Taiwan-Paraguay Relations: 

Convergent Trajectories

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- Paraguay’s ongoing diplomatic recognition of Taiwan rests upon a common historical foundation and reflects a parallel trajectory.
- Successive regimes have maintained diplomatic relations even as the external environment has changed.
- While great power politics have an impact, both Asunción and Taipei are actively shaping their relationship.

Introduction

Paraguay is Taiwan’s last remaining diplomatic partner in South America and one of a mere 15 states worldwide to still officially recognize the Republic of China (ROC). As Beijing’s efforts to reduce Taipei’s international space have grown, intense lobbying to review diplomatic policy has also been felt in Asunción.\(^1\) Especially after El Salvador cut ties with Taipei in 2018, concerns grew as to whether the days were also likely numbered for Taiwan’s only South American stronghold.\(^2\) Yet the administration of President Mario Abdo Benítez has remained committed to a diplomatic relationship with Taipei. Soon after Salvador’s realignment towards China, Taiwan’s Tsai Ing-wen met with Benítez during which the Paraguayan president referred to Taiwan as “an eternal brother.”\(^3\)

The apparent strength in relations can be attributed to the unique historical trajectories of both Taiwan and Paraguay. The intensifying rivalry between the United States and China, which impacts both Asunción and Taipei, has certainly played a role in the contemporary Taiwanese-Paraguayan relationship as well. However, the two share a unique and evolving history that goes beyond navigating great power politics. There is more to Paraguay’s stance towards Taiwan than simple rhetoric.
The Pathway to Recognition

Unlike its neighbors, Paraguay did not maintain diplomatic relations with the ROC prior to the defeat of the Nationalist government by the Communists in 1949. Asunción initiated diplomatic relations in 1957, well after the retreat of Chiang Kai-shek to Taiwan. From the beginning, Cold War calculations played a critical role in the budding ROC-Paraguay relationship.

Three years earlier in 1954, a military coup had propelled the outspokenly anti-communist general Alfredo Stroessner to power, ushering in a period of highly personalized and authoritarian rule known as the “Stronato.” Stroessner’s regime was buoyed by American economic and military aid, fueled by Washington’s anxiety over the potential spread of communism in Latin America. U.S. political support also granted Asunción more leeway internationally as it slid towards dictatorship.

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Meanwhile, Taiwan in the 1950’s was experiencing the peak of the White Terror. Heavy-handed efforts to cement the power of Chiang Kai-shek’s exiled Nationalists (the KMT) subjected suspected communists and Taiwanese independence advocates alike to mass incarcerations, torture, and execution. Furthermore, by the end of the decade it seemed that conditions were right for a possible invasion of the Chinese mainland. The widening Sino-Soviet split isolated the Chinese communists internationally, even as the PRC was experiencing domestic woes. The U.S. Eisenhower administration had earlier passed the Formosa Resolution demonstrating strong commitment for the KMT and emboldening Chiang.

Although located on opposite sides of the globe, the regimes of Stroessner and Chiang had much in common. Both were military dictatorships with a thin veneer of civilian governance designed to make them diplomatically palatable. Both were rabidly anti-communist and invested considerable resources into countering Marxist political movements both domestically and abroad. Despite significant differences in terms of economic development and regional politics, both Taipei and Asuncion maintained a close relationship with Washington, which provided economic and security assistance, as well as diplomatic support in the context of the Cold War. The ideological and practical ties between Stroessner and Chiang would persist and be inherited by their respective successors – even as their regimes began to gravitate away from anti-communism and toward democracy.

Stroessner would embark on a state visit to Taipei in September 1975 to mark the 64th anniversary of the founding of the ROC. During this visit, the large Paraguayan delegation was received by then Premier Chiang Ching-kuo, son of Chiang Kai-shek, and toured military and industrial sites in southern Taiwan. In addition to demonstrating continued international support for the ROC, it also affirmed the younger Chiang’s legitimacy after his father’s death earlier that year, signaling support for a continuity regime. When the U.S. officially recognized the PRC in 1979, Paraguay remained firm in its support for the diplomatically struggling ROC.

Dictatorship Reviewed

Paraguay and Taiwan would experience a parallel process of democratization in the 1980’s. In Taiwan rapid economic growth gave rise to a vibrant middle class, even as the ambition of retaking the Mainland faded. A process of gradual reform and the end of rule by the military set the stage for the two-party system found in Taiwan today.
Paraguay, by contrast, remained mired in poverty and corruption. Most profitable businesses were controlled by a small landowning elite, with much of the country’s population dependent on subsistence agriculture. But in the 1980’s Stroessner’s advanced age, the return of democratic rule in neighboring Argentina and Brazil, and economic stagnation all contributed to increased opposition against the military regime. The response was repressive measures and the suppression of dissent which further isolated Asunción internationally. Amnesty International & the organization of American States routinely issued statements condemning widespread human rights abuses and branding Paraguay as an international pariah. Ultimately a military coup brought the Stronato to an end in 1989. Stroessner’s successor immediately set about dismantling the oppressive state apparatus and paving the way for the restoration of civilian government. Part of this involved normalizing Asunción’s relations with the outside world and breaking out of isolation.

At the same time, Taiwan saw its international space critically diminished, lacking UN representation and having lost the recognition of even the United States. As Asunción gravitated away from its Cold War heritage and sought new diplomatic relations the question of reevaluating relations with the ROC in favor of the PRC, came to the fore. Yet, at this critical juncture, Asunción elected to maintain ties with Taipei. Two key factors played a role in allowing the Taiwanese-Paraguayan relationship to persist.

The first was the presence of the energetic and well-connected ROC ambassador, Wang Sheng. A veteran of both the Second World War and the Chinese Civil War, Wang had risen through the ranks of the Nationalist army to become a member of the ROC’s political inner circle. He would become a mainstay of the military establishment on Taiwan, and was closely associated with Chiang Ching-kuo, even being briefly considered as a potential successor.

Wang was dispatched to Asunción during the Stronato in 1983 in part to help maintain ties with a wavering ally and in part to remove him from post-Chiang reshuffles in Taipei. Despite being exiled to the opposite end of the world, Wang sought to make the most of his mission. Besides securing development assistance for the impoverished country, he focused on organizing the Taiwanese business community that had sprung up in Asunción. By the time Stroessner was ousted, Wang had close contacts with much of the Paraguayan military establishment and argued that Taiwan could continue to provide financial assistance to help ease the transition to civilian rule.

“Diplomatic realignment from ROC to PRC has often gone hand in hand with a change in government.”

A second factor was the international criticism of Beijing following the violent suppression of protestors in Tiananmen Square in 1989. The United States and European Union condemned the violence and put in place an arms embargo that persists to this day. Struggling to gain distance from its own legacy of violent repression, Asunción was reluctant to pursue closer ties with Beijing in the context of the political moment. Instead, Paraguay and Taiwan could both tap into the enthusiasm for democratization that was taking hold around the world in late 1989. A year earlier, Uruguay which was similarly struggling to come to terms with its legacy of military dictatorship had elected to establish ties with the PRC at the expense of the ROC.

“Yo-yo Diplomacy”

With Beijing’s international clout growing in the early 2000’s, the diplomatic ties between Asunción and Taipei again came under pressure. China joined the World Trade Organization (WTO) in 2001, significantly increasing the viability for trade and engagement with the burgeoning Chinese economy. This imbued Beijing with significant diplomatic and political cachet. Conversely continued recognition of the ROC withered as lucrative trade deals became...
Diplomatic realignment from ROC to PRC has often gone hand in hand with a change in government. Election periods have therefore come to be critical moments for Taipei pre-heralding a potential loss of recognition. In Paraguay, the conservative Colorado party which dominated politics until 2008 maintained close ties with Taiwan. Yet by 2008, a flurry of corruption scandals and the lingering legacy of authoritarian rule undermined the party’s popularity. A leading opposition figure, Fernando Lugo, who would go on to secure the presidency, announced during the campaign period a desire to review diplomatic relations. As a non-Colorado candidate, Lugo appeared primed to break with tradition and establish diplomatic relations with China.

Lugo’s election, however, coincided with a pivotal development in Cross-Strait relations. That same year in Taiwan, the charismatic former Taipei mayor Ma Ying-jeou swept to power in a landslide election with the KMT. For Beijing, the defeat of the independence-leaning Democratic Progressive Party (DPP) presented an opportunity to push for unification through peaceful and economic means. For the PRC, Ma embodied a leader that might prove more amenable to deeper Cross-Strait integration. The result was an unspoken diplomatic truce. During the eight years of Ma’s presidency not a single remaining ally would opt to switch diplomatic relations.

Bolstered by China’s more reconciliatory stance, Ma convinced Lugo to maintain bilateral ties with Taipei. Other Latin American states, such as Nicaragua and El Salvador, had signaled similar aspirations to open relations with the PRC. Both refrained from doing so during the KMT dominated presidency. Ma would later attend Lugo’s inauguration ceremony as a visiting head of state, demonstrating the continued viability of the ROC-Paraguayan relationship.

### Settling the Beef

While in Asunción, Ma and his delegation met not only with Lugo but also Paraguay’s Minister of Agriculture. Agricultural exports, especially of beef and soy, represent a vital part of the Paraguayan economy and shape Asunción’s foreign policy. Lugo undertook several trips to East Asia where he sought to find new markets for Paraguayan agri-business.

While Lugo’s election and the peaceful transfer of power was being lauded as a watershed moment for Paraguayan democracy, the coalition supporting him almost immediately collapsed. The Colorado-led opposition frustrated attempts to introduce a personal income tax, thwarting Lugo’s long-promised reforms. Fearing the possibility of a military coup d’état, Lugo repeatedly shuffled the military leadership. Ultimately a deadly clash between landless farmers and the police provided the impetus to remove him from office. His opponents initiated an accelerated impeachment process which international critics decried as a “legislative coup”.

Vice President Federico Franco took over his turn before the political pendulum swung back to the Colorado Party with the election of Horacio Cartes in 2013.

For Taiwan, the ensuing instability in Paraguay proved a potential risk for its diplomatic ties. Each new administration might be tempted to initiate a relationship with the PRC and thus break with the ROC. Unsurprisingly, the Ma administration swiftly invited both Franco and his successor Cartes to Taipei in short order. These visits allowed Taipei to reinforce the message that the relationship with Asunción did not hinge upon one party or one interest group. While different Paraguayan parties draw on different segments of society for support,
consistent considerations such as beef and soybean exports play an important role in maintaining bilateral ties.

During a visit to Taiwan in 2017 to mark the 60th anniversary of bilateral relations, Cartes secured a major trade deal, characterized as having been the most generous terms ever agreed to by Taipei. Part of the rationale behind Paraguay being treated favorably in negotiations was that Beijing had suspended its diplomatic ceasefire with the election of Tsai Ing-wen and the DPP. Consequently, Chinese pressure on states that continued to recognize the ROC was redoubled. Taipei was now incentivized to communicate not only the new DPP administration’s commitment to its partners overseas but also herald in a more diversified foreign investment and diplomatic strategy.

Successful Paraguayan administrations have persistently had to contend with issues of poverty and landlessness. Cartes’ strategy to address this rested on establishing public-private partnerships (PPP) to attract foreign capital. This enraged the left-leaning opposition, while his Colorado party balked at senior positions being given to technocrats rather than party stalwarts. A controversial move to abolish presidential term limits would result in a political crisis, during which protestors torched part of the Paraguayan Congress in 2017. Meanwhile, Washington threatened to slash financial support for Paraguay with the Trump administration moving to significantly reduce funding for all but the most essential military partnership programs. The ensuing reappraisal of U.S.-Paraguayan relations would impact the Paraguayan-Taiwanese relationship, albeit indirectly.

**Tsai and Benítez: Maintaining Ties**

Paraguay’s relationship with Taiwan has grown to be a major feature in the country’s relationship with the U.S. In 2019, Mike Pompeo became the first sitting Secretary of State to visit Asunción in over half a century, specifically citing the Paraguayan-Taiwanese relationship as important for American policy. In December of that year, Benítez travelled to Washington to meet with President Trump. In a joint statement the two leaders announced a desire to deepen cooperation on regional policy and security issues, making references to cooperation between the U.S. International Development Finance Corporation (DFC) and Taiwan in developing healthcare infrastructure in Paraguay. One of the provisions of this three-way cooperation deal was the construction of a major medical facility in Asunción, the Jerovia Mount Sinai Medical Center.

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As the Tsai administration came under increased pressure from Beijing, Washington sought to bolster Taipei’s recognition abroad. Even as the American political establishment is becoming more polarized than ever, Taiwan continues to enjoy broad bipartisan support. Diplomatic initiatives such as the passing of the TAIPEI Act (Taiwan Allies International Protection and Enhancement Initiative Act) in early 2020 speak to the importance allocated to maintaining and strengthening Taipei’s international space. For her part, Tsai has repeatedly reiterated support for Paraguay, pledging to import agricultural products and making resources available to aid in Asunción’s response to the Covid-19 pandemic. At the same time, Beijing has sought to demonstrate the opportunity cost of Asunción’s persistent recognition of the ROC.

Chinese State-owned enterprises (SOEs) have increasingly come to play a vital role in Beijing’s efforts to induce diplomatic realignment, including in Paraguay. Since the PRC has taken a tougher stance on Taiwan, Chinese SOEs appear to be more reluctant to get involved in countries recognizing the ROC, reflecting Beijing’s proclivity towards using SOEs as a foreign policy tool. High Chinese demand for beef created an opportunity for Beijing
to court Paraguay. The outbreak of the African Swine Fever Virus (ASFV) in China depleted pork supplies and drove up meat prices. Paraguay’s ranchers could only look on in envy as their Argentinian and Brazilian counterparts made record sales. Prior to that, the trade conflict between the U.S. and China had driven up demand for South American soybeans. The perceived loss of profits inherent in being locked out of Chinese business incentivized the country’s powerful beef and soy producers to act as a PRC lobby. Paraguayan editorials have called upon the government to establish ties with China.

Both the Paraguayan and Taiwanese sides have persistently demonstrated that their close ties transcend any one political or diplomatic moment.

In April 2020, the Paraguayan Senate voted on reconsidering ties with Taipei, a push initiated by the left leaning Frente Guasu (FG). Ostensibly the vote, which was defeated 25 to 17, was rooted in the assertion that Paraguay’s response to the Covid-19 pandemic was hobbled as Beijing represented a better cooperation partner than Taipei. The unfolding struggle over public health narratives notwithstanding, it seems likely that the political constellation pushing for diplomatic realignment was motivated by concerns pre-dating the current pandemic. It should be noted that Paraguay has been able to boast one of the lowest infection rates in South America. Furthermore, both have committed themselves to strengthening trade, critical for both as the pandemic rages on and stifles growth the world over.

“Hermano Para Siempre”

Despite rapid changes in their political systems and diplomatic environments, Paraguay and Taiwan have maintained consistent ties for over half a century. While this relationship may have originally been rooted in Cold War rationales, one would be mistaken to simply characterize the Paraguay-Taiwan relationship as a relic of the ideological alignments of the mid-20th century. Both Asunción and Taipei have undergone fundamental changes to their respective political regimes. The legacies of military-style authoritarianism and subsequent democratization have shaped the political identities of both Paraguayan and Taiwanese societies, albeit in different ways.

In a sense, the authoritarian amity shared by Chiang Kai-shek and Stroessner has been inherited and transformed by their post-authoritarian successors. Happenstance has played an important role in maintaining the relationship: the coinciding of Paraguay’s shift from repression and Beijing’s heavy-handed approach to student demonstrators in 1989, the change in government in Asuncion and the election of Ma in 2008, as well as the elections of Tsai and Trump in 2016. However, both the Paraguayan and Taiwanese sides have persistently demonstrated that their close ties transcend any one political or diplomatic moment.

Taiwanese diplomacy has remained resilient in the face of growing pressure on the ROC’s international space. Underlying this resilience is a modus operandi which not only draws upon historical relationships but is also responsive to the needs and priorities of partner states. This small state or niche diplomacy has become a vital approach for Taipei as the number of states recognizing the ROC government has dwindled. While foreign policy initiatives like the U.S. TAIPEI Act have sought to support this approach, the impetus lies with Taiwan and partner states such as Paraguay.

This is not to say that foreign policy considerations are rooted solely in ideological considerations. As Taiwan’s last diplomatic foothold in South America, Paraguay has been able to offset the cost of maintaining relations by benefitting from a status-enhancing position. Partnering with Taipei has brought Asunción economic and political benefits, translating not only into favorable trade deals and
the financing of medical infrastructure but also providing diplomatic leverage in its dealings with the United States.

Taiwan and Paraguay share a unique relationship that has been shaped by common experiences and continuous exchanges. While both the U.S. and China feature prominently in diplomatic considerations, Asunción and Taipei have been able to carve out a unique partnership that can stand on its own. Paraguay’s recent appeal at the UN General Assembly calling for the inclusion of Taiwan in international organizations speaks to the willingness to uphold this close partnership even in the face of external pressure.

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Endnotes


23. It should be noted that changing recognition between the ROC and PRC has a precedent. “Bidding wars” between China and Taiwan led to bizarre instances of “Yo-Yo” diplomacy in which states would shift recognition multiple times. Burkina Faso would change recognition twice, the Central African Republic and Liberia would do so three-times. These states were by no means passive recipients of Chinese and Taiwanese overtures, but rather sought to play the ROC and PRC off against one another for their own purposes. However, by the beginning of the 21st century, Mainland China’s rapid economic growth had skewed this balance in favor of Beijing which significantly reduced the number of Taiwanese allies.


27. One important feature of this particular period in cross-Strait relations was the rebalancing of global trade in China’s favor following the Great Recession of 2007. While the United States and much of Western Europe saw their economic clout greatly diminished, and a consequent turning inward as social and domestic issues began to gain traction, China experienced continued growth. Against this backdrop the notion that Taiwan’s population would be willing to accept integration into a prosperous PRC under an autonomy deal resembling the “One Country Two System” arrangement in the long-term seemed to gain traction relative to the prospect of a risky invasion.


35. "President Ma meets republic of Paraguay President Horacio Cartes," Office of the President Republic of China (Taiwan), accessed 10 June 2020, https://english.president.gov.tw/NEWS/4503
41. Largely overlooked by the media cycle, Trump received word of his impeachment in the U.S. House of Representatives while in a meeting with Benítez.