Case Study 1

Singapore having a successful and vibrant economy is vital to its survival. Without economic success, a country does not earn enough to provide its citizens with jobs and is unable to meet their needs resulting in a poor quality of life. An economy without vibrancy is an economy that is too dependent on any one of its sectors for revenue. A lack of economic vibrancy results in a country having little leverage in disputes and is prone to being manipulated by other nations. Hence if a country’s economy lack either of these traits, it makes the country potentially irrelevant to other nations as its role and value can be easily replaced.

China wants Taiwan to be part of China and not an independent state which Taiwan currently is. Palau, however, is on good terms with Taiwan as they have been strengthening their economic and political relations since 1994 (Wikipedia, n.d.). Thus, Palau recognizes Taiwan as a sovereign country, which opposes China’s views on the matter. This has led to China actively seeking to shift Palau’s diplomatic relations toward China and away from Taiwan.

China knows Palau is heavily reliant on tourism with more than 40% of its Gross Domestic Product (GDP) stemming from that sector (Cameron, 2021). China exploited this weakness hoping to make Palau recognize Taiwan as part of China, seeing that Palau is one of Taiwan’s 18 remaining allies (Master, 2018).

China would increase the number of Chinese tourists going to Palau to make Palau over reliant on China for its tourists before banning its citizens from going to Palau. China intended for Palau’s economy to fail without the Chinese tourists which would force Palau to shift its political views and recognize Taiwan as part of China in hopes of China lifting the travel restrictions.

This was evidently seen in 2015 when there was an enormous spike in the number of visitors from China to Palau, it rose by 14,000% going from 634 to 91174 Chinese visitors. Then in 2017, China ordered tour operators to stop sending groups to the island resulting in a 16% drop in visitors overall to Palau (Cameron, 2021). This heavily impacted Palau’s economy causing Palau to be left with empty hotel rooms and idle tour boats (Master, 2018), greatly lowering the quality of life for Palau’s citizens as many lost their livelihoods.

From this conflict between China and Palau, Singapore should strive to resolve disputes and make compromises to avoid clashing with other countries which would only result in lose-lose situations. We also see how important it is for Singapore’s economy to be strong in all economic sectors and the dangers of over relying on any one sector. Furthermore, Singapore must aim to become relevant to other countries, unlike Palau who was not significant to China which allowed China to manipulate Palau without having any repercussions. Lastly, Singapore should seek out a variety in trade partners so that we do not become too dependent on any country for our revenue or resources.

# Bibliography

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