



National Committee on American Foreign Policy

Where Leaders Meet

Northeast Asia Projects

Summary of Ninth Roundtable on U.S.-China Policy and Cross-Strait Relations

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February 7-8, 2001

The February Roundtable on U.S.-China Policy and Cross-Strait Relations was attended by twenty-eight U.S. scholars and present and former U.S. government officials. The Roundtable considered the present state of play in U.S.-China-Taiwan relations and the options for U.S. policy. A summary of those discussions follows, according to the topics listed below:

- A. [Bottom Line](#)
- B. [The Taiwan Factor](#)
- C. [The PRC Factor](#)
- D. [Growing Cross-Strait Economic and Cultural Interaction](#)
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A. Bottom Line

1. There was broad agreement on the actual situation between the PRC and Taiwan. The Taiwan Strait has been calm in recent months. The PRC has turned away from harsh rhetoric and military threats in favor of a united front policy, using political and economic means designed to undermine Chen Shui-bian by cultivating his political opponents and Taiwan businessmen. Extensive economic relations are growing and both governments are making preparations for membership in the WTO, which will require increased economic integration between the two sides of the Strait. Tourist, academic, and journalist exchanges are also growing. PRC reporters may start doing tours in Taiwan

But there is no evidence that the political impasse can be broken soon. The quasi-official SEF/ARATS dialogue, which the PRC suspended in July 1999 after Lee Teng-hui characterized cross-strait relations as "state to state," has not been restored. And Beijing is unlikely to deal with the Chen government, which is now weak and on the defensive, because to begin a dialogue now would only give Chen a political boost, and contradict the PRC's united front strategy. Beijing believes that the current trend is in its favor and seems to be willing to wait for a political realignment on the island, first through the Legislative Yuan elections in December and then the next presidential election in 2004.

Thus, it seems probable that the political impasse will not be resolved this year. The PRC will maintain pressure on Chen while waiting to see whether changes in Taiwan politics and the results of its united front policy will improve prospects for reunification.

2. So far as the military situation is concerned, several points need to be highlighted. First, while



China's military modernization program represents a sustained and serious commitment to increasing the PLA's capabilities, it is not a breakneck or crash effort and it continues to confront many economic, technological, and institutional hurdles. Second, China does not appear to possess a credible ability to occupy Taiwan by brute force, and likely will not develop such a capability over the next decade. Third, U.S. support remains critical to Taiwan's defense. Fourth, although Taiwan now has an overall qualitative advantage because its military has weapons that are considerably more modern than the majority of the equipment fielded by the PLA, if China's modernization program continues at its present pace or accelerates, the mainland could slowly gain an edge in the cross-Strait balance. Fifth, China's missile buildup directed against Taiwan continues. Although five years ago China had only 40 or 50 missiles aimed at Taiwan, today it has about 300 more sophisticated and accurate missiles.

Against this background, some participants argued that the United States should selectively approve weapons sales to Taiwan that cross Beijing's red lines, while others said that the United States should tell the PRC the alternatives it faces in the hope that China will reduce or restrain its missile deployments.

It was, however, generally agreed that the PRC military modernization will continue no matter what the United States does because the PLA is still relatively backward.

3. There are several reasons that Beijing is unlikely to resort to force against Taiwan in the near term. First, China needs to concentrate on its own economic and political problems which require continued economic modernization and some political reform. Second, China wants to establish good relations with the new U.S. Administration, wants to join the WTO this year, seeks to host the 2008 Olympics, is now laying the groundwork for a successful APEC meeting which it hosts in Shanghai this coming October, and anticipates a summit meeting with President Bush at the time. Third, China is now seeking to cultivate good relations with most of its neighbors, partly as a buffer against the United States, and any use of force against Taiwan would be counterproductive. Finally, Beijing's leaders now believe that time is on their side. They think that Taiwan's political disarray will continue with contention between the three major political parties. As economic interactions grow, Taiwan will become more dependent on China. And over time, no matter what weapons the United States sells to Taiwan, the military balance in the Strait will slowly tilt in China's favor because of China's military modernization. As a result, China can afford to continue to "wait and see" whether Taiwan will become more conciliatory on the "one China" issue while postponing a confrontation with the United States.

4. What does all this mean for the United States? There was considerable agreement on the need, at this delicate juncture, for the United States to play a cautious role, not reaching much beyond what it is already doing: rhetorical even-handedness, creation of a positive context, and focusing on process, i.e., reviving the dialogue between China and Taiwan. The elements of this approach are well-known and have a twenty-year history. Such an approach has had and could continue to have the virtue of playing for time.

This approach includes continued selective sales of modern arms to Taiwan while urging the PRC to negotiate with us on a broader front and to demonstrate restraint, i.e., it is a carefully calibrated approach. If China becomes more threatening, there will be time to respond appropriately.

As some participants summed up this strategy, it involves maintaining the balance of power in the Taiwan Strait and enhancing deterrence while buying time.

The new Bush administration could decide to change past policy by deliberately tilting toward



Taiwan. But the risks of this approach are several. First, the United States would have to expect at least a temporary downturn in our relationship with the PRC. Second such a tilt towards Taiwan would exacerbate one of the most dangerous elements in the cross-Strait equation: the flawed and dysfunctional view in which the PRC leadership assesses American and Taiwan intentions and makes its decisions. It is not in the U.S.

interest, at this time, to crystallize a Chinese view that the United States is its permanent adversary. Our goal should be to reduce mutual mistrust, not increase it. Finally, such a tilt could encourage Taiwan to become more provocative toward the mainland and, thus, increase the prospects of a confrontation we seek to avoid.

B. The Taiwan Factor

The Chen government is now weak and on the defensive, partly because of its own mistakes and inexperience, partly because of the hard-ball tactics of the opposition, and partly because of problems in Taiwan's constitutional structure. The extended debate over the fourth nuclear power plant has caused the resignation of Tang Fei, an opposition recall effort, and gridlock between the executive and legislature. Whatever happens on the power plant, divided government will likely continue and impede the reaching of consensus on any major issue. All parties are positioning themselves for the December legislative and county-level executive elections.

Chen continues to show restraint towards Beijing. In his New Year's address on December 31, 2000, Chen called for "political integration between two sides" and appealed to the PRC to publicly renounce the threat of force, to gradually build trust between the two sides, and to search for a new framework of lasting peace.

Meanwhile Chen seeks to finesse the "one China" issue by stating his adherence to the ROC constitution--which is a one China constitution--in the hope that the PRC will take this as a positive stance. Chen also has stated his openness to some kind of progressive association of the two entities ("both sides have expressed the wish to live under the same roof"); (both sides should be "jointly searching for a new framework of lasting peace and political integration").

Why does Chen make such statements? There are two reasons: first, Chen sincerely wants to find a way to break the cross-strait deadlock while managing his domestic constraints; second, the DPP's electoral hopes in December hinge on restoring confidence in its ability to manage the economy and to manage cross-Strait relations.

C. The PRC Factor

The PRC is unlikely to talk with the weakened Chen government and it is prepared to wait for a new correlation of forces to emerge in the Taiwan political system. Beijing believes that time is on its side because the Taiwan political system is in disarray, growing economic interaction makes Taiwan increasingly dependent on the mainland, and, over time, the military balance in the Strait will slowly tilt in China's favor as a result of China's military modernization. Thus, China can afford to continue to "wait and see" whether Chen will become more conciliatory on the critical "one China" issue.

In the near future, Beijing has several reasons to pursue a moderate course: WTO entry, the selection of the site for the 2008 Olympics, the APEC meeting in Shanghai this fall, and a possible summit with President Bush.

China is now more relaxed about Chen Shui-bian than it was right after the election last March. Beijing recognizes that Chen is boxed in by the United States, by his own opposition, and by the



PRC. There is concern and great suspicion in Beijing about Chen, but no sense of immediate urgency.

China is also pleased with the results of its united front strategy. It believes that this strategy has been successful in separating Chen from the opposition and in weakening him. China also believes that Chen's failure to get the cross-Strait dialogue going will lead to a further loss of support.

Beijing remains hopeful that the KMT will return to power and because the KMT has accepted the one-China principle, China and Taiwan can then return to the argument over who controls that one China.

Beijing sees the United States as playing both a positive and a negative role. The positive role is to restrain Chen; the negative role is to supply Taiwan with modern arms.

China is eager to expand economic links with Taiwan because it believes that this will give the PRC more leverage over Taiwan.

Finally, there is a debate in China about the longer term prospects for reunification. Some say that economic integration will promote political integration. Therefore they advocate setting aside the political issue for several decades. Others have a greater sense of urgency. They believe that Taiwan is moving towards de facto independence and that force will be necessary to compel Taiwan to come to the table within the next five to ten years.

D. Growing Cross-Strait Economic and Cultural Interaction

In spite of the political impasse over the issue of "one China" the trend toward economic and social cooperation has picked up speed. Unlike Lee Teng-hui, Chen Shui-bian has favored going ahead with the three links: direct trade and transportation and postal links. Talks among airline officials have already begun to prepare for the establishment of direct air links. There is also cooperation on journalistic exchanges. Mainland correspondents may soon be allowed to come to Taiwan and to open branch offices. Local government exchanges have also picked up. The vice mayor of Shanghai visited Taipei and the mayor of Taipei has visited Hong Kong. Tourism is also growing. Taiwan has announced that beginning in July, some 500,000 tourists from the mainland will be allowed to visit Taiwan. Academic exchanges are also likely to take place. Taiwan has authorized mainlanders to accept teaching positions in Taiwan.

The economic interaction is especially important. Taiwan's business community has increased its investments on the mainland. There are now some 300,000 Taiwanese living in Shanghai. And two-way trade has reached \$27 billion, an increase of 29 percent over the same period of 1999. Taiwan's business community is urging President Chen to ease cross-Strait trade and investment restrictions in order to stimulate Taiwan's economy.

During the last half of 2000, the integration of information industry manufacturing between Taiwan and mainland China has proceeded apace. A \$1.6 billion computer chip plant is being built by Taiwanese businessmen in Shanghai. This project has attracted much attention because it is a joint venture involving, Jiang Mianheng, the son of China's president, Jiang Zemin; and Winston Wang, the son of Wang Yungching, head of Taiwan's powerful Formosa Plastic Group.

Finally, Vincent Siew, a former premier of the Republic of China and current vice chairman of the



KMT, has advanced a striking new proposal: the establishment of a cross-Strait common market that would lead in time to the political integration of Taiwan and mainland China. So far there has been no negative response to this idea from the PRC.

E. The Military Factor

China enjoys a significant numerical advantage over Taiwan in every meaningful category of weaponry. But significantly offsetting China's numerical superiority is Taiwan's overall qualitative advantage. Taiwan's military is by and large fitted out with weapons and equipment that are considerably more modern than the majority of the weaponry fielded by the PLA, and Taiwan enjoys an advantage in training its forces.

If China's modernization program continues at its present pace or accelerates, however, the mainland could slowly gain an edge in the cross-Strait balance. China's continued acquisition of advanced Russian armaments, including destroyers, submarines, and fighter-bombers, and its ability to manufacture at least some modern weaponry indigenously will over time begin to improve its options for employing force against Taiwan, if the latter does not take countervailing steps.

China's surface-to-surface missile force, which is likely to include cruise as well as ballistic missiles within the next decade, will constitute another growing threat to Taiwan. With projected increases in the numbers of deployed missiles, as well as expected improvements in their quality, by 2010, or so, this arsenal will likely be able to hold at risk a variety of key economic and military targets throughout Taiwan.

Countering China's missiles will require a multifaceted response. In the near-to mid-term, Taiwan needs to invest a substantial amount of energy and resources in passive defenses, such as hardening key military and economic facilities like airbases and petroleum storage sites.

For the foreseeable future, the PLA appears unlikely to be able to achieve the degree of air and maritime superiority that would be required to lay Taiwan open for invasion. Much more feasible would be harassment of shipping or intimidation through missile firing.

With regard to U.S. arms sales to Taiwan, we are now on the cusp of a major qualitative escalation that would involve a substantial increase in Taiwan's military capability. Before we go down this path, we should weigh not only the questions of security, needs, costs, and trade-offs, but also what is at stake and China's likely responses.

