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## Taiwan-U.S. Political Relations: New Strains and Changes

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## Summary

The status of Taiwan is a key issue for U.S. foreign policy and a critical point of contention in U.S. relations with China, which claims sovereignty over Taiwan. The U.S. policy framework for Taiwan was laid down in 1979 when Washington severed official relations with the Republic of China (ROC) on Taiwan and instead recognized the People's Republic of China (PRC) as the legitimate Chinese government. The basics of that policy shift — the Taiwan Relations Act, the 3 U.S.-China communiques, and the so-called “six assurances” toward Taiwan — remain in place today. But many other factors have changed dramatically. The PRC itself is a rising global economic power scarcely resembling the country it was at the Nixon opening in the 1970's. U.S. economic and political relations with the PRC have expanded and become more diverse, playing a more complex role now than they did then in U.S. calculations of its own interests. The PRC's military has grown as well, with much of its strategic planning focusing on a Taiwan contingency.

Taiwan, once an authoritarian one-party government under martial law, has become a fully functioning democracy. In Taiwan's 2000 presidential election, Chen Shui-bian's upset of the long dominant ruling party in a true democratic contest was a resounding validation of U.S. ideals and hopes for global democratic development. But other aspects of the new government's pro-independence views conflict with U.S. policies that support the “status quo” in the Taiwan Strait and are unwilling to support Taiwan independence. Taiwan-U.S. relations in recent years also have been plagued by other factors, including mistrust between the Bush and Chen Administrations; mixed bilateral messages; a decline in the extent to which Taiwan is willing to fulfill U.S. expectations about its own self-defense; the fragmentation of the once-powerful “Taiwan lobby” in the United States; a perceived declining role for Congress; and the sheer volatility in Taiwan's domestic political environment.

These changes are posing challenges to U.S. policy. Some observers suggest that as the PRC and Taiwan have evolved, the original U.S. policy framework has grown increasingly irrelevant; they argue it needs to be reassessed or scrapped. Others hold that the very constancy of the U.S. policy framework is crucial in managing U.S. relations with both governments; they argue it needs to be maintained. Bracketed by these two options is a quiet flow of alternative policy suggestions. These tend to advocate various substantive changes in day-to-day U.S. relations with Taiwan and China that appear defensible within the existing U.S. policy framework. These alternative views include a more transparent U.S. policy and more open interactions with senior Taiwan leaders; greater U.S. support for Taiwan's participation in international organizations; a more active U.S. role in cross-strait relations; more pressure on the PRC to talk to the elected Taiwan government, withdraw its missiles opposite Taiwan, and renounce the use of force; and more overt support for Taiwan democratic institutions.

This report reflects trends as of fall 2006. It will not be updated. For current developments in U.S.-Taiwan relations, see CRS Report RL33510, *Taiwan: Recent Developments and U.S. Policy Choices*.

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# Taiwan — U.S. Political Relations: New Strains and Changes

## Importance of Taiwan for U.S. Interests

Taiwan has importance for U.S. political and security interests that is greater than might be expected given its lack of official relations with the United States. The political and international status of Taiwan has remained a key issue for U.S. foreign policy and a critical point of contention in U.S.-China relations. In important respects, what happens in Taiwan and between Taiwan and the PRC has direct impact on U.S. policy decisions and on U.S. security interests.

The fundamental framework of U.S. policy toward Taiwan was laid down decades ago, beginning with the Nixon opening to the communist People's Republic of China (PRC) in 1971 that resulted in the severing of official relations with the Republic of China (Taiwan) in 1979. U.S. policy toward Taiwan since then has been defined by four primary documents: the Taiwan Relations Act (P.L. 96-8, enacted in 1979); and three U.S. communiques with the PRC: the Shanghai Communique (1972); the Communique on Normalization of Relations with the PRC (1979); and the August 17 Communique on Arms Sales to Taiwan (1982). In addition, U.S. policy has been shaped during these decades by a combination of other factors. Among these are a set of six policy assurances the United States gave Taiwan in the 1980s; the precedents set by a collection of sensitive "guidelines on Taiwan" that the executive branch has adopted to define and constrain its actions; a variety of statements by successive U.S. Administrations about the nature of U.S. policy toward Taiwan and the PRC; and periodic initiatives by Members of Congress intended to affect U.S. policy in some way.

But while this fundamental framework remains the basis of U.S. policy today, many other aspects of the relationships have changed dramatically. U.S. economic and political relations with the PRC have grown more sophisticated and more strategically complex. The PRC itself is a rising global economic power that scarcely resembles the country it was at the Nixon opening in the 1970s. Taiwan, once an authoritarian government under martial law and one-party rule, has become a fully functioning democracy with political pluralism.

The dramatic evolutions in China and Taiwan are posing challenges to the long-standing precepts that still serve as the bedrock of U.S. policy toward both governments. Many hold that the very constancy of the U.S. policy framework itself is crucial in managing the increasingly complex U.S. relations with both governments; they argue it needs to be maintained. Others have suggested that as the PRC and Taiwan have evolved, the original U.S. policy framework has stultified and grown increasingly irrelevant; they argue it needs to be reassessed.

This report will examine U.S. policy toward Taiwan within the context of the challenges now confronting it.<sup>1</sup> The resources used in this analysis include news media reports within Taiwan, the United States, and the PRC; official U.S. government reports and press statements; and studies from think tanks and other policy analysts. Additional analysis was obtained from a series of discussions with senior government officials in Taiwan at the highest levels and a series of discussions with relevant parties in the United States. The latter included meetings with current and former U.S. government officials with direct responsibility for Taiwan policy; with various political representatives of Taiwan in Washington; and with noted experts at Washington think tanks and in academia.<sup>2</sup>

The Taiwan issue in U.S. policy is extraordinarily complex and nuanced, and the analysis in this report may not portray the entire range of views, variables, or options that exist about Taiwan and its relations with the United States. Nevertheless, this report does convey important findings of direct relevance to U.S. policy interests and to congressional concerns.

## **Possibility of Cross-Strait Confrontation**

Although the PRC frequently iterates that its intentions are to assure a peaceful resolution to the ultimate status of Taiwan, Chinese leaders have not foresworn the possibility of using force to unify Taiwan with mainland China.<sup>3</sup> To drive home this point, the PRC on March 14, 2005, adopted an anti-secession law to bolster its assertion with statutory authority. Moreover, PRC anxieties over Taiwan's status increase whenever either the Taiwan or U.S. government takes an action that Beijing feels impinges on its sovereignty claims over Taiwan. This dynamic, combined with China's threat to use force against Taiwan, the growing economic and strategic importance of the U.S.-China relationship, and continuing U.S. security interests in

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<sup>1</sup> Other aspects of Taiwan as a political issue are covered in other CRS reports: current developments in Taiwan in CRS Report RL33510, *Taiwan: Recent Developments and U.S. Policy Choices*; the political history of Taiwan's situation in CRS Report RS22388, *Taiwan's Political Status: Historical Background and Ongoing Implications*; and the evolution of the "one China" policy among all three governments in CRS Report RL30341, *China/Taiwan: Evolution of the 'One China' Policy — Key Statements from Washington, Beijing, and Taipei*.

<sup>2</sup> Discussions for this report included meetings in Taiwan with members of the Legislative Yuan, with senior government officials at the highest levels, and with U.S. officials at the American Institute in Taiwan (AIT) in Taipei. Meetings and other input from sources in the United States included: Jeff Bader, Richard Bush, Nat Bellocchi, Coen Blaauw, Michael Fonte, Bonnie Glaser, Mike Lampton, Randy Schriver, Robert Sutter, John Tkacik, Steve Yates, Jason Yuan, current U.S. government officials, and current House and Senate staff.

<sup>3</sup> In an interview with the *Washington Post* on November 23, 2003, Chinese Premier Wen Jiabao was quoted as saying of the Taiwan sovereignty issue, "The Chinese people will pay any price to safeguard the unity of the motherland." "Interview with Wen Jiabao," *Washington Post*, November 23, 2003, p. A27.

Taiwan under the 1979 Taiwan Relations Act (TRA), make cross-strait conflict between Taiwan and the PRC a dangerous possibility for U.S. and global interests.<sup>4</sup>

While the TRA does not mandate the U.S. defense of Taiwan, it does specify that an attack on Taiwan would be of “grave concern” to the United States, and it provides for continuing U.S. arms sales to Taiwan for its own defense. In addition, Japan’s growing security concerns have prompted it to join the United States in outlining a more comprehensive vision of the U.S.-Japan alliance that for the first time includes peace in the Taiwan Strait as a “common strategic objective.”<sup>5</sup> This suggests that a potential conflict in the Taiwan Strait could expand to include not only the United States but other regional powers.

Two further uncertainties are now complicating U.S. policy on the cross-strait stability issue: the matter of where a provocation to cross-strait hostility may come from, and questions about Taiwan’s commitment to its own self-defense. In terms of the former, the traditional focus — one that is implied in the provisions of the Taiwan Relations Act and in Department of Defense reports on cross-strait stability — is on hostile PRC intent that culminates in unanticipated and unprovoked PRC military operations against Taiwan. Under this scenario, many observers anticipate that U.S. military involvement at some level would be likely. But in recent years, Bush Administration officials increasingly have been willing to shift part of this burden to Taiwan, warning both the PRC and the Taiwan governments against taking unilateral provocative acts. This shift has led some to question potential U.S. military involvement in a cross-strait crisis that is perceived to be caused by Taiwan’s own political processes.<sup>6</sup>

The second uncertainty — Taiwan’s commitment to its own defense — arises from Taiwan’s inability so far to pass a defense budget that accommodates the sizeable weapons sale President Bush authorized in April 2001. Many U.S. observers tend to see passage of the defense budget as a test to prove Taiwan is sufficiently committed to self-defense.<sup>7</sup> Some U.S. officials have expressed disappointment that the U.S. desire to help Taiwan defend itself appears to be

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<sup>4</sup> Reportedly former U.S. Deputy Secretary of State Richard Armitage stated that the decision on whether to commit U.S. forces to the defense of Taiwan will rest with Congress. “U.S. defense of Taiwan would be Congress’ decision,” *Taipei Times*, December 22, 2004, p. 1.

<sup>5</sup> The goal of peaceful resolutions in both the Taiwan Strait and on the Korean Peninsula was mentioned as joint U.S.-Japan objectives at the “2 + 2” meeting in February 2005. See CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*.

<sup>6</sup> Such speculation, for instance, has been voiced in Senate Armed Services Committee hearings, March 7, 2006; House International Relations Committee (HIRC) Asia Subcommittee hearings, March 8, 2006; and HIRC hearings on May 10, 2006.

<sup>7</sup> Taiwan observers, on the other hand, question the appropriateness and cost-benefits of the U.S. weapons systems offered, and appear to view positive action on the proffered package as a political necessity to ensure good relations with the United States. Interviews with Taiwan officials in 2006; “Security through procurement? The debate over Taiwan’s defense spending,” Carnegie Endowment for International Peace, October 27, 2005.

outstripping Taiwan's own.<sup>8</sup> In addition, U.S. military experts have grown more concerned about the prospect of conflict scenarios in the Taiwan Strait that unfold faster than the United States' ability to respond — scenarios that place further importance on the preparedness of Taiwan's own military forces.<sup>9</sup>

## Taiwan's Importance as a Viable Democracy

Some U.S. and Taiwan observers also cite more strategic policy grounds for the United States to support Taiwan's importance and viability as a distinct political and democratic entity. A failure of the Taiwan polity or the effective absorption of Taiwan by the giant PRC economy would mean the loss of U.S. military contacts with Taiwan. It might also lead to a loss of the leverage the United States now enjoys with the PRC because of the Taiwan issue, and would complicate the U.S. "hedging strategy" with Beijing.<sup>10</sup>

Both U.S. and Taiwan observers also emphasize the political importance for the United States of Taiwan as an Asian model for democratic development, particularly as a model for future PRC governance. For this reason alone, they say, the Taiwan democratic state cannot be allowed to fail, nor can the United States afford to allow the PRC to denigrate Taiwan's democratic government into mere populism. In their view, such an event would undermine U.S. credibility about its commitment to democratic principles.<sup>11</sup> Taiwan officials themselves profess bewilderment that the United States does not more assertively defend Taiwan democracy, given the emphasis of and the resources committed by the Bush Administration to "global democratization" efforts.

## Taiwan's Importance for U.S. Leadership in Asia

Relatedly, how effectively the United States handles the Taiwan issue with the PRC could have important consequences for continued U.S. leadership in Asia and possibly around the world. The U.S. commitment to democracy, its history of relations with and support for Taiwan, and Taiwan's importance as a U.S. "defense and intelligence partner,"<sup>12</sup> according to some, significantly raise the stakes of a U.S. policy "failure." If U.S. officials are seen as unable to manage the cross-strait issue

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<sup>8</sup> "Perhaps because America has moved with speed to meet the new [PRC military] challenge, many of Taiwan's friends in the United States regret that Taipei has failed to respond in kind." Statement by Clifford Hart, Jr., Director, Office of Taiwan Coordination, Department of State, in remarks to the U.S.-Taiwan Business Council Defense Industry Conference, September 12, 2006.

<sup>9</sup> Interview with former U.S. government official, July 5, 2006.

<sup>10</sup> The U.S. "hedging strategy" is commonly defined as the cultivation of a middle position to avoid having to choose between one side or the other.

<sup>11</sup> Coen Blaauw, Formosan Association of Public Affairs (FAPA), September 20, 2006.

<sup>12</sup> Tkacik, John, "Strategy Deficit: America's Security in the Pacific and Its Stake in Taiwan," from a manuscript yet unpublished as of October 2, 2006, *The Heritage Foundation*.

in a way that avoids a coercive PRC approach to Taiwan, then U.S. regional leadership might be questioned and support for it undermined.

Likewise, if the United States is seen to be accommodating to PRC interests in absorbing democratic Taiwan, U.S. friends and allies in Asia could view the United States as a weaker power and less reliable than in the past. Asian democracies and smaller Asian nations could decide that the United States is not likely to be there for them in the event of hostile action from China. They and American Asian allies may be inclined to recalculate their own political and economic alignments in such a way that would give more weight to PRC concerns, creating a “geopolitical realignment in the Western Pacific.”<sup>13</sup>

For instance, PRC absorption of Taiwan might well spur Japan’s military rearmament — possibly including the consideration of building nuclear weapons — and possibly raise other questions in Japan about the reliability of the U.S. shield. Taiwan’s absorption into the PRC also would expand the PRC’s naval-air projection into the Western Pacific and potentially key sea-lanes important to Japan.

## **Changing Environment for U.S. Policy**

The basic components of the U.S. policy framework regarding Taiwan, described earlier in this report, were in place by 1982, adopted during a time when Taiwan was still under martial law and the Taiwan government remained a one-party system that permitted no political opposition and held no democratic elections. But Taiwan’s situation began to change in the late 1980s when the government ended martial law and legalized opposition political parties. In 1996, Taiwan held its first direct presidential election, a contest won by Lee Teng-hui, a native Taiwanese and the leader of the long dominant Nationalist or “Kuomintang” (KMT) Party. But the real change in Taiwan politics occurred in 2000, when a hotly contested three-way presidential race ended in the election of Chen Shui-bian, a member of a new opposition party, the Democratic Progressive Party (DPP). President Chen was reelected to a second four-year term in 2004, making his two-term tenure roughly parallel with that of U.S. President George W. Bush.

The DPP’s electoral success in Taiwan has presented the Bush Administration with some unique challenges. President Chen’s stunning upset of the long dominant KMT in a true democratic contest is viewed by many as a resounding validation of the U.S. Administration’s ideals and hopes for democratic development in Asia and elsewhere around the world. On the other hand, as the DPP is a party that supports Taiwan’s independence from the PRC, key aspects of its political platform conflict with long-standing U.S. policy statements in the three U.S.-PRC communiqués and elsewhere — policy statements that oppose unilateral changes in the “status quo” in the Taiwan Strait, that appear unwilling to support Taiwan independence aspirations, and that base the U.S. “one-China” policy on the “acknowledgment” of Chinese

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<sup>13</sup> Tkacik, John, *Ibid.*

claims that there is only one China and that Taiwan is a part of it.<sup>14</sup> As such, the positions and actions of the DPP at times have complicated U.S. policy toward both Taiwan and the PRC.

Along with these changes in Taiwan have been equally important changes in the PRC that have further complicated U.S. policy. While in 1979 the Chinese military had little capacity to threaten or attack Taiwan, its military modernization since then has given it a range of new coercive options, any of which might lead to military confrontation between U.S. and PRC forces. The PRC's growing global role and increased importance for U.S. interests suggest to many Americans that the U.S. future will be tied to the PRC economy, for good or ill, and affected deeply by PRC economic, political, and strategic interests. This also represents a significant difference from the dynamics of U.S.-PRC relations at the outset of their official relationship in 1979. The PRC also has remained an authoritarian, one-party state under Communist Party rule, with PRC leaders unwilling to brook criticism or permit political opposition. The changes on both sides of the Taiwan Strait have contributed to complications for U.S. policy.

## **New Factors Affecting U.S. Policy**

While the rise of China and its growing importance for U.S. interests has clearly presented a challenge for U.S. policy toward Taiwan, it is not the only factor doing so. Many factors now vexing U.S.-Taiwan relations are a consequence of political developments in Taiwan, while others are the result of changes in the United States.

## **Problems Between Bush and Chen Administrations**

For U.S. policymakers in the Bush Administration, what they view as President Chen Shui-bian's unpredictable political style reportedly has become somewhat problematic for U.S.-Taiwan relations and for the White House's view of the Taiwan government. This represents a change from the early months of the Chen Administration, when initial U.S. concern over the new government's independence aspirations was eased by President Chen's moderate tone, his apparent openness to engagement with the PRC, and his embrace of the "five noes" to encompass Taiwan's policy toward the PRC.<sup>15</sup> These early steps by the Chen government were

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<sup>14</sup> The history of interpretation of the U.S. "one-China" policy is a nuanced and complex one not easily described here. For details, see CRS Report RL30341, *China/Taiwan: Evolution of the 'One China' Policy — Key Statements from Washington, Beijing, and Taipei*, by Shirley Kan.

<sup>15</sup> President Chen Shui-bian's Inaugural Speech, May 20, 2000. The so-called "five noes" pledge is the following: "Therefore, as long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called "state-to-state" description in the Constitution, and I will not promote a referendum to change the status quo in regards to the question of independence or unification. Furthermore, the abolition of the National Reunification Council or the National (continued...)"

appreciated by the Clinton White House. The next U.S. Administration of George W. Bush took an initial approach toward Taiwan that was more favorable than that of any U.S. Administration since 1979. In April 2001, President Bush was quoted saying the United States would do “whatever it took” to help defend Taiwan, and the same month the President approved a substantial U.S. arms sales package for Taiwan.<sup>16</sup>

The following month, in May 2001, the White House approved transit stops for President Chen during which he visited both New York (previously off-limits) and Houston, attended public functions and meetings, and met with nearly two dozen Members of Congress. Similar U.S. visits were approved for Taiwan’s Vice-President, Annette Lu (in early January 2002), and for Taiwan’s Defense Minister, Tang Yao-ming (March 2002), who attended a defense conference in Florida and while there met with U.S. Deputy Secretary of Defense Paul Wolfowitz and U.S. Assistant Secretary of State James Kelly. In October-November 2003, the Bush Administration accommodated President Chen with an even higher-profile transit visit to New York City — a visit that received wide press coverage in Taiwan.

***Differing Definitions of the “Status Quo”.*** U.S. and Taiwan officials routinely and publicly state that their primary interest is to maintain the status quo between Taiwan and the PRC. But the Taiwan and U.S. governments have fundamentally different interpretations of what the status quo is, making mutual reassurances on the subject of questionable significance. U.S. official statements are interpreted as maintaining that the “status quo” means Taiwan’s political status remains unresolved pending a solution mutually reached by Taiwan and the PRC; that the PRC will not use force against Taiwan; that the United States will continue arms sales and military contacts with Taiwan; and that neither the PRC nor Taiwan will make unilateral changes that could destabilize the situation in the Taiwan strait. When U.S. officials warn Taiwan against changing the status quo, it is this set of factors to which they are referring. But to the Chen Administration in Taiwan, the “status quo” is that Taiwan is already an independent, sovereign state. The Chen government’s assurances that it is indeed adhering to the status quo are based on an assumption that the issue of Taiwan’s political status is already settled.<sup>17</sup>

**The “Credibility” Issue.** But according to U.S. experts interviewed for this report, the positive atmosphere in Bush-Chen Administration relations began to melt away in August 2002 when President Chen gave a video conference in which he stated that there was one country on either side of the Taiwan Strait — or “yi bian, yi guo,” (“one side, one country”). The Bush White House at this juncture reportedly began to see the Taiwan leadership as more inclined to put personal political interests ahead of more strategic objectives and U.S. concerns. By the summer of 2002,

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<sup>15</sup> (...continued)

Reunification Guidelines will not be an issue.”

<sup>16</sup> See CRS Report RL30957, *Taiwan: Major Arms Sales Since 1990*, by Shirley Kan.

<sup>17</sup> President Chen is not the first Taiwan president to make this assertion. His predecessor, President Lee Teng-hui, now head of the Taiwan Solidarity Union, the DPP’s coalition partner, also asserted that Taiwan was a de facto independent sovereign state. President Chen has continued and elaborated on this assertion during his tenure.

having seen his initial overtures to the PRC rejected, President Chen appeared to have changed his priorities.<sup>18</sup> He became, in the view of one former U.S. official, a “single-minded domestic politician” — less inclined, according to this official, to talk to the United States or to listen to officials in the Taiwan government charged with administering U.S.-Taiwan relations.<sup>19</sup>

For U.S. government officials, President Chen’s “yi bian, yi guo” statement of August 2002 was only the first of a series of Taiwan statements and decisions issued unexpectedly and without apparent regard for U.S. interests.<sup>20</sup> The surprises included President Chen’s announcement on September 28, 2003, that he planned to hold a referendum on a new constitution for Taiwan; a 2004 New Year’s Day speech in which the President defined the territory of the ROC as encompassing only 36,000 square kilometers and including only its 23 million residents;<sup>21</sup> the holding of an island-wide referendum in March 2004 on aspects of Taiwan’s defensive strategy against the PRC; a 2005 New Year’s Day speech in which the President toughened the Taiwan position on cross-strait contacts; and the President’s January 2006 decision (and its subsequent implementation) that the symbolically important National Unification Council (NUC) would be abolished or would “cease to function.” According to several former U.S. government officials, the Chen Administration’s relationship with the Bush White House was “fatally hurt” by Chen’s “yi bian, yi guo” statement and his subsequent statements and actions.<sup>22</sup> As a consequence, according to some observers, the White House began pulling back from its earlier receptiveness to the Chen Administration.<sup>23</sup>

The NUC cessation case appeared to spark additional concern for U.S. officials, who had worked to persuade Chen to scrap or modify his proposal.<sup>24</sup> The softer

<sup>18</sup> In addition to the “five noes,” President Chen in his initial months appeared to seek policy continuity through appointment of KMT members to high offices, spoke of reaching out to the PRC to improve cross-strait cooperation, and said the two sides should “work together...to resolve the future ‘one-China’ problem.” Press conference, June 20, 2000, *GIO*.

<sup>19</sup> Interview with former U.S. government official on June 7, 2006.

<sup>20</sup> *Ibid.*

<sup>21</sup> Under the “one China” scenario, the claimed territory and jurisdiction of the ROC on Taiwan includes all of mainland China and its 1.3 billion residents. Suggesting that Taiwan’s boundaries and authority instead are limited to the island’s territory itself and its 23 million residents suggests Taiwan independence under a “one China, one Taiwan” scenario.

<sup>22</sup> Interviews on May 22, 2006 and on June 7, 2006 with former U.S. government officials.

<sup>23</sup> Deputy Secretary of State Robert Zoellick emphasized the “trust” issue in hearings before the House International Relations Committee on May 10, 2006, saying about Taiwan, “... when some political figures who’ve got their own competitive politics just like we have in this country decide they want to either change their word or go back from something or push the edge of an envelope that could lead to conflict, well, then, yes, our government will respond.”

<sup>24</sup> For further details on the NUC case, see CRS Report RL33510, *Taiwan: Recent* (continued...)

formulation of the language in Chen's final February 27, 2006 decision — that the NUC would “cease to function” instead of being abolished — was regarded as President Chen's compromise with U.S. concern about the decision's cross-strait implications. But when press accounts quoted some Taiwan officials as saying there was no difference between the NUC being “abolished” and its “ceasing to function,” the State Department issued a rare written statement (March 2, 2006) saying it expected Taiwan authorities to “unambiguously” and publicly clarify that the NUC had *not* been abolished but that it continued to exist. The State Department written statement also reiterated that the United States expected President Chen to reaffirm publicly his repeated assurances to maintain the status quo.<sup>25</sup> These assurances were not given until June 8, 2006, when President Chen issued them publicly to Raymond Burghardt, the chairman of the de facto U.S. office for Taiwan, the American Institute in Taiwan (AIT).

Despite President Chen's and other Taiwan officials' assurances in the wake of the NUC decision to adhere to Taiwan's status quo pledges of 2000 (see footnote #18) some observers perceive some subsequent statements and actions of the DPP and President Chen himself to be outside the spirit of the status quo pledges. These statements and actions include repeated public references that Taiwan is an independent sovereign country totally separate from the PRC; public support for seeking full membership in the United Nations under the name of “Taiwan” (from the President's public message addressing a DPP gathering on September 28, 2006, the party's 20<sup>th</sup> anniversary); the DPP's support for a new Taiwan national anthem and national flag, which would change the current anthem and flag from those of the Republic of China.<sup>26</sup>

**Perception of Mixed Messages.** According to officials in Taiwan, relations between the Chen and Bush Administrations at this juncture also were plagued by what many in the Chen Administration saw as confusing and mixed U.S. messages to Taiwan that included both words of caution and expressions of support. The prime example of the latter is the now-famous public comment in 2003 that George Bush was President Chen Shui-bian's “secret guardian angel” — a comment made by Therese Shaheen, who as Chair of the Washington office of the American Institute in Taiwan (AIT) was then America's highest-ranking representative on Taiwan.<sup>27</sup> President Chen and many others in Taiwan reportedly interpreted this

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<sup>24</sup> (...continued)

*Developments and U.S. Policy Choices*, by Kerry Dumbaugh.

<sup>25</sup> “Senior Taiwan officials' comments on National Unification Council,” State Department press statement, March 2, 2006. [<http://www.state.gov/r/pa/prs/ps/2006/62488.htm>]

<sup>26</sup> President Chen publicly took a contrary position to this DPP view at an event in Taiwan in May 2006, singing the current national anthem and bowing to the national flag. Ko Shu-ling, “Chen comes out in support of anthem...”, *Taipei Times*, May 14, 2006.

<sup>27</sup> The remark was reported on widely at the time and was addressed in at least one State Department press briefing. See, for instance: Brown, David G., “Illusions and political spin in Taiwan,” *online Asia Times*, December 11, 2003; Foreign Press Center Briefing by Deputy Assistant Secretary of State for East Asian and Pacific Affairs Randy Schriver, “U.S.-Taiwan-China issues,” November 20, 2003.

statement as an expression of unconditional U.S. support, even while the White House reportedly was becoming less sure of Taiwan government intentions.<sup>28</sup>

Further mixed messages grew out of the “secret” trip (widely speculated on in print at the time) to the region in early December 2003, by James Moriarty, then the senior director of Asian affairs at the National Security Council.<sup>29</sup> Moriarty reportedly visited both Taiwan and the PRC at the height of a controversial debate over President Chen’s proposal to initiate an island-wide referendum to gauge public opinion in Taiwan. According to former U.S. officials, Moriarty delivered a message from President Bush to President Chen warning Taiwan “in no uncertain terms”<sup>30</sup> against holding a referendum that could provoke the PRC and expressing U.S. opposition to any unilateral effort to change the status quo.<sup>31</sup>

According to some, President Chen interpreted the message Moriarty delivered explicitly to mean that only a referendum that touched on Taiwan’s sovereignty or other provocative issues would be of grave concern to the United States; referenda on other, “non-provocative” subjects, according to Chen’s interpretation, would be acceptable. After the Moriarty mission, on March 20, 2004, the Taiwan government held a referendum on what it said was a non-provocative topic — whether Taiwan should acquire more advanced weapons to defend against PRC missiles and whether the Taiwan government should engage in negotiations with the PRC concerning a “peace and stability” framework for cross-strait interactions.<sup>32</sup>

A number of observers tend to agree that U.S. policy toward Taiwan was not served well in 2002-2003 by the series of mixed or ambiguous U.S. messages. Some also say that Taiwan shares the blame during this period for emphasizing the more

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<sup>28</sup> In October 2003, the AIT director also was quoted as telling a group of students in Taiwan that President Chen’s push to hold public referenda sounded “reasonable and logical.” Lawrence, Susan V., “U.S.-Taiwan Relations: the guardian angel finally had enough,” *Far Eastern Economic Review*, April 22, 2004.

<sup>29</sup> Among other sources, references to the trip can be found in: Dinmore, Guy and Hille, Kathrin, “Taiwan mission shows up differences in U.S. administration,” in *Financial Times*, December 6, 2003, p. 2; “China asks U.S. to oppose steps toward Taiwan independence,” *The Star-Ledger* (citing *Reuters*), December 8, 2006, p. 13; and “Bush writes to Taiwan’s Chen to warn against referendum,” *Nikkei Report*, December 11, 2003.

<sup>30</sup> Snyder, Charles, “Rice expected to push for cross-strait talks...”, *Taipei Times*, November 18, 2004.

<sup>31</sup> There are varying accounts of the failure of the Moriarty trip to dissuade President Chen from holding the referendum. One press account refers to an “unusually blunt” letter that Moriarty hand-delivered to Chen from President Bush that sent an “unmistakable message” warning against a referendum, suggesting that Chen chose to ignore the White House missive. Others hold that Moriarty’s verbal message to Chen was tougher than either the Bush letter or than private signals from other U.S. officials that certain types of referenda would be acceptable. “Bush writes to Taiwan’s Chen to warn against referendum,” *Nihon Keizai Shimbun, Inc.*, December 11, 2003.

<sup>32</sup> The referendum failed when only about 40% of the Taiwan electorate participated in the vote, a rate insufficient to meet the 50% requirement for passage under Taiwan law.

favorable parts of the U.S. message and downplaying the less favorable parts.<sup>33</sup> Still, after the “yi bian, yi guo” statement, many of the public messages that U.S. officials were conveying to Taiwan turned decidedly cautionary, a change in tone that Taiwan officials apparently either missed or chose to ignore. Days after the reported Moriarty trip, standing next to visiting PRC Premier Wen Jiabao in Washington on December 9, 2003, President Bush used unusually blunt public language to criticize Chen Shui-bian, saying “...the comments and actions made by the leader of Taiwan indicate he may be willing to make decisions unilaterally that change the status quo, which we oppose.”<sup>34</sup>

After President Chen’s re-election in March 2004, the tough U.S. statements continued with comments in April 2004 by Vice President Dick Cheney, who while visiting the PRC stated, “We oppose unilateral efforts on either side to try to alter the current set of circumstances...”<sup>35</sup> Also in April 2004, pointed language on Taiwan was delivered in congressional testimony by Assistant Secretary of State for East Asia James Kelly in April 2004, aimed at both Taiwan and China:

...any unilateral move towards independence will, in our view, avail Taiwan of nothing it does not already enjoy in terms of freedom, autonomy, prosperity and security. Such measures could carry the potential for a military response from the PRC, a dangerous, objectionable, and foolish response, if such a thing were done by China, that could destroy much of what Taiwan has built, and it would damage China, too, of course. We in the United States see these risks clearly and trust they are well understood by President Chen Shui-bian and others in Taiwan.<sup>36</sup>

By most accounts, in recent years the mixed signals have stopped and Bush Administration officials have regained control and consistency of the U.S. message being communicated to Taiwan. Despite the new clarity in the U.S. message, however, some observers see Taiwan as continuing to ignore U.S. concerns.

**Other Communication Problems.** A related theme now affecting U.S.-Taiwan relations is the broader issue of the level and extent of bilateral communications, an issue on which Taiwan and the U.S. executive branch appear to disagree sharply. Officials of the Chen and Bush Administrations also have differing views of the symbolic implications of some communications with Taiwan.<sup>37</sup>

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<sup>33</sup> Interview with a former U.S. government official, June 7, 2006.

<sup>34</sup> According to one former U.S. government official, Chen felt “betrayed” by President Bush’s December 2003 comment in light of the positive messages he felt he had been getting from other U.S. sources.

<sup>35</sup> The Vice President’s comments were in response to a question about Taiwan during a speech he gave at the PRC’s Fudan University in Shanghai on April 15, 2004.

<sup>36</sup> Testimony by James Kelly, Assistant Secretary of State for East Asia and the Pacific, in hearings before the *House International Relations Committee*, April 21, 2004.

<sup>37</sup> This was the case, for instance, over the March 2006 visit to Washington by KMT head and Taipei Mayor Ma Ying-jeou. According to the Chairman of Taiwan’s Mainland Affairs Council, Joseph Jaushieh Wu, many in the Taiwan government thought Ma had been given  
(continued...)

***The Taiwan View.*** Senior officials in the Taiwan government believe that the United States needs to establish more routine higher-level contacts with Taiwan, along the order of the visits of Mike Green (a National Security Council, or NSC, specialist who met with a Taiwan official in Washington in January 2006) and Dennis Wilder (an NSC Asia specialist who reportedly made a secret visit to Taiwan in mid-February 2006). U.S. visits, according to Taiwan officials, should be conducted at a level higher than that of the Director of the State Department’s Office of Taiwan Coordination.<sup>38</sup> Taiwan officials say that Washington needs to establish better and more direct channels specifically with President Chen, although Steve Young, the new U.S. AIT director who assumed his post in 2006, appears to have been given high early marks for establishing such contact. Many on the Taiwan side appear anxious that U.S.-Taiwan communications have eroded in some ways through a combination of circumstances; they are concerned that Taiwan now has an “image problem” in the United States.

Some Taiwan government officials are more directly critical of the United States, describing U.S. officials as being unappreciative of the heavy domestic pressures on President Chen that help form his actions. They suggested U.S. officials are being too careless of Taiwan’s democracy and either overly solicitous of the PRC or “afraid of Beijing.” According to one Taiwan official, it is difficult to understand why Taiwan, as a democracy, does not seem to be a higher priority for the United States when democratization is a chief preoccupation of the George W. Bush Administration. According to another, people in Taiwan wonder why, when China pressures other countries to accept the “one China” principle, the United States does not criticize China for defining Taiwan as an inalienable part of Chinese territory. This theme of concern for U.S.-Taiwan communication has been frequently repeated in recent years in discussions with Taiwan officials.<sup>39</sup>

***The U.S. View.*** U.S. officials, on the other hand, paint a very different picture with respect to U.S.-Taiwan communications. They maintain that Taiwan’s assertions that the United States does not communicate regularly and clearly are disingenuous at best. U.S. officials see themselves as communicating with Taiwan constantly, at every level of government but the very highest — a view seconded also by some U.S. experts not affiliated with the U.S. government. According to a U.S.

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<sup>37</sup> (...continued)

a higher level reception than President Chen or other Taiwan government officials, implying that the United States favored the KMT head over the DPP government. Deputy Secretary of State Bob Zoellick, refuted this charge in congressional hearings, saying that under the “one China” policy the United States can work more easily with Taiwan citizens who are not government officials.

<sup>38</sup> One Taiwan official referred to the Green and Wilder talks in positive terms, saying the two had been “happy” with the official explanation of President Chen’s policies. This view was not shared by an AIT official. In 2006, the State Department Director for the Office of Taiwan Coordination is Clifford Hart.

<sup>39</sup> From the author’s meetings in Taiwan in April 2006, and other discussions with Taiwan representatives in the United States. Some former U.S. government officials appear to echo these Taiwan sentiments, suggesting that higher-level or more frequent U.S. contacts with Taiwan would be helpful.

State Department official, U.S. communication with Taiwan, including the U.S. military-to-military dialogue with Taiwan, compares favorably with — and in some cases is better than — U.S. diplomatic and military communications with its own formal regional allies.

Moreover, say U.S. officials, U.S. messages to Taiwan officials are portrayed clearly as being from the “very highest level” of the U.S. government — above the Cabinet Secretary level — and are conveyed “unambiguously.” For instance, according to one U.S. official, “there is no possibility — none” that the Taiwan government missed the content or the level of the U.S. message of concern about President Chen’s National Unification Council decision. That message reportedly was conveyed clearly early in 2006 — not under the auspices of the U.S. AIT office, but by a delegation of U.S. government officials sent to Taiwan by the White House. This delegation reportedly included Dennis Wilder (National Security Council), Clifford Hart (Department of State), and according to one account, two other senior U.S. officials from other U.S. government departments.<sup>40</sup> The problem, according to some U.S. officials, is not that Taiwan officials are not hearing the U.S. message, it is that they do not like the message they are hearing. The problem is further compounded, some former U.S. officials say, by other American sources not part of the U.S. government who in meetings with Taiwan audiences are sometimes said to be discrediting the official U.S. message.<sup>41</sup>

**PRC Military Buildup and Taiwan Self-Defense Commitment.** The inability so far of Taiwan to take full advantage of a substantial U.S. military support package approved for sale in 2001 has become another increasing irritant in Taiwan-U.S. relations. To date, political infighting and finger-pointing has blocked legislative consideration of the arms procurement budget for purchasing much of the U.S. arms package.<sup>42</sup> In 2002, U.S. officials began voicing concerns over what they described as weaknesses in Taiwan’s self-defense and a lagging pace to Taiwan’s arms purchases. According to a DOD report, Taiwan’s self-defense deficiencies include an “opaque military policymaking system; a ground force-centric orientation;

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<sup>40</sup> The “Wilder/Hart” visit has been referred to in private conversations by both Taiwan and U.S. government officials and was widely reported in the press. (See, for instance, Cody, Edward and Culpan, Tim, “Taiwan scraps council on unity with China,” *Washington Post*, February 28, 2006, p. A16; Tkacik, John, “Chen lets off steam,” *Wall Street Journal Asia*, March 1, 2006, p. 13; and Ko Shu-ling, “Chen to chair NSC meeting over NUC...” *Taipei Times*, February 27, 2006.) Despite the press reports, the “Wilder/Hart” visit has never been confirmed by the U.S. government, nor has mention been made of the reported participation on the delegation of other U.S. government officials.

<sup>41</sup> Former U.S. government official interviewed on June 22, 2006.

<sup>42</sup> In 2003, Taiwan’s legislature did approve \$800 million for the purchase of the four Kidd-class destroyers. On December 8, 2005, the first two of these (now designated Keelung class) arrived at the Suao naval base in northeastern Taiwan after having been refurbished in South Carolina, reportedly by a Taiwanese work crew. The two destroyers were commissioned in a December 17, 2005 ceremony in Keelung. *Taipei Times*, December 19, 2005, p. 3.

and a conservative military leadership culture.”<sup>43</sup> As the defense budget stalemate in Taiwan has continued, some U.S. officials have begun to question Taiwan’s level of commitment to its own defense, implying that perhaps U.S. policy should be reassessed accordingly.<sup>44</sup> Criticism also has come from the Taiwan side, as Taiwan officials periodically have accused the U.S. Navy of deliberately trying to subvert progress on the 2001 diesel-electric submarine sale by over-inflation of estimated construction costs and onerous funding requirements.<sup>45</sup>

U.S. defense officials appear profoundly concerned about Taiwan’s delay in acting on the U.S. weapons package given the extraordinary and continuing PRC military buildup opposite the coast of Taiwan. In a May 2006 annual Department of Defense (DOD) report on PRC military power, Pentagon officials warned that the PRC’s *continued* military buildup created a “sense of urgency” that Taiwan military efforts did not seem to appreciate. The U.S. arms package, according to the report, had been specifically designed to “correct imbalances” in cross-strait military power. Given U.S. security interests in the defense of Taiwan and the possibility of U.S. military involvement in event of a PRC attack, Taiwan’s own stalling on the military budget appears to have become a significant problem for Bush Administration officials. According to the DOD report,<sup>46</sup>

Chinese air, naval, and missile force modernization is making it increasingly critical that Taiwan strengthen its defenses with a sense of urgency. Despite this need, Taiwan defense spending has steadily declined in real terms over the past decade. Taiwan has traditionally acquired capabilities, some asymmetric, to deter an attack by making it too costly, while buying time for international intervention. The growth of PLA capabilities is outpacing these acquisitions.

**Taiwan Corruption Scandals.** A new problem affecting Taiwan’s political processes that is of concern to U.S. policymakers is the corruption scandal enveloping the Chen Administration, particularly after April 2006. President Chen is seen to have been grievously wounded by allegations of corruption, including allegations about members of his family and instances of malfeasance by government officials close to the President.

The trouble began in early May 2006, when the Taipei district prosecutor’s office started investigating allegations that President Chen’s son-in-law, Chao Chien-min, had profited in an insider trading scheme involving the Taiwan Development

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<sup>43</sup> The text of the 2003 DOD report can be found at [<http://www.defenselink.mil/pubs/20030730chinaex.pdf>].

<sup>44</sup> In a 2005 speech to the U.S.-Taiwan Business Council-Defense Industry Conference 2005, Ed Ross, Director of DOD’s Defense Security Cooperation Agency, strongly criticized Taiwan’s foot-dragging on passage of the defense budget, saying it was reasonable in such a situation to question the level of U.S. commitment to Taiwan’s self-defense. Agence France-Presse, “Pentagon official warns Taiwan on defense spending,” September 21, 2005.

<sup>45</sup> Minnick, Wendell, “Taiwan claims U.S. Navy is sabotaging SSK plans,” in *Jane’s Defence Weekly*, February 15, 2005.

<sup>46</sup> The text of the latest report, *Military Power of the People’s Republic of China, 2006*, is at [<http://www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf>].

Corporation. Chao was arrested on May 24, 2006. The following day, the Vice Chairman of the National Science Council was taken into custody on suspicion of a profiteering scandal involving the award of a contract to reduce vibrations from a new high-speed railway line in Taiwan County. In addition, Chen's wife, Wu Shu-chen, is suspected of accepting vouchers from a Taiwan department store in exchange for lobbying, and Chen reportedly has been accused of spending money inappropriately from secret government accounts and then falsifying receipts to justify the expenditures.<sup>47</sup> The scandals have helped worsen Chen's abysmally low approval rating, put at 16% in one survey on May 19, 2006.<sup>48</sup> In an effort to limit the damage, Chen on June 1, 2006, delegated authority for "day-to-day control" of the government to Premier Su Tseng-chang and has accepted the resignations of a number of his key advisors. Taiwan's opposition parties, however, are calling for Chen's resignation, and on June 27, 2006, held a vote on a recall initiative in the legislature. While Chen survived that recall effort (it failed to get the 2/3 majority needed to pass), the legislature voted on September 29, 2006, to consider a second recall motion in October.<sup>49</sup>

Some U.S. officials are concerned in particular about the large, organized public protests that are regularly occurring in Taiwan because of the corruption scandals. They worry that the level of anti-Chen sentiment being whipped up by some of President Chen's opponents may lead to more violent protests or to extra-judicial measures for addressing the corruption allegations. They worry that judicial and democratic processes in Taiwan may not be allowed to function appropriately in this case of alleged official malfeasance. Such an outcome, they caution, could damage Taiwan democracy rather than strengthen it, and could be especially problematic for U.S. policy toward Taiwan.

**The Constitutional Reform Question.** Constitutional reform has also proven a difficulty in recent years for Bush-Chen Administration relations. Reforming or amending the constitution is also controversial in Taiwan, with some defending it as a critical necessity to improve Taiwan governmental structures and others seeing it as a vehicle for consideration of sovereignty issues.

For some senior Taiwan officials, constitutional reform is a top priority, an absolute right of a democratic people; and a document whose subject matter is in Taiwan's purview alone.<sup>50</sup> As of April 2006, the Taiwan government had no fixed

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<sup>47</sup> Agence France-Presse, "Taiwan president questioned in August over misuse of funds," September 7, 2006; Lu Chia-ying, "Chen said using part of state fund for covert intelligence operations," *Taiwan News*, August 22, 2006. *China Post*, "First lady questioned in graft probe," July 12, 2006.

<sup>48</sup> This result was obtained in a survey by Shih Hsin University. According to two separate polls conducted by the Chinese language daily the *China Times* and by Taipei's *United Daily News* in late June 2006, Chen's approval rating hovered in a 19%-22% range.

<sup>49</sup> Y. F. Low, "Legislature set to vote on second motion to recall president October 13," *Central News Agency English News*, September 29, 2006.

<sup>50</sup> This appears particularly to be the view in the presidential office and the Mainland Affairs Council.

version of a proposed constitution. Several groups and scholars around Taiwan, though, were being encouraged to work on various aspects of potential constitutional reform. According to Taiwan officials, these included the efficacies of a presidential versus a cabinet system; how many levels of government were desirable; whether the voting age should be 21 or 18; and gender discrimination issues. By the end of 2006, according to one Taiwan official, there might be “five versions” of a new constitution ready for legislative consideration, with the legislature able to vote separately on the various propositions put forward in each.<sup>51</sup>

While U.S. officials have expressed support for constitutional reform that would make Taiwan’s government processes work more effectively, they are concerned more broadly about the direction that constitutional reform in Taiwan may take. In particular, U.S. officials are concerned about what they see as the continuing aspirations of senior Taiwan officials and President Chen in particular to include in a revised constitution issues relating to sovereignty and Taiwan’s political status.<sup>52</sup> In Taiwan, an amendment of the constitution must be approved by two-thirds of the Taiwan legislature. Some U.S. officials have expressed concern that a sensitive constitutional proposal that fails in the legislature might be offered for public consideration in an island-wide referendum, circumventing the results of the legislative process and potentially antagonizing the PRC to take some retaliatory action.

In a development on September 24, 2006, that further concerned U.S. officials, President Chen suggested that it was time to consider whether constitutional reform should address the territorial boundaries of Taiwan.<sup>53</sup> In a press briefing the following day addressing the constitutional issue, a U.S. State Department spokesman reiterated U.S. opposition to unilateral changes in the status quo:

We also take very seriously President Chen’s repeated commitments not to permit the constitutional reform process to touch on sovereignty issues, which includes territorial definition. And the fulfillment of President Chen’s commitments is a test of his leadership as well as his ability to protect Taiwan’s interests...<sup>54</sup>

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<sup>51</sup> Meeting with Michael Tsai, Deputy Secretary-General of Taiwan’s National Security Council, in April 2006.

<sup>52</sup> Such concern was expressed in a State Department briefing, for instance, on September 25, 2006.

<sup>53</sup> “Some people say that the territorial boundaries must cover Outer Mongolia and mainland China... the People’s Republic of Mongolia and People’s Republic of China both have UN seats; they are two different countries that do not have any affiliation with Taiwan.” (Quote attributed to President Chen Shui-bian) in Ko Shu-ling, “Chen proposes change of constitution,” *Taipei Times*, September 25, 2006.

<sup>54</sup> Daily Press Briefing, U.S. Department of State, September 25, 2006. Full text can be found at [<http://www.state.gov/r/pa/prs/dpb/2006/73101.htm>].

## Fragmentation of the “Taiwan Lobby”

In addition to tensions between the Bush and Chen Administrations, a second major factor affecting U.S.-Taiwan relations is the dissipation of the once powerful “Taiwan lobby” — which according to several knowledgeable observers is a pale shadow of its former self.<sup>55</sup> The “Taiwan lobby” refers to the network of interests, dominated by the KMT and including influential members of the Taiwanese- and Chinese-American communities, that maintained a sophisticated and unified lobbying effort in the United States on behalf of Taiwan government concerns.

Ironically, the decline of the Taiwan lobby can be traced to the development of full democracy and political pluralism in Taiwan, which began the erosion of the organized, unified KMT “machine” that once acted on behalf of Taiwan’s interests in the United States. As a consequence of political pluralization, there is no longer a single, coordinated “Taiwan” point of view presented to U.S. officials and Members of Congress. Now there are multiple Taiwan messages from a variety of messengers — often seeking to denigrate the requests or messages from the other sources. According to some congressional observers, the lack of a unified Taiwan message and the carrying on of Taiwan’s domestic political infighting in the congressional arena has had a negative affect in some congressional offices.

**TECRO.** The recognized representative of Taiwan in Washington, DC, is the Taipei Economic and Cultural Representative Office, or TECRO, which oversees 12 other branch offices in 11 U.S. cities and in Guam.<sup>56</sup> But according to those interviewed, the 2000 Taiwan presidential election significantly altered TECRO’s status as Taiwan’s full representative in the United States. Some observers actually trace the erosion of TECRO’s status back to the earlier Lee Teng-hui presidency in the later 1990s.<sup>57</sup> The current DPP administration in Taiwan is said to be suspicious that both TECRO generally — and more specifically, its several chief representatives since 2000 — have allegiances primarily to the former KMT ruling party.<sup>58</sup> Therefore, some informed observers feel that the Chen Administration does not “trust” TECRO, either to be a faithful communicator of Taiwan’s message in the United States or to present an accurate picture of U.S. views to Chen Administration officials.

The Chen Administration, according to several of those interviewed, has dealt with its suspicions of TECRO in several ways: by appointing a DPP loyalist to the

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<sup>55</sup> This was a view generally shared by former and current U.S. government officials.

<sup>56</sup> In addition to the Guam office, the other U.S. Taiwan offices, known as Taipei Economic and Cultural Offices (TECOs) are in Atlanta, Boston, Chicago, Honolulu, Houston, Kansas City, Los Angeles, Miami, New York, San Francisco, and Seattle.

<sup>57</sup> Interview with Coen Blaauw, FAPA, September 20, 2006.

<sup>58</sup> Since 2000, the heads of the TECRO office in Washington have been C. J. (Chien-jen) Chen and David (Tawei) Li. According to more than one former U.S. official, the two were among the most “talented and skillful representatives for Taiwan” that could hope to be found, but the Taiwan DPP-led government has regarded them as too “Blue” — referring to the color associated with the opposition KMT/PFP (People First Party) coalition.

deputy position in the Washington TECRO office to monitor information flow there; and by by-passing TECRO and seeking information from others in the United States more in tune with DPP interests. As a result, TECRO, once Taiwan's sole official interlocutor in the United States, is now "just one data-point in a set" that includes the DPP's own party representative in Washington, analysts from select American think-tanks and academic institutions, pro-independence-minded groups like the Formosa Association for Public Affairs (FAPA), supportive Members of Congress, and other DPP friends in the United States.<sup>59</sup> Relatively speaking, then, observers feel that the actions of the Chen Administration and the proliferation of messages from Taiwan have helped undermine TECRO's effectiveness, in particular its effectiveness with Congress.<sup>60</sup>

**DPP and KMT Representatives.** Both the major party coalitions in Taiwan also have established their own party liaisons or representations in Washington, each bringing different messages to U.S. audiences. In keeping with its suspicion of TECRO and other information sources formerly associated with the KMT political machine, the DPP established its own liaison in Washington. Now a "consultant on U.S.-Taiwan relations" for the DPP, the party's Washington contact is a frequent attendee at Washington conferences and seminars on U.S.-Taiwan-China relations and regularly reports directly to DPP officials in Taipei about U.S. views on and developments concerning Taiwan and the Taiwan government.<sup>61</sup> In 2004, the KMT/PFP (People First Party) opposition coalition also formed a representative office in Washington, saying that the coalition felt cut off from communication with U.S. officials during the first three years of the DPP Administration. While the current KMT/PFP representative in Washington maintains that he represents Taiwan's interests as a whole on behalf of the opposition coalition, like the DPP's consultant, he reports back to party officials — in this case, to KMT Chairman Ma Ying-jeou — on U.S. developments concerning Taiwan.<sup>62</sup>

**FAPA.** The Formosan Association for Public Affairs (FAPA — "Formosa" being one of the names by which Taiwan formerly was known) "promotes international support for the right of the Taiwan people to establish an independent and democratic country and to join the international community."<sup>63</sup> Established in 1982, FAPA considers itself among the earliest entities in Washington with an alternative message to the then-dominant KMT government view. But with Taiwan still under martial law under the KMT's one-party rule, FAPA in its early years focused on urging U.S. officials and lawmakers to help improve human rights and

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<sup>59</sup> Quote is from a former U.S. government official interviewed on July 5, 2006.

<sup>60</sup> The views here represent those of current and former U.S. government officials and other observers of the Taiwan scene. No officials from TECRO were interviewed for this report.

<sup>61</sup> Conversation with Michael Fonte, the DPP consultant on U.S.-Taiwan relations, on August 22, 2006.

<sup>62</sup> Conversation with Jason Yuan, the KMT/PFP representative in Washington, on July 5, 2006.

<sup>63</sup> A FAPA self-description from its website, [[http://www.fapa.org/main/about\\_fapa.htm](http://www.fapa.org/main/about_fapa.htm)]. Taiwan's Democratic Progressive Party was established in 1986, four years after the founding of FAPA.

democracy in Taiwan. FAPA's influence and involvement in the debate over Taiwan's international position and political status, however, began to grow with Taiwan's democratic development, and especially so since the historic election to the presidency of DPP candidate Chen Shui-bian. FAPA advocated the formation of the House's Congressional Taiwan Caucus, officially launched on April 9, 2002, and the organization now appears to be a key conduit for the DPP point of view before the American audience.<sup>64</sup>

## Factors Within the U.S. Government

A third set of factors influencing U.S. policy toward Taiwan involves circumstances within the U.S. government and in the U.S. Congress. Critics and observers of U.S. government policy toward Taiwan find fault with what they see as the "secretiveness" of U.S. policy actions toward and contacts with Taiwan. A few suggest that the various cabinet offices of the U.S. government appear to have differing approaches to Taiwan and differing interpretations of U.S. interests there, based in part on their natural political missions and on their varying agendas with the PRC.<sup>65</sup> Others point to waning congressional activity on Taiwan as another factor in U.S. policy now.

**Disagreements Over the Low Transparency in U.S. Policy.** The U.S. government continues to embrace the efficacy of the fundamental U.S. policy framework on Taiwan—defined by one observer as "one-China, peaceful resolution, U.S. arms sales, the Taiwan Relations Act, and the 3 communiques." The fundamental framework is the one constancy in U.S.-Taiwan-PRC relations; tamper with it, according to this observer, and you have a "disintegrating policy."<sup>66</sup> But other observers, including former U.S. officials and some Members of Congress, appear critical of what they see as excessive U.S. secretiveness and substantive "inflexibility" on Taiwan issues.

**Issue of "Secretiveness."** Since the normalization of U.S. relations with the PRC, all interactions between the United States and Taiwan ostensibly are conducted at an unofficial level, through the American Institute in Taiwan. But at times of high tension, meetings reportedly have been held between senior U.S. government officials and senior officials from Taiwan—such as the Wilder/Hart meeting with President Chen in Taiwan in April 2006 or the Moriarty meeting with President Chen

<sup>64</sup> Interview with Coen Blaauw, FAPA, September 20, 2006.

<sup>65</sup> Several of those interviewed suggested that the Pentagon and the U.S. Pacific Command might be pursuing a "separate agenda" from the rest of the U.S. government (in the words of one) or an "independent policy" (in the words of another) on Taiwan. (Interviews on June 5 and June 6, 2006). This concern appears to date from the reinstatement of active duty U.S. military officers in Taiwan in 2005, giving the U.S. military greater access than before to the Taiwan military from the Defense Ministry down to the unit level. Other observers, however, have remarked that the Pentagon's relationship with Taiwan has significantly cooled due to the island's failure to purchase the 2001 U.S. weapons package and to Taiwan's development of offensive missile capabilities that some U.S. officials see as inherently destabilizing in the Taiwan Strait.

<sup>66</sup> Interview with Jeffrey A. Bader, Ambassador and former U.S. government official.

in Taiwan in December 2003. Such meetings between U.S. and Taiwan government officials have been widely reported in the American and Taiwan press but are never elaborated on or confirmed officially by the U.S. government. Instead, according to some observers, U.S. pronouncements on Taiwan routinely run the gamut from dry State Department press releases to nothing at all.<sup>67</sup> Some Members of Congress have criticized this secretive U.S. approach as excessive and unwarranted.<sup>68</sup> The U.S. government maintains that senior U.S. officials are unable to have any contact with senior Taiwan officials because the United States does not recognize the government in Taiwan as the legitimate Chinese government — Taiwan’s claim when the Nixon Administration normalized relations with the PRC.

**The “Taiwan Guidelines.”** Some critics of this low U.S. policy profile mentioned in particular the secretive set of “Taiwan Guidelines” — a lengthy and closely held State Department memo written in 1979-1980 purporting to govern what U.S. officials can and cannot do or say with respect to Taiwan after the severance of official U.S.-Taiwan relations.<sup>69</sup> The full “Guidelines” reportedly are extremely confidential even within the U.S. government apparatus, although officials in relevant U.S. government departments are reminded of their basic premises periodically in a greatly abbreviated memo. Reportedly, the only official modification of the “Guidelines” since their original inception occurred during the Clinton Administration in 1993-1994, the principal change being the initiation of U.S. high-level engagement with Taiwan for economic entities.<sup>70</sup> The only public issuance of these modifications was given in the 1994 testimony of Winston Lord, Assistant Secretary of State for East Asia, before the Senate Foreign Relations Committee.<sup>71</sup> Although Taiwan since then has become a full democracy, there has been no new Taiwan policy review to modify the guidelines in the George W. Bush Administration, according to current and former U.S. government officials.

**Issue of Substantive Inflexibility.** While U.S. government officials tend to maintain that the protocols specified in the Taiwan Guidelines are sufficient as they are, some of those interviewed believe that there is room for more flexibility on the logistics of daily U.S. interaction with Taiwan. In their view, the United States

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<sup>67</sup> Interview with former U.S. government official, May 22, 2006.

<sup>68</sup> An example: “...I believe that the symbolic aspects of our handling our relations with Taiwan are arcane, unacceptable, inappropriate and humiliating to us as well as to our friends in Taiwan,” statement by Rep. Tom Lantos in hearings before the *House International Relations Committee*, April 21, 2004.

<sup>69</sup> According to one former U.S. government official interviewed on July 5, 2006, much pertaining to the “Guidelines” is simply commonly understood practice — such as that high State Department and other senior U.S. government officials cannot go to Taiwan.

<sup>70</sup> Some observers point out that the Taiwan Guidelines seem to have been bent on at least two other occasions without official modification — when U.S. Trade Representative Carla Hills, a cabinet officer, went to Taiwan in December 1992 to discuss U.S.-Taiwan trade ties, and when Taiwan President Lee Teng-hui in 1995 became the first Taiwan president since 1979 permitted to make a landmark “unofficial” visit to the United States.

<sup>71</sup> Hearing on Taiwan Policy, Senate Foreign Relations Committee/East Asian and Pacific Affairs, September 27, 1994.

could ease the constraints on U.S. interaction with Taiwan and make clear that routine practical interactions — such as higher-level working visits and permitting Taiwan officials into the State Department and the NSC, or more overt encouragement of cross-strait dialogue — have no implications for the U.S. “one China” policy. Some U.S. government officials have attempted to test the limits of U.S. flexibility on Taiwan — such as inviting Taiwan representatives to more routine and personal events like swearing-ins. Even these small changes, however, were said to be difficult.<sup>72</sup>

**Reduced Congressional Role.** Ever since the U.S. government severed official relations with Taiwan in 1979, through the 1990s, and into the 21<sup>st</sup> century, various Members of the U.S. Congress have championed Taiwan’s democracy, economy, and international status as important for U.S. interests. Successive Congresses often pushed a more reluctant White House and executive branch agencies to go farther than they otherwise might have in supporting Taiwan’s interests.<sup>73</sup> In addition to passage of the Taiwan Relations Act of 1979 — the direct intervention of Congress to set Taiwan policy — there have been numerous congressional legislative initiatives over the years.<sup>74</sup>

Other initiatives have included the formation of the Congressional Taiwan Caucus on April 9, 2002, and the formation of the Senate Taiwan Caucus on September 17, 2003, both of which have strongly bipartisan memberships.<sup>75</sup> Taiwan’s supporters in the 109<sup>th</sup> Congress continue to press for more favorable U.S. treatment of Taiwan and for Taiwan’s inclusion in some capacity in international organizations like the World Health Organization. Members in both the House and Senate have introduced legislation in 2006 favoring negotiation of a Free Trade Agreement (FTA) with Taiwan.<sup>76</sup> On June 28, 2006, in considering H.R. 5672 (the Science, State, Justice, and Commerce Appropriations bill), the House adopted a bipartisan amendment to prohibit any U.S. funds from being used to enforce any of the provisions in the Taiwan Guidelines.<sup>77</sup>

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<sup>72</sup> Interview with Randy Schriver, former U.S. government official.

<sup>73</sup> The Taiwan Relations Act of 1979, P.L. 96-8.

<sup>74</sup> Such as the Taiwan Security Enhancement Act of 1999 (H.R. 1838/S. 693) a congressional initiative designed to ensure more robust U.S. military support for Taiwan. It did not become law.

<sup>75</sup> As of June 2006, the House’s Congressional Taiwan Caucus had 152 members and the Senate Taiwan Caucus had 25.

<sup>76</sup> H.Con.Res. 346, introduced on February 16, 2006, and S.Con.Res. 84, introduced on March 28, 2006.

<sup>77</sup> The amendment, offered by Representatives Thomas Tancredo, Robert Andrews, Steve Chabot, and Sherrod Brown, was adopted by voice vote. Now Sec. 801 of the House-passed bill, it reads: “None of the funds made available in this Act may be used to enforce any of the provisions in the Memorandum to all Department and Agency Executive Secretaries dated, February 2, 2001, and entitled ‘Guidelines on Relations With Taiwan’.” The memorandum the amendment refers to is the brief reminder sent periodically to relevant U.S. government departments summarizing the full Guidelines’ basic premises.

The congressional role on Taiwan issues overall is seen now to be less than it once was. U.S. State Department officials in 2006 report that they are feeling “less pressure from Congress” on executive branch decisions concerning Taiwan.<sup>78</sup> Congressional staff following Taiwan issues have commented on the “drop-off” of congressional hearings on the subject and the mild congressional response, particularly in the Senate, to the U.S. decision in May 2006 to restrict President Chen’s transit stop to Alaska rather than allow stops in New York and San Francisco as he requested.<sup>79</sup> Some observers point out that the two FTA bills have not been acted on by the Committees they were referred to in either house and are sense-of-Congress resolutions rather than bills mandating action. In addition, Member and congressional staff delegation visits (codels and staffdels) to Taiwan — once a mainstay of Taiwan-congressional relations — now are significantly down while visits to the People’s Republic China are up.<sup>80</sup> Taiwan officials maintain they have trouble securing such visits to Taiwan now, although they attribute the decline in part to more rigorous U.S. ethics rules on congressional travel.

There is no shortage of possible explanations for this reduced congressional role on Taiwan. One principal explanation is the continued failure of Taiwan to act on defense spending measures that would allow it to purchase U.S. weapons made available for sale in 2001. Over the years, Congress has been particularly active in pressuring U.S. officials to offer greater military support and more advanced weapons sales to support Taiwan’s self-defense.<sup>81</sup> Many Members, then, strongly approved of the Bush Administration’s 2001 decision to approve a large weapons package for Taiwan. But Taiwan’s failure to act on this offer has effectively removed the arms sales issue as a regular vehicle for congressional leverage with executive branch officials on Taiwan matters. Concern over the delay reportedly led Members to write a letter in 2005 to Lien Chan, then the Chairman of the KMT, urging his party to stop blocking the defense budget in the legislature.<sup>82</sup>

Undoubtedly, reduced congressional attention also can be explained by the rising importance of China for U.S. interests. From bilateral trade issues to cooperative international health and environmental initiatives to U.S. efforts to secure PRC support on North Korea and Iran, the range of the PRC’s conversation and interaction with the United States has expanded greatly from what it was in 1979. In comparison, the U.S.-Taiwan conversation and Taiwan’s practical involvement in day-to-day U.S. affairs appears smaller. Other explanations for declining

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<sup>78</sup> Interviews with State Department officials on May 23, 2006.

<sup>79</sup> In May 2006 hearings before the full House International Relations Committee, Members did raise the transit issue with Deputy Secretary of State Robert Zoellick.

<sup>80</sup> Quote from a congressional staffer interviewed on June 5, 2006.

<sup>81</sup> Some in the 106<sup>th</sup> Congress raised special concerns about the consistency and credibility of U.S. defense commitments. Members introduced the Taiwan Security Enhancement Act (S. 693, H.R. 1838 — not enacted), legislation declaring that to strengthen Taiwan’s security, the United States needs to sell higher-level weapons and enhance U.S.-Taiwan military communication and cooperation.

<sup>82</sup> Snyder, Charles, “U.S. representatives urge passage of arms budget,” *Taipei Times*, May 28, 2005.

congressional interest may include the disappearance in 2000 of the annual congressional debate over extending to China most-favored-nation status (MFN, now permanent normal trade relations, or PNTR), which occasionally served as a vehicle for expressions of congressional interest in Taiwan. Another factor is the 2004 enactment of P.L. 108-235, which made it a permanent annual requirement for the U.S. government to support Taiwan's accession to the World Health Organization. Until this, Members had raised the issue each year with one-year support requirements, resulting in annual congressional attention and regular pressure on U.S. government officials.

The fragmentation of the "Taiwan message" that has come with changes in the "Taiwan lobby" offers another possible explanation. Finally, some support in Congress may have weakened due to President Chen's provocative statements and actions that are seen as dismissive of U.S. interests; and over the KMT/PFP opposition coalition's decision to by-pass elected DPP officials in the government and embark on high-level party-to-party meetings with Chinese Communist Party officials in the PRC.<sup>83</sup>

**PRC/Taiwan Receptivity to Enhanced U.S. Role.** The United States constrained its involvement on cross-strait matters in the past primarily because both Taiwan and the PRC insisted that it do so. PRC officials routinely warned U.S. officials that the issue of Taiwan was strictly an internal affair of China and that U.S. involvement was entirely unwelcome. Taiwan officials feared that the United States would pressure Taiwan to make concessions to China; in response, U.S. officials in 1982 provided the so-called "six assurances" to Taiwan, promising among other things that the United States would not mediate between Taiwan and China or pressure Taiwan to enter into negotiations with China.<sup>84</sup>

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<sup>83</sup> Examples of some publicly expressed congressional concerns: "The U.S. under both Democratic and Republican administrations has done its part to promote peace by publicly and privately discouraging Taiwan from taking provocative steps toward independence," Rep. Tom Lantos, House International Relations Committee (HIRC) hearings, May 10, 2006; "...many of my colleagues on the Congressional Taiwan Caucus continue to be very disappointed with Taiwan... — the defense modernization bill continues to languish...", Rep. Steve Chabot, HIRC Asia Subcommittee hearings, March 8, 2006; "There have been actions taken in Taiwan...that imply a movement toward...the possibility of independence. Am I right that ... we have cautioned the government of Taiwan on the independence issue?", Rep. Jim Leach, HIRC Asia Subcommittee hearings, March 8, 2006; "I think if that conflict were precipitated by just inappropriate and wrongful politics generated by the Taiwanese elected officials, I'm not entirely sure that this nation would come full force to their rescue if they created that problem." Senator John Warner, Senate Armed Services Committee hearings, March 7, 2006.

<sup>84</sup> No official public document exists for the "six assurances." But they have been reported on in the press and in written accounts by U.S. officials. See CRS Report 96-246, *Taiwan: Texts of the Taiwan Relations Act, the U.S. - China Communiques, and the 'Six Assurances'*, and CRS Report RL30341, *China/Taiwan: Evolution of the 'One China' Policy — Key Statements from Washington, Beijing, and Taipei*, for further details and the texts of the "six assurances."

But some aspects of this Taiwan-PRC dynamic appear to be changing. According to U.S. officials, both governments in recent years have changed the way they talk to Washington about Taiwan. U.S. officials now are under subtle and perhaps increasing pressure from both governments to become directly involved in some aspects of cross-strait issues.

According to U.S. officials, the PRC now suggests that Beijing and Washington cooperate to manage controversial Taiwan issues. PRC officials late in 2003 began quietly urging the United States to pressure Chen Shui-bian into shelving plans for an island-wide referendum. In 2004, they pressed U.S. officials to avoid sending the “wrong signals” to Taiwan — defined as those encouraging independence aspirations.<sup>85</sup> On the sidelines of the U.N. General Assembly meeting in 2005, PRC President Hu Jintao said “I hope that the United States will join the Chinese side in safeguarding peace and stability across the Taiwan Straits, and opposing so-called Taiwan independence.”<sup>86</sup> For their part, members of the Taiwan government have begun suggesting that the Taiwan Relations Act needs to be strengthened or reevaluated. They have sought U.S. support for Chen’s constitutional reform plans and more visible and routine U.S.-Taiwan official interaction. As a result, some observers in both Taiwan and the United States suggest that the time may be ripe for the United States to step up its rhetoric and activities to promote cross-strait dialogue.

Nevertheless, this receptivity to U.S. involvement has significant limitations — the chief of which is that each side wants U.S. involvement only on behalf of its own interests. Taiwan urges the United States to press the PRC to renounce the use of force and to agree to no pre-conditions for cross-strait talks. The PRC urges the United States to oppose Taiwan independence and to be more forceful in opposing unilateral changes in the status quo. According to many, U.S. involvement in such a one-sided way could help foster rather than ease cross-strait tensions. Former U.S. officials report that the United States is willing to help in a cross-strait dialogue if both sides can reach consensus on the kind of U.S. help they can accept.<sup>87</sup>

## **Volatility in Taiwan’s Democratic Environment**

Finally, the volatility in Taiwan’s own democratic institutions and political environment constitutes another factor influencing U.S. views of Taiwan and U.S.-Taiwan relations. Under Taiwan’s former authoritarian, one-party rule, its political decisions were predictable, closely aligned with U.S. interests, and dependent largely on U.S. support. But several decades of reforms have made Taiwan’s political environment today both more democratic and less predictable, characterized by immense political divisions on ideology and substance. Some of this political volatility has been attributed to the natural growing pains of Taiwan’s new democracy. According to one former U.S. government official, Taiwan politicians

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<sup>85</sup> Some critics of U.S. policy suggest that the PRC’s search for U.S. involvement is a “united front” tactic designed primarily to isolate Taiwan from some of its U.S. support.

<sup>86</sup> “President Bush meetings with Chinese President Hu Jintao,” White House press release, September 13, 2005. [<http://www.whitehouse.gov/news/releases/2005/09/20050913-8.html>]

<sup>87</sup> Former U.S. government official interviewed on July 5, 2006.

need to develop better appreciation for and experience with democratic institutions in order to move beyond the point where the “chief political strategy is pouting in perpetuity at your opponent.”<sup>88</sup> Others argued there are more systemic problems characterizing Taiwan’s evolving democratic institutions — in particular to structural weaknesses that dilute authority and do not sufficiently empower either legislative or executive entities.

**Deep Political Partisanship.** By all accounts and based on simple observation, political partisanship in Taiwan appears even deeper and more rancorous than is apparent when reading press accounts in the United States. The pan-Green (DPP/TSU — or Taiwan Solidarity Union) and pan-Blue (KMT/PFP — or People First Party) coalitions appear to have little use for and not much to say to one another. In the nearly evenly divided legislature, the two coalitions are said to have no interaction except when necessary to consider legislation. Asked about the prospects of sending regular multiple-party legislative delegations to visit the U.S. Congress instead of the more frequent one-party delegations now being sent, one Taiwan official said that bipartisan coalitions had proven an embarrassing “disaster” for Taiwan because the participants ended up arguing in front of foreign parliamentarians. According to some observers, the rancorous pan-Green/pan-Blue split in Taiwan extends to — and is sometime even stronger among — the Chinese- and Taiwanese-American communities in the United States.

To a different extent, political division also characterizes internal debate within each party coalition, so that neither coalition speaks with a unified voice. Politics in Taiwan are described now as “pretty brutal” — much more so than five years ago, according to one informed observer at the U.S. AIT office in Taipei. Politics have become a “zero sum game” in Taiwan, with the odd conciliator who attempts to seek inter-party communication rejected by his or her own party. The extent of division within the Taiwan polity and the acrimony in the political debate suggest there is little hope for a grand political bargain — or perhaps even for civil discourse — any time soon in Taiwan, either for the remainder of President Chen’s term or after the 2007 legislative elections and the 2008 presidential election, no matter the victor.

**Divisions in the Ruling DPP/TSU Coalition.** Some DPP members feel there is a consensus in the DPP/TSU coalition on a minimum definition of “independence” — that is, that what is most important is to preserve what Taiwan has now: self-rule, independence of operations, and independence of action. But there appears to be far less internal coalition agreement when “independence” questions extend any further than this to include more formal expressions of sovereignty that would be antagonistic to the PRC.

While the “deep-Green” coalition base appears solidly in favor of the party’s independence aspirations, many in the coalition — the so-called “light Greens” — appear uncomfortable with their own party coalition’s more aggressive and confrontational tactics on issues of sovereignty. Some in the DPP argue that the focus on sovereignty issues distracts from other important policy matters. They say that the party needs to lessen its emphasis on divisive matters of sovereignty and

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<sup>88</sup> Interview with Steve Yates, a former U.S. government official in the Bush Administration.

independence and get back to its root issues: care for the concerns of common people, provision of social services, and an emphasis on clean government.<sup>89</sup> One commentator opined that this would be the DPP's focus in the 2008 presidential election.

In addition, there are what were described as three different DPP views on cross-strait economic issues. Some advise caution and the continuation of Taiwan's current restrictions on private sector investment in the PRC. They fear that too much economic interdependence with China could erode Taiwan's democracy and destroy its independence of action. In a second view, some favor relatively unfettered economic liberalism and interaction with China as the best way to benefit Taiwan's economy. They believe that the restrictions Taiwan maintains on cross-strait investment force much of Taiwan's capital into foreign banks, making it impossible for Taiwan to regulate or tax.<sup>90</sup> Still others seek a middle path of "normal" economic relations with China as long as that comes without political pre-conditions (such as defining cross-strait trade as domestic trade.)

According to some Taiwan government officials and U.S. observers, the DPP has a problem integrating its various factions, and thus President Chen has been faced with a particularly difficult challenge in defining a "vision" that appeals to the whole party coalition. As a result, the Chen Administration has been said to be tacking back and forth according to the prevailing political winds in the coalition — a tactic described by some as not particularly suited for achieving unity and efficiency in office.

One self-criticism of some DPP members was that the party coalition, although now the governing party, still has an "opposition party" mentality — a quality that excites the party's traditional base but doesn't necessarily result in efficient governance. According to these observers, this tendency has been partly to blame for the party's low rating in opinion polls. Internal party corruption also was blamed for low DPP numbers, although corruption was portrayed more broadly as an endemic problem permeating political life at all levels.

**Divisions in the Opposition KMT/PFP Coalition.** Consensus in the KMT appears centered on criticizing DPP shortcomings and offering a different approach to cross-strait relations, including fewer economic restrictions on Taiwan businesses and a less "offensive-based" defense strategy. While KMT officials describe the DPP as picking fights at home and aggravating the PRC, they describe the KMT's own defense strategy as putting a priority on establishing contacts with Beijing and giving the PRC no reason to attack Taiwan. KMT chairman Ma Ying-jeou in particular has suggested that a KMT/PFP government would be willing to resume discussions with the PRC under the "1992 consensus" formula reached by the two sides that ostensibly permits differing interpretations of "one China."

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<sup>89</sup> Although not explicitly stated, this debate appears to reflect the deeper debate within the party between those advocating the "back to our roots" position and those emphasizing priority for constitutional reform and issues of sovereignty.

<sup>90</sup> While official Taiwan statistics hold that Taiwan has \$50 billion invested in the mainland, unofficial accounts place this closer to \$280 billion.

One criticism observers raised about the KMT/PFP coalition is that a combination of the DPP's low opinion poll ratings and the "Ma Ying-jeou phenomenon" (referring to the widespread popularity of KMT chairman and Taipei mayor Ma Ying-jeou) has made the coalition arrogant, as if the 2008 presidential election will be an "anointment." In another criticism, the KMT/PFP coalition is portrayed as disingenuously having withheld financial, political, and diplomatic expertise from the ruling DPP, then accusing that party of being unable to govern effectively.

Like the DPP, the KMT/PFP coalition appears plagued by internal disagreements, particularly on matters involving the appropriate action on the defense budget, on which the DPP is portrayed as being entirely in favor, the PFP entirely against, and the KMT "somewhere in the middle." Other observers stress that generational conflicts plague the KMT coalition. Long-time party heavy-weights in the coalition — such as Lee Teng-hui, Lien Chan, and James Soong — are said to be reluctant to relinquish the reigns of party power to a younger generation of party leaders. The latter includes the popular KMT party chairman Ma Ying-jeou, whose integrity is respected but whose leadership skills, some observers suggested, may not be strong enough to offset the continued clout, financial resources, and political maneuvering of these "old guard" members.

***Possible Sea-Change in KMT/PFP Thinking.*** In another trend involving the KMT/PFP coalition, the view of some observers is that the United States has greatly underestimated the importance of the sea-change in KMT thinking brought about by the PRC visits of KMT chairman Lien Chan and PFP chairman James Soong in 2005.<sup>91</sup> Those visits, according to this view, have given pro-China interests in the KMT/PFP coalition a new, alternate vision for Taiwan's future. One of the consequences of this new KMT/PFP vision (according to this view) is the growing inurement of the pan-blue coalition to U.S. pressure — in particular, to U.S. pressure to increase military spending or take legislative action on the defense budget — on the grounds that such expenditures are too high, too confrontational, and likely unnecessary in light of improvements in cross-strait interactions. This perception has caused a few American observers to speculate on the degree of the pan-blue coalition's future support for a security relationship with the United States.<sup>92</sup>

## Policy Options

The complex and dramatic changes in both Taiwan and China have resulted in periodic speculation about whether the current U.S. policy framework for relations with Taiwan remains appropriate or whether the U.S. government should re-examine its policies and perhaps revise them. Given developments in U.S. relations with Taiwan since 2001, policymakers who are concerned about current trends and the U.S. ability to meet future challenges may consider a number of various options for U.S. policy.

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<sup>91</sup> This was a view offered by one U.S. AIT official in Taiwan.

<sup>92</sup> This view is also shared by John Tkacik, at The Heritage Foundation.

## Maintain and Reaffirm the Current “One-China” Policy

The official U.S. policy view is that the “one-China” policy and the fundamental framework surrounding it is an important constancy in an otherwise dangerously fluid and evolving U.S.-Taiwan-PRC relationship. Any alteration or apparent flexibility in that policy would lead to a “disintegrating policy” damaging to U.S. interests.<sup>93</sup> In addition, according to this view, the current policy framework helps protect the United States and U.S. policies from becoming greater factors in the domestic Taiwan and PRC policy environments. The slightest deviation from U.S. policy formulations and actions — an off-the-cuff comment, the use of different wording beyond that already approved, a visit by a more senior U.S. official — can be and has in the past been seized upon by actors from either side to further domestic political agendas, inevitably creating nettlesome diplomatic problems for U.S. policy. Moreover, these proponents say, those who advocate scrapping the “one-China” policy and other aspects of the U.S. policy framework are recklessly discounting PRC resolve on unifying Taiwan with the mainland and irresponsibly advocating actions that well could lead to the use of U.S. military forces in a U.S.-PRC conflict.

## Abandon the Current “One China” Policy

A strongly held but minority view places greatest emphasis on the political aspirations and democratic rights to self-determination of the people on Taiwan. The current U.S. policy framework on Taiwan is completely out of step with the American emphasis on global democratization, according to proponents of this view. They hold that as the PRC and Taiwan have evolved, the original U.S. policy framework on Taiwan has stultified and grown increasingly irrelevant. The “one-China” policy itself, they argue, originally was based on the U.S. acknowledgment that both Taiwan and the PRC held there was only one China and that Taiwan was part of it.<sup>94</sup> They contend that this U.S. policy has become untenable; it no longer reflects the reality in Taiwan and it is based on a faulty premise that perpetuates more-or-less continual deferral of a resolution to Taiwan’s political status. Therefore, they say, the “one-China” policy needs to be abandoned and replaced with a “one-China, one-Taiwan” policy in which the United States would work toward gradual normalization of relations with Taiwan.

Some who advocate this viewpoint believe that the costs of such a policy change for the United States would be minimal. They believe that PRC actions and statements on Taiwan are just “saber-rattling,” and they doubt that the PRC will

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<sup>93</sup> Interview with former U.S. government official, June 22, 2006.

<sup>94</sup> This was the formulation in the U.S.-PRC “Shanghai Communiqué” of 1972, which held that “The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The [U.S.] Government does not challenge that position.” In repeating this assertion, the Joint Communiqué of 1979 establishing official relations with the PRC eliminated specific mention of either government: “The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China.” See CRS report 96-246 F, for full texts of the Taiwan Relations Act and the 3 U.S.-China communiqués.

attack Taiwan should Taipei declare independence.<sup>95</sup> Even if the PRC should attack Taiwan, these proponents appear confident that for political and strategic reasons, the United States would come to Taiwan's aid.<sup>96</sup> To do nothing, they say, would seriously damage U.S. credibility and influence in Asia.

## A More Transparent Policy Within the Current Framework

Bracketed within the above two policy options is a steady but quiet flow of alternative policy suggestions. They tend to advocate various substantive changes in day-to-day U.S. relations with Taiwan that they believe would remain within the boundaries of the current policy framework and within U.S. understandings with the PRC.

**Another “Taiwan Policy Review”.** At the very least, some say, the United States needs to consider doing another comprehensive review of its Taiwan policy in order to revisit once again the 1979-1980 “Taiwan Guidelines” that govern U.S. government interactions with Taiwan and with Taiwan officials. Reportedly, only one such review to update the guidelines has been conducted since 1979 — the 1993-1994 Taiwan Policy Review undertaken in the Clinton Administration — and that review resulted in a new approval for exchanges of high-level official visits in the economic arena.<sup>97</sup> But even the high-level economic visits resulting from the 1993-94 policy review have not been pursued with vigor by the current Bush Administration, according to these proponents.<sup>98</sup>

Furthermore, since the 1993-94 policy review, there have been dramatic developments in Taiwan's democratization, including the first-time election of an opposition party candidate as President in 2000. In addition, since 1995 the PRC has undertaken a substantial military buildup along the coast opposite Taiwan, and in 2005 Beijing adopted the anti-secession law suggesting hostile intent against Taiwan. These significant developments since 1993-94, according to this view, justify another Taiwan Policy Review to make selected changes in U.S. policy. The importance of Taiwan for U.S. interests, and of peace and stability in the Taiwan strait, warrant such renewed policy attention. It is argued that such changes could bring a more

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<sup>95</sup> Coen Blaauw, of FAPA, and John Tkacik, of The Heritage Foundation, are two proponents of this view.

<sup>96</sup> Tkacik, John, ed. *Rethinking One China*, The Heritage Foundation, December 1, 2004.

<sup>97</sup> Apart from the Taiwan Policy Review, several other Clinton Administration decisions led to debates over whether the United States had changed its policy on Taiwan. In 1997-1998, the White House made statements that became known as the “three noes” — that the United States did not support a “one China, One Taiwan” policy, Taiwan independence, or Taiwan membership in international organizations requiring statehood. In 2000, the Clinton Administration made further incremental changes to U.S. rhetoric by adding the U.S. expectation that any resolution to the Taiwan issue would not only be peaceful, but decided “with the assent of the Taiwan people.” For these and other U.S. policy statements, see CRS Report RL30341, *China/Taiwan: Evolution of the “One China” Policy — Key Statements from Washington, Beijing, and Taipei*, by Shirley Kan.

<sup>98</sup> The only such contact in recent years was the Taiwan visit of Deputy U.S. Trade Representative Karan Bhatia in May-June 2006.

rational policy process and improve communications. Among the policy changes that have been discussed are:

- More transparent and open interactions with Taiwan at the working level, including visits between U.S. and Taiwan officials in official U.S. government buildings and invitations to Taiwan officials to attend special events such as swearing-in ceremonies
- Higher level U.S. government visits and exchanges with Taiwan counterparts
- Greater coordination within the U.S. government — including regular inter-departmental meetings involving the Departments of Commerce, Defense, State, and Treasury, among others — on policy and substantive issues involving Taiwan
- More open and active support for Taiwan’s participation in international organizations for which statehood is **not** a requirement, and greater support for observer status for Taiwan in organizations for which statehood **is** a requirement (such as the United Nations and World Health Organization)

**More Active U.S. Role on Cross-Strait Relations.** Among those suggesting alternative approaches, there appears to be greater sentiment that a more active U.S. role in cross-strait matters is both justifiable within the current policy framework and warranted by changing sentiments within the PRC and Taiwan. They maintain that U.S. officials should urge the PRC to enter into a dialogue with Chen Shui-bian as the democratically elected leader of Taiwan. They suggest that there is room for U.S. involvement in trying to moderate, re-shape, or suspend the contending positions of the two sides that remain the major obstacle to the initiation of dialogue. For the PRC, this position is that Taiwan first accept the “one China” principle or agree once again on the “1992 consensus” formula. For Taiwan, this position is an insistence on no pre-conditions but a stated willingness to discuss any subject.

**An Interim Agreement.** Other observers have suggested that the United States could use its influence and leverage with both sides to broker an “interim agreement” on the cross-strait issue that would defuse current tensions and cement in place the status quo for a specified number of years. Such an agreement theoretically would require Beijing’s promise that it would not attack Taiwan and Taiwan’s promise that it would not declare independence. Supporters of an interim framework argue that such deep-rooted political obstacles exist between the current generation of leaders in each government that only future generations have hope of reaching a fruitful and mutually acceptable resolution. These proponents argue that the involved governments in Beijing and Taipei would have to determine what the specifics of an acceptable agreement might look like. But it is only Washington, they argue, that is in a position to facilitate and garner support for such an agreement.<sup>99</sup>

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<sup>99</sup> Ken Lieberthal, formerly Senior Director for Asia on the staff of the National Security Council, is a chief proponent of the “interim agreement” idea. Lieberthal suggests a time-frame of 20-30 years for such an agreement. Lieberthal, Kenneth, “Preventing a war over Taiwan,” in *Foreign Affairs*, Vol. 84, No. 2, March/April 2005. KMT Chairman Ma Ying-

(continued...)

**More Pressure on the PRC.** Another policy view is that the United States has become too responsive to PRC sensitivities on Taiwan, and therefore unwilling to exert more pressure on the PRC government to reduce its hostile military posture toward the Taiwan government. According to this view, the U.S. stakes in maintaining a democratic Taiwan, along with the potential costs of a non-peaceful resolution to Taiwan's political status, are too high for the U.S. government to remain on the sidelines. The United States should use more of its considerable leverage with Beijing in an effort to bring about more conciliatory behavior and promote cross-strait dialogue. Proponents suggest that U.S. officials could seek:

- Reduction of the PRC missile and military buildup opposite Taiwan
- Willingness to engage in dialogue with Taiwan's duly elected government and suspension of the PRC dialogue exclusively with Taiwan's opposition political parties
- Re-visitation of the 2005 Anti-Secession Law, which has increased pressure on the Taiwan political debate

**More Overt U.S. Support for Taiwan Democracy.** Another set of policy suggestions supports greater U.S. support for and involvement in Taiwan's democratic institutions. According to this view, Taiwan has already transformed itself by adopting a democratic system of governance; it is in the interests of all parties to have Taiwan's government be as effective and stable as possible. But these proponents say that the very newness of Taiwan's democracy and the infrastructural weaknesses of its political institutions are hampering Taiwan governance, contributing to cross-strait tensions, and posing problems for U.S. policy. Proponents suggest that the U.S. might pursue initiatives to improve the effectiveness of Taiwan's governance, such as:

- U.S. support for limited constitutional reforms in Taiwan (such as movement to a parliamentary system or reduction in the multiple levels of government) that could contribute directly to more effective government institutions and a more workable balance of power
- Greater dialogue and more direct contact between the U.S. Congress and Taiwan's Legislative Yuan (LY), particularly to assist the LY's current structural reform and committee structure and processes
- More definitive discouragement of de-stabilizing public comments and actions by Taiwan leaders
- Encouragement for Taiwan to use its political strengths and resources in a non-isolating way — by de-emphasizing divisive sovereignty issues, for instance, and instead emphasizing the global role Taiwan can play in democratic capacity building — such as in vote-counting and monitoring

In addition, say these proponents, the United States can and should be more open in offering rhetorical support for the statements and actions of Taiwan leaders,

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<sup>99</sup> (...continued)

jeou, visiting Washington on March 22-23, 2006, also proposed an interim peace agreement, with a time from of from 30-50 years.

defending them as natural components of Taiwan's democratic processes.<sup>100</sup> The United States might feel obliged publicly to disagree with President Chen's and others' statements about Taiwan independence aspirations, according to this view, but U.S. officials should openly support the rights of Taiwan leaders to say such things as an essential part of the open debate that characterizes a democratic government.

## **Conclusion**

Faced with competing pressures from Beijing and Taipei and with changes in the PRC and continuing transformations in the Taiwan systems, U.S. officials are likely to continue facing new and more difficult policy choices concerning Taiwan. In addition to raising the risks of political and economic instability, growing political polarization in Taiwan could further erode the quality of U.S.-Taiwan contacts. Pressure may build for U.S. officials to reassess all the fundamentals of U.S. China/Taiwan policy in light of changing circumstances. Finally, any policy developments that affect Taiwan have direct consequences for U.S.-China relations and could involve crucial U.S. decisions about the extent of U.S. support for Taiwan's security. In the coming two years, it appears that actors from across the political spectrum — including governments, interest groups, political parties, and individuals — will continue efforts to push the United States into greater clarity or commitments on various questions involving Taiwan.

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<sup>100</sup> John Tkacik, from The Heritage Foundation, is one of the proponents of this view.