

POLICY ANALYSIS:

The Triangular Relations between Taiwan, the U.S., and China at the Turn of the New Century*

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The triangular relations between Taiwan, the United States, and China have entered a new phase since President Chen Shui-bian (陳水扁) and Vice President Annette Lu (呂秀蓮) of the Democratic Progressive Party (DPP; 民主進步黨) were elected in March 2000. In the past few years, both the United States and China have also undergone leadership changes: President George W. Bush came to power in January 2001, and Hu Jintao (胡錦濤) succeeded Jiang Zemin (江澤民) as Chinese President in the spring of 2003.

These leadership changes in each country, coupled with the change in U.S. policy after the tragic events of September 11, 2001, are affecting the cross-Strait relationship between Taiwan and China. In particular, both Taiwan and the United States are holding presidential elections in 2004.

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*An earlier version of this policy paper was presented at the Institute of Defence Studies and Analyses (IDSA) in New Delhi in December 2002. The author wishes to thank Director Santhanam of the IDSA and his colleagues at the institute for their valuable comments. Thanks are specially given to the paper's discussants: Ambassador Vinod Kanna and Sujit Dutta, Senior Fellow at the IDSA.

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The outcomes of both presidential elections deserve special attention for the light they will shed on the ongoing development of the triangular relations between Taiwan, the United States, and China.

Triangular Relations up to the Year 2000

After the United States switched its diplomatic recognition to Beijing in 1979, the U.S.-Republic of China (ROC) Mutual Defense Treaty of 1954 was officially terminated in January 1980. Nonetheless, based on the Taiwan Relations Act—which was passed by the U.S. Congress in 1979 and signed into law by then U.S. President Jimmy Carter the same year—the United States provides Taiwan with arms to help Taiwan defend itself.¹

Taiwan's policy toward China began to change in the late 1980s, when Lee Teng-hui (李登輝) succeeded Chiang Ching-kuo (蔣經國) as ROC President. In 1991, President Lee tried to usher in an era of détente with the PRC by formally declaring an end to the termination of the "Period of National Mobilization for the Suppression of the Communist Rebellion" (動員戡亂時期, *Dongyuan kanluan shiqi*)—Taiwan's martial law, which had been imposed by Chiang Kai-shek (蔣介石) in 1949.

After a series of on-again, off-again talks across the Taiwan Strait that produced little in the way of results, Lee apparently believed that Jiang Zemin was preparing to announce on October 1, 1999 (the 50th anniversary of the founding of the PRC) that Taiwan would accept the PRC's formula of "one country, two systems" (一國兩制, *yiguo liangzhi*) for unification, and that Beijing's envoy Wang Daohan (汪道涵) would travel to Taipei to negotiate details with the Taipei authorities.² Fearing that Taiwan would be

¹For a general review of United States-Taiwan relations after the termination of diplomatic ties, see Jaw-Ling Joanne Chang and William W. Boyer, eds., *United States-Taiwan Relations: Twenty Years After the Taiwan Relations Act*, Maryland Series in Contemporary Asian Studies, no. 1 (University of Maryland, 2000).

²Koo Chen-fu (辜振甫), Chairman of Taiwan's Strait Exchange Foundation (SEF; 海峽交流基金會), and Wang Daohan, President of the Association for Relations Across the Taiwan Strait (ARATS; 海峽兩岸關係協會) in China, met for the first time in Singapore in April

trapped into the "one China" principle in the international media coverage of the event that was sure to follow, Lee put forward what later became known as the "two states" theory (兩國論, *liangguo lun*).

According to Lee Teng-hui in an interview with a German radio network in July 1999, "The 1991 constitutional amendments have placed cross-Strait relations as a state-to-state relationship or at least a special state-to-state relationship, rather than an internal relationship between a legitimate government and a renegade group, or between a central government and a local government."³ Unsurprisingly, the PRC was infuriated by the "two states" theory, and it conducted military exercises in the Taiwan Strait to express its disapproval. The Clinton administration also showed its displeasure at President Lee's remarks by demanding a clarification.⁴ Relations cross the Taiwan Strait remained stalled until Lee stepped down from the presidency in May 2000.

The Impasse of Cross-Strait Dialogue Since 2000

China has long regarded the DDP, whose original party platform called for Taiwan independence, as a "vicious" party that would split Taiwan from the mainland permanently.⁵ To alleviate China's fear of a declaration of independence by the new government, President Chen announced

1993 to lay a framework for regular dialogue for the two semi-official organizations. The second Koo-Wang meeting was originally scheduled for mid-1995. Beijing, however, unilaterally suspended the meeting in retaliation for President Lee's private visit to his alma mater, Cornell University, in New York in June 1995. Beijing considered Lee's visit to the United States a move to promote Taiwan independence.

³The text of President Lee's interview with the Deutsche Welle on July 9, 1999, <http://www.taiwanheadlines.gov.tw/state/1.htm>.

⁴"President Lee Agrees to U.S. Framework for Cross-Strait Issues: Berger," <http://www.fas.org/news/taiwan/1999/cep0727-12.htm>.

⁵The DPP passed a new "Resolution Regarding Taiwan's Future" in May 1999, according to which the DPP regards Taiwan already as an independent state, so that there is no need for Taiwan to declare independence. According to the Proclamation of the new resolution, "Taiwan is a sovereign and independent country. Any change in the independent status quo must be decided by all the residents of Taiwan by means of plebiscite." At <http://www.taiwandc.org/nws-9920.htm>.

in his inaugural speech on May 20, 2000 that he would not change the status quo during his presidential term.⁶

Nonetheless, since Chen took office, China has adopted a policy of ostracizing his government internally and externally. For example, on the second anniversary of Chen's inauguration in 2002, China promised Nauru US\$137 million in aid and debt relief to sever its diplomatic ties with Taiwan, leaving Taiwan with only twenty-seven diplomatic allies.⁷ China has been agitated particularly by President Chen's "transit diplomacy" visits to the United States en route to Taiwan's allies in Central America and Africa in 2001 and 2002, respectively.

Taiwan has been particularly annoyed by China's pressure on the World Health Organization (WHO) not to allow Taiwan to participate in the organization. Both President Chen and Vice President Lu accused the Chinese government of trampling on human rights by concealing information about the outbreak of Severe Acute Respiratory Syndrome (SARS) in China, which affected more than twenty countries, including Taiwan.⁸

According to the estimate of Taiwan's Mainland Affairs Council (大陸事務委員會), Taiwanese investment in the mainland had reached only US\$20 billion as of January 2002.⁹ According to some unofficial estimates, however, Taiwan has invested well over US\$140 billion in the Chinese mainland as of June 2002.¹⁰ Japan and the United States invested in China a mere 0.4 percent and 0.5 percent respectively of their GDP in

⁶"Text of the Inaugural Speech by President Chen Shui-bian" (May 20, 2000), http://www.president.gov.tw/2_special/index_e.html.

⁷Monique Chu, "Taiwan Cuts Its Ties with Tiny Nauru," *Taipei Times*, July 24, 2002, <http://taipeitimes.com/news/2002/07/24/story/0000149454>; and Brook Larmer, "Advantage, Beijing," *Newsweek*, October 7, 2002, 25.

⁸Lin Chieh-yu, "Chen Pleads Taiwan's Case in e-Paper," *Taipei Times*, April 4, 2003, 3; and Lin Mei chun, "Vice President Slams China's Handling of SARS, Likens Disease to World War III," *ibid.*, April 7, 2003, 3.

⁹"Preliminary Statistics of Cross-Strait Economic Relations, January 2002," <http://www.mac.gov.tw/english/CSExchan/economic/9101e.gif>. According to unofficial estimates, the total of Taiwan's China-bound capital has reached more than US\$100 billion.

¹⁰C. J. Chien, "Cross-Strait Relations: Past, Present, Future," Foreign Policy Research Institute, February 21, 2003, <http://www.fpri.org/enotes/20030221.asia.chen.crossstraitrelations.html>.

2001, whereas Taiwan invested more than 4 percent of its GDP.¹¹ Indeed, the Chen government has been acutely aware of the impact of the "hollowing out" of Taiwan's economy.

Increasing economic relations between Taiwan and China have not made Taiwan more yielding to China's political demands as Chinese leaders had expected. President Chen remarked that there was "one country on each side" of the Taiwan Strait in August 2002 and called for a referendum on a new constitution in 2006. In the eyes of the Chinese leadership, President Chen's statements are provocative attempts to split Taiwan from the Chinese motherland.

Structural Problems in the Relations between the United States and China

Over the past decades, U.S. policy toward Taiwan and China has been conducted under the framework of the Taiwan Relations Act of 1979 and the three American-Chinese communiqués signed in 1972, 1979, and 1982, respectively. One major U.S. strategic interest in China is to deter any use of force by China against Taiwan. Above all, the United States would like to see the emergence of China as a country that abides by international laws and adheres more closely to international norms and procedures on various issues.¹²

In March 1996, as Taiwan held its first direct presidential election, China conducted missile tests, firing missiles into the sea in the vicinities of Keelung (基隆) and Kaohsiung (高雄), the two biggest commercial ports in Taiwan—a clear warning to Taiwan not to head toward independence. The crisis was eventually resolved not only by the Clinton administration's deployment of two aircraft carrier battle groups near the Taiwan Strait,

¹¹Hwan C. Lin, "Taiwan Has Over-invested in China," Taipei Times, October 31, 2002, <http://www.taipeitimes.com/News/archives/2002/10/31/0000177788>.

¹²A *National Security Strategy of Engagement and Enlargement* (The White House, February 1996), 40-41; and A *National Security Strategy for a New Century* (The White House, May 1997), 24.

but also by Washington's efforts through high-level official contacts and "second track" diplomacy with both the Beijing and Taipei governments.¹³

Afterwards, Jiang Zemin made a state visit to the United States in October 1997, and Bill Clinton paid a return visit to China in June 1998. The two sides decided to work toward "strategic partnership." Only when the Cox Report was released in May 1999, revealing the Chinese espionage activities involving American strategic weaponry and technologies over the last two decades, did the Clinton administration tone down its rhetoric and slow the development of the strategic partnership with China.¹⁴

Despite the criticism that the Clinton administration's policy toward China was mainly driven by commercial interests, American exports—particularly agricultural products and services—have not successfully entered the Chinese market due to protective measures such as non-tariff barriers imposed by the Chinese government. The balance of trade between the United States and China has been lopsided in China's favor over the past decade, with the U.S. trade deficit with China reaching US\$103 billion in 2002, compared to about US\$83 billion annually in both 2001 and 2000.¹⁵

George W. Bush succeeded Bill Clinton as U.S. President in January 2001. Bush's advisors on foreign policy called for strengthening the U.S.-Japan alliance as the cornerstone of U.S. strategic policy for the twenty-first century. Condoleezza Rice, National Security Advisor to President Bush, indicated that China was not a status quo power but a power that would ask for a position commensurate with its power in the region. She went further to suggest that, as far as the United States is concerned, China is not a "strategic partner" but a "strategic competitor."¹⁶

After the tragic events of September 11, 2001, China reluctantly

¹³For detailed discussions about the Taiwan Strait crisis in 1996, see James Mann, *About Face: A History of America's Curious Relationship with China from Nixon to Clinton* (New York: Knopf, 1999).

¹⁴For the contents of the Cox Report, see <http://www.house.gov/coxreport/cont/gncont.html>.

¹⁵U.S. Trade Balance with China," <http://www.census.gov/foreign-trade/balance/c5700.html>.

¹⁶Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs* 79, no. 1 (January-February 2000): 45-62.

joined the U.S.-led international campaign against terrorism; Beijing's rationale was to improve relations with Washington, especially after the damaging EP-3 incident. By siding with the United States on the war against terrorism, China has successfully persuaded Washington to brand China's Uighur (維吾爾族) extremists as terrorists and their efforts to break Xinjiang (新疆) away from China as terrorist acts. That Beijing allowed Washington to use the Shanghai APEC Summit platform to call for an international coalition against terrorism was another case of China's improving relations with the United States.¹⁷

China's accession to the World Trade Organization (WTO) is viewed by the Bush administration as a healthy venue for addressing and solving the trade issues between the United States and China. As President Bush commented, after both China and Taiwan were admitted to the WTO on November 10, 2001, "I believe that the entry of China and Taiwan into the WTO will strengthen the global trading system and expand world economic growth."¹⁸

Yet mutual distrust and suspicions of each other's long-term strategic intentions have still constrained advances in bilateral relations. The fact that China sided with France and Russia in opposition to proposed U.N. Security Council resolution authorizing the use of force to disarm Iraq of its weapons of mass destruction is a case in point. Since the end of the Cold War, China has clearly shown its distaste for a long-lasting uni-polar world order dominated by the world's only superpower, the United States. China's "great-power diplomacy," which aims to strengthening relations with Russia, India, the European Union, and, to a lesser extent, Japan, has been considered part of China's efforts to bring about a future multi-polar world order.¹⁹

¹⁷Jia Qingguo, "New Priorities, New Opportunities: Sino-American Relations Since 9-11," *Asia Perspectives* 4, no. 2 (Spring 2002): 9-13; also available at http://www.mcpa.org/pubs_videos/pub_pdfs/ap_vol4iss2.pdf.

¹⁸"President Bush Hails China, Taiwan Admission to WTO," <http://usinfo.state.gov/topical/econ/wto/www01111103.html>.

¹⁹"Russia, China Emphasize Strategic Partnership," *People's Daily*, March 2, 2000, <http://www.fas.org/news/china/2000/000302-prc-pd1.htm>.

Taiwan's Importance in the U.S.-Japan Security Framework

Despite its small geographical size and a population of 23 million people, Taiwan is the twentieth largest trading nation in the world and the fourteenth largest trading partner of the United States. Taiwan is particularly noted for its output of computer hardware and accessories. Taiwan is the tenth largest export market for U.S. goods and the fifth largest export market for U.S. agricultural products.²⁰

More than 70 percent of Japan's energy imports must pass through the Taiwan Strait. As a Japanese scholar has suggested, "If a war breaks out in the Taiwan Strait, the Taiwan issue is for Japan no longer a Chinese internal affair."²¹ In 1997, the Japanese government undertook a revision of the guidelines for mutual defense; in defiance of pressure from Beijing, Japan asserted during this revision that the events that would invoke Japan-U.S. defense cooperation were defined not geographically but by the nature of the situation.²²

The Japanese Diet enacted a special anti-terrorism law on October 18, 2001, allowing the Japanese government to extend logistical support to the U.S. military and coalition forces in operations designed to fight terrorism. As a result, Japan's Maritime Self-Defense Forces sent destroyers and other support ships to the Indian Ocean during the U.S. military operations in Afghanistan.

The Changing Nature of the U.S. Policy of Strategic Ambiguity

The U.S. policy of strategic ambiguity has been criticized for the possibility that it might invite miscalculation and hence encourage Bei-

²⁰U.S.-Taiwan Economic Relations," <http://ait.org.tw/ait/ECON/ecrel.html>.

²¹Yoshihisa Amai, "Japan's Taiwan Policy: Beyond the 1972 System?" in *Taiwan's Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century*, ed. Muthiah Alagappa (Armonk, N.Y.: M.E. Sharpe, 2001), 274.

²²Text of the Japan-U.S. Defense Cooperation, <http://www.mofa.go.jp/region/n-america/us/security/guideline2.html>.



jing to resort to the use of force to resolve its differences with Taiwan. Some American experts on Chinese studies seem to believe that China would rather fight and lose a war with the United States than accept a permanently independent Taiwan. Accordingly, they have argued that the U.S. government should, in order not to derail Sino-American relations, state clearly that Washington has no strategic interest in separating Taiwan from China permanently.²³

On the other hand, some have argued that Washington should also warn Beijing that the United States would respond forcefully to an attempted use of military solution by China to the differences between the two sides of the Taiwan Strait. As these voices have warned, if growing Chinese might remains unchecked and the U.S. policy of strategic ambiguity is not able to deter China from being aggressive, China might become emboldened to make a military move against Taiwan.²⁴

According to U.S. Secretary of State Colin Powell,

On the subject of Taiwan, America's position is clear and it will not change. We will uphold 'One China' policy and we continue to insist that the mainland solve its differences with Taiwan peacefully. Indeed, a peaceful resolution is the foundation on which the breakthrough of Sino-American communiqués was built, and the United States takes our responsibilities under the Taiwan Relations Act very, very seriously.²⁵

As one American scholar has characterized, while the need for strategic ambiguity remains, the nature of strategic ambiguity has changed.²⁶

Some Americans are concerned that a shift in U.S. policy from strategic ambiguity to strategic clarity could be manipulated by Taiwan (the island could, for example, declare independence) if Taiwan believes that the United States would come to its rescue in the event of war with

²³Michael Swaine, "Reverse Course? The Fragile Turnaround in U.S.-China Relations," *Carnegie Endowment Policy Brief*, no. 22 (February 2003): 1-7.

²⁴Chih-Cheng Lo, "Crisis Stability in the Taiwan Strait," http://www.future-china.org.tw/csipf/activity/19991106/mt9911_12e.htm.

²⁵Charles Snyder and Monique Chu, "Colin Powell Lauds Taiwan's Progress; Warns China over Its Missile Buildup," *Taipei Times*, June 12, 2002, <http://taipeitimes.com/news/2002/06/12/print/0000140023>.

²⁶Nancy Bemkopf Tucker, "China-Taiwan: U.S. Debates and Policy Choice," *Survival* 40, no. 4 (Winter 1998): 150-67.

China. Yet, given an assessment of U.S. national interests, one American expert on Chinese affairs concludes: "U.S. policymakers determine U.S. interests and nothing Taiwan does or fails to do will lead the United States to act in a way that Washington judges to be contrary to those interests."²⁷

Estimates hold that the number of China's short- and medium-range missiles aimed at Taiwan, now about 500, will surpass the 600 mark by 2005.²⁸ China could use these missiles to strike Taiwan's command and control centers, military bases, industrial infrastructure, and commercial assets in order to cause havoc and panic among the people of Taiwan and to force an early capitulation by Taipei. The United States has recently agreed to share military satellite data conditionally with Taiwan so that Taiwan will have seven more minutes of advance warning of incoming missiles, which gives the island's defenses more time to respond with its Patriot anti-missile weaponry, among others.²⁹

If Taiwan is to keep its independent status, economic well-being, and democratic system safe from a Chinese threat, improving Taiwan's defense capabilities remains vital. Amid the quarrel over the EP-3 incident between the United States and China in April 2001, the Bush administration announced a package of arms sales to Taiwan, notably including four Kidd-class destroyers, eight diesel submarines, and twelve P-3C Orion long-range surveillance aircraft.

Concluding Remarks

"Fourth generation" Chinese leaders will likely follow in Jiang's footsteps and continue to emphasize the avoidance of confrontation and

²⁷Alan M. Wachman, "Credibility and the U.S. Defense of Taiwan: Nullifying the Notion of a Taiwan Threat," *Issues & Studies* 38, no. 1 (March 2002): 201.

²⁸Report to Congress of the U.S.-China Security Review Commission, "The National Security Implications of the Economic Relationship Between the United States and China" (July 2002), http://www.uscc.gov/ch8_02.htm.

²⁹"U.S. to 'Conditionally' Share Military Data with Taiwan," *Daily Report*, October 8, 2002, NAPSNet@nautilus.org.

the increase of cooperation with the United States. Yet, given China's long-held mistrust of the United States, Beijing's primary potential adversary, it is premature to expect that China's post-Jiang leadership will develop any substantially warm relations with the United States.³⁰

China has learned some hard lessons from meddling in Taiwan's two previous presidential elections, during which China's sable-rattling against Taiwan was only counterproductive. China has by far avoided using coercive tactics to intimidate Taiwanese voters. Instead, China has pressed the international community—especially the United States, France, and other countries—to dissuade Taiwan from holding a referendum on its relations with China. If President Chen gets reelected, China may have to face reality and reopen a dialogue with Taiwan.

Because China will be implementing fundamental reforms in the next two decades, China needs stability and regional prosperity in this period.³¹ Therefore, one can reasonably expect that the status quo in the Taiwan Strait will continue to be maintained via the efforts of all concerned parties, including China, in the years to come. The United States in particular is still determined to ensure that the current status quo is not upset by any unilateral action of either China or Taiwan. As President Bush told reporters after his meeting with Chinese Premier Wen Jiabao (溫家寶) on December 9, 2003, "We oppose any unilateral decision by either China or Taiwan to change the status quo."³²

³⁰Denny Roy, "Rising China and U.S. Interests: Inevitable vs. Contingent Hazards," *Orbis* 47, no.1 (Winter 2003): 137.

³¹John Pomfret, "The Mellowing of China's Foreign Policy," *International Herald Tribune*, October 27, 2002, 1.

³²John King, "Blunt Bush Message for Taiwan," December 10, 2004, CNN, <http://edition.cnn.com/2003/ALLPOLITICS/12/09/bush.china.taiwan/index.html>.