

**UNITED STATES-TAIWAN RELATIONS: THE 20TH
ANNIVERSARY OF THE TAIWAN RELATIONS ACT**

HEARING
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

MARCH 25, 1999

Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web: <http://www.access.gpo.gov/congress/senate>

U.S. GOVERNMENT PRINTING OFFICE

55-823 CC

WASHINGTON : 1999

COMMITTEE ON FOREIGN RELATIONS

JESSE HELMS, North Carolina, *Chairman*

RICHARD G. LUGAR, Indiana
PAUL COVERDELL, Georgia
CHUCK HAGEL, Nebraska
GORDON H. SMITH, Oregon
ROD GRAMS, Minnesota
SAM BROWNBACK, Kansas
CRAIG THOMAS, Wyoming
JOHN ASHCROFT, Missouri
BILL FRIST, Tennessee

JOSEPH R. BIDEN, JR., Delaware
PAUL S. SARBANES, Maryland
CHRISTOPHER J. DODD, Connecticut
JOHN F. KERRY, Massachusetts
RUSSELL D. FEINGOLD, Wisconsin
PAUL D. WELLSTONE, Minnesota
BARBARA BOXER, California
ROBERT G. TORRICELLI, New Jersey

JAMES W. NANCE, *Staff Director*
EDWIN K. HALL, *Minority Staff Director*

CONTENTS

	Page
Feldman, Hon. Harvey J., Senior Fellow, Asia Studies Center, The Heritage Foundation, Arlington, VA	28
Prepared statement of	30
Ford, Carl W., Jr., President, Ford and Associates, Washington, DC	33
Prepared statement of	36
Helms, Senator Jesse, U.S. Senator from North Carolina, prepared statement of	3
Kramer, Hon. Franklin D., Assistant Secretary of Defense for International Security Affairs	16
Prepared statement of	18
Lampton, Dr. David M., Director of China Studies, Nitze School of Advanced International Studies, Johns Hopkins University, Washington, DC	42
Prepared statement of	44
Murkowski, Hon. Frank H., U.S. Senator from Alaska	6
Roth, Hon. Stanley O., Assistant Secretary of State for East Asian and Pacific Affairs	9
Prepared statement of	12

APPENDIX

Responses of Assistant Secretary Roth to Questions Submitted by Senator Helms	51
Responses of Assistant Secretary Kramer to Questions Submitted by Senator Helms	52

UNITED STATES-TAIWAN RELATIONS: THE 20TH ANNIVERSARY OF THE TAIWAN RELATIONS ACT

THURSDAY, MARCH 25, 1999

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:16 a.m. in Room SD-419, Dirksen Senate Office Building, Hon. Jesse A. Helms (chairman of the committee) presiding.

Present: Senators Helms, Hagel, Kerry, and Torricelli.

The CHAIRMAN. Well, I say to my colleagues that we are hitting the high water mark this morning. We have some excellent witnesses, the first being Senator Murkowski, Assistant Secretary Roth, and then Assistant Secretary Kramer, who are our primary panelists, and I thank all of you, of course, for coming.

As is so often the case, all of us belong to more than one committee, and it is inevitable about half the time that the other committee will be meeting with something that they need a quorum, so Senator Biden will be here presently, and I know you will be glad to see him.

Well, we are here this morning to examine the future of U.S. policy toward Taiwan, and we are approaching the 20th anniversary of the Taiwan Relations Act, which was signed into law on April 10, 1979, and I remember it well, as do other Senators, those heady days when Congress moved to rewrite the draft of the bill sent to us by the Carter administration after abruptly breaking relations with the Republic of China on Taiwan.

I had a lot of problems myself with the Carter policy, and I still do, but in the end we in Congress managed to craft legislation that has thus far withstood the test of time. During the past 20 years the Taiwan Relations Act has served as basis for the continued growth of our cultural and commercial relations with our great friends on Taiwan. That growth, when you stop to think about it, has been nothing short of amazing. In 1978, our two-way trade with the Republic of China was \$7 billion. Today it is more than \$53 billion, not bad I would say to Frank Murkowski for a customs territory, as the World Trade Organization has defined Taiwan. I wish we had a few more customs territories over in Asia right now.

We have also seen the impressive and instructive transformation of the Republic of China from a country under martial law to today's vibrant multiparty democracy with a spirited opposition, a free press, and a flourishing civil society.

Now, I use the word instructive because I am convinced that in this transformation the Republic of China on Taiwan has proved for the world to see that it is the model for the future, the future of Chinese civilization, and I do not exaggerate when I say that.

But most important in my view were the defense provisions of the Taiwan Relations Act, and by enacting into law that the United States would consider any effort to determine Taiwan's future by other than peaceful means should be a matter of great concern to our country, the United States of America, and that we would maintain the capacity to resist any resort to force against Taiwan, and that the United States would provide defensive arms to Taiwan, the United States put Red China on notice that we expect them to keep their hands off of our friends.

Well, that formula has worked pretty well so far. I have no doubt that the Taiwan Relations Act has been a major factor in keeping the Republic of China on Taiwan secure and free and autonomous in the face of persistent hostility and pressure from Red China.

But there are areas of concern that dictate that we must at least review our implementation of the Taiwan Relations Act. For instance, Taiwan's democratic development and economic stability have made it increasingly difficult to ignore Taiwan's justified cause for greater participation in international organizations. The Taiwan Relations Act specifically stipulates that nothing in that act can be used as a basis for denying membership, let alone participation in, for Taiwan in international organizations.

In its 1994 policy review, the Clinton administration committed itself to efforts to secure membership or greater participation by Taiwan in these international organizations, yet Taiwan this day remains something of an international outcast. Its voice cannot even be heard in the World Health Organization. Its membership in the WTO is being held hostage to China's accession, so the 19th largest economy in the world is barred from the World Bank and the IMF.

I think those things speak for themselves. I think we learned in Latin that the definition of all of this is *res ipsa loquitur*, the thing speaks for itself. In any event, more needs to be done in these instances, and I invite comment on this from our witnesses, and I expect we will get it.

Most disturbing, however, is the increasing threat to Taiwan from Communist China. In recent years China has been engaged in a major military buildup, much of it clearly aimed at Taiwan. Last month we learned from the Pentagon in its report to Congress that China has been and will continue to deploy a large number of missiles directly across from the strait, from Taiwan. Taiwan has little or no defense against these missiles, and in 1995 and 1996 mainland China demonstrated beyond doubt that it is willing to use these missiles to intimidate Taiwan, if not the United States and other countries.

Well, the Pentagon report makes it clear that China's vast qualitative edge in naval and air assets, coupled with its ongoing modernization, would today prove overwhelming vis-a-vis Taiwan in any sort of military confrontation barring third party, that is to say, American intervention. The report concludes that the Taiwan's future success in deterring China's aggression will be dependent on

its contingent acquisition of modern arms, technology and equipment and its ability to deal with a number of systemic problems, such as logistics.

And I am going to ask unanimous consent, presuming that it will be granted, that the balance of my statement be included in the record as if read.

[The prepared statement of Senator Helms follows:]

PREPARED STATEMENT OF SENATOR HELMS

Welcome to our distinguished witnesses this morning, Senator Murkowski, Assistant Secretary Roth, Assistant Secretary Kramer, our private panelists—thank all of you for coming to discuss the important topic of Taiwan.

We are here to examine the future of U.S. policy toward Taiwan—as we approach the 20th anniversary of the Taiwan Relations Act, which was signed into law on April 10, 1979.

I well recall, as do other Senators here, those heady days when Congress moved to re-write the draft of the bill sent to us by the Carter administration after abruptly breaking relations with the Republic of China on Taiwan. I had a lot of problems with the Carter policy at the time—I still do.

But in the end, we managed to craft legislation that has thus far withstood the test of time. During the past twenty years, the Taiwan Relations Act has served as a basis for the continued growth of our commercial and cultural relations with our good friends there. That growth has been amazing: in 1978, our two-way trade with the Republic of China was \$7 billion; today it is more than \$53 billion. (Not bad for a “customs territory,” as the World Trade Organization has defined Taiwan.)

We have also seen the impressive and instructive transformation of the Republic of China from a country under martial law to today’s vibrant, multi-party democracy, with a spirited opposition, a free press and a flourishing civil society.

I used the word instructive because I am convinced that in this transformation, the Republic of China on Taiwan has proved for the world to see that it is the model for the future of Chinese civilization.

But, most important, in my view, were the defense provisions of the Taiwan Relations Act. By enacting into law that the United States would consider any effort to determine Taiwan’s future by other than peaceful means to be a matter of grave concern to our country, and that we would maintain the capacity to resist any resort to force against Taiwan, and that the U.S. would provide defensive arms to Taiwan—the United States put Red China on notice that we expect them to keep their hands off our friends.

The formula has worked well so far. I have no doubt that the Taiwan Relations Act has been a major factor in keeping the Republic of China on Taiwan secure, free and autonomous in the face of persistent hostility and pressure from Red China.

But, there are areas of concern that dictate that we must at least review our implementation of the Taiwan Relations Act. For instance, Taiwan’s democratic development and economic stability have made it increasingly difficult to ignore Taiwan’s justified calls for greater participation in international organizations.

The Taiwan Relations Act specifically stipulates that nothing in that act can be used as a basis for denying membership, let alone participation, to Taiwan in international organizations. In its 1994 policy review, the Clinton administration committed itself to efforts to secure membership or greater participation by Taiwan in these international organizations.

Yet Taiwan remains something of an international outcast. Its voice cannot today even be heard in the World Health Organization. Its membership in the WTO is being held hostage to China’s accession. And the 19th largest economy in the world is barred from the World Bank and the IMF.

Clearly more needs to be done in these instances and I invite comment on this from our witnesses.

Most disturbing, however, is the increasing threat to Taiwan from Communist China. For years, China has been engaged in a major military buildup, much of it clearly aimed at Taiwan. Last month, we learned from the Pentagon in its report to Congress that China has been and will continue to deploy a large number of missiles directly across the strait from Taiwan. Taiwan has little or no defense against these missiles, and in 1995 and 1996, Mainland China demonstrated beyond a doubt that it is willing to use these missiles to intimidate Taiwan if not more than that.

The Pentagon report makes it clear that China's vast quantitative edge in naval and air assets, coupled with its ongoing modernization, would today prove overwhelming vis-a-vis Taiwan in any sort of military confrontation, barring third party, i.e., American, intervention. The report concludes that Taiwan's future success in deterring Chinese aggression will be dependent on its continued acquisition of modern arms, technology and equipment and its ability to deal with a number of systemic problems, such as logistics.

And that's where the U.S. needs to step in. The United States is the only power in the world that can guarantee Taiwan's right to acquire these weapons and deal with its systemic problems. The question is, will we? Communist China has coupled its military buildup and threats against Taiwan with increased pressure on the United States to limit or cease its arms sales to Taiwan.

The situation is sadly reminiscent of 1982, when the Reagan administration unwisely yielded to Chinese pressure and agreed to limit and reduce our arms sales to Taiwan.

Will the Clinton administration do something similar—perhaps deliver a gift to Premier Zhu next month? Or will the Clinton administration implement sections 3(a) and 3(b) of the Taiwan Relations Act, which oblige the U.S. to sell defensive arms to Taiwan based solely upon our judgement of Taiwan's needs.

Many Senators and Members of Congress, myself included, are going to need a lot of convincing that this administration will have the fortitude to withstand China's assault on our arms sales to Taiwan in light of last summer's cave in on the so-called "three-noes" question. In any event, Taiwan's defense needs are going up, and I will look forward to a discussion of whether our arms sales to Taiwan should go up as well.

In any event, it is time to begin a discussion of whether the U.S. should be doing more in terms of exchanges, training and planning with Taiwan's military. The Taiwan military has operated in virtual isolation for twenty years, which has contributed to some of the systemic problems alluded to in the Pentagon report.

It boils down to an inevitable and unavoidable question. Why is it that when the Secretary of Defense and other top officials of our Government can rub elbows in Beijing, the State Department prevents any U.S. officer above the rank of colonel from setting foot in Taiwan?

Now as you know, yesterday I introduced legislation that addresses many of these issues and I would invite comment from our panelists on the bill itself or these issues generally.

The CHAIRMAN. Would the distinguished Senator from Massachusetts, representing the Democrat minority, have a statement?

Senator KERRY. Mr. Chairman, a very brief one, and I thank the chair.

I want to commend you for holding this hearing. It is obviously very timely, not just because it is the 20th anniversary of the Taiwan Relations Act, but also because we are now engaged in a very important debate over whether the policy that we have been pursuing, the broad policy of engagement followed by every President since President Nixon, is still the most effective approach to China. Over the past 20 years we have witnessed very dramatic changes in Taiwan. It has transformed itself from an authoritarian system into a rough-and-tumble multiparty democracy with a flourishing free market economy, and it has become a symbol of what others in Asia, including China, can achieve over time, and what we would hope that they would achieve over time.

The past 20 years has also seen a dramatic transformation of Taiwan's economic relationship with China itself. Taiwan has followed a very deliberate strategy of engagement with China. Notwithstanding fundamental political differences with Beijing over the question of reunification, Taiwan has developed a robust trading relationship particularly with the southern provinces, which form a critical export market for Taiwanese products. That trade relationship is now valued at about \$30 billion, but that really tells only about half the story, Mr. Chairman.

Taiwan's companies' investments in China have surged in recent years, particularly in the area of high technology, with more than 10,000 investments worth more than \$6 billion just in the past 2 years. Moreover, the pace of Taiwan's investment in China has doubled since 1996. Taiwan companies now rely on their factories in China to manufacture more than half of the sophisticated electronic components for the personal computers which are ultimately purchased by American, European, and Asian consumers.

These investments have led to a growing network of informal contacts between Taiwan and its neighbor across the strait. Family visits, academic exchanges, and tourism are flourishing. Many of those belonging to the new generation emerging on Taiwan, young people for whom China's Communist revolution is ancient history, are eager to rediscover their roots, or just become better acquainted with the mainland.

Most importantly, Taiwan and China have opened a critical cross-strait dialog, a beginning on the difficult road of determining the relationship between these two entities over time. After an ice-breaking visit by Taiwanese Representative Koo to China last year, direct high-level political talks are likely to resume this fall on Taiwan. This would obviously be a very welcome and encouraging development.

Taiwan has engaged China for one basic reason. They recognize that in the end Taiwan and China alone, only the two of them, can really answer the question of how they are going to be related to each other in the 21st century.

Now, obviously, the United States has played a vital role, and I think it is a role we can and should be proud of. Our explicit commitment to Taiwan's security and prosperity reflected in the Taiwan Relations Act has strengthened Taiwan's hand in dealing with a much larger, more powerful, and sometimes provocative neighbor. It is essential that we maintain that commitment, but in so doing we need to be careful ourselves not to take actions which would discourage the recent trend of improving cross-strait relations, or allow either party to use the United States as a pawn in their political dialog.

For example, we all know that China poses a potential threat to Taiwan. In recent years, China has increased the numbers of M-9 ballistic missiles opposite Taiwan, and we have responded, appropriately in my judgment, by providing Taiwan with Patriot missile batteries and advanced fighter aircraft to enhance its deterrent capability.

Some have argued that we should more rapidly go further, that we should now rush to develop and deploy a theater missile defense system [TMD] which would cover Taiwan. I do not necessarily deny the possibility of doing that, but before we do it, we should be certain that it fits into the context of the increasing cross-strait relationships that I referred to and also that the unintended consequences have been answered, that by deploying TMD we will not ultimately decrease, rather than increase Taiwan's security, and shred rather than enhance their engagement with China, and our own.

These are important questions, Mr. Chairman, and we clearly need to have answers to them. Everyone understands, and we talk

in this country sometimes about the Chinese notion of yin and yang, which is essentially a notion about balance. The Taiwan Relations Act is a very important component of that balance, balance between our relationship with Taiwan and the inescapable ingredient of our engagement with China, but it is not the only ingredient. Another ingredient is our commitment to the one China policy we have pursued in the past, and our determination to avoid provocative actions which undermine that commitment and the possible peaceful resolution of the Taiwan question.

So, Mr. Chairman, as we proceed with our own debate over the merits of the policy of engagement with China, we need to keep in mind the consequences of any change or an abandonment of that policy and the impact it would have in terms of the strategic and political consequences not only for us but for Taiwan itself. I thank the chair.

The CHAIRMAN. I thank the Senator.

Before we proceed further, just one moment to suggest that this record shows the sadness of this committee and expression of friendship to our distinguished friend, Mr. Lugar, who lost his mother last night. She must have been a great lady if she raised Dick Lugar. Senator Murkowski, you are now front and center.

**STATEMENT OF HON. FRANK H. MURKOWSKI, U.S. SENATOR
FROM ALASKA**

Senator MURKOWSKI. Thank you very much, Mr. Chairman. I appreciate the opportunity to be with you this morning, and I want to thank you for welcoming me back to the Foreign Relations Committee, where I served as a member for 12 years. Regretfully, I left for the Finance Committee, but sometimes we have to do those things.

I also want to recognize Senator Hagel, who chaired with me a hearing of the Energy and Natural Resources Committee this morning on global climate change, which I might add is still going on. I want to recognize my good friend Senator Kerry as well.

I also want to thank Senator Biden and the other members of the committee for approving on Tuesday two resolutions which I, along with others, introduced regarding the Taiwan issue, first was Senate Concurrent Resolution 17 commemorating the 20th anniversary of the Taiwan Relations Act, and Senate Resolution 26, regarding Taiwan's participation in the World Health Organization. These are both timely and important measures that I hope the full Senate will adopt in the next few days.

Mr. Chairman, looking back over 20 years, well, we have come a long way since then. I think there was an ad to that effect, we've come a long way, baby.

I was not a Member of the Senate in 1979 when the Congress passed the Taiwan Relations Act, I came in 1980, but I have great respect for the wisdom of those who preceded me and played a role in the negotiations in passing this enduring piece of legislation. It would be interesting to hear from some of those folks now.

I recall reading a statement from former Senator Boren, who is in the education business now at the University of Oklahoma, during the debate over the adoption of the Taiwan Relations Act: "we are here setting precedent, not merely a matter of legal precedents

of the past. We are here setting policy. How healthy it would be for us to state, as a matter of policy, that while we are going to move ahead with a relationship with 800 million people on the mainland, that does not mean that we have to turn our backs on the people of Taiwan, who have been our friends." That statement was made March 12, 1979.

In talking to my colleagues and former administration officials who were here for the creation of the Taiwan Relations Act, you really get the sense that no one—I think the chairman expressed this—no one really expected Taiwan to be around for very long. But Taiwan has not only survived, Taiwan has thrived. Taiwan has turned into one of the Asian tigers, and has weathered the Asian flu far better than any other Asian country. She is a full-fledged multiparty democracy, a democracy that respects human rights and civil liberties, and she serves as a model of successful democratic reform. It is almost a case where she had no other choice but to make it work, regardless of the adverse circumstances, and she has. The positive changes in Taiwan are really a tribute to the spirit and the perseverance of her people, who have achieved an almost impossible dream in the view of many 20 years ago.

The United States cannot take credit for Taiwan's achievement, but we can be proud of the role the Taiwan Relations Act has played are that we in Congress and in the administration have played in maintaining peace, security, and stability throughout East Asia.

There have been many times, as the chairman knows, over the past 20 years when tensions have gripped the Taiwan Strait. Most recently, in 1996, China chose to launch missiles over Taiwan on the eve of the first direct Presidential election on the island.

We might interpret that the mainland was trying to interfere in the election process, but if so, it seems to have back-fired because President Lee was elected by a greater majority than otherwise he might have been, but in any event, that is conjecture.

The Clinton administration responded appropriately by sending two aircraft carriers to the region. This action was consistent with both the spirit and the letter of the Taiwan Relations Act, and I believe demonstrates the resolve of the United States to stand by our commitments to the people of Taiwan.

All who have studied the Taiwan Relations Act recognize that, at its heart, it is really about one thing, and that is security. The most important commitment the United States made is in section 3, and it reads as follows: "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."

I want to emphasize that the act talks about sufficient self-defense capability, not offensive capability. I think that is what we have to keep in mind, and that has been our policy.

As we near the 20th anniversary of the Taiwan Relations Act on April 10, it is important to reflect on this commitment and others incorporated in the Taiwan Relations Act, and to determine whether our policies indeed meet that commitment.

Back in 1978, when the United States broke off our diplomatic relations with the Republic of China and recognized the People's

Republic of China, we lived in a very different world. We had a wall dividing the two Germanies, the Soviet Union was the Evil Empire, and the people of Taiwan lived under martial law. This was the state of the world when the United States passed the Taiwan Relations Act.

Although the world has changed dramatically since then, our policies have not. The Clinton administration conducted a review of our policies toward Taiwan in 1994. They made some small corrective adjustments regarding what level of meetings could take place, where they could occur, and so forth. I welcomed those changes, but I believe that we can and should do more.

The Department of State committed also to "support more actively," Taiwan's membership in international organizations that accept non-States—non-States—as members and to "look for ways to have Taiwan's voice heard" in international organizations where Taiwan's membership is not possible.

We are all aware of Taiwan's responsiveness to world causes, famines, significant contributions for the betterment of mankind. They are always called upon, and they always give.

As a consequence, I would encourage consideration by the administration more specifically to recognize that this is indeed a need unfulfilled that can be met, and as a consequence I submitted Senate Resolution 26 urging Taiwan's participation in the World Health Organization.

There was an epidemic in Taiwan not so long ago, a rather unusual type of flu, and the World Health Organization was unable to be responsive. That is tragic and unneeded. After all, we are all inter-tied with our health needs and exposures as we travel internationally.

Another resolution that I introduced, Senate Concurrent Resolution 17, expresses concern about several issues, including the process for evaluating Taiwan's self-defense needs and the lack of high-level dialog between Taiwan's senior military officials and American defense officials on many issues of mutual concern. The resolution also expresses the Congress' grave concern over the possible threat to security in the Taiwan Strait from China's defense mobilization and modernization and procurement, as documented in the February 1, 1999 report to Congress by the Secretary of Defense on the security situation in the Taiwan Strait. This includes, of course, China's growing arsenal of nuclear and conventionally armed ballistic missiles.

With Secretary Kramer here today I would like to commend the Pentagon for producing what I found to be a very informative report, and I hope that similar reports can be produced for Congress on an annual basis.

I understand that our chairman, Chairman Helms, yesterday introduced the U.S.-Taiwan Security Enhancement Act, which would codify some of the policies suggested in my resolution, and I welcome your initiative, Mr. Chairman, and I ask that I might be added as a cosponsor.

Because the Congress and this committee in particular play such a strategic and key role in the oversight and implementation of the Taiwan Relations Act, I think it is very fitting that we take special note of this important anniversary, as the chairman has. I look for-

ward to working with my colleagues and with the administration in maintaining our strong and special relationship with Taiwan.

Mr. Chairman, I thank you for the opportunity to appear before you today. I would be pleased to respond to any questions.

The CHAIRMAN. Thank you very much, Senator. You are a distinguished alumnus of this committee, and any time you want to come back we will see if we cannot find a place for you.

I have no questions for the Senator.

Senator MURKOWSKI. Thank you very much, gentlemen.

The CHAIRMAN. You are welcome to come up here and sit with us. I know you do not have anything else to do today.

Senator MURKOWSKI. I have got another place to sit. Thank you.

The CHAIRMAN. He is almost running out the door because he has so much to do. Seriously, Frank, we are glad that you came.

The second panel, the Honorable Frank Kramer, who I mentioned a while ago, who is Assistant Secretary of Defense for International Security Affairs, and the Honorable Stanley Roth, Assistant Secretary of State for East Asian and Pacific Affairs, and if you gentlemen will enjoy where you have already taken a seat, that will be great, and your entire prepared remarks will be made a part of the record, and you can, if you want to let us have time to discuss the subject with you, you may want to summarize your statement, but I am going to leave that up to you.

I appreciate your coming. Mr. Kramer, why don't you proceed, or—

Mr. ROTH. However you would like, Mr. Chairman. Initially I would set the context—

The CHAIRMAN. Well, I see it says Kramer and Roth. Why don't you go first, then.

STATEMENT OF HON. STANLEY O. ROTH, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS

Mr. ROTH. Let me set the context, and then I understand that many of the specific questions relate more directly to Assistant Secretary Kramer's portfolio on the defense side, but I wanted to make a few remarks.

The CHAIRMAN. Good.

Mr. ROTH. First, I wanted to start with a personal note, Mr. Chairman, because I became a staffer on Capitol Hill 20 years ago this past February, and the very first issue I worked on, despite the fact that I was a Middle East expert at the time, was the Taiwan Relations Act, and I have had a personal interest in it ever since.

And to tell you the truth I quite agree with the assessment that you made and the assessment that Senator Murkowski made that the legislation sent up by the administration at that time was grossly inadequate, and if not for the work of the Congress I think that we would have a radically different situation in the region today, so I think that the accomplishments in the TRA are very great, and that Congress deserves a very large share of the credit.

I may also say for the sake of history my own role as a very junior 25-year-old staffer to a junior Member on the House side was not great, but it was the first issue I worked on. I am not attempting to take credit personally for the success.

Having set that context, I do want to make just a few basic points. First, I think that the combination of the normalization of relations with the PRC in 1979 and the passage of the enhanced Taiwan Relations Act with the Congress' input, has worked. I think as a result of it the world is radically different than it was in 1979, and three sets of bilateral relationships have flourished. Obviously U.S.-China relationships are radically different and improved from where they were in 1979, despite all the problems, and that relationship is not the focus of our hearing today.

But second, I think it is important to recognize that the peace and stability that came upon the Asian region as a result of normalization was enormously beneficial to Taiwan and to U.S.-Taiwan relations. I will not dwell on this point, because it has already been made by many of the speakers, but I can remember as a staffer organizing hearings on human rights violations and the Taiwan-Kaosiung incident, assassination of opposition leaders in the United States, and all of that is gone. This is a totally different world. Taiwan is a role model on human rights. It is a role model on economic development, and I think that this enormous, staggering progress that has been made in Taiwan is largely attributable to the people of Taiwan, but that could not have happened without the environment that was created by normalization.

But the third point that I want to spend just a little more time on is what has changed in the relationship between China and Taiwan, because here is where the most dramatic change has taken place, and I agree with Senator Kerry.

Who would have thought in 1979 that you would have had \$30 billion worth of Taiwan investments on the mainland. Who would have thought in 1979 that you would have millions of Taiwanese visiting the mainland? Who would have thought in 1979 that you would have high-level political talks between China and Taiwan, and that Taiwan Representative Mr. Koo would be received by Jiang Zemin and others at Diaoyutai, the State Guest House.

So this is a radical change in the relationship, and I think ultimately stabilizing in terms of reducing tensions, because the ties between the two parties on either side of the strait are so great. So all this is my way of saying I think there is a lot to feel good about. A lot has worked over the past 20 years.

In my statement I give a lot of statistics and go into great detail about the recent Wang-Koo meeting, but in the interest of time that you have expressed I will just leave that for the record, and get directly to the question of assessing the effectiveness of the TRA.

I think that clearly we should consider the TRA to have been a success. I think clearly that it has managed to provide for Taiwan security. Taiwan has not withered and disappeared. As Senator Murkowski said, you know, was the fear 20 years ago. I think that in fact we look at recent assessments of the security situation by the Pentagon.

The conclusion is that except in a few areas, and missiles has been highlighted as just one, that essentially the dynamic equilibrium of forces in the Taiwan Strait has not changed dramatically over the last two decades. That is a very major accomplishment, and it demonstrates that for 20 years the TRA has been effective.

And consistent with our obligations under the TRA, we and other administrations before us, in close consultation with the Congress, have approved a long list of defensive weaponry which I list in my testimony but will not do in the interests of time.

But let me turn to the hot issue of the moment, which, of course, is TMD. The question of Taiwan and a theoretical theater missile defense strategy has, of course, been a topic of much discussion recently.

First, let me set out some important technical points. TMD is a defensive system for which no deployment decisions, other than the protection of our own forces, has been made. This high altitude system technology is in the early stages of development, with potential deployment at least some years away.

But that said, I would like to emphasize the critical point that Secretary Albright made in Beijing to the Chinese, which was, the issue of TMD is not solely, or even largely an American decision. The issue of TMD is going to be influenced by what China does. What China does matters, and the Secretary laid out to the Chinese very clearly that you cannot expect countries to ignore missile threats.

For example, China objected strenuously to the sale of TMD to Japan, a treaty ally of the United States, which faces a real, legitimate threat from missiles from North Korea, and you cannot expect the leadership of Japan to just live with this threat without seeking some results, so the Secretary said to the Chinese, look, if you do not want Japan to acquire TMD, you are going to have to help Japan deal with the threat. Talk to the North Koreans about their missiles and tell them to negotiate with us.

It is exactly the same point with Taiwan. It is unreasonable to say that China can deploy unlimited numbers of missiles that can reach Taiwan's territory, and that Taiwan's leaders have no obligation to think of defenses.

So what China does matters, and we have told them that they ought to be addressing Taiwan's concerns if they do not want to see the possibility of TMD introduced into the region.

We have worked and urged the PRC to exercise restraints on missiles, to work toward confidence-building measures with Taiwan, and to press North Korea to forego its missile ambition. These factors are under PRC's direct control or considerable influence, and the PRC's actions affect the future perceived need for TMD.

Put differently, we do not preclude the possibility of Taiwan having access to TMD. Our decisions on this will be guided by the same basic factors that have shaped our decisions to date on the provision of defensive capabilities to Taiwan.

In my testimony I go on to describe the success of the economic relationship, but you highlighted that in your statement, so I will skip over that section.

I also then go on to describe Clinton administration policy at great length. I go back to the review of 1994. I will skip a lot of the details and instead go to the issue that you have raised and several of your colleagues, membership in international organizations.

In the policy review, it was decided that the United States would support Taiwan's participation in international organizations that

do not require statehood as a basis for membership, and would support opportunities for Taiwan's voice to be heard where membership is not possible.

Since then, Taiwan has joined some tactical organizations like the Global Government Forum on Semiconductors. Frankly, however, and I know you like frankness, this is not a smashing success. Movement on this front has not been nearly as rapid as we had envisioned. We have found that there are simply not as many opportunities as we had initially hoped to find organizations which do not have membership of the State, and the PRC has been actively and adamantly opposed to many of Taiwan's attempts at membership or participation in international organizations.

However, we view successful Taiwan participation in the Olympics, the ASEAN Development Bank, and APEC as clear examples of the contributions that Taiwan can make internationally and should be able to make. These contributions became possible because Beijing and Taipei found formulas to resolve participation. In the future, we hope that improved relations in the strait that may grow out of enhanced cross-strait dialog and lead to similar creative solutions to the issue of greater access for Taiwan to additional international organizations.

Finally, for the record, even though you have heard this from me many times, Mr. Chairman, let me emphasize one aspect of the administration's policy that has not changed, and will not change. The administration continues to insist that cross-strait differences be resolved peacefully.

The depth and firmness of the administration's resolve on this point was dramatically demonstrated in March 1996, when President Clinton ordered two U.S. carrier battle groups to the waters near Taiwan in response to provocative PRC missile tests. The visible U.S. strength, and the obvious U.S. signal of continued support for peaceful resolution of issues between the PRC and Taiwan was effective in counteracting the escalating tensions in the region at that time.

Let me conclude my statement at this time.

[The prepared statement of Mr. Roth follows:]

PREPARED STATEMENT OF HON. STANLEY O. ROTH

INTRODUCTION

Mr. Chairman, thank you for the opportunity to address this committee on the twentieth anniversary of the Taiwan Relations Act. I look forward to exchanging ideas and points of view, and to affirming that we are following the best possible path for an issue we all care a great deal about.

As many of you may know, some twenty years ago I was a new foreign policy specialist on Congressman Steve Solarz's staff. When President Carter decided to recognize the People's Republic of China, I found myself grappling with my first significant policy issue: the nature of U.S.-Taiwan relations in a fundamentally changed world. It was, in fact, the Taiwan question—how to preserve the long-standing friendship and common interests between the U.S. and Taiwan in the absence of diplomatic relations—that initiated my interest in Asia and shaped my life's work.

I vividly remember the confused and anxious atmosphere of 1979, as well as the sense of solemn urgency. Clearly, the challenge of what ultimately became the Taiwan Relations Act—the TRA—was to ensure that normalization of our relations with the People's Republic of China did not result in the abandonment of Taiwan. This premise led to the articulation of the fundamental goals of the TRA as laid out in Section 2(a):

- “(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.”

I have no hesitation in declaring the TRA a resounding success. Over the past twenty years, the TRA has not only helped to preserve the substance of our relationship with Taiwan, it has also contributed to the conditions which have enabled the U.S., the PRC, and Taiwan to achieve a great deal more.

NO ZERO SUM GAME

In reviewing the past twenty years of these three intertwined relationships—U.S.-PRC, U.S.-Taiwan, and Beijing-Taipei—what becomes absolutely apparent is that gains in one relationship do not dictate a loss in either of the other two. In fact, the reverse is true: gains in one have contributed to gains in the others.

As I noted earlier, the TRA was born of the U.S. decision to normalize relations with the PRC. The U.S.-PRC relationship that followed that decision—for all of its ups and downs—has contributed enormously to stability and peace in Asia.

In turn, this positive Asian environment, supplemented by the specific assurances of the TRA, has been conducive to the people of Taiwan developing and applying their great creativity and capabilities to bettering their lives. The result has been Taiwan's extraordinary economic and political development. The unofficial U.S.-Taiwan relationship has prospered accordingly.

Arguably, however, while the gains in the U.S.-PRC and the unofficial U.S.-Taiwan relationship have been formidable, the Beijing-Taipei relationship has actually experienced the most dramatic improvement. The trade, personal contacts, and dialogue now taking place were unimaginable twenty years ago when propaganda-filled artillery shells were still being traded across the strait. Today, economic figures tell a much different story.

In the five years from 1993 to 1998, cross-strait trade has grown on average by over 13 percent per year, and stood at \$22.5 billion at the end of 1998. In fact, trade with the PRC accounted for over 10 percent of Taiwan's trade with the rest of the world in 1998, making the PRC Taiwan's third largest overall trade partner surpassed only by the U.S. and Japan.

Imports from the PRC to Taiwan are growing even faster—by an average of over 40 percent per year over the last five years—albeit from a lower base. 3.9 percent of Taiwan's global imports came from the PRC in 1998.

Contracted Taiwan investment in the PRC now exceeds \$30 billion. With 30,000 individual Taiwan firms having invested in the PRC, over three million mainland Chinese are now employed with firms benefiting from that commitment of funds.

Economic ties have led to increasing personal ties. Up to 200,000 Taiwan business people now live and work in the PRC. Since the opening of cross-strait travel a decade ago, more than ten million Taiwan residents have visited the mainland.

This greater economic interaction is positive. Taiwan's security over the long term depends more on the two sides coming to terms with each other than on the particular military balance. Much like Adam Smith's invisible hand of the market place, myriad individual economic and social ties across the strait will contribute to an aggregate self-interest in maintaining the best possible cross-strait relations.

Politically, gains are also apparent. One of the most salutary developments in East Asia during the early 1990s was the emergence of a dialogue between Taiwan's Straits Exchange Foundation, or SEF, responsible for Taiwan's unofficial relations with the mainland, and the Mainland's Association for Relations Across the Taiwan Strait, or ARATS. The dialogue, cut off by the PRC after the Lee Teng-hui visit in 1995, has begun to be revived this past year. As I am sure you are aware Mr. Chairman, in late 1998, SEF Chairman Koo Chen-fu led a twelve-member delegation on a five-day “ice-melting” visit to the mainland. In addition to meetings with ARATS Chairman Wang Daohan, the visit also included a meeting with PRC President Jiang Zemin and other ranking PRC officials. In a good will gesture, Chairman Koo was invited to stay at the PRC's official Diaoyutai State Guest House; an offer he accepted.

Koo's October visit was able to reach a four-point consensus which includes:

- a return visit to Taiwan by ARATS Chairman Wang, a visit now scheduled for Fall;
- further dialogue on political, economic, and other issues;
- more exchanges between SEF and ARATS; and
- greater assistance (on personal safety and property) for people visiting the mainland, and vice versa.

Chairman Koo's meeting with President Jiang Zemin was the highest level contact between Beijing and Taipei since 1949. As such, it substantially improved the climate for cross-strait exchanges. The consensus that was forged provides an excellent framework for developing the approaches necessary to resolve the difficult issues between the two sides.

ASSESSING THE EFFECTIVENESS OF THE TRA

We should frankly acknowledge that Taiwan would prefer official diplomatic relations with the United States to unofficial relations. However, that said, the fact that our relations are unofficial has not harmed Taiwan's core interests in achieving security, prosperity, and freedom.

Twenty years ago, Taiwan was under martial law and had significant human rights violations. That Taiwan no longer exists. Today, to my great pleasure, human rights violations are no longer necessary topics of discussion. Politically, Taiwan has a vibrant democracy characterized by free elections, a free press and dynamic political campaigns. The 1996 direct election of the President and Vice President stands out as a particular high point, and Taiwan's competitive democratic system continues to mature.

Taiwan's political metamorphosis has been profound and serves as an example of peaceful democratic change in the region and beyond. The shelter of the TRA, made real by each successive administration's commitment to its provisions, helped make this transformation possible.

Taiwan's immediate security was a major concern twenty years ago. There were those who feared that absent formalized defense arrangements with the U.S., Taiwan would be subject to military intimidation by the PRC. Clearly, the provisions of the TRA have been critical in enhancing Taiwan's ability to defend itself.

The Department of Defense's recent assessment of the security situation in the Taiwan Strait concludes that, except in a few areas, despite modest qualitative improvements in the military forces of both China and Taiwan, the dynamic equilibrium of those forces in the Taiwan Strait has not changed dramatically over the last two decades. This assessment means that for twenty years the TRA has been effective.

Consistent with our obligations under the Taiwan Relations Act to provide Taiwan with arms of a defensive character, and in close consultation with Congress, U.S. administrations have provided Taiwan with a range of defensive weaponry including F-16s, Knox class frigates, helicopters, and tanks as well as a variety of air-to-air, surface-to-air, and anti-ship defensive missiles. We continually reevaluate Taiwan's posture to ensure we provide it with sufficient self-defense capability while complying with the terms of the 1982 Communiqué.

The question of Taiwan and a theoretical theater missile defense—TMD—strategy, has of course been a topic of much discussion recently. First, let me set out some important technical points. TMD is a defensive system for which no deployment decisions, other than for protection of our own forces, have been made. This high-altitude system technology is in the early stages of development with potential deployment at least some years away.

But, that said, I think it is critical to emphasize that the PRC's actions are a key factor in the region's, and Taiwan's, interest in TMD. We have urged the PRC to exercise restraint on missiles, to work toward confidence-building measures with Taiwan, and to press North Korea to forgo its missile ambitions. These factors are under the PRC's direct control or considerable influence, and the PRC's actions can affect future perceived need for TMD. Put differently, we do not preclude the possibility of Taiwan having access to TMD. Our decisions on this will be guided by the same basic factors that have shaped our decisions to date on the provision of defensive capabilities to Taiwan.

Political development and military security have contributed to Taiwan's tremendous economic development over the past two decades. As a result, the U.S. and Taiwan now share a vibrant, mutually beneficial trade relationship. Taiwan is the 14th largest trading economy in the world and the seventh largest market for U.S. exports. It constitutes our fifth largest foreign agricultural market and a major market for U.S. automobiles. For our part, the U.S. absorbs one fourth of all Taiwan exports, and our annual bilateral trade exceeds \$50 billion.

The economic partnership, moreover, continues to grow. Taiwan's sophisticated economy is largely withstanding the Asian Financial Crisis and acting as a support for the region. Taipei is now pursuing an ambitious, multi-billion dollar series of infrastructure projects—projects for which U.S. firms are helping to provide professional services and equipment. Taiwan and the U.S. passed a milestone in their economic relationship last year with the successful completion of bilateral market ac-

cess negotiations concerning Taiwan's application to the World Trade Organization. All indications are that Taiwan will continue to be an important export market for the United States.

CLINTON ADMINISTRATION POLICY

The Clinton Administration has been faithful to both the letter and the spirit of the TRA.

In 1994 the Administration carried out a lengthy interagency review of U.S.-Taiwan policy—the first such review launched by any administration of either political party since 1979—in order to determine that all that could be done was being done. On the basis of that review, the Administration has undertaken a number of specific steps. While these steps were briefed extensively to the Congress at the time the decisions were made, I think it would be helpful to review some of the decisions.

First, high level U.S. officials from economic and technical agencies up to cabinet level, are now authorized to travel to Taiwan when appropriate. Last November, Energy Secretary Richardson traveled to Taipei to attend the annual meeting of the U.S.-Taiwan Business Council, following the precedents set in 1994 and 1996, when then Secretary of Transportation Pena and then Small Business Administrator Lader attended similar meetings. Cabinet-level officials have attended the Council's meetings in the United States in the alternate years.

Second, the Trade and Investment Framework Agreement—TIFA—talks and the Subcabinet-Level Economic Dialogue—SLED—were established to promote bilateral economic ties. In 1998, under the auspices of AIT and TECRO, they were hosted here in Washington and addressed a large spectrum of economic issues. TIFA meetings have been led by the USTR and the SLED talks by Treasury. Since 1994, then Under Secretary and now Deputy Treasury Secretary Larry Summers headed SLED for Treasury.

Third, it was decided that the United States would support Taiwan's participation in international organizations that do not require statehood as a basis for membership, and would support opportunities for Taiwan's voice to be heard where membership is not possible. Since then, Taiwan has joined some technical organizations like the Global Government Forum on Semiconductors. Frankly, however, movement on this front has not been nearly as rapid as we had envisioned. We have found that there simply are not as many opportunities as we initially estimated, and the PRC has been actively and adamantly opposed to many of Taiwan's attempts at membership or participation.

However, we view successful Taiwan participation in the Olympics, the Asian Development Bank, and APEC as clear examples of the contributions that Taiwan can make, and should be able to make, in international settings. These contributions are possible because Beijing and Taipei found formulas to resolve participation. In the future, we hope that improved relations in the strait that may grow out of enhanced cross-strait dialogue, can lead to similarly creative solutions to the issue of greater access for Taiwan to additional international organizations.

Finally, let me emphasize one aspect of the Administration's policy that has not changed. The Administration continues to insist that cross strait differences be resolved peacefully. The depth and firmness of the Administration's resolve on this point was dramatically demonstrated in March of 1996, when President Clinton ordered two U.S. carriers to the waters near Taiwan in response to provocative PRC missile tests. The visible U.S. strength, and the obvious U.S. signal of continued support for peaceful resolution of issues between the PRC and Taiwan, was effective in counteracting the escalating tensions in the region.

CONCLUSION

U.S. relations with the PRC and the people of Taiwan are likely to be one of our most complex and important foreign policy challenges for many years to come. This Administration, like the five Republican and Democratic Administrations before it, firmly believes that the future of cross-strait relations is a matter for Beijing and Taipei to resolve. No Administration has taken a position on how or when they should do so. What we have said, and what I repeat here today, is that the United States has an abiding interest that any resolution be peaceful.

Over the last twenty years the TRA has served our interests well. I fully expect that it will continue to do so during the next twenty years.

The CHAIRMAN. Very well. Mr. Kramer.

STATEMENT OF HON. FRANKLIN D. KRAMER, ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS

Mr. KRAMER. Mr. Chairman, thank you for the opportunity to discuss these issues with you. As you said, I have a prepared statement which is in the record, so let me just make five short points and then we can go to questions.

The first point I would make in terms of our overall policy, which as you said is one of ensuring peace and stability in the Taiwan Strait, that that is part of our overall security policy for the Asia Pacific as a whole. We do that in three broad ways, through the maintenance of a forward presence of 100,000 forces, through working with our allies and friends, and through engaging China, and on the last I might point out that certainly in the defense area all of our friends and our allies ask us about our engagement and encourage us to do it.

The second point I would make with respect to Taiwan is that we fully implement the provisions of the Taiwan Relations Act not only because it is the law, but also because it is good policy to do so, as you said. Our focus is, by helping Taiwan maintain a self defense capability, that creates the circumstances in which one can create a peaceful security situation in the Taiwan Strait.

We also engage with the PRC, and we do that likewise in the defense area.

The third point I would like to discuss briefly is just how we do this. We did send the report up that you have alluded to already, so that has a great deal of detail, but let me make a few points to you and then we can discuss them at greater length.

We focus on the missions that Taiwan has to be able to undertake successfully. There is an air mission, a sea mission, and a land mission, if you will, and in each of these areas we have substantial relationships both with respect to hardware and also working on personnel and training kind of issues.

For example, in the air area we have sold early warning airplanes, we have sold air defense planes like the F-16's, we have provided air defense systems, most notably, for example, the modified air defense system, which is a Patriot derivative, we have provided Stinger missiles.

On the sea we talk about ensuring control of the sea lines of communication dealing with antisubmarine warfare. We have provided Knox frigates. We have provided the technical know-how so that Taiwan can produce the Perry class frigates. We have provided the Harpoon missile.

On land, we have provided M-60 tanks, helicopters, the Hellfire missile, advanced communications systems.

This is a pretty formidable capability, and it is one that we have worked with very closely in my office and the entire Defense Department, as well as with the State Department to do this.

One point I would make is that these are sometimes fairly expensive systems, and Taiwan does not have an unlimited budget, so we have to work very closely with them to be quite cost-effective. We have regular consultations in which we do that.

We also work with them a great deal on what we tend in shorthand to call software, the kinds of things that makes militaries

really effective, personnel and training and logistics. On the personnel side, for example, we have had recent visits which have focused on the reserve system for Taiwan which is necessary given their relatively small population and their smaller, as compared to the PRC, smaller armed forces.

We work with them on training, and we have had them work on issues of how we do training so that they can do similar effective training. We're dealing with logistics management, focused on integrated logistics, computer-assistive logistics. We work on C4I, command, control, communications and computers, and intelligence. And in particular we are working on a data link system, and we are going to undertake in the near future an overall assessment of their C4I, and we also work with them on modeling and simulation, and we will be helping them set up a stand-alone simulation center.

General Tong, who as you know is the commander-in-chief of their armed forces, was here in October, the Secretary of Defense met with him, I met with him, he is very interested in these issues, and I would say if I had to pick one set of things that are more important than anything, it is these software issues.

I work on these kinds of things for many countries around the world, as does Secretary Cohen, and our focus always, first and foremost, is on personnel and training. It does not mean that hardware is not important, but I just want to underscore for you, Mr. Chairman, how important these other issues are.

As already has been mentioned, sometimes a defense relationship is not enough, and if necessary, we do view threats to Taiwan as a matter of grave concern, and as I think you have mentioned, some of the other Senators have mentioned, Mr. Roth had mentioned in March 1996 in response to a provocative threat we did, in fact, put the carriers off of Taiwan for very deliberate reasons.

On the other side of the strait, my fourth point, we do engage with China. We do this to pursue our mutual interests, and also to deal with their areas of profound differences. We have common interest, for example, for peace and stability on the Korean peninsula. We have concerns about nuclear testing in South Asia, and we have differences with respect to the U.S.-Japanese military relationship. We obviously have differences with respect to Taiwan.

When we go forward on areas of mutual interest, we do so in a transparent way. We seek reciprocity, and we do this to avoid the possibilities of miscalculation, misinformation on their side. We want to gain insights into their thinking, and we want to increase communications.

Some examples of what we have done, for example, include the maritime military agreement which Secretary Cohen signed last year. This reduces the possibility for incidents at sea. We have functional exchanges. The Chinese Defense University is here right now, the president, I should say, and we have exchanges on humanitarian activities, disaster relief, for example. We have lots of open communications. The Secretary of Defense visited China, as you know, last year. This year the chairman of the Joint Chiefs of Staff. I visited, for example.

We are clear—and this is my last point, really—as Secretary Roth has said, that our activities with China are not a zero sum

game with respect to Taiwan. We insist on peaceful resolution, and what we are trying to do is create security and stability in the strait so that we can come and let the parties come to a peaceful resolution.

Let me stop there, Mr. Chairman. I am sure you have got lots of questions. I would be happy to answer them.

[The prepared statement of Mr. Kramer follows:]

PREPARED STATEMENT OF HON. FRANKLIN D. KRAMER

Good afternoon Mr. Chairman and Members of the Committee. Thank you for this opportunity to speak to you about the security situation in the Taiwan Strait. It is especially important to address these issues on the eve of 20th anniversary of the Taiwan Relations Act. In the interest of reserving time to answer any questions you may have, I respectfully request that the following statement be entered into record. I have prepared a brief statement that specifically addresses your interest in the views of the Department of Defense toward the security situation in the Taiwan Strait.

Let me first say that the overarching U.S. goal is to preserve peace and stability in the Asia-Pacific region. The policy of the United States toward Taiwan and the PRC is integral to this goal. We maintain our obligations toward Taiwan as stipulated in the Taiwan Relations Act, but also because it is good policy to do so. We also maintain a policy of comprehensive engagement with the PRC, also because it is good policy to do so. These two approaches are complementary to one another and support our often-stated interest that the PRC and Taiwan work out their differences peacefully. To that end, we are encouraged by the resumption of cross-strait talks. A constructive and peaceful Taiwan-PRC dialogue serves the interest of all the parties and is a major element in achieving long-term regional peace and stability.

Our commitment to peace and stability is further bolstered by the maintenance of approximately 100,000 U.S. troops in the region, a policy most recently reaffirmed by Secretary Cohen in DoD's 1998 East Asia Strategy Report. There have been times when more than simple dialogue and presence have been necessary to maintain stability. America's enduring commitment is well-known and widely appreciated throughout the region, and contributes to our overall approach to the cross-strait issue. Our commitment to take the necessary actions was visibly demonstrated in March 1996 by our deployment of two carrier battle groups to the region in response to provocative PRC missile exercises.

U.S. POLICY TOWARD TAIWAN

Now, let me specifically address our policy toward Taiwan. The Taiwan Relations Act (TRA) of 1979 forms the legal basis of U.S. policy regarding the security of Taiwan. Its premise is that an adequate defense in Taiwan is conducive to maintaining peace and security while differences remain between Taiwan and the PRC. Section 2(b) states:

It is the policy of the United States 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; to provide Taiwan with arms of a defensive character; and 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 of Taiwan.

Section 3 of the TRA also provides that 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."

We take our obligation to assist Taiwan in maintaining a self-defense capability very seriously. We do so not only because it is mandated by U.S. law in the TRA, but also because it is in our own national interest. We understand that as long as one has a capable defense, the security environment will be more conducive to peaceful dialogue, and thus the whole region will be more stable.

Let me also call attention to an aspect of the August 17, 1982, Joint Communiqué between the United States and the People's Republic of China that is extremely important to Taiwan's security. In this document, the PRC stated that its "fundamental policy" is "to strive for a peaceful resolution to the Taiwan question." Based on that PRC assurance, the United States Government made reciprocal statements concerning our arms sales to Taiwan—that we would not increase the quantity or

quality of arms and, in fact, intend gradually to reduce these sales. At the time the Joint Communiqué was issued, we made it clear that our intentions were premised upon the PRC's continued adherence to a peaceful resolution of differences with Taiwan.

While the PRC adheres to the 1982 Communiqué, we also recognize that the PRC has not renounced the option of overtaking Taiwan by force. Accordingly, we carefully monitor the PRC's military modernization program, especially as it relates to Taiwan, to determine how best to provide Taiwan an appropriate "sufficient self-defense capability."

U.S. Defense Assistance to Taiwan

We continually reevaluate Taiwan's defense posture and self-defense capabilities and consult with Taiwan about its needs. In assessing these needs, the Department of Defense has dedicated significant intelligence resources over the past two decades to monitoring the military balance in the strait. We also have an active dialogue with Taiwan's defense establishment to keep current on their defense needs.

Consistent with our obligations under the TRA, we have helped Taiwan achieve a formidable capacity to defend itself and to maintain a strong defense posture. Taiwan has acquired several defensive systems from the U.S. in recent years, including E-2T airborne early warning aircraft, NIKE, HAWK and CHAPARRAL ground-based batteries, and 150 F-16 fighters to enhance its air-defense capability; Knox-class frigates for anti-submarine warfare (ASW) and to protect its sea lines of communication (SLOCs); and M-60A tanks and armed helicopters to counter an amphibious invasion. We have also provided support for Taiwan to construct for itself the more advanced Perry-class frigates to assist in ASW and protection of SLOCs; sold F-16-launched HARPOON missiles for ASW; and provided the Modified Air Defense System, a Patriot system derivative.

In addition to these hardware sales, we are increasingly focusing on enhancing functional areas in Taiwan's defense system to enable Taiwan to better apply the equipment at hand, and optimize and integrate its capabilities for its key missions of air defense, anti-amphibious invasion, anti-submarine warfare and protection of sea lines of communication. We conduct functional exchanges and host programs under FMS and IMET to address such areas as personnel, training, logistics management, development of joint service doctrines, and C4I. The contribution of such "software" assistance will add measurably to Taiwan's overall defense posture.

The United States has abided by its commitments to Taiwan. Similarly, Taiwan's security will also be enhanced as we work to improve relations with the PRC.

U.S.-CHINA ENGAGEMENT POLICY

The Administration remains firmly committed to our engagement strategy with China. This strategy is consistent with and appropriate for relations between two major countries with both vital mutual interests and profound differences in outlook and beliefs.

Indeed, engagement and pursuit of a cooperative relationship are not to gloss over the very critical differences we have with Beijing's leaders on a wide range of issues. Our broader security dialogues with China aim at narrowing differences on key foreign policy issues. Yet we continue to have divergent perspectives on Taiwan, U.S.-Japan security ties, and overall U.S. regional security strategy.

On the other hand, we are developing important common global and regional security interests. Key among these is the maintenance of peace and stability on the Korean Peninsula. We also share concerns about nuclear testing in India and Pakistan and a range of non-conventional transnational security threats, including terrorism, drug trafficking, environmental degradation, and the spread of infectious diseases. China is also becoming increasingly committed to the maintenance of global WMD non-proliferation regimes.

Ultimately, our policy is designed to pursue cooperation with China where appropriate while opposing Chinese actions and policies with which we disagree.

U.S. Military-to-Military Relationship with China

The relationship of the Department of Defense with the People's Liberation Army (PLA) is an integral part of the overall Administration strategy of comprehensive engagement with the PRC. Sustained senior-level dialogue and interaction at all levels will enable us to develop better mutual understanding of capabilities, commitments and intentions; enhance confidence; and promote trust in order to avoid miscalculations and misperceptions that can lead to conflict. The principles of transparency, reciprocity and pursuit of mutual interests inform our military engagement activities. Through this approach, DoD has advanced several objectives in its relationship with the PLA:

- Reduce the possibility for miscalculations and accidents between operational forces through development of a variety of confidence-building measures (e.g., 1997 Military Maritime Agreement, ship visits, informational exchange on military environmental security, humanitarian assistance/disaster relief cooperation)
- Gain operational insights into the PLA through bilateral functional exchanges (e.g., military medicine, military law, defense university exchanges, language programs)
- Ensure open communications during times of tension through routine senior-level defense dialogues (e.g., annual SecDef meetings, vice-ministerial level discussions (Defense Consultative Talks), service chief visits, CINC visits)
- Monitor PLA influence in PRC internal politics and foreign policy decision-making
- Expand PLA participation in appropriate multinational and multilateral military activities (e.g., conferences on military law, management, medicine)
- Enhance understanding of China's strategic doctrine through continuing Sino-American security dialogue

We will continue our dialogue with the Chinese national security community to articulate our vital interests, cooperate in those areas where we share common security interests, and to minimize differences in those areas where our interests differ. Such dialogues do not harm Taiwan's interests.

Indeed, in all our dialogues, we make clear to the PRC that we will continue to support Taiwan in its legitimate defense needs not only because it is required by U.S. law, but also because it serves the wider interests of peace and stability in the region. We also have made clear that we support only a peaceful resolution of the Taiwan issue, and regard any attempt to resolve the issue by other than peaceful means, or any other action that threatens regional stability, to be contrary to our security interests.

Finally, it is important to reiterate our belief that any improvements in the U.S.-PRC bilateral relationship are not zero-sum: they will not come at Taiwan's expense, but rather serve to dampen possible PRC misperceptions, enhance mutual trust and transparency; and promote restraint. Taiwan will be a primary beneficiary of the regional peace and stability fostered by positive Washington-Beijing relations. We believe the Taiwan people share this view.

Ultimately, however, the U.S. position is that the Taiwan issue is for the Chinese on both sides of the strait to resolve. This remains the best approach and our policy must remain consistent in this regard. Indeed, this is the only long-term guarantee of a peaceful and durable solution across the Taiwan Strait. It is also a necessary element in guaranteeing long-term peace and stability in East Asia.

Mr. Chairman, it is particularly important to note that six administrations of both parties have understood that comprehensive engagement with Beijing represents the best way to promote our interests and to encourage a positive and constructive PRC role with the world. This policy has served the interests of the United States, the PRC, Taiwan, and regional security and prosperity. It has enabled us to pursue engagement with China and strong, unofficial ties with Taiwan. It has enabled Taiwan's people and leaders to maintain their security, produce one of the world's economic miracles, and consolidate its democracy.

Our relations with Taiwan and the PRC are likely to be one of our most complex and important foreign policy challenges for many years to come. Indeed, the global political and regional environment is very different today than at the time the three Communiqués and Taiwan Relations Act were formulated and implemented. Nonetheless, these documents have served U.S. interests in maintaining peace and stability in the Taiwan Strait for more than 20 years and remain the best framework for guiding U.S. policies into the future. Thank you, Mr. Chairman.

The CHAIRMAN. Very well. We will have 5 minutes for Senators, because we have another panel coming.

Mr. Roth, I am not being picky, picky, picky, but there is a lot of talk about the three noes, no, no, no. Now, can you tell me when and where, either in a document or in a public statement, or whatever, any previous administration has ever stated that the U.S. policy is, quote, we do not support independence for Taiwan, as President Clinton did last summer?

Mr. ROTH. Well, Mr. Chairman, we, the administration sent up to you a letter which detailed in great length the entire story of the

three noes, or so-called three noes, as we refer to them, and I did not bring it with me again today, but the basic point, which I want to reiterate on the record, and which I think has helped to calm the situation, has been no change in the administration policy. Every point made there had been made before by a previous administration and there was no change whatsoever.

The CHAIRMAN. So you think that is what the President meant? Do you think that is what the President meant when he said that, flat out?

Mr. ROTH. I think the President had absolutely no intent of changing our policy toward Taiwan, that is correct.

The CHAIRMAN. Well, now, the closest I could find is that Henry Kissinger told the Chinese in 1971 in private that, "the U.S. does not seek independence, does not seek independence for Taiwan," and as far as we have been able to establish, this President is the first to say that the U.S. does not support independence.

If you have any documents on that in your file, would you send me a—

Mr. ROTH. Of course.

[The information appears in the appendix on page 51.]

The CHAIRMAN. Because I want to have a complete file.

Mr. ROTH. Sure, and I hope we agree that we both do not believe that there should have been any change of policy toward Taiwan, and that in fact the administration has been consistent in its one China policy all along, as well as in its robust support for the unofficial relationship in Taiwan, and we spent a lot of time trying to reassure the Taiwanese of that point.

The CHAIRMAN. Neither you nor I would blame the Taiwanese for listening to every word, and I do not blame them. I would have drawn the same conclusion that they have.

Now, on April 8, I believe you are going to be here 2 or 3 days. The Chinese, mainland Chinese Premier Zhu will be here for his summit with President Clinton. Now, what kind of signal do you think that sends to Taiwan that the Communist Chinese premier will be here on exactly the 20th anniversary of the Taiwan Relations Act? Was that just an accident?

Mr. ROTH. The scheduling had a lot to do with the combination of the President's scheduling and their scheduling. It certainly was not intended in any way to be symbolism with respect to the 20th anniversary. That is not the purpose of it at all.

The CHAIRMAN. You are confident of that? You are conscious—that is a conscious statement you are making as a known fact, is that correct?

Mr. ROTH. Yes. Let me put it more categorically. The administration is very proud of its track record with respect to its relationship, albeit unofficial, with Taiwan. We believe we have a very strong record of support for that relationship, and are doing nothing to undermine it.

The CHAIRMAN. I am not trying to embarrass you. These things happen. Now, I am sure that Mr. Clinton was involved with other things and he did not sit down and tell the mainland Chinese come over here because this will be the 20th anniversary, et cetera, et cetera. I know that. But you do not think the White House even thought about it being the 20th anniversary?

Mr. ROTH. I really do not, Mr. Chairman.

The CHAIRMAN. All right.

Mr. ROTH. I never heard that point raised once in any administration meeting.

The CHAIRMAN. Well, it is clear that the reunification of Taiwan, as mainland China calls it, is an increasingly high priority for Beijing, and part of Beijing's strategy quite obviously will be the ending of U.S. arms to Taiwan. What do you think is going to be the topic of the agenda for Premier Zhu's visit?

Mr. ROTH. I think that while the entire range of issues in U.S.-China relations will be on the agenda, as you know, he has primary responsibility for economic issues. I think the question of WTO accession and other economic issues will probably be at the top of his agenda.

We will, of course, insist that a number of issues be on the agenda, that we are going to raise all of our concerns on issues ranging from human rights and nonproliferation to country-specific issues as well and, of course, we will reaffirm our positions on Taiwan.

The CHAIRMAN. What do you think the President is going to say if the premier says, you have got to stop this arms business with Taiwan? What is the President going to say about that?

Mr. ROTH. I think he will say what he has always said, that we obey our obligations under the Taiwan Relations Act, that is the law of the land, to sell defensive equipment as well as our obligations under the three communiqués.

He will also reiterate the crucial point that, you know, we believe that China should renounce the use of force with respect to Taiwan, and that would change the situation in a fundamental way that they have been unwilling to do.

The CHAIRMAN. That will be, if I heard you correctly, that will be sort of like telling him to go fly a kite, we are going to do what we think is right under the Taiwan Act, and that is what you think the President is going to do?

Mr. ROTH. Yes. He has said that to Chinese leaders on many occasions, and he will say that again.

The CHAIRMAN. Well, my time is up and I will recognize the distinguished Senator from Massachusetts.

Senator KERRY. Mr. Chairman, thank you very much. Let me sort of follow up on some of the questions of the chairman and see if we can go a little further.

How do both of you assess the current Chinese deployments and the current level of threat toward Taiwan with respect to the strait.

Mr. ROTH. Let me give a very general answer, and then I will let Secretary Kramer give the detailed one.

To me, I look at this in the context of overall Chinese military modernization as well as—

Senator KERRY. Can you both pull the mikes down and closer, maybe?

Mr. ROTH. I look at this first of all in the context of overall Chinese military modernization, and more importantly, overall context of Chinese economic development, that China is in a situation as a result of its high levels of economic growth where it is increas-

ingly able to have spending on both guns and butter, so that it can increase military expenditures while increasing other expenditures.

As a result, there is a long-term military modernization process, starting from a fairly modest base, but nevertheless we have seen the Chinese makes strides in a number of different areas not limited to missiles, with more strides expected in the future.

As a result of that, obviously the military capability increases vis-a-vis Taiwan, vis-a-vis others as well.

Senator KERRY. Mr. Kramer, what do you say to that?

Mr. KRAMER. We sent up a very detailed answer in the report, as you know. Let me try and summarize that. The chairman alluded to it, of course.

I have said in my statement that we have helped Taiwan modernize quite substantially, and we have, and I do not want to repeat all those, but we have done so in each of the air, land, sea areas.

As Secretary Roth has said, the Chinese themselves have also modernized. They have done so with considerable Russian assistance, for example, and they have done so also internally. There are a large number of so-called short-range missiles, as the report lays out, in the areas that are opposite Taiwan, and that is an imbalance, if you will, because at the moment it is very difficult for anyone, ourselves included, to defend against those kinds of systems.

The Chinese have a very large force as compared to Taiwan. In round figures, they have got about 2.5 million in the military plus about a million-person auxiliary. In round figures they have about 4,000 aircraft. They will probably get down to about 2,000 because they are modernizing but also decreasing.

Taiwan on the other hand has about 400,000 total, and its military I think they have about 400 modern aircraft, so just quantitatively there are differences.

Senator KERRY. Let me just stop you there for 1 minute. In terms of threat perception and deterrence, is it not fair to say that the balance is not judged by the numbers of troops in uniform versus numbers of troops in China, because in fact the specific ambivalence of the United States with respect to what role we might play is also a component of that calculation.

Mr. KRAMER. Yes, and where I was going was, I think that it is fair to say that Taiwan nonetheless, despite those differences, itself has a fairly formidable capability. That is what I was saying in my statement.

Then if you factor in the United States, as I think the Chinese in fact do, then the overall situation is quite different, and we say, and we mean, both in law and in policy, that we would consider any threat to Taiwan a matter of grave concern, and I think this administration demonstrated that as a matter of fact with the support of the Congress in March 1996.

Senator KERRY. Well, building on that, I mean, I think all of us share a cross-party-line uniform commitment that we are supportive of Taiwan's right to work through this process and not to be threatened, and certainly we would all of us react, I think swiftly, to any effort by China, as we have made clear in the past, to do so in some forceful way.

I have suggested, during the last deployment, that we should be less ambivalent about it, frankly. I mean, it has sort of been a calculated ambivalence. I am prepared to be very unambivalent about it.

Now, given that, it seems to me that China needs to clearly calculate what the United States and world response would be, and therefore, looking at that balance, we then have to make judgments about what happens with deployment of weapons, and where we proceed.

If you could both share with the committee, what weapons do you think might be necessary now, if any, and what would the impact be, in your judgment, on the perceived balance and status quo that we have that has led to these talks, led to this increased cultural exchange, that seems to be moving down a road carefully? What would the result of a shift in weaponry be to both of those calculations, in your mutual judgments?

Mr. ROTH. I think the key point to make is that ultimately Taiwan security is not going to be determined by military force or by any specific discrete sales, that ultimately Taiwan security is going to be determined by the state of the cross-strait relationship between China and Taiwan and what they work out between themselves and, of course, the policy of external players, with us being the primary one.

But I think we cannot define this as a purely military equation that can be influenced by one discrete sale solving Taiwan's problems, which is clearly not the case.

In that context, I think one of the calculations for Taiwan has to be, what is the diplomatic impact of steps it might take on the military side, and could they end up worse off by virtue of any specific acquisition, rather than better off in fundamental security.

Mr. KRAMER. In addition to that, Senator, obviously we will continue our policy of providing sufficient quantities of weaponry and also I really want to underscore again the personnel work and the training work that we are doing with Taiwan is extremely important. We do this across the board. That is to say, you should not look at it as a single silver bullet. That is not the way that militaries really operate, and that is not what makes the difference in terms of an overall capability.

We also are very clear with the Chinese, and I think you should understand—you probably do, but let me underscore that the Chinese themselves are very clear with respect to the U.S. position. After March 1996 I think there was a fundamental reassessment in their own thinking. I think that was good.

I think that the entire region was very appreciative of what the United States did. We certainly spoke to all the countries in the region about this. They were uniformly positive on what we had done, and there you hear anecdotally even from the Chinese things like, well, they look at Taiwan and they sort of see a medium-sized person that is themselves, and a smaller person that is Taiwan, but then there is a big person behind Taiwan, and that is us.

So I think in the overall what we need to do is continue broadly the kind of policy which requires us to evaluate on a case-by-case basis as we do what kind of systems are necessary, but I think you have to look at the military as a whole.

The CHAIRMAN. Senator Torricelli.

Senator TORRICELLI. Thank you, Mr. Chairman. I barely have a voice, Mr. Chairman, so if the witnesses will bear with me.

Recently, Chairman Helms and I introduced the Taiwan Security Enhancement Act. I would like to apply its provisions against your interpretations of the Taiwan Relations Act in three specific categories that we have included in our legislation.

First, we provide that there be a continuation of the necessary equipment to maintain defense, including specifically satellite early warning data, advanced air-to-air missiles, and diesel submarine technology. Are there any of those items which in your judgment are, per se, inconsistent with the provisions of the Taiwan Relations Act allowing the United States, indeed, giving the United States the obligation in my judgment to maintain defensive capabilities in Taiwan, since by my own interpretation each of these items that we have enumerated in our legislation are by definition defensive in design and intention.

Mr. KRAMER. Let me take the question first, and let me answer it first directly and then a little more broadly about the act.

Some of these items are actually discussed in the report, and the overall issues I think are important for us to look at, shared early warning, air-to-air missiles, submarines can all fit into a modern military. We have some of these ourselves, and in areas where we do not, like diesel submarines, we have nuclear submarines.

On the other hand, as I mentioned before, Taiwan does not have unlimited amounts of money, and it needs to focus very clearly on what is the most cost-effective kinds of things to purchase, and we have specific talks for those reasons. The way I would ask you to look at it is by mission area, which was what I was trying to suggest.

If we are thinking about a military confrontation, obviously the best confrontation is the one that they can avoid, so we want to give them as good a deterrent capability as possible, and then we need to be involved appropriately. As the act itself says, the Taiwan Relations Act, we would view any problem along these lines with grave concern.

Shared early warning, air-to-air missiles, and diesel subs, can be the right thing to do, but they would not necessarily be, and we have to go through the whole activity.

Senator TORRICELLI. Let me interrupt you a moment, because I am going to lose time, because I want to get specifically to the point of whether or not you think they are the right judgment. The chairman of the committee and I have drafted this legislation and have identified specific items, in that it is our belief that they are consistent with the Taiwan Relations Act.

I do not know how you would interpret our opportunity and obligation to provide defense assistance to Taiwan and come to a different conclusion about satellite warning systems, advance air-to-air missiles, missile defense systems. They are by definition defensive. I am not asking you to endorse the sales. I am asking you if you have a contrary view that these weapons clearly could not be defensive, or subject it to an interpretation which might—on no other basis could be defensive.

Mr. KRAMER. Frankly, first of all I think that we do sales in a way that is designed to enhance Taiwan's self-defense relationship.

Air-to-air missiles certainly can be used in a defensive context, but they can be used offensively also. I do not mean to say that the sale would be inconsistent with the Taiwan Relations Act, but I do not think that you can necessarily say that a system like an air-to-air missile could not be used offensively.

Senator TORRICELLI. Well, anything can be used offensively. I could take an iron shield and hit somebody over the head with it and make it an offensive weapon.

Having given you the opportunity to say that these by definition could not be offensive weapons, you have not done so.

Mr. KRAMER. Correct.

Senator TORRICELLI. Therefore, I assume that we are not inconsistent with the provisions of the act.

The second provision in our legislation is to enhance the staff of the American Institute in Taiwan, because we want it to be effective. Clearly, the staffing at the institute cannot be a violation of our obligation under the Taiwan Relations Act if that staffing is necessary to carry out the mission in Taipei.

Mr. ROTH. Of course. It is not clear to me, however, what the need is that you are trying to address.

Senator TORRICELLI. Simply that as the economy of Taiwan expands, the relationship has grown dramatically in 20 years, it is now our ninth largest trading partner, there may be a need to have a greater staff presence to meet our obligations, the point here again being that does not appear to me to per se be any violation to the Taiwan Relations Act.

To conclude, Mr. Chairman, the third is participation in our defense colleges to maintain the professionalism of their military and understanding of each other's institutions. That, again I would argue is not a violation of the Taiwan Relations Act. It is simply maintaining qualitative capability, the conclusion of this being that I think Chairman Helms and I have identified items that simply meet our obligations under the act, and I have not to my satisfaction heard an argument they are not defensive sufficiently in nature that they are not consistent with the act.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Thank you, gentlemen. We have another panel.

Senator KERRY. Could we—is it possible just to follow up with one or two questions quickly on that subject, Mr. Chairman?

The CHAIRMAN. Sure. Let's keep it as brief as we can, because they have to go and we have another panel.

Senator KERRY. I will keep it brief. We are all under time constraints and I do not want to press it, but just very quickly, I thought I heard you say that air-to-air can be offensive.

Mr. KRAMER. Of course.

Senator KERRY. So that might not necessarily fit automatically.

Mr. KRAMER. Let me be clear. We sell air-to-air missiles to Taiwan already. They have the M-9. I forget which version it is. So of course I think that the sale of air-to-air missiles in general terms is consistent with the act.

What I was saying, and let me be quite specific. I only had a chance to quickly peruse the legislation. As I read it, it was not a question of whether they were consistent with the act, if that is the right way to look at it. It is a question of whether we were required to sell or not, and what I was trying to say to you is that what I would like to do is to exercise the judgment with Taiwan to look at their militaries overall and decide what ought to be sold.

I think that there are arguments to sell air-to-air missiles. That is why we sell them, and you can make similar arguments.

What I would not like, frankly, is to be required to do so if that would not be the best overall use of Taiwan's funds.

Senator KERRY. One other question, Mr. Chairman, just 6 seconds. Maybe I will make a comment. It seems to me that the judgment I am hearing, I mean, if the United States remains steadfast, as you and I want it to, that the ultimate issue of whether Taiwan is going to be safer or not has to be really thought out in the context of any sale.

It is conceivable, is it not, that by selling certain weapons deemed to be defensive, that you could invite a greater deployment of offense or decoy or other kinds of things that actually leads you into greater instability, as we have seen in 50 years of an arms race, so that ultimately it still becomes the United States that is the equalizing factor, number 1, and number 2, that you could in effect, even by fitting under a pure definition of defense, not necessarily enhance security.

Mr. ROTH. Absolutely. That was the point I was trying to make in my previous response to your question.

Senator KERRY. So we need to measure that carefully.

Mr. ROTH. Very much so.

The CHAIRMAN. Well, maybe—since we all extended it a little bit, I hope that this Government's position will be in a delicate, political way to say, they had better be safer, to mainland China, because if we do not stand flat-footed for our ally over there, we are going to be making a serious mistake.

Senator TORRICELLI. Mr. Chairman, you may want the record to be corrected that our legislation only authorizes the sale.

The CHAIRMAN. That is correct.

Senator TORRICELLI. It does not require them. We are not imposing weapons on Taiwan that it cannot afford or does not want in its own judgment. We simply authorize them.

The CHAIRMAN. That is correct.

Gentlemen, thank you very much. I would appreciate to have another hour with you. Maybe we can get you back one of these days.

Mr. KRAMER. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Now for panel 3, three distinguished gentlemen, additional gentlemen, Hon. Harvey Feldman, Senior Fellow for Asian Studies at the Heritage Foundation, and Mr. Carl W. Ford, Jr., president of Ford & Associates in Washington, and Dr. David M. Lampton, director of China studies at the Nitze School of Advanced International Studies at Johns Hopkins, when the house clears just a little bit.

As I said, I would like to be here until 2:00 or 3:00 with you gentlemen, but you would not like to be here with me till 2:00 or 3:00,

and I have two or three other meetings, but if you wish to summarize your statements with an understanding that they will be included in the record in full, that would be helpful, because I think we learn a lot more by being able to have an exchange between the Senators. So Mr. Feldman, we will be glad to hear from you first.

**STATEMENT OF HON. HARVEY FELDMAN, SENIOR FELLOW,
ASIA STUDIES CENTER, THE HERITAGE FOUNDATION, AR-
LINGTON, VA**

Ambassador FELDMAN. Thank you very much, Senator, and I will just try to make a few points, but I thought I might begin by giving a bit of my own background.

I was the Country Director for Republic of China Affairs in the State Department through normalization. I cochaired the drafting committee in the State Department that prepared the first draft of the Taiwan Relations Act, and later I worked with this committee as a representative of the Carter administration in the revision that made it the great act that it is today and, Mr. Chairman, you yourself were very kind and complimented me on my work on that occasion.

The CHAIRMAN. I was going to say, welcome home.

Ambassador FELDMAN. Thank you, sir.

I wanted to point out that although the draft we prepared in the State Department was inadequate in some respects, nevertheless it accomplished a few things. Today, we take it for granted that despite the absence of formal relations with Taiwan we can trade, invest, sell arms, sell enriched uranium, that the American Institute in Taiwan can provide just about all the services that our former embassy provided.

And all of these things were contained in one magic sentence that we came up with in that State Department draft that said, whenever the laws of the United States refer to or relate to foreign countries, nations, States, Governments, or similar entities, such terms shall include and such laws shall apply with respect to Taiwan, unquote.

I will come back to that later, because that becomes very key on the question of Taiwan's membership in international organizations.

But as we have seen and said, the State Department bill did not go far enough, so there was a bipartisan effort, led in the Senate by Frank Church, Jake Javits, Dick Stone, and you yourself, Mr. Chairman. In the House we should remember and applaud Lester Wolff, Dante Fascell, Clem Zablocki, and Ed Derwinsky.

And so what we came up with—I am including myself. I guess perhaps I should not. What the Congress came up with was a treaty which the Congress drafted through legislative action, and successive administrations have had to abide by that treaty.

We are all familiar with the security assurances in that treaty, but there are a couple of other points in there that people may not be quite so familiar with. For example, the language, threat to the peace and security of the Western Pacific, which is in the TRA, intentionally replicated the language of Article VII of the United Nations Charter about threats to international peace and security and

the obligation of States to take up arms to meet those threats. That is in there, a direct replica.

And the other thing it says in that same section is that any attempt to use coercion against Taiwan would be an international matter, and not a domestic matter, as the PRC continually tries to tell us.

I want to talk a bit about international organizations. Mr. Chairman, there is language that says 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.

Now, that is phrased negatively, but the legislative history makes it very, very plain that Congress intended the administration, the Carter administration and those that have followed, to support Taiwan's membership in those organizations which it belonged to in 1979, and that included the Bank and the Fund, the International Monetary Fund, and the World Bank.

In fact, Taiwan's membership in those two international financial institutions continued for 9 years after it was expelled from the General Assembly, making the point that you did not have to be a member of the General Assembly to belong to the Bank and the Fund. Taiwan was expelled from the Bank and the Fund only when the United States ceased supporting its membership.

Now, there are a whole host of organizations that I believe Taiwan could and should belong to today. There are humanitarian organizations, there are technical bodies: the International Civil Aviation Organization, the International Telecommunications Union, the World Postal Union, all of these bodies exclude Taiwan. By the way, there is even one body which is open even to nonself-governing territories, and that is the World Meteorological Organization.

Now, you heard Assistant Secretary Roth today, and I heard Bob Suettinger, who used to be on the National Security Council staff yesterday at a meeting at the Woodrow Wilson Center say, well, we tried to do something about these organizations, but it is just too tough because the PRC opposes.

Well, of course the PRC opposes, but I do not think that is any reason why, if we believe that Taiwan should be in humanitarian organizations, in technical bodies, in the World Intellectual Property Organization, and of course the World Meteorological Organization, I think we should stand up on our hind legs and say so and not be intimidated.

I also want to point out that although in his three noes statement President Clinton said that the United States would not support Taiwan's membership in any international organization that required Statehood for membership, in fact the TRA says something very different.

What the TRA says is what I just read to you, that 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, because United States law requires that we can sell enriched uranium only to friendly States, and we can sell arms only to friendly Governments. So what this means is that as far as the United States law

is concerned, the Government of Taiwan is a friendly Government, and Taiwan is a State.

The PRC objects. The PRC says it is a matter of domestic jurisdiction, but the Taiwan Relations Act says something different, says it is international. And if the Congress said nothing should be construed as a basis for supporting exclusion or expulsion from international organizations, why, it seems to me the Congress must have meant the Congress believes Taiwan has a right to belong to those organizations, i.e., it has the qualifications for membership.

Mention has been made by Senator Murkowski of the World Health Organization. The World Health Organization presents a particular problem, because its charter says it is open only to members of the General Assembly, States members of the United Nations. But under the World Health Organization there is another body, and it is called the World Health Assembly.

The Director General of WHO has the authority to invite to the meetings of the World Health Assembly whoever the Director wishes, and I think it is time for the United States to whisper in the ear of the Director General of the World Health Organization, "We think you ought to invite some medical associations from Taiwan to your next meeting of the World Health Assembly." I see no reason why we cannot do that.

I want to conclude with just one final thought, and that is that at the time, as has been said, at the time the Taiwan Relations Act was drafted, signed into law, Taiwan was a one-party authoritarian State under martial law. I think had it been a democracy at the time, President Carter could not have possibly accepted that third condition that the PRC imposed, that we could not have any form of official relationship with Taiwan. That was the third condition he accepted. I think had Taiwan been a democracy, it politically would have been impossible to accept that condition.

Well, Taiwan is a democracy today. Taiwan has a parliament which is elected by the people. Taiwan has a president who is elected by the people. Taiwan is a democracy today. So we have locked ourselves into an artificial relationship that bears no relation with reality, and I think perhaps we ought to consider doing something about that.

Thank you, Mr. Chairman.

[The prepared statement of Ambassador Feldman follows:]

PREPARED STATEMENT OF DR. HARVEY J. FELDMAN

Mr. Chairman, Members of the Committee on Foreign Relations, I am grateful for your invitation to testify at this hearing on the twentieth anniversary of the Taiwan Relations Act. A long-time specialist in US relations with Taiwan, I co-chaired the Task Force at the State Department which produced the initial draft of the Act, and later represented the Carter administration in discussions with this Committee on the revisions which resulted in the Act as we know it today. Still later, I served as the American Ambassador to Papua New Guinea, and after that the Alternate U.S. Representative to the United Nations when Jeane Kirkpatrick was our principal representative there in New York. Having retired from the State Department some years ago, I am now Senior Fellow in the Heritage Foundation's Asia Studies Center.

Mr. Chairman, today we take it as a matter of course that despite the absence of formal diplomatic relations with the Republic of China on Taiwan, nevertheless we can trade, invest, sell defensive weapons and enriched uranium for nuclear power generation, and that our office in the island republic, the American Institute in Taiwan, though unofficial in name, nevertheless can represent the views of the

United States government and can provide ordinary consular services to our and to Taiwan's citizens. But when we shifted diplomatic relations from Taipei to Beijing, none of these things were possible for under American law, arms can be sold only to friendly governments; sale of enriched uranium fuel for nuclear power reactors, as well as Overseas Private Investment Corporation guarantees and Export-Import Bank loans are restricted to friendly states; and on January 1, 1979 we ceased recognizing the Republic of China as a state and its government as a government.

At the time we broke relations with Taiwan there were some 60 treaties and executive agreements covering everything from trade to taxation to air travel. Some supposed authorities had written articles claiming that after the switch in recognition all these treaties and agreements would apply to the People's Republic of China. Others had argued they simply would lapse. Was either view correct?

As it emerged from the TRA draft prepared at the State Department, a totally novel instrument in international life, the American Institute in Taiwan emerged. It is a private foundation incorporated in the District of Columbia, but funded as a line item in the State Department budget with a Board of Directors appointed by the Secretary of State. It has a direct reporting relationship with both this Committee and House Committee on International Relations. The Institute is staffed with government employees, usually from State, Defense, the CIA and the Commerce Department, who are nominally on leave from their agencies, yet their service with AIT counts toward their pensions and they even can receive promotions from their home agencies while serving on Taiwan with AIT. By the way, I signed the incorporation papers for AIT and paid the incorporation fee.

With regard to arms sales, OPIC guarantees, sale of enriched uranium, Ex-Im loans and the like, we came up with a simple and elegant fix: "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." Period. In similar fashion, the draft bill we sent up said that unless specifically terminated, all treaties and agreements in force on December 31, 1978, will continue in force.

I was very flattered, Mr. Chairman, when on the occasion of my confirmation by this Committee as Ambassador to Papua New Guinea, you congratulated me on the work we had done.

But the State Department bill in fact did not go far enough, for given the commitments the Carter administration had made to Beijing, the bill said nothing about the security of Taiwan and its people. So here the Congress took over. Led by Republicans and Democrats working together, in the Senate by Frank Church, Jake Javits, Dick Stone, and of course you yourself Mr. Chairman; led in the House by Clem Zablocki, Dante Fascell, Ed Derwinski and Lester Wolff, an entirely new kind of relationship was created, something unique in international affairs, and something that has stood the test of time over these past two decades. As it finally emerged, the Taiwan Relations act in reality became something like a treaty imposed by the Congress through legislative action. Moreover, it is a treaty which has set the terms and limitations by which successive administrations have had to abide in conducting relations with both Beijing and Taiwan.

The security assurances written into law by the TRA are familiar of course:

- peace and stability in the area are in the political, security and economic interests of the United States and are matters of international concern (emphasis added).
- 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;
- 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;
- the President is directed to inform the Congress promptly of any threat to the security of the social or economic system of the people on Taiwan;

And most important of all, the United States would consider

- any effort to determine the future of Taiwan by other than peaceful means, including boycotts or embargoes, a threat to the peace and security of the Western Pacific and of grave concern to the United States.

The words "threat to the peace and security of the Western Pacific," echo the similar language used in Article VII of the United Nations Charter, which deals with international resistance to acts of aggression. Taken together with the statement that peace and stability in the area are international concerns, it directly contests the PRC assertion that whatever it does or does not do with respect to Taiwan is purely an internal, domestic concern. Although we have learned quite a bit recently

about things whispered privately in Beijing by former senior government officials, and never disclosed to the public or the Congress, the Taiwan Relations Act and its formulations remain the law of this land. And as far as I am aware, in official documents the United States has never accepted Beijing's contention that Taiwan is anything more than one of its provinces. All we have done is to acknowledge that Beijing claims there is but one China of which Taiwan is a part, while stating no position of our own on the matter.

Obviously there is a great deal of tension between the clear language of the Taiwan Relations Act and the several communiqués which successive administrations have signed with Beijing, as well as with *obiter dicta* such as President Clinton's three noes statements in Shanghai last June. There is an obvious contradiction between the section of the TRA dealing with arms sales and the August 17, 1982 communiqué language dealing with year-by-year reductions. And of course there was a contradiction between that communiqué and President Bush's decision to authorize the sale of F-16s to Taiwan.

But behind all of this lies an even more deep-seated contradiction, stemming from the fact that President Carter not only accepted the PRC conditions that in order to establish diplomatic relations we must withdraw all U.S. Forces from Taiwan and terminate the Mutual Defense Treaty, he also accepted Beijing's demand that we could not have any form of official relationship with Taiwan. Had we refused to accept that third PRC demand, we would have avoided the tortuous exercise we now find ourselves in, having to operate a foreign policy which denies that Taiwan is a nation and its government is a government, while both American law and manifest reality make clear that it indeed is both.

This unreality takes its worst form in statements such as President Clinton's three noes: the U.S. will not support Taiwan's entry into international organizations that make statehood a requirement for membership; will not support Taiwan's independence; will not pursue a "two Chinas, or one China, one Taiwan policy." The administration claimed there was nothing new here, but PRC official immediately pointed out that Mr. Clinton's statements logically must mean that Taiwan is only a province of China and not a state. After all, they said, if your President says it lacks the qualifications necessary for independence or statehood, and since the U.S. has recognized the PRC as the sole legal government of China, the U.S. necessarily must agree that Taiwan is a province of the PRC.

For contrast, let's look at what the TRA says about Taiwan's status. Not only does it say that for all purposes of American law Taiwan is a state and its government is the government of a friendly state, it also says that any attempt to use coercive force against Taiwan would be a matter of international as well as American concern. Which means that despite Beijing's recent bluster and threat, as far as the United States is concerned, using force against Taiwan cannot be regarded as a domestic concern of the People's Republic of China.

But there is more. Section 4(d) of the TRA reads:

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.

The language is phrased negatively, but the legislative history of the Taiwan Relations Act makes very plain that Congress intended affirmative U.S. support for Taiwan's continued membership in such organizations as the World Bank and the International Monetary Fund. Which necessarily must mean that Congress considered Taiwan fully qualified to belong to the Bank and Fund and other international organizations, despite President Clinton's remarks in Shanghai. In fact, let me point out that Taiwan remained a member of the Bank and the Fund for nine years after being expelled from the General Assembly, and probably would be a member to this day had the United States not stopped supporting its membership. The only bar to its membership is American and other passivity in the face of Beijing's opposition. Ironically, the PRC is the number one borrower from the World Bank. Is there another case in which the borrower gets to specify whose money the lending bank can take?

Mr. Chairman, members of the Committee, I believe that had Taiwan been a democracy in 1978-79, no American president could have accepted the PRC's three conditions and consigned Taiwan to its present weird international limbo. But the Republic of China on Taiwan was not a democracy at that time. It was a one-party, authoritarian state under martial law. That was twenty years ago. In the decades since, Taiwan has peacefully transformed itself into a multi-party democracy. Not only is its parliament fully representative and directly elected, the head of state is also elected directly by the people for the first time in all the millennia of Chinese political practice. There are no political prisoners. The press and other media are

free and vigorous. Fiercely contested elections take place almost every year. GDP per capita exceeds \$13,000—about 15 times what it is in mainland China. Taiwan's existence as one of only three democracies in East Asia requires a more realistic American policy.

Of course we want to have useful and cooperative relations with the People's Republic of China. And of course we hope the PRC wants to have useful and cooperative relations with us. Which is to say, these matters should be reciprocal, avoiding the present situation in which we are told that to have these useful and cooperative relations, we must take account of and act in accordance with Beijing's sensitivities and needs—including those relating to Taiwan—but somehow Beijing need not take account of American sensitivities and needs—including those relating to Taiwan.

In his excellent book, *East and West*, former Hong Kong Government Christopher Patten points out the Chinese leadership in Beijing "did not require to be led in their negotiations by intellectual titans to know that if they pushed hard enough, the British would give". The trouble was that because Britain's bottom line was so often abandoned, the Chinese assumed it always would be abandoned." Unfortunately, all too often in its dealings with the PRC, successive American administrations have emulated the British pattern of negotiation.

Mr. Chairman, members of the Committee, if we are to act in accordance with the spirit as well as the letter of the Taiwan Relations Act, I believe we should do the following:

- Return to the former policy of saying we take no position on what the final status of Taiwan should be, because this is a matter for negotiation between the two sides. Reiterate that the U.S. can accept any solution that is arrived at peacefully, without coercion of any kind, so long as it is acceptable to the people of Taiwan. In the absence of such an agreement, the status quo must continue, and continue without threats.
- Even though it is a neuralgic point for the PRC, we should continue to press for a renunciation of the use of force against Taiwan. As stated in the TRA, the U.S. 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"; and "any effort to determine the future of Taiwan by other than peaceful means, including by boycotts and embargoes [would be considered] a threat to the peace and security of the Western Pacific and of grave concern to the United States."
- Obey the implicit injunction of the TRA to support Taiwan's membership in the international financial institutions, the World Trade Organization, and other international organizations. Beijing's continuing campaign to squeeze Taiwan utterly out of international life, including the work of purely humanitarian organizations as well as technical bodies in field such as telecommunications, aviation, marine transport, and the regulation of intellectual property, cannot be defended and should not be accepted. The United States should cease its passivity and support membership in such organizations as a matter of law, as a matter of realism, and as a step which is in the interest of the proper functioning of those organizations themselves.

In short, it is time for the Executive branch to recognize, as the Congress did in writing the TRA, and as it continues to do in resolutions, that Taiwan's existence as a multi-party democracy, and a free market economy—matters which were the fruit of so much work and so many sacrifices by the people of Taiwan—respond to important U.S. interests and must be protected. A policy which takes account only of our interests vis-à-vis the PRC, and fails to take account of our substantial interests in Taiwan's democracy and its future, cannot be considered realistic.

The CHAIRMAN. Thank you very much.
Mr. Ford.

STATEMENT OF CARL W. FORD, JR., PRESIDENT, FORD AND ASSOCIATES, WASHINGTON, DC

Mr. FORD. Thank you, Mr. Chairman. As a former member of the committee staff, one who was here at the time of the Taiwan Relations Act debate, I consider the opportunity to share my views on Taiwan with you a great honor.

I serve as a consultant on East Asian security affairs for a number of defense contractors and the Taiwan Research Institute, but

I especially look forward to my appearances before this committee, as I did when I was still in Government at CIA and later DOD.

The first time I sat in this room and observed the Foreign Relations Committee at work was 20 years ago. President Carter in December 1978, as you know, had announced normalization of relations with the People's Republic of China. Despite Beijing's occasional spasms of bellicosity, regional tensions have not prevented Taiwan from building a flourishing economy and moving from authoritarianism to genuine democracy.

Despite these notable successes, Taiwan's security is far from assured. Indeed, I have grave concerns about China's recent military buildup and what it could mean for the United States. U.S. security interests in my view are more at risk in East Asia today than at any time since the Congress passed the TRA 20 years ago.

Consider these factors.

Fact 1. We are not dealing with the same China that we did in 1979. China is economically stronger, and the PLA is considerably more capable of using force against Taiwan than when you first wrote the section 3 security guarantees into the TRA.

Fact 2. Blatant appeals to nationalism in its most virulent forms play an even greater role in motivating Chinese behavior than in 1979. The Jiang regime has publicly committed to retaking Taiwan on its watch.

Fact 3. Taiwan shows no sign of being intimidated by Beijing's heavy-handed pressures and military provocation, but Taiwan's military deterrent is at risk of obsolescence unless the United States promptly provides the qualitative and quantitative improvements.

Fact 4. U.S. policy toward China has never been more in disarray, nor has public support for that policy been more in question than it is today. The American people increasingly reject a strategic partnership with a Communist Chinese regime which repeatedly tries to bully Taiwan into submission.

Taken together, these factors should alert the committee that Taiwan's security needs merit your attention. It should be clear that Chinese leaders have changed how they think about Taiwan militarily, something you will very much need to take into account.

The Pentagon's new landmark report to Congress entitled, *The Security Situation in the Taiwan Strait*, reveals publicly what many senior U.S. analysts have been saying privately for months, that the PRC strategy is shifting toward a quick strike threat to gain superiority over Taiwan. A special concern is the incremental growth in Beijing's missile capabilities, most notably the improved shorter-range models, the M-9 and the M-11. Beijing will have an overwhelming advantage in offensive missiles in 2005, the report predicted.

Taken together with recent training exercises, the improvements convey an ominous message about the PLA's thinking vis-a-vis Taiwan. One of the most revealing passages in the 27-page report says, China views its growing conventionally armed ballistic missiles as a potent weapon to influence Taiwan's populace and their leaders. This development should concern us all, as it threatens the fundamental U.S. interest in security and stability for East Asia.

China knew even before Washington dispatched air carrier groups in 1996 that the U.S. forces must be taken into account militarily. Failing to do so endangered both China's power to intimidate and its capability to use force. Consequently, the PLA appears to have altered its contingency planning from the large, slowly developing assault and blockade operations against Taiwan, which by their very nature gave the United States considerable time to respond, to more intense, quick-hitting attacks featuring ballistic missiles.

This scenario is designed to achieve China's objectives before the United States could become fully engaged in the fighting. Chinese leaders probably believe that the more rapid and complete the PLA's initial success, the less the prospect that the United States could intervene. Indeed, they may consider a quick, decisive action their only real option.

The evolving military balance, events in the Taiwan Strait, such as the quick-strike exercises, and Taipei's reaction to these developments, signal China's growing strategic credibility. As Beijing military modernizes, and the number of missiles targeted against Taiwan increases, so, too, will the temptation to try to intimidate the people of democratic Taiwan.

U.S. policy makers must now react. Chinese actions mean that Taiwan will need more and better weapons, a distinct qualitative edge, including theater missile defenses. The alternative is for the United States to risk ceding to Beijing a clear military advantage.

The U.S. also needs to review our own capabilities in the region, and the speed with which our forces can respond to any future PRC provocation. Time is no longer a luxury that the United States can afford to take for granted.

The best way for the United States and Taiwan to cope with these changing realities is to ensure Taiwan maintains an effective military deterrent with the qualitative and quantitative improvements in defensive weapons systems that are urgently required from the United States.

Successive U.S. administrations have unwisely cramped the effectiveness of Taiwan's weapons purchases. Limited coordination and communications between senior Taiwanese commanders and American counterparts have virtually eliminated operational training opportunities for Taiwanese officers.

Even when a major transaction does go through, as in the sale of the F-16 starting in 1992, the impact is muted. The United States has refused to sell Taiwan the most potent armaments and avionics available for the plane. Though last month's Pentagon report noted the PRC's overwhelming advantage in submarines, Washington has refused to sell Taiwan undersea craft since 1973.

If this ill-advised policy continues, the PRC-ROC military imbalance will grow increasingly dangerous to the security interests of the American people. The last thing any U.S. President wants is a Hobson's choice between allowing Beijing to coerce Taiwan into submission, or sending American forces into battle to defend democratic Taiwan and thwart the Chinese Communists.

Twenty years ago, Congress offset the White House inclination to short-change Taiwan's security interests. Capitol Hill has frequently attempted to curb the same tendency in all succeeding ad-

ministrations. Now, a new vigorous assertion of congressional authority is required to prevent the security guarantees in the Taiwan Relations Act of 1979 from being rendered meaningless.

Fortunately, simple changes in practice could make dramatic improvements. With only slight modifications of the existing rules, which would still be well within the terms and conditions of unofficial relations, the United States can relieve Taiwan's military isolation considerably, improve its deterrent posture, and quite likely reduce the chances that Americans will become entangled in a military confrontation with the PRC.

To this end, there are three steps the United States should take:

No. 1. Sell Taiwan the weapons and equipment it needs to maintain an effective deterrent, a distinctive, qualitative edge over the PRC, one that promotes peace and stability in the region. The practice of putting Chinese interests ahead of our own and Taiwan's security must stop.

No. 2. Establish an operations and training presence at the AIT Office in Taipei. Since rules prohibit a U.S. command element on Taiwan, we need a section at AIT that can handle those responsibilities so that U.S. forces can effectively communicate with Taiwan in a crisis.

No. 3. Allow more Taiwanese military personnel to visit U.S. military schools and installations.

We should also seek other ways to enhance military contacts with Taiwan. Unofficial relations was never intended by the Taiwan Relations Act to mean no contact. The United States simply has not tried hard enough to make activities other than arms sales fit under this rubric. Up to now, we have not done the right thing. Not to change our essential way of doing business with Taiwan in the future will prove extremely dangerous to the security interests of the United States.

Thank you, Mr. Chairman, for your patience.

[The prepared statement of Mr. Ford follows:]

PREPARED STATEMENT OF CARL W. FORD, JR.

CONGRESS MUST LEAN ON THE WHITE HOUSE TO MAINTAIN BALANCE IN THE TAIWAN STRAIT

In this season 20 years ago, Congress responded to a unique Asian security challenge with prescience and dispatch. President Carter in December, 1978 had announced "normalization" of relations with the People's Republic of China. Closing that deal required the U.S. to sever formal ties with the Republic of China on Taiwan, abandon our defense pact with this long-standing ally, and withdraw all U.S. forces from the ROC.

The dilemma was how to preserve Taiwan's security while nurturing the new relationship with Beijing. The Carter Administration fixated on the latter concern. But a bipartisan Congressional majority served as a brake on the Administration's rush to please the PRC at the expense of Taiwan's security. With strong leadership by the Senate Foreign Relations Committee, Congress voted overwhelmingly to assure that the U.S. would make available "such defense articles and services" as necessary "to enable Taiwan to maintain a sufficient self-defense capability."

Faced with veto-proof majorities, a reluctant President Carter signed the Taiwan Relations Act (TRA), which became law on April 10, 1979. For two decades the TRA has served as the foundation for U.S. policy, helping to ensure Taiwan maintains a credible military deterrent which protects U.S. interests. Despite Beijing's occasional spasms of bellicosity, regional tensions have not prevented Taiwan from building a flourishing economy and moving from authoritarianism to genuine democracy.

In military terms, however, that foundation was never as strong as it seemed because successive Presidents have failed to implement the TRA fully. Cracks in the foundation are now becoming dangerous. That was confirmed in a Defense Department report to Congress last month. The study acknowledged Taiwan's increasing vulnerability on a number of fronts. Specifically, the report for the first time publicly detailed the PRC's growing arsenal of ballistic missiles. These weapons will give the PRC the ability to overwhelm key Taiwan defenses in a devastating quick-strike operation.

At the same time, the Pentagon report perpetuates a misleading construct in fashion since TRA's enactment. For reasons having to do more with diplomacy than military realities, Washington worked from the assumption that the opposing forces were roughly in balance. Taiwan's presumed "qualitative edge" would offset the PRC's gargantuan advantage in numbers. By this reasoning, occasional and selective upgrades of Taiwan's defensive weapons would maintain equilibrium.

This formulation was, at best, misleading 20 years ago and today is downright deceptive. Students of the subject knew it then. I joined the Foreign Relations Committee staff as a specialist in East Asian affairs in 1979, after serving as a China military analyst at the CIA. Insiders knew that serious deficiencies existed in Taiwan's military establishment. Long before 1979, the U.S. was determined to restrain the island's capabilities. Not only were sales of weapons limited, but contingency planning envisioned that Americans would direct any significant combat operation.

The result was an array of weaknesses in defense capabilities, particularly in Taiwan's air and naval forces, and a leadership with little experience in planning its homeland's defense. When the U.S. dismantled its Taiwan Defense Command, these deficiencies persisted. However, the risks then did not seem acute in the 1980's, at least from Washington's perspective. The People's Liberation Army, with its own flaws, could not contemplate a major offensive without accepting huge losses. Beijing had to assign significant assets to defend against a hostile Soviet Union. Also, PRC leaders seemed to assume that an isolated Taiwan, bereft of its U.S. military alliance, could be manipulated over time into surrender on Beijing's terms.

These factors changed dramatically in the 1990's. With the Soviet Union's collapse, the PRC no longer must allocate great resources to that front. Second, the PRC has embarked on an ambitious military modernization program that is grinding away whatever "qualitative edge" Taiwan once enjoyed in critical areas. Third, the takeover of Hong Kong and the imminent reversion of Macao leaves only Taiwan as a target of the PRC's avid irredentism. Finally, the island's progress in economic and political terms has made separation from the dictatorial PRC more attractive than ever to the native Taiwanese who now run the ROC's democratic government. Beijing has now chosen to concentrate on its military card.

The best way for the U.S. and Taiwan to cope with these changing realities is to maintain an effective military deterrent. Successive U.S. administrations have cramped the effectiveness of Taiwan's weapons purchases, limited coordination and communication between senior Taiwanese commanders and American counterparts, and virtually eliminated operational training opportunities for Taiwanese officers. Even when a major transaction goes through, as in the sale of F-16's starting in 1992, the impact is muted. The U.S. has refused to sell Taiwan the most potent armaments and avionics available for the plane. Though last month's Pentagon report noted the PRC's "overwhelming advantage" in submarines (66 vessels versus four), Washington has refused to sell Taiwan undersea craft since 1973.

If this ill-advised policy continues, the PRC-ROC military imbalance will grow increasingly dangerous. The last thing any U.S. President wants is a Hobson's choice between allowing Beijing to coerce Taiwan into submission or sending American forces into battle to thwart the communists. Twenty years ago Congress offset the White House's inclination to shortchange Taiwan's security interests. Capitol Hill has frequently attempted to curb the same tendency in succeeding administrations. Now a new, vigorous assertion of Congressional authority is needed to prevent the Taiwan Relations Act of 1979 from becoming meaningless.

THE QUICK STRIKE: PRC'S FORMULA TO REGAIN STRATEGIC CREDIBILITY

The unclassified version of the Pentagon's new landmark report to Congress entitled "The Security Situation in the Taiwan Strait" remained corked for nearly a month because some administration officials feared that it would affront Beijing. When the document surfaced last week, its factual content overwhelmed the attempt of insiders to be circumspect. The study reveals what officials apparently sought to play down. The PRC's strategy is shifting towards a quick-strike threat to gain superiority over Taiwan. This change is virtually certain to affect Congress' stance on security issues affecting the region.

Of special concern is the incremental growth in Beijing's missile capabilities, most notably the improved shorter range models, the M-9 and M-11. Beijing will have "an overwhelming advantage in offensive missiles ... in 2005," the report predicted. Taken together with recent training exercises, the improvements convey an ominous message about the PLA's thinking vis-à-vis Taiwan. One of the most revealing passages in the 27-page report says: "... China views its growing conventionally armed ballistic missiles as a potent weapon to influence Taiwan's populace and their leaders."

Through the early 1990's, the PLA's exercises suggested an interest in the larger generic options, such as an all-out attack or a blockade. Since each of these involved considerable risk and potentially heavy casualties, many believed that China—except in the most extreme circumstances—would not actually initiate hostilities. Rather Beijing was thought to be interested in the intimidation value of its training activities. Even when the character of these operations changed in the mid-1990's, most observers viewed them in the same light, noting their value in psychological warfare rather than warfighting terms.

Recent exercises have indeed had a psychological effect. Just the knowledge that the PLA was training nearby caused Taiwan's stock market to dip noticeably on several occasions and otherwise fueled popular concerns about the island's security. Though there has been no panic, such fears are bound to grow. The more credible the PLA's capabilities become, the more impact its training activities will have on public opinion. This is because intimidation and the use of force share an important characteristic: To be effective, they must be backed by real military capabilities. China's new exercises demonstrate obvious improvement and growth in this area.

Clearly, the PLA understands that its past threats of an amphibious invasion, or even a blockade, are no longer as credible as they once were. Ten and 20 years ago, China's leaders may well have believed that saber rattling could intimidate Taiwan into accepting Beijing's terms for unification. To do otherwise risked a major attack, and even if Taiwan should prevail in the battle, casualties could be unacceptably high and the economy left in ruin.

But Taiwan's people proved much tougher and more resilient than Beijing assumed. They never lost confidence in their ability to defend the island, and as the years passed the idea of China initiating hostilities lost credibility. This resulted in part from a better appreciation among Taiwanese of the difficulties associated with China's use of force. Another factor was Taiwan's acquisition of new arms and equipment. Leaders in both Taipei and Beijing also believed that the U.S. would not allow Taiwan to be coerced and would intervene to tip the scales in Taipei's favor, much as it did in 1996.

That explains why the PLA changed the nature of its training exercises. Its leaders knew even before Washington dispatched aircraft carrier groups in 1996 that the U.S. must be taken into account militarily. Failing to do so endangered both China's power to intimidate and its capability to use force.

Consequently, the PLA appears to have altered its contingency planning from the large, slowly developing assault and blockade operations against Taiwan—which by their very nature gave the U.S. considerable time to respond—to more intense, quick-hitting attacks featuring ballistic missiles. These would be linked with rapid assault forces and concentrated firepower. This scenario is designed to achieve China's objectives before the U.S. could become fully engaged in the fighting. Chinese leaders probably believe that the more rapid and complete the PLA's initial success, the less the prospect that the U.S. would intervene. Indeed, they may consider a quick, decisive action their only real option.

The evolving military balance, events in the Taiwan Strait (such as the quick strike exercises), and Taipei's reaction to these developments signal China's growing strategic credibility. As Beijing's military modernizes and the number of missiles targeted against Taiwan increases, so too will the temptation to try to intimidate the people of democratic Taiwan.

U.S. policy makers must now react. Chinese actions mean that Taiwan will need more and better weapons, including theater missile defenses. The alternative is for the U.S. to risk ceding to Beijing a clear military advantage. The U.S. will also need to review its own capabilities in the region, and the speed with which its forces can respond to any future PRC provocations. Time is no longer a luxury that the U.S. can take for granted.

AMERICA'S ILLOGICAL RULES MAKE FOR DANGEROUS POLICY IN THE TAIWAN STRAIT

Like most nations, Taiwan faces its share of military challenges. Indeed, the standard list—for any country—is almost endless. Recruiting and retaining good people is an expensive and never ending problem for every country, while weapon

systems only grow more complicated and expensive each year. Little wonder that defense budgets remain high during these times of relative peace, and military establishments of all sizes and shapes are constantly looking for ways to cut corners. Usually this means that combat forces rarely stay at a top level of proficiency absent an imminent threat. It costs too much. More typically, limits on funding impact those activities most relevant to combat capabilities—operations, training and maintenance—first and hardest.

In the case of Taiwan, of course, the island also faces in China a formidable potential adversary just across the Taiwan Strait; one so large in size and population, that even the United States and Russia view its current military power with concern. China's military capabilities, which by any measure already dwarf those of its smaller neighbors, will become even more modern and intimidating over time, especially as its power projection capabilities grow. Taiwan will need to run hard and fast just to keep from falling further behind.

As if these challenges were not enough, Taiwan, in attempting to achieve a sufficient defense capability, must also contend with the United States, its erstwhile best friend. Most times this has not been easy. For despite the legal requirements of the Taiwan Relations Act and a long list of defense items sold to Taipei over the past 20 years, the United States has purposely saddled Taiwan with a web of silly rules and limitations that not only harm the island's ability to defend itself, but in the future could also put American military personnel in jeopardy.

Military Hardware

Among these rules are restrictions on arms sales that are both a financial burden and militarily unnecessary. For example, there is the E-2T (the "T" signifies that it is the Taiwan version), a perfectly good flying radar station used by many countries, including the U.S. Navy, for controlling air defense assets. Apparently fearing China's reaction when it learned of the sale and wanting to be able to claim that we were not transferring the latest model, the E-2Ts were sold to Taiwan on the condition that each contain parts salvaged from aircraft no longer in service. No one was fooled by this silly requirement, least of all Beijing's military, since it did not affect the aircraft's performance. It only increased Taiwan's defense costs.

But the strange rules haven't just cost money. Most of the rules impose restrictions on the level of capability we provided Taiwan as well. For example, the first fighter aircraft sold to Taiwan after the United States normalized relations with the PRC was the so-called IDF, or indigenous fighter program. Worried about China's objections, the United States decided against transferring a modern U.S. aircraft, opting instead to provide Taiwan with the technology and know-how to build its own fighter, though one less capable and not so provocative. It was billed as a reasonable compromise between Taiwan's defense needs and PRC sensitivities. Unfortunately, it did not turn out that way.

Costs skyrocketed almost immediately when U.S. government-mandated limits and restrictions on performance proved unrealistic, resulting in numerous design changes and other costly delays. The search for an acceptable engine, given that all the existing U.S. military engines had been deemed "too capable," proved especially frustrating and expensive. Even when Taiwan worked through these problems, and had produced a good little fighter, U.S. rule makers still weren't satisfied. They made certain that the aircraft could not adequately defend Taiwan against air attacks by seriously limiting both its armaments and its avionics. These limitations were so severe that only a few years later President Bush, over the objections of the bureaucracy, felt it necessary to transfer the F-16 to Taiwan. But U.S. officials couldn't resist making the same mistake twice: Bureaucrats insisted on selling Taiwan an older version of the aircraft, limiting its armaments and avionics as it had with the IDF.

Military-To-Military Contacts And Information Exchange

Those wishing to minimize contact with Taiwan haven't confined themselves just to arms sales. Far worse have been U.S. efforts to constrain other military relations with Taiwan, such as training and routine operational contacts. Such activities go to the heart of maintaining a proficient military establishment. Without them, a nation, even one armed to the teeth, can hardly hope to defend itself well. A country like Taiwan, which does not yet possess the full range of conventional military capabilities, finds itself even more seriously hamstrung. The U.S. decision to keep working-level contacts between the two militaries to a bare minimum and eliminate almost entirely operational interactions of all sorts has seriously undermined Taiwan's ability to maintain its combat readiness.

What's worse, it all seems so unnecessary. As the legislative history of the Taiwan Relations Act anticipated 20 years ago:

The military advisory and training functions performed by the U.S. Government prior to January 1, 1979, can in general continue through other means if both parties show flexibility and imagination.¹

Had we followed that advice, both the United States and Taiwan would have been better off. The sad fact is that we did not. Those in charge apparently decided that, except for arms sales, it was easier to ban almost everything military than to deal with China's criticisms. In doing so, however, U.S. officials apparently did not worry too much about what consequences there might be for the United States. Clearly, such decisions have put the United States and its interests at risk.

The Taiwan Relations Act calls for the United States to help Taiwan maintain a sufficient self-defense capability; something as much in our interest as Taipei's. First, we hope that adequate defense preparations by Taiwan will lessen the prospect for a war with China. Although Taiwan's ability to fend for itself does not ensure that the PRC won't make threats or launch an attack at some point in the future, it does provide an important measure of deterrence. Unless Beijing can calculate that its chances of success are high, it is not likely to provoke a war. Second, should deterrence fail, we want Taiwan to be able to defend itself with as little assistance from the United States as possible. Ideally, few, if any, U.S. personnel would be directly involved in the fighting. In most cases, the United States' primary roles would be those of providing logistic support and acting as peacemaker.

Unfortunately, U.S. decisions since 1979 have produced almost the opposite result. The military balance in hardware terms strongly favors the People's Republic of China and the proliferation of China's missiles in recent years has only made matters worse. Equally troubling, Taiwan's forces lack critical training experiences at all levels and suffer from serious command control deficiencies—most of the United States' doing. As the rest of the world experienced a revolution in military thinking, the U.S. limitations imposed in the case of Taiwan ensured that Taipei's military would become isolated and out of touch with essential knowledge available only from military-to-military contacts. Performance levels have suffered and commanders and troops have lost confidence. The restrictions are so tight that the U.S. military cannot communicate directly with Taiwan even for safety precautions involved with air and naval transits through the region. Consequently, even the slightest provocation, such as PRC training and missile exercises, require a major U.S. response. Clearly, in the event of a crisis, even more would be expected of Washington, including air and sea control responsibilities.

Simple Changes Could Make Dramatic Improvements

Fortunately, simple changes in practice could make dramatic improvements. With only slight modifications of the existing rules, which would still be well within the terms and conditions of "unofficial relations," the United States can relieve Taiwan's military isolation considerably, improve its deterrent posture, and quite likely reduce the chances that Americans will become entangled in a military confrontation with the PRC.

To this end, there are three steps the United States should take:

1. *Sell Taiwan the weapons and equipment it needs to maintain an effective deterrent*—a distinct qualitative edge over the PRC—one that promotes peace and stability in the region. The practice of putting Chinese interests ahead of our own and Taiwan's security must stop.
2. *Establish an operations and training presence at the AIT office in Taipei.* Presently, the main military business of the American Institute in Taiwan (the quasi-embassy in Taipei) is arms sales support and attache-type duties. Since rules prohibit a U.S. command element on Taiwan, we need a section at AIT that can handle those responsibilities so that U.S. forces can effectively communicate with Taiwan in a crisis.
3. *Allow more Taiwanese military personnel to visit U.S. military schools and installations.* Probably the easiest step, and involves no more than changing the U.S. attitude toward Taiwan's attendance at senior service schools. Instead of constantly looking for ways to limit Taipei's participation, we should bend over backwards to make this sort of training available and ensure that there is robust, ongoing dialogue between U.S. and ROC military officials regarding military doctrine.

We should also seek other ways to enhance military-to-military contacts with Taiwan. Over the longer term, the Pentagon should come up with ways in which Taiwan's military can take better advantage of training and other contacts that U.S.

¹ Wolff, Lester L. and David L. Simon, eds., *Legislative History of the Taiwan Relations Act* (Jamaica, N.Y.: American Association for Chinese Studies, 1982), p. 19.

commands such as CINCPAC have to offer. Unofficial relations was never intended by the Taiwan Relations Act to mean no contact. The United States simply has not tried hard enough to make activities other than arms sales fit under this rubric.

Obviously, these and other remedies will not solve Taiwan's military problems. The potential military threat posed by the PRC is much too great for that. This should in no way, however, relieve the United States from its responsibility to provide as best it can for Taiwan's self-defense capability. Nor should the United States lose sight of its own interests in making Taiwan less dependent upon U.S. forces during any future crisis. It is in everyone's interest that the United States not continue to bury its head in the sand when it comes to our military advisory and training responsibilities. Up to now, we have not done the right thing. Not to change our essential way of doing business with Taiwan in the future would be downright dangerous.

THE PLA GETS DOWN TO BUSINESS

It looks like Beijing's recent decision to take the PLA out of commercial enterprises and other industrial activities in China comes with several important quids. Not only will the Army be able to give its full attention to its main business, military preparations, but the government has agreed to increase the funding allocated for defense spending by almost 13 percent next year. The implications of the change, however, do not stop there. The PLA, in return for its reduced role in the economy, will also it seems have a greater say in a number of other critical international issues such as Taiwan and the Spratly Islands in the South China Sea. Given the military's more hard-line position on these sensitive problems the PLA's new focus should worry us all.

Apologists both inside and outside of China quickly tried to downplay the importance of the 12.7% boost in defense spending announced March 4 by claiming that it would go mostly for "living standards." Such statements make for good sound bites, but are purposefully misleading. Spokesmen know that personnel and other related costs without exception take up the bulk of military budgets both east and west. It is a given. What they don't tell you about are China's large scale military modernization programs and stepped up training activities detailed in the February DoD military balance report to the Congress. Across the board the PLA is engaged in a major spending effort to upgrade weapons and equipment and improve its operational capabilities. According to the report these efforts already make a real difference in China's ability to use force, for instance the increase in ballistic missiles deployed opposite Taiwan capable of a quick strike, and the PLA will only get better between now and 2005. That's what this is all about.

They also don't tell you that China never tells the truth about its defense spending anyway. For years experts have considered the publicly released figures to be only the tip of the iceberg. While no one can be certain, since much of the funding is hidden, many estimate that the unclassified budget probably understates real spending by at least a third. Moreover, it is in the area of weapons acquisition and training that the Chinese are most secretive, at least in part because these are the areas the PLA finances with profits from its sale of missiles and other weapons to upstanding international citizens such as Iraq, Iran, Libya and Syria.

All in all, I suspect that the PLA General Staff is delighted with the new order of things. Most are highly trained professionals glad to be rid of the distractions associated with a few bad apples profiting from the PLA's involvement in commerce. They can now give their full attention to strengthening the PLA with government promises of increased official funding. Improvements in military capability are likely to follow.

The General Staff also appears to have gained a greater say in other matters as well. China's stepped up military activity in the South China Sea, especially in and around the Spratly Islands, has the PLA's fingerprints all over it. Always a flash point for expressing Chinese nationalism, this area has also been one in which the PLA has historically played a special role. Only the military has the capability to operate so far from the China mainland and by default is in charge of day to day activities. Along with operational control has come an apparent greater say in the strategic decision making about the Spratlys. It also gives the PLA an opportunity to test out and experiment with its new power projection capabilities; ones that are especially useful when thinking about potential operations against Taiwan.

It is also likely not a coincidence that these events parallel a hardening of PLA attitudes about Taiwan and the military buildup in and around the Strait area documented in the DoD report. Military officers and other nationalists expressed considerable anger and frustration after the U.S. dispatched aircraft carriers to the Taiwan Strait in 1996. Not only were they surprised by Washington's action, but they

were embarrassed at their inability to do anything about it. Soon after, several vented their anger with American friends telling them that it would never happen again and even threatening possible retaliation against U.S. cities. Ridding the PLA of its commercial entanglements, giving it more say in sensitive international matters, and carving out a larger share of the government's budget for military programs looks like part of China's response. In the process, Beijing's long term intentions, if not its military budget, are become much more transparent.

The CHAIRMAN. Thank you, Mr. Ford. I have just been advised that there are going to be three votes on the budget bill beginning at noon. I do not want to miss any of those, but I certainly want to have a little bit of conversation with each of you. Dr. Lampton, if you will proceed please, sir.

STATEMENT OF DR. DAVID M. LAMPTON, DIRECTOR OF CHINA STUDIES, NITZE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY, WASHINGTON, DC

Dr. LAMPTON. I will try and be very expeditious.

The CHAIRMAN. I do not want to cut you short, because it is important that we hear for the record what you have to say.

Dr. LAMPTON. Thank you very much, Mr. Chairman.

In my written testimony I make four points:

No. 1. The Taiwan Relations Act and the three communiqués have served American interests well and have simultaneously permitted the people of Taiwan to prosper in the last two decades.

No. 2. There are tensions among the Taiwan Relations Act and the three communiqués, but tinkering with the structure that exists is a very dangerous course, not the least for the people of Taiwan, about whom I care, and I know you do, Mr. Chairman, a great deal.

No. 3. There are worrisome developments in the Taiwan Strait, as well as some hopeful signs.

No. 4. American policy should continue to be what it has been since Secretary Shultz uttered the following words in March 1987: "Our steadfast policy seeks to foster an environment in which such developments" he meant cross-strait exchange and cooperation "can continue to take place."

Mr. Chairman, in my written testimony I draw three conclusions. First, we need to manage the Taiwan Strait relationship with the utmost care, not only out of consideration of U.S. interests, but the interests of the people of Taiwan and the region, as well.

Second, the proper management of the Taiwan issue, so-called, is key to broader peace and stability in East Asia, and key to such management is the peaceful resolution of disputes across the strait, maintenance of our one China policy, and U.S. willingness to accept any outcome peacefully determined by the parties themselves.

And third, because the PRC is a central player in many of the world's potential flash points, and Korea and Taiwan are simply two of those, productive relations with Beijing are not a luxury, they are a necessity.

Rather than cover all the points in my prepared testimony, I only want to concentrate these remarks on one key point. Expanding cooperation in the Taiwan Strait is the only way to avoid conflict in the long run. This is the policy challenge, not tinkering with the structure of arrangements, the TRA and the three communiqués,

that despite the problems have served America and the region well for many years, and for which no preferable alternative exists.

Any attempt to legislatively reduce the current ambiguity, which I admit does exist, would prove inflammatory to one side of the strait or the other, encourage risk-taking by one side of the strait or the other, and almost certainly would increase the prospect for conflict.

The United States ought not further complicate matters because there already is a drift in the strait toward increasing tension. Beijing seems more anxious than in the past to move toward what it calls resolution of the cross-strait situation. The people of Taiwan show progressively less appetite for anything that looks like reunification, and Beijing and Taipei are perched on what may be the beginning of an arms race.

While the United States should not become a mediator or insert itself into talks, that does not mean that we ought not feel able to express positive ideas to both sides through both public and private channels. Among such positive ideas might be the following.

It would serve everyone's interest to reduce the chance of military incidents and an arms race in the strait. Why don't both sides initiate cross-strait discussions about how to avoid such incidents? Why don't they consider negotiating an agreement whereby missiles would be capped in exchange for Taiwan not acquiring TMD and restraint in weapons purchases? Or why doesn't Beijing simply declare unilaterally that it will cease its strait-area missile buildup in exchange for restraint on the other side?

A unilateral halt to a missile buildup might very well reduce the need for Taiwan to acquire a very expensive TMD system. Indeed, Taipei has already said as much.

Why don't both sides consider the "three links" in exchange for more flexibility in providing a dignified global role for Taiwan, whether it is in the World Health Organization, the World Health Assembly, the World Trade Organization, the World Bank, or the International Monetary Fund?

Frankly, Beijing's strangulation policy is not winning the hearts and minds of Taiwan's people. Keeping Taiwan out of organizations like WTO that would serve the tangible interests of people on Taiwan does not convince the Taiwanese that Beijing cares about their welfare.

Similarly, direct civil air transport across the strait is long overdue, and I would like to see Taipei consider this. Why don't both sides consider a diplomatic cease-fire in which they agree to leave the number of countries recognizing each other at current levels? The guerrilla war to buy diplomatic recognition of small countries demeans both capitals, is expensive, and erodes trust on both sides of the strait.

The point of the above suggestions is not so much to push them specifically as to make a broader point. Developments in the Taiwan Strait have their dangers for both parties and for the United States, and it is time for some new thinking in the Taiwan Strait.

While the United States should not become a mediator, it may well be that some good ideas can emanate from the American public and private sectors. In the meantime, Washington ought not tinker with the structure of the Taiwan Relations Act and the three

communiqués, documents that, while they are complex and difficult to implement, have served us better than any of the alternatives.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Lampton follows:]

PREPARED STATEMENT OF DR. DAVID M. LAMPTON

Mr. Chairman and Committee Members, I am pleased to be able to share my thoughts with you as we approach the Twentieth Anniversary of the Taiwan Relations Act (TRA). I wish to make four points: (1) The TRA and the Three Communiqués have served American interests well and simultaneously permitted the people of Taiwan to prosper during the last two decades. (2) There are tensions among the TRA and the Three Communiqués, but tinkering with the structure that exists is a very dangerous course, not the least for the people of Taiwan. (3) There are worrisome developments in the Taiwan Strait, as well as some hopeful signs. And (4), American policy should continue to be what it has been since Secretary of State Shultz uttered the following words in March 1987—"Our steadfast policy seeks to foster an environment in which such developments [cross-Strait exchange and cooperation] continue to take place."¹

Mr. Chairman, if we ask ourselves where American forces could become embroiled in a major conflict any time soon, the locations would include the former Yugoslavia, the Middle East, the Korean Peninsula, and the Taiwan Strait. From this fact, I draw three conclusions. First, we need to manage the Taiwan Strait problem with the utmost care, not only out of a consideration of U.S. interests, but the interests of the people of Taiwan and the region as well. Second, proper management of the Taiwan issue is key to broader peace and stability in East Asia. As the TRA made clear twenty years ago when it was passed and signed into law: "Peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern;—" [Section 2(b)(2)]. And third, because the PRC is a central player in all four potential flash points mentioned above (two directly and two by virtue of its role on the UN Security Council), productive relations with Beijing are not a luxury, they are a necessity.

Consequently, the current downturn in U.S.-China relations is neither in American interests nor those of the people of Taiwan. It is not in American interests because the general direction of change in China and its international behavior conforms with American interests (though there are important areas of friction) and because Beijing generally has been minimally (though not always) cooperative as we have sought to manage the most dangerous hot spots. Further, the current deterioration is not in Taiwan's interests because the more U.S.-China ties deteriorate the more hawkish Beijing becomes toward Taipei. Therefore, we should be seeking to utilize the forthcoming visit of Chinese Premier Zhu Rongji to resolve genuine problems.

The TRA and the Three Joint Communiqués Have Together Served America and Taiwan Well

The April 1979 TRA has been a critical component of what overall has been a successful policy with respect to "Greater China." By "successful," I mean that:

Taiwan has undergone extraordinary economic growth over the last twenty years (per capita GNP in 1978 was US\$1,450 and in 1997 it was US\$13,467);²

The Taiwan political system has moved from its own brand of authoritarianism to a multi-party competitive democracy;

Taiwan continues to have 30,855 students and scholars enrolled in U.S. institutions of higher education;³

U.S.-Taiwan trade has gone up nearly 600 percent (not adjusted for inflation) in the 1978-1998 period;⁴ and,

Although the security story is complicated, the extensive economic connections that now link the two sides of the Strait together represents a welcome incentive that works against conflict. In 1999, there are about 40,000 Taiwan firms in the

¹ Norman Kempster, "Will China Continue Economic Reform Plan?" Los Angeles Times, March 6, 1987, p. 5.

² 1978 per capita GNP \$1,450 (in 1978 dollars) from: Central Intelligence Agency, National Basic Intelligence Factbook, January 1980, p. 221; 1997 per capita GNP \$13,467 from: Republic of China Yearbook 1998 (Taipei: Government Information Office, 1998, p. 178 (chart).

³ Institute for International Education, online "fastfact" (<http://www.iiie.org/516img/od98/ffact-02.gif>)

⁴ Total U.S. trade with Taiwan in 1998 was \$51.28 billion and total U.S. trade with Taiwan in 1978 was \$7.512 billion.

PRC with total investment commitments in the US\$40 billion range—President Lee Teng-hui has referred to the PRC as Taiwan's economic "hinterland." Of course, there are worrisome signs in the security domain (which I will address shortly), but we should not overlook the security gains that have been made.

At the same time that the people of Taiwan, largely by dint of their own admirable efforts, have made progress, the U.S.-PRC relationship has made important strides forward over the last two decades as well, current frictions, difficulties, and conflicts of interest aside. In the last twenty years the changes and progress have been impressive.

The number of Chinese students and scholars studying in America have gone from nearly zero to nearly 47,000;⁵

Two-way trade has gone from US\$1.2 billion to \$85.4 billion over the 1978–1998 period, though I am mindful that the trade deficit with China last January exceeded the deficit with Japan⁶ and this year we may have a deficit in the vicinity of \$60 billion. This, incidentally, is why we need a good WTO accession agreement with Beijing in order to be assured of improved market access for American farmers and service providers, among others;

Americans now have existing investment in the PRC totaling over US\$20 billion;⁷

China has joined a great number of international organizations and arms control regimes and it has been a constructive member of many while we acknowledge the lack of fidelity to some commitments in some important human rights and proliferation areas;

Beijing and Washington have cooperated in various problem areas, ranging from the Korean Peninsula to the Sinai desert and Cambodia. I don't need to tell this Committee that there are many serious concerns as well, in the human rights, proliferation, and trade areas, as well as the Taiwan Strait.

And finally let's not forget the central fact of importance to American interests. In the three decades prior to the 1979 normalization with the PRC, America fought one war directly with the PRC in Korea; had two very dangerous crises in the Taiwan Strait (1954 and 1958); and the United States became involved in the Vietnam War (in which there was limited Chinese involvement) in part because of concern about Beijing's revolutionary ambitions. In contrast, in the last more than two decades since the Shanghai Communiqué (followed by the subsequent two communiqués and the TRA) the United States has had one limited crisis in the Taiwan Strait (1995–1996) where Washington appropriately sent two aircraft carrier battle groups to clarify American commitments.

In sum, the central point is that the existing structure of relations has well served all three societies and we should not tinker with that structure unless we have compelling evidence that such tinkering will improve the situation. This brings me to the character of that structure—the TRA and the Three Communiqués.

The Current Structure of Peace (the TRA and the Three Communiqués) and the Danger of Tinkering

The TRA and the Three Communiqués all reinforce the steadfast U.S. position that issues dividing the two sides of the Taiwan Strait should be resolved peacefully—that is the core of the U.S. commitment and the heart of America's interest. To this end, in the TRA the United States made it a matter of U.S. law that America "will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain sufficient self-defense capability" [Sec. 3(a)] and that the United States will "maintain the capacity" "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." [Sec. 2(b)(6)]

While the U.S. commitment to a peaceful resolution is consistent throughout the Three Communiqués and the TRA, it also is obvious that there are certain tensions among these documents and between these documents and changing reality. First, there is the tension that derives from the adherence to a one China policy coexisting with the TRA commitments mentioned above, and there are tensions that stem from the separate and increasingly distinct identity of the people of Taiwan. In this vein, there also is the problem of what specific U.S. behavior constitutes "unofficial" ties to the people of Taiwan.

⁵Institute for International Education, online "fastfact" (<http://www.iie.ort/516img/od98/ffact-02.gif>)

⁶Gautam Malkani, "U.S. sees trade deficit hit \$17 bn," Financial Times, March 19, 1999, p. 5.

⁷Tony Walker and Nancy Dunne "Clinton acts to head off China 'feeding frenzy' gripping capital," Financial Times, March 19, 1999, p. 5.

With respect to changing identity on Taiwan, whereas in 1972 the Shanghai Communiqué could say, "The U.S. 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," given the changing identity among Taiwan's people and the emergence of a competitive party system on the island, it is far from clear that such a statement credibly could be made in 1999. Polls conducted in September 1998 and subsequently released by the Taiwan Mainland Affairs Council show that only 16.7 percent of people on Taiwan said "I am Chinese."

Another important area of tension is between the August 1982 Communiqué concerning weapon sales to Taiwan in which Washington said, "its [U.S.] arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms the level of those supplied in recent years—," and the obsolescence of Taiwan's older weapon systems, and the availability of new, more expensive and more capable, follow-on systems.

These inherent tensions among the Three Communiqués and the TRA, in the context of changes in Taiwan and technology, create problems for all three parties. Beijing asserts that certain interaction with Taipei violates the one China principle, violates the concept of "unofficial" ties, or that weapon sales to Taiwan exceed the limits of 1982. Taiwan, understandably chafes at the limits which current policy places on it. And, for its part, the United States can view increased PRC military power in the Strait (e.g. exercises like those of 1995–1996 or the subsequent gradual increase in missiles in coastal China) as creating an environment of tension that is inconsistent with a "peaceful resolution" or Taiwan's security. Parenthetically, the 1982 Communiqué does not obligate the United States to reduce weapon sales irrespective of the security situation in the Strait.

Given these tensions two observations are key: 1) If the risk of conflict in the Strait were to decline, and cross-Strait cooperation were to increase, then the difficulties in implementing both the TRA and the Three Communiqués would diminish. Conversely, if Beijing employs coercion or Taiwan pursues *de jure* independence, the strains within the policy would mount and the ability to maintain the existent structure would erode, probably beyond repair. 2) In light of the preceding considerations, all three sides should be seeking to lower the temperature in the Strait and find means to increase confidence there. Expanding cooperation in the Strait is the only way to avoid conflict in the long run. This is the policy challenge— not tinkering with a structure of arrangements that, despite the problems, has served America and the region well for twenty years and to which no preferable alternative exists. Any attempt to legislatively reduce the current ambiguity would prove inflammatory to one side of the Strait or the other, encourage risk taking by one side or the other, and almost certainly would increase the prospect for conflict.

Having said that the existent structure has served America and the region well, there are some concerns I have concerning the current drift of events.

A Possible Drift Toward Conflict in the Strait—Some Worrisome Developments Along with Rays of Hope

There are some hopeful signs when we look at cross-Strait relations:

Cross-Strait talks were resumed last October with Koo Chen-foo's visit to the PRC for dialogue with Wang Daohan and conversation with President Jiang Zemin and Vice Premier Qian Qichen. A four-point consensus was reached at that time and it is encouraging that both sides announced last week that the next round of the Wang-Koo talks will occur in Taiwan this coming fall.

Cross-Strait economic and cultural ties continue to grow, as mentioned above.

Acknowledging these positive developments, however, my recent visit to both sides of the Strait for discussions with citizens and leaders in both societies leaves me worried about the future. What are some of the things that worry me?

First, there is some, though not conclusive, evidence that Chinese policy concerning Taiwan has changed somewhat. Whereas Mao Zedong talked about resolving the cross-Strait situation in a hundred years and Deng Xiaoping in fifty, the formulation we hear now is "The Taiwan problem cannot remain unresolved indefinitely." In my view, there is no basis of trust or mutual interest that will allow for anything resembling early reunification between the mainland and Taiwan. Consequently, any attempt at early resolution will cause more problems than it will resolve.

Second, both sides of the Strait are acquiring military capability to prevent what each sees as the worst outcome for itself—*de jure* independence is the worst for Beijing and early reunification the worst for Taipei. Consequently, we could see an arms race that leaves everyone with less security, obtained at higher cost, subject to catastrophic miscalculation. The United States would be caught in the middle.

Third, as the identity of people in Taiwan is becoming more separate over time, this leads Beijing to place more emphasis on "detering" separatism (coercion). This,

in turn, simply compounds feelings of separation and alienation from the mainland on Taiwan.

And finally, all of the preceding is reflected in the different strategies that Beijing and Taipei are pursuing and which, I believe, make agreement in the near-term a very remote possibility. For its part, Beijing's strategy is as follows:

Induce the United States and Japan (and Russia) to make ever clearer and more binding commitments to the One China Policy. If this can be accomplished, there will be a big power fence built around Taiwan that realistically makes *de jure* independence aspirations infeasible;

Try to drive a wedge between the United States and Japan, particularly as it relates to the U.S.-Japan Security Alliance, unless Tokyo and Washington specifically exclude Taiwan from the region of coverage;

Over time, unless there is some negotiated understanding with Taipei, gradually reduce the number of states that recognize Taipei, reaching single digit levels of recognition of Taipei within the next few years—what people in Taiwan refer to as “strangulation.” In 1998, Taipei had a net loss of three recognitions (with South Africa, Central African Republic, Guinea-Bissau, and Tonga as losses and the Marshall Islands as a gain). Taipei picked up Macedonia earlier this year, albeit this set off a reaction in Beijing that led to a veto of the extension of authorization for UN peacekeeping forces in Macedonia;

Focus limited PLA modernization on creating the capabilities to inflict heavy costs on Taiwan for pursuing an independence course—this need not necessarily involve invasion. The destabilization of Taiwan's economy is probably sufficient. As well, while it is not possible to defeat the U.S. military, raising the costs of any possible U.S. intervention may have a deterrent value on Washington, in Beijing's view;

Work to discourage Japan (and certainly Taiwan) from coming under TMD coverage (though the combination of North Korean missile development and the steady expansion of PRC missiles in the Strait are having the opposite effect);

Make the PRC a progressively more attractive economic partner to Taiwan business and demonstrate that the PRC is a reliable engine of regional economic growth that Taiwan people need to maintain and increase their standard of living; and,

Promise Taipei preferential policies even when compared to those applied to Hong Kong under the wide umbrella of “One Country, Two Systems.”

For its part, Taipei's strategy appears to be:

Seek functional talks with Beijing that avoid issues that would imply any political subordination to the PRC. Pursue functional talks that make progressively clearer the separation of control and delineate zones of responsibility;

Talk about eventual reunification, but fashion preconditions (democracy and equalization of wealth) that are sufficiently remote that they, in fact, nullify any possibility of “reunification” in any meaningful time frame;

Continue to seek expanded breathing space internationally. Even when achievements in this regard may be unlikely, proceed with the effort because it meets popular expectations and makes it clear to the people of Taiwan that Beijing is hostile to their aspirations;

Use the PRC's limited military modernization (and the steady growth in the number of missiles) to justify more weapons purchases, particularly those that get the United States progressively more entangled in the island's security;

Keep a vigorous business relationship with the PRC so that Beijing will be reticent to forego the benefits of Taiwan investment, but do not permit economic dependence on the mainland to become so substantial that one's own freedom to maneuver is greatly diminished; and,

Make it clear to the U.S. Executive Branch that if it goes too far in accommodating Beijing's concerns, that Taipei can and will play the “Congress Card.”

The problem for America, therefore, is to recognize the potentially dangerous drift in events and to find ways, consistent with past policy, to enhance stability and cooperation across the Strait.

Fostering an Environment Conducive to Peace and Stability across the Strait

We need to define an achievable, constructive goal. Such a goal is to contribute to a dynamic and constructive status quo. Beyond the United States maintaining its forward presence and military capabilities in East Asia, each side of the Taiwan Strait needs to reciprocally reassure the other that it will not seek its maximal goal for a long period of time, perhaps twenty-five years. In the case of Taiwan, such reassurance could take the form of a no-independence pledge and in the case of the PRC it could take the form of a no-use-of-force pledge. In the meantime, both sides would engage in a set of activities to build confidence and increase contacts. In short, the immediate goal should be to build a constructive, stable, and dynamic status quo. Increased economic contact and interaction appears to be the most positive

force that is available. Further, the situation requires confidence-building measures such as those suggested below.

While the United States should NOT become a mediator or insert itself into talks, that does not mean that we ought to feel unable to express positive ideas to both sides through both public and private channels. Among such ideas might be the following:

It would serve everyone's interests to reduce the chance of military incidents and an arms race in the Strait. Why don't both sides initiate cross-Strait discussions about how to avoid such incidents? Why don't they consider negotiating an agreement whereby missiles would be capped in exchange for Taiwan not acquiring TMD and restrained weapons purchases? Or, why doesn't Beijing simply declare unilaterally that it will cease its Strait-area missile buildup in exchange for restraint on the other side? A unilateral halt to a missile buildup might very well reduce the need for a probably very expensive TMD system in Taiwan. Indeed, Taipei has already said as much.⁸

Why don't both sides consider the "Three Links" in exchange for more flexibility in providing a dignified global role for Taiwan (whether it be the World Health Organization, the World Trade Organization, the World Bank, the International Monetary Fund, etc.)? This is the kind of policy that would find support in the United States. Frankly, Beijing's strangulation policy is not winning the hearts and minds of the Taiwan people. Keeping Taiwan out of organizations like WTO that would serve the tangible interests of people in Taiwan does not convince the Taiwanese that Beijing cares about their welfare. Similarly, direct, civil air transportation across the Strait is long overdue and I would like to see Taipei seriously consider this.

Why not propose a diplomatic cease-fire in which both sides agree to leave the number of countries recognizing each at current levels? The guerrilla war to buy the diplomatic recognition of small countries demeans both capitals, costs money, and erodes trust on both sides of the Strait.

The point of the above suggestions is not so much to push them specifically as to make a broader point. Developments in the Taiwan Strait have their dangers for the parties and for the United States and it is time for some new thinking on both sides of the Strait. While the United States should not become a mediator, it may well be that some good ideas can emanate from the American public and private sectors. In the meantime, Washington ought not to tinker with the structure of the TRA and the Three Communiqués, documents that while complex and difficult to implement have served us better than any of the alternatives.

The CHAIRMAN. Well, I thank you, sir. I thank all three of you, and I made a judgment, and I am instructing the staff at this moment. I want copies of the remarks of each of you to be made available to each of the Senators prior to consideration of the bill.

You have given me several ideas, even for possible amendment on my own bill, but this morning has renewed my faith in the fact that we have got to do something to make sure that Taiwan continues to exist, and I think there are forces in this world that do not want Taiwan to exist.

With that, we will conclude, and I was going to ask—well, let me ask you one question. We talked about the three noes, no, no, no. You know what I am talking about. Of course, when the President said that it created quite a stir, and I believe it drew a rebuke from officials of Taiwan.

What is your understanding—I would just like for you to be brief in your response. What was your understanding of the question which essentially concerns our policy on Taiwan's ultimate status? Mr. Feldman.

Ambassador FELDMAN. Mr. Chairman, despite what people may have whispered in Beijing, the official policy of the United States as contained in the three communiqués is that we acknowledge the

⁸ Associated Press, "Taipei seeks military cutbacks in mainland," Hong Kong Standard, March 21, 1999, p. 5.

Chinese position that there is but one China, of which Taiwan is a part, but we make no statement of our own.

The word acknowledge is fancy diplomatic speech for, we hear what you are saying.

The CHAIRMAN. Yes.

Ambassador FELDMAN. And we are not going to contradict you. But we have never said anything of our own officially on the status of Taiwan. We have always said, the status of Taiwan is something for the two sides to work out and we will settle for whatever they can work out, as long as it is done by peaceful means, as long as it is acceptable to the people on Taiwan.

Well, when President Clinton said that we will not support independence for Taiwan, he was ruling out one option.

The CHAIRMAN. That is right.

Ambassador FELDMAN. When he said that we will not support Taiwan's membership in any international organization that requires Statehood for membership, in effect he is saying, we do not regard Taiwan as a State.

Well, the PRC jumped on this immediately and said, well, if they cannot be independent, and if they are not a State, they obviously must be a province of China, and since you have recognized PRC as the sole legal Government of China, why, they are a province of the PRC.

The CHAIRMAN. Very well. Now, Mr. Ford.

Mr. FORD. Mr. Chairman, I agree, it broke new ground. In fact, I think the best way to see that is, to go back to the Shanghai communiqué and the normalization agreement. In those two documents, there were usually two clear sections: What the Chinese said, and what the United States said. The words of the three noes come from the Chinese position in the Shanghai communiqué and the normalization agreement, not the U.S. position.

We have at this point accepted what the Chinese said all along, but it was the first time we had said it publicly.

Dr. LAMPTON. Mr. Chairman, I heard Stanley Roth earlier say there was nothing new, and I do not think that is my understanding exactly.

On the other hand, I do not think we ought to exaggerate what is new, either. The way I would describe what the difference is, is first the difference you pointed to—it was said publicly, that is an important difference, by the President. It was not new in the sense that at least two-thirds of those three noes had been articulated by Secretary Albright and Mr. Berger before, and certainly Henry Kissinger in those private conversations in the 1970's that we made reference to earlier today.

I would just conclude by saying that I think the President was not very artful, if that is the correct way to put it, in his third point, the point relating to international organizations.

I think a more fulsome explication of that would have been that the United States indeed supports Taiwan's participation in global organizations.

The CHAIRMAN. Exactly.

Dr. LAMPTON. That is the key point, and I think rather than emphasizing what we do not support, I would have been much happier with articulating what we did support.

So I do not think it is tenable to say nothing is new, but I would not go and say it represents this entire new path-breaking policy.

Mr. FORD. Mr. Chairman, if I could take just 1 minute, part of this gets to one of my basic fundamental problems, and that is as several people have talked about, Harvey and others today, that there was the initial Taiwan legislation sent to the committee by the executive branch. Particularly on the security side they didn't have anything, so that the TRA was enacted by the Congress because they could not accept the original version.

My interpretation as a person who has been involved for the last 20 years on the committee and in the executive branch, is that consistently the executive branch has attempted to implement policies toward Taiwan based on the original legislation, and that they have always been much close to that interpretation of what we should do for Taiwan than the TRA.

In fact, I have in all of these arms sales discussions the single most important issue in denying Taiwan weapons systems has been how the PRC would react.

Ambassador FELDMAN. I want to echo that.

Mr. FORD. A distant second was protecting American technology. The issue of what Taiwan needs, its legitimate requirements, was almost irrelevant to the process of deciding weapons sales.

Ambassador FELDMAN. And I would take it beyond just weapons sales, Mr. Chairman. The problem has been for years and years, ever since my days as a Taiwan specialist in the State Department, is the tendency to cut American policy on the basis of what we think is acceptable to the PRC, so you get into this preemptive capitulation. We do not even ask them if it is acceptable or not. We form our own conclusion about whether they are going to tolerate it or not, and if we conclude that they are not going to tolerate it, why, we do not do it.

The CHAIRMAN. Great. Now—I am sorry. Go right ahead.

Mr. FORD. Another specific example of this is found in the report that the Defense Department presented to the Congress a few weeks ago. It indicated that the best airplane that Taiwan has is a Mirage 2000.

The only place in the world that an F-16 would not be considered the best aircraft is Taiwan, and why? Because we sold them the aircraft, but none of the weapons systems that make it distinctively the most capable aircraft of its type in the world, and it is a clear indication of what our policy has been and what it has done to Taiwan's deterrence.

The CHAIRMAN. Thank you. I want you to hear my instructions to the staff. I want you to begin where I asked a question, and put that all down, and perhaps we should let them look at the transcript, because I want this to be read by every Senator.

And gentlemen, thank you very much. Thank you so much. It has been an interesting morning for me, and I just appreciate you coming so very much. We are in recess.

[Whereupon, at 11:57 a.m., the committee adjourned.]

APPENDIX

RESPONSES OF ASSISTANT SECRETARY ROTH TO QUESTIONS SUBMITTED BY SENATOR HELMS

Question. As per our discussion at the hearing, could you please submit for the record a comprehensive compilation of official documents or public statements from any previous administration in which it is stated that “we don’t support independence for Taiwan,” as President Clinton stated last summer?

Answer. The position that the U.S. does not support Taiwan independence dates back at least to then National Security Advisor Henry Kissinger’s 1971 visit to China. In support of this, I offer three examples of statements that are in the public domain:

First, during a July 9, 1971, meeting with Premier Zhou Enlai, Kissinger stated that there would be no U.S. support for the Taiwan independence movement.¹ Second, during President Nixon’s 1972 trip to China, he reiterated the same commitment—“We have not and will not support any Taiwan independence movement”—during a February 22 meeting with Premier Zhou.²

Third, Deputy Secretary Warren Christopher publicly stated this position at 1979 Senate Foreign Relations Committee hearings on the Taiwan Relations Act. The following is the exchange with Senator Glenn:

Senator GLENN. We have said that Taiwan is part of China and that the People’s Republic of China is the sole legal Government of China. Would we not be locked in with our own statements in this agreement, then, toward influencing against an independent Taiwan, even though it may not be the present, existing Government of Taiwan?

Mr. CHRISTOPHER. Yes. We have said that the governments on both sides of the Taiwan Straits believe that there is only one China. So as a matter of logic, we would find it inconsistent to have the Taiwanese authorities declare independence. But I was explaining my comment with respect to the provocative nature, and I think it would be particularly provocative with respect to the People’s Republic of China.³

All of these statements establish the consistent U.S. Government policy since 1971 on Taiwan independence. This also is reflected in the 1982 U.S.-China Joint Communiqué concluded during the Reagan Administration, which explicitly states that the United States will not pursue “a policy of ‘two Chinas’ or ‘one China, one Taiwan.’”

Question. Section 3(b) of the Taiwan Relations Act states that “The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgement of the needs of Taiwan.” How does the Department of State interpret this section of law?

Answer. The relevant sentence from section 3(b) of the Taiwan Relations Act (“TRA” or “Act”) provides in its entirety that “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 the procedures established by law.”

Although the TRA itself specifies no procedures for joint action by the Congress and the President, the Executive Branch has for the past 20 years consistently

¹ Solomon, Richard H., U.S.-PRC Political Negotiations 1967–1984: An Annotated Chronology, December 1985, (Declassified version), p. 14.

² Memorandum of Conversation, Tuesday, February 22, 1972, 2:10 p.m.–6:00 p.m. (Declassified version), p. 5.

³ Hearings before the Committee on Foreign Relations, U.S. Senate, 96th Congress, First Session on S. 245, Washington, 1979, p. 46.

maintained that section 3(b) was intended to ensure Taiwan's continued eligibility to participate in programs under laws and procedures generally applicable to arms transactions, and to emphasize the coordinate responsibilities of the Congress and the Executive Branch regarding the provision of defense articles and services to Taiwan.

In addition to section 3(b), section 14 of the Act provides for continuing oversight by the Committee on Foreign Relations, the Committee on Foreign Affairs, and other concerned committees of the implementation of the Act and United States policies concerning security and cooperation in East Asia. This provision contemplates continuing consultations between the Executive Branch and the Senate Foreign Relations Committee. However, no particular procedure for such consultation is set forth; the Act leaves the specific nature of interaction between the two branches to be determined in light of practical circumstances of particular transactions.

We believe that this interpretation, together with the flexibility that such an approach permits, has well served the security interests of the United States, Taiwan, and the entire East Asian region.

Question. What is the rationale for State Department regulations prohibiting military officers above the rank of colonel from traveling to Taiwan on official business?

Answer. The U.S. maintains strong, but unofficial, relations with Taiwan.

This Administration has worked to expand visits to Taiwan while keeping within the parameters of our unofficial relationship with Taiwan.

For example, following the 1994 policy review, the Administration authorized travel by high-level officials, including cabinet officers, from economic and technical agencies.

However, restrictions remained at the same level for visitors from military or national security agencies at or above the position of Deputy Assistant Secretary and at the rank of one-star flag officer or above. This policy is based on the determination that visits of such officials would be inconsistent with maintaining an unofficial relationship.

RESPONSES OF ASSISTANT SECRETARY KRAMER TO QUESTIONS SUBMITTED BY
SENATOR HELMS

Question. One thing that seems abundantly clear from the recent cross-strait report is that Taiwan needs missile defenses. It is also abundantly clear that the notion of Taiwan acquiring missile defenses severely displeases Beijing. How are we going to confront this dilemma?

Answer. U.S. provision of defense articles and services to Taiwan is consistent with the Taiwan Relations Act and the 1982 U.S.-PRC Joint Communiqué. Taiwan's interest in theater missile defenses is driven by China's past actions and its theater missile build-up opposite Taiwan. Future Chinese actions can have an influence on U.S. decisions with regard to the provision of theater missile defenses to Taiwan. We do not preclude the possibility of Taiwan having access to theater missile defenses. Our decisions on this will be guided by the same basic factors that have shaped our decisions to date on provision of defensive capabilities to Taiwan.

Question. A passage on page 23 of the report asserts that exclusive reliance by Taiwan on active missile defenses and associated BM/C31 will be insufficient to offset China's missile advantage. What are the ramifications of this statement? Does this mean Taiwan may need to acquire a missile retaliatory capability?

Answer. Theater missile defense is designed to counter limited attacks. The PLA is expected to deploy substantial numbers of ballistic missiles which could overcome a limited theater missile defense architecture. Assuming two interceptors are dedicated against each incoming missile and a 100 percent probability of kill, a PATRIOT-derived Modified Air Defense System (MADS) battalion theoretically could halt a near simultaneous barrage of 48 short range ballistic missiles (SRBMs) directed against targets within the battalion's area of coverage.¹ A 100 percent probability of kill, however, is not likely. Larger SRBM salvos could ensure at least some ballistic missiles reach their targets.

There are other options for responding to a ballistic missile threat other than obtaining a retaliatory missile capability. Passive defense, for example, can be particularly effective in reducing vulnerabilities and minimizing effects of missile attacks.

¹ A MADS battalion will consist of three fire units, each with eight launchers and four missile tubes per launcher. With each fire unit loaded with 32 interceptors, a battalion would have a total of 96 ready-to-launch missiles. PATRIOT-derived systems generally use a two shot firing doctrine. A MADS battalion may have enough missiles for at least one reload.

By examining various combinations of theater missiles, warhead accuracy/effects, numbers of available missiles, and the targeting process, the likelihood and timing of an attack may be predicted and passive measures selected for employment before, during, and after a theater missile attack. In addition, political steps taken to reduce cross-strait tensions could decrease the salience of the ballistic missile threat.

Question. The 1982 Communiqué was premised on China's adherence to a peaceful resolution of differences with Taiwan. Mr. Kramer, on page 2 of your written testimony, you state that the PRC adheres to the 1982 Communiqué. Can we truly say that, given that China fired missiles just off the coast of Taiwan, and is now, according to your report to Congress, deploying huge numbers of new missiles just across from Taiwan?

Answer. PRC policy, as stated in the 1982 Communiqué, is pursuit of peaceful means to resolve the long standing dispute between Taiwan and the mainland. The PRC continues to assert its peaceful approach. The PRC conducted missile exercises off the coast of Taiwan in July 1995 and March 1996. In response, the United States dispatched two aircraft carrier battle groups to the region to reinforce U.S. interests in a peaceful resolution. For now, the PRC appears committed to a cross-strait dialogue that we hope will lead to a mutually acceptable resolution. The most recent round of cross-strait talks took place in October 1998 in Beijing. A follow-on session is slated for Fall 1999 in Taipei. In addition, Taiwan investment on the mainland, currently estimated at more than 20 billion U.S. dollars, is rising. Taiwan may also lift restrictions on imports from the PRC.

Question. Why are American military officers above the rank of colonel prohibited from going to Taiwan on official business? Could the Department of Defense make use of being allowed to have higher-level military interaction with Taiwan?

Answer. The Department of Defense's relationship with Taiwan is unofficial in nature. U.S. policy has been effective in ensuring Taiwan security for the last 20 years. Senior DoD officials interact with their Taiwan military counterparts on a regular basis during unofficial visits to the United States. The fundamental policy regarding high level visits to Taiwan is promulgated in State Department guidelines on relations with Taiwan. We maintain under review higher-level military interaction with Taiwan.

Question. In the Pentagon report, we learn that China has a 65 to 4 advantage in submarines over Taiwan, including new advanced Russian Kilo subs. Yet for years, we have refused to sell submarines to Taiwan. Wouldn't additional submarines be useful to Taiwan, at a minimum for anti-submarine warfare training purposes?

Answer. There are various means of performing anti-submarine warfare missions. We take very seriously our responsibility under the Taiwan Relations Act to provide for Taiwan's adequate defense, including an ability to defend against undersea threats. We have greatly assisted Taiwan in developing a modern, extensive anti-submarine warfare capability using the latest sea and air platforms. The U.S. has provided to Taiwan through sale of S-70C helicopters, and the modernized S-2T ASW aircraft. We are continuing to examine Taiwan's ASW requirements, to include the potential role of submarines.

Question. Could you please tell us your views regarding alleged espionage conducted by China at the Army Research Laboratory at Aberdeen Proving Ground. Specifically, I am concerned with allegations that were made in 1995 that computers at the lab were used to compute "ballistic tables" for Chinese guns and missiles that were ultimately fired at Taiwan. I am also concerned with allegations that China may have acquired the (Sandia National Laboratory, Hyper-Velocity Impact) CTH bomb code. Are you aware of these allegations? What are your views on this?

Answer. We are actively looking into this matter and we will convey an answer as soon as we have been able to review the issue in light of the Committee's concerns.

