Research Report

Taiwan's "Macedonian Project," 1999–2001

Czeslaw Tubilewicz

ABSTRACT Since 1989, Taipei has attempted to capitalize on the systemic changes in East Central Europe. It achieved its goal of winning diplomatic allies among the post-communist states only in 1999, when Macedonia recognized the Republic of China (ROC) hoping that Taipei's generosity would resolve its economic problems. In order to showcase the effectiveness of its assistance, Taipei resorted to economic diplomacy and offered Skopje loans, humanitarian and technical assistance. Yet, the Macedonian–Taiwanese partnership ended in 2001. This report will argue that Taipei failed to become a viable alternative to the People's Republic of China (PRC) as Skopje's economic and diplomatic partner because of China's clout in international affairs and its own reluctance to shower Macedonia with developmental assistance. Instead of showcasing Taiwan's ability to maintain a diplomatic ally through a pro-active economic foreign policy, the failed Macedonian project underlined the limited effectiveness of the ROC's economic diplomacy and the perennial problem of the ROC diplomacy: a successful international isolation by the PRC.

Ever since its exclusion from the United Nations (UN) in 1971, the Republic of China on Taiwan (ROC) toyed with an idea of political rapprochement with the states of East Central Europe. However, due to the anti-communist convictions of Chiang Kai-shek and his successor, Chiang Ching-kuo, Taipei failed to pursue its own version of *Ostpolitik*. Only the emergence of the native-born leader Lee Teng-hui in the late 1980s freed the ROC foreign policy of anti-communist dogmas, allowing it to pursue relations with the Soviet bloc. Taipei opened direct trade with East Central Europe in 1988 and the Soviet Union in 1990. Low-key political communication soon followed.

For years, Taiwan's insignificant investments in East Central Europe were explained in terms of East Central Europeans' reluctance to pursue diplomatic rather than "substantive" relations with the ROC. Latvia's consular ties with Taiwan in the early 1990s demonstrated that even "near-diplomatic" relations were insufficient to generate Taiwanese interest in the post-communist economies.[1] Obviously, the Taiwanese business people did not find the emerging markets in East Central Europe promising enough, while the ROC government hinted that nothing short of diplomatic relations would stimulate its generosity. Macedonia became the first post-communist state brave enough to test the uncharted waters of the ROC aid diplomacy in East Central Europe while the Macedonian project became a litmus test of the long-term effectiveness of Taiwan's

1. Czeslaw Tubilewicz, "The Baltic States in Taiwan's post-Cold War 'flexible diplomacy'," *Europe-Asia Studies*, Vol. 54, No. 5 (2002), pp. 796-801.

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economic diplomacy in maintaining and expanding Taipei's diplomatic space in East Central Europe, if not beyond.[2]

The purpose of this research report is to scrutinize the Taiwanese diplomatic strategy towards Macedonia and, by doing so, to analyse the effectiveness of Taipei's contemporary economic diplomacy. More specifically, the report will discuss the sources of Taiwanese success in Macedonia, the foundations of Taiwanese–Macedonian partnership, China's responses, and – finally – reasons behind the suspension of official ties between Taipei and Skopje in June 2001. It will argue that despite a consistent pursuit of diplomatic allies in the post-communist region, Taipei proved incapable of becoming a viable alternative to the People's Republic of China (PRC) as Skopje's economic and diplomatic partner. This is because of the PRC's clout in international affairs and Taiwanese reluctance to perform economic miracles in Macedonia. Anxious about the domestic repercussions of massive economic assistance for its little-known ally and the uncertainty of the long-term prospects of Macedonia's loyalty, Taipei opted for a cautious approach, granting more loans than grants, failing to generate fast investments, and ultimately falling short of fulfilling the inflated expectations of the Macedonian public. At the same time, China's unco-operative approach at the UN on the issues of security in Macedonia accentuated the political cost of the diplomatic partnership with Taiwan. Thus, instead of becoming the showcase of Taiwan's ability to maintain a diplomatic ally through a pro-active economic foreign policy, the failure of the Macedonian project underscored the limited effectiveness of the ROC's cautious economic diplomacy and the perennial problem of ROC diplomacy: successful international isolation by the PRC.

Recognition

Beijing recognized Macedonia on 12 October 1993 under its constitutional name "Macedonia," rather than the name under which Macedonia was forced by Greece to join the UN: the Former Yugoslav Republic of Macedonia. Unlike Beijing's ties with Ljubljana and Zagreb, however, Sino-Macedonian relations were not particularly active.[3] Nevertheless Skopje did not complain. On the contrary, the Macedonian ruling party, the Social Democratic Union of Macedonia Party (Socijaldemokratski Sojuz na Makedonija, SDSM), and President Kiro Gligorov (the former leader of the SDSM) were pleased to note China's interest in the Macedonian affairs and its support on the UN forum for peace in the Balkans. When Gligorov made his first visit to the PRC in June 1997, he called the Sino-Macedonian relationship "a model of bilateral relations

2. Economic diplomacy is defined here as influence attempt relying primarily on resources, which have a reasonable semblance of a market price in terms of money. Aid diplomacy is a sub-category of economic diplomacy. David A. Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1985), pp. 13–14.

3. Czeslaw Tubilewicz, "China and the Yugoslav Crisis, 1990–1994: Beijing's exercise in dialectics," *Issues and Studies*, Vol. 33, No. 4 (April 1997), pp. 100–102.

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Table 1: **The PRC's Trade with Macedonia (millions of US dollars)**

	1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*
Export	X	1	1	1	2	2	4
Import	X	X	X	X	X	X	X

Note:
X – data unknown.
Source:
Direction of Trade Statistics Yearbook, 2000 (Washington: International Monetary Fund, 2000), p.164.

for the World" and described China as "one of the best friends of Macedonia."[4] Beijing supported the establishment (March 1995) and the subsequent extensions of the mandate of the UN Preventive Deployment Force (UNPREDEP) in Macedonia, signed a number of economic and cultural agreements with Skopje, and donated humanitarian aid to Macedonia.[5] In return, the Macedonians pledged "not to initiate official relations, nor to maintain official relations with Taiwan."[6] Bilateral trade lagged behind the political interaction. Macedonia's exports to China amounted to nil, while China's exports to Macedonia did not reach US$4 million until 1999 (see Table 1). Unlike the Poles or Czechs, the Macedonians chose to blame the economic sanctions against Yugoslavia and the war-disrupted communication routes for the low trade figures rather than Chinese reluctance to pursue more active economic co-operation. Negligible trade notwithstanding, China did offer Skopje in the late 1990s a US$83 million loan to construct a hydroelectric power plant.

The reluctance to pursue communication with Taiwan, characteristic of the Social Democratic government, did not apply to Macedonia's opposition parties. In August 1997, Vasil Tupurkovski, then a private citizen, met Taiwan's representative to the Netherlands, Ku Chung-lien. The meeting proved successful enough as Tupurkovski soon travelled to the ROC, where he met President Lee. Thereafter, the ROC representative office in Austria liaised with the Macedonian opposition. Having become the chairman of the newly formed political party the Democratic Alternatives (Demokratska Alternativa, DA) in early 1988, Tupurkovski arranged the DA's visit to Taiwan in March 1998. President Lee met him again to discuss Taiwanese–Macedonian relations. Negotiations between the Macedonian opposition and the Taiwanese envoys followed. In true

4. Xinhua, 8 June 1997, in *Foreign Broadcasts Information Service, China Report* (hereafter FBIS-CHI), No. 159 (1997); Xinhua, 10 June 1997, in *FBIS-CHI*, No. 161 (1997).

5. In mid-1995, the Chinese Red Cross Society donated to Macedonia US$50,000. In February 1997, Beijing provided Skopje with a humanitarian assistance package worth US$130,000. The assistance was intended to help alleviate Macedonia's economic losses, which resulted from the international economic sanctions against Yugoslavia and the burden of accepting Bosnian refugees.

6. Macedonian News Agency (MIC), 10 June 1997, in *FBIS, East Europe Report* (FBIS-EEU), No. 162 (1997).

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Bondesque style, these talks were conducted in secret locations in Macedonia, as well as at bars and restaurants in Amsterdam, Vienna and The Hague. They centred on the issue of Taiwanese economic assistance to the Macedonian economy in exchange for diplomatic relations in the aftermath of the hypothetical electoral victory of the opposition. Little is known of the exact promises made by the Taiwanese diplomats. They must have been, however, sufficiently sincere for the opposition leaders to consider them seriously. This was particularly true in the case of the DA, which campaigned in parliamentary elections in late 1998 pledging to attract US$1 billion in foreign investments to Macedonia. As it later turned out, much of the envisaged investment was to come from Greece *and* Taiwan.

During the parliamentary elections in November 1998, the Macedonian voters – angry with East Central Europe's slowest growth rate (3 per cent) and Europe's highest unemployment (40 per cent) – voted for a change and gave opposition parties a parliamentarian majority. In the centre-right coalition government, led by the Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (Vnatresna Makedonska Revoluciona Organizacija–Demokratska Partija za Makedonsko Nacionalno Edinstvo, VMRO-DPMNE) and its leader Ljubco Georgievski as the prime minister, the DA's chairman Vasil Tupurkovski became vice-premier, while his party colleague Aleksandar Dimitrov took over foreign affairs. Shortly after the parliamentarian victory, Tupurkovski again visited Taiwan. In late January 1999, ROC deputy foreign minister David Lee Ta-wei met new Macedonian leadership in Skopje, where he finalized – in great secrecy – an agreement on mutual diplomatic recognition. On 27 January, Dimitrov (in Tupurkovski's company) signed in Taipei an agreement with his ROC counterpart Hu Chih-chiang, opening diplomatic ties between Macedonia and the ROC. Macedonia became Taiwan's 28th diplomatic partner and second ally in Europe, 24 years after Taipei lost Portugal as one of its only two diplomatic footholds in Europe. Taipei reportedly rewarded the broker of the deal, Tupurkovski, generously.[7]

The unexpected establishment of Taiwanese–Macedonian ties caught President Gligorov – a self-proclaimed friend of the PRC – off guard. Adding to the confusion surrounding the Dimitrov–Hu communiqué, Gligorov reaffirmed Macedonia's continued recognition of Beijing and of Taiwan as an integral part of the PRC. In a televised address to the nation on 29 January 1999, the President called on the Macedonians to oppose the government's decision on Taiwan and urged the government to revoke it.[8] The Social Democrats and Liberals backed the President. The Macedonian dailies *Dnevnik* and *Makedonija Denes* echoed the President's outrage by calling the establishment of diplomatic relations with

7. His commission must have been sufficiently large, as he later claimed to use it for construction of the philharmonic hall and sports hall. Tupurkovski never reported the sum he received from Taiwan to the tax authorities.

8. Radio Macedonia, 29 January 1999, in *BBC Monitoring Service: European-Political*, 30 January 1999.

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the ROC a "hazardous decision" and a "scandalous move," and requesting a "thorough explanation" from Dimitrov and Tupurkovski.[9]

China's Counter-offensive

Both Macedonia and Taiwan made concerted efforts to pre-empt China's fury. Dimitrov revealed that his country "would like to maintain ties with both Beijing and Taipei," while Hu emphasized that forging official ties with Macedonia was not aimed at a third party.[10] The PRC foreign ministry spokesman, Zhang Qiyue, urged Skopje to "proceed from the fundamental interests of its people" and "make a 'wise decision' not to recognize the validity of the communiqué."[11] On 31 January, the PRC ambassador to Skopje, Xu Yuehe, issued a final warning stating China's determination to sever diplomatic relations and reconsider support for the extension of the UNPREDEP's mandate, had Macedonia not immediately reversed its decision. Beijing also advised Skopje to abandon illusions of sustaining parallel relations with both parts of the divided China.

Undisturbed by these warnings, on 8 February 1999, the Macedonian government officially confirmed the establishment of diplomatic ties with the ROC, ending two weeks of confusion.[12] A day after the clarification, China suspended diplomatic relations with Macedonia, citing the violation of the Joint Communiqué on the Establishment of Diplomatic Ties Between China and Macedonia and Macedonia's stated commitment to consider Taiwan an inalienable part of China. Beijing halted the implementation of all agreements between the two governments and recalled its ambassador, while Macedonia settled all outstanding payments to China.[13]

Macedonian leadership played down the prospects of China's possible UN veto, hoping that China as a major power would not block the extension of the UN peacekeeping forces' mandate (due to expire on 28 February 1999) in a retaliatory move against the Taiwan policy of a small and impoverished Balkan state. Dimitrov stated that China's responsibility as a permanent member of the Security Council was to safeguard peace in all parts of the world, including Macedonia, irrespective of "certain bilateral problems."[14] The Western powers, however, did not share Macedonian optimism. Amid domestic and international criticism that Skopje would have been wiser to make its Taiwan move after the UN voting, Macedonia's information minister Rexhep Zlatku reposted that

9. Reuters, 28 January 1999.

10. Reuters, 27 January 1999; Central News Agency, 27 January 1999, in *BBC Monitoring Service: Asia-Pacific*, 27 January 1999, see also *Zhongyang ribao*, 10 February 1999.

11. Xinhua, 28 January 1999.

12. On the same day, the ROC MOFA officials formally hoisted the ROC flag in Skopje. *Lianhe bao*, 10 February 1999. On 12 February, Macedonian parliament approved the establishment of diplomatic ties with Taiwan by 65 votes against 7.

13. Interestingly, the construction of China-funded and constructed hydroelectric power plant continued.

14. Radio Macedonia, 12 February 1999, in *BBC Monitoring Service: European-Political*, 13 February 1999.

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the government expected either the United States' pressure over the UN mission or China's conscience to prevent Beijing from vetoing the UNPREDEP's mandate. Therefore, the coalition did not consider the timing to be an issue.[15]

The timing, however, did play a role. Unable to rise above its particularistic interests, the Chinese Foreign Ministry declared the task of the UN peacekeeping force in Macedonia to be completed and saw no need for an extension. On 25 February 1999, Beijing vetoed a Security Council resolution to renew the UNPREDEP's mandate until 31 August 1999.[16] The Chinese veto disconcerted the international community, but calls on Beijing to reconsider its decision in order to maintain stability in Macedonia and abide by the obligations incumbent upon China under the UN Charter proved fruitless. The 1,100 member peacekeeping force, which successfully prevented the spread of fighting from Bosnia into Macedonia, was sent home. Facing the escalating ethnic conflict in Kosovo, the departure of the UNPREDEP put Macedonia in an extremely precarious position. The coalition government, however, appeared undisturbed. Shortly after the UN vote, the Macedonian ambassador to the UN, Naste Calovski, announced that Beijing's veto would not affect his country's relations with Taiwan, which he described as "strong and steadfast."[17] Premier Georgievski seemingly rejoiced at the prospects of having the UN mission substituted by the troops of the North Atlantic Treaty Organization (NATO), which brought Macedonia close to Euro-Atlantic military structures.[18]

Aid Diplomacy

Responding to the domestic criticism of its U-turn on the "one China" principle, the Macedonian government spoke frankly of the economic motivations behind its Taiwan policy and publicized very substantial economic assistance, allegedly pledged by Taipei in exchange for diplomatic recognition. Foreign minister Hu refused to comment on the media report that Taipei promised Skopje US$1.6 billion (in aid, rather than investments) for diplomatic recognition. This figure was substantially larger than anything Taiwan ever donated to any of its existing diplomatic partners (see Table 2). It was also substantially larger than the whole budget of the ROC's aid agency (around US$390 million in 1999), the Overseas Economic Co-operation Development Fund, established in 1988 with the purpose of providing economic assistance to Taiwan's allies and

15. *China News*, 9 February 1999; Reuters, 12 February 1999.

16. It was China's fourth veto since 1971. The last veto was in January 1997 against 155 military observers who were to monitor peace accords in Guatemala, which had ties with Taiwan. China reversed its position two weeks later, when Guatemala reportedly promised to cease supporting the ROC's annual attempts to join the UN. In the past, China twice threatened to veto UN troops to Haiti for the same reason. The move forced the UNSC to change the name of the Haiti mission and have the United States and Canada pay for the troops.

17. *China News*, 27 February 1999.

18. Radio Macedonia, 1 March 1999, in *BBC Monitoring Service: European-Political*, 2 March 1999.

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Table 2: **Examples of Economic Rewards Extended by Taiwan to Its New Diplomatic Allies**

Rewarded state (year)	*Size of reward (US$)*
Grenada (1989)	10 million
Liberia (1989)	20 million
Nicaragua (1990)	100 million
Guinea-Bissau (1991)	20 million
Central African Republic (1991)	300 million

Source:
Tuan Y. Cheng, "Foreign trade in ROC diplomacy," in Bih-jaw Lin and James T. Myers, *Contemporary China and the Changing International Community* (Columbia: University of South Carolina, 1994), pp.176–77.

substantive partners. When Dimitrov mentioned US$1 billion, Taipei insisted that such an amount was "very unlikely."[19] Yet, it is hardly likely that Taiwan's pre-recognition promises were limited to the pledge mentioned in the joint communiqué, according to which Taiwan offered – through the European Bank for Reconstruction and Development (EBRD) – aid up to US$15 million for the development of small and medium sized enterprises.[20] Premier Georgievski must have been aware of larger amounts of money when on 23 February 1999 he confirmed in the televised address to the assembly that recognition of Taipei was triggered by the disastrous economic situation of his country, rather than dissatisfaction with Sino-Macedonian relations.[21] The Macedonian leadership expected the golden rain from Taiwan – revised to US$235 million in government-to-government aid and US$1 billion in commercial investments – to fall in the second half of 1999.[22] The ongoing assessment of the correctness of the Taiwan policy was to be measured against the economic performance of Taiwanese–Macedonian co-operation.

The astronomical figures for Macedonian friendship did not go down well in Taiwan. The ROC legislators from the opposition New Party (*xindang*) and even the ruling Kuomintang questioned the need to "spend so much money pursuing diplomatic allies," instead of, for example, strengthening Taiwan's economic competitiveness.[23] Taiwanese businessmen, for their part, queried the benefits of economic co-operation with Macedonia, which was distant and unfamiliar. However, the ROC's Ministry of Foreign Affairs (MOFA) insisted that Taiwan's involvement in Macedonian economy would benefit both sides. In an interview with the Macedonian daily *Vecer*, foreign minister Hu spoke confidently of

19. *Zhongguo shibao*, 1 February 1999; *South China Morning Post*, 30 January 1999.
20. *Lianhe bao*, 18 February 1999.
21. Macedonian TV1, 23 February 1999, in *BBC Monitoring Service: Central Europe&Balkans*, 26 February 1999.
22. *China News*, 4 March 1999.
23. *China News*, 28 January 1999.

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Macedonia being an "ideal place for an economic breakthrough of Taiwan towards Europe."[24]

It is unclear how much money Taipei planned to invest in this "breakthrough" and over what period. Foreign minister Hu's trip to Macedonia in early March 1999 confirmed Taipei's intention to provide financial aid, but not on the scale expected by the Macedonians. The ROC agreed to station a technical mission in Macedonia as well as to train Macedonian technical personnel in Taiwan. Further, they allocated US$10 million as a revolving credit to support private enterprises and opened the Taiwanese market for Macedonian commodities.[25] Moreover, Taipei reportedly provided Skopje with US$10 million to bolster Macedonia's foreign reserves and earmarked US$163 million for eight investments, set to provide 10,000 jobs. It was also expected to launch 800 projects ranging from moon cake and dessert making factories to chopstick factories.[26] According to foreign minister Hu, Taiwanese aid was to accelerate in the period leading to the presidential elections in Macedonia, scheduled for late September, in order to bolster the election prospects of Tupurkovski, the only pro-Taiwan candidate in the contest.

The sudden outbreak of the military conflict in Kosovo in late March 1999 delayed the arrival of the chopstick factories, but offered Taipei a new opportunity to showcase generosity. Prompted by the urgent request from Skopje, Taipei donated, as a "member of the international community," US$2 million in humanitarian aid (soon increased to US$4 million) to help Macedonia settle Kosovo refugees.[27] Vice-foreign minister Lee personally led a 91-member relief team (*Maqidun jingnei nanmin jiuyuantuan*), which set up a field hospital at one of the refugee camps and delivered medical equipment worth US$300,000. Taiwan's 75-day medical relief provided medical assistance to some 11,000 Kosovar refugees.

Taiwan's charity show continued when a technical pact, signed in May 1999, earmarked US$12 million to US$20 million for technical co-operation between the two countries. But the headline-stealing offer came only during Georgievski's visit to Taipei in early June 1999, when President Lee promised US$300 million for the reconstruction of Kosovo.[28] Although the fund was – in name at least – intended for Kosovo, in reality, much of it was to benefit Macedonia, as Taiwan would pay for Kosovo's imports from Macedonia. Alongside President Lee's grand plan, Georgievski left Taiwan with an aid package including a US$12 million loan provided by the International Co-operation Development Fund for Macedonian private businesses, a helicopter (donated by the ROC National Defence Ministry), 500 computers and 200 scanners worth US$5 million (donated by a private computer company) and 100

24. Reuters, 23 February 1999
25. Reuters, 5 March 1999.
26. Reuters, 16 March 1999.
27. According to Georgievski, the ROC was the only country making cash donations to Macedonia since the NATO air strikes.
28. *Zhongyang ribao*, 8 June 1999.

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wheelchairs. Taipei committed itself to buying US$1 million worth of tobacco and wine from Macedonia, as well as agreeing to construct an export processing zone in Macedonia, said to attract US$200 million worth of Taiwanese investments and to create 20,000 jobs. To facilitate Taiwanese investments, Premiers Vincent Siew and Georgievski signed agreements on the avoidance of double taxation, investment guarantees and customs co-operation.[29] Still, the massive economic assistance – amounting to over US$1 billion – was nowhere in sight.

By mid-1999, Taipei's reluctance to shower its new ally with billions of dollars became evident. The Taiwanese preferred – to use Premier Siew's wording – to teach Macedonians how to catch fish rather than to give them fish (*women bu song yu*).[30] This translated into small grants, preference to provide loans and the encouragement of private investments. On his first and only visit to Macedonia in early August 1999, Siew promised more loans and officiated the opening of the Skopje Export Processing Zone (EPZ, *jiagong chukou qu*), where much anticipated Taiwanese investments were to materialize.[31] In order to ensure the supply of qualified workers for the zone, Taiwan funded a technician training programme (*Maqidun jishu renyuan lai Tai peixun jihua*) for up to 2,000 Macedonians.

Expansion of Foreign Policy Objectives

While officially denying allegations of "dollar diplomacy," Taiwanese diplomats attempted to highlight the value of their new venture. Vice-foreign minister Lee praised Macedonia's infrastructure facilities, quality manpower, as well as natural and tourist resources, while his boss left no doubt that the Macedonian breakthrough increased Taipei's international visibility and "bargaining power in international relations."[32] Lee went on to stress the government's determination to make relations with Macedonia an example of how the ROC's co-operation with Europe could be beneficial. In the longer term, he envisaged relations with Macedonia becoming "a vehicle for cultivating friendly ties with other European countries."[33] The Macedonian project suddenly became more encompassing and no longer confined solely to maintaining political presence in Macedonia. In other words, Macedonia was projected as the first step in Taiwan's reinvigorated campaign to conquer Europe (see Table 3).

As soon as Taiwan established diplomatic ties with Macedonia, the Taiwanese press reported on several Balkan states also expressing an

29. *Zhongyang ribao*, 10 June 1999, *Zhongguo shibao*, 10 June 1999.
30. *Zhongguo shibao*, 5 August 1999.
31. The promised loans included US$61 million in low-interest loans and aid, and additional US$10.5 million in response to Skopje's demand for more aid to fuel Macedonian battered economy. *China News*, 9 August 1999.
32. *Zhongguo shibao*, 3 February 1999; *Central News Agency*, 28 January 1999; Frank Chang, "Foreign minister Hu emphasises diplomatic strides vital to survival," *The Free China Journal*, 5 February 1999.
33. Frank Chang, "Macedonian exchanges to increase," *The Free China Journal*, 11 February 1999.

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Table 3: **Objectives of the ROC's Aid Diplomacy towards Macedonia**

Time frame	*Primary objectives*	*Expected by-products*
Long range	1. Macedonia's accelerated economic development 2. Extension of political influence in the Balkans 3. Winning new diplomatic allies in the Balkans	1. Increased political and economic stability in Macedonia 2. Commercial/trade opportunities for both Taiwanese and Balkan businesses 3. Possible domino effect in Balkan developing states 4. Break out from China-imposed international isolation
Medium range	1. Maintain diplomatic presence in Macedonia 2. Symbolize friendship and long-term commitment to pro-Taiwan regimes 3. Maintain access to, and influence over, Macedonia's China policy	1. Trade opportunities in Macedonia and the Balkans 2. Increased investment opportunities for Taiwanese businesses 3. Increased support of the ROC in the international organisations 4. Internationalization of the "Taiwan problem"
Immediate	1. Establish diplomatic ties with Macedonia 2. Sustain Georgievski's regime in power 3. Humanitarian emergency relief	1. Challenge diplomatic isolation imposed on the ROC by China 2. Obtain support for Taiwan's foreign policy in the Balkans and international organizations 3. Possible future good will of the Macedonian public.

interest in closer relations. The ROC mission in Skopje turned into a co-ordination centre of the efforts to befriend the neighbouring states (primarily Albania, Bulgaria and Romania) and the territories believed to be soon independent: Montenegro and Kosovo. In mid-April, foreign minister Hu mentioned "two to three" countries allegedly interested in diplomatic ties with Taiwan.[34]

The conflict in Kosovo unexpectedly aided Taipei's scheme to expand its visibility and bargaining power in the region, as Taiwan could offer financial assistance to the Balkan nations affected by the conflict. As early as May 1999, Taiwan reportedly promised Montenegro a big sum in exchange for diplomatic recognition once Montenegro declared independence. The Montenegrin Foreign Ministry denied the reports as an

34. *Zhongyang ribao*, 13 April 1999.

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"ugly insinuation" and affirmed the "one China" policy.[35] In early June, Taipei donated, through Catholic and charitable organizations, US$100,000 in cash to Albania to help the Balkan state to cope with its refugee problems.[36] Soon after, President Lee announced a US$300 million aid project, which promised assistance to Kosovo and neighbouring countries.[37] ROC foreign minister Hu claimed that the aid package had no political motivations, but he did not deny that the aid's ultimate purpose was to increase the island's international visibility and to make a major diplomatic breakthrough in post-communist East Central Europe.[38] Kosovo and Albania were singled out as Taiwan's most immediate targets.

Premier Siew's goal to visit Pristina failed ostensibly due to NATO's inability to guarantee his security. Yet he managed to hold talks with the deputy prime minister and concurrently foreign minister Mehmet Hajrizi of the Kosovar provisional government in Skopje. The premier offered Kosovo US$5 million to establish a medium-sized commercial bank in Kosovo (in a joint venture with the EBRD) and indicated a readiness to help train Kosovar banking personnel. He also donated buses, refrigerators, blankets, clothing and fertilizer to Kosovo.[39] The premier of the Kosovar provisional government, Hashim Thaci, expressed interest in closer economic collaboration with Taiwan, but cautioned that political relations should be further discussed.

The refugee crisis following the Kosovo war provided Taiwan with an opportunity not only to solicit new friends but also to re-surface on the international arena as a "responsible member of the international community" through the pursuit of "humanitarian diplomacy" (*rendao waijiao*). The ROC medical relief mission chose the biggest refugee camp in Macedonia (at Stenkovec) not only to provide aid to the largest possible number of those in need, but also – if not above all – to gain the greatest possible media exposure. Taipei repeatedly emphasized its generous participation in its first ever direct humanitarian relief programme in Europe and its efforts to promote regional peace, noting international mass media reports on Taiwanese humanitarian contributions.[40] The Taiwanese also utilized their humanitarian assistance to propagate the statehood of Taiwan. Shortly after disembarking from the plane, the Taiwanese mission unveiled a banner proclaiming "Love from Taiwan," while the ROC funded and manned field hospital was marked by the ROC flag, a unique feature as no other humanitarian mission displayed a national symbol. The Taiwanese daily *Zhongguo shibao* ques-

35. TV Crna Gora, Podgorica, 29 May 1999, in *BBC: Monitoring International Reports*: *Monitoring European*, 29 May 1999.
36. *China News*, 7 June 1999; *Zhongyang ribao*, 9 June 1999.
37. *Ziyou shibao*, 8 June 1999.
38. *Zhongguo shibao*, 10 June 1999.
39. *Zhongyang ribao*, 6 August 1999; *Taiwan News*, 7 August 1999.
40. *Zhongyang ribao*, 28 April 1999, *China News*, 12 May 1999, *Zhongyang ribao*, 30 May 1999.

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tioned the humanitarian credentials of the mission, dubbing it a "propaganda team" (*wenxuan tuan*).[41]

President Lee's US$300 million offer was yet another attempt at "humanitarian diplomacy," geared towards catching world media headlines and developing co-operation with international organizations (such as NATO) involved in the reconstruction of Kosovo. Foreign minister Hu publicly stated that the figure of US$300 million was cooked up only to attract the attention of world public opinion.[42] The originally considered sum of US$10 million was deemed as too unimpressive to achieve this purpose. Taipei's hope that US$300 million would not go unnoticed by the international media proved justified. However, the belief that such a large sum could not be easily turned down by the UN-affiliated organizations, even if China applied diplomatic pressure, proved premature. Despite an initial interest expressed by a few non-governmental organizations and the EBRD, which appeared keen on helping Taiwan channel its funds into the Balkans, Beijing's pressure proved sufficient to deter UN-affiliated organizations and the UN High Commissioner for Refugees from accepting the offer. Unable to participate officially in Kosovo reconstruction, and by so doing resurface as a sovereign unit in the international community, Taiwan limited its contribution to 30 Macedonian produced buses.[43] In the aftermath of the devastating earthquake in Taiwan in September 1999, the US$300 million aid package was shelved quietly for an indefinite period.

Seemingly unaware of the fast depreciating credibility of its promises, the ROC diplomacy in the Balkans continued to invent large figures of economic assistance for prospective allies. In August 1999, Premier Siew met "certain Albanians friendly to the ROC," whom he allegedly promised – although publicly denied doing so – US$800 million for diplomatic recognition. Three months later, the ROC envoy to Macedonia, Peter P.C. Cheng, rounded up the figure to US$1 billion. Some 47 Albanian lawmakers supposedly favoured a resolution on establishing diplomatic relations with the ROC and Taipei was asked to arrange their visit to Taiwan in the near future.[44] The Albanian premier himself allegedly supported diplomatic ties with Taipei to be forged in a foreseeable future.[45] The Taiwanese foreign minister Chen Chien-jen confirmed that the meeting took place, but claimed having no knowledge of the content of the communication and cast doubts on the US$1 billion offer as contradicting common sense.[46] Unsurprisingly, Albanian Foreign Ministry spokesperson Sokol Gjoka, in an effort to appease Beijing, re-emphasized Tirana's firm stand on the "one China" policy.

Having failed to utilize the Kosovo crisis, Taiwan's goal to win over

41. *Zhongguo shibao*, 18 April 1999.
42. *Zhongguo shibao*, 8 June 1999.
43. *Zhongyang ribao*, 18 December 1999.
44. Koha Jone, 2 December 1999, in *BBC Monitoring Service: Asia-Pacific*, 6 December 1999.
45. *Lianhe bao*, 4 December 1999.
46. *Zhongguo shibao*, 4 December 1999.

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Albania (and other Balkan states) depended largely on the success of the Macedonian project. By late 1999, however, the project appeared to be anything but successful.

Crisis

Peter Cheng opened the ROC embassy in mid-April 1999. However, President Gligorov – fulfilling his promise made in late January – refused to accept his accreditation letters. Cheng acted, thus, in the capacity of a minister (chargé d'affaires). Reciprocally, his Macedonian counterpart Vera Modanu, who opened the Macedonian embassy in Taipei in early June 1999, also served with the rank of minister. Taiwanese–Macedonian diplomatic relations did not reach an ambassadorial level. The ROC MOFA hoped that following the presidential elections in October 1999, the new president, preferably Tupurkovski, would upgrade the relationship to the ambassadorial level. But due to disagreements in the ruling coalition, Tupurkovski campaigned not only against Tito Petkovski of the SDSM (who vowed to restore relations with the PRC), but also against Boris Trajkovski from VMRO-DPMNE. Unlike Tupurkovski, who defended the Taiwan deal, Trajkovski distanced himself from the controversy surrounding the recognition of Taiwan, even though as a deputy foreign minister he visited the ROC in early March 1999 and then appeared moderately supportive of Taiwan. The Taiwan project did not help Tupurkovski, who lost the first round of elections. In mid-November, Trajkovski emerged as the new President in a run-off ballot. Described as "very friendly" to Taiwan by vice-foreign minister Lee, it was hoped he would support Macedonia's ties with the ROC.[47]

Taiwanese optimism appeared premature. Trajkovski's evasion of the Taiwan issue and cautious pledge to improve relations with Beijing, the emerging split in the ruling coalition and the Macedonian public's growing perception of the Taiwan project as a costly failure did not augur well for the future of Taiwanese–Macedonian relations. Angering Premier Georgievski and the DA coalition members, President Trajkovski continued the policy of his predecessor and refused to accept the credentials from the ROC envoy until the economic benefits of Macedonia's diplomatic relations with Taiwan became evident. Macedonia's Foreign Ministry estimated that by mid-2000 the ROC direct financial assistance amounted to a meagre US$6.4 million, while Taiwanese direct investments amounted to nil.[48] Taiwanese–Macedonian trade remained at very low levels, with Taipei consistently enjoying trade surplus (see Table 4). Vice-premier Tupurkovski and foreign minister Dimitrov visited Taipei

47. *Lianhe bao*, 16 November 1999; *China News*, 15 November 1999.

48. *Central News Agency*, 26 May 2000, Zoran Kusovac, "Macedonia – surviving ethnicity?" *Jane's Intelligence Review*, August 2000. In 2000, the International Economic Co-operation Development Fund channelled only 15% of its expenditure to aiding Europe (including Macedonia), while 47% of its total expenditure was loaned to and invested in Latin America. http://www.icdf.org.tw/web_pub/20020726105730InvLending.pdf, accessed on 23 May 2003.

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in January and March 2000 respectively in an apparent attempt to accelerate the flow of Taiwanese investments and financial grants. The Taiwanese challenged Macedonian statistics, claiming to have transferred US$12 million directly to the Macedonian National Bank and invested US$80 million through other channels.[49] They also called for patience, as the financial benefits of bilateral co-operation were slow to emerge because of the bureaucratic red tape in Macedonia. After a long delay, a formal agreement on establishing an EPZ was signed only in early May 2000, once the parliamentary amendments made to the Law on Free Economic Zones eliminated legal obstacles to the construction of the EPZ. Under the agreement, Macedonia undertook to build the infrastructure, while Taiwan allocated US$12 million of initial capital in support of the Taiwanese companies willing to invest in the zone.

The Taiwanese had their own doubts regarding financing friendship with Macedonia. The US$300 million aid offer to the Kosovars, in particular, triggered a debate in Taiwan. Although all major parties agreed in principle that Taiwan could provide some assistance, they questioned the scale of the proposed aid and criticized the decision-making process. The "pro-unification" New Party announced that Taiwan, given its growing budget deficit, could not afford such grand humanitarian projects and demanded the President's resignation, as Lee announced the aid without the necessary consultation with the Legislative Yuan and the MOFA.[50] Taiwan's second major party, the Democratic Progressive Party (DPP, *minjindang*) criticized the aid package for being too vague and questioned the general direction of "dollar diplomacy," suggesting that "instead of spending billions to build ties with insignificant countries," Taiwan should "put an aid to use where [it] can be more influential."[51]

Traditionally, the DPP did not oppose foreign aid as such, but criticized aid diplomacy as a waste of Taiwan's hard-earned currency reserves and a tool to stall the natural course of Taiwan independence. In the DPP's view, Taiwan's best road to a diplomatic breakthrough was to declare independence. Only then could foreign aid be freed from bondage, enabling Taiwan to offer genuine help to those states which needed it.[52] Such sentiments were aired by the DPP officials as late as March 2000. Vice-President elect Annette Lü Hsiu-lien of the DPP called for an end to the country's pursuit of formal diplomatic ties based on economic aid. In her view, "dollar diplomacy" created corruption, while foreign relations should be "spiritual, as much as essential and pragmatic."[53] Yet ROC new President Chen Shui-bian (formerly the DPP's

49. *Lianhe bao*, 14 May 2000.
50. *South China Morning Post*, 11 June 1999.
51. *Taiwan News*, 17 June 1999.
52. Lee Wei-chin, "The ROC's foreign aid policy," in Jason C. Hu (ed.), *Quiet Revolutions on Taiwan, Republic of China* (Taipei: Kwong Hwa Publishing Company, 1994), pp. 332–344.
53. MIC News Bulletin, 4 April 2000, in *BBC Monitoring Service: Central Europe & Balkans*, 6 April 2000.

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Table 4: **The ROC's Trade with Macedonia (millions of US dollars)**

	1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001 (Jan-Aug)*
Export	0.61	2.98	0.95	0.45	0.53	1.87	1.45	3.51	2.02
Import	0.89	0.71	0.11	0.07	0.03	0.59	0.02	0.47	0.34
Total trade	1.5	3.69	1.06	0.52	0.56	2.46	1.47	3.98	2.36
Trade growth		146%	− 71%	− 51%	8%	339%	− 40%	171%	–

Source:

Zhonghua minguo Taiwan diqu jinchukou maoyi tongji yuebao (*Monthly Statistics of Exports and Imports, Taiwan Area, The Republic of China*) (Taipei: Department of Statistics, Ministry of Finance, 30 September, 2001), p.38.

chairman) and his administration (including Vice-President Lü) reaffirmed the commitment to sustain diplomatic ties with Macedonia through economic assistance, irrespective of the DPP's doubts regarding aid diplomacy and President Trajkovski's insulting non-recognition of the ROC envoy's ambassadorial letters. New foreign minister Tien Hung-mao made his first overseas trip to Skopje in June 2000, during which he not only confirmed the importance of relations with Macedonia, but also brought new economic offers. "The Republic of China, as a developed nation, has the responsibility of contributing to the international community by providing loans or technical assistance to other less fortunate countries," Tien announced in Skopje, where he signed new multimillion dollar economic agreements.[54] No mention was made, however, of any new investments or financial grants.

Derecognition

From the onset of their diplomatic campaign, the Taiwanese were aware of the controversy they stirred in Macedonia, intending to establish within three to four years a dependency relationship with Macedonia so that Skopje's ruling party/coalition (regardless of its political creed) would find it too costly to sever ties with the ROC.[55] Unfortunately, this master plan was denied the necessary time to come through. The mounting disagreements between the VMRO-DPMNE and the DA led to the collapse of the coalition. On 30 November 2000, the Liberal Party of Macedonia (LP) – a critic of the Taiwan project – replaced the DA. The restructured government was neither pro-Taiwan nor united on the merits of the Taiwan projects, while the ROC assistance to Macedonia was yet to produce tangible benefits. The newly appointed foreign minister, Srgjan Kerim of the LP, hinted of Skopje's wish to forge parallel official relations with both Chinas, while the new chairman of the Macedonian parliament, Stojan Andov, called for the re-establishment of diplomatic ties with the PRC.[56] The emergency visit by ROC vice-foreign minister David Lee in mid-December 2000 reaffirmed bilateral ties, but failed to disperse doubts regarding Skopje's long-term commitment to diplomatic relations with the ROC.

The doubts concerning Macedonia's ties with Taiwan intensified when the rebel National Liberation Army (Ushtria Clirimtare Kombetare), fighting on behalf of Macedonia's Albanian minority, took up arms in February 2001. The ensuing fighting escalated in March and April and led to the formation on 13 May 2001 of the government of national unity,

54. *Taiwan News*, 25 June 2000. Tien and his Macedonian counterpart Dimitrov signed two agreements regulating a US$20 million credit line and establishing a US$10 million economic development fund, designed to help finance Macedonia's infrastructure construction projects. *Zhongyang ribao*, 23 June 2000.

55. *China News*, 29 January 1999.

56. Macedonian Information Agency, 1 December 2000, in *BBC Monitoring Service: Central Europe&Balkans*, 4 December 2000; B. Markozanova, "Beijing establishes contact with Skopje," Vecer, 8 December 2000, in *BBC Monitoring Service: Asia-Pacific*, 11 December 2000.

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comprising VMRO-DPMNE, SDSM and seven smaller parties, with the DA becoming the only parliamentary party not included. Thus, Taiwan's major ally remained outside the government, while its most vocal critic, SDMS, was put in charge of foreign affairs. The Social Democrats' well-known stand on the Taiwan project and wider geo-political considerations, which required China's support at the UN Security Council if NATO or UN peacekeeping forces were to be involved in restoring peace in Macedonia, sealed the fate of Taiwan's diplomatic ties with Macedonia. Taipei's donation of US$1 million to help Macedonian refugees displaced in the civil war failed to make a difference. On 25 May, foreign minister Ilinka Mitreva in a televised interview called formal relations with the ROC a mistake and announced a re-establishment of diplomatic ties with China. Her announcement coincided with the visit to Beijing by the director of the Macedonian presidential office Zoran Jolevski, who discussed the prospects of the resumption of diplomatic relations with the PRC's Foreign Ministry. On 31 May, when foreign minister Tien travelled to Skopje in a last-ditch effort to shore up bilateral ties, Mitreva (who refused to meet Tien) officially confirmed the government's resolve to sever relations with the ROC. The government, however, seemed disunited on the issue. Premier Georgievski vetoed Mitreva's motion to switch Skopje's diplomatic recognition from Taipei to Beijing on the grounds that it was against administrative procedures. On 12 June, the Macedonian government resolved to normalize relations with the PRC, under the pressure of the SDMS-controlled Foreign Ministry. The stern warning from Taiwan, issued a day later, threatening the termination of all ROC-funded assistance projects in Macedonia (estimated at US$140 million, see Table 5) fell on deaf ears. On 18 June, foreign minister Mitreva and her PRC counterpart Tang Jiaxuan signed in Beijing a joint communiqué on the normalization of relations. Macedonians recognized the government of the PRC as the sole legal government representing the whole of China, including Taiwan. In return, Beijing pledged support for Macedonia's territorial integrity, "just demands" in handling ethnic conflicts, as well as the expansion of economic ties.[57]

Shortly before Macedonia and the PRC resumed diplomatic relations, Taipei broke off official ties with Skopje, terminated all agreements and co-operation projects, and withdrew its technical mission (subsequently transferred to Guatemala).[58] The construction of the EPZ was halted, with only a couple of half-built buildings in a field. The ROC mission, however, remained in Skopje and three commercial pacts concerning tax, tariffs and investment protection were kept intact. Foreign minister Tien indicated Taiwan's willingness to return to diplomatic ties with Macedonia whenever the Balkan state decides.[59] In the aftermath of the parliamentarian elections, held in mid-2002 and won by the Social Democrats,

57. Xinhua, 18 June 2001; Reuters, 19 June 2001.
58. *Central News Agency*, 13 June 2001; *Lianhe bao*, 14 June 2001; *Taiwan News*, 18 June 2001.
59. *Central News Agency*, 18 July 2001.

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Table 5: **The ROC Aid Programmes Offered to Macedonia**

Name of the programme/ rewarding institution	*Form of aid*	*Value*
Revolving credit to support private enterprises	Loan	US$10 million
Grant to bolster Macedonia's foreign reserves	Grant	US$10 million
Humanitarian assistance	Grant	US$4 million
Humanitarian assistance	Medical equipment	US$300,000
500 computers and 200 scanners, donated by private enterprise	Technical equipment	US$5 million
100 wheelchairs	Medical equipment	Unknown
Helicopter donated by National Defence Ministry	Military equipment	Unknown
Vocational training programme for 2,000 Macedonians (only 98 were trained)	Training	US$1.5 million (per 100 trainees)
The International Co-operation Development Fund for the small and medium sized enterprises	Grant	US$12 million
Loan by the International Commercial Bank of China	Commercial soft loan	US$60 million

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Table 5: *Continued*

Name of the programme/ rewarding institution	*Form of aid*	*Value*
10 infrastructure projects	Investment	US$10.5 million
The ROC-Macedonia Economic Development Fund	Loan	US$10 million
The Economic Reconstruction Programme in the Balkans	Loan/grant	US$29 million
Construction of the EPZ	Investment	US$11.5 million
Scholarships for Macedonian students to study Chinese	Training	unknown
Humanitarian assistance to the Kosovo refugees	Grant	US$1 million

Notes:
There is no information about the degree of loan utilization.
The value of training programmes and donated equipment could have been inflated.
No reliable information exists about Taiwan's grants to bolster Macedonia's foreign reserves.

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Table 6: **The ROC Promises of Aid**

Name of the programme/ rewarding institution	*Form of aid*	*Value*
Developmental assistance	Grant, loans and investments	US$1.6 billion (later scaled down to $1.235 billion)
8 investment projects	Investment	US$163 million
Kosovo reconstruction plan	Grant and investments	US$300 million
The Macedonia Equity Fund*	Loan	US$9 million
Mushroom production, raising broiler chickens and plastic bag production*	Investment	unknown
Vocational training of 100 Macedonian youth (second phase)*	Training	US$1.5 million

Notes:
Programmes marked with * indicate developmental assistance by Taiwan agreed with Macedonia, but suspended when Skopje broke off relations with the ROC.

Macedonian re-examination of the China policy is unlikely to happen in the coming four to five years.

Assessment

For a decade, Taipei attempted to capitalize on the systemic changes in East Central Europe, but the goal of gaining new allies in the region consistently eluded it. In the mistaken conviction of the Macedonian new leadership that Taiwanese assistance could address the structural predicament of the Macedonian economy, Taipei found a promising soil to accomplish its goal. Resorting to economic diplomacy in the form of bribes and inflated promises of foreign aid, the Taiwanese envoys persuaded the Macedonian new leadership of the economic advantages of forging official ties with the ROC. In order to turn the Macedonian project into a showcase of effective aid diplomacy in the Balkans, Taipei made a concerted effort to assist the Macedonian economy through loans, humanitarian and technical aid. The grand projects, such as President Lee's US$300 million package and the construction of the EPZ, were meant to symbolize Taiwanese commitment to Macedonia in particular and the whole Balkan region in general. Following China's diplomatic setback caused by the Chinese embassy bombing by NATO in May 1999, Taipei's aid diplomacy, designed for the reconstruction of the Balkans, seemed timely enough to facilitate a resumption of Taiwan's official co-operation with the Balkan states and the intergovernmental organizations. Yet Taipei proved unable not only to replicate its Macedonian success in other parts of the Balkan region, but even to maintain its presence in Macedonia. Why did the Taiwanese aid diplomacy prove ineffective?

When the Macedonian project failed following Skopje's resumption of diplomatic relations with China in June 2001, Taiwanese diplomats did not attribute the failure to the poorly thought out and poorly implemented foreign aid, but to the domestic instability in Macedonia and the salience of the China factor.[60] Although Beijing refrained from utilizing economic tools of foreign policy to lure Skopje, its anti-Macedonian stand in the UN Security Council became crucial when the civil war erupted in Macedonia. The war accelerated the political change in Skopje, bringing to power forces hostile to Taiwan and creating a situation where China's involvement in the resolution of Macedonian domestic problems seemed necessary. Hence Skopje resolved to re-establish relations with the PRC because of security, rather than economic, reasons. Foreign minister Tien announced that the MOFA would review "relevant qualifications" of prospective candidates for allies more carefully in the future, implying that the socially stable ones would be preferred.[61] However, to claim that the Macedonian project failed because of domestic instability in Macedonia is to suggest that Taiwan should be searching for diplomatic allies

60. Interview with an ROC diplomat, Moscow, September 2002.
61. *Central News Agency*, 19 June 2001.

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among states featuring social stability and economic prosperity. This is rather unlikely given China's clout in international politics and its rising economic power. Frankly, Taiwan has little to offer in exchange for diplomatic relations, except money. Thus, the candidates for Taiwan's diplomatic partners are by necessity small, impoverished and distressed. Only there, the prospects of Taiwanese economic assistance might appear alluring even when China's counter-measures are taken into account. Given the Macedonians' disregard for the China veto in February 1999, despite the concerns expressed by the Western powers, and doubts about the Taiwan project long predating the civil war and resulting primarily from the invisibility of Taiwanese foreign aid, the failure of the Macedonian project was triggered as much by Taipei's mismanagement of its aid diplomacy as by the China factor and Macedonia's domestic instability.

Shortly after losing Macedonia, ROC legislators from all opposition parties requested an end to aid diplomacy, claiming that the focus of diplomatic efforts should be placed on exchanges between nations, rather than the number of allies.[62] The increasing transparency of ROC diplomatic activities, the parliamentary scrutiny of foreign aid and public opposition to funding friendship with insignificant states when Taiwan faces economic crisis do not auger well for the continued employment of foreign aid to expand Taiwan's pool of diplomatic partners. Democracy and aid transparency do not facilitate Taiwan's economic diplomacy which requires secrecy because of the China factor. There is no evidence so far that Chen Jie's prediction regarding the DPP government's ability to "develop its own skills in conducting secret diplomacy and resisting public outcry against 'money diplomacy' " has materialized.[63] Although Taipei maintains a token presence in Macedonia and its contacts with Kosovo and Montenegro might one day facilitate political relations with these two territories, once they become independent, the failure of the Macedonian project heralds not only a setback in the ROC diplomatic strategy vis-à-vis the post-communist states, but also the bankruptcy of aid diplomacy – based on promises rather than actual aid – as a viable method to break away from the PRC-imposed international isolation.

62. *Central News Agency*, 18 June 2001.

63. Chen Jie, "The influences of democracy on Taiwan's foreign policy," *Issues and Studies*, Vol. 36, No. 4 (July/August 2000), pp. 31–32.

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