



## **POST-ELECTION U.S. POLICY TOWARDS CHINA, TAIWAN AND NORTH KOREA**

**By Donald S. Zagoria**

The United States has a vital national interest in maintaining peace, stability, prosperity and its leadership role in the Asia-Pacific region. It is a region where the interests of four great powers intersect, it is home to 100,000 U.S. troops, and it contains three of the world's 12 largest economies.

Two potential flash points in the region could pose serious challenges to U.S. and global security. One of the most serious of these challenges is the impasse between China and Taiwan over the status of Taiwan, an issue that could involve the United States in a confrontation or even a conflict with China. The other serious challenge is posed by North Korea's efforts to develop nuclear weapons.

To consider these challenges and appropriate ways for dealing with them, the National Committee on American Foreign Policy (NCAFP) co-sponsored a conference with the Center for Strategic and International Studies (CSIS) in Washington, DC on October 15, 2004. The conference brought together current and former government officials, think-tank experts and scholars from both political parties to consider current U.S. policy and possible adjustments in that policy after the elections. The agenda and list of participants is attached. The summary of the findings follow.\*

### **THE TAIWAN STRAITS: CHALLENGES AND OPPORTUNITIES**

#### ***Adverse Trends and Growing Dangers***

There was a view among many participants that the cross-Strait situation is changing in significant ways that increase the dangers of the United States being dragged into an unwanted military confrontation between China and Taiwan. Many argued that the situation is still manageable, but most agreed that it is increasingly dangerous and would be a major foreign policy challenge facing the next President.

There is a general concern among the experts that things could go badly wrong in the Taiwan Strait and not only in some indefinite future.

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\* The recommendations in no way suggest there was a consensus. They are simply some of the recommendations made at the conference that the rapporteur seeks to highlight.

One expert identified six troubling trends. First, People's Republic of China (PRC) military modernization is robust and has already changed the balance of power in the Taiwan Strait. China now has some capability to intimidate Taiwan and these trends will worsen in the future. Second, there is a stunning lack of interest in Taiwan to invest in the necessary defense capabilities and a remarkable decline over the past thirteen years. Third, Taiwan's domestic politics encourage "creeping independence" and this is viewed as provocative by Beijing. Fourth, there is an insecure leadership situation in Beijing against a background of nationalistic neuralgia on the Taiwan issue. As a result, the new Chinese Communist Party (CCP) and government leader, Hu Jintao, may be unable to adopt a more flexible line on Taiwan even if he wanted to. Fifth, Beijing's rhetoric, isolation of Taiwan from international organizations, and "united front" tactics against Taiwan's Democratic Progressive Party (DPP) have fed a growing sense of Taiwan national identity. Sixth, the U.S. military is overstretched. The United States has a significant military commitment in Iraq, Afghanistan and the war on terror. This will not change the U.S. commitment to Taiwan but it will influence U.S. decision-making and possible Chinese calculations as well. Any U.S. president will attach top priority to averting a conflict in the Taiwan Strait.

Another participant focused on what he and others called the dangerous militarization of the Taiwan issue. The United States is continuing robust arms sales to Taiwan and China continues to build up its forces against Taiwan. Where is this process leading? Moreover, he continued, Taiwan has transferred the risk of its policies to the United States. Taiwan does not build up its own defense and relies on U.S. support to secure its interests.

One expert argued that there is a dangerous potential for miscalculation by both China and Taiwan. China could be tempted to take military action against Taiwan based upon a belief that the United States is pinned down in Iraq and will not be able to come to the aid of Taiwan. And Taiwan's leaders may conclude that they can press forward towards independence with impunity in the next several years because the United States will intervene on Taiwan's behalf no matter how a conflict originates. In addition, China is preoccupied with hosting the 2008 Olympics and is therefore unable to use force against Taiwan. Moreover, Taiwan is being reinforced in this view by some U.S. legislators, scholars and think-tank members who do not necessarily speak for the Administration.

This expert argued that the key problem was the credibility of the U.S. policy of strategic ambiguity. China must be clear that the United States will act if China begins a conflict. And Taiwan must be clear that the United States will not act if Taiwan provokes a conflict.

Another participant asserted that the biggest threat in the cross-Strait situation was Taiwan's domestic politics and Taiwan's potential to create a crisis between the United States and China. He argued that China understood that the United States would respond if China attacked Taiwan. But the Taiwan leaders still believed that the United States would come to their defense even if they continued to provoke China by continuing to move towards independence. We have been unable to persuade Taiwan otherwise, he said, because of a number of congressional statements and resolutions as well as statements from like-minded individuals outside the government, which create the impression in Taiwan that they have unconditional U.S. support. He concluded that one of the main challenges for the next

president would be to convince Taiwan's leaders that if they provoke a crisis with China they cannot count on our assistance.

Several participants focused their comments on the dangers of divided government in the United States, which makes it difficult for any U.S. administration to send consistent messages both to our friends and to our adversaries.

### ***Some Positive Elements***

Despite the adverse trends and growing dangers discussed above, there was also a view expressed by several participants that there would be some opportunity to ease tensions early next year after the political season ends in both Taiwan and the United States. In Taiwan, after the legislative elections take place in December, the political situation will be clarified. The same is true for the political situation in the United States, after the presidential elections in November.

In addition, the very large and growing trade, investment, cultural exchange and people exchange across the Taiwan Strait build up constituencies on both sides of the Strait for restraint and interdependencies.

One participant said that the United States is urging both sides to see next year as a period of opportunity. He said that bilateral U.S. discussions with both China and Taiwan were intensive and have increased. For example, the United States helped influence Taiwan President Chen Shui-bian's October 10, 2004 speech in which he called for dialogue with China. U.S. officials are also asking Taipei and Beijing to consider ways in which the U.S. could help facilitate the resumption of cross-Strait dialogue.

Another expert focused on the key issue of Constitutional revision in Taiwan. There are, he said, some recent positive developments. President Chen has changed course both on the process of revising the Constitution and on the substance of that revision. The process will now include the opposition Pan Blue parties who are more moderate in their approach to China. On the substance of Constitutional revision, President Chen has now said that he will leave sovereignty issues aside. Moreover, the speaker continued, the PRC is now ready to accept some revision of Taiwan's outdated Constitution provided that it does not touch on the sovereignty issue. This would be a departure from the previous PRC position that any revision of the Constitution, no matter what its content, would be provocative.

Still another participant said that he was concerned but not panicked by current trends in the cross-Strait situation. In addition to the bad news – the militarization of the issue and growing nationalism on both sides – there is also good news. This includes greater cultural and economic interaction between China and Taiwan, China's continuing priority on economic development and the recognition that any conflict with Taiwan would greatly hinder that development. Also another important factor making for cautious optimism is that the upcoming 2008 Olympics to be hosted by Beijing are more important to China than it lets on.

Under these circumstances, he said, the United States could continue to deter China from using force and to deter Taiwan from moving to independence. The United States should use the opportunity to encourage both sides to maintain the status quo and to engage in dialogue. China should be encouraged to lower its rhetoric and to drop its one-China precondition for talks. For its part, Taiwan should be encouraged to be careful about any formulations that touch on the sovereignty issue and to avoid blindsiding and surprising the United States.

One participant noted that the challenge for the United States and for the two sides was to develop a framework for long-range stability while putting off any final status solution.

### ***Policy Recommendations***

There was a wide spectrum of views on the issues. Some participants expressed great reluctance for the United States to play a more assertive role on the cross-Strait issue, while others advocated a more proactive role. Some specific recommendations made by conference participants include the following:

1. The United States should maintain the status quo in the Taiwan Strait and encourage the resumption of dialogue between the two sides. To Taiwan, the message should be: do not blindside us; we are not giving you a blank check to drag us into an unwanted conflict with China; be careful with any formulations or Constitutional changes that impinge on the sovereignty issue. To China, the message should be: lower your rhetoric; deal with President Chen; show greater flexibility; allow Taiwan more international space.
2. To both sides the message should be: compromise is needed. Use the “Trollope Ploy” that John F. Kennedy used during the Cuban Missile Crisis. Ignore what you do not like in the formulations of the other side and seize on those parts of the formulations that are constructive. For example, China should focus on that part of President Chen’s October 10 speech, which calls for resuming dialogue on the basis of the 1992 talks in Hong Kong. This also encourages flexibility to forge direct economic links.
3. Make sure that China understands that the United States will act if China begins a conflict with Taiwan and ensure that Taiwan understands that the United States will *not* act if Taiwan provokes a conflict with China. The next president should consider sending these messages to both capitals via a senior advisor soon after he is inaugurated.
4. Continue the policy of dual reassurance as well as the policy of dual deterrence. While continuing to deter China from using force against Taiwan and deterring Taiwan from moving towards independence, reassure China that the United States does not support Taiwan independence and reassure Taiwan that we will not sacrifice its interests in the pursuit of better relations with China.

5. Maintain close communications with both China and Taiwan on the cross-Strait issue. Be in a position to anticipate and to head off any statements or policies that are likely to increase tensions.
6. Do not try to become an active mediator in the conflict because neither side trusts us completely, both will blame us if talks fail, and it will be impossible to get political support in the United States for such an active role. But continue intensive bilateral dialogues with both sides and encourage both sides to explore a period of opportunity early next year after elections in Taiwan and the United States.
7. Encourage both sides to develop a framework for stability. A final status solution is not now on the horizon but a stability framework to ensure peace for the next several decades may be achievable. Both sides have expressed an interest in such a framework. The United States should explore with both sides the parameters of such a framework.
8. Stop sending mixed messages to China and Taiwan. The next U.S. administration needs to impose greater discipline and coherence within its own ranks on the cross-Strait issue and it needs to have a more forthright dialogue with Congressional leaders on an appropriate strategy for dealing with the cross-Strait issue that would be acceptable to both the Executive and the Legislative branches of government.

## **THE NORTH KOREAN NUCLEAR ISSUE: DANGERS AND OPPORTUNITIES**

### ***Dangers***

There was a strong view among the experts that the North Korean nuclear issue would be one of the gravest challenges facing the next Administration. According to some, the next administration will need a more unified, disciplined and flexible approach to the issue than has been evident recently if there is any hope of testing North Korea's willingness to abandon its nuclear program. Without a unified administration policy on North Korea, there will be no hope of having a successful policy.

Meanwhile dangers are growing. Some experts argued that the risks to U.S. and allied security increased with the North's resumption of reprocessing and the restart of its reactor, generating more plutonium for bombs. As one expert said, two years have passed since North Korea began reprocessing plutonium and North Korea could now have 6-8 nuclear weapons plus the capability to produce 5-10 more per year. Moreover, North Korea has a track record of selling weapons. Time is not on our side in dealing with this problem.

One participant said that it would be necessary to establish a clear policy that a North Korean nuclear program represented an unacceptable risk to the United States and its allies, to energize the Six Party Talks, to get an agreed negotiating strategy with the other four parties, and then to enter into a serious dialogue with North Korea within the framework of the Six Party Talks. The goal of the talks should be to determine whether

North Korea is ready to give up its nuclear program. It is unclear whether Pyongyang is ready to do this or not. But a good faith effort to find out should be made. Finally, we must have contingency plans if North Korea does not respond.

Another expert supported these comments. He said the Bush Administration had been divided on the North Korean issue and this made it difficult to have a skillful U.S. approach. The heart of the problem is to determine whether North Korea has decided that nuclear weapons are the only way to ensure their security or could they be persuaded to trade their nuclear program for some other security scheme. We needed to find out North Korea's bottom line and to keep the other four parties in the Six Party Talks on our side while doing so.

The same speaker said that the key to a successful outcome with North Korea is to keep China with us because we will need Chinese help if we intend to place credible pressure on Pyongyang. To keep China with us will require convincing China that we do not want to overthrow the North Korean regime. Regime change in North Korea would be the last thing that China would want to see.

We also need to be prepared for tough, patient negotiations and we do not know if they will be successful.

Most agreed that bilateral talks with North Korea should take place within the Six Party framework, not separate from it. The multilateral approach is the key to provide credible incentives, pressure and guarantees. But our partners look to the United States to make a serious offer to test North Korea. If the latter proved intransigent, then the U.S. would have a much better chance of rallying multilateral pressures, isolation, sanctions, etc.

In addition to the dangers and problems outlined above, one participant observed that the next U.S. administration would have a weak hand in dealing with North Korea. The military is overstretched and the prospects of U.S. military action against North Korea are remote. Also, the United States will have difficulty in mobilizing the other parties to put pressure on North Korea. Both China and South Korea are reluctant to squeeze North Korea. So is Russia. And even Japan is reluctant to turn the screws. So the United States has few carrots or sticks.

In view of this problem, the participant said that the next administration will need to show more flexibility at the negotiating table, agree to a step-by-step formula, agree to reciprocal steps, and put some carrots on the table in the very first stage. Also the United States will need to reach agreement with the other four parties that if North Korea rejects a reasonable proposal, they will join us in pressuring and isolating the North Korean regime.

### ***Opportunities***

While participants voiced varying degrees of skepticism about the prospects for a negotiated elimination of North Korea's nuclear program, there was a view among several experts on the need for proceeding reciprocally and step-by-step with greater U.S. flexibility in addressing North Korea's demands for security assurances, energy and other economic

assistance. There was also some agreement that the administration's June 25, 2004 proposal has helped unblock the ice pack. But it probably came too close to the U.S. elections to be taken up this year.

There was a strong view among several of the participants on the primacy and urgency of addressing the plutonium problem and settling for now on an agreement in principle that the North would verifiably freeze and eliminate the uranium program (which is a less immediate threat). However, there was also a broadly held view that North Korea must in some form put uranium on the table at the outset.

Some experts held that the most immediate goal was to remove any plutonium (in whatever form) from North Korea as soon as possible but as an acceptable first step the North should freeze its plutonium program and re-admit the inspectors. In return, the United States should join the other parties in providing some heavy fuel oil in the very first stage as at least a symbolic sop to the North Korean demand that the U.S. "drop its hostility."

There was no disagreement with the proposition that the key to the uranium enrichment problem was obtaining an initial declaration from the North on all uranium facilities, technology and material it has (against which U.S. intelligence can be compared.) It was recognized that verification of uranium programs was much more difficult than plutonium programs.

### ***Policy Options***

The spectrum of views on U.S. policy towards North Korea ranged from those who were satisfied with current policy to those who favored some adjustments in that policy.

1. Some believed that the United States will have an opportunity after the U.S. elections to test, as soon as possible, whether North Korea is prepared to give up its nuclear weapons. We cannot be sure if it will but we must determine this through intensive engagement with North Korea within the Six Party Talks framework. With greater freedom to maneuver, our negotiators could get a better fix on whether or not there is a negotiable bottom line for North Korea and then either to get it, or put the heat on Pyongyang. The latter requires broad support from the other four parties for it to be effective. This is more likely if the United States has proven North Korea's obduracy through negotiations.
2. Some argued for proceeding reciprocally and step-by-step with greater U.S. flexibility in addressing North Korea's demands for security assurances and energy needs at an early stage.
3. Many agreed on the primacy and urgency of addressing the plutonium problem while at the same time insisting that North Korea must, in some form, put the uranium issue on the table at the outset.

4. There was some support for the proposition that the United States should join the other four parties in providing some form of energy assistance to North Korea in the first stage. Others opposed this suggestion and insisted that U.S. aid be withheld until current Administration demands are met.
5. There was widespread agreement that it is essential to keep the other four parties with us. China has a good deal of leverage on North Korea and is now deeply invested in the Six Party Process and the United States needs to maintain China's involvement. On the decisive uranium issue we have narrowed down our differences with China. The roles of Japan and South Korea especially are also crucial, Russia less so.
6. Some experts held the view that the other four parties are likely to join the United States in taking coercive steps only if the United States puts forward a credible negotiating proposal and the North rejects it.
7. There was much agreement that there is no chance for a successful U.S. policy towards North Korea without getting the various agencies in the U.S. administration behind a common position.
8. A few supported the proposition that it may be possible to convince the North Koreans that nuclear weapons diminish their security. The model for this is the Ukraine. However, others were skeptical.



**Beyond November:  
U.S. Policy toward China, Taiwan and North Korea**

**A Conference Hosted by CSIS and NCAFP**

*Friday, October 15, 2004*

*8:00 am- 5:00 pm*

*CSIS, B1 Conference Center*

*1800 K Street, NW Washington, DC*

**8:00- 8:45 am**

**Registration and Continental Breakfast**

**8:45- 9:00 am**

**Welcoming Remarks**

*Speakers:* Kurt M. Campbell, CSIS  
George D. Schwab, NCAFP  
Donald S. Zagoria, NCAFP

**9:00-9:30 am**

**Opening Remarks**

*Introduction:* Kurt M. Campbell, CSIS  
*Speaker:* Richard Lawless, U.S. Department of Defense

**9:30- 12:00 pm**

**U.S. Policy toward China and Taiwan**

*Moderator:* Kurt M. Campbell, CSIS  
*Panelists:* Richard C. Bush, The Brookings Institution  
Winston Lord, International Rescue Committee  
Derek J. Mitchell, CSIS  
J. Stapleton Roy, Kissinger Associates  
Randall G. Schriver, U.S. Department of State

**12:00- 12:15 pm**

**Break**

**12:15- 2:00 pm**

**Luncheon Keynote Remarks**

*Introduction:* John J. Hamre, CSIS  
*Speakers:* William J. Perry, Stanford University  
Brent Scowcroft, The Scowcroft Group

**2:00- 2:15 pm**

**Break**

**2:15- 4:45 pm**

**U.S. Policy toward North Korea**

*Moderator:* Don Oberdorfer, Johns Hopkins University  
*Panelists:* Robert Einhorn, CSIS  
Arnold Kanter, The Scowcroft Group  
Joseph R. DeTrani, U.S. Department of State  
Robert A. Scalapino, University of California, Berkeley



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**Participant List**

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**Daniel Blumenthal**  
U.S. Department of Defense

**Richard Bush**  
The Brookings Institution

**Kurt Campbell**  
CSIS

**Victor Cha**  
Georgetown University

**Ralph Clough**  
Johns Hopkins University

**Ralph Cossa**  
Pacific Forum CSIS

**Patrick Cronin**  
CSIS

**Joseph DeTrani**  
U.S. Department of State

**Viola Drath**  
NCAFP

**Robert Einhorn**  
CSIS

**Harvey Feldman**  
The Heritage Foundation

**David Finkelstein**  
CNA Corporation

**Jason Forrester**  
CSIS

**Iku Fujimatsu**  
NCAFP

**Bates Gill**  
CSIS

**Bonnie Glaser**  
CSIS

**John Hamre**  
CSIS

**Han Sung-joo**  
Embassy of the Republic of Korea

**Arnold Horelick**  
Aspen Institute

**Jing Huang**  
The Brookings Institution

**Charles Jones**  
National Security Council

**Arnold Kanter**  
The Scowcroft Group

**Richard Lawless**  
U.S. Department of Defense

**Marsha Lewis**  
CSIS

**Kenneth Lieberthal**  
University of Michigan

**Winston Lord**  
International Rescue Committee

**Michael McDevitt**  
CNA Corporation

**Carola McGiffert**  
CSIS

**Eric McVadon**  
U.S. Navy (Ret.)

**John Merrill**  
U.S. Department of State

**Michael Meserve**  
U.S. Department of State

**Derek Mitchell**  
CSIS

**Holly Morrow**  
Office of the Vice President

**Kevin Nealer**  
The Scowcroft Group

**Don Oberdorfer**  
SAIS, Foreign Policy Institute

**William Perry**  
Stanford University

**Daniel Poneman**  
The Scowcroft Group

**Charles Pritchard**  
The Brookings Institution

**Donald Rice**  
NCAFP

**Alan Romberg**  
The Henry L. Stimson Center

**Stapleton Roy**  
Kissinger Associates

**William Rudolf**  
NCAFP

**Robert Scalapino**  
University of California-Berkeley

**Randall Schriver**  
U.S. Department of State

**George Schwab**  
NCAFP

**Brent Scowcroft**  
The Scowcroft Group

**David Shambaugh**  
George Washington University

**Leon Sigal**  
Social Science Research Council

**Scott Snyder**  
The Asia Foundation

**Stephen Solarz**  
Solarz Associates

**Richard Solomon**  
United States Institute of Peace

**Robert Sutter**  
Georgetown University

**John Tkacik**  
The Heritage Foundation

**Nancy Tucker**  
Georgetown University

**Dennis Wilder**  
National Security Council

**Joseph Winder**  
Korea Economic Institute

**Peter Wolff**  
Time Warner Inc.

**Yu Bin**  
Wittenberg University

**Donald Zagoria**  
NCAFP

**Janet Zagoria**  
Independent Consultant