



WikiLeaks Document Release

<http://wikileaks.org/wiki/CRS-98-837>

February 2, 2009

Congressional Research Service

Report 98-837

*TAIWAN: THE "THREE NO'S,"
CONGRESSIONAL-ADMINISTRATION DIFFERENCES,
AND U.S. POLICY ISSUES*

Robert G. Sutter, Foreign Affairs and National Defense Division

Updated October 1, 1998

Abstract. The controversy between the Clinton Administration and congressional critics over President Clinton's public affirmation in Shanghai on June 30, 1998 of the so-called "three no's" regarding U.S. policy toward Taiwan is the latest episode in over 20 years of arguments between the Administration and the Congress over appropriate U.S. policy in the U.S.-People's Republic of China (PRC)-Taiwan relationship. The "three no's" involve U.S. non-support for: Taiwan independence; one China, one Taiwan; and Taiwan representation in international organizations where statehood is a requirement. This report reviews the arguments in the current controversy against the backdrop of an analysis of past congressional-administration disputes over U.S. policy toward Taiwan. It provides questions for congressional consideration during the current controversy.

WikiLeaks

CRS Report for Congress

Received through the CRS Web

Taiwan: The "Three No's," Congressional-Administration Differences, and U.S. Policy Issues

October 1, 1998

Robert Sutter
Senior Specialist in International Politics
Foreign Affairs and National Defense Division

<http://wikileaks.org/wiki/CRS-98-837>

ABSTRACT

The controversy between the Clinton Administration and congressional critics over President Clinton's public affirmation in Shanghai on June 30, 1998 of the so-called "three no's" regarding U.S. policy toward Taiwan was a recent episode in over 20 years of arguments between the Administration and the Congress over appropriate U.S. policy in the U.S.-People's Republic of China (PRC)-Taiwan relationship. The "three nos" involve U.S. non-support for Taiwan independence; one China, one Taiwan; and Taiwan representation in international organizations where statehood is a requirement.

This report reviews the arguments in the current controversy against the backdrop of an analysis of past congressional-administration disputes over U.S. policy toward Taiwan. It provides questions for congressional consideration. This report will not be updated. For regularly updated coverage of issues in U.S.-Taiwan relations, see CRS Issue Brief IB98034.

Taiwan: The "Three Nos," Congressional-Administration Differences, and U.S. Policy Issues

Summary

The controversy between the Clinton Administration and congressional critics over President Clinton's public affirmation in Shanghai on June 30, 1998 of the so-called "three no's" regarding U.S. policy toward Taiwan is the latest episode in over 20 years of arguments between the Administration and the Congress over appropriate U.S. policy in the U.S.-People's Republic of China (PRC)-Taiwan relationship. The "three no's" involve U.S. non-support for: Taiwan independence; one China, one Taiwan; and Taiwan representation in international organizations where statehood is a requirement.

Administration supporters argue that the "three no's" are consistent with past U.S. statements, and do little damage to U.S. interests in Taiwan while discouraging movement in Taiwan toward political independence that might prompt a hostile PRC response. In contrast, many in Congress viewed the President as sacrificing U.S. interests and those of Taiwan for the sake of a smooth summit meeting in China. In response, they criticized the "three no's" and proposed resolutions in the Senate and House reaffirming support for Taiwan. The resolutions (S.Con.Res. 107; S.Con.Res. 30; and H.Con.Res. 301) passed in the weeks following the President's China trip.

Sometimes acrimonious congressional-executive debate over the appropriate balance in U.S. policy toward Beijing and Taipei dates back at least to the 1970s, before the normalization of U.S. relations with the PRC and the cut off of official U.S. relations with Taiwan. The debate results from the executive branch's tendency to give priority to relations with Beijing over relations with Taiwan, and the Congress' tendency to be more receptive to Taiwan concerns regardless of PRC sensitivities; from often intense PRC-Taiwan competition for international, especially U.S., support; and from ambiguity in U.S. policy which appears at times to tilt in favor of PRC-backed positions but concurrently also strongly supports Taiwan.

As Congress considers whether and how to further adjust U.S. policy in the wake of President Clinton's statement of the "three no's," it can consider sets of questions in key areas of policy concern, notably: the impact of the President's "three no's" declaration; the consequences of PRC-Taiwan rivalry for U.S. and other international support; prospects for parallel U.S. engagement with both Beijing and Taipei; the PRC-Taiwan military balance; the U.S. role in promoting PRC-Taiwan talks to ease tensions and promote better relations; and the U.S. policy approach toward Taiwan self-determination.

Contents

The Current Controversy Over the "Three No's"	1
Past Controversies In the Evolution of U.S. Policy Toward Taiwan	3
Reasons for Executive-Legislative Friction Over U.S. Policy Toward Taiwan . .	4
Issues for Congressional Consideration	7
Impact of the "Three No's"	7
Intensified PRC-Taiwan International Rivalry	8
"Parallel" U.S. Engagement With Beijing and Taipei	8
Cross Strait Military Balance	8
U.S. Role In Promoting Cross Strait Talks	9
Taiwan Self-Determination and U.S. Policy	10
Economic Issues	10

Taiwan: The "Three No's," Congressional-Administration Differences, and U.S. Policy Issues

The Current Controversy Over the "Three No's"

The controversy over President Clinton's public affirmation on June 30, 1998 of the so-called "three no's" regarding U.S. policy toward Taiwan represents the latest round in a long series of arguments, often between the Administration and critics in the Congress, over appropriate U.S. policy in the U.S.-People's Republic of China (PRC) - Taiwan relationship. During a roundtable discussion in Shanghai following his summit meeting with Chinese leaders in Beijing, President Clinton said that "we don't support independence for Taiwan, or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member in any organization for which statehood is a requirement."¹

This marked the first time a U.S. President had publicly affirmed the "three no's," though Clinton Administration officials have been saying them publicly and in private conversations with Chinese leaders publicized by Chinese media since at least 1996. Earlier U.S. statements, including some made privately by senior Administration officials to Chinese counterparts going back as far as 1971 provide a basis for the current "three no's," according to Clinton Administration officials. In particular, the Administration maintains that the "three no's" are consistent with the one China affirmations contained in the communiques of 1972, 1979, and 1982 that provide the framework for U.S.-PRC relations.² Those communiques reflect agreements between the U.S. and PRC in which the U.S. broke off U.S. official ties with Taiwan; acknowledged the position that there is but one China and Taiwan is part of China; recognized the PRC as the government of China; and agreed to limit U.S. arms sales to Taiwan provided Beijing pursues a peaceful approach toward the island.

Supporters of the Administration's policy in the Congress and elsewhere argue that the President's statement is balanced by the strong show of U.S. force in support

¹ For more extensive CRS coverage of the issues noted in this report, see, *Taiwan: Recent Developments and U.S. Policy Choices*, CRS Issue Brief 98034; *Taiwan: Texts of the Taiwan Relations Act and the China Communiques*, CRS Report 96-246; *China: Pending Legislation in the 105th Congress*, CRS Report 97-933; *China: Interest Groups and Recent U.S. Policy*, CRS Report 97-48; *China-U.S.-Taiwan Economic Relations*, CRS Report 96-498; and *Taiwan's Economy in Transition*, CRS Report 96-251.

² These judgments are based in part on consultations with several State Department officials during July-August 1998, and consultations with 12 congressional staff members with a strong interest in East Asian affairs during September 1998.

of Taiwan seen when the United States in early 1996 deployed two U.S. aircraft carrier battle groups to the Taiwan area in the face of provocative PRC military exercises there. They judge that the statement of the "three no's" does minimal damage to Taiwan's interests that are consistent with U.S. interests, arguing notably that a Taiwan declaration of independence at this time would likely provoke a PRC military attack that in their view is not in the interests of the United States.³

Critics in Congress, the media and elsewhere assert that the Administration appears to be buckling in the face of PRC pressure, sacrificing Taiwan interests and U.S. interests in relations with Taiwan for the sake of assuring a smoother U.S. relationship with Beijing. In particular, the critics underline Taiwan government claims that the "three no's" appear to go beyond U.S. commitments in the three U.S.-PRC communiques in order to restrict Taiwan government efforts to seek a greater role in world affairs as a government separate from the PRC. Some charge that repeating the "three no's" aligns U.S. policy closer to the "one country, two systems" formula Beijing has used to govern its takeover of Hong Kong and its proposed takeover of Taiwan. Others are suspicious that the President made this statement as a gesture to the Chinese leadership to insure that his nine day trip to China was without acrimony, and that the United States gained little in return in concrete terms for the statement. Some also are sympathetic with non-government advocates of self determination in Taiwan, who charge that the "three no's" effectively curb the right of the people of Taiwan to decide whether or not they want to be independent of China.⁴

U.S. interests in Taiwan of concern to these observers include active trade and investment (Taiwan is one of the top ten U.S. trading partners, and each year buys notably more U.S. exports than the PRC; substantial U.S. investment in Taiwan is reciprocated by large Taiwan investment in the United States). Taiwan's free market economic system and vibrant political democracy enjoy broad U.S. support. Although no longer an official U.S. ally, Taiwan occupies a critically important strategic location astride the major sea lanes of East Asia, is one of the world's largest purchasers of U.S. military equipment,⁵ and cooperates unofficially but extensively with the United States in dealing with international issues ranging from development assistance to environmental protection. Taiwan government and non-government relations with comparable sectors of American society are among the most extensive for a country of its size. For example, the largest source of private funding for Chinese studies in the United States in recent years has come from a foundation, the Chiang Ching-kuo Foundation, based in Taiwan. Meanwhile, there are hundreds of thousands of Taiwanese-Americans, many of whom in recent years have pooled their

³ Interviews, August 26, September 2, 1998.

⁴ Interviews, August-September 1998. See also coverage of congressional resolutions S.Con.Res. 107, S.Con.Res 30, and H.Con.Res. 301 in CRS Issue Brief 98034.

⁵ See among others, *Conventional Arms Transfers to Developing Countries*, by Richard Grimmett, CRS Report 97-778F.

substantial financial resources and organized together to promote U.S. policies in tune with their goal of greater international recognition of Taiwan.⁶

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

Past episodes of controversy over appropriate U.S. policy toward Taiwan and mainland China⁷ included:

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

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

⁶ See among others, Steven Goldstein, *Taiwan Faces the Twenty-First Century*, New York, Foreign Policy Association, 1997.

⁷ See among others, Nancy Tucker, *Taiwan, Hong Kong, and the United States*. New York, Twayne, 1992; see also Goldstein, *Taiwan Faces*, op.cit.

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

Differing Administration-Congressional Priorities: The current controversy between congressional critics and the Administration over the "three no's" mirrors past episodes of legislative-executive friction over policy toward Taiwan. As in the past, the Administration's priority appears currently focused on managing the U.S. relationship with Taiwan in ways that would not unduly complicate or upset the important U.S. relationship with the PRC on the mainland. From the perspective of congressional critics, this approach at times, including the present, has prompted the Administration to go too far in accommodating the PRC by cutting back, restricting, or otherwise defining U.S. interaction with Taiwan in ways favored by Beijing. More receptive to the entreaties of Taiwan representatives and their supporters in the United States, and sensitive to the many tangible U.S. benefits derived from relations with Taiwan, Congress has repeatedly taken steps at many junctures over the past decades to adjust U.S. policies in ways more supportive of Taiwan interests and less favorable to Beijing.⁸

Many observers believe and scholars report that from the Administration's perspective, Congress can afford to lean in this direction, which complicates and sometimes endangers the relationship with Beijing, because it does not bear primary responsibility for managing U.S. foreign policy.⁹ At times, Administration officials see congressional actions in support of Taiwan as ill-advised. In turn, many congressional observers for their part sometimes see Administration officers as being so anxious to preserve a smooth relationship with Beijing that they are prepared to make unwarranted sacrifices of U.S. interests in relations with Taiwan.

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

⁸ Those instances have included the cases of the Taiwan Relations Act, the Lee Teng-hui visit and others noted above, as well as recent congressional resolutions, passed almost unanimously by the Congress, reaffirming support for Taiwan in the wake of President Clinton's statement of the "three no's." See CRS Issue Brief 98034.

⁹ On the private views of administration and congressional officials regarding policy toward Taiwan since the 1970s, see among others Ramon Myers (ed), *The Unique Relationship*, Hoover Institution, 1989; and Thomas Robinson, "America in Taiwan's Post Cold War Foreign Relations," *The China Quarterly*, vol 148, December 1996.

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

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

Administration public statements in recent years explicitly rule out U.S. support for an independent Taiwan or Taiwan's membership in the UN or other such international organizations where statehood is a requirement. These two issues were not of primary importance in the 1970s and most of the 1980s when the authoritarian Taiwan government was ruled by Chiang Kai-shek and his son Chiang Ching-kuo. They strongly supported the concept of one China, argued that their government--the Republic of China based in Taipei--was the sole legitimate government of China, strongly opposed Taiwan independence, and largely eschewed Taiwan's participation in international organizations where Beijing was a member. Since democracy took hold in Taiwan in the late 1980s, the administration of Lee Teng-hui has responded to popular pressure in Taiwan by soft-pedaling past commitments to reunify one China; it has asserted Taiwan's international legitimacy as one of two legitimate governments in China, and sought greater international recognition through membership in international organizations and high-level contacts with governments that already have relations with Beijing.¹⁰

Against this background, U.S. leaders have repeatedly taken positions and policy actions designed to shore up important U.S. relationships with Taiwan.¹¹ The Taiwan Relations Act is replete with expressions of U.S. concern with Taiwan's security and determination to continue to provide arms to the island government. The Reagan Administration endeavored to balance its signing of the 1982 communique restricting U.S. arms to Taiwan with six pledges to Taiwan leaders including assurances that the United States would not set a date to stop arms sales to Taiwan, would not amend the Taiwan Relations Act, and would not negotiate with Beijing over arms sales to Taiwan. The Bush Administration resumed cabinet-level contacts with Taiwan in 1992, and also agreed to a \$5 billion transfer of 150 F-16 fighters, despite existing restrictions stemming from the 1982 communique. The Clinton Administration released in 1994 the results of a Taiwan policy review that called for modest upgrading of U.S. interchange with Taiwan. Taiwan media also have reported on five

¹⁰ At present, Taiwan maintains official diplomatic relations with less than 30 countries.

¹¹ See among others Tucker, *Taiwan, Hong Kong*, op. cit.; and Goldstein, *Taiwan Faces*, op. cit.

supposedly secret meetings held in the past few years between Taiwan's National Security Adviser and U.S. officials led by the Deputy National Security Adviser and the Under Secretary of State for Political Affairs.¹²

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

After the U.S.-PRC military face-off in the Taiwan area in early 1996, the Clinton Administration strongly and repeatedly affirmed U.S. interest in seeing the PRC and Taiwan ease cross Strait tensions and resume cross Strait negotiations. The latter were being carried out by ostensibly unofficial representatives of the PRC and Taiwan, but were suspended in the wake of the Lee Teng-hui visit to the United States. The two sides agreed earlier this year to resume the high level dialogue of their ostensibly unofficial representatives later in 1998. Meanwhile, several former Clinton Administration officials, including Secretary of Defense William Perry and Assistant Secretary of Defense Joseph Nye, were notably active in 1998 promoting cross Strait dialogue; some have warned Taiwan that U.S. support might not be forthcoming if Taiwan were to provoke a PRC attack by declaring Taiwan to be independent; and others have called for a possible settlement of the Taiwan issue which could involve Beijing disavowing the use of force, Taiwan disavowing the option to declare independence, and the United States curbing arms sales to the island. In Congress, some Members have examined the formidable PRC ballistic missile capability against Taiwan to argue that the United States should work with Taiwan to provide a theater missile defense for the island.¹³

U.S. economic interests also argue for a policy straddling relations with both Beijing and Taiwan. The Clinton Administration strongly emphasized the importance of the China market in explaining its 1994 reversal on linking trade issues with Chinese human rights practices.¹⁴ Administration leaders have hailed China's continued economic growth and determination to hold the line against currency devaluation as of particular importance in managing the consequence of the Asian economic crisis.

The United States is keenly interested in Taiwan's economic role, especially in the ongoing regional economic crisis. Though its currency has fallen relative to the U.S. dollar and its growth rate has flagged a bit, Taiwan is widely seen as the East Asian economy best situated to weather the current crisis. U.S. policy makers,

¹² These reports have been replayed by the Foreign Broadcast Information Service (FBIS) Internet version.

¹³ For background, see CRS Issue Brief 98034.

¹⁴ See notably *China-U.S. Relations*, by Kerry Dumbaugh, CRS Issue Brief 98018.

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

Issues for Congressional Consideration

As Congress considers whether and how to adjust U.S. policy toward Taiwan in the wake of the "three no's" episode, it can focus on several clusters of issues relating to U.S. policy in the U.S.-PRC-Taiwan triangular relationship. Listed below are questions, along with brief explanations where needed, of possible use for Congress in its policy considerations.

Impact of the "Three No's"

- What has been the impact of the President's statement of the "three no's" on Taiwan's efforts to play a larger role in world affairs? Are reports from Taiwan that the U.S. President's action has damaged Taipei's pursuit of "flexible diplomacy" true? Has it negatively affected the election prospects and political support in Taiwan for the opposition Democratic Progressive Party (DPP), which advocates self-determination for Taiwan?
- Are Chinese leaders now using the precedent of the U.S. President's statement to press Japanese leaders to issue a similar statement during high-level Chinese-Japanese meetings later this year?
- Assuming that one can reasonably make the case that some U.S. interests in relations with Taiwan were at least somewhat negatively affected by the President's articulation of the "three no's," what offsetting positive benefits for U.S. interests came from this statement?
- Since U.S. Administration leaders make such statements as the "three no's" at least in part in order to reassure PRC leaders of U.S. intentions regarding Taiwan, what other measures/actions will the PRC seek from the United States regarding Taiwan? Specifically, do PRC leaders seek a written U.S. statement reaffirming the "three no's"? Do they seek specific U.S. guarantees that U.S. arms sales to Taiwan will be further restricted? In particular, given the growing PRC ballistic missile capability vis-a-vis Taiwan, do they seek U.S.

guarantees that the United States will not transfer missile defense systems and or missile defense technologies to Taiwan?

Intensified PRC-Taiwan International Rivalry

Taiwan feels embattled in the face of strenuous PRC efforts to restrict Taipei's international profile. Beijing has used its veto power in the UN Security Council, threats of trade and other retaliation, and other means to squelch Taiwan initiatives in international affairs. Even in non-statehood organizations like the Asia Pacific Economic Cooperation (APEC) forum and the World Trade Organization (WTO), Beijing presses against Taiwan. Last year, for example, Beijing reportedly blocked a Taiwan initiative to host a future APEC summit meeting; and it is widely held that Beijing lobbies against Taiwan's joining the WTO before the PRC. Beijing also opposes Taiwan's application for observer status in the World Health Organization (WHO).

- Is this PRC approach conducive to the easing of cross Strait tensions sought by the United States? Should the U.S. government take a position in regard to the reported PRC refusal to allow Taiwan to host an APEC summit?
- Now that Taiwan has met most requirements for WTO entry, and the PRC still is far from meeting those requirements, should the United States actively support Taiwan's entry to the WTO prior to that of the PRC?

"Parallel" U.S. Engagement With Beijing and Taipei

Taiwan authorities for several years have argued for "parallel" U.S. engagement with both the PRC and Taiwan, and the U.S.-China summits reportedly have been accompanied by secret meetings between Taiwan's National Security Adviser and the Deputy U.S. National Security Adviser and the Under Secretary of State for Political Affairs.

- Is the current balance of high-level Administration contacts with Beijing and Taipei appropriate?
- Should the U.S. government consider improving contacts with Taipei at a time of upswing in U.S.-PRC exchanges?

Cross Strait Military Balance

According to U.S. specialists on PRC military affairs,¹⁵ recent PRC military strategy is focused particularly on efforts to build capabilities to deal with the Taiwan issue. Beijing's growing ballistic missile capability, both short range and long range, was well demonstrated during the 1995-1996 Taiwan Strait exercises and poses a growing potential danger to Taiwan's security and stability.

¹⁵ See among others, Hans Binnendijk and Ronald Montaperto, *Strategic Trends in China*, National Defense University, 1998.

- What is the appropriate U.S. response to the Chinese missile capability?
- Is Taiwan interested in acquiring U.S. theater missile defense (TMD) systems or technologies?
- Are such systems practical and cost effective for Taiwan's defense?
- Why do PRC officials link Chinese adherence to U.S.-backed arms control initiatives, notably China's joining the Missile Technology Control Regime (MTCR), with demands that the United States in turn curb arms sales to Taiwan, notably that the United States agree not to sell TMD systems or technology to Taiwan? What should be the U.S. response to any such linkage?

Some analysts point to weaknesses in Taiwan's "software" (e.g. organization, training and experience of Taiwan's armed forces; popular support in Taiwan for defense against the mainland--i.e. "the will to fight") as more important than gaps in Taiwan's military hardware. They aver that Beijing's military-backed pressure tactics are designed to intimidate Taiwan into submitting to a PRC-favored reunification arrangement, and they are uncertain of Taiwan's ability to endure in the face of this pressure.¹⁶

- What are significant Taiwan weaknesses in this regard? Is this an appropriate matter for U.S. consideration?
- If so, would more training opportunities for Taiwan forces in the United States help to reduce current perceived weaknesses in Taiwan forces in these areas?

U.S. Role In Promoting Cross Strait Talks

The Clinton Administration has repeatedly called on Taipei and Beijing to resume the cross Strait dialogue interrupted after the 1995-1996 events; and recently retired Clinton Administration officials like William Perry and Joseph Nye have argued for a more assertive and active U.S. stance to help ease cross Strait tensions and reduce the likelihood of confrontations involving the United States.¹⁷

- Should the United States go beyond current rhetoric and take specific actions to encourage constructive cross Strait dialogue?
- Barring outside intervention, what is the short term outlook for the cross Strait dialogue and what does this mean for U.S. interests?

¹⁶ This was discussed at length at a seminar on China, Taiwan and other subjects sponsored by the Institute for International and Strategic Studies in Washington, D.C. on June 30, 1998.

¹⁷ Discussed in CRS Issue Brief 98034.

Taiwan Self-Determination and U.S. Policy

The "three no's" include the statement that the United States does not support Taiwan independence. To some in Taiwan and the United States, this appears to set U.S. policy against the right of Taiwan people to determine their own future status. U.S. officials have clarified that saying that the United States does not support Taiwan independence is different than saying that the United States opposes Taiwan independence.¹⁸

- Does the current U.S. stance rule out the United States establishing relations with Taiwan if the people there decide to declare official independence?

Economic Issues

Economic issues for U.S. policy in relations with Taiwan and PRC-Taiwan relations include conditions governing Taiwan's entry into the World Trade Organization (WTO), and Taiwan's possible role in assisting efforts to help stabilize the Asian economic crisis and in providing financial support for fuel oil for North Korea promised as part of the U.S.-North Korean Agreed Framework accord of 1994.

- Should the United States support Taiwan's entry into the World Trade Organization (WTO) based solely on its meeting WTO economic requirements? Now that Beijing appears unlikely to gain WTO entry in 1998, and Taiwan has reached agreements with the United States on WTO entry, should the U.S. government support Taiwan's WTO entry before PRC WTO entry?
- Given U.S. anxiety over the Asian economic crisis, should the United States be in closer official consultations with Taiwan leaders over the implications of the regional situation?
- Should the United States encourage Taiwan to play a more prominent role in dealing with economic needs caused by the crisis, including the difficulty the United States faces in getting additional funding needed to supply fuel oil to North Korea under terms of the U.S.-North Korean framework agreement of 1994? (Congressional and State Department officials interviewed in late summer 1998 believed that Taiwan, if asked by the United States, would provide funding for fuel oil for North Korea.)

¹⁸ See among others, *The Taiwan Communique*, No. 82, August 1998. American Institute in Taiwan Director Richard Bush said this while visiting Taiwan in July and confirmed it in an interview, September 21, 1998.