Managing the Taiwan Issue

Key Is Better U.S. Relations with China

Report of an Independent Task Force

Sponsored by the Council on Foreign Relations
Stephen Friedman, Chairman
Elizabeth Economy, Project Director

Managing the Taiwan Issue

Key Is Better U.S. Relations with China

Report of an Independent Task Force

Sponsored by the Council on Foreign Relations

Stephen Friedman, Chairman

Elizabeth Economy, Project Director

The Council on Foreign Relations is a nonprofit, nonpartisan membership organization dedicated to improving the understanding of U.S. foreign policy and international affairs through its Studies Program, Meetings Program, and other activities, including publication of *Foreign Affairs*, the preeminent periodical in the field.

From time to time, the Council will select a topic of critical importance to U.S. policy to be the subject of close study by an independent, nonpartisan Task Force. The Council then will appoint a chairman and with the chairman choose a Task Force representing diverse views and backgrounds and including generalists as well as experts. Most, but not all, Task Force members are also members of the Council, and the Council provides the group with staff support.

The Council on Foreign Relations takes no position on issues. The Task Force takes responsibility for the content of its report. The report reflects the general policy thrust and judgments reached by the group, although not all members of the group necessarily subscribe to every finding and recommendation in the report.

For further information about the Council or this Task Force, please contact the Public Affairs Office, Council on Foreign Relations, 58 East 68th Street, New York, NY 10021.

Contents

Members of the Task Force

A. DOAK BARNETT*: Mr. Barnett is Professor Emeritus of the Johns Hopkins University.

DANIEL BURSTEIN: Mr. Burstein is Senior Adviser at the Blackstone Group.

KURT M. CAMPBELL†: Mr. Campbell is Deputy Assistant Secretary of Defense for Asian and Pacific Affairs in the Office of the Assistant Secretary of Defense for International Security Affairs.

PETER M. CLEVELAND: Mr. Cleveland is a professional staff member of the Senate Foreign Relations Committee.

ROGER CLIFF: Mr. Cliff is a doctoral candidate at the Woodrow Wilson School of Public and International Affairs at Princeton University.

BRUCE J. DICKSON: Mr. Dickson is Assistant Professor of Political Science and International Affairs at George Washington University.

ELIZABETH ECONOMY: Ms. Economy is Fellow for China at the Council on Foreign Relations.

KARL EIKENBERRY†: Colonel Eikenberry is Senior Country Director for China in the Office of the Assistant Secretary of Defense for International Security Affairs.

HARVEY J. FELDMAN*: Mr. Feldman is a retired ambassador and alternate U.S. representative to the United Nations.

STEPHEN FRIEDMAN: Mr. Friedman is a retired investment banker.

WILLIAM H. GLEYSTEEN, JR.: Mr. Gleysteen is President of the Japan Society.

HARRY HARDING: Mr. Harding is Dean of the Elliott School of International Affairs at George Washington University.

MILES KAHLER: Mr. Kahler is Senior Fellow at the Council on Foreign Relations. He is also Professor at the University of California at San Diego.

HERBERT LEVIN*: Mr. Levin is Executive Director of the America-China Society.

KENNETH LIEBERTHAL*: Mr. Lieberthal is Professor of Political Science and Business Administration at the University of Michigan.

EMILY MACFARQUHAR: Ms. MacFarquhar is a contributing editor to *US News and World Report.*

ANDREW NATHAN: Mr. Nathan is Professor of Political Science at Columbia University.

MORRIS W. OFFIT: Mr. Offit is President of OFFITBANK.

MICHEL OKSENBERG: Mr. Oksenberg is Senior Fellow at the Asia Pacific Research Center at Stanford University.

PETER R. ROSENBLATT**: Mr. Rosenblatt is a lawyer at Heller and Rosenblatt.

JERROLD L. SCHECTER: Mr. Schecter is an independent journalist and author serving as a guest scholar at the U.S. Institute of Peace. He was formerly the diplomatic editor of *Time.*

DANIEL A. SHARP*: Mr. Sharp is President of the American Assembly.

JAMES J. SHINN: Mr. Shinn is Senior Fellow for Asia at the Council on Foreign Relations.

CHRISTOPHER J. SIGUR: Mr. Sigur is Senior Associate of the Asia Pacific Policy Center.

JAMES R. SILKENAT: Mr. Silkenat is a partner in the New York office of Winthrop, Stimson, Putnam and Roberts. He is a former chairman of the American Bar Association Section of International Law and Practice.

JAMES B. SITRICK: Mr. Sitrick is Senior Partner and former chairman of Coudert Brothers.

JERRY I. SPEYER: Mr. Speyer is President and CEO of Tishman Speyer Properties.

ROBERT SUTTER: Mr. Sutter is Senior Specialist in International Politics at the Congressional Research Service.

ELIZABETH (LALLY) G. WEYMOUTH: Mrs. Weymouth is a columnist at *The Washington Post.*

CLIFTON R. WHARTON, JR.: Mr. Wharton is a former deputy secretary of state and former chairman and CEO of TIAA-CREF.

DONALD S. ZAGORIA*: Mr. Zagoria is a Professor of Government at the City University of New York, Hunter College, and an Adjunct Professor at the East Asian Institute at Columbia University.

PHILIP D. ZELIKOW*: Mr. Zelikow is Associate Professor of Public Policy at the Kennedy School of Government at Harvard University. He was formerly a State Department officer and served on the National Security Council.

* Individual has offered a point(s) of dissent.
** Individual has offered a dissenting opinion.
† Individual is currently employed by the U.S. government and, by virtue of his position, officially cannot endorse the task force report.

EXECUTIVE SUMMARY

THE UNITED STATES has profound economic and security interests in maintaining stability in the Asia-Pacific region, ensuring that change comes peacefully, advancing free trade and investment, encouraging the development of democratic institutions, and managing conflict over crucial issues such as arms proliferation. Achieving those goals will require a clear sense of priorities and a careful balancing of sometimes divergent interests. U.S. interests also will require a coherent and consistent foreign policy supported by the president, Congress, and by other regional powers as well as a robust military presence in the region.

A worrisome threat to regional stability today derives from worsened relations between the United States and the People's Republic of China and between the P.R.C. and Taiwan. Taiwan seeks greater international recognition, and China asserts its sovereignty over the island. This tension is unsettling to all Asian and Pacific nations, and it could erupt into war between China and Taiwan.

One of the highest national security priorities of the United States must be to help reduce tensions over the Taiwan issue. Central to doing this is to understand that Washington can safeguard Taiwan's future best by building a better working relationship with Beijing.

The framework within which the United States has managed its relations with the P.R.C. and Taiwan since 1972 is based on the 1972 Shanghai Communiqué, the 1978 Joint Communiqué on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China, the 1979 Taiwan Relations Act (TRA), and the 1982 United States–China Joint Communiqué on United States Arms Sales to Taiwan. These agreements established America's "one China" policy and

provided a relatively stable and secure diplomatic environment in which the United States, China, and Taiwan all have prospered. However, domestic political trends in the P.R.C. and Taiwan as well as political currents in the United States are exacerbating competing national interests to threaten the equilibrium that has been maintained for almost two decades.

The Council on Foreign Relations sponsored an Independent Task Force to recommend appropriate U.S. policy in this fluid and potentially volatile environment.

The Task Force began by considering a number of important trends that are shaping the Sino-American-Taiwan relationship.

First, Taiwan has become highly prosperous and has moved rapidly toward pluralism and democracy; the P.R.C. has liberalized economically far faster than the United States anticipated; and trade, investment, and contact between the P.R.C. and Taiwan, and with the United States, has developed far more extensively than expected at the time of the three communiqués and the TRA.

Second, democracy in Taiwan and a growing recognition of Taiwanese national identity have given greater voice to those calling for Taiwan independence and to those maneuvering for heightened international recognition. Independence has become a domestic political issue, and the Taiwan government has been pressured and emboldened to try to advance the country's international status. While efforts have fallen short of actually declaring Taiwan independence—a step opposed by most in Taiwan who fear the P.R.C. would retaliate forcibly—P.R.C. leaders increasingly feel threatened by what they perceive as Taiwan's "creeping independence."

Third, nationalism is strong in the P.R.C., and, with the erosion of communism as an ideology, its territorial integrity is a vital legitimating element for the leadership. The P.R.C. has been extremely sensitive about Taiwan, refusing to renounce its proclaimed right to use military force and attempting to intimidate Taiwan through military exercises and missile tests near the is-

land's shores. Beijing perceives Taiwan's "creeping independence," much less a unilateral declaration of independence, as the secession of a province of China; this perception would be exacerbated particularly to the extent that it is seen by the P.R.C. as abetted by non-Chinese. Anxiety on the part of senior Chinese officials concerning this issue is compounded by the process of leadership succession.

Fourth, the P.R.C. is a growing regional and international power, whose actions on a range of issues, including arms proliferation, human rights, the environment, and trade, are deeply troubling to the U.S. government and polity and are a frequent cause of tensions. On the other hand, in the minds of many senior Chinese policy analysts, U.S. actions over the past few years suggest both a calculated policy to treat China as a hostile nation and that the United States no longer regards the three communiqués as the foundation of U.S. policy concerning the P.R.C. and Taiwan.

Finally, in the United States, a lack of coherence between the administration and Congress concerning policies toward China and Taiwan contributes to the tensions and problems in the U.S.–P.R.C.–Taiwan relationship. While the administration has articulated broadly its agenda concerning Asia—to advance free trade, promote democratic institutions and regional stability, and manage conflict over critical issues such as arms proliferation—Congress has assumed an active role in attempting to define priorities among those values. Uncoordinated U.S. policies concerning Beijing and Taipei, however, only lessen U.S. influence in both capitals as well as elsewhere in Asia.

In light of these trends, the Task Force arrived at a number of conclusions concerning how the United States should define its priorities and assert its interests with respect to Taiwan.

The avoidance of conflict—or extreme tensions that subordinate other crucial U.S. policy concerns—over Taiwan's status, is vital to the interests of the United States and to overall stability in the Asia-Pacific region. While chief responsibility for arriving

at a modus vivendi rests with Taiwan and the P.R.C., the United States has a significant role to play in ameliorating tensions between them.

Most important, the United States must reestablish an effective dialogue with the P.R.C. In that context, President Clinton should reiterate at the state summit level the United States' commitment not to challenge a "one China" policy. This commitment has been recognized under the administrations of the last six U.S. presidents and was recently reiterated in a letter from President Clinton to P.R.C. President Jiang Zemin. The United States should continue to articulate its profound commitment to a peaceful process for managing the issue of Taiwan's status and its strong opposition to Chinese use of force or intimidation. Washington also should restate to both Beijing and Taipei that the United States plans neither to propose its own solution to the Taiwan issue nor to oppose one at which both parties arrive peacefully.

Such clear pronouncements will put the United States in a better position to reengage the P.R.C. in ongoing high-level discussions covering the range of issues that concern the United States, as well as China, including Taiwan. In the course of those discussions, seeking out common areas of concern and long-term interests as well as topics of controversy may enable the United States and the P.R.C. to establish a more cooperative relationship. Taiwan will be one of the chief beneficiaries of a more pragmatic and businesslike Sino-American relationship. Attempting to achieve such a working relationship with the P.R.C., however, does not belie U.S. firmness on vital matters, and the Chinese must be advised that such a relationship can exist only on a reciprocal basis.

For the Sino-American dialogue to be effective it must be accompanied by another dialogue—between the administration and Congress—to enhance the consistency and credibility of America's commitments. The United States inadvertently could contribute to escalating tensions or even become the catalyst for armed conflict in the Taiwan Strait, in which America could become embroiled alongside Taiwan, without support from other regional actors. This could come about through actions that may be perceived in the United States as idealistically and politically appealing and of relatively modest consequence—unless viewed in light of the historical background and internal Chinese politics.

Of great importance, the United States should continue to maintain a robust military presence in the region to enhance regional stability, maintain credibility in the region, and minimize the likelihood of armed conflict. The United States should preserve its options regarding the possible use of force should various circumstances arise. Given the broad range of possible scenarios and the language of the TRA, which requires consultation between the president and Congress in the event of a threat to Taiwan's security, a degree of ambiguity concerning future U.S. actions is inescapable and, indeed, useful as a possible deterrent.

There is substantial consensus among the Asia-Pacific nations that a P.R.C.–Taiwan conflict would have extremely negative consequences for the entire region; the United States should encourage other regional actors, especially Japan, to emphasize this concern in private meetings with P.R.C. and Taiwan officials.

The United States should acknowledge Taiwan's importance as a trading partner and democratic entity and support its membership in international organizations not requiring statehood as a condition for such membership. In the current tense environment, it is not desirable that Washington approve visits to the United States by the most senior Taiwan government officials. However, after we have taken further steps to rebuild our relationship with the P.R.C. and had the opportunity to explain comprehensively to the P.R.C. our policies concerning Taiwan, we should allow visits by senior Taiwan government representatives, as long as it remains clear that such visits are at our discretion and do not imply recognition or de jure sovereignty.

The United States should continue to enable Taiwan to have a credible military deterrent capability within the meaning of the TRA, especially as the P.R.C. continues to modernize and expand its military capabilities. At the same time, the United States should caution Taiwan strongly against taking additional steps that threaten the framework under which Taiwan has achieved so

much, caution against any unilateral declaration of independence given the likelihood of a military response to such a declaration by the P.R.C., and, as a deterrent, indicate to Taiwan the United States' refusal to recognize any such unilateral declaration.

The United States should support actively more nongovernmental exchanges among the P.R.C., Taiwan, and the United States. A better understanding of how domestic politics influences foreign policy in each country may help to reduce the risk of dangerous policy miscalculations and promote greater mutual understanding.

Both the P.R.C. and Taiwan will continue to attempt to influence the United States to achieve their own ends in this dangerous and complex situation. The United States, however, must define and set its own priorities and seek to avoid conflict and escalating tensions. Only with deliberation and restraint, and by balancing pragmatically various competing interests in U.S.–P.R.C.–Taiwan relations, does the United States have the prospect of improving overall regional cooperation and better advancing its national agenda.

INTRODUCTION

AS WE APPROACH the 21st century, the Asia-Pacific region has emerged as an increasingly dynamic political, economic, and strategic region. Changes taking place there offer both major opportunities and great challenges for the United States as it pursues its interests in maintaining regional stability, enhancing free trade, and encouraging the spread of democracy. The booming Asian economies offer new markets for U.S. trade and investment as well as new sources of foreign investment in the United States. At the same time, the United States must learn to deal with a more confident and regionally conscious Asia that is more closely tied to Japan's economy, less respectful of U.S. interests, more aware of the potential of the P.R.C. to be a dominant actor in the region, and more independent and assertive. Additionally, in Asia, conventional and nuclear arms proliferation, territorial disputes, human rights issues, drug trafficking, emigration, trade, and environmental practices all pose growing and sustained challenges to U.S. interests.

In this rapidly changing Asia-Pacific context, important transformations also are occurring in the P.R.C.–Taiwan relationship. Domestic political, economic, and military trends in both the P.R.C. and Taiwan, as well as political currents in the United States, have highlighted questions concerning the ultimate resolution of Taiwan's status and endanger the equilibrium on which its security and prosperity depend. The situation is now becoming more tense and increasingly complicated as Taipei presses for greater international recognition and pursues policies that Beijing perceives as "creeping independence" and views with deep emotion and hostility. Avoiding an explosive breach of this potentially volatile relationship, and keeping the tensions it generates from overwhelming other U.S. vital interests in the region, is of critical importance to the United States.

The historical framework within which the United States has balanced its interests on both sides of the Taiwan Strait is expressed in the three communiqués with the P.R.C.—the 1972 Shanghai Communiqué, the 1978 Joint Communiqué on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China, and the 1982 United States–China Joint Communiqué on United States Arms Sales to Taiwan—and in the 1979 Taiwan Relations Act. From the U.S. standpoint, this framework, which was formulated in large part to counterbalance the Soviet threat by establishing a more cooperative relationship with China—even at the expense of severing formal relations with Taiwan—has served American needs well.

Much has changed since then. Russia's strategic importance has declined with the end of the Cold War, and Taiwan now represents a much more attractive picture to Americans. Over and above its impressive economic growth, Taiwan has evolved from an authoritarian state to a representative democracy, and its human rights record now compares favorably with other nations in the region.

However, the practical political equation also has changed: the P.R.C. has become a major focus of U.S. diplomatic and economic interests over a greatly increased range of crucial issues. This change has important implications for how the United States now assesses its options toward Taiwan. The United States must balance the growing and often appealing Taiwanese pressures for greater recognition in the international arena with U.S. interests in building a better working relationship with China and in avoiding political and economic instability in the region. It is a balance that the United States could strike in a number of different ways. The following are two sharply contrasting approaches.

The United States could sponsor actively Taiwan's bid for enhanced international standing, thereby reversing two decades of U.S. commitment to a "one China" policy. We could support Taiwan's membership in the U.N. General Assembly or even go so far as to reinstate full diplomatic relations on a state-to-state basis. If we were to do so, we must expect that China would view this as abetting the secession of one of its provinces, and we could assume both substantial diplomatic and economic retaliation by

the P.R.C. against us and a significant likelihood of military action against Taiwan.

Or, on a totally different tack, the United States could acknowledge the primacy of its relationship with the P.R.C. and advance Sino-American ties, while making no further concessions to improving Taiwan's political status either bilaterally or in international forums.

The conclusion of this report is that the United States will further its objectives best by avoiding either policy extreme and by maintaining its commitment to the three communiqués and the TRA—as long as this framework is interpreted with the flexibility that it affords. In other words, just as pragmatic and security interests dictated a "one China" policy during the Cold War, so too do such interests—along with a host of other critical national concerns on which effective working relations with China bear heavily—dictate a continuation of this established policy. It is crucial that the United States recognize the growing power and importance of the P.R.C. and establish a more effective working relationship with Beijing in order to further U.S. interests. Such a relationship also would provide the best safeguard for Taiwan's security. At the same time, an interpretation of the historical framework in tune with the current reality of Taiwan's place in the world would enhance our bilateral relationship with Taiwan and enable our measured support of its improved standing in the international community. Finally, the United States should recognize that peaceful P.R.C.–Taiwan relations are in the interest of all actors in the Asia-Pacific region, and, to the extent possible, the United States should encourage the development of a common approach to maintaining peace in the region.

THE POLICY CONTEXT

WASHINGTON HAS TRIED to maintain a delicate balance in its relations with Beijing and Taipei within the framework of the three communiqués, the TRA, and the "one China" policy established by this framework. The United States recognizes the

P.R.C. as the sole legitimate political representative of China but conducts unofficial relations with Taiwan as a de facto separate entity, with independent economic, cultural, and security concerns. This framework, coupled with America's stature as a global strategic and economic leader, has placed the United States in a unique position with regard to its commitments and responsibilities and has made U.S. pronouncements and actions especially noteworthy to Taipei and Beijing.

With respect to Taiwan, by any realistic measure, the environment created and influenced by the "one China" policy enabled markedly beneficial results. Within this framework, and given its own dynamism, Taiwan has been able to move impressively to a democratic system, in a manner deserving to serve as a benchmark for other nations in the region, and to achieve a remarkable level of prosperity. Trade and contacts between the P.R.C. and Taiwan, and Taiwan investments in China, have developed far more extensively than could have been anticipated in the 1970s and early 1980s.

However, while P.R.C.–Taiwan economic relations have flourished and cultural ties have expanded, a substantial gulf remains in their political relations. For Beijing, the principle of Chinese sovereignty over Taiwan—for reasons of historical sensitivity, as a matter of perceived national dignity, as a crucial aspect of political legitimacy for the government, and for strategic considerations—is of such primacy that it is not willing to renounce its right to use force against the island. At the same time, Taipei considers the elements of de facto independence to be vital to its continued economic development and international security; certainly it is a subject that has great emotional and political impact in Taiwan.

As a growing economic and military power with substantial regional and international influence, the P.R.C. has a major impact on most important issues concerning the Asia-Pacific region as well as on many issues with broader global impact. Either directly or indirectly, the P.R.C. can play an important positive or negative role on matters of substantial importance to the United States. For example, China refrained from voting against U.N. sanctions against Iraq, and it apparently has the ability to help, if it chooses, in restraining North Korea's development of nuclear weapons. The

P.R.C. has the potential to bolster or undermine international accords on a range of crucial issues such as arms control, ozone depletion, and trade. Also, during the past 15 years, the P.R.C. has made significant progress in reforming its economy and improving the environment for U.S. investment and trade interests. Its vast developing market has the potential to affect greatly the global competitiveness and profitability of American companies.

However, periods of U.S.–P.R.C. cooperation and expanding ties have been punctuated by frequent disputes concerning issues such as intellectual property rights, the export of nuclear or missile technology, and human rights. For instance, the United States is greatly concerned by alleged Chinese sales of missile parts and technology to Pakistan and nuclear technology to Iran[1] and, most recently, by the arrest, conviction, and expulsion of American human rights activist Harry Wu. Moreover, the P.R.C. has been extremely sensitive to what it perceives as possible constraints on its sovereignty, such as when the Clinton administration proposed linking the extension of China's most-favored-nation (MFN) status to the issue of human rights. Frequent debates arise as to whether the P.R.C. is adhering to the spirit of international agreements into which it has entered, with the P.R.C. arguing that it has not had a hand in crafting such accords as the Missile Technology Control Regime. In this context, the P.R.C. contends that President Bush's sale of F-16s to Taiwan in 1992 violated the 1982 Joint Communiqué on Arms Sales.

While the P.R.C. is a major focus of U.S. diplomatic and economic interest, Taiwan also matters importantly to the United States, and U.S. interests there are growing. Taiwan is one of the major economic forces in the Asia-Pacific region, both in levels of trade and in foreign direct investment in the region, and is also one of America's largest trading partners. In addition, Taiwan offers the world evidence that a Confucian society with a one-party political system can evolve into a multiparty democracy and highly prosperous state.

A sharp downward slide in U.S.–P.R.C. relations followed the

[1] China recently suspended a proposed sale of two nuclear reactors to Iran.

overwhelming repudiation by Congress of the Clinton administration's policy of denying a visit by Taiwan President Lee Teng-hui to visit and speak at his alma mater, Cornell University, in June 1995, and the administration's subsequent reversal of its policy. This episode illuminates the complex challenge the United States now must address: to delineate the boundaries of its relationship with a valued democratic society, Taiwan—whose popular majority, while recognizing the risk of proclaiming independence, exerts growing pressure for enhanced international status—while it simultaneously seeks a more constructive relationship with the P.R.C., to which anything hinting at encouraging Taiwan's "creeping independence" is anathema.

The Clinton administration's 1994 Taiwan Policy Review led to an incremental upgrading of the status of Taiwan diplomats and officials and changed the name of Taiwan's representative office from the Coordination Council for North American Affairs to the Taipei Economic and Cultural Representative Office. However, our vital economic and strategic interests in the Asia-Pacific region and our current inability to advance our agenda with the P.R.C. argue for attempting to define a more comprehensive approach concerning Taiwan—an approach that is politically tenable and affords the prospect of greater cohesion between the views of the administration and those of Congress. While the full substantive range of U.S.–P.R.C. relations is beyond the scope of this report, our fundamental approach must be addressed here at least generally; it is a vital part of the context in which Taiwan's future will be determined.

Our ability to influence the P.R.C.'s strategic equation is limited—we assume that the United States and China will have some important common interests, but also inevitably a material degree of competition, friction, and disagreement. In each of our areas of overlapping interest, the P.R.C. leadership's perceptions of its international and domestic political interests will drive China to become either more closely aligned to, or more intransigently distant from, U.S. views as to constructive behavior. In many of these areas, China has been a major contributor to tensions, and its actions often have been deeply disquieting to the

U.S. government and polity. However, it is a central tenet of this report that, across the span of the relationship, a more coherent and strategically based U.S. diplomatic approach and dialogue is crucial to avoid stimulating further counterproductive Chinese policy and to enable us to have any positive influence on the P.R.C. in the interests of furthering our national agenda.

In this connection, the administration, coordinating with Congress, needs to set its priorities better on numerous regional concerns, recognize the necessity of pragmatic compromises in pursuit of larger goals, avoid debilitating conflict with the P.R.C. over matters that are not high national priorities, and be firm about those that are. By better balancing the various frictions and competing interests in our relations with the P.R.C.—including those concerning Taiwan, which is central to a satisfactory U.S.–P.R.C. relationship—and, critically, restoring a more businesslike tenor to the relationship, the United States is substantially more likely to achieve at least some of its most important goals.

THE HISTORICAL BACKGROUND

TAIWAN HAS BEEN a source of contention between Washington and Beijing since the early 1950s. In the context of the Cold War and against the backdrop of the victory of the Chinese Communist Party on the mainland in 1949, the United States, following the outbreak of the Korean War in June 1950, assumed responsibility for the economic and military viability of Taiwan. During the 1950s and 1960s, the United States proffered substantial military and economic aid, assisted in Taiwan's economic reform process, advanced the island's integration with the world community, deployed military forces in its support, and signed a mutual defense treaty.

In 1972, with the signing of the Shanghai Communiqué, the United States and the P.R.C. set aside their conflict over Taiwan in pursuit of broader strategic interests, such as their common perceived threat, the Soviet Union. The United States stated that it did not challenge the proposition that there was only one China and that Taiwan was part of China. The governing and

then sole officially recognized party of Taiwan, the Kuomintang (KMT), although deeply disturbed by the ending of official relations by the United States, agreed that there was only one China. The United States set as an objective the eventual withdrawal of all U.S. forces and military installations from Taiwan, linked to reduction of tensions in the area. In 1979, the United States and the P.R.C. established formal diplomatic relations and the United States simultaneously declared the end of official relations with Taiwan, including its commitments under the mutual defense treaty. The United States "recognized the People's Republic of China as the sole legal government of China" and "acknowledged the Chinese position that there is but one China and that Taiwan is a part of China." The United States also stated that it would continue to "have an interest in the peaceful resolution of the Taiwan issue" and expected that the "Taiwan issue will be settled peacefully by the Chinese themselves."

Several issues between the United States and the P.R.C., however, remained unresolved. Chief among these was the refusal of the P.R.C. to renounce its right to use force against Taiwan and the continued U.S. commitment to maintaining Taiwan's defense. After substantial discussions between the Congress and the administration, the United States, while not committing to come to Taiwan's defense, promulgated the TRA in 1979. The TRA stated that the United States would continue to provide "such defense articles and services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." It also noted that the United States would consider "any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the western Pacific area and of grave concern to the United States."

In 1982, the Reagan administration again negotiated with the P.R.C. on the specific issue of U.S. arms sales to Taiwan. After extensive discussions, a joint communiqué was issued that stated that U.S. arms sales to Taiwan "will not exceed, either in qualitative or in quantitative terms, the level of those supplied since the establishment of diplomatic relations between the U.S. and China" and that the United States "intends to reduce gradually its sales of arms to

Taiwan, leading over a period of time to a final resolution." In addition, the United States stated "Our policy, set forth clearly in the communiqué, is fully consistent with the Taiwan Relations Act. Arms sales will continue in accordance with the act and with the full expectation that the approach of the Chinese government to the resolution of the Taiwan issue will continue to be peaceful."

Beijing has never recognized the validity of the TRA, arguing that it violates the political agreement embodied in the 1978 normalization communiqué. China also contends that the 1982 communiqué modifies the TRA language regarding arms sales. Beijing, therefore, has reacted strongly when it perceives that the communiqués have been subordinated to the TRA, in such cases as the American sale of F-16s.

Subsequent to the establishment of this framework, the United States continued to maintain unofficial cultural, military, and economic ties with Taiwan, and relations with the P.R.C. grew dramatically, even as limits to the relationship were being felt on both sides. The generally cooperative atmosphere in U.S.–P.R.C. relations that emerged during the mid-1980s came to an abrupt halt with the P.R.C. military crackdown on the demonstrations in Tiananmen Square in June 1989. The United States imposed sanctions on China, some of which relating to trade and environmental assistance have not yet been lifted as of mid-1995. Gradually thereafter, the United States and the P.R.C. resumed high-level government and military relations, the American business community reentered the P.R.C., and exchanges in all sectors expanded. Substantial strains in the relationship, however, remained. It is worth noting that there has not been a formal state summit since February 1989, when President Bush visited Beijing, and that President Clinton, unlike his predecessors, has not yet visited the P.R.C.[2] Most important, the U.S. decision to permit President Lee of Taiwan to visit provoked the P.R.C. to take numerous retaliatory steps, resulting in a further sharp deterioration of U.S.–P.R.C. relations.

During this same period, the P.R.C.'s relations with Taiwan

[2] The White House recently announced that President Clinton would hold a summit meeting with President Jiang Zemin in an informal setting in New York in late October.

underwent a dramatic transformation. Levels of Taiwan investment, indirect trade, personal visits, and unofficial exchanges with the P.R.C. have increased substantially. In addition, Taiwan and the P.R.C. each established a quasi-official body—the Straits Exchanges Foundation and the Association for Relations Across the Taiwan Straits—to manage their growing relationship. Despite increasing trade and personal contacts between Taiwan and the mainland, as Taiwan grows more prosperous, more democratic, and more nationalistic, it becomes increasingly less inclined to move toward eventual reunification. The P.R.C. has become increasingly concerned about Taiwan's "creeping independence," and relations between Beijing and Taipei have been strained. In July and August 1995, tensions were heightened by the P.R.C.'s decision to conduct surface-to-surface short-range missile tests aimed 85 miles north of Taiwan. These tests caused Taiwan's stock market to drop sharply and forced extensive rerouting of commercial flights in order to avoid the testing area.

THE CHANGING LANDSCAPE

NOTWITHSTANDING the frictions and tensions, the P.R.C., Taiwan, and the United States all have benefited from the long period of relative stability in the region and the burgeoning economic ties that the three joint communiqués and the TRA have permitted. Many in the international community have assumed that neither the P.R.C. nor Taiwan would allow the issue of Taiwan's status to provoke military confrontation and that both would be pragmatic, negotiate their differences, and continue to coexist. However, domestic politics in Taiwan and the P.R.C. as well as marked differences in approach in the United States between the Clinton administration and important leaders in Congress have the potential to upset the current equilibrium.

The Taiwan Dynamic

During the past few years, Taiwan has sought, with increasing success, to redefine the parameters of its role in the international

arena. There is widespread support among Taiwan's public and within both of its largest political parties—the KMT and the Democratic Progressive Party—for asserting Taiwan's legitimacy as an activist international actor and for seeking membership in Asia-Pacific regional forums and in various international organizations. One aspect of Taiwan's search for increasing international presence is a continued bid for some form of representation in the United Nations. (There is no agreement between the KMT and the DPP, however, as to what form this bid should take.)

Some in Taiwan view international legitimization as a necessary buffer against P.R.C. intimidation, and many believe, with a substantial degree of emotion, that Taiwan has earned a place at international negotiating tables due to its economic and political successes. For many citizens of Taiwan, such feelings are given added weight by the fact that Taiwan has never been governed by the P.R.C. Some political leaders in Taiwan—although still representing a minority voice—have called openly for independence.

Taiwan's steps toward enhancing its international standing, short of declaring independence, are of greatest present concern to Beijing and pose the most immediate threat to stability in the Taiwan Strait. Internal pressures for such steps may well increase as Taiwan approaches its first direct presidential election in March 1996. Moreover, if the people of Taiwan perceive that the P.R.C. is poorly managing its reunification with Hong Kong, such pressures for independence are likely to grow. (In the event of increased Chinese intimidation, such as further missile launches near Taiwan, pressures may grow on Taiwan to revive a nuclear development program that it abandoned in the 1970s.)

The widespread popular support within Taiwan for enhancing its international standing does not extend to declaring independence unilaterally. Debate within Taiwan on the issue of independence is substantial, but popular polls indicate that the general populace is not inclined to support such a declaration, given the widespread belief that Beijing might respond with some form of forcible action against the island. The DPP, which has been much more aggressive than the KMT with regard to independence, also has floated the idea of a popular referendum on

whether Taiwan's government must obtain the consent of the general populace before negotiating any settlement with the mainland. A majority of Taiwan's citizens likely would support the necessity of obtaining such popular consent.

Current and projected levels of economic cooperation and integration between Taiwan and the P.R.C. also militate against a sudden declaration of independence by Taiwan's leaders (but less so against a continued process of "creeping independence"). Taiwan is now one of the P.R.C.'s most important trading partners. Taiwan also wishes to become an Asia-Pacific regional operations center, which will require expanding its cross-strait ties with the P.R.C. Already Taiwan has modified its comprehensive ban against direct sea links. According to some senior Taiwan officials, direct air links are likely. Such links will be crucial to Taiwan after 1997, when Hong Kong reverts to the P.R.C.

At the same time, Taiwan officials actively have encouraged the island's business leaders to expand their already extensive trade and investment relations with other Asian countries in order to decrease their reliance on the P.R.C. They contend that the risk of overdependence on the P.R.C. may limit Taiwan's future ability to assert its policies without fear of economic retaliation by the P.R.C.

Over the longer term, increased Taiwanese nationalism poses a real challenge to the prospect of an eventual negotiated reunification and thus to the continuation of peaceful P.R.C.–Taiwan relations. In a recent poll of Taiwan residents, 29 percent of the respondents considered themselves Taiwanese; 35 percent viewed themselves as Chinese; and 27 percent said they were both Taiwanese and Chinese. There is growing grass-roots support for the "Taiwanization" of cultural affairs and expansion of Taiwanese language and history in the educational system. Eventually, if nationalistic sentiments continue to grow in Taiwan and generational change continues, public sentiment may prod officials there to take more independent stances. While interpersonal contact between the P.R.C. and Taiwan is growing—currently, approximately two million Taiwan residents take about seven million personal trips annually to the mainland—this contact does not

appear to be engendering a growing sentiment in Taiwan for reunification. In fact, the opposite appears to be occurring. For many Taiwan citizens, greater contact with advanced industrialized states and increased outreach in the world contribute further to a sense of distance and difference from the P.R.C.

The P.R.C. Dynamic

The P.R.C. is in the midst of highly stressful changes in its political and economic system. At the same time, it is undergoing a crucial leadership succession, in which no one Chinese official has the clear authority, among either the elite or general populace, to lead the country. This uncertainty in China's domestic situation and the resulting internal political pressures complicate America's understanding of its goals and actions in the international arena. The P.R.C. has reasserted its claims in the South China Sea, cracked down on human rights activists, resumed active diplomacy with Iraq and Iran, allegedly transferred missile parts and technology to Pakistan and nuclear technology to Iran, and raised questions about its interpretation of the norms it intends to follow as a trade and investment partner. Frequent conflict with the United States over these and other issues has engendered deep mistrust between both parties. In this context, the issue of Taiwan has become an especially explosive issue, very likely the most crucial and emotion-laden from Beijing's standpoint.

Beijing is well aware that Taipei will continue to press for political recognition internationally. The people of Taiwan have developed a society very different from that of the P.R.C., and they will take every possible step to protect their society and its form of governance. Absent dramatic positive change in China, it should be assumed that Taiwan will insist on at least the essential elements of de facto independence and all that implies. Beijing's ability to continue to tolerate this is unclear. Already important segments of the P.R.C. leadership, including figures within the military, believe that despite claims to the contrary, President Lee Teng-hui is seeking an independent Taiwan and that the United States is supporting Lee's efforts.

Although the P.R.C. occasionally has evidenced flexibility in

accommodating Taiwan's membership in technical, commercial, economic, and other international organizations that do not require statehood for membership, it has opposed Taiwan's quest for anything akin to independence in the international community. China fears that there will be a gradual erosion of its claims to sovereignty over Taiwan and that forces supporting Taiwan's independence will spin out of Beijing's control.

When members of the international community have supported Taiwan's efforts to improve its standing in the international community, the P.R.C. has responded with a range of retaliatory measures. In response to the Taiwan Policy Review in the summer of 1994, for example, the P.R.C. confined itself to strong verbal protests; following the May 1995 decision to grant President Lee permission to visit the United States, however, the P.R.C. canceled dialogues on the production of fissile material and missile technology control, deferred other high-level military consultations, recalled its ambassador for consultations, and temporarily delayed approval of the proposed new American ambassador to China. In addition, Beijing arrested Harry Wu—well known for his crusade to expose Chinese human rights violations—branding him a spy. Wu was subsequently tried, convicted, and expelled, presumably as a gesture to alleviate increasing tensions and encourage a visit by First Lady Hillary Rodham Clinton to the U.N.–sponsored Fourth World Conference on Women.

In the minds of many senior policy analysts in Beijing, the U.S. government's actions over the past few years—including the decision to sell F-16s to Taiwan, the Taiwan Policy Review, and President Lee's recent visit—suggest a calculated U.S. policy to treat China as a hostile nation and that the United States no longer considers the three communiqués as the foundation of its policy concerning the P.R.C. and Taiwan. It is difficult for Beijing's leaders to understand fully the workings of American democracy—when the secretary of state assures his P.R.C. counterparts that the White House will resist a visit from Taiwan's president, the Chinese cannot understand why such a visit takes place anyway, and they tend to assume the most conspiratorial explanations.

The impending leadership succession in the P.R.C. also may contribute to its less flexible response to Taiwan's efforts in the international arena. It is impossible to predict with confidence what major internal political trends will dominate in China. While continued economic and political reform would produce the best set of circumstances for Sino–U.S. relations and with respect to Taiwan, no probable scenario covering the foreseeable future has a significant likelihood of leading the P.R.C. to relinquish its claim over Taiwan, discontinue its opposition to steps that might materially enhance Taiwan's international status, or renounce its asserted right to the use of force in respect of sovereignty over Taiwan.

Chinese President Jiang Zemin's eight-point address concerning P.R.C.–Taiwan relations on the eve of the 1995 lunar New Year and Taiwan President Lee Teng-hui's six-point rejoinder shared a commitment to the peaceful expansion of political, economic, and personal ties between the P.R.C. and Taiwan. However, they left a substantial divide with regard to the specifics of the relationship. Although the situation in the Taiwan Strait does not appear to be militarily volatile imminently, the threat of a rapid destabilization remains credible. The P.R.C. may conclude that Taiwan's challenges to the P.R.C.'s position threaten the P.R.C.'s claim to "one China" and may respond with some overtly hostile action. Developments might lead Beijing to elevate political tensions, heighten intimidating military threats, or consider some form of blockade, disruption of shipping and air travel, provocative armed forces exercises, or other military action against Taiwan or Quemoy and Matsu.

In addition, while growing economic ties seem to point to closer P.R.C.–Taiwan relations, in some respects these economic relationships may over time actually give rise to their own related tensions. In any event, these links are unlikely to prevent the P.R.C. from taking bellicose action should its leadership perceive itself sufficiently provoked.

Several potential scenarios short of a DPP electoral victory or, the most provocative, Taiwan declaring independence, also might escalate tensions or actually encourage the P.R.C. to take some forcible action against the island. For instance, P.R.C. domestic

politics could produce a situation in which the leadership attempted to enforce its claim to Taiwan with a calibrated military threat, perhaps commencing with more overtly intimidating military exercises. Fear of a P.R.C. collapse in governing capacity or a military coup might trigger a perceived political need to legitimate the leadership through reclaiming of some or all territories under dispute (or, on the other hand, prompt a declaration of independence by Taiwan while the P.R.C. is focused on internal political issues).

The U.S. Dynamic

Taiwan's status has been a source of long-standing debate within the U.S. government, particularly between the executive and legislative branches. Following the normalization of relations with the P.R.C., for example, Congress insisted on a more substantial commitment to Taiwan's security than the administration initially favored. That the Taiwan issue continues to resonate strongly as a current U.S. political issue in Congress is evidenced by the recent overwhelming House vote of 396–0 and Senate vote of 97–1 to permit Taiwan President Lee Teng-hui's visit, and the Clinton administration's subsequent recognition of this overwhelmingly charged mood in Congress. A substantial gulf now exists between administration and influential congressional views as to the appropriate U.S. policy concerning Taiwan. These divisions are an obstacle to effective national policy and ensure continuous uncertainty and inconsistency.

The Clinton administration has reaffirmed the guidelines that have been the basis for America's policy toward Taiwan and has attempted to meet new challenges by adjusting policy at the margins through such measures as the Taiwan Policy Review. Members of Congress, in contrast, have introduced a series of measures designed to elevate materially Taiwan's status both in U.S.–Taiwan bilateral relations and in the international community. A resolution has been proposed in the Senate calling for "the sense of the Congress" that "Taiwan deserves full participation, including a seat, in the United Nations; and the United States should immediately encourage the United Nations to establish an ad hoc committee for the purpose of studying membership for Taiwan in that organization and its related agencies." (The speaker of the House also said at one point that he supported restoring formal diplomatic ties with Taiwan, although he later retracted this position.)

Representatives from Taipei will continue to lobby U.S. administration and congressional officials to support more fully their respective interests, in large part for their respective domestic political ends. While Taiwan lobbying is not monolithic—it reflects the range of opinions in Taiwan's general populace—there is a general consensus in Taiwan that advancing its position within U.S. political circles will help deter hostilities with Beijing. The KMT strategy, driven by conviction as well as by local Taiwan politics—the need not to be outflanked by the more aggressive DPP—appears to be to push hard for international recognition, but not so hard as to trigger a violent Chinese reaction. Left to its own devices, perhaps Taipei will be deft enough to bring this off, but the risk of misjudgment is far from negligible. The risk becomes much greater if the United States inserts itself actively into the Taiwan–P.R.C. process. As has become highly evident, the P.R.C. is extremely sensitive about U.S. policy toward Taiwan, which—given the P.R.C. view that Taiwan is a province of China—it regards as interference in its internal affairs. In the current tense environment, the P.R.C. almost certainly would take further retaliatory measures if it perceived that the United States were changing its long-standing policy and supporting a major enhancement of Taiwan's status, either in U.S.–Taiwan bilateral relations or in the international arena. In this context, proposals such as those to recognize Taiwan could have unintended and extremely dangerous repercussions, giving meaning to the phrase "killing with kindness."

POLICY RECOMMENDATIONS

Broad Policy Interests

The United States must articulate clearly its priorities in maintaining regional stability, advancing free trade and investment, encouraging the development of democratic institutions, and

managing conflict over crucial issues such as arms proliferation. Achieving these goals will not be easy and requires that we balance carefully our sometimes divergent interests. In this regard, there are several broad policy approaches that the United States should adopt to ensure that our policy concerning Taiwan is consistent with the diplomacy necessary to attain these goals.

U.S. policy concerning Taiwan should be designed principally to maintain stability in the East Asia region and prevent the escalation of tensions or military conflict in the Taiwan Strait.

The United States should continue to articulate its profound commitment to a peaceful process for managing the issue of Taiwan's status and should make emphatic its strong opposition to any Chinese use of force or intimidation. The United States also should maintain its opposition to a Taiwan unilateral declaration of independence and its unwillingness to recognize such a declaration. Given the likelihood that such a declaration would precipitate a destabilization of the region and, very likely, a P.R.C. military reaction, it is in U.S. interests to deter such a declaration decisively.

The United States should maintain its current robust military presence in the Asia-Pacific region in order to maintain its credibility in the region and minimize the risk of military conflict.

To the extent possible, the United States should seek support for its goals toward the P.R.C. and Taiwan from other countries in the region. Our policies cannot be fully effective without support or, at a minimum, lack of opposition from other Asian nations, especially Japan, which should perceive a common interest regarding regional stability. The United States should discuss with Japan and other Asian countries the dangers in the situation in the Taiwan Strait and seek common ways to mitigate them. Even if they will not publicly endorse U.S. policies, their support in unofficial forums and in private communications with the P.R.C. and Taiwan would contribute to maintaining peace in the region.

U.S. Policy Toward the P.R.C.

The P.R.C. is a growing military and economic power, and it is in the interest of the United States and Taiwan to establish an effective working relationship with China. There are several useful,

low-cost measures that the United States can take to advance Sino-American ties and simultaneously enhance Taiwan's prospects for a peaceful and prosperous future.

A Sino-American dialogue can be successful, however, only if accompanied by ongoing consultation between the administration and the congressional leadership and a much more consistent and coordinated approach than presently prevails. The administration must be able to deliver on its diplomacy—which clearly was not the case in the Lee Teng-hui visit. In the course of such consultations, the United States needs to establish its priorities for engagement with the Chinese. The United States must decide what it wants before it determines how to pursue it.

The United States can make its most useful contribution to Taiwan's defense by establishing a more pragmatic and constructive relationship with the P.R.C. In such a context, China must be given to understand that "pragmatic and constructive" does not belie firmness by the United States on matters of vital interest, and that a constructive relationship can exist only on a reciprocal basis. The United States should reassure the P.R.C. that it does not view it as a hostile state by taking several steps.

The United States should initiate an ongoing dialogue with the P.R.C. at the highest levels. A properly prepared meeting between Presidents Clinton and Jiang Zemin in New York City in October, as well as discussions between senior P.R.C. and congressional leaders as soon as is feasible, could be an important first step in advancing P.R.C. confidence in the fundamental consistency of future U.S. policy. In that context, the president should reiterate at the state summit level the United States' commitment not to challenge a "one China" policy. This commitment has been recognized under the administrations of the last six U.S. presidents and was recently reiterated in a letter from President Clinton to President Jiang Zemin.

The United States also should reaffirm its adherence to the three joint communiqués and the TRA without going beyond their language. The communiqués and the TRA and the flexibility they permit have served U.S. interests well in the past and can continue to do so.

Such meetings also would serve as a much-needed catalyst for regular and frequent future dialogues on high-priority and politically sensitive topics, such as arms proliferation. The United States should use Sino-American meetings to explain to the P.R.C. the rationale and current realities underlying measures it is undertaking with regard to Taiwan and to reassure them that such measures are not intended to vitiate the U.S. commitment to better relations with the P.R.C. By eliminating elements of surprise and providing the United States' sense for the boundaries of our relationship with Taiwan, we may at least reduce Chinese worst-case assumptions about our policies.

As part of this ongoing dialogue, the United States should seek out common areas of concern and long-term interest with the P.R.C. to begin to establish a more pragmatic and business-like relationship. The economic and military trends in the P.R.C. suggest that over the long term it will become a global power with actual capabilities more nearly commensurate with its potential power. Thus, for example, the United States should continue to support confidence-building measures between the United States and P.R.C. armed forces. Such measures decrease the likelihood of future miscommunications or the risk that elevated tensions will result in conflict.

As another instance of common interest, the United States should continue to support the development of the P.R.C.'s institutional capacity and encourage its willingness to comply with international agreements, as we have attempted in the case of intellectual property rights. In this respect, the United States also should continue to work with the Chinese concerning the requirements necessary for their entry into the World Trade Organization and, eventually, the elimination of an annual test for MFN status. In addition, the United States should involve the P.R.C. in developing the norms that will form new international accords. To be sure, when the P.R.C. fails to adhere to international norms of behavior, the United States—if possible with other major states—should work to persuade Beijing to do so and to explain the costs of this failure.

U.S. Policy Toward Taiwan

While the P.R.C. occupies a central position in U.S. calculations of its interest in the Asia-Pacific region, Washington also should enhance the scope of its bilateral relationship with Taiwan and Taiwan's standing in the international arena to the extent that such an improved status does not violate the U.S. interpretation of the three communiqués and the TRA. The United States also should continue to support an adequate defensive deterrent for Taiwan.

Following on measures to reestablish U.S.–P.R.C. working relations, and in the context of a reiterated "one China" policy, the United States should support Taiwan's membership in certain international organizations that do not require statehood. Given Taiwan's present autonomy and impressive prosperity, the costs and risks of seeking substantial additional recognition and indicia of independence going beyond this outweigh the benefits, for the United States—and for Taiwan. We should assure the P.R.C. that we continue to regard such membership as fully consistent with U.S. refusal to recognize a unilateral declaration of independence by Taiwan. Also, any such memberships should be pursuant to formulas that are consistent with both the absence of recognition of statehood as well as U.S. support of continued P.R.C.–Taiwan interactions and unification negotiations.

The United States previously sponsored Taiwan's accession to the Asian Development Bank, and it can benefit substantially from Taiwan's participation and economic lending power in agencies such as the International Monetary Fund and World Bank. There are other organizations linked to the United Nations that do not require being a "state member" of the General Assembly, including the World Health Assembly of the World Health Organization, the United Nations Development Programme, and the Food and Agriculture Organization. In the Asia-Pacific region, the United States and other regional actors should support Taiwan's membership in regional security organizations such as the Council for Security Cooperation in the Asia Pacific (a nominally unofficial organization).

In the current tense environment of U.S.–P.R.C. relations, it is not desirable to approve visits to the United States by senior

Taiwan officials until we have at least taken further steps to attempt to rebuild our relationship with the P.R.C. and had the opportunity to explain comprehensively to the P.R.C. our policies concerning Taiwan. Thereafter, we should allow visits by Taiwan representatives, either to conduct business or for personal reasons, as long as the nature and timing of such visits remain within the discretion of the administration and it is articulated clearly that such visits imply neither recognition nor de jure sovereignty. Accordingly, the U.S. government should not render the ceremonial courtesies to Taiwan officials that generally are accorded only to representatives of an internationally recognized sovereign state or international organization. Also, the United States should permit visits by our officials in reasonable number and at an appropriate level to Taiwan consistent with maintaining the unofficial nature of the relationship.

Given the scope and depth of our trade, military, cultural, and unofficial political relations with Taiwan, and certainly in light of the recent resounding congressional support for President Lee's visit, the continuation of our past restriction on unofficial visits by Taiwan leaders would appear unrealistic and politically untenable, as well as undignified for the United States and insulting to Taiwan. At best it only serves to reassure China that we are not rewriting the "one China" policy expressed in the communiqués—a reassurance that we should provide by other means. The topic of future visits to the United States by Taiwanese leaders should be settled as a matter of U.S. policy—even if the policy is not satisfactory to the Chinese and falls short of Taiwanese desires—otherwise the issue will resurface frequently as a source of friction.

Unofficial, informal, high-level visits by Taiwan's foreign minister have taken place several times during the past year, and the P.R.C. raised no significant objection. We can speculate that the intensely negative P.R.C. reaction to the visit of President Lee resulted in large part from the Chinese perspective that the United States was acceding to a further conscious symbolic step in Taiwan's "creeping independence"—a concern that may have been heightened by the dramatic tug-of-war between Congress and the administration; that the visit was an

augury of major steps to come; that it symbolized a resurgence of U.S. hostility toward China; and that it would create a snowballing effect with respect to visits by Lee Teng-hui and other high-level Taiwan officials to other countries. We need to recognize the importance of symbols and gestures in dealing with China and be careful only to signal considered messages we truly want heard.

The decision by Taiwan's President Lee to decline an invitation to visit Alaska in September 1995—and the period until the first popular election of a Taiwanese president in March 1996—may give the United States a useful breathing space in which to make clear its policies to the P.R.C. and establish a more constructive dialogue.

The United States should continue to enable Taiwan to have a credible military deterrent capability, within the meaning of the TRA, especially as the P.R.C. continues to modernize and expand its military capabilities. The Taiwan Relations Act mandates that we continue to make available to Taiwan arms "in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." The administration explicitly has stated that the TRA and the 1982 joint communiqué are complementary and that we will "continue to provide material and training to Taiwan to enable it to maintain a sufficient self-defense capability as mandated by the TRA."[3] In view of this, we believe there is no benefit to be derived from the United States amending the Taiwan Relations Act to supersede explicitly the 1982 joint communiqué, as has been proposed by some members of Congress. Beijing would perceive such an action as another calculated affront, and that would diminish rather than enhance Taiwan's security.

U.S. Policy Toward the P.R.C. and Taiwan

Establishing the U.S. fundamental priorities with respect to the Asia-Pacific region is vital not only to maintaining our credibility

[3] Statement by Winston Lord, assistant secretary for East Asian and Pacific Affairs, before the Senate Foreign Relations Committee, Washington, D.C., September 27, 1994.

in the region but also to staking out the boundaries of our role and preventing the United States itself from becoming a trigger for conflict in the Taiwan Strait. At the same time, a degree of ambiguity regarding our response to various potential military scenarios is inescapable and may be beneficial both to deter rash behavior by the P.R.C. or Taiwan and to preserve U.S. flexibility in the case that military conflict does arise.

The United States should recognize clearly the limits of its role in the Taiwan–P.R.C. relationship. In this connection, the United States should restate to both the P.R.C. and Taiwan that it does not plan to propose its own solution to the Taiwan issue or oppose one to which both parties peacefully arrive. The United States will accept any solution to the Taiwan problem that is freely acceptable to both sides, without any coercion of any kind. Under the present status of the P.R.C.–Taiwan relationship, we will have official diplomatic relations only with the People's Republic of China. However, in this context, the United States should make clear that we will associate with Taiwan in a manner consistent with our shared interests.

The United States cannot, indeed should not attempt to, insert itself into the bilateral negotiations between Taiwan and the P.R.C. Based on the present dynamics between Taipei and Beijing, a process of extended peaceful negotiation between the P.R.C. and Taiwan may offer the best situation for the United States. It certainly would be better than the risks that would follow the breakdown of negotiations. Moreover, if a lessening of tensions occurs between the United States and the P.R.C., and with further political developments in the P.R.C., compromises highly improbable today may become more feasible.

In order to promote greater mutual understanding of the respective positions of all the actors and reduce the risk of a dangerous miscalculation, the United States should support actively nongovernmental exchanges among Taiwan, the P.R.C., and the United States. These exchanges should be designed specifically to address the influence of domestic politics on foreign policy in each country. Beijing, for example, still may not comprehend the extent to which Taiwan's officials—now democratically elected—

are subject to constant public scrutiny and political pressures. Many Chinese analysts similarly do not seem to understand the American political system, the ways in which the administration and Congress must interact on foreign policy, nor how negatively various Chinese actions appear to the U.S. polity and affect U.S. attitudes. Both the administration and Congress also would benefit from greater attention to the evolving state of politics and internal competition in the P.R.C. and Taiwan and the pressures these politics exert on their respective foreign policy decisions.

The United States should preserve its options regarding the possible use of force in various events. The danger to regional peace would be greatly heightened if there were a double misunderstanding between Taipei and Beijing, in which Taipei believed that the United States would support it even if it unilaterally declared independence, while Beijing believed that in no case—including P.R.C. coercive use of force—would we support Taiwan. Given the broad range of possible scenarios, our determination in the Taiwan Relations Act that we would consider "any effort to determine the future of Taiwan by other than peaceful means a threat," and the provisions in the act requiring the president and Congress to consult in response to such a threat, a degree of ambiguity is inescapable and indeed may be useful as a deterrent.

POINTS OF DISSENT

In an otherwise commendable report I cannot concur with the recommendation that the U.S. government temporarily bar private visits to the United States by Chinese citizens living in Taiwan because they hold some sort of government office. Allowing such travel confers no special status on the government that employs these persons, which is why the United States has not barred visits by Russian citizens claiming to be officials of Tatarstan, to pick just one from the many examples. As a country that stands by the principle of free travel, our immigration laws qualify this principle for foreign visitors only in carefully specified circumstances—such as affiliation with terrorist organizations. While holding office in a democratically elected government may seem revolutionary to some in China, such a status has rarely been deemed so repellent by the American government that it would bar such people from visiting the United States even as a tourist. I cannot subscribe to the novel notion, not applied in our relations with any other countries in the world, that we should abridge the principle of free travel, even temporarily, in order to placate the insecurities inevitably engendered by a tyrannical form of government. The report's thrust is sound; the suspension in visits is offered only as a short-term tactical gesture. I disagree though, on the tactical merit of offering such a concession.

Philip D. Zelikow

I must dissent from the recommendation that visits to the United States by senior officials from Taiwan be halted "until we have at least taken further steps to attempt to rebuild our relationship with the P.R.C." etc. The administration's Taiwan Policy Review specifically contemplates visits by cabinet level officials from Taiwan, so that this would be a retrograde step. Moreover, both Taiwan's premier and foreign minister have visited in the last 12

months or so without comment or complaint from Beijing. The recommendation therefore amounts to a kind of preemptive capitulation to demands which the task force surmises the P.R.C. might make, but which in fact they have not made in the past. I believe the sentence "We should allow visits by Taiwanese representatives, either to conduct business or for personal reasons, so long as the nature and timing of such visits remains within the discretion of the administration..." is sufficient to allow the United States to decide when and who may come. I do not understand why it is felt necessary to add constraints to the executive branch's freedom of action in this regard.

Harvey J. Feldman

I agree with many of the report's generalizations about the kind of policy that is desirable. However, I feel compelled to write this dissent because I would argue for different formulations of a number of positions relating to specific immediate policy issues—and I believe that in the context of the present crisis in U.S.–China relations, the way in which these are dealt with can either help to repair or could further damage U.S.–China relations.

The report emphasizes many points that are of great importance for future U.S. policy toward China, Taiwan, and the East Asia-Pacific region as a whole. In varying ways and degrees, it deals with the rapid growth of China's economic power and military potential; the importance of U.S.–China cooperation to the solution or management of a wide range of regional and global issues; the U.S. interests in Taiwan's economic development and democratization; the threat posed by deteriorating U.S.–China relations to stability in the East Asia-Pacific region and to vital U.S. interests in the region; and the pivotal importance of Taiwan-related issues in determining U.S.–China relations. The report is correct, in my opinion, in the judgment that it is essential for the United States to continue pursuing a "one China" policy under which it supports a peaceful resolution of Taiwan's future and opposes any Taiwan declaration of independence or any use of force in the Taiwan Strait.

However, the report does not, in my opinion, highlight suffi-

ciently the fact that the United States faces extremely difficult policy choices in setting priorities among conflicting objectives, and the fact that Washington should make those choices in a way that reflects the relative importance and priority of varied and sometimes conflicting national interests. Some of the report's recommendations appear to me to straddle certain issues on which tough decisions are required. The reality we now face is that it is the recent deterioration and current crisis in U.S.–P.R.C. relations, rather than any problems in relations between the United States and Taiwan, that endanger important long-term U.S. interests, and, whether we like it or not, higher priority must therefore be given to actions that can halt this deterioration than to actions that are motivated by a desire to respond to Taiwan's desires, even though they are understandable, not just for preservation of its present situation but for an enhanced international status.

On many of the report's policy positions and recommendations I agree; on some, I disagree; on others, I partially agree but with qualifications. The paper is correct, in my opinion, in stating that there would be "no benefit" in amending the Taiwan Relations Act to make it "supersede" the 1982 joint U.S.–P.R.C. communiqué. I would go further and argue that this could severely damage U.S.–China relations. I would argue further that even the adoption of any policy that gave clear and explicit "precedence" in U.S. policy to the domestic law of the Taiwan Relations Act over the international agreements and understanding embodied in three joint U.S.–China communiqués would be viewed by China as a virtual abrogation of one of the basic documents that have provided the essential framework for U.S.–China relations—and could intensify the crisis in U.S.–China relations.

The report argues that the United States should "support Taiwan's membership in certain international organizations that do not require statehood." I agree that some sort of membership for Taiwan in most U.N.–related economic organizations would certainly be highly desirable from the point of view of the United States as well as Taiwan, and this may eventually be possible. However, it is strongly opposed at present by China, because it is

seen as weakening China's claim to sovereignty over Taiwan, and in the current U.S.–China crisis situation, U.S. sponsorship of such membership would not only evoke a strongly negative P.R.C. response but also could create a major new obstacle to the task of repairing U.S.–China relations.

The report states, correctly in my opinion, that in the present situation there should be constraints on visits by senior Taiwan officials to the United States. I generally agree, but I would place even greater emphasis on the need to recognize that, because the present crisis in U.S.–China relations was precipitated by President Lee's visit to the United States, if the United States wishes to halt the deterioration of relations with the P.R.C., it must accept considerably greater limits than we would like on visits both by senior Taiwanese leaders and officials to the United States and by senior American leaders and officials to Taiwan. We should also, however, continue to try to convince China that such visits should not be viewed as violations of a "one China" policy.

At one point, the report refers to Taiwan as a de facto separate entity, which is accurate. Elsewhere, however, it uses the term "de facto independence" to describe Taiwan; such a term, however innocuous it may seem to many Americans, helps to fuel Chinese suspicion that, despite U.S. government pledges to continue a "one China" policy, many Americans, and even official U.S. policy, may in reality be supporting the "creeping independence" of Taiwan, which China is determined to oppose by force if necessary.

As the report points out, peace and stability in the East Asia-Pacific region requires peace and stability in the Taiwan area. This is not something the United States itself can achieve; it can only be achieved by an eventual modus vivendi negotiated between China and Taiwan. U.S. policy should not only continue to make clear that any peaceful settlement determining Taiwan's future would be acceptable, but also should avoid taking actions that could create new obstacles to such a settlement—and that would further damage U.S.–China relations. If Taiwan-related issues further undermine U.S.–P.R.C. relations, the danger is that trends could lead toward a new cold war in East Asia, which

would not only damage many important U.S. national interests, but could destabilize the region, and at worst could substantially increase regional tensions and the risks of military conflicts that could involve the United States.

A. Doak Barnett
with
Herbert Levin
Kenneth Lieberthal
Daniel A. Sharp
Donald S. Zagoria

DISSENTING OPINION

I find considerable value in much of the discussion that precedes the report's recommendations. The latter, however, fall short of offering policymakers an avenue out of the internal contradictions in U.S. policy toward Taiwan. The tensions of recent months will most certainly recur with more serious consequences on future occasions unless our policy is rethought and updated.

The report fails to confront the inescapable fact that, far from experiencing "creeping independence," Taiwan is now and for nearly half a century has been independent by virtually any definition of that term. The issue for U.S. policymakers is not so much how to work with the parties to help them forestall a formal declaration of Taiwan's independence, but rather how to work with the parties to help them reconcile Taiwan's actual independence with the P.R.C.'s and Taiwan's continuing adherence to the notion of "one China."

For the past 16 years we have sought to paper over the uncomfortable fact of Taiwan's independence through the artifice of an "unofficial" relationship. Embassies were given euphemistic names, meetings among officials took place in restaurants, and various contrivances buttressed the pretense that Taiwan was some kind of large business corporation. The pretense met our needs as a device for implementing a national policy of shifting diplomatic recognition to the P.R.C. without utterly abandoning

a state for which we had assumed enormous responsibility. We obtained the grudging, largely tacit consent of the P.R.C. Taiwan, still largely dependent upon the United States, had no effective recourse.

But things have changed in the last 16 years. Taiwan is no longer willing to be treated as a corporation. It is a self-governing state with a population in excess of 20 million and a clearly defined territory over which it exercises unquestioned authority. It is an economic power possessing far greater weight in international affairs than most of the United Nations' members, and possesses a military of consequence to cope with a major potential threat from across the strait. It is, however, a political midget due to its international isolation.

The report implicitly suggests that restoration of America's policy that existed prior to Taiwan President Lee Teng-hui's visit will somehow foreclose further progress in Taipei's continuing efforts to break out of its political isolation in Washington and elsewhere. This is wishful thinking, particularly in light of the sympathy with which Taiwan's efforts have been received in Congress.

Asserting that all of Taipei's external relations constitute a form of interference in the P.R.C.'s internal affairs, Beijing has achieved considerable success in limiting these. The United States' policy of the past 16 years has tacitly accepted Beijing's position, ceding to the P.R.C. a considerable role in determining the limits of our own relationship with Taiwan, even in matters of detail. We have seen this as a necessary consequence of the P.R.C.'s major world role and of its consuming interest in matters pertaining to Taiwan.

The Taiwan policy pursued by the United States prior to President Lee's visit, so often shaped by Beijing's frequent protests, now lies in ruins; a victim of the irreconcilable conflict inherent in our concept of "one China," which accommodates neither the reality of Taiwan's independence nor its theoretical union with China. We have maintained that it accommodates both. That was, perhaps, a fair assessment as long as both Taiwan and we were prepared to play by Beijing's rules. Now it appears that neither Taiwan nor our Congress is willing to do so any longer.

How can we contribute to the reconciliation of these irreconcilables without assuming major responsibility for sorting out, at this late state, the consequences of the Chinese civil war? It seems to me that we must recognize an important time dimension. There is, concededly, very little that can be done in the near term without risking a major deterioration in our relationship with the P.R.C. at an extremely sensitive and potentially volatile juncture of its history. But while a return to the status quo ante President Lee's visit may represent the only possible short-term approach, it is unhelpful either to refuse to look beyond the next year or to suggest that a short-term fix represents a long-term policy.

The longer view must recognize that the maturity of Taiwan's economy, the democratic evolution of its political system, and the very significant security problem that the authors of the report now recognize Taiwan faces on the mainland, have combined to render Taiwan unwilling to acquiesce any longer in its political invisibility. Such acquiescence would be a condition precedent for a return to the previous U.S. policy for more than a brief time.

The United States should exercise its still considerable influence in the ways the report suggests to minimize the prospect of hostilities while the parties resume their dialogue. But we should also be quite forthright in stating the view that, unless they are able to agree upon the terms of a voluntary unification, the P.R.C. must eventually come to terms with Taiwan's actual independence and abandon its version of the Hallstein Doctrine; noting that such action by the Germans did not prevent unification and, in the case of the Koreans, has not precluded continuing negotiations for reunification.

Speaking out in this manner will be neither easy nor risk-free, even if it were not accompanied by tangible actions to which the P.R.C. might feel compelled to react. A declaration of U.S. opinion could, however, initiate the process of changing the climate of international opinion. It could defuse the internal U.S. debate by placing U.S.–Taiwan relations in some sort of longer-term context, demonstrating that we are not willing to acquiesce indefinitely in a policy of nonrecognition driven by P.R.C. reactions on the issue. It could also ease the internal pressures for ac-

tions from within Taiwan by demonstrating that the world's greatest power, at least, was willing to espouse Taiwan's demand for an end to its international isolation.

Real change would almost certainly take a very long time, indeed, but the articulation of U.S. policy objectives could very well help to move events in that direction over the longer term.

Peter R. Rosenblatt

APPENDIX

The Shanghai Communiqué

February 27, 1972

Joint Communiqué Between the People's Republic of China and the United States of America

President Richard Nixon of the United States of America visited the People's Republic of China at the invitation of Premier Chou En-lai (Zhou Enlai) of the People's Republic of China from February 21 to February 28, 1972. Accompanying the President were Mrs. Nixon, U.S. Secretary of State William Rogers, Assistant to the President Dr. Henry Kissinger, and other American officials.

President Nixon met with Chairman Mao Tse-tung (Mao Zedong) of the Communist Party of China on February 21. The two leaders had a serious and frank exchange of views on Sino–U.S. relations and world affairs.

During the visit, extensive, earnest, and frank discussions were held between President Nixon and Premier Chou En-lai on the normalization of relations between the United States of America and the People's Republic of China, as well as on other matters of interest to both sides. In addition, Secretary of State William Rogers and Foreign Minister Chi P'eng-fei (Ji Pengfei) held talks in the same spirit.

President Nixon and his party visited Peking and viewed cultural, industrial and agricultural sites, and they also toured Hangchow (Hangzhou) and Shanghai where, continuing discussions with Chinese leaders, they viewed similar places of interest.

The leaders of the People's Republic of China and the United States of America found it beneficial to have this opportunity, after so many years without contact, to present candidly to one another their views on a variety of issues. They reviewed the international situation in which important changes and great upheavals are taking place and expounded their respective positions and attitudes.

The U.S. side stated: Peace in Asia and peace in the world requires efforts both to reduce immediate tensions and to eliminate the basic causes of conflict. The United States will work for a just and secure peace: just,

because it fulfills the aspirations of peoples and nations for freedom and progress; secure, because it removes the danger of foreign aggression. The United States supports individual freedom and social progress for all the peoples of the world, free of outside pressure or intervention. The United States believes that the effort to reduce tensions is served by improving communication between countries that have different ideologies so as to lessen the risks of confrontation through accident, miscalculation or misunderstanding. Countries should treat each other with mutual respect and be willing to compete peacefully, letting performance be the ultimate judge. No country should claim infallibility and each country should be prepared to reexamine its own attitudes for the common good. The United States stressed that the peoples of Indochina should be allowed to determine their destiny without outside intervention; its constant primary objective has been a negotiated solution; the eight-point proposal put forward by the Republic of Vietnam and the United States on January 27, 1972, represents a basis for the attainment of that objective; in the absence of a negotiated settlement the United States envisages the ultimate withdrawal of all U.S. forces from the region consistent with the aim of self-determination for each country of Indochina. The United States will maintain its close ties with and support for the Republic of Korea; the United States will support efforts of the Republic of Korea to seek a relaxation of tension and increased communication in the Korean peninsula. The United States places the highest value on its friendly relations with Japan; it will continue to develop the existing close bonds. Consistent with the United Nations Security Council Resolution of December 21, 1971, the United States favors the continuation of the ceasefire between India and Pakistan and the withdrawal of all military forces to within their own territories and to their own sides of the ceasefire line in Jammu and Kashmir; the United States supports the right of the peoples of South Asia to shape their own future in peace, free of military threat, and without having the area become the subject of great power rivalry.

The Chinese side stated: Wherever there is oppression, there is resistance. Countries want independence, nations want liberation and the people want revolution—this has become the irresistible trend of history. All nations, big or small, should be equal; big nations should not bully the small and strong nations should not bully the weak. China will never be a superpower and it opposes hegemony and power politics of any kind. The Chinese side stated that it firmly supports the struggles of all the oppressed people and nations for freedom and liberation and that the people of all countries have the right to choose their social systems according to their own wishes and the right to safeguard the independence, sovereignty and territorial integrity of their own countries and oppose foreign aggression, interference, control and subversion. All foreign troops should be withdrawn to their own countries.

The Chinese side expressed its firm support to the peoples of Vietnam, Laos, and Cambodia in their efforts for the attainment of their goal and its firm support to the seven-point proposal of the Provisional Revolutionary Government of the Republic Of South Vietnam and the elaboration of February this year on the two key problems in the proposal, and to the Joint Declaration of the Summit Conference of the Indochinese Peoples. It firmly supports the eight-point program for the peaceful unification of Korea put forward by the Government of the Democratic People's Republic of Korea on April 12, 1971, and the stand for the abolition of the "U.N. Commission for the Unification and Rehabilitation of Korea." It firmly opposes the revival and outward expansion of Japanese militarism and firmly supports the Japanese people's desire to build an independent, democratic, peaceful and neutral Japan. It firmly maintains that India and Pakistan should, in accordance with the United Nations resolutions on the India-Pakistan question, immediately withdraw all their forces to their respective territories and to their own sides of the ceasefire line in Jammu and Kashmir and firmly supports the Pakistan Government and people in their struggle to preserve their independence and sovereignty and the people of Jammu and Kashmir in their struggle for the right of self-determination.

There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People's Republic of China are prepared to apply these principles to their mutual relations.

With these principles of international relations in mind the two sides stated that:

—progress toward the normalization of relations between China and the United States is in the interests of all countries;

—both wish to reduce the danger of international military conflict;

—neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony; and

—neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.

Both sides are of the view that it would be against the interests of the peoples of the world for any major country to collude with another against

other countries, or for major countries to divide up the world into spheres of interest.

The two sides reviewed the long-standing serious disputes between China and the United States. The Chinese side reaffirmed its position: The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of "one China, one Taiwan," "one China, two governments," "two Chinas," and "independent Taiwan" or advocate that "the status of Taiwan remains to be determined."

The U.S. side declared: 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 United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes.

The two sides agreed that it is desirable to broaden the understanding between the two peoples. To this end, they discussed specific areas in such fields as science, technology, culture, sports and journalism, in which people-to-people contacts and exchanges would be mutually beneficial. Each side undertakes to facilitate the further development of such contacts and exchanges.

Both sides view bilateral trade as another area from which mutual benefits can be derived, and agreed that economic relations based on equality and mutual benefit are in the interest of the people of the two countries. They agree to facilitate the progressive development of trade between their two countries.

The two sides agreed that they will stay in contact through various channels, including the sending of a senior U.S. representative to Peking from time to time for concrete consultations to further the normalization of relations between the two countries and continue to exchange views on issues of common interest.

The two sides expressed the hope that the gains achieved during this visit would open up new prospects for the relations between the two countries. They believe that the normalization of relations between the two

countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world.

President Nixon, Mrs. Nixon and the American party expressed their appreciation for the gracious hospitality shown them by the Government and people of the People's Republic of China.

Source: Harry Harding, *A Fragile Relationshp* (Washington, D.C.: Brookings Institution, 1992), p. 373–377.

Documents on the Normalization of U.S.–China Relations

December 15–16, 1978

Joint Communiqué on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China, January 1, 1979

The United States of America and the People's Republic of China have agreed to recognize each other and to establish diplomatic relations as of January 1, 1979.

The United States of America recognizes the Government of the People's Republic of China as the sole legal Government of China. Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan.

The United States of America and the People's Republic of China reaffirm the principles agreed on by the two sides in the Shanghai Communiqué and emphasize once again that:

—Both wish to reduce the danger of international military conflict.

—Neither should seek hegemony in the Asia-Pacific region or in any other region of the world and each is opposed to efforts by any other country or group of countries to establish such hegemony.

—Neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.

—The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China.

—Both believe that normalization of Sino-American relations is not only in the interest of the Chinese and American peoples but also contributes to the cause of peace in Asia and the world.

The United States of America and the People's Republic of China will exchange Ambassadors and establish Embassies on March 1, 1979.

United States Statement on Diplomatic Relations Between the United States and the People's Republic of China, December 15, 1978

As of January 1, 1979, the United States of America recognizes the People's Republic of China as the sole legal government of China. On the same date, the People's Republic of China accords similar recognition to the United States of America. The United States thereby establishes diplomatic relations with the People's Republic of China.

On that same date, January 1, 1979, the United States of America will notify Taiwan that it is terminating diplomatic relations and that the Mutual Defense Treaty between the United States and the Republic of

China is being terminated in accordance with the provisions of the Treaty. The United States also states that it will be withdrawing its remaining military personnel from Taiwan within four months.

In the future, the American people and the people of Taiwan will maintain commercial, cultural and other relations without official government representation and without diplomatic relations.

The Administration will seek adjustments to our laws and regulations to permit the maintenance of commercial, cultural, and other non-governmental relationships in the new circumstances that will exist after normalization.

The United States is confident that the people of Taiwan face a peaceful and prosperous future. The United States continues to have an interest in the peaceful resolution of the Taiwan issue and expects that the Taiwan issue will be settled peacefully by the Chinese themselves.

The United States believes that the establishment of diplomatic relations with the People's Republic will contribute to the welfare of the American people, to the stability of Asia where the United States has major security and economic interest, and to the peace of the entire world.

Statement of the Government of the People's Republic of China in Connection with the Establishment of China–U.S. Diplomatic Relations

As of January 1, 1979, the People's Republic of China and the United States of America recognize each other and establish diplomatic relations, thereby ending the prolonged abnormal relationship between them. This is a historic event in Sino–U.S. relations.

As is known to all, the Government of the People's Republic of China is the sole legal government of China and Taiwan is a part of China. The question of Taiwan was the crucial issue obstructing the normalization of relations between China and the United States. It has now been resolved between the two countries in the spirit of the Shanghai Communiqué and through their joint efforts, thus enabling the normalization of relations so ardently desired by the people of the two countries. As for the way of bringing Taiwan back to the embrace of the motherland and reunifying the country, it is entirely China's internal affair.

At the invitation of the U.S. Government, Teng Hsiao-ping [Deng Xiaoping], vice-premier of the State Council of the People's Republic of China, will pay an official visit to the United States in January 1979, with a view to further promoting the friendship between the two peoples and good relations between the two countries.

Source: Harding, *A Fragile Relationship*, p. 379–381.

Documents on U.S. Arms Sales to Taiwan

August 17, 1982

United States–China Joint Communiqué on United States Arms Sales to Taiwan

1. In the Joint Communiqué on the Establishment of Diplomatic Relations on January 1, 1979, issued by the Government of the United States of America and the Government of the People's Republic of China, the United States of America recognized the Government of the People's Republic of China as the sole legal government of China, and it acknowledged the Chinese position that there is but one China and Taiwan is part of China. Within that context, the two sides agreed that the people of the United States would continue to maintain cultural, commercial, and other unofficial relations with the people of Taiwan. On this basis, relations between the United States and China were normalized.

2. The question of the United States arms sales to Taiwan was not settled in the course of negotiations between the two countries on establishing diplomatic relations. The two sides held differing positions, and the Chinese side stated that it would raise the issue again following normalization. Recognizing that this issue would seriously hamper the development of United States–China relations, they have held further discussions on it, during and since the meetings between President Ronald Reagan and Premier Zhao Ziyang and between Secretary of State Alexander M. Haig, Jr., and Vice Premier and Foreign Minister Huang Hua in October, 1981.

3. Respect for each other's sovereignty and territorial integrity and noninterference in each other's internal affairs constitute the fundamental principles guiding the United States–China relations. These principles were confirmed in the Shanghai Communiqué of February 28, 1972, and reaffirmed in the Joint Communiqué on the Establishment of Diplomatic Relations which came into effect on January 1, 1979. Both sides emphatically state that these principles continue to govern all aspects of their relations.

4. The Chinese government reiterates that the question of Taiwan is China's internal affair. The Message to Compatriots in Taiwan issued by China on January 1, 1979, promulgated a fundamental policy of striving for peaceful reunification of the Motherland. The Nine-Point Proposal put forward by China on September 30, 1981 represented a further effort under this fundamental policy to strive for a peaceful solution to the Taiwan question.

5. The United States Government attaches great importance to its relations with China, and reiterates that it has no intention of infringing on Chinese sovereignty and territorial integrity, or interfering in China's internal

affairs, or pursuing a policy of "two Chinas" or "one China, one Taiwan." The United States Government understands and appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question as indicated in China's Message to Compatriots in Taiwan issued on January 1, 1979, and the Nine-Point Proposal put forward by China on September 30, 1981. The new situation which has emerged with regard to the Taiwan question also provides favorable conditions for the settlement of United States–China differences over the question of United States arms sales to Taiwan.

6. Having in mind the foregoing statements of both sides, the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution. In so stating, the United States acknowledges China's consistent position regarding the thorough settlement of this issue.

7. In order to bring about, over a period of time, a final settlement of the question of United States arms sales to Taiwan, which is an issue rooted in history, the two governments will make every effort to adopt measures and create conditions conducive to the thorough settlement of this issue.

8. The development of United States–China relations is not only in the interests of the two peoples but also conducive to peace and stability in the world. The two sides are determined, on the principle of equality and mutual benefit, to strengthen their ties in the economic, cultural, educational, scientific, technological and other fields and make strong, joint efforts for the continued development of relations between the governments and peoples of the United States and China.

9. In order to bring about the healthy development of United States–China relations, maintain world peace and oppose aggression and expansion, the two governments reaffirm the principles agreed on by the two sides in the Shanghai Communiqué and the Joint Communiqué on the Establishment of Diplomatic Relations. The two sides will maintain contact and hold appropriate consultations on bilateral and international issues of common interest.

Statement [of President Reagan] on United States Arms Sales to Taiwan

The U.S.–China Joint Communiqué issued today embodies a mutually satisfactory means of dealing with the historical question of U.S. arms sales to Taiwan. This document preserves principles on both sides, and will promote

the further development of friendly relations between the governments and peoples of the United States and China. It will also contribute to the further reduction of tensions and to lasting peace in the Asia/Pacific region.

Building a strong and lasting relationship with China has been an important foreign goal of four consecutive American administrations. Such a relationship is vital to our long-term national security interests and contributes to stability in East Asia. It is in the national interest of the United States that this important strategic relationship be advanced. This communiqué will make that possible, consistent with our obligations to the people of Taiwan.

In working toward this successful outcome we have paid particular attention to the needs and interests of the people of Taiwan. My longstanding personal friendship and deep concern for their well-being is steadfast and unchanged. I am committed to maintaining the full range of contacts between the people of the United States and the people of Taiwan—cultural, commercial, and people-to-people contacts—which are compatible with our unofficial relationship. Such contacts will continue to grow and prosper and will be conducted with the dignity and honor befitting old friends.

Regarding future U.S. arms sales to Taiwan, our policy, set forth clearly in the communiqué, is fully consistent with the Taiwan Relations Act. Arms sales will continue in accordance with the act and with the full expectation that the approach of the Chinese Government to the resolution of the Taiwan issue will continue to be peaceful. We attach great significance to the Chinese statement in the communiqué regarding China's "fundamental" policy, and it is clear from our statements that our future actions will be conducted with this peaceful policy fully in mind. The position of the United States Government has always been clear and consistent in this regard. The Taiwan question is a matter for the Chinese people, on both sides of the Taiwan Strait, to resolve. We will not interfere in this matter or prejudice the free choice of, or put pressure on, the people of Taiwan in this matter. At the same time, we have an abiding interest and concern that any resolution be peaceful. I shall never waver from this fundamental position.

I am proud, as an American, at the great progress that has been made by the people of Taiwan over the past three decades, and of the American contribution to that process. I have full faith in the continuation of that process. My administration, acting through appropriate channels, will continue strongly to foster that development and to contribute to a strong and healthy investment climate thereby enhancing the well-being of the people of Taiwan.

Statement of the Spokesman of the Ministry of
Foreign Affairs of the People's Republic of China

1. Following discussions, the Government of the People's Republic of China and the Government of the United States of America have reached agreement on the question of United States sale of arms to Taiwan. The two sides have released the joint communiqué simultaneously today.

The United States sale of arms to Taiwan is an issue which affects China's sovereignty. Back in 1978, when the two countries held negotiations on the establishment of diplomatic relations, the Chinese Government stated in explicit terms its opposition to the arms sales to Taiwan. As this issue could not be settled at that time, the Chinese side suggested that the two sides continue discussions on the issue following the establishment of diplomatic relations. It is evident that failure to settle this issue is bound to impair seriously the relations between the two countries.

With a view to safeguarding China's sovereignty and removing the obstacle to the development of relations between the two countries, Premier Zhao Ziyang held discussions with President Ronald Reagan on this issue during the Cancun meeting in Mexico in October 1981. Subsequently, Vice Premier and Foreign Minister Huang Hua continued the discussions with Secretary of State Alexander M. Haig, Jr., in Washington. As from December 1981, the two sides started concrete discussions through diplomatic channels in Beijing. During this period, U.S. Vice-President George Bush, entrusted by President Reagan, paid a visit to China in May 1982 when he held discussions with the Chinese leaders on the same subject. The joint communiqué released by the two sides today is the outcome of repeated negotiations between China and the United States over the past ten months. It has laid down the principles and steps by which the question of U.S. arms sales to Taiwan should be settled.

2. The joint communiqué reaffirms the principles of respect for each other's sovereignty and territorial integrity and non-interference in each other's internal affairs as embodied in the Shanghai Communiqué and the joint communiqué on the establishment of diplomatic relations between China and the United States. Both sides also emphatically state that these principles continue to govern all aspects of their relations. That is to say, the question of U.S. arms sales to Taiwan must be settled on these principles. Needless to say, only by strictly observing these principles in dealing with the existing or new issues between the two countries will it be possible for their relations to develop healthily.

3. In compliance with the above principles governing the relations

between the two countries, the U.S. arms sales to Taiwan should have been terminated altogether long ago. But considering that this is an issue left over by history, the Chinese Government, while upholding the principles, has agreed to settle it step by step. The U.S. side has committed that, as the first step, its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the two countries, and that they will be gradually reduced, leading to a final resolution of this issue over a period of time. The final resolution referred to here certainly implies that the U.S. arms sales to Taiwan must be completely terminated over a period of time. And only a thorough settlement of this issue can remove the obstacles in the way of developing relations between the two countries.

4. In the joint communiqué, the Chinese Government reiterates in clear-cut terms its position that "the question of Taiwan is China's internal affair." The U.S. side also indicates that it has no intention of infringing on Chinese sovereignty and territorial integrity, or interfering in China's internal affairs, or pursuing a policy of "two Chinas" or "one China, one Taiwan." The Chinese side refers in the joint communiqué to its fundamental policy of striving for peaceful reunification of the motherland for the purpose of further demonstrating the sincere desire of the Chinese Government and people to strive for a peaceful solution to the Taiwan question. On this issue, which is purely China's internal affair, no misinterpretation or foreign interference is permissible.

5. It must be pointed out that the present joint communiqué is based on the principle embodied in the joint communiqué on the establishment of diplomatic relations between China and the United States and the basic norms guiding international relations and has nothing to do with the "Taiwan Relations Act" formulated unilaterally by the United States.

The "Taiwan Relations Act" seriously contravenes the principles embodied in the joint communiqué on the establishment of diplomatic relations between the two countries, and the Chinese Government has consistently been opposed to it. All interpretations designed to link the present joint communiqué to the "Taiwan Relations Act" are in violation of the spirit and substance of this communiqué and are thus unacceptable.

6. The agreement reached between the Governments of China and the United States on the question of U.S. arms sales to Taiwan only marks a beginning of the settlement of this issue. What is important is that the relevant provisions of the joint communiqué are implemented in earnest, so that the question of U.S. arms sales to Taiwan can be resolved thoroughly at an early date. This is indispensable to the maintenance and development of Sino–U.S. relations.

Statement of the Spokesman of the Ministry of Foreign Affairs of the Republic of China [Taiwan]

With regard to the joint communiqué issued on August 17, 1982, by the Government of the United States of America and the Chinese Communist regime, the Government of the Republic of China hereby reiterates its solemn position that it will consider null and void any agreement involving the rights and interests of the government and people of the Republic of China reached between the United States government and the Chinese Communist regime. The Government of the Republic of China makes further declarations as follows:

The supply of adequate defensive weapons to the Republic of China is an established arms sales policy of the United States of America, formulated by and executed within the stipulations of the Taiwan Relations Act.

Now the United States government has mistaken the fallacious "peaceful intention" of the Chinese Communists as sincere and meaningful and consequently acceded to the latter's demand to put [a] ceiling on both the quality and quantity of the arms to be sold to the Republic of China, it is in contravention of the letter and spirit of the Taiwan Relations Act, for which we must express our profound regret.

The Chinese Communists would always justify the means they choose to employ in attaining their aims. The alternating employment of peace talk and military action is their traditional, inveterate trick. The Chinese Communists are exerting all efforts in waging an international united front campaign, with a view to further isolating the Republic of China. They are seeking all possible means to interrupt and discontinue U.S. arms sales to the Republic of China, trying to pave the way for their military invasion of this country.

It is a serious mistake that the United States Government, failing to comprehend the real nature of the trick and fraud of the Chinese Communists, unwittingly issued the above-said document jointly with them.

During the process of discussions of the so-called joint communiqué, the U.S. side has kept the Government on the Republic of China informed of its developments, and at the same time the Government of the Republic of China has presented to the United States its consistent position of firmly opposing the issuance of such a document.

On July 14, 1982, the U.S. side, through appropriate channels, made the following points known to the Republic of China that the U.S. side:

1. Has not agreed to set a date for ending arms sales to the Republic of China.

2. Has not agreed to hold prior consultations with the Chinese Communists on arms sales to the Republic of China.

3. Will not play any mediation role between Taipei and Peiping.
4. Has not agreed to revise the Taiwan Relations Act.
5. Has not altered its position regarding sovereignty over Taiwan.
6. Will not exert pressure on the Republic of China to enter into negotiations with the Chinese Communists.

We earnestly hope that the United States Government will not be deceived by but will see through the Chinese Communists' plot in attempting to annex our base of national recovery and to divide the free world. We also hope that the United States, upholding her founding spirit of freedom and justice, will fully and positively implement the Taiwan Relations Act to continue providing us with defensive arms so as to maintain the stability and prosperity of the Republic of China and to safeguard the peace and security of the Asian-Pacific region.

Source: Harding, *A Fragile Relationship*, pp. 383–390.

Taiwan Relations Act of 1979

Following the normalization of U.S.–China relations on January 1, 1979, the U.S. Congress sought to reaffirm America's commitment to Taiwan's security through a bill (HR 2479) that became known as the Taiwan Relations Act, signed into law (PL 96-8) by President Jimmy Carter on April 10, 1979. The major provisions are listed below.

Findings and Declaration of Policy

Sec. 2

(a) The President having terminated governmental relations between the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, the Congress finds that the enactment of this Act is necessary—
  (1) to help maintain peace, security, and stability in the Western Pacific; and
  (2) to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan.

(b) It is the policy of the United States—
  (1) to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area;
  (2) to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern;
  (3) to make clear that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;
  (4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States;
  (5) to provide Taiwan with arms of a defensive character; and
  (6) to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.

(c) Nothing contained in this Act shall contravene the interest of the

United States in human rights, especially with respect to the human rights of all the approximately eighteen million inhabitants of Taiwan. The preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States.

Implementation of United States Policy with Regard to Taiwan
Sec. 3

(a) In furtherance of the policy set forth in section 2 of this Act, the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.

(b) The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan, in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress.

(c) The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger.

Application of Laws; International Agreements
Sec. 4

(a) The absence of diplomatic relations or recognition shall not affect the application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979.

(b) The application of subsection (a) of this section shall include, but shall not be limited to, the following:

(1) Whenever the laws of the United States refer or relate to foreign countries, nations, states, governments, or similar entities, such terms shall include and such laws shall apply with respect to Taiwan.

(2) Whenever authorized by or pursuant to the laws of the United States to conduct or carry out programs, transactions, or other relations with respect to foreign countries, nations, states, governments, or similar entities, the President or any agency of the United States Government is authorized to conduct and carry out, in accordance with section 6 of this Act, such programs, transactions,

and other relations with respect to Taiwan (including, but not limited to, the performance of services for the United States through contracts with commercial entities on Taiwan), in accordance with the applicable laws of the United States.

(3) (a) The absence of diplomatic relations and recognition with respect to Taiwan shall not abrogate, infringe, modify, deny, or otherwise affect in any way any rights or obligations (including but not limited to those involving contracts, debts, or property interests of any kind) under the laws of the United States heretofore or hereafter acquired by or with respect to Taiwan.

(b) For all purposes under the laws of the United States, including actions in any court in the United States, recognition of the People's Republic of China shall not affect in any way the ownership of or other rights or interests in properties, tangible and intangible, and other things of value, owned or held on or prior to December 31, 1978, or thereafter acquired or earned by the governing authorities on Taiwan.

(4) Whenever the application of the laws of the United States depends upon the law that is or was applicable on Taiwan or compliance therewith, the law applied by the people on Taiwan shall be considered the applicable law for that purpose.

(5) Nothing in this Act, nor the facts of the President's action in extending diplomatic recognition to the People's Republic of China, the absence of diplomatic relations between the people on Taiwan and the United States, or the lack of recognition by the United States, and attendant circumstances thereto, shall be construed in any administrative or judicial proceeding as a basis for any United States Government agency, commission, or department to make a finding of fact or determination of law, under the Atomic Energy Act of 1954 and the Nuclear Non-Proliferation Act of 1978, to deny an export license application or to revoke an existing export license for nuclear exports to Taiwan.

(6) For purposes of the Immigration and Nationality Act, Taiwan may be treated in the manner specified in the first sentence of section 202(b) of that Act.

(7) The capacity of Taiwan to sue and be sued in courts in the United States, in accordance with the laws of the United States, shall not be abrogated, infringed, modified, denied, or otherwise affected in any way by the absence of diplomatic relations or recognition.

(8) No requirement, whether expressed or implied, under the laws of the United States with respect to maintenance of diplomatic relations or recognition shall be applicable with respect to Taiwan.

(c) For all purposes, including actions in any court in the United States, the Congress approves the continuation in force of all treaties and other international agreements, including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law.

(d) Nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization.

Overseas Private Investment Corporation

Sec. 5

(a) During the three-year period beginning on the date of enactment of this Act, the $1,000 per capita income restriction in clause (2) of the second undesignated paragraph of section 231 of the Foreign Assistance Act of 1961 shall not restrict the activities of the Overseas Private Investment Corporation in determining whether to provide any insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan.

(b) Except as provided in subsection (a) of this section, in issuing insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan, the Overseas Private Investment Corporation shall apply the same criteria as those applicable in other parts of the world.

The American Institute in Taiwan

Sec. 6

(a) Programs, transactions, and other relations conducted or carried out by the President or any agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through—

(1) The American Institute in Taiwan, a nonprofit corporation incorporated under the laws of the District of Columbia, or

(2) such comparable successor nongovernmental entity as the President may designate, (hereafter in this Act referred to as the Institute).

(b) Whenever the President or any agency of the United States Government is authorized or required by or pursuant to the laws of the United States to enter into, perform, enforce, or have in force an agreement or transaction relative to Taiwan, such agreement or transaction shall be entered into, performed, and enforced, in the manner and to the extent directed by the President, by or through the Institute.

(c) To the extent that any law, rule, regulation, or ordinance of the District of Columbia, or of any State or political subdivision thereof in which the Institute is incorporated or doing business, impedes or otherwise interferes with the performance of the functions of the Institute pursuant to this Act, such law, rule, regulation, or ordinance shall be deemed to be preempted by this Act.

Services by the Institute to United States Citizens on Taiwan

Sec. 7

(a) The Institute may authorize any of its employees on Taiwan—

(1) to administer to or take from any person an oath, affirmation, affidavit, or deposition, and to perform any notarial act which any notary public is required or authorized by law to perform within the United States;

(2) To act as provisional conservator of the personal estates of deceased United States citizens; and

(3) to assist and protect the interests of United States persons by performing other acts such as are authorized to be performed outside the United States for consular purposes by such laws of the United States as the President may specify.

(b) Acts performed by authorized employees of the Institute under this section shall be valid, and of like force and effect within the United States, as if performed by any other person authorized under the laws of the United States to perform such acts.

Tax-Exempt Status of the Institute

Sec. 8

(a) The Institute, its property, and its income are exempt from all taxation now or hereafter imposed by the United States (except to the extent that section 11(a)(3) of this Act requires the imposition of taxes imposed under chapter 21 of the Internal Revenue Code of 1954, relating to the Federal Insurance Contributions Act) or by any State or local taxing authority of the United States.

(b) For purposes of the Internal Revenue Code of 1954, the Institute shall be treated as an organization described in sections 170(b)(1)(A), 170(c), 2055(a), 2106(a)(2)(A), 2522(a), and 2522(b).

Taiwan Instrumentality

Sec. 10

(a) Whenever the President or any agency of the United States Government is authorized or required by or pursuant to the laws of the United States to render or provide to or to receive or accept from Taiwan, any

performance, communication, assurance, undertaking, or other action, such action shall, in the manner and to the extent directed by the President, be rendered or provided to, or received or accepted from, an instrumentality established by Taiwan which the President determines has the necessary authority under the laws applied by the people on Taiwan to provide assurances and take other actions on behalf of Taiwan in accordance with this Act.

(b) The President is requested to extend to the instrumentality established by Taiwan the same number of offices and complement of personnel as were previously operated in the United States by the governing authorities on Taiwan recognized as the Republic of China prior to January 1, 1979.

(c) Upon the granting by Taiwan of comparable privileges and immunities with respect to the Institute and its appropriate personnel, the President is authorized to extend with respect to the Taiwan instrumentality and its appropriate personnel, such privileges and immunities (subject to appropriate conditions and obligations) as may be necessary for the effective performance of their functions.

Separation of Government Personnel for Employment with the Institute

Sec. 11

(a) (1) Under such terms and conditions as the President may direct, any agency of the United States Government may separate from Governmental service for a specified period any officer or employee of that agency who accepts employment with the Institute.

(2) An officer or employee separated by an agency under paragraph (1) of this subsection for employment with the Institute shall be entitled upon termination of such employment to reemployment or reinstatement with such agency (or a successor agency) in an appropriate position with the attendant rights, privileges, and benefits which the officer or employee would have had or acquired had he or she not been so separated, subject to such time period and other conditions as the President may prescribe.

Reporting Requirement

Sec. 12

(a) The Secretary of State shall transmit to the Congress the text of any agreement to which the Institute is a party. However, any such agreement the immediate public disclosure of which would, in the opinion of the President, be prejudicial to the national security of the United States shall not be so transmitted to the Congress but shall be transmitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives under

an appropriate injunction of secrecy to be removed only upon due notice from the President.

(b) For purposes of subsection (a), the term "agreement" includes—(1) any agreement entered into between the Institute and the governing authorities on Taiwan or the instrumentality established by Taiwan; and (2) any agreement entered into between the Institute and an agency of the United States Government.

(c) Agreements and transactions made or to be made by or through the Institute shall be subject to the same congressional notification, review, and approval requirements and procedures as if such agreements and transactions were made by or through the agency of the United States Government on behalf of which the Institute is acting.

(d) During the two-year period beginning on the effective date of this Act, the Secretary of State shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, every six months, a report describing and reviewing economic relations between the United States and Taiwan, noting any interference with normal commercial relations.

Rules and Regulations

Sec. 13

The President is authorized to prescribe such rules and regulations as he may deem appropriate to carry out the purposes of this Act. During the three-year period beginning on the effective date of this Act, such rules and regulations shall be transmitted promptly to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate. Such action shall not, however, relieve the Institute of the responsibilities placed upon it by this Act.

Congressional Oversight

Sec. 14

(a) The Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and other appropriate committees of the Congress shall monitor—

(1) the implementation of the provisions of this Act;

(2) the operation and procedures of the Institute;

(3) the legal and technical aspects of the continuing relationship between the United States and Taiwan; and

(4) the implementation of the policies of the United States concerning security and cooperation in East Asia.

(b) Such committees shall report, as appropriate, to their respective Houses on the results of their monitoring.

Definitions
Sec. 15

For purposes of this Act—

(1) the term "laws of the United States" includes any statute, rule, regulation, ordinance, order, or judicial rule of decision of the United States or any political subdivision thereof; and

(2) the term Taiwan includes, as the context may require, the islands of Taiwan and the Pescadores [Penghu], the people on those islands, corporations and other entities and associations created or organized under the laws applied on those islands, and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and any successor governing authorities (including political subdivisions, agencies, and instrumentalities thereof).

Authorization of Appropriations
Sec. 16

In addition to funds otherwise available to carry out the provisions of this Act, there are authorized to be appropriated to the Secretary of State for the fiscal year 1980 such funds as may be necessary to carry out such provisions. Such funds are authorized to remain available until expended.

Severability of Provisions
Sec. 17

If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of the Act and the application of such provision to any other person or circumstance shall not be affected thereby.

Effective Date
Sec. 18

This Act shall be effective as of January 1, 1979.

Source: Debra E. Soled, *China: A Nation in Transition* (Washington, D.C.: Congressional Quarterly, Inc., 1995), pp. 351–355.

Taiwan Policy Review

Winston Lord, Assistant Secretary for East Asian and Pacific Affairs

Statement before the Senate Foreign Relations Committee,
Washington, DC, September 27, 1994

Thank you for inviting me to testify on behalf of the Administration on an issue of substantial importance to our policy in the Asia-Pacific region. Our bonds with Taiwan are robust, friendly, growing, and complex.

Your invitation is timely. For the first time in 15 years, we have systematically enhanced the ways in which we promote American interests and manage our relationship with Taiwan. The Administration has carefully examined every facet of our unofficial ties, with a view to correcting their anomalies and strengthening their sinews. The President has taken a personal interest in this process and directed that a series of changes be implemented.

The lengthy, detailed interagency policy review that we have conducted is the first of its kind launched by any administration of either political party since we shifted recognition to Beijing in 1979. We have consulted with interested members of Congress and the private sector. The foundation of our approach has been to advance U.S. national objectives in our relations with Taiwan and the P.R.C., as well as in the Asia-Pacific area generally. The results, we believe, strike the right balance between Taipei and Beijing, laying the basis for further expanding relations with both while ensuring continued peace and stability in the Taiwan Strait.

Policy Framework

The basic framework of our policies toward the P.R.C. and Taiwan remains unchanged. It is worth recalling how durable and productive that policy has been. During 22 years, six administrations of both political parties have closely examined this approach and concluded that it is firmly rooted in U.S. national interests. Throughout this period we have maintained our friendship and ties with Taiwan while advancing our considerable goals with the People's Republic of China.

U.S. policy toward Taiwan is governed, of course, by the Taiwan Relations Act of 1979. Three communiqués with the People's Republic of China—the Shanghai Communiqué of 1972, the Normalization Communiqué of 1979, and the Joint Communiqué of 1982—also constitute part of the foundation. In the joint communiqué shifting diplomatic relations to the P.R.C. 15 years ago, the United States recognized "the Government of the People's Republic of China as the sole legal Government of China."

The document further states that "Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan." The United States also acknowledged "the Chinese position that there is but one China and Taiwan is part of China." These formulations were repeated in the 1982 communiqué. Since 1978, each administration has reaffirmed this policy.

The policy has been essential in maintaining peace, stability and economic development on both sides of the Taiwan Strait and throughout the region. It has buttressed expansion of bilateral contacts between China and Taiwan, including a broadening of social and economic linkages that have improved standards of living both in Taiwan and in the People's Republic of China. Meanwhile, the United States has maintained mutually beneficial ties with both the P.R.C. and Taiwan. We have focused our bilateral and multilateral agendas on working cooperatively with each while not putting at unnecessary risk our relations with either. We have made absolutely clear our expectations that cross-strait relations will evolve in a peaceful manner. We neither interfere in nor mediate this process. But we welcome any evolution in relations between Taipei and Beijing that is mutually agreed upon and peacefully reached.

Change in the Region

During the past two decades, Taiwan has been one of the world's greatest economic success stories, achieving rapid growth and prosperity. Its security has been enhanced and is more solid than ever. It has taken dramatic strides toward democracy and the fulfillment of human rights. With a small population and modest resources, Taiwan has risen to become one of the world's major economic actors, while putting into practice a lively, increasingly representative political system. It has shown that political openness must accompany economic reform and that Asians value freedom as much as other peoples around the globe.

These remarkable developments are a tribute, above all, to the talents and energy of the people of Taiwan and to their enlightened leaders. They also reflect the soundness of bipartisan U.S. policies pursued through successive administrations. We have been faithful to Taiwan while addressing our wide range of goals with Beijing.

At the same time, in recent years, changes of a profound nature have taken place in the People's Republic of China. The P.R.C. in undergoing a significant transition from a command to a market economy that has brought unprecedented prosperity to millions. It has opened up to the outside world, but it clings to a repressive political system. It is an increasingly important player on the world stage.

In the end, it is only the two parties themselves—Taiwan and the P.R.C.—that will be able to resolve the issues between them. In this regard, the United States applauds the continuing progress in the cross-strait dialogue. The record is one of slow but not inconsequential advance. We should not underestimate the significance of two parties—who have a history of bitter enmity—getting together to discuss issues. While credit must go, first of all, to each for enhancing their dialogue, U.S. policy has contributed to a climate which has fostered not only these growing exchanges but also trade, investment, and travel between them. This trend toward contact and dialogue serves the interests of both parties and the United States and of regional stability and prosperity.

Taiwan's security is one of the most important aspects of our policy. Meeting the needs of Taiwan is critical not only for Taiwan but also for peace and stability in the region. We will continue to provide material and training to Taiwan to enable it to maintain a sufficient self-defense capability, as mandated by the Taiwan Relations Act.

There is no change in our arms sales policy as a result of the adjustments we are undertaking. Our sales to Taiwan will remain fully consistent with both the Taiwan Relations Act and the 1982 U.S.–P.R.C. communiqué. These documents are complementary and support the same basic objectives—peace and stability in the Taiwan Strait.

Policy Adjustments

Within this framework, the President has decided to enhance our unofficial ties with Taiwan. Our goal is to reinforce the success of the fundamental policy approach I have outlined, which has promoted peace and growth in the region, while accommodating changing circumstances in ways that advance U.S. interests. We believe it would be a serious mistake to derail this basic policy of several administrations by introducing what China would undoubtedly perceive as officiality in our relations with Taiwan. This is why the Administration strongly opposes Congressional attempts to legislate visits by top leaders of the "Republic of China" to the U.S.

Let me give you the highlights of our changes. Taken together, they represent a significant advance while remaining faithful to the undertakings of several administrations of both political parties to Beijing. I will be pleased to provide more details later in response to your questions.

We are now prepared to send high-level officials from U.S. economic and technical agencies to visit Taiwan. We still make judgments as to what level of visitor best serves our interests. They will have meetings at whatever levels necessary to accomplish our objectives. We are also prepared to

establish a sub-cabinet economic dialogue with Taiwan. Moreover, last week we signed a Trade and Investment Framework Agreement and anticipate an early commencement of talks. We also are making some changes in the ways we promote our commercial and technical interests in Washington, including where meetings can be held.

Taiwan will have a new name for its office here—the Taipei Economic and Cultural Representative Office. Recognizing Taiwan's important role in transnational issues, we will support its membership in organizations where statehood is not a prerequisite, and we will support opportunities for Taiwan's voice to be heard in organizations where its membership is not possible.

Due in significant part to a well-conceived and consistent U.S. policy since 1979, U.S. and Taiwan relations are thriving. We can conduct any important business. Our trade and investment levels are high and rising. Some 37,000 students from Taiwan study in the U.S.—the second-highest number in the world. Thanks to our efforts, Taiwan is a valued member of the Asia-Pacific Economic Cooperation forum—the most important regional economic body in Asia. It is engaged in serious, productive negotiations which will lead to its accession to GATT.

Conclusion

Mr. Chairman, U.S. policy toward Taiwan has been a major bipartisan success story through several administrations. It is balanced, it is faithful to our obligations, our commitments, and our national purposes. It promotes our goals with both the P.R.C. and with Taiwan. Relations with the P.R.C. are official and diplomatic; with Taiwan, they are unofficial but strong. We do not believe that we can or should tamper with this successful formula. We do not seek and cannot impose a resolution of differences between Taiwan and the People's Republic of China. Nor should we permit one to manipulate us against the other.

What we can do—and what we have just done is the most thorough review and adjustment in 15 years—is to strengthen our unofficial relations with Taiwan, permit the expansion of ties with the P.R.C., promote regional peace and development, and serve American national interests. Thank you.

Source: U.S. Department of State Dispatch, vol. 5, no. 42 (October 17, 1994), pp. 705–706.

Managing the Taiwan Issue

Key Is Better U.S. Relations with China

Report of an Independent Task Force

One of the highest national security priorities of the United States must be to help reduce tensions over the Taiwan issue. Domestic political trends in the People's Republic of China and Taiwan as well as political currents in the United States are exacerbating competing national interests to threaten the equilibrium that has been maintained for almost two decades. Taiwan is seeking greater international recognition and pursuing policies that the P.R.C. perceives as "creeping independence" and views with deep emotion and hostility. This tension is unsettling to all Asian and Pacific nations, and it could erupt into war between the P.R.C. and Taiwan. Avoiding such an explosive breach of this relationship, and keeping the tensions it generates from overwhelming other U.S. vital interests in the region, is of critical importance to the United States.

This report—the result of an expert bipartisan task force including high-ranking military officers, business leaders, and foreign policy experts—considers a number of important trends that are shaping the Sino-American-Taiwan relationship, evaluates U.S. interests in this relationship, and arrives at a set of recommendations for the United States concerning how it should define its priorities and assert its interests with respect to this potentially volatile situation in the Taiwan Strait.

Sponsored by the Council on Foreign Relations