

U.S. POLICY OPTIONS ON CROSS-STRAIT RELATIONS



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**SUMMARY REPORT
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INTRODUCTION

In cooperation with the Asia Society, and the Center for Strategic and International Studies (CSIS), the National Committee on American Foreign Policy (NCAFP) co-hosted a conference in Washington, DC on May 9, 2005 on U.S. policy options for the cross-Strait conflict involving China and Taiwan. Participants included several current officials, many former officials and some of the most prominent think-tank specialists on the cross-Strait issue.

With the exception of a few outliers who would have the United States drop the People's Republic of China (PRC) in favor of Taiwan, or who believe that Taiwan is already "lost" to the PRC, the great majority of participants believe that U.S. policy is now on the right and only plausible track (after a somewhat shaky start). The majority believe that the Bush Administration has done well in recent years to enunciate and define a status quo policy option whose central theme is to caution both the PRC and Taiwan against any statements or actions that unilaterally change, or threaten to change, the status quo.

There was a division between optimists and pessimists on the likely outcome of the present flurry of diplomatic activity as a result of visits to the Mainland by two Taiwan opposition leaders – Lien Chan of the Kuomintang (KMT) and James Soong of the People First Party (PFP). But even the pessimists, who do not expect much to result from these visits, do not anticipate big trouble in the near future. There was some division between those who see the PRC (President Hu Jintao and company) or Taiwan (President Chen Shui-bian) as most likely to spark instability.

On the prospects for a resumption of official dialogue between the PRC and Taiwan governments in the near future, the majority seemed skeptical of Beijing's intentions – doubtful that China will compromise on its one-China precondition to enable direct talks with Taiwan's government. Only a few were optimistic on that score. Some emphasized that the situation could deteriorate if it turns out that China is simply

pursuing a united front strategy – i.e. conducting dialogue with the Taiwan opposition in order to further isolate President Chen Shui-bian and his government.

CURRENT U.S. POLICY: THE STATUS QUO OPTION

According to one speaker, present U.S. policy – which might be called the status quo option – is principally on target. This policy has six core elements: instead of identifying a preferred outcome, e.g. reunification as favored by the PRC or independence as favored by some in Taiwan, the United States insists only on a peaceful solution that is mutually agreeable to both sides.

The United States continues to tell both China and Taiwan that it opposes unilateral action by either side that seeks to change the status quo. In line with this position, the United States seeks to deter any use of force by China and any provocative action by Taiwan.

The United States retains a residual security commitment to Taiwan as embodied in the Taiwan Relations Act (TRA) and various presidential statements (i.e. President George W. Bush's 2001 statement that the United States will do "whatever it takes" to ensure Taiwan's security.)

The United States continues to recognize the government in Beijing, the PRC, as the sole, legitimate government of China and it continues to reassure the PRC that it has a one China policy.

The United States continues to promote growing cultural and economic integration between China and Taiwan.

The United States continues to reject the role of mediator in the cross-Strait impasse and insists that the two sides settle the problem between themselves.

The speaker imagined possible changes to each of the six core elements. In one example, he suggested that the United States, instead of declaring that it does not favor any particular outcome, could support either reunification or independence. To go further on independence, the United States could recognize Taiwan as an independent state and abandon its one China policy. But in each of these cases, and for changes in any of the core elements, the costs would be very high. The speaker concluded that there is no need to alter the fundamentals of the current policy. And few participants challenged this view.

Another speaker added that President Bush is comfortable with current U.S. policy on the cross-Strait issue. The President has sent strong messages to both sides beginning on December 9, 2003, when he warned President Chen against unilateral efforts to change the status quo. In addition, there is now a consensus in the Bush Administration on how to handle the cross-Strait issue. This consensus was reflected in former Assistant Secretary of State James Kelly's April 21, 2004 testimony to Congress.

The consensus is that the United States has an interest in maintaining the status quo and, therefore, it must place limits on the policy options of both Taiwan and the PRC.

There are, he said, three U.S. policy objectives: first, to encourage Taiwan to pursue a moderate course and to withdraw efforts (whether by constitutional reform or in some other form) to make unilateral changes in the status quo; second, to push China towards a more moderate course of action, ruling out the use of force or coercion; and, third, to reestablish official cross-Strait dialogue to reduce tensions between the two sides.

To achieve these objectives, the United States should combine elements of reassurance and deterrence. While reassuring China that we do not support Taiwan independence, the United States should deter China from using force or coercion against Taiwan under any circumstances. The speaker believed that the United States has achieved this objective, providing an explanation of President Hu Jintao's course change – from seeking reunification towards preventing Taiwan from declaring independence.

With Taiwan, too, the United States has combined elements of deterrence and reassurance. The Administration has made clear that any provocative actions or any more surprises from Taiwan are unacceptable. At the same time, the United States has quietly reached out to President Chen to reassure him of our support.

Another speaker pointed out that one way to reassure President Chen is to stress both the Taiwan Relations Act (TRA) and President Ronald Reagan's six assurances. The assurances included promises not to try to compel negotiations and not to discuss U.S. arms sales to Taiwan with Beijing.

UNCOMFORTABLE TRUTHS

Another speaker struck a more pessimistic note. He outlined several "uncomfortable truths" about the cross-Strait situation:

Although U.S. policy is designed to buy time in order to allow the two sides to work the problem out, this policy is experiencing difficulty because the United States' ability to moderate President Chen is on the decline. The Democratic Progressive Party (DPP) headed by Chen is a pro-independence party and this is not going to change.

The military balance in the Taiwan Strait is already changing to our disadvantage. The only good news is that there are 100 miles of ocean between China and Taiwan and China still lacks strategic lift capabilities.

The United States has military commitments elsewhere and is in danger of being overstretched.

U.S. assumptions about Hu Jintao have been too optimistic. In order to consolidate his power, Hu has adopted a nationalistic tone to his policy and this places severe limits on his maneuverability vis-à-vis Taiwan.

Positive feelings about China in the United States are increasingly being qualified. President Bush recently described U.S.-China relations as good but also “very complex.” Furthermore, the Bush Administration is quickly discovering the limits of cooperation with China in its efforts to deal with North Korea and Iran. China is unwilling to use its influence with North Korea in such a way that would undermine North Korea’s stability, and China is preparing to cut a deal with Iran. Even more worrisome, the U.S. and the PRC are headed towards global competition.

Taiwan’s influence on U.S. policy is diminishing. In the past, when it was dissatisfied with Administration policy, Taiwan could always turn to Congress. However, this is no longer the case. Part of the reason is that the Republican Congress is not prepared to challenge a Republican President. Another factor is Taiwan’s hesitation to push through the purchase of a big arms package offered by the U.S. which is eroding the arms relationship. There is also a growing trade dispute. Even the pro-Taiwan caucus in Congress is now saying that the number one issue with Taiwan is the theft of intellectual property.

Another speaker concurred with the assessment that Congress is now playing a diminished role on cross-Strait issues. He attributed this to the unfocused position of Congress on this issue.

Taiwan is increasingly isolated in the Asia-Pacific region. Its only supporters are the United States and Japan.

Taiwan is playing irrelevant diplomatic games by placing emphasis on its relationship with countries like Palau and the Marshall Islands. This only hurts Taiwan’s image in the world. Their emphasis should be on being good global citizens.

There is no deal that the PRC can construct that would be acceptable to Taiwan. China’s only possible incentive is to promise that it would not attack.

China is in a self-imposed box in terms of its policy options towards Taiwan. The Chinese leadership should say that it does not care if Taiwan declares independence because, in reality, an independent Taiwan would not be recognized. However, it cannot make such a statement because any Chinese leader who does so would be attacked for being too soft on Taiwan. Therefore, Hu Jintao has limited room for maneuver.

In sum, the speaker concluded that room for maneuvering is shrinking on all sides. There is a serious question as to how long the United States will be able to sustain its status quo policy. Moreover, there is a huge contradiction in the U.S. position. We need, said the speaker, to think about Taiwan in more strategic terms. As U.S.-PRC global competition intensifies, Taiwan will increasingly become a strategic, and not merely a

bilateral, issue. Under such circumstances, would the United States really be satisfied with *any* outcome?

DYNAMICS OF THE CROSS-STRAIT ISSUE

Another speaker identified three major factors influencing the cross-Strait issue: pressure for Taiwan independence; the military balance; and economic-cultural interaction. From the Chinese perspective, the latter two are positive factors. The PRC will have overwhelming military superiority at some point in the future and there are millions of Taiwanese who are now working, investing and studying in China.

However the first factor, pressure for Taiwan independence, is not going to disappear. Citing opinion polls, the speaker said that 77% of Taiwanese view China as untrustworthy and 76% view China as a threat. Moreover, some 25% of the population is leaning toward independence.

SKEPTICISM ON A DEAL

One speaker held deep skepticism about the potential for a deal between the PRC and President Chen. He argued that Chen will not give up on his formula that the Republic of China (ROC) is Taiwan, and the PRC will continue to insist on one China. Therefore, it will be impossible for the two sides to bridge the gap over sovereignty. He said that the best that may emerge from the current flurry of diplomatic activity is some progress on the three links which would include direct air flights and trade. The speaker added that he was unconvinced of the speculation that Chen will move towards the center. This is possible but unlikely.

Another participant echoed this line of thought. She said that China is not seriously interested in talking to President Chen unless he gives in to China's terms—there is little flexibility in China. The problem, therefore, is the danger of a lost opportunity.

A few optimists in the meeting challenged this view by arguing that both sides are increasingly moving towards acceptance of the status quo. Many in Taiwan are coming to the conclusion that *de jure* independence is not a reasonable goal and China has changed its policy from one of supporting reunification in the near future to one of preventing Taiwan from declaring independence.

Supporters of this view argued that the status quo is attractive over the next 10-20 years until we see how China will evolve.

THE FUTURE FOR CHINA AND TAIWAN

Several participants suggested that the Taiwan issue – and how it is eventually resolved or not resolved – could have a major impact on the future of China. One participant argued that the outcome could be an undesirable China if we helped arouse

Chinese nationalism on the Taiwan issue. Yet another speaker argued that it was precisely because of uncertainty about where China will be in the next 10 or 20 years that we need to leave open the possibility of an independent Taiwan.

In the meantime, the majority agreed, we must stick to the status quo.