanna (VCK): I think the first and most important thing is that it was an unusual mission. It was not like any other diplomatic mission. I have had the good fortune of being an Ambassador three times over – to Cuba, to Indonesia and to Bhutan. But this was entirely different because I was not there as India's accredited envoy to a sovereign state. Of course, the Taiwanese were accustomed to various representatives coming under different titles. For instance, the American representative used to be called Director, American Institute; the Japanese was Head of the Interchange Association, etc.

In 1994, I had taken voluntary retirement from the Foreign Service but this had nothing to do with Taiwan. On 1 March 1994, I had ceased to be a serving diplomatic officer of the Government of India and had immediately joined the Institute of Chinese Studies in New Delhi as its Honorary Director. I was also hoping to be involved in some development work. A few weeks later I got a call from the Ministry of External Affairs that they were considering opening an office in Taiwan and a panel of names was prepared of the potential heads of this office. It had to be a retired ambassador with some knowledge of the area, etc. They asked me if I was willing to be on that panel. I must confess that I did not automatically accept this because I had just taken voluntary retirement. However, a very large part of my working life had been devoted to matters

Chinese and this was a new exciting way to deal with the Greater China phenomenon. So, after some consideration, I agreed. I did not hear anything on this front for some months.

Then one day, I was asked to call on Prime Minister Narasimha Rao. I presumed that he had called me to discuss this subject; and this is indeed what his staff told me. I had on several earlier occasions met Mr. Rao. When he first joined as External Affairs Minister, I was Director, East Asia Division. Within days of his taking over, there was a major parliamentary debate on a tricky China-related issue. On the evening preceding it, after the usual briefing by officials, he asked me to stay back and asked me detailed and probing questions on all facets of our China policy. Thereafter, on more than one occasion he had discussed China-related matters with me, even when I was no longer directly dealing with it. On this particular occasion I was informed by the Prime Minister's staff that I would have about fifteen minutes with him. But fifteen minutes passed and the issue of Taiwan was not even raised by the Prime Minister. I sought to leave but he asked me to stay on and kept firing away questions about the Chinese domestic political and economic situation. Many questions had arisen in his mind after his visit to China in 1993. He had been particularly impressed by the number of scholars in China working on India-related themes and hoped that there would be matching scholarship on China in India. After half an hour had passed, and a staff member had come in twice to indicate that the Prime Minister's next visitor was waiting, I got up and said to the Prime Minister that I had been told that he wanted to talk about the opening of the office in Taiwan. He replied, "Oh yes, quite right", and asked me to sit down again. He said that he had only one question in this regard: "Do you think this can be done without damaging in any way our relationship with the People's Republic of China (PRC)? That is far too important for us. I am told that it would be in India's interest to establish economic relations with Taiwan, but we cannot risk our relations with PRC." I assured him that this could be done so long as we did not accord Taiwan any symbols of sovereignty. Our office and officials could not have diplomatic designations, no flying of the Indian flag, no military attachés, no encouraging of Taiwanese independence, etc. Then there would be no problem at all. We would only be following precedents set by many other countries. If asked, we should categorically reiterate our "One China" policy. With this, I left the Prime Minister's office.

A few days later, Foreign Secretary Krish Srinivasan called me and said that I had been selected for the job.

A few weeks later I went with an advance party to Taiwan, basically to assess logistical requirements. I also took the opportunity to meet heads of offices of some other countries, largely to familiarize myself with how they handled their relations with the local government without being full-fledged embassies.

However, it took another six months or so to sort out things. Several issues needed to be resolved about the formal structure. What should the proposed office be called? To whom should I be accountable? One suggestion was that I should be there as the representative of the State Trading Corporation (STC). Finally, it was decided to call the office India-Taipei Association. I pointed out that there could be some confusion in the public mind in Taiwan as the Taiwan-based non-resident Indians had an organization called the Indian Association of Taipei; but it was decided that under the circumstances it was the best available designation. Technically, I was supposed to be responsible to the General Body of the India-Taipei Association.

Of course, despite assurances by me and others who had dealt with China, concerns persisted about PRC's reaction. I was supposed to proceed to open the office as quietly as possible. And it was made clear that I had to steer clear of political issues and concentrate on attracting Taiwanese investment, promoting bilateral trade and encouraging tourism to India.

Amusingly, as I flew out of Delhi, the next day's *Indian Express* carried an item announcing the opening of the office with me (generously described as "one of India's leading experts on China"), which stated:

Officially, the Indian Government will have nothing to do with the office being opened in Taiwan. It will function under the auspices of an organisation called the India-Taipei association.

But it is clear that the organisation is fronting for the Government so that there are no problems between New Delhi and Beijing over the opening of the representation in Taipei.

IFAJ: Could you recall your first travel to Taiwan after that decision?

VCK: To begin with, I was alone. It was a novel experience: I was personal assistant, accountant, telephone operator, everything rolled into one. A few months later came a retired person who had been a Private Secretary in our ministry. That was a great relief. But one who really helped set up the office

was a young Indian woman, Priya, who spoke immaculate Chinese and knew Taiwan very well as she had grown up there.

Evolving the precise relationship with the Taiwanese government was a delicate matter. They were obviously very happy that we had opened our office there and were very helpful in resolving logistical requirements. The problem was how to ensure an optimal middle path – have a productive relationship with the local government without giving it “diplomatic” colour. I had received only very broad guidelines in Delhi. A lot of things were left to my judgement. It was clear that I would not ask for a call on the President or the Prime Minister or Foreign Minister there but in order to function, I had to work with the Foreign Ministry. My counterpart there was an outstanding official, P.Y. Teng. But as far as the economic ministries were concerned, I felt no hesitation in calling on ministers and I went on to develop excellent relations with senior officials in all the ministries dealing with economic and commercial matters.

IFAJ: What were the priorities you began working with?

VCK: My priorities were economic, particularly trade, commerce and tourism. But, first of all, we had to establish our credibility as the authoritative voice of India in Taiwan. If you were a Taiwanese businessman or a potential tourist why should you turn to this strangely named India-Taipei Association for advice and help! You would naturally assume that it represented Indians settled in Taiwan ... ITA could easily be confused with IAT, the Indian Association of Taipei. It took a few months for me to project our office for what it was. My main instrument was the media.

We were fortunately able to get excellent space in the Taipei World Trade Centre International Trade Building. Some other countries also had offices in that building. It was part of a complex, which included an exhibition hall where main international trade fairs were held.

On the commercial side, the largest private sector bank, the China Trust Commercial Bank, and its Chairman Jeffrey Koo, were of immense help. Incidentally, Jeffrey’s uncle, C.F. Koo, represented Taiwan in its talks with PRC. Jeffrey Koo was very keen to develop economic and trade relations with India. In fact he went on to open the first Indian branch of a Taiwanese bank in Delhi a year after I arrived in Taiwan. Then there was Alfred Chen, who did not have much business links with India but headed the India-oriented team in the

Taiwanese counterpart of India's FICCI (Federation of Indian Chambers of Commerce and Industry).

Before my joining, there had been a very high-powered unofficial delegation to Taiwan led by Mr I.K. Gujral (later Prime Minister), who was then not in the government, accompanied by Mr R.N. Malhotra (former Governor, Reserve Bank of India), Mr. A.P. Venkateswaran (former Foreign Secretary), and the well-known economist Dr. Charan Wadhwa. They had met many important people, including the President of Taiwan. I was told that on their return they had reported that if India were to set up an office there, we could expect very large Taiwanese investment. Taiwan at that time had one of the highest foreign exchange reserves in the world. The government in Taipei apparently was unhappy at the huge investments Taiwanese businessmen were making in PRC.

So, as I settled down to work, to attract Taiwanese investments was my highest priority. Alas, it became fairly clear to me within months of my arrival that there was no cause-and-effect relationship between 100 billion dollars of official foreign exchange reserves and Taiwanese businessmen turning to India for investment. In making their investment decisions they used criteria relevant to their businesses, which were very different from their government's stated hopes. They found mainland China a very attractive investment destination. However, we started work on agreements relating to avoidance of double taxation and investment protection. Here, the challenge was to find appropriate wording since it was the constant endeavour of the Taiwanese to get some kind of recognition for the "Republic of China".

There was greater success on the trade front. In the course of those two years, we were able to increase India's exports by about 50 per cent simply because the Taiwanese importers earlier just did not know the existing possibilities. We used the usual techniques – studying Taiwan's foreign trade structure, going and meeting the Chambers of Commerce, leading importers, contacting their Indian counterparts, taking part in trade fairs, etc. And it worked well, not that I was a genius but because I was working from a very low base.

Similar was the case with tourism. Previously, there was no proper system of giving them visas. It used to be a very complicated task for a Taiwanese to get a visa to visit India. Once we opened the office we could facilitate this. So tourism went up.

IFAJ: Did China ever object to our stepping into Taiwan?

VCK: From the outset, when we recognized PRC, we had also clarified our “One China” policy. So there was no question of formal recognition of the “Republic of China”, the designation which Taiwan had inherited from the pre-1949 days. Several attempts were made by Taiwan, particularly at a time when we went through a very bad phase economically, to take us on that road. That was the time when all sorts of feelers were sent out to us – if you do this, that would happen, and so on. But never did the question of formal recognition of ROC/Taiwan arise. Nothing was terribly unique about our opening an office in Taiwan. It was, of course, an uncharted territory for us but not for others. As we have seen, many other countries did it without China objecting to it. They might have resorted to a few demarches, etc., but these did not become major diplomatic issues.

IFAJ: What was the specific reaction of PRC to our move?

VCK: As I had expected, they took it in their stride. There had been no public announcement of my appointment. About two or three months after the decision had been made, but before my departure for Taiwan, in one of the diplomatic receptions in Delhi, a senior Chinese diplomat, who was an old friend of mine, said, “What are you still doing here, Ambassador Khanna? By now I thought you would be in Taipei.” He said this with a smile and without any sense of resentment. After all, we were also very careful. We tried our best not to act against our established “One China” policy. So China had no reason to distrust us in any way. Of course, Beijing would have kept track of the development and presumably still does. If they detect any move in India-Taiwan relations detrimental to their interest, they would no doubt raise the issue.

IFAJ: What was the support you got from the foreign policy establishment here at the time?

VCK: There were two very bright Joint Secretaries in the East Asia Division at the time – Shivshankar Menon, followed by T.C.A. Rangachari. I am sure they took a keen interest in what was happening in Taiwan. But by the very nature of my work I was concentrating on economic ministries, for instance, with the Ministry of Commerce, the Department of Economic Affairs, Ministry of Tourism, etc. A lot of things had to be done.

A small illustration of the tightrope walking: in China/Taiwan, the Secretaries are called Vice Ministers. I was very keen that our Secretary of Commerce should come for the first big trade fair in which India was going to participate. Now, if word got around in Taipei that an Indian vice minister was coming that would have attracted a lot of publicity. So when he came I described him as the Commerce Secretary and not as Vice Minister. Incidentally, the then Commerce Secretary is the present Lieutenant Governor of Delhi, Tejinder Khanna.

IFAJ: Besides trade, commerce and tourism, any other area where you were involved in linking India and Taiwan, particularly in the field of academics, scientific research, etc.?

VCK: Certainly, I was always interested in such contacts. Very rapidly I established a relationship with every major think-tank in Taipei and with the main university, the National Chengchi University. I encouraged scholars to come from India. One little known fact is that Taiwan had recruited a large number of bright Indian scientists to do post-doctoral research in its laboratories, particularly in Chemistry. There was good reason why young Indians were happy to go there. Besides being paid well, they had excellent facilities. The sole Taiwanese Nobel Prize winner, Yuan Tseh Lee, who had worked in the US but had come back to Taiwan, was a Chemistry professor. I was told that Indian scientists made a very important contribution to these laboratories. Professor Lee very kindly hosted a farewell lunch for me when I left Taiwan, where he spoke very highly of the Indian scientists, many – perhaps all – of whom had been invited to the function. However, I don't take any credit for it. It is simply a part of the India-Taiwan relationship which goes well beyond the economic relationship.

IFAJ: As far as political affairs are concerned, were you able to establish some kind of informal links with them as the head of the India-Taipei Association?

VCK: The political work of an Embassy is very wide ranging. But we were not really an embassy. Our objective was to project the image of India, and this could be done through the media. My linkage with the media was not restricted to economic matters. I gave them the full spiel as to what India stood for, what was the nature of the government, our foreign policy, etc. I was in touch with the leading strategic thinkers and international relations experts of Taiwan. It was done in an academic manner but clearly it had some political significance. It

enabled me to understand political issues and brief Delhi accordingly. But there was no question of entering into any kind of political agreements and linkages between the Indian state and the Taiwanese government.

IFAJ: What kind of coverage did the Taiwanese media give to your presence there and to the establishment of the India-Taiwan Association?

VCK: I can't say that I was on the front page day after day but, on the whole, they gave rather good coverage. Often they used to interview me. They were not interested in Vinod Khanna per se; they were more interested in the first head of the Indian office.

The Taiwan Chamber of Commerce decided to award me as amongst the best four representatives in Taiwan. By this, they simply wished to encourage the new arrival. But it was good for our image in the commercial world.

IFAJ: Some significant things were taking place at the time in the Taiwan-China relationship and Taiwan-US-China relationship. Located in Taiwan, how did you see them as a scholar of China? Secondly, since then, sixteen years have passed. You must have been following the India-Taiwan relationship. How has it progressed?

VCK: Indeed, much was happening in Taiwan-China and Taiwan-China-US relations. Some very dramatic things took place when I was there. The Chinese were very angry at Washington allowing a visit to USA of Taiwanese President Lee Teng-hui, whose thrust towards more international recognition of the "Republic of China" was seen by China as an attempt to declare *de jure* independence, something the Chinese had said they would prevent, if necessary by force. As an alumnus of the Cornell University – he had earned a Ph.D there – President Lee had been invited by the university and the United States had let him enter by authorizing a visa. The Taiwanese Press was pepped up, saying this was an indirect recognition of their sovereignty, etc. But the Chinese were hopping mad. This was also on the eve of the first-ever direct election of the Taiwanese President. Lee, in an interview earlier, had expressed his view that a "special state-to-state" relationship existed between Taiwan and mainland China; that all negotiations between the two sides of the Strait needed to be observed. This was regarded as very provocative by China.

China conducted a series of missile tests in the waters surrounding Taiwan and other military manoeuvres off the coast of Fujian in response to what it described as moves by Lee to “split the motherland”. It launched another set of tests just days before the election, to express its dissatisfaction should the Taiwanese people vote for Lee. There were reports out of Hong Kong – presumably planted by PRC supporters to create panic in Taiwan – that all this was a dress rehearsal for a PRC invasion in case Lee did not pull back. The military actions disrupted trade and shipping and caused a temporary dip in the Asian stock market. But contrary to PRC’s expectations, the missile launches boosted support for Lee, who won with a thumping 54 per cent of the vote.

Apart from the excitement of that episode, as a student of China affairs in particular and East Asian affairs in general, my first challenging and fascinating task was to understand how the Taiwanese look at PRC. What were their concerns, aspirations, long-term goals?

First, let me discuss the issue of Taiwanese views on unification with PRC. This issue became more alive once Deng Xiaoping came up with the idea of “one-country two-systems”, which he was offering to Hong Kong also. I found that the majority of the Taiwanese preferred the status quo. They neither wanted reunification with PRC nor a formal unilateral declaration of independence. Basically, the business community had come to the conclusion that since the Japanese economy was slowing down and the US economy was also growing slowly, Taiwan with no natural resources would need to be linked with PRC. That time the Chinese investment in Taiwan was massive, around \$20 billion, and so was the two-way trade, but in the view of the Taiwanese, that did not give China any excuse to take over Taiwan politically. There also seemed to be a significant difference in thinking between those who had migrated from China after the communist takeover and the descendants of the earlier settlers.

Looking at the issue from the China angle, it seemed to me that some hardliners in the People’s Liberation Army (PLA) thought that they could intimidate Taiwan into submission. Also, it has been the dream of the leadership of the Communist Party of China right from 1949 to get Taiwan back. But it seemed to me that the statesmen in China, as distinct from the hardliners, probably followed a two-pronged strategy. On the one hand, to make China militarily so strong, including a second-strike capability against the US, that an intervention by the latter on behalf of Taiwan would not be cost-effective; that they would think twice before “risking Los Angeles for Taipei”.

And a formidable range of missiles were deployed along the coast, as a psychological pressure on Taiwan. On the positive side, to make it irresistibly attractive for Taiwan to join PRC, were both the economic incentive and the offer of a system of “one-country, two-systems”, on terms even more attractive than what was given to Hong Kong.

When China fired those missiles to intimidate Taiwan, we were confident that it was not about to actually strike Taiwan. In any case, USA sent two battle carriers to demonstrate that they would not abandon Taiwan. At the same time, it became very clear that the US did not want Taiwan to upset the apple cart. They were working hard on furthering their relationship with China; they did not want China to take over Taiwan but also they did not want Taiwan to provoke PRC.

Japan followed basically the same policy. There is an interesting angle to the PRC-Taiwan-Japan relationship. Japan has a very special role in Taiwan. By the Treaty of Shimonoseki of 1895 – after Japan beat China in a war – China ceded Taiwan to Japan. Japan ruled Taiwan till 1945. Hence, one finds a large impact of Japan on contemporary Taiwanese culture, including business culture, etc. A large number of students go to Japan; one finds marvellous Japanese restaurants in Taipei.

As far as your second question is concerned, I have followed developments in India-Taiwan relations after my departure only in a very general sort of way. I know that some excellent people have succeeded me as Directors General of ITA and I am sure they would have done very good work to take our relations forward. I am told that much has happened on the economic front.

IFAJ: Why did we decide to open our Taiwan office only in 1994, why not earlier?

VCK: I think the primary explanation for this is not political – it is indeed economic. You know Prime Minister Narasimha Rao is the father of economic liberalization in India. To him, these economic links mattered a lot. Also, Taiwan was previously not so strong in terms of investment capability.

IFAJ: What was Taiwan’s perception of India-China relationship, including the differences?

VCK: It is interesting to note that Arunachal Pradesh and Aksai Chin are shown as parts of the “Republic of China” by Taiwanese official maps – at least they did when I was there.

As regards Taiwan's perception of the India-China relationship, there were a few scholars in Taipei think-tanks who would speak to me about PRC's strategies and that we should be very careful. Of course there were different schools of thought in Taiwan. All in all, though the media and think-tanks took note of important developments in India-China relations, these did not figure too prominently in my interactions with the Taiwanese.

IFAJ: Did Taiwan reciprocate our opening of an office in Taipei?

VCK: Yes, they did reciprocate a few months later. P.Y. Teng, whom I have mentioned earlier, opened their office here.

IFAJ: Were there any back-channel relations in those days?

VCK: I think the most important so-called "back-channel" was the visit of I.K. Gujral's delegation. It was not really "back-channel"; it was all in the public domain. You can call it Track-II. However, they had a very extended discussion with President Lee Teng-hui. More recently, Ma Ying-jeou came here before he was elected President; everybody was able to talk to him.

IFAJ: What kind of talk did Mr Gujral have with the President of Taiwan?

VCK: I think it would be best to ask members of his delegation. But I don't think President Lee and Mr Gujral talked about any "hidden agenda" sort of thing. The Taiwanese would always say that we are democracies, we have the same values, PRC is a dictatorship, and KMT has always been fond of India, going back to Chiang Kai-shek's support for Indian independence. They also presumably spoke of economic prospects.

IFAJ: Any significant anecdote which might be of interest to scholars on this issue?

VCK: I may mention a couple which have no political/academic significance at all, but nonetheless were amusing.

Some of us, heads of offices of various countries, were at a gathering when the missile crisis was at its height. Very hostile vibes were coming out of PRC and their supporters in Hong Kong. Threatening noises were being made. They deliberately tested their missiles just off the Taiwanese coast. Though Taiwan's top leadership spoke with restraint, some military leaders said that if a missile came into Taiwanese space, they would shoot it down. Somebody from PRC responded that if they did that, there would be war. But we, the so-called

seasoned diplomats were quite clear that the Chinese were pragmatic people in terms of cost-benefit analysis and they knew that it would be terrible if they were to actually attack/invade Taiwan in this manner at that particular time. So we came to the consensus that it was highly unlikely that PRC would deliberately target a missile at Taiwan. One of my colleagues said in half jest, “I agree with all of you that PRC will not deliberately target Taiwan but how confident are you about the accuracy of their missiles?”

Another small anecdote: I was naturally also interested in promoting cultural relations. When I suggested that we organize the visit of a classical dancer or musician, many local Indians expressed apprehension about its acceptance amongst the Taiwanese. There was one Taiwanese promoter, whom I knew, who was interested in Indian art. So I got in touch with him and he readily agreed to invite a well-known Indian classical dancer. Her performances were a great success.

So, many of these things should be looked at beyond the political, beyond the dollar, and should be looked at in a more holistic way. Taiwan may be small, but it has many useful things to offer. We all know about their prowess in the field of electronics. But they also have extraordinary cutting-edge agricultural research. So it is a relationship which can have many useful dimensions and needs to be cultivated.

All in all, I greatly enjoyed my assignment. I wish it had been economically more productive. But it was a start and I am sure my successors have built upon it. Taiwan is a very useful platform to observe what is happening in the region. Watching China is for Taiwan a matter of very survival. Naturally, they are very well informed on many important matters. It is my personal belief that while it is in India’s strategic interest that Taiwan should be a distinct entity we should not intervene in any way in cross-Straits relations. Of course, it would be our hope that peace should prevail in that area.

IFAJ: Thank you once again, Sir, for sharing your insights and experiences in events of such historical value, which would encourage and inspire scholars and policymakers to further explore the nuances of India’s diplomatic endeavours.
