

# CRS Report for Congress

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## **U.S.-Taiwan Relations Under the Taiwan Relations Act: Lessons and Options— Findings of a CRS Workshop**

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Senior Specialist in International Politics  
Foreign Affairs, Defense, and Trade Division

# U.S.-Taiwan Relations Under the Taiwan Relations Act: Lessons and Options— Findings of a CRS Workshop

## Summary

This year marks the 20<sup>th</sup> anniversary of the Taiwan Relations Act (P.L. 96-8, signed April 10, 1979). At the request of the Chairman of the House International Relations Committee, the Congressional Research Service (CRS), with partial funding from the Henry M. Jackson Foundation, conducted a workshop to assess the lessons and options for U.S. policy stemming from the U.S. experience with Taiwan under the Taiwan Relations Act (TRA) over the past 20 years.

Workshop participants saw three general sets or clusters of lessons for U.S. policy stemming from the experience in managing relations with Taiwan under the TRA over the past 20 years. They centered on U.S. government-supported interactions with Taiwan, U.S. government approaches to dealing with cross Strait relations and other aspects of PRC-Taiwan relations, and unofficial, including so-called Track II, U.S. efforts to deal with Taiwan-mainland frictions. Participants agreed that the TRA had been essential in insuring continued U.S. support for Taiwan after the break in relations in 1979; that U.S. policy was seen to work best during those relatively infrequent occasions when U.S. policy makers in the Administration and Congress agreed generally on U.S. policy priorities that took careful account of important U.S. interests vis-a-vis Taiwan, as well as key U.S. concerns in relations with the PRC; and that the important U.S. stake in cross Strait relations was best secured through a carefully balanced approach that maintained an “equilibrium of confidence” in both Taipei and Beijing.

Looking to the future, participants favored policy options that relied on the existing language of the TRA to foster less constrained U.S. interaction with Taiwan while taking careful account of PRC interests and domestic politics. Challenges for U.S. policy included avoiding exaggerated views of alleged splitist trends in Taiwan domestic politics, and bridging the often deep divides between the U.S. Administration and Congress over appropriate policy toward Taiwan and cross Strait issues. To accomplish the latter would require a more forthcoming Administration posture toward interaction with Congress over policy toward Taiwan, and restraint on perceived congressional tendencies to “play politics” with Taiwan issues, according to workshop participants.

While encouraging cross Strait economic exchanges, dialogues, and other measures to build trust and reduce tensions, participants said the United States should eschew any mediating role and remain strongly engaged in the region to back up its objective that any solution to the issue is peaceful and acceptable by both sides, including the people of Taiwan. There was notable disagreement over whether continued active U.S. military support for Taiwan should include theater missile defense (TMD) equipment and technology, and also some disagreement as to how far the United States should go in supporting Taiwan’s role in International Organizations.

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# U.S.-Taiwan Relations Under the Taiwan Relations Act: Lessons and Options – Findings of a CRS Workshop

## Introduction

This year marks the 20<sup>th</sup> anniversary of the Taiwan Relations Act (P.L. 96-8, signed April 10, 1979). The law provides the legal framework for continued U.S. relations with Taiwan following the break in official U.S.-Taiwan relations as a result of U.S. normalization of relations with the People's Republic of China (PRC). Congress played a very important role in writing the Act, in insuring its careful implementation, and in guiding U.S. policy toward Taiwan over the past 20 years. Members of the 106<sup>th</sup> Congress are being called on to consider legislation (e.g. H. Con. Res. 56, S.Con. Res. 17), to participate in forums, to give statements to the media, and other tasks related to this anniversary.

At the request of the Chairman of the House International Relations Committee, the Congressional Research Service (CRS) conducted a workshop to assess the lessons and options for U.S. policy stemming from the U.S. experience with Taiwan under the Taiwan Relations Act (TRA) over the past 20 years. Meeting on Capitol Hill on March 19, 1999, the workshop heard presentations from eight speakers who are specialists with differing perspectives on important issues in U.S.-Taiwan relations, and the reactions and comments of 17 invited expert commentators who offered their views. A list of the speakers and commentators is provided below. There were 25 other participants at the workshop, which was open to congressional Members and staff. The ground rules for the workshop were that all comments would be off-the-record, and not for attribution.

What follows is a synopsis of the findings of the discussion at the workshop for the possible use of congressional Members as they consider legislation, statements, or other actions dealing with Taiwan and the TRA's 20<sup>th</sup> anniversary. Consistent with the ground rules of the workshop, there is no attribution to speakers or their institutions. To assist congressional readers unfamiliar with the history of congressional activity related to policy toward Taiwan over the past two decades, the report begins with a section briefly examining that record. Those already familiar with this background may skip to findings of the workshop, which begins on page 8.

## Congressional-Executive Interaction Over Taiwan Since the 1970s

U.S. relations with Taiwan since the 1970s and the passage of the Taiwan Relations Act have been successful in many respects but have more often than not been mired in controversy, especially between the Executive branch and the Congress. Over the past year, for example, there has been controversy over whether or not to provide U.S. theater missile defense (TMD) technology or equipment to Taiwan in the face of a buildup of PRC ballistic missiles opposite Taiwan, and whether to support Taiwan's entry into international organizations like the World Trade Organization (WTO), the World Bank, the IMF, or the World Health Organization. In general, congressional advocates have been inclined to push for greater support for Taiwan in these areas while the Administration has been more reticent, notably concerned about possible adverse reaction from the PRC government in Beijing.<sup>1</sup> Most notably, there was a very strong congressional reaction to President Clinton's public affirmation on June 30, 1998 of the so-called "three no's" regarding U.S. policy toward Taiwan. During a roundtable discussion in Shanghai following his summit meeting with Chinese leaders in Beijing, President Clinton said that "we don't support independence for Taiwan, or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member in any organization for which statehood is a requirement."<sup>2</sup>

This marked the first time a U.S. President had publicly affirmed the "three no's," though Clinton Administration officials have been saying them publicly and in private conversations with Chinese leaders publicized by Chinese media since at least 1996. Earlier U.S. statements, including some made privately by senior Administration officials to Chinese counterparts going back as far as 1971 provide a basis for the current "three no's," according to Clinton Administration officials. In particular, the Administration maintains that the "three no's" are consistent with the one China affirmations contained in the communiques of 1972, 1979, and 1982 that provide the framework for U.S.-PRC relations.<sup>3</sup> Those communiques reflect agreements between the U.S. and PRC in which the U.S. broke off U.S. official ties with Taiwan; acknowledged the position that there is but one China and Taiwan is part of China; recognized the PRC as the government of China; and agreed to limit U.S. arms sales to Taiwan provided Beijing pursues a peaceful approach toward the island.

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<sup>1</sup> See *Taiwan*, CRS Issue Brief 98034 (updated regularly).

<sup>2</sup> For more extensive CRS coverage of the issues noted in this report, see *Taiwan: Recent Developments and U.S. Policy Choices*, CRS Issue Brief 98034; *Taiwan: Texts of the Taiwan Relations Act and the China Communiques*, CRS Report 96-246; *China: Pending Legislation in the 105<sup>th</sup> Congress*, CRS Report 97-933; *China: Interest Groups and Recent U.S. Policy*, CRS Report 97-48; *China-U.S.-Taiwan Economic Relations*, CRS Report 96-498; and *Taiwan's Economy in Transition*, CRS Report 96-251.

<sup>3</sup> These judgments are based in part on consultations with several State Department officials during July-August 1998, and consultations with 12 congressional staff members with a strong interest in East Asian affairs during September 1998.

Supporters of the Administration's policy in the Congress and elsewhere have argued that the President's statement is balanced by the strong show of U.S. force in support of Taiwan seen when the United States in early 1996 deployed two U.S. aircraft carrier battle groups to the Taiwan area in the face of provocative PRC military exercises there. They have judged that the statement of the "three no's" does minimal damage to Taiwan's interests that are consistent with U.S. interests, arguing notably that a Taiwan declaration of independence at this time would likely provoke a PRC military attack that in their view is not in the interests of the United States.<sup>4</sup>

Critics in Congress, the media and elsewhere have asserted that the Administration has appeared to be buckling in the face of PRC pressure, sacrificing Taiwan interests and U.S. interests in relations with Taiwan for the sake of assuring a smoother U.S. relationship with Beijing. In particular, the critics have underlined Taiwan government claims that the "three no's" appear to go beyond U.S. commitments in the three U.S.-PRC communiques in order to restrict Taiwan government efforts to seek a greater role in world affairs as a government separate from the PRC. Some have charged that repeating the "three no's" aligns U.S. policy closer to the "one country, two systems" formula Beijing has used to govern its takeover of Hong Kong and its proposed takeover of Taiwan. Others have been suspicious that the President made this statement as a gesture to the Chinese leadership to insure that his nine day trip to China was without acrimony, and that the United States gained little in return in concrete terms for the statement. Some also have been sympathetic with non-government advocates of self determination in Taiwan, who charge that the "three no's" effectively curb the right of the people of Taiwan to decide whether or not they want to be independent of China.<sup>5</sup>

U.S. interests in Taiwan of concern to these observers include active trade and investment (Taiwan is one of the top ten U.S. trading partners, and each year buys notably more U.S. exports than the PRC; substantial U.S. investment in Taiwan is reciprocated by large Taiwan investment in the United States). Taiwan's free market economic system and vibrant political democracy enjoy broad U.S. support. Although no longer an official U.S. ally, Taiwan occupies a critically important strategic location astride the major sea lanes of East Asia, is one of the world's largest purchasers of U.S. military equipment,<sup>6</sup> and cooperates unofficially but extensively with the United States in dealing with international issues ranging from development assistance to environmental protection. Taiwan government and non-government relations with comparable sectors of American society are among the most extensive for a country of its size. For example, the largest source of private funding for Chinese studies in the United States in recent years has come from a foundation, the Chiang Ching-kuo Foundation, based in Taiwan. Meanwhile, there are hundreds of thousands of Taiwanese-Americans, many of whom in recent years have pooled their

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<sup>4</sup> Interviews, August 26, September 2, 1998.

<sup>5</sup> Interviews, August-September 1998. See also coverage of congressional resolutions S.Con. Res 107, S.Con. Res 30, and H.Con.Res 301 in CRS Issue Brief 98034.

<sup>6</sup> See, among others, *Conventional Arms Transfers to Developing Countries*, by Richard Grimmett, CRS Report 97-778.

substantial financial resources and organized together to promote U.S. policies in tune with their goal of greater international recognition of Taiwan.<sup>7</sup>

## **Past Controversies In the Evolution of U.S. Policy Toward Taiwan**

Past episodes of controversy over appropriate U.S. policy toward Taiwan and mainland China<sup>8</sup> included:

- ! major debate in the Congress during the late 1970s over the pros and cons of the Administration breaking all official U.S. ties with Taiwan for the sake of establishing normal diplomatic relations with Beijing;
- ! sharp and bipartisan congressional criticism of the Carter Administration's handling of the normalization with Beijing in 1978 and 1979, leading notably to a total congressional rewrite of the draft legislation proposed by the Administration that ultimately became law as the Taiwan Relations Act in April 1979; and
- ! controversy surrounding the Reagan Administration's decision to sign the August 1982 communique with the PRC which restricted U.S. arms sales to Taiwan so long as Beijing followed a peaceful policy toward the territory.

The end of the Cold War and the 1989 Tiananmen crackdown in China coincided with Taiwan's rise as a newly emerging democracy with a vibrant free market economy, prompting some calls in the Congress, the media and elsewhere for the Administration to upgrade U.S. relations with Taiwan despite strong PRC opposition. Congress was almost unanimous in 1995 in urging President Clinton to reverse Administration policy and allow Taiwan's President Lee Teng-hui to make a private visit to Cornell University, his alma mater. President Clinton acceded in May 1995; the visit took place in June 1995. Beijing reacted strongly and with repeated shows of force in the Taiwan Strait from July 1995 to March 1996. After several months of PRC military demonstrations in the Strait, the Clinton Administration, with strong congressional support, deployed two aircraft carrier battle groups to the area. The potentially dangerous face-off of U.S. and PRC forces ended quietly, but was widely seen to have added incentive to ongoing private Clinton Administration efforts to reassure Chinese leaders of U.S. intentions while building an Administration policy of U.S. "constructive engagement" with China. Statements by Clinton Administration officials affirming the "three no's" regarding U.S. policy toward Taiwan were meant to reassure the PRC over American intentions and thereby open the way to smoother U.S. relations with mainland China.

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<sup>7</sup> See, among others, Steven Goldstein, *Taiwan Faces the Twenty-First Century*, New York, Foreign Policy Association, 1997.

<sup>8</sup> See, among others, Nancy Tucker, *Taiwan, Hong Kong, and the United States*. New York, Twayne, 1992; see also Goldstein, *Taiwan Faces*, op.cit.

## Reasons for Executive-Legislative Friction Over U.S. Policy Toward Taiwan

**Differing Administration-Congressional Priorities.** Current controversies between congressional critics and the Administration over the “three no’s”, missile defense for Taiwan, Taiwan representation in international organizations and other issues mirrors past episodes of legislative-executive friction over policy toward Taiwan. As in the past, the Administration’s priority appears recently to have focused on managing the U.S. relationship with Taiwan in ways that would not unduly complicate or upset the important U.S. relationship with the PRC on the mainland. From the perspective of congressional critics, this approach at times, including in recent years, has prompted the Administration to go too far in accommodating the PRC by cutting back, restricting, or otherwise defining U.S. interaction with Taiwan in ways favored by Beijing. More receptive to the entreaties of Taiwan representatives and their supporters in the United States, and sensitive to the many tangible U.S. benefits derived from relations with Taiwan, Congress has repeatedly taken steps at many junctures over the past decades to adjust U.S. policies in ways more supportive of Taiwan interests and less favorable to Beijing.<sup>9</sup>

Many observers believe and scholars report that from the Administration’s perspective, Congress can afford to lean in this direction, which complicates and sometimes endangers the relationship with Beijing, because it does not bear primary responsibility for managing U.S. foreign policy.<sup>10</sup> At times, Administration officials see congressional actions in support of Taiwan as ill-advised. In turn, many congressional observers for their part sometimes see Administration officers as being so anxious to preserve a smooth relationship with Beijing that they are prepared to make unwarranted sacrifices of U.S. interests in relations with Taiwan.

**PRC-Taiwan Rivalry.** An underlying fact that defines the frequent legislative-executive debate over U.S. policy toward Taiwan is the ongoing rivalry between Beijing and Taipei. Although the rivalry waxes and wanes, leaders in both capitals see their competition, especially for international support, largely in zero-sum terms. Thus, a gain for one side in international support is seen as a loss for the other. Both sides agree that by far the most important arena for their competition for international support is Washington, D.C.. For Taiwan, U.S. support in arms sales, statements of strategic concern, political backing, and other ways is critical—Taiwan would not survive as a separate entity without U.S. support. Thus, Taiwan officials work hard with many channels of influence in the United States—national and local governments; media; business; non-government, non-profit organizations; academic groups and universities; lobbyists and others—to foster positive U.S. government approaches

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<sup>9</sup> Those instances have included the cases of the Taiwan Relations Act, the Lee Teng-hui visit and others noted above, as well as recent congressional resolutions, passed almost unanimously by the Congress, reaffirming support for Taiwan in the wake of President Clinton’s statement of the “three no’s.” See CRS Issue Brief 98034.

<sup>10</sup> On the private views of administration and congressional officials regarding policy toward Taiwan since the 1970s, see among others Ramon Myers (ed), *The Unique Relationship*, Hoover Institution, 1989; and Thomas Robinson, “America in Taiwan’s Post Cold War Foreign Relations,” *The China Quarterly*, vol 148, December 1996.

toward Taiwan. For Beijing, Chinese officials try to use their position in U.S. strategic, economic, or political calculus as leverage to persuade, pressure, or coerce the U.S. government to curb its support for Taiwan and thereby help smooth the way toward PRC efforts to reunify Taiwan with the mainland—a top goal of PRC leaders.

**U.S. Policy Ambiguity.** The U.S. policy debate also is grounded in prevailing U.S. policy ambiguity about relations with Taiwan. On the one hand, U.S. governments in the process of establishing and improving relations with Beijing have issued three communiques and other statements (e.g. the “three no’s”) that often appear supportive of the PRC position on the Taiwan issue. The communiques reflect agreements between the two countries in which the U.S. broke off official ties with Taiwan; acknowledged the position that there is but one China and Taiwan is part of China; recognized the PRC as the government of China; and agreed to limit U.S. arms sales to Taiwan provided Beijing pursues a peaceful approach toward the island.

Administration public statements in recent years explicitly rule out U.S. support for an independent Taiwan or Taiwan’s membership in the UN or other such international organizations where statehood is a requirement. These two issues were not of primary importance in the 1970s and most of the 1980s when the authoritarian Taiwan government was ruled by Chiang Kai-shek and his son Chiang Ching-kuo. They strongly supported the concept of one China, argued that their government—the Republic of China based in Taipei—was the sole legitimate government of China, strongly opposed Taiwan independence, and largely eschewed Taiwan’s participation in international organizations where Beijing was a member. Since democracy took hold in Taiwan in the late 1980s, the administration of Lee Teng-hui has responded to popular pressure in Taiwan by soft-pedaling past commitments to reunify one China; it has asserted Taiwan’s international legitimacy as one of two legitimate governments in China, and sought greater international recognition through membership in international organizations and high-level contacts with governments that already have relations with Beijing.<sup>11</sup>

Against this background, U.S. leaders have repeatedly taken positions and policy actions designed to shore up important U.S. relationships with Taiwan.<sup>12</sup> The Taiwan Relations Act is replete with expressions of U.S. concern with Taiwan’s security and determination to continue to provide arms to the island government. The Reagan Administration endeavored to balance its signing of the 1982 communique restricting U.S. arms to Taiwan with six pledges to Taiwan leaders including assurances that the United States would not set a date to stop arms sales to Taiwan, would not amend the Taiwan Relations Act, and would not negotiate with Beijing over arms sales to Taiwan. The Bush Administration resumed cabinet-level contacts with Taiwan in 1992, and also agreed to a \$5 billion transfer of 150 F-16 fighters, despite existing restrictions stemming from the 1982 communique. The Clinton Administration released in 1994 the results of a Taiwan policy review that called for modest upgrading of U.S. interchange with Taiwan. Taiwan media also have reported on five supposedly secret meetings held in the past few years between Taiwan’s National

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<sup>11</sup> At present, Taiwan maintains official diplomatic relations with less than 30 countries.

<sup>12</sup> See among others Tucker, *Taiwan, Hong Kong*, op. cit.; and Goldstein, *Taiwan Faces*, op. cit.

Security Adviser and U.S. officials led by the Deputy National Security Adviser and the Under Secretary of State for Political Affairs.<sup>13</sup> And the Clinton Administration followed the President's visit to China with U.S. Cabinet-level exchanges with Taiwan leaders. Notably, Defense Secretary Cohen met with Taiwan's military chief of staff in Washington in October 1998. Meanwhile, there are persisting reports of U.S. Administration interest in the sale of ballistic missile defense system technology to Taiwan.<sup>14</sup>

The U.S. government has also been ambiguous about the U.S. commitment to Taiwan's security. Following the termination of the U.S. defense treaty one year after the agreement to establish diplomatic relations with the PRC in 1979, U.S. officials have refused to say what actions the United States might take in the event of a PRC military threat to the island. The U.S. government made clear that arms sales would continue and that the United States expected the Taiwan issue to be dealt with peacefully. The Taiwan Relations Act affirmed that the United States would maintain sufficient forces in the Pacific to deal with contingencies in the Taiwan area.

After the U.S.-PRC military face-off in the Taiwan area in early 1996, the Clinton Administration strongly and repeatedly affirmed U.S. interest in seeing the PRC and Taiwan ease cross Strait tensions and resume cross Strait negotiations. The latter were being carried out by ostensibly unofficial representatives of the PRC and Taiwan, but were suspended in the wake of the Lee Teng-hui visit to the United States. The two sides agreed earlier this year to resume the high level dialogue of their ostensibly unofficial representatives later in 1998. Meanwhile, several former Clinton Administration officials, including Secretary of Defense William Perry and Assistant Secretary of Defense Joseph Nye, were notably active since in 1998 promoting cross Strait dialogue; some have warned Taiwan that U.S. support might not be forthcoming if Taiwan were to provoke a PRC attack by declaring Taiwan to be independent; and others have called for a possible settlement of the Taiwan issue which could involve Beijing disavowing the use of force, Taiwan disavowing the option to declare independence, and the United States curbing arms sales to the island. In Congress, some Members have examined the formidable PRC ballistic missile capability against Taiwan to argue that the United States should work with Taiwan to provide a theater missile defense for the island.<sup>15</sup>

U.S. economic interests also argue for a policy straddling relations with both Beijing and Taiwan. The Clinton Administration strongly emphasized the importance of the China market in explaining its 1994 reversal on linking trade issues with Chinese human rights practices.<sup>16</sup> Administration leaders have hailed China's continued economic growth and determination to hold the line against currency devaluation as of particular importance in managing the consequence of the Asian economic crisis.

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<sup>13</sup> These reports have been replayed by the Foreign Broadcast Information Service (FBIS) Internet version.

<sup>14</sup> Reviewed in *Taiwan*, CRS Issue Brief 98034.

<sup>15</sup> For background, see CRS Issue Brief 98034.

<sup>16</sup> See notably *China-U.S. Relations*, by (name redacted), CRS Issue Brief 98018.

The United States is keenly interested in Taiwan's economic role, especially in the ongoing regional economic crisis. Though its currency has fallen relative to the U.S. dollar and its growth rate has flagged a bit, Taiwan is widely seen as the East Asian economy best situated to weather the current crisis. U.S. policy makers, worried about another round of currency devaluations in Asia, hope Taiwan's currency remains strong. A devaluation in Taiwan would place added pressure on the Hong Kong dollar and the Chinese yuan—something U.S. policymakers wish to avoid. Asian economic uncertainty also slows Taiwan's investment in the Chinese mainland; worth over \$30 billion, Taiwan investment is widely seen as a moderating factor in the ongoing Taiwan-PRC rivalry. Meanwhile, Taiwan's relatively healthy economy and large foreign exchange reserves are attractive to cash-starved Southeast Asian leaders. They are now willing to offend PRC sensitivities by meeting with senior Taiwan leaders in the hope of gaining added assistance from Taiwan. Taiwan has also taken steps to meet U.S. requirements for entry into the World Trade Organization (WTO). Once it wraps up a few pending issues with other trading partners, the sole obstacle to Taiwan's WTO entry will be the widely recognized implicit requirement backed by the PRC that the PRC must enter the WTO first before Taiwan can enter.

## Findings of the Workshop

### Lessons for U.S. Policy

Workshop participants saw three general sets or clusters of lessons for U.S. policy stemming from the experience in managing relations with Taiwan under the TRA over the past 20 years. They centered on U.S. government-supported interactions with Taiwan, U.S. government approaches to dealing with cross Strait relations and other aspects of PRC-Taiwan relations, and unofficial, including so-called Track II, U.S. efforts to deal with Taiwan-mainland frictions.

**U.S. Government-Supported Interaction with Taiwan.** Technically the U.S. Government has no relations with Taiwan. But as is noted above, a wide range of military, economic, and other interchange takes place, often facilitated by the American Institute in Taiwan (AIT), a U.S. government-funded, legally private entity staffed heavily by U.S. officials temporarily on leave from their agencies, which provides many of the U.S. government functions formerly provided by the U.S. embassy in Taipei prior to 1979. Meanwhile, Taiwan officials interact with Administration counterparts frequently, albeit sometimes in nonofficial surroundings and sometimes at lower than top policy making levels.<sup>17</sup> Top level Taiwan officials are restricted from traveling to the United States and Washington DC in particular, and many top level U.S. officials, and some subcabinet officials, notably in the State and Defense Departments, are not allowed to travel to Taiwan. Congressional Members and staff routinely interact with Taiwan officials in the United States and in Taiwan.

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<sup>17</sup> Taiwan's National Security Adviser has held six rounds of ostensibly private talks in the United States with U.S. officials headed by the U.S. President's Deputy National Security Adviser, according to Taiwan media. See *Taiwan*, CRS Issue Brief 98034.

**Importance of the TRA.** The Taiwan Relations Act was essential in insuring continued U.S. support for Taiwan after the break in relations in 1979, according to workshop participants. One advised that without the TRA, Taiwan today would be part of the PRC. The meaning was that the TRA helped to stiffen U.S. resolve in the face of pressures to accommodate the PRC over this sensitive issue, and U.S. support was essential to Taiwan's ability to survive and prosper as a free market economy and an emerging democracy in this 20 year period. The TRA provided a focal point for congressional involvement in policy toward Taiwan which as noted above tended to push the Administration to be more supportive of Taiwan's continuing development than it otherwise might have been. As is noted below, however, several seminar participants balanced this support for Congress' role with criticism of perceived congressional tendencies to "play politics" with Taiwan issues, using them as opportunities to differentiate the Congress from the Administration with an eye toward partisan political advantage in American domestic politics.

**U.S. Priorities, Political Will.** U.S. policy was seen to work best during those relatively infrequent occasions when U.S. policy makers in the Administration and Congress agreed generally on U.S. policy priorities that took careful account of important U.S. interests vis-a-vis Taiwan, as well as key U.S. concerns in relations with the PRC. The period 1983-1989 was said to be such a period of general policy consensus and strong U.S. leadership based on careful calculation of how U.S. interests and behavior would affect the policies of both Beijing and Taipei. Periods of divided or weaker U.S. leadership before or since were seen to have prompted both Beijing and Taipei to push harder their respective policy preferences on Washington, adding to the difficulty in formulating coherent and effective U.S. policy.

**Effectiveness of AIT Leadership.** Workshop participants, who included three former and the current head of AIT, generally agreed that the Institute had worked effectively in meeting the objectives set forth in the TRA and in managing overall U.S. relations with Taiwan. Of course, it was recognized that the Institute did not make U.S. policy toward Taiwan, playing more the role of implementer and facilitator.

**U.S. Administration Restrictions on Interaction with Taiwan.** These are restrictions established or decided unilaterally by the U.S. Administration to conform to the Administration officials' views at the time as to what represents appropriate interaction with Taiwan.<sup>18</sup> Some participants criticized the Administration restrictions on interaction with Taiwan as counterproductive for U.S. interests. They averred that U.S. Administration officials should have better and more interchange with Taiwan leaders, in order to deal with many pertinent political, economic, and military issues. In this context, they also criticized unilateral U.S. restrictions on the amounts of U.S. arms to be sold to Taiwan. They were of the view that these kinds

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<sup>18</sup> They are based on U.S. pledges to the PRC at the time of normalization of relations with Beijing that U.S. relations with Taiwan would remain unofficial, and on the continued perceived need up to the present to adhere to those pledges.

of restrictions could be loosened to some degree without undermining the U.S. political and legal commitments made in establishing official relations with the PRC.<sup>19</sup>

### **U.S. Government Approaches to Cross Strait relations.**

***U.S. Stake, U.S. Influence.*** Workshop participants underlined the importance of cross Strait relations for U.S. interests. They noted not only the important interests the United States has in relations with the PRC and Taiwan, but how broader U.S. interests in East Asia and elsewhere would be adversely effected if conflict were to break out in the Taiwan Strait. At the same time, they emphasized that the United States remained a dominant power in East Asia, and had great influence in both Taipei and Beijing. It was seen as important for the United States to use this influence, not in ways that would tilt to one side or the other, but would foster a balanced situation where both Beijing and Taipei felt their interests were reasonably secure. This kind of situation was said to provide notably more room for an advantageous U.S. relationship with Taiwan, as well as Beijing, whereas a hostile or confrontational U.S. posture toward Beijing was seen to reduce, not expand, U.S. opportunities for advancing relations with Taiwan. The reasoning here was that a suspicious or confrontational PRC would resist strongly and possibly forcefully to U.S. efforts to improve relations with Taipei.

***Rules of Engagement.*** Based on assessment of the experience of the previous 20 years, one speaker offered a set of rules of engagement that he said had worked well for U.S. policy and interests in managing often difficult issues in cross Strait relations. These findings were generally supported by several other speakers at the workshop. The rules were:

- ! maintain an “equilibrium of confidence” on both sides of the Strait. (i.e. U.S. policy should not tilt against the interests of Taipei or Beijing to a point where either party sees the U.S. working against their interests.)
- ! keep the responsibility for managing cross Strait relations in Taipei and Beijing, and avoid getting the United States to bear the main responsibility for managing cross Strait relations
- ! encourage cross strait dialogue but avoid getting directly involved unless invited by both sides and consistent with other U.S. interests.
- ! encourage others in the region to support easing of cross strait tensions, dialogue and peace.
- ! improve U.S. Executive-Congressional dialogue over cross Strait issues, seeking broader policy consensus

***The Taiwan Military, U.S. Security Assistance.*** A speaker noted that the Taiwan military leadership has been a force for moderation in Taiwan’s approach to cross strait issues. They do not seek conflict with the PRC and continue to support

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<sup>19</sup> A participant also said that there were instances in the past when the Administration deliberately and, in his view, inappropriately avoided consultations with Congress over policy toward Taiwan, notably during the provocative PRC military exercises in the Taiwan Strait in 1995.

the national goal of reunification, which is somewhat reassuring to Beijing. On the other hand, he and other participants voiced concern over Taiwan government tendencies to use arms purchases from the United States in order to seek political advantage in cross Strait rivalry with Beijing rather than to assist Taiwan's overall strategic defensive posture against the PRC. They complained that Taiwan's "wish list" of requests for U.S. military equipment often seems more influenced by the Taiwan leadership's perceived political needs vis-a-vis Beijing than its military needs. In this context, they pointed to what was seen as the absence of good strategic military planning in Taiwan. This was said to be due in part to the expectation in Taiwan that if there were a military confrontation with Beijing, Taiwan expects to rely heavily on an early and strong U.S. military intervention.

**Unofficial or "Track II" U.S. Efforts to Deal with Cross-Strait Tensions.** These efforts were supported by participants. These efforts which helped to ease cross Strait tensions and contribute to better Taiwan-mainland understanding ran up against the recently highly competitive cross Strait rivalry. Signs of the latter included the PRC military buildup opposite Taiwan, the international diplomatic war for recognition being waged by both sides, PRC leaders' greater sense of urgency in making progress on political issues with Taiwan, and Taiwan leaders' strong resistance to dealing with political issues. Meanwhile, the economic interchanges between Taiwan and the mainland continue to grow, deepening mutual interests, and neither side seems interested in or prepared to engage in sustained military conflict over cross Strait issues.

Seeing neither reunification nor independence as realistic outcomes anytime in the foreseeable future, the U.S. objective of track II was seen as productive when it focused on such short term effects as building confidence between the two sides through suggested exchanges and communications; and on discussing such longer term formulas as commonwealth or confederation for settling Taiwan-mainland relations in ways that were not seen to challenge the fundamental interests of either side but served to attract them to engage in civil dialogue about pertinent issues.

## **Options and Goals for U.S. Policy**

Looking to the future, workshop participants offered options and goals for U.S. policy that centered on U.S. government-supported interaction with Taiwan and U.S. government approaches to cross Strait relations and in the broader Taiwan-PRC rivalry.

### **U.S. Government-Supported Interaction with Taiwan.**

***Implementing the TRA.*** Broadly speaking, participants judged that the TRA was not "broken," and therefore did not need to be "fixed" legislatively. Some noted that amending the TRA could cause considerable controversy not in the interests of good U.S.-Taiwan relations. Others noted that much could be done within TRA guidelines to strengthen U.S. interaction with Taiwan in ways they judged were needed. Thus, TRA provisions on Taiwan human rights and Taiwan representation in international organizations could be used to allow for stronger U.S. support for the premise that Taiwan's fate should not be determined without popular approval in

Taiwan; and for stronger support for Taiwan's role in international organizations. Of course, a basic question for U.S. Administration policy under these circumstances would be whether or not the perceived costs of using TRA provisions in this way would outweigh the perceived benefits.

The Administration also was encouraged to consult with or report to Congress about Taiwan developments regularly, since the relatively narrow reporting requirements of the TRA have long expired. Alternatively, Congress could pass legislation asking for or requiring such reports, according to participants.

***Review U.S. Government Restrictions.*** These administration guidelines were seen to get in the way of effective U.S. policy in several areas and should be made more flexible, according to seminar participants. This would allow for greater contacts with Taiwan's military, with Taiwan government and opposition party politicians, and other interaction in Taiwan that would make U.S. policy more realistic and effective, according to workshop participants.

***Setting U.S. Priorities, Executive-Congressional Relations.*** A clearer policy consensus would allow the United States to use its influence in Taiwan and with the PRC to good effect, according to workshop participants. This consensus would have to take careful account of the respective interests of Taiwan and the PRC, and notably would require closer U.S. Administration-Congressional cooperation.

The latter was a point of special concern of several participants given the current acrimonious debate over U.S. China policy. To achieve improved cooperation requires the Administration to move away from its perceived past practice of defensiveness and refusal to consult closely with Congress, according to workshop participants. But it also requires that Congress restrain its perceived tendency to play politics and act irresponsibly in handling Taiwan policy questions, according to participants. Only in this way can enough trust and comity be built between the Executive and legislative branches to allow for honest give and take over policy deliberations, leading to consensus that would allow U.S. power and influence to be felt in ways beneficial to U.S. interests.

***U.S. Government Approaches to Cross Strait Relations.*** Seminar participants had a list of "dos" and "don'ts" for future U.S. policy in these areas. They urged specific recommendations while encouraging cross Strait trends generally seen as beneficial to U.S. interests, and easing tensions and improving cross Strait dialogue and understanding including: growing cross Strait economic exchanges; and track II negotiating efforts that maintain the trust of opinion leaders on both sides of the Strait.

The specific recommendations for U.S. policy included:

***Realistic Awareness of Taiwan and PRC Politics.*** Participants urged U.S. policymakers to respect democracy in Taiwan, to avoid exaggerating the alleged pro-independence tendencies of Taiwan politicians like President Lee Teng-hui and leaders of Taiwan's opposition Democratic Progressive Party, and to see that the center of gravity of Taiwan opinion on cross Strait issues is not moving toward independence though it is strongly opposed to PRC terms for reunification. At the

same time, participants affirmed that no U.S. policy can expect to be effective if it ignores the strong role played by domestic politics in the PRC and how Chinese leaders have very limited room for maneuver on sensitive sovereignty issues involving issues like Taiwan.

***Balanced Steps, Modest Goals.*** Against this background, participants gave a series of balanced steps and modest goals for U.S. policy in the cross Strait relationship that were designed at bottom to avoid friction and confrontation, seek to build a better atmosphere of trust, and make progress in small areas in the hopes that over the longer term developments may allow for greater progress in the future. It was notable that these steps meshed fairly well with the five principles said to be governing current Clinton administration policy on cross Strait issues.<sup>20</sup>

There were those who put their hopes on the development of democracy in the mainland leading to greater PRC flexibility allowing for a settlement of the Taiwan reunification question, but others disputed the notion that democracy, if it comes to the PRC, would make the PRC leadership more flexible on sovereignty issues like Taiwan. Some participants thought that the two sides could reach agreement on a commonwealth or confederation involving Taiwan and the PRC, but others pointed out that Taiwan is aware that historically these have not lasted long and have wound up with the stronger party incorporating the weaker, and presumably would resist these plans. Meanwhile, some advocated an interim agreement, perhaps lasting 50 years, whereby the PRC would renounce the use of force and Taiwan would renounce independence, and both sides would commit to talks on reunification after the 50 year period was over. This would allow political, economic and cultural changes to take hold on both sides of the strait and presumably narrow differences in the process.

Among the steps and goals recommended for U.S. policy were:

- ! Don't assume that unification of Taiwan is an appropriate outcome in the confrontation between Taiwan and China.
- ! Focus on peace, whether it entails reunification, the status quo, or permanent separation of Taiwan from the mainland.
- ! It is better to remain ambiguous on whether or when the U.S. would become involved in a military conflict in the Strait. A credible military presence in the East Asian region, backed by Japan and others if possible, remains essential.

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<sup>20</sup> They are:

Cinsistence on peaceful resolution

Cbelief that dialogue is the best way to bring peaceful resolution

Cdialogue must be between the two sides; the US will not be a mediator

Cthe U.S. will remain even handed –will not pressure one side or the other on cross Strait talks.

Cany settlement must be acceptable to both sides, including in the case of Taiwan and its democratic government, the requirement that it be acceptable to the Taiwan people.

- ! To be effective in the region, U.S. leaders will need to devote more than episodic attention to cross Strait and broader issues in East Asia and the Pacific. This engagement needs to be accompanied by carefully monitored statements that avoid exaggerating the closeness of the United States to one side or the other.
- ! U.S. arms sales and government engagement with Taiwan must continue despite PRC objections, though there was strong disagreement among participants on whether provision of U.S. TMD equipment or technology to Taiwan at this time is warranted.
- ! The U.S. should not mediate or take sides in cross Strait issues, while encouraging both sides to reduce tensions and increase dialogue.

## **Speakers and Invited Commentators at CRS Workshop, March 19, 1999**

### **Speakers:**

Nat Bellocchi, former director, American Institute in Taiwan (AIT)  
Gerrit. Gong, Center for Strategic and International Studies  
David Laux, U.S.-ROC Business Council  
Ronald Montaperto, National Defense University  
Shelley Rigger, Davidson College  
Robert Suettinger, Brookings Institution  
Nancy Bernkopf Tucker, Georgetown University  
Donald Zagoria, City University of New York

### **Invited Commentators**

Kenneth Allen, Stimson Center  
Richard Bush, AIT  
Ralph Clough, Johns Hopkins University, SAIS  
Warren Cohen, University of MD.  
David Dean, Chiang Ching-kuo Foundation  
Bruce Dickson, George Washington University  
Harvey Feldman, Heritage Foundation  
John Foarde (U.S.-China Business Council  
Bonnie Glaser  
Anthony Kane (SAIS)  
Herbert Levin, America-China Society  
Eric McVadon, US Navy, ret.  
Douglas Paal, Asia-Pacific Policy Center  
Lester Wolff, Wolff and associates

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