STRATEGY RESEARCH PROJECT

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SAILING IN TROUBLED WATERS: U.S. – TAIWAN SECURITY POLICY AND EMERGING CHALLENGES

BY

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ABSTRACT

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Arguably the most complex bilateral strategic security relationship the United States (U.S.) carries with it into the new millennium is that which exists with the People's Republic of China's (PRC) rebel province - Taiwan. Rising from the ashes of World War II and inextricably tied to the deep international chasm carved by Cold War bipolarity, our robust but now unofficial relations with Taipei have brought nearly 50 years of relative security to the Strait and prevented open warfare between Beijing and Taipei. Few foreign policy issues are or should be higher on the US agenda than this often tumultuous but critically important relationship and a peaceful solution to the thorny issues separating the Chinas is an essential ingredient to long-term regional stability and the achievement of U.S. objectives. There is a renewed sense of urgency to review current policy and find better, more effective ways to advance U.S. interests and secure peace. What are the emerging challenges facing U.S. - Taiwan - China policymakers in the region and what should be the nature of our future security relations with Taiwan? After a reviewing current U.S. - Taiwan security policy this paper will explore emerging security challenges and future policy options.

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SAILING IN TROUBLED WATERS: U.S. – TAIWAN SECURITY POLICY AND EMERGING CHALLENGES

The world is a big thing and Taiwan is a small thing
—Mao Zedong to Richard Nixon

Arguably the most complex bilateral strategic security relationship the U.S. carries with it into the new millennium is that which exists with the People's Republic of China's (PRC) rebel province – Taiwan. Rising from the ashes of World War II and inextricably tied to the deep international chasm carved by Cold War bipolarity, our robust but now unofficial relations with Taipei have brought nearly 50 years of relative security to the Strait and prevented open warfare between Beijing and Taipei.[1] Few foreign policy issues are or should be higher on the U.S. agenda than this often tumultuous but critically important relationship and a peaceful solution to the thorny issues separating China and Taiwan is an essential ingredient to long-term regional stability and the achievement of U.S. objectives. There is a renewed sense of urgency to review current policy and find better, more effective ways to advance U.S. interests and secure peace. What are the emerging challenges facing U.S. - Taiwan policymakers in the region and what should be the nature of our future security relations with Taiwan? After reviewing current U.S. - Taiwan security policy, this paper will explore emerging security challenges and future policy options.

CURRENT POLICY

At present, three US - PRC diplomatic communiqués and the 1979 Taiwan Relations Act (TRA) principally serve to outline current U.S. security policy toward Taiwan. To achieve normalization in 1979, the U.S. acquiesced to Beijing's three key demands: (1) termination of formal diplomatic relations with Taipei; (2) removal of US troops from Taiwan and (3) the abrogation of the 1954 U.S. – Republic of China Mutual Defense Treaty. U.S. diplomats also "acknowledged the PRC's position that there is only one China and Taiwan is a part of it."[2] The U.S. decision inflicted a devastating blow to an authoritarian Taiwanese government intent on returning to power on the mainland, however the U.S. did not cut Taiwan adrift in the Strait altogether. To reassure Taipei and others of U.S. resolve to secure a peaceful reunification and to demonstrate our continuing commitment to U.S. allies in the Cold War, Washington left intact in excess of 55 treaties, agreements and programs ensuring U.S. - Taiwan commercial, cultural, trade and other relations remained in force through non-governmental means.

This highly unusual multi-level arrangement was unique and required Congressional legitimization before achieving full implementation. Following heated floor debates focused on U.S. responsibility to a long-standing ally and anti-communist stalwart, Congress passed the TRA by overwhelming majority. Thus the TRA establishes the current forwards the framework by which the U.S. maintains commercial links and our one-of-a-kind security relationship with Taipei. Section 2 of the TRA declares the guiding U.S. security principle in the relationship. It declares, "the policy of the United States is to consider any effort to determine the future of Taiwan by other than peaceful means...to be of *grave* concern."[3] The means of ensuring this policy is based on the premise that the maintenance and support for an adequate Taiwanese defense force is conducive to maintaining regional security until such time that the differences remaining between Taiwan and the PRC are peacefully resolved. The TRA does not commit the U.S. to the defense of Taiwan. Instead, if the security of Taiwan is threatened the President must inform Congress and in accordance with the Constitution, determine the "appropriate action by the United States in response to any such danger."[4]

Security relations between the U.S. - Taiwan are concurrently governed by three joint U.S. - PRC communiqués issued in 1972, 1979 and 1982. The 1972 Shanghai Communiqué paved the way for the normalization of U.S. - PRC relations and contained the first of several U.S. affirmations for a peaceful settlement of the Taiwan question. The peaceful reunification premise was expanded in the 1979 communiqué to include the understanding that the differences were to be peacefully resolved internally by the Chinese (PRC - Taiwan). The final communiqué of 1982 provides the central pillar of U.S. - Taiwan security policy and has been a "lightening rod" for the PRC's most strident protests over the years. The 1982 communiqué contains pledges to reduce U.S. arms sales over an undetermined period, ensure that neither the quantity or quality of arms exceeds that held by the PRC, that the U.S. has no intention of pursuing a "two-China" or "one-China", "one-Taiwan" policy and understands and appreciates "the Chinese policy of striving for a peaceful resolution of the Taiwan question."[5]

In June 1998, President Clinton publicly accepted Beijing's famous "Three No's" regarding Taiwan policy. The three "No's" are 1) no recognition for the existence of two official Chinas; 2) no separate and sovereign China and Taiwan; 3) and Taiwan must be excluded from membership in any organization for which statehood is a requirement. A typhoon of controversy erupted immediately as Congress and foreign policy experts perceived increasing accommodation for Chinese expansionism in the region and further isolation of Taiwan. The enraged members of Congress swiftly passed a non-binding resolution clearly reasserting U.S. support for Taiwan's defense with only one dissenting vote.

Current U.S. security policy toward Taiwan is not only complex but also ambiguous and contradictory. On the one-hand, the TRA speaks to hostile acts against Taiwan as a grave concern, but the U.S. is not obligated to come to Taiwan's defense with U.S. forces. The U.S. policy contradicts itself by allowing for the transfer of weapons to Taipei while at the same time pledging a reduction in those sales. Both the President and Congress are tasked to execute the policy and both branches can affect the ends by adjusting both the ways and means of the policy (the quantity and/or quality of weapons transferred, training and pricing). Perhaps comments by a Deputy Assistant Secretary of Defense best sum up this unusual state of affairs. When questioned as to under what conditions the U.S. would not come to Taiwan's defense he replied, "Congressman, I am not going to sit here and answer those kind of hypothetical questions...we always refrain from answering those kind of hypothetical questions."[6]

The goal of this ambiguous security policy was to retain an exceptional degree of flexibility for potential U.S. options to counteract either PRC aggression or Taiwanese attempts to declare independence, in affect levying a policy of dual deterrence in the region. The unspoken goal was to buy time for China's internal economic reforms, growing wealth and the anticipated impact of globalization to change a society still firmly in the grip of an ossified and politically reactionary leadership and set the stage for a peaceful resolution of reunification issue. It could be argued that "at some point in the not-too-distant future, the PRC may become more democratic and less menacing and Taiwan will be allowed to drift off on its own or rejoin the mainland voluntarily."[7] The vital question is do we have the time?

SHIFTING VARIABLES

> I must say quite simply, I'm the President of a country.
> I must stand up for the national interests of this country.
> —Lee Teng-hui

Why is sovereignty over Taiwan such a sensitive issue for China given that the island poses no military threat and has not been governed by Beijing for more than a hundred years? Simply stated, an independent Taiwan threatens China's growing nationalism. The existence of a separate Taiwan represents 150 years of frustration borne from the national humiliation suffered at the hands of the colonial powers and the clash of the 20th Century World/Cold Wars. For China an independent Taiwan is a psychological symbol of America's hegemony, proof of U.S. dominance and a testament to China's vulnerabilities. As the founder of China's People's Liberation Army stated, "As long as Taiwan is not liberated, the Chinese people's historical humiliation is not washed away; as long as the motherland is not reunited, our people's armed forces responsibility is not fulfilled."[8] For China, an independent Taiwan strikes at the core of

Beijing's legitimacy and promise to reunite an empire carved up like so much Peking duck by foreign powers. Taiwan is perhaps the one issue which could trigger open conflict between the U.S. and China, a war potentially impacting one half the world's population where over half of all the world's economic activity resides.

In the course of the last decade several key shifts in the underpinnings of the existing U.S. - Taiwan - China security framework signaled the beginning of a transformation within the complex trilateral security calculus:[9]

- A breakdown of the 'one-China' consensus.
- The PRC's motivation to get on with reunification.
- The remilitarization of the Taiwan Strait.

"ONE – CHINA" BREAKDOWN

Beginning in 1988, Taiwanese leaders flush with economic success began the steady transition to a true democratic state. In 1992, Lee Teng-hui became the first native Taiwanese appointed President and in 1996, he became the first directly elected President.[10] The crowning achievement in this truly remarkable transition was the 2000 election and ascendancy to power of Taiwan's pro-independence Democratic Progressive Party and their presidential candidate, Chen Shui-bian. By most measures of human rights, standard of living, political participation, and access to education and employment opportunities the Taiwanese have flourished under democracy.[11] In Taiwan the "one-China" principle was eroded further by changes to political party philosophy. The Kuomintang Party's recognition of Beijing's legitimacy and withdrawal of their claims to power on the mainland in concert with the rapid rise of the independence-minded Democratic Progressive Party reflected a growing sense of Taiwanese political identity apart from Beijing's. For the future, as democracy continues to develop and deepen on Taiwan, the political distance between Beijing and Taipei will grow even wider. Compounding this political divide is an ever-widening economic chasm. The 1998 per capita gross domestic product stood at $12,600 for the 21.5 million Taiwanese while the equivalent figure for the 1.2 billion mainlanders stood at a paltry $780.[12]

The process of democratization and growing wealth encouraged President Lee to adopt bolder approaches to Taiwan's foreign policy. His new tact sought to secure formal diplomatic ties with sympathetic nations, develop substantive relations with countries unwilling to formally recognize Taiwan and to seek admission to international organizations vital to the country's economic growth and security. Although Taiwan's attempt to gain United Nations membership seems unlikely in light of the "Three No's" formula, membership in the World Trade Organization

could occur in 2001 and full participation in other non-governmental international organizations may be on the horizon. Taiwan now maintains official relations with 30 nations, robust unofficial representation in another 62 countries and full membership in 811 international non-governmental organizations.[13] Another indicator of Taiwan's new sense of international independence and drive for recognition was the evolution of President Lee's 1992 declaration of a "one China, two political entities" reunification formula into his 1999 national security policy which called for bilateral negotiations conducted on a "special state-to-state basis". Although President Lee backpedaled from his "state-to-state" position and newly elected President Chen has thus far refrained from calling for independence, Taiwan's new course seems clear. All discussions must be conducted between two equal partners and distinct political entities vice the parent and rebellious child construct favored by Beijing under the original "one-China" principle. For Taiwan the "one-China consensus that used to bind the Taipei and Beijing together has eroded substantially."[14]

REUNIFICATION TIMING

Unwilling to have Taiwan drift away from the "one-China" policy, the PRC's leadership frequently speaks of the "urgent nature of the Taiwan issue following the return of Hong Kong in 1997 and Macao in 1999."[15] In a 1998 interview, Chinese President Jiang Zemin reminded both Taiwan and the U.S. that "China wants a peaceful reconciliation but the question should not remain unsettled for too long."[16] Jiang reinforced this position during a 20 December 1999 speech marking the return of Macao: "We have both the determination and the ability to resolve the Taiwan question at the an early date."[17] Beijing's most recent reunification overtures begin with the desire to return to the "one-China" consensus reached with Taipei in 1992 and are laced with small enticements to encourage the start of immediate negotiations. The attempts to lure the increasingly skeptical Taiwanese included offers to negotiate with Taipei "on the basis of equality" and promises of increased economic opportunities.[18] Beijing understands that it can ill afford a protracted process.

In fact all three parties view time as the most critical variable in the reunification process. For Taiwan, time equates to distance. As reunification talks progress slowly, Taiwan continues to build both official and unofficial recognition of states and organizations in the international community, President Lee's so called "breathing room". Time will narrow the substantial personal income gap between the two parties, lessening the impact of reunification and of greater significance, Taiwan will be able to gauge the success China's Hong Kong reunification experiment. For U.S. policy-makers, the status quo in the Strait is acceptable over the next 30

years. The current state preserves U.S. regional influence and helps ensure that the full impact of globalization and free-market forces is achieved thereby hastening the necessary political changes and soften China's expansionist's desires and eventually democratize the mainland. By default, Beijing finds time to be an enemy of the reunification process. An independent Taiwan will be more difficult to return to the fold and perhaps rebellious internal provinces will take encouragement from Taiwan's continued resistance generating unwanted domestic friction.

Clearly Beijing is growing more anxious to achieve progress towards reunification, but often they stumble and in the process alienate Taipei even further. In the wake of the devastating September 1999 Taiwan earthquake, the PRC stalled relief efforts by insisting responding emergency agencies obtain permission to travel to Taiwan through Beijing. A public relations disaster ensued and reinforced the international perception of Beijing as an excessively bureaucratic and autocratic regime willing to sacrifice its people for political gain. Shocking images of PLA soldiers retaking Tiananmen Square; crackdowns on the peaceful Falun Gong sect; and openly hostile criticism of Taiwanese businessman who supported President Chen's 2000 campaign further underscore the relative lack of freedom on the mainland and cast doubt on Taiwan's future lot under China's oppressive regime.[19] Disbelieving Taiwanese poised a simple question: What would reunification offer us that we don't have now? In 1995 Beijing grew inpatient of the static state of reunification talks and began moving aggressively to resolve the division.

REMILITARIZING THE STRAIT

The cross-strait missile crises of 1995 and 1996 served as warning of Beijing's intent to end the standoff with force if necessary. This position was echoed by the PRC's Defense Minister, Minister Chi, during a recent state dinner wherein he reminded his audience that, "we have the steadfast determination and the needed methods to prevent Taiwan independence and all splittist activities."[20] President Lee's 1995 unofficial visit to his alma mater, Cornell University, ignited storm of controversy in both the U.S. and China and at its height led to a U.S. -Taiwan - China confrontation in the Strait. During the trip President Lee sought to expand Taiwan's diplomatic breathing room by gaining support in the U.S. for advancing Taipei's membership in non-state and state based organizations. Not surprisingly Jiang viewed the trip as sabotage directed against efforts to open the cross-strait dialogue under his eight-point proposal for reunification. Between June and October of 1995, the PRC recalled its ambassador, rebuffed calls for a U.S. - China summit and declined to meet with Under Secretary of State Tarnoff while launching the "most proactive military exercises in the Strait

and most hostile rhetoric against a Taiwan leader seen in over 20 years."[21] Beijing's rhetoric and activities raised the specter of military conflict over the dispute that had seemed to be at a four-decade low.

In March of 1996, China conducted another series of missile tests and naval maneuvers were conducted to further intimidate the Taiwanese populace during the run up to the island's first presidential election. Beijing flexed its military muscle in a series of amphibious assaults, aerial attacks and test firings of the advanced short range nuclear capable DF-15 surface-to-surface missile (which impacted in international waters dangerously close to Taiwan's largest ports). The massive exercise included 40 surface vessels, 260 aircraft and an estimated 150,000 People's Liberation Army (PLA) troops in what was called the "largest show of force directed at China since the Strait crises of the 1950's.[22] The U.S. responded with the deployment of two carrier battle groups to the region. In the ensuing posturing, all three powers squared off without a shot being fired and the moment passed.

In the aftermath of 1995 – 1996 period of running diplomatic skirmishes and military confrontations, the US leaders took stock of affairs. Several lessons emerged for U.S. planners. First, the PLA demonstrated that is was actively preparing to take back Taiwan by force if necessary. Second, from Beijing's view, chances for a peaceful reunification seemed to be deteriorating and perhaps a bold preemptive attack could prove to be decisive in a limited war. Third, a missile attack would be the opening gambit of a PLA shock attack. Fourth, absent clear unambiguous communications and a structured trilateral security policy, Washington became uncertain of Beijing's motives behind the show of force and risked inviting an unnecessary confrontation between the two great powers.[23] Finally for U.S. policymakers and military planners, the crisis alarmingly underscored growing concerns for China's force modernization and expanded arms production programs. China was willing to challenge the U.S. over Taiwan and proved it was rapidly acquiring the hardware required to control the strait.

EMERGING ISSUES

Although U.S. declaratory policy remained unchanged towards Taiwan in the years following the 1995 – 1996 missile crises, shifting U.S. perceptions within the existing security framework were magnified by a series of additional events. The fallout from the alleged Chinese espionage of U.S. nuclear secrets and findings from the Congressional investigation of the case, the U.S. accidental bombing of the Chinese Embassy in Belgrade and Beijing's response coupled with harsh and unrelenting anti-Taiwan rhetoric by senior PRC leaders shifted the existing U.S. – Taiwan security framework toward a new paradigm. "The clumsiness of

China's attempted coercion, contrasted with the peaceful democratic process playing out in Taiwan, and undoubtedly elevated the latter's status in the eyes of many Americans."[24] Planners began to appreciate the very real possibility of a U.S. - PRC confrontation over democratic Taiwan and wide spread concern for the adequacy of current cross-strait policy swept through Washington. Were we doing enough to defend the island?

America's answers to this question were captured by Beijing's own October 2000 *White Paper on National Defense 2000.*[25] The US sought to:

- Clarify the ambiguities of the Joint Communiqués and TRA by passage of the Taiwan Security Enhancement Act (TSEA) and continue the sale of advanced weapon systems.
- Develop and deploy a National Missile Defense (NMD) and Theater Missile Defense (TMD).
- Strengthen bi-lateral relations with Japan by revising the U.S. – Japan Defense Cooperation Guidelines.

In Beijing's view these "new negative factors affecting the security Asia-Pacific region" complicated and undermined the cross-strait situation by striking at the core preconditions for reunification as agreed to in the Joint Communiqués and President Clinton's acknowledgement of China's "Three No's" policy.[26]

TAIWAN SECURITY ENHANCEMENT ACT

In February of 2000, the U.S. House of Representatives sent a powerful message to China, Taiwan and President Clinton by passing the TSEA 341 - 70. The overwhelming bipartisan support for the measure signaled a desire for a change in the status quo. The measure attempted to answer concerns for China's military modernization and expansion and to clarify the nature and substance of America's "continued support for Taiwan, its people and their ability to maintain their democracy free from coercion and their society free from the use of force against them."[27]

The TSEA passage was derailed by a U.S. Senate unwilling move so boldly in the fluid political environment that existed during the spring and early summer of 2000 along with the threat of presidential veto. Several factors combined to delay TSEA's passage and perhaps will result in its final defeat. Taipei's newly elected President sought delays until his new government was established and a foreign policy in place. Both the U.S. Senate, engaged in raucous debate over China's petition for Permanent Normalized Trade Relations status, and the Administration, embroiled in sensitive negotiations over Chinese claims for compensation after the Belgrade Embassy bombing, were unwilling to anger Beijing. Moreover, looming U.S.

national elections focused Senators on broader China engagement policy goals and sidelined Taiwan's immediate security concerns as expressed by the TSEA. Adding to the list was the Clinton Administration's belief that the bill was an excessively provocative measure that could disrupt China's upcoming bid for World Trade Organization membership and unduly upset our "strategic partnership" with Beijing.[28] In the end, over the protests of the key House and Senate leaders TSEA was shelved. Why were both Beijing and the Clinton Administration relieved by the demise of TSEA?

The controversial TSEA attempted to clarify the ambiguities inherent to the TRA, key to President Clinton's strategic partnership engagement policy with China, by directing the President to:[29]

- Reserve additional senior service school positions for Taiwan officers.
- Increase the size of the technical staff of the American Institute of Taiwan.
- Report to Congress Taiwan's defense needs, equipment requests and justifications and Administration decisions to reject, postpone or modify such requests.
- Develop an enhanced program of military exchanges, training, threat analysis, force planning and operational methods with Taiwan.
- Establish direct and secure communication between USPACOM and Taiwan.
- Offer to sell satellite early warning data to Taipei.
- Offer modern air defense equipment: fighter aircraft, equipment to defend against attack and communications packages to support an integrated defense system.
- Offer naval power in the form of submarines, anti-submarine warfare and naval missile systems to include Aegis destroyers.
- Offer a TMD and supporting reconnaissance and communication systems necessary to cue and target such systems.

Proponents of the bill contended TSEA would enhance America's ability to determine and provide for Taiwan's self-defense needs and addressed concerns voiced by many analysts and politicians for the preparedness of Taiwan's defense force.[30] Modernizing equipment, streamlining an episodic and tangled acquisition process and integrating command and control elements would be prudent steps in the development and sustainment of a credible self-defensive capability for Taiwan. Finally, if U.S. forces return stateside a strong Taiwan could fill the security void created in the region.

Opponents of TSEA viewed its passage as tantamount to the U.S. and Taiwan turning their back on the "one-China" policy, abrogating the Joint Communiqué commitments and directly encouraging the notion of Taiwanese independence.[31] Taiwan would also faced risks if

TSEA were to destabilize the Strait further by driving the PRC to take action and forcing a somewhat hesitant U.S. to consider war with an unpredictable outcome against an enemy possessed of a nuclear force.

Regardless of one's view of TSEA, its very existence provides a clearer signal of America's willingness to arm Taiwan if the PRC should threaten. As Secretary Powell stated during his recent Senate confirmation hearings. "Taiwan is a part of China but Beijing should not use force to impose reunification. The United States will provide Taiwan with its defense needs."[32] A central pillar of this modernization effort is the development and deployment of a NMD and TMD.

NATIONAL AND THEATER MISSILE DEFENSES

Missile strikes are widely regarded as Beijing's opening offensive move during any type or scale of conflict. China's evolving military doctrine of limited war relies on high technology and espouses wars of limited scope and duration conducted by highly sophisticated and integrated weaponry.[33] The PLA's modernization efforts in the 1990's were not applied across the force. Planners economized and targeted asymmetric capabilities providing the greatest leverage against more technologically advanced and developed countries. To that end, China produced advanced anti-ship and long-range land attack cruise missiles, conventional short-range and sea and shore launched ballistic missiles capable of intermediate and intercontinental ranges. Modernization efforts continue with the acquisition of advanced Russian Sovremenny-class destroyers armed with the SUNBURN supersonic cruise missiles. These missiles threaten both Taiwan's naval forces and the pivotal regional weapon system in most conflict scenarios, the U.S. carrier battle group. The 1995 – 1996 missile crises and China's explicit warnings of ballistic missile use to deter any nation contemplating involvement in the Taiwan question suggest both a capability and a readiness to launch such an attack.[34]

The threat to Taiwan is both clear and present. In excess of 200 short-range ballistic missiles are deployed in the Funjian province opposite Taiwan and China is adding approximately 50 more each year. Two new bases for the S-300 long-range surface-to-air missile system constructed along the PRC coastline protect Beijing's offensive missile inventory. A Defense Intelligence Agency report indicates that a first-strike of little or no warning from Beijing missile forces could destroy most of Taiwan's defensive capability.[35]

Taiwan is attempting to meet this challenge while saddled with the restrictive TRA. Taipei purchased the Patriot PAC-2 system and a Modified Air Defense System (MADS). Neither system has an anti-ballistic missile capability. The MADS lacks critical satellite

downlinks and Patriot requires the PAC-3 missile to achieve ballistic engagement capability. Additionally, Taipei and its Washington supporters are once again requesting the sale of the advance U.S. Aegis system. A decision on the sale may be forthcoming in April 2001. The staggering price tag for a complete Taiwan based TMD system is estimated to be $9.4 billion spent over a ten-year deployment plan or roughly $43 million per citizen.[36] Taipei will find it very difficult to develop and employ a credible TMD without substantial access to U.S. support. However, within the current calculus of the U.S. – Taiwan -China security equation, Washington must first address Beijing's broader concerns for NMD and TMD before reaching a decision on Taiwan's future.

Beijing's concern for NMD/TMD goes beyond the breakdown of the "one-China" policy and Taipei's attempts to establish breathing room in the international arena. The U.S. initiative could counter China's growing arsenal of ballistic missiles and high-tech weaponry increasingly exploited by Beijing as leverage over potential regional adversaries and TMD deployment could ignite the ongoing slow burning regional arms build up into a full fledged arms race. In turn, China would be forced to respond by diverting scarce financial capital away from other economic activities and into military ventures placing at risk the sustained market-led economic growth they desire.[37] Also, deployment of the system to Japan or South Korea would reduce the military threat posed by Beijing's ally, North Korea, and complicate Beijing's expansionist claims to numerous islands in the region. Tokyo's involvement in the program could be viewed as a harbinger of a born-again militaristic Japan; capable of defending its military might along with an offensive force projection capability. Finally, Beijing would view the passage of TSEA and its TMD provision as a *de facto* U.S. – Taiwan defense treaty, negating the provision of the First Communiqué.

Washington faces risks as well if NMD and TMD are deployed without so much as a tacit buy-in from Beijing. Increasingly two Cold War allies, China and Russia, find themselves lockstep against changes to the Anti-Ballistic Missile Treaty and Missile Technology Control Regime principles and both are engaged in a burgeoning arms sale and technology transfer trade arming China and economically supporting a faltering Russian economy.[38]

THE U.S. – JAPAN ALLIANCE

China's claim to Taiwan and its self-proclaimed right to use military force to drive reunification is the "greatest immediate threat to Japan's security outside the dangers posed by North Korea."[39] The U.S. – Japan alliance is the most important guarantor of regional stability and security and the September 1997 release of the updated U.S. – Japan Defense

Cooperation Guidelines expanded the role of this vital alliance. The updated agreement provides a comprehensive framework for supporting a wide range of bilateral initiatives and strengthens what arguably will be the most vital partnership for Washington in the region. Understandably China views the continued development of a "special relationship" between U.S. and Japan with disdain and an attempt to contain China. Japan is the hinge upon which America leverages its regional power against both China and its surrogate, North Korea.

The 1997 guidelines marked a new era in this defense relationship. Besides outlining responsibilities for the defense of Japan, the revised guidelines "provided the basis for more effective bilateral cooperation during a regional crisis that affects Japan's peace and security."[40] The alliance's area of influence is defined to include regions surrounding Japan. To China, this definition is ominously vague. The Japanese have answered the PRC's concerns in carefully worded language describing the region as not necessarily geographically determined but rather outlined by the mutual interests of Tokyo and Washington. To date, Japanese officials have ignored China's demands to further clarify the region to explicitly exclude Japanese rear-area support for U.S. forces engaged in the defense of Taiwan.[41]

Beyond the potential threat posed by forward based U.S. troops in Japan looms Beijing's growing concern for Japanese involvement in TMD. The U.S. – Japan TMD discussions gained momentum in the 1990s as Japanese planners analyzed developments in North Korea's nuclear and missile programs and the fallout from the 1995 – 1996 cross-strait missile crisis. China's steady development and deployment of short and intermediate-range cruise and ballistic missiles supplied the necessary catalysts for serious discussions of the estimated $15 billion program.[42]

For China there are two primary strategic implications of the U.S. – Japan TMD partnership:[43]

- TMD transfers to Taiwan would provide an umbrella of protection encouraging Taiwanese independence by reducing China's ability to threaten Taiwan with missiles, the primary means of coercion.
- TMD is a precursor of Japanese remilitarization.

In concert with broader concerns for the economic impact of an explosive regional arms race and the loss in nuclear deterrence value of their small nuclear ballistic missile threat, Beijing perceives Japan's involvement in TMD and its efforts to maintain stability in the straits as the singularly destabilizing issue in the U.S. – Japan -China security relationship. In the foreseeable future, Beijing will remain deeply suspicious of the alliance and their concern for the

nature and direction of this bond will directly impact the future of the U.S. – Taiwan security relationship.[44]

CONCLUSIONS

The foregoing discussion of the changes to the strategic framework and confounding variables create dilemmas for all three parties. Their choices appear to be:

- Taiwan – Enter into discussions with Beijing based on the "one-China" principle and accept reunification under less than optimum conditions or seek international support for continued independence and build an expensive military force capable of defending the island that in turn invites Beijing's hostility.
- China – Prepare for costly cross-strait actions wherein the U.S. and others may become involved or accept protracted negotiations and their potential breakdown threatening the strategic vision and endangering their survival if rebellious provinces such as Tibet attempt to follow Taiwan's footsteps.
- U.S. – Arm Taiwan and increase the risk of action by Beijing or encourage Taiwan to enter into negotiations with Beijing risking the island's democratic future while sending disastrous political signals to long standing regional allies faced with difficult choices.

The calculus of the relationship appears unsolvable for the present. Regardless of the acceptance of the "one-China" tenet for negotiations, the future of successful bilateral negotiations are dim and excessive interference by the U.S. is unwelcome in Beijing and potentially dangerous for Taipei. Both sides have introduced arguments into the discussion that offer little room for compromise.

China's rise as a regional economic, political and military powerhouse is the greatest challenge facing the U.S. and our allies in East Asia. Our shared objective must be to manage this rise with minimal conflict and disruption to the region and world. China "clearly intends to return to its rightful position in the region but it wants to do so by virtue of its combined economic, political, cultural and military clout – i.e. comprehensive national power -- not through reckless adventurism (which would probably end in failure)."[45] Taiwan has acted responsibly to date. It carefully tests the limits of its international engagement minimizing the chance that it will overplay its small hand. Neither behaves as a "rogue nation" and both understand the risks involved. Conflict is always possible when vital national interests are threatened, compromise is viewed as defeat and security policy is perceived as ambiguous on critical questions. The U.S. stands at a crossroads in this most difficult task.

RECOMMENDATIONS

To subdue the enemy without fighting is the acme of skill
—Sun Tzu

How should U.S. policy makers adjust to the evolving dynamics of the U.S. – Taiwan – China relationship? Forced or coercive reunification would be disastrous for the U.S. and Taiwan. "Aside from the human tragedy (suffered by Taiwan), such an event would give the clearest possible signal of Chinese ascendance and of American decline in Asia."[46] The U.S. must proceed with equal parts of purpose, resolve and caution.

First, we must remove ambiguity from our relationships with both Taiwan and China. In retrospect, many conflicts could have been prevented if the parties had clearly stated their positions. Our nation's experiences in Iraq, Korea and World War II provide ample proof of the impact of ambiguous U.S. policy in managing conflict. One component of U.S. policy that requires clarification is our ambiguous TRA pledge that promises to help Taiwan defend itself but leaves open the U.S. response to an attack by the mainland. As Dr. Joseph Nye has suggested, Washington should state plainly that our policy is "one-China" and "no use of force". The latter policy could be included as the "Fourth No" and added to list of "Three No's". To preclude unilateral Taiwanese declarations of independence that would trigger Beijing's presumptive right of force to secure reunification, Taiwan must also pledge to adhere to a "one-China" policy during the negotiation process.

The accepted norm of the "one-China" principle requires review. Forcing reunification risks too much for both parties and the Taiwanese will not accept the Hong Kong model as a condition for its return to the fold. Recent proposals call for the establishment of an interim confederation of which Taiwan is a full partner. The confederation offers more political flexibility and a palatable solution to the "one-China" policy. To reassure China of U.S. and Japanese intentions regarding the "one-China" principle, both nations "should state unequivocally that the independence of Taiwan is not a goal of the U.S. - Japan alliance."[47] This pledge would allay China's principle grievance with Japan. Additionally, China must be encouraged to shed its Cold War, communist-based doctrines regarding Taiwan's future and understand that Taiwan's role as investor and economic model is more valuable than communist and nationalist dogma. Finally, if the US is to affect the process in a positive way, our policies must be comprehensive, coherent, harmonized with our allies and capable of sustaining strong bipartisan Congressional support, which is a very tall order.

The NMD and TMD development and deployment are equally contentious issues. Most observers agree that China's short-term response to NMD and TMD will be based on a simple formula calculated from the numbers of warheads that can reach the U.S., Japan and Taiwan

and inflict a reasonable level of damage given the small fleet size. In the near term, the Chinese may be dissuaded from mounting an attack against Taiwan by balancing U.S. response to such an attack against the gains achievable through economic engagement with the US and allies. Washington must establish a clear linkage between Chinese missile deployments, technology transfers and missile proliferation to our willingness to deploy a robust NMD and TMD system. However, the U.S. should not be dissuaded from pursuing NMD/TMD if China elects to increase the size of its arsenal. Washington must be willing to engage in persistent and open NMD/TMD negotiations with China that address U.S. concerns for the future of Japanese and Taiwanese security while respecting China's global security challenges.

The U.S. must aggressively pursue a series of security confidence building measures with China and continue to encourage China and Taiwan to adopt similar measures. In the near future, senior leader exchanges between the U.S. and China should evolve into joint peacekeeping or humanitarian relief exercises. For China and Taiwan, confidence-building measures proposed in the past have included military and non-military hotlines of symbolic and substantive importance accompanied by tier II exchanges of retired diplomats and military officers. Any such measure should be vigorously pursued. The U.S. should encourage China and Taiwan to continue improving security policy and program transparency. China's publication of its second defense white paper is a significant step in this direction. Finally, both Taiwan and China must constrain their military operations in the strait. A simple miscalculation in these troubled waters could ignite another crisis.

U.S. policy in the region must be capable of withstanding the tremors Beijing creates with missile firings and Cold War style of rhetoric. The policy must strive to engage both Taiwan and China with greater clarity and consistency. It must recognize the unique relationship that exists between Washington and Taipei and hold all parties accountable for their missteps in the Strait. The U.S. must ensure its regional alliances remain strong in particular our alliance with Japan, for an engaged forward based U.S. presence has ensured the relative tranquility of the Strait and peace between the region's two primary antagonists for 55 years. The challenge facing the U.S. in the strait is clear. Mismanagement of the U.S. - Taiwan security relationship could plunge us headlong into regional arms races, paralysis in the United Nations and prolonged destabilizing multinational trade wars and evolve into a 21st Century Cold War.

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