

mendously in the past year—essentially the period since President Lee came to office after the death of President Chiang Ching-kuo, the elder son of Chiang Kai-shek.

Trade between the R.O.C. and the mainland hit \$2.722 billion last year, up 80% from the year before. The Board of Foreign Trade in Taipei said that already mainland China accounts for 2.4% of Taiwan's total bilateral trade. Although, an official said, the value of mainland trade as yet poses no threat to the overall trading system of Taiwan, if some individual mainland items flood the market, Taiwan could become vulnerable to manipulation from the mainland through supply reductions or price fluctuations.

The trade is of little value to the R.O.C., because most of the nominal \$1.77 billion R.O.C. trade surplus is funneled back to the mainland through business investments or families, the R.O.C. Board of External Trade said. Rather, mainland China earned some \$100 million in foreign exchange from Taiwan through smuggling by local fishermen.

Politically, unfortunately, the R.O.C. government could also go down the wrong road—right into those very international institutions which failed them so utterly in the past.

The ultimate goal of the R.O.C.'s "flexible foreign policy" is to re-join the United Nations, Foreign Minister Lien Chan told the legislature April 10. Seeking admission to regional and international economic association bodies is the present goal of R.O.C. foreign policy, Lien said. The R.O.C. was forced out of the U.N.—while George Bush was U.N. ambassador—by Henry Kissinger's "China card" policy in 1972.

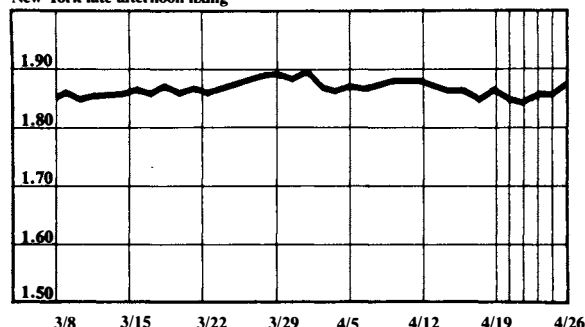
Politically, the United States is offering the R.O.C. only worse treatment now. George Bush's nominee for ambassador to Beijing, James Lilley, announced April 15 to the Senate Foreign Relations Committee that Washington will "furnish an environment for contacts" between Taiwan and mainland China, but will "refrain from acting as a mediator," the *China Post* reported April 15. Lilley also has been director of the American Institute in Taiwan, the ersatz U.S. embassy in Taipei. Washington welcomes encounters that will build up to the "peaceful reunification" of China, he said. Just before President Bush made his disastrous trip to Beijing in February, Foreign Minister Qian Qichen had called on the United States to assist in the process of reunifying China, which the U.S. has officially refused to do previously.

Ironically, Lilley then went on to support a policy—that both the R.O.C. and the mainland join GATT—that an official of the Beijing Central Institute of Finance and Banking, Feng Yushu, is also urging. Feng, who is researching GATT issues at Ushiba Memorial Foundation in Tokyo, wrote a commentary published in the *International Herald Tribune* April 18. Feng called Taiwan's decision to attend the Asian Development Bank meeting in Beijing and its "presence at all such forums desirable in all cases," but that GATT is "especially important," despite the fact that "the island's trade surplus relative to the economy's size is bound to make GATT members insist on substantial concessions."

## Currency Rates

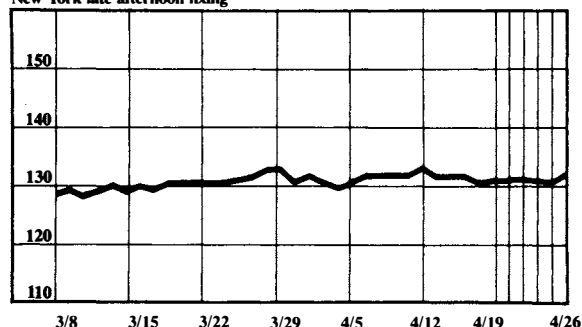
### The dollar in deutschemarks

New York late afternoon fixing



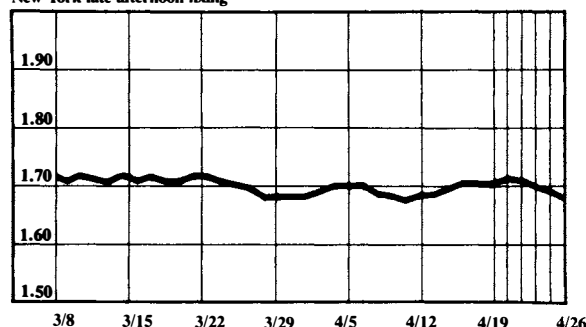
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

