



U.S. Policy in East Asia: Growing Challenges

By Evans J.R. Revere

Introduction

The National Committee on American Foreign Policy (NCAFP) made its annual fact-finding visit to Taipei, Shanghai, Beijing and Tokyo from December 5-17, 2016, to discuss the current troubled security environment in East Asia with high-level officials, scholars and think tanks.

The group was led by Ambassador Rosemary A. DiCarlo, President & CEO of the NCAFP, and included: Ambassador J. Stapleton Roy, Wilson Center; Rear Admiral (Ret.) Michael McDevitt, Center for Naval Analyses; Mr. Evans J.R. Revere, Albright Stonebridge Group and Brookings Institution; and Ms. Juliet Lee, NCAFP.

Summary and Recommendations

A telephone call by Taiwan's president to President-elect Trump and Mr. Trump's questioning of long-standing U.S. policy on one China have created a major stir in U.S.-PRC relations and prompted Beijing to warn Washington about a possible serious downturn in bilateral ties at the outset of the new U.S. administration. A telephone conversation designed to reassure Taipei is now being viewed by some as a mixed blessing in Taiwan, which is likely to be the first target of Beijing's ire.

Beijing is showing restraint for now, but the message from senior government, Communist Party, and military officials is that China is prepared to push back hard on several fronts, including against Taiwan, U.S. imports, and even in the military arena, if the United States changes its policy towards Taiwan and the PRC. Meanwhile, Beijing's pique has already soured cross-Taiwan Strait relations and seriously undermined prospects for restoring positive momentum in cross-Strait ties.

On North Korea, the PRC insists that dialogue, not sanctions, is the best approach to deal with Pyongyang's growing nuclear capability. In contrast to the United States and its allies, Chinese experts show a lack of urgency about North Korea's threat and even question the U.S. assessment of this threat. Beijing officials reiterated their support for Pyongyang's proposal to "freeze" its nuclear program in return for a U.S. suspension of military exercises. Chinese views on North Korea suggest a growing gap in perspective and policy between Beijing and Washington.

Finally, Japan is concerned about China's military and paramilitary challenge to the Senkaku Islands (known as Diaoyu in China) and is launching an effort to boost its Coast Guard capabilities. Japanese officials expressed guarded hope that a Japan-Russia peace treaty could be possible, but progress towards this goal will be slow because of continuing Russian reluctance to make concessions on territorial issues. For Japanese policymakers, domestic political developments in South Korea have raised concerns that progress in Japan-ROK reconciliation may be at risk. Experts in Tokyo, as in other allied and friendly capitals, are calling for greater predictability and transparency in the new U.S. administration's policy towards Asia.

For the new U.S. administration, greater policy clarity will be essential in order to reassure allies and partners about America's intentions during a period of rising tensions and strategic rivalry in East Asia. Unpredictability is unlikely to enhance confidence in U.S. leadership. At the same time, with prospects for U.S.-China relations in the new administration far from certain, careful consideration must be given to the concerns and sensitivities of America's friends and allies, who see little benefit and much at risk from the possibility of Sino-U.S. confrontation.

Taiwan: From Euphoria to Concern

The National Committee on American Foreign Policy's fact-finding visit to Taiwan, the PRC, and Japan took place in an atmosphere of surprise, uncertainty, and concern generated by President-elect Trump's telephone conversation with Taiwan President Tsai Ing-wen, the President-elect's questioning of the United States' long-standing adherence to a one China policy, and the possibility of a dramatic downturn in U.S.-China relations and in cross-Taiwan Strait ties brought on by these developments.

The NCAFP delegation arrived in Taipei shortly after President Tsai's call to President-elect Trump congratulating him on his electoral victory. The atmosphere in Taiwan after the unexpected and unprecedented telephone conversation ranged from delight to euphoria, as officials, think tank experts, the public, and the Taiwan press savored the moment, the reassurance that it provided, and the prospect that it might lead to a strengthening of ties with Washington.

Prior to the call and our visit, representatives of a Taiwan think tank had conveyed concern to a member of our delegation about comments made by President-elect Trump during the presidential campaign disparaging U.S. alliance partners in Asia and rejecting the Trans-Pacific Partnership (TPP) trade agreement. The scholars interpreted the comments as presaging a U.S. move to distance itself from or even abandon traditional alliance partners and as a signal of the impending death of a major new trade framework in which Taiwan had once hoped to participate. They feared the new U.S. administration would move towards isolationism. After the Tsai-Trump call, these Taiwan colleagues were clearly reassured and hopeful that the new U.S. administration would be solicitous of Taiwan's security and economic needs.

After the call, Beijing wasted no time in reacting, issuing stern warnings to Taiwan's leadership about the implications of the call for cross-Strait relations. In contrast, Beijing's public displeasure with Washington was relatively restrained. Instead, the PRC focused most of its ire on President Tsai for having committed a "petty act," in the words of Chinese Foreign Minister Wang Yi. Beijing's criticism implied there would be major consequences for Tsai and Taiwan, a warning whose import began to sink in during the course of our visit.

President Tsai has been in office only six months and her popularity has edged steadily downward as she has failed to deliver on promises to revitalize and diversify an economy that remains highly dependent on trade with the Mainland. While Tsai and her government remain committed to this course, Beijing has intensified Tsai's political difficulties by suspending formal cross-Strait dialogue and cutting back on the once-booming tourism trade with the island, putting pressure on Taiwan's economy. Several influential interlocutors told the NCAFP delegation that the likely demise of the TPP—and with it any hope for Taiwan to eventually become a part of the trade arrangement—had increased Beijing's economic leverage over the island, reduced Taiwan's hopes to diversify its economy, and given Beijing a stronger hand in dealing with Taiwan.

The Mainland's ongoing actions to pressure Taiwan are part of its response to President Tsai's refusal to accept the "1992 Consensus" formula that holds there is only one China, with each side of the strait free to interpret what "one China" means. The calculated ambiguity of the 1992 Consensus had led to a dramatic increase in cooperation between Taiwan and the Mainland during the presidency of Ma Ying-jeou, Tsai's immediate predecessor, and a corresponding reduction in tensions. Beijing, which views the 1992 Consensus as the foundation for this cross-Strait cooperation, has demanded that Tsai accept the 1992 Consensus and warned that her failure to do so would destroy the basis for cross-Strait relations.

Tsai has sought to assuage the Mainland's irritation and respond to its demand to accept its "one China principle" in various ways, including by repeatedly reaffirming her commitment to maintain the status quo in cross-Strait ties and by reminding the Mainland that her oath of office as president of the "Republic of China" (ROC) was taken in accordance with the ROC's "one China" constitution. Tsai, as the leader of the pro-independence Democratic Progressive Party, has scrupulously avoided separatist rhetoric that could inflame tensions with Beijing. But Tsai has been explicitly unwilling to accept the 1992 Consensus, even as she has been careful not to reject it, instead stressing her unwillingness to accept the Consensus "as Beijing interprets it."

Some Mainland experts have described Tsai's rhetoric as "moving in the right direction," but still not sufficient to meet Beijing's requirements. A key Mainland authority on cross-Strait relations said the "door is still open" to resolve differences with Taipei, but he warned that any moves by Tsai to pursue permanent separation from the Mainland would be a "path to confrontation."

In the view of most of our interlocutors in Taiwan, including opposition Kuomintang (KMT) figures, Tsai has probably gone as far as she can to accommodate Beijing's demands. Doing anything more would risk angering the "deep green" (pro-independence) elements in her party and undermine her leadership.

In recent months, we were told, quiet efforts had been underway to find a way to bridge the gap between Taiwan and the Mainland, including discussing the idea of crafting a new understanding, acceptable to both sides, to replace the 1992 Consensus. President Tsai has sought to establish a channel to Beijing for this purpose, but we were reliably informed that her efforts have proved unsuccessful. Taking place in the midst of these efforts, Tsai's call to President-elect Trump has now roiled relations with Beijing and left the Mainland unwilling to reciprocate Tsai's gestures or her interest in exploring a compromise. One Taiwan official described cross-Strait dialogue and cooperation as a "broken bridge in need of repair" and talk about a possible Taipei-Beijing compromise has been drowned out in the din of the Mainland's strong criticism of Tsai and hints of possible retaliation against Taiwan for the call.

Instead of reciprocating Taiwan's interest in restoring full cooperation across the Strait, Beijing intimated tough measures against Taiwan, including convincing some of Taiwan's remaining diplomatic partners to break relations with Taipei, further cuts in tourism and trade, a broader suspension of cross-Strait contacts, pressure on Mainland-based Taiwan firms to support the 1992 Consensus, and even using media outlets in Taiwan to pressure the Tsai government. In this context, the December 21, 2016 announcement that Sao Tome had broken diplomatic relations with Taiwan may be a sign that Beijing is moving to implement its game-plan.

As the NCAFP visit to Taipei drew to a close, Beijing's indication of its preparedness to play hardball, including by conducting military air patrols near Taiwan's airspace, seemed to be affecting mainstream thinking in Taiwan about the benefits of the presidential telephone call.

In the Taiwan press and among many of our interlocutors, there was a growing sense that Tsai had underestimated Beijing's likely reaction to the call. One DPP legislator told the press that Taiwan had been played like a "chess piece" by the United States and that Taiwan should be "compensated" for having allowed itself to be used in this fashion. A prominent conservative Taiwan scholar worried that if Taiwan is to become a bargaining chip in Sino-U.S. relations, Taiwan could be "bargained away." A prominent KMT legislator even pointed to the Trump campaign's emphasis on "America first" as signaling the possibility that the United States might become a less reliable ally in the future. There was also a recognition that Beijing's leverage over Taiwan was such that Taiwan needed to urgently signal the Mainland that it did not intend to allow the telephone call to fundamentally transform cross-Strait relations.

Reflecting the judgment that the risks of the telephone call might be outweighing its benefits, senior Taiwan officials went out of their way during our visit to downplay the importance of the call ("It was just a phone call" became their mantra). President Tsai publicly sought to dampen speculation that the call might lead to a shift in Taiwan's ties with either the United States or with Beijing. In her meeting with the NCAFP delegation, Tsai remarked that she attached "equal importance to relations with the United States and Mainland China, as both are critical to peace and stability in the Asia-Pacific region." Her remarks were prominently reported in the Taiwan press. As our visit concluded, euphoria over the telephone call had largely abated as the political establishment in Taiwan began to prepare for the possibility that cross-Strait ties were headed for a difficult period. Nonetheless, President Tsai and her government have continued to express support for the maintenance of cross-Strait cooperation and exchanges, even in the face of Beijing's growing pique.

The PRC: Laying Down Markers

For most of the past eight years, the explosive growth in cross-Strait cooperation and the pragmatic management of differences between Taipei and Beijing had helped the Taiwan issue recede as a potential flash point in U.S.-PRC relations. However, one result of the Tsai-Trump telephone call has been to restore Taiwan as a potentially contentious issue in U.S. relations with Beijing, particularly if the PRC concludes that the call is part of an effort by the United States to upgrade and expand ties with Taiwan.

In this connection, President-elect Trump's remarks calling into question the United States' long-standing one China policy and linking his willingness to continue to adhere to that policy to the need for a "deal" with Beijing on other issues, "including trade," has probably now guaranteed that Taiwan is once again a central concern in bilateral relations.

The remarks on one China by the President-elect were made as the NCAFP delegation arrived in the PRC, providing the group an opportunity to hear first-hand the reaction to the remarks by senior PRC government, military, and Communist Party representatives, as well as that of Chinese think tanks, the U.S. business community, and others. In fact, discussion of the President-elect's remarks and responses to Chinese speculation, suspicions, and accusations about the President-elect's intentions dominated virtually every conversation the delegation had during five days in China. Those conversations were perhaps the frankest and most serious the NCAFP has conducted in the 20 years it has been completing its fact-finding missions to Asia.

The consistent message from all our PRC interlocutors was one of concern and warning, the latter delivered in a non-strident, respectful, but clear fashion. The central Chinese concern was that the President-elect's remarks suggest that the incoming U.S. administration may be prepared to eliminate one of the foundational elements of normal U.S.-China relations—the U.S. policy on one China. The main warning conveyed by our Chinese interlocutors was that doing this would touch on China's sovereignty and territorial integrity and result in the destabilization of U.S.-China relations.

A Chinese think tank interlocutor stressed that the telephone call and remarks about one China had occurred as attitudes towards Taiwan were shifting in a more hawkish direction inside the Chinese Communist Party. He explained that President Tsai's refusal to accept "one China" and what he described as the ongoing process of "de-Sinification" or emphasis on a distinct Taiwanese identity by Tsai's government have raised concerns in Beijing that Taiwan is drifting out of the Mainland's reach. Accordingly, suggestions that U.S. policy on Taiwan and "one China" might be shifting were guaranteed to raise hackles—and did.

Another expert noted that next year's 19th Communist Party Congress will be Xi Jinping's first as Party chairman. In the run-up to the Congress, he stressed, China needed predictability in its relations with the United States and reassurance that there will be no surprises. He implied that the signals from the incoming U.S. president ran counter to Chinese interests in this regard.

Each of our Party, military, and government interlocutors used a similar approach in conveying their concerns about the future direction of U.S. policy towards the PRC. Each pointed to the broad pattern of cooperation that the United States and China had developed in recent years. In particular, they stressed expanded military-to-military cooperation, bilateral efforts to end Iran's pursuit of nuclear weapons, as well as cooperation on North Korea, climate change, cyber, anti-piracy and a range of other areas. One senior Chinese official known for his past stridency and skepticism about U.S. intentions was particularly effusive in describing the breadth and depth of bilateral cooperation.

It was clear that the point of these detailed references to the pattern of cooperation that has been developed between Beijing and Washington, including in the trade arena, was to warn that such cooperation would be put at risk if there were a shift in U.S. policy towards Taiwan or if there was a reversal of the traditional U.S. approach on one China.

Representatives of the U.S. business community with whom we met conveyed their own concerns about a possible souring of U.S.-PRC relations, with one business leader stressing that a stable and predictable U.S.-China relationship was essential if there was to be a good environment for American business in China. One business colleague opined that, in the event of a U.S.-PRC dispute over Taiwan or “one China,” the first target of Chinese retaliation would certainly be Taiwan, but retaliation against U.S. business interests and U.S. exports would be a close second.

One very senior Chinese official said Beijing is focused on future U.S. actions, not current rhetoric. Towards this end, he explained, China would be patient and restrained in responding to statements made during the transition to a new U.S. administration. However, he added, it was important for the new U.S. administration to take the “right view” and to engage in “practical action” designed to move bilateral ties in the correct direction. But there should be no doubt, he said, that China and its military would fulfill its “sacred responsibility to protect its sovereignty and core interests, no matter the cost of the sacrifice.”

Another leading official echoed this point, adding that “Taiwan is not negotiable and even if we have to die we will defend our position.” One official warned that in the current atmosphere of uncertainty regarding the evolution of U.S. policy, another round of arms sales to Taiwan or change in the level of U.S.-Taiwan official interaction would have a major impact on U.S.-PRC ties.

A senior Chinese official noted the “anger” that had arisen after the Tsai telephone call and the President-elect’s comments on one China. Other officials referred to the dismay and concern that had been generated by these actions. A prominent think tank expert described Beijing’s “one China principle” as something “that could not be bartered with” and a “red line.” He noted that after the Tsai phone call China had adopted a wait-and-see approach to the new U.S. administration. However, when the President-elect made his remarks on one China, this had necessitated a rhetorical shift in order to make Beijing’s concerns as explicit as possible, although China was still taking pains to keep its public approach restrained and allow the new U.S. administration time to adjust. However, he noted, the uncertainty and unpredictability of the approach being taken by the new U.S. administration ran the risk of inflaming the situation between the two countries.

A prominent Communist Party official echoed the reference to Taiwan and one China as a “red line” and stressed the need for the United States to understand this. One official reiterated the importance of Taiwan’s acceptance of the 1992 Consensus, but added that Beijing was open to a “new proposal” from Taiwan that contained the core principles of the consensus.

Our Chinese interlocutors appeared to accept our advice that Beijing should not rush to judgment about the incoming U.S. administration. They acknowledged that the opening months of previous U.S. administrations had frequently found the United States and China at odds with each other. Nevertheless, as we noted, at the end of the day every U.S. administration had managed to build a cooperative relationship with Beijing.

Our Chinese counterparts were universally “on message” as they conveyed their preparedness to be patient and avoid harsh public rhetoric as they await the arrival of a new U.S. administration. Still, their goal in every meeting was to lay down the clearest possible markers about the potential for a serious downturn in U.S.-China relations that would result from a major shift in U.S. policy towards Taiwan or a reversal of position on one China.

North Korea, THAAD, and U.S.-PRC Differences

Discussions of Taiwan, the U.S. one China policy, and the incoming U.S. administration dominated every one of our meetings, often to the exclusion of all other topics. However, in the limited opportunity we had to discuss other issues, North Korea was the dominant topic.

A senior Chinese official repeated the PRC’s familiar line opposing North Korea’s nuclear weapons, but suggested that negotiations, not sanctions were the key to resolving the issue. He cautioned against the view that China was the “crux” of the solution and said that sanctions, which China had agreed to apply “for a while,” ought not be the goal of a cooperative approach to dealing with the North. He urged the United States to think of “new initiatives” to stop Pyongyang’s nuclear testing and expressed support for the North Korean proposal to temporarily halt nuclear testing in return for a U.S. halt of military exercises in South Korea.

A meeting with defense experts occasioned a lengthy and animated exchange on North Korea, during which the Chinese side expressed doubts about the United States’ assessment of North Korea’s nuclear and missile capabilities—which we found to be a throwback to Chinese underestimation of North Korean nuclear developments dating back to the 1990s. The Chinese also seemed unwilling to acknowledge the long history of U.S. efforts to provide North Korea with security assurances. The experts, including one who had served in Seoul, were also convinced that South Korean President Park’s decision to approve the deployment of the Terminal High-Altitude Area Defense (THAAD) missile defense system was one of the main reasons for her impeachment and widespread public opposition to her presidency. We responded that we were aware of no evidence for this.

In a separate meeting with foreign policy experts, we shared concerns over what we described as the growing gaps in perception and policy between the United States and the PRC on North Korea. These included: a rising sense of urgency about the nuclear and missile threat in the United States, and the lack of urgency in the PRC’s approach; the U.S. prioritization of denuclearization versus Beijing’s emphasis on stability; American concern over Pyongyang’s advancing nuclear and missile capabilities versus Beijing’s continuing doubts about these capabilities; U.S. determination to ramp up sanctions and pressure and China’s foot-dragging on the recent UN Security Council resolution; and the United States’ reliance on increased defensive measures to deal with the rising threat, and China’s opposition to these steps. Our Chinese interlocutors did not dispute the existence of these and other gaps.

Japan: China, Russia, Uncertainty About the ROK, and Questions About U.S. Policy

A short visit to Tokyo provided a limited but valuable opportunity to exchange views with Japanese officials and experts on key issues of concern.

The major and immediate concern on the mind of a senior Japanese official was the continuing probing by PLA ships and aircraft of the waters and airspace around the Senkaku/Diaoyu Islands. He highlighted the potential for an increase in such operations in the run-up to next year's 19th Party Congress, but stressed that Japan will continue to try to deal with these challenges in a non-escalatory manner. Nevertheless, China's overwhelming superiority in military and paramilitary ships operating near the Senkaku/Diaoyu Islands is putting considerable pressure on Japan to enhance its response, which Tokyo planned to do by increasing its Coast Guard assets.

On relations with Russia, we heard very cautious optimism regarding Russia's interest in a peace treaty with Japan and were told that Russian President Putin "knows" he has to compromise on the territorial issue to conclude such a treaty but is reluctant to do so. We were also told that the path to an eventual peace treaty and a deal on territory necessarily requires agreements on economic cooperation and joint development of the Northern Territories—which were the main topics of discussion at the Japan-Russia summit talks held during our visit. Progress will be slow in coming and will depend on political will on both sides.

Another Japanese official shared Japanese concerns over political developments in South Korea and the possibility that the end of President Park's presidency might lead to an election victory by the opposition. That could result in the reversal of the ROK-Japan agreement on comfort women, the suspension of Japan-South Korea intelligence sharing on North Korea, a shift away from current solidarity between Seoul and Tokyo on policy towards North Korea—all of which would be a setback in recent successful efforts to improve ties and achieve political reconciliation.

A senior Japanese official also shared that there is considerable uncertainty in Tokyo about the direction of the incoming U.S. administration, including on such fundamental issues as policy towards North Korea. Despite Japan's outreach to the incoming administration, it was far from clear what approach the Trump administration would adopt on North Korea, which poses a significant and growing threat to Japan. The official said that Japan would make every effort in the coming weeks to clarify the new U.S. administration's intentions, and he expressed hope that there would be no relaxation of the allied (U.S.-ROK-Japan) effort to increase pressure on the Pyongyang regime. Echoing words we heard in Taipei, Shanghai, Beijing, and, during a recent separate visit, Seoul, he suggested that uncertainty and unpredictability are not positive attributes when it comes to U.S. policy in this dynamic and dangerous region.

Recommendations

Based on our visit to the region and our discussions with a wide range of officials and experts, the National Committee on American Foreign Policy believes that the next U.S. administration should consider taking the following steps to deal with the issues and concerns raised by our interlocutors during this visit:

- In response to lingering concerns and uncertainty among our friends and allies, the new U.S. administration should make greater efforts to clarify its policies and priorities in the region. Some rhetoric used during the presidential campaign criticized traditional alliance partners and suggested U.S. preparedness to de-emphasize alliance ties and commitments, leaving our allies concerned about the future. Unpredictability may be useful in keeping adversaries off balance, but it is unlikely to enhance confidence in U.S. leadership among our friends.
- Assurances to traditional friends and partners like Taiwan and support for Taiwan's democracy and its desire for more international space can and should be components of U.S. policy. But care should be taken not to take steps that might expose Taiwan to pressure and intimidation by the Mainland. Reduced tensions across the Taiwan Strait are in the interest of both the United States and Taiwan, and the new administration should support efforts to establish a new *modus vivendi* between Taiwan and the Mainland that preserves the status quo and allows Taiwan to continue to develop its democracy and its economy.
- The long-standing foundation for U.S.-PRC ties, including the carefully crafted U.S. position on "one China," has enabled the growth and development of bilateral relations, a rapid expansion of economic and commercial ties, a reduction in tensions between the United States and the PRC, and a growing array of cooperation between Washington and Beijing. Going forward, managing the significant ideological, philosophical, values, and systemic differences between the United States and China and dealing with growing strategic rivalry will be critical tasks for the next U.S. administration. As the United States deals with these challenges, care should be taken not to dispose of those principles and understandings, developed over time, that have kept the U.S.-China relationship stable. Careful consideration should also be given to the concerns of our allies and partners, who do not wish to see conflict or confrontation in U.S.-PRC ties. America's allies are not prepared for, and would probably oppose, a U.S. policy of confrontation with China.

- The growing gap in policy and perception between Beijing and Washington on North Korea is a major concern. China is unlikely to change its position prioritizing stability over denuclearization. In response to future urgings and pressure, Beijing may be convinced to do more to isolate North Korea, but there are clear limits to how far China will go, and we are almost certainly approaching those limits. The new administration must understand the limitations—and danger—of relying on Beijing to solve the North Korea challenge for us.