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CHINA'S THREATS TO TAIWAN CHALLENGE U.S. LEADERSHIP IN ASIA

INTRODUCTION

Deterring conflict in the Taiwan Strait is among the most important challenges for American foreign policy in early 1996. Ever since Republic of China President Lee Teng-hui's private visit to the United States on June 7-10, 1995, China has been militarily intimidating Taiwan and its emerging democratic system. Large-scale shows of force preceded Taiwan's legislative elections last December, and even larger maneuvers are underway as Taiwan moves toward its scheduled March 23 presidential election. China continues to reserve the right to use military force against Taiwan should it declare independence. If a military clash were to occur, even a limited one, tremendous damage would be done, both to Taiwan and to U.S.-China relations. Failure to deter conflict also would be regarded in Asia as a failure of U.S. leadership.

At stake in Taiwan is not only the peace and security of the region, but the viability of democracy on Taiwan. With a population of only 21 million, the ROC is the seventh largest U.S. trading partner, right behind China itself. After martial law ended in 1987, the ROC embarked on political reforms that soon will transform Taiwan into a full democracy. Last December, free and fair elections were held for the ROC Legislative Yuan;¹ and this March 23, Taiwan will hold its first direct presidential election. The ROC is the first full democracy in the history of the Chinese people. Taiwan is thus a model for political reform on the mainland.

1 This study relies heavily upon the report of The Heritage Foundation Election Observation Team that monitored the December 2, 1995, Legislative Yuan elections. This delegation was led by former Senator Malcolm Wallop and former Attorney General Edwin Meese and included Heritage Vice President Kim Holmes, Asian Studies Center Director James Przystup, Senior Policy Analyst Richard Fisher, Jay Kingham Fellow Thomas Sheehy, and Policy Analyst Bryan Johnson.

In response to the ROC's growing international stature, China has mounted a campaign of diplomatic pressure and military intimidation against Taiwan. On one level, these threats are directed at political forces in Taiwan calling for independence from China.² But they are aimed also at Taiwan's emerging democracy. Beijing's threats have been reinforced by demonstrations of force, including large-scale military exercises and tests of nuclear-capable missiles near the ROC. These actions have not depressed the democratic enthusiasm of the people of Taiwan, but they have weakened business confidence on the island. Even larger military exercises will be held in the days leading up to the March 23 presidential election.

Bill Clinton's failure to respond adequately to Chinese saber-rattling in the South China Sea and against Taiwan fosters an impression of American weakness. Several statements by Clinton Administration officials to the effect that the U.S. will not defend Taiwan if attacked are potentially even more destabilizing. Hard-liners in Beijing have been encouraged to step up dangerous military pressure against Taiwan. President Clinton therefore must take strong but measured steps to convey to Beijing America's clear interest in maintaining peace in the Taiwan Strait. Congress can play an important role as well in reaffirming America's traditional bipartisan support for the 1979 Taiwan Relations Act. Thus, the Administration and Congress should:

- ✓ **Reaffirm the 1979 Taiwan Relations Act and make clear to China that any attack on Taiwan challenges U.S. security interests.** The perception that the U.S. would not respond to a Chinese attack will only embolden Beijing.
- ✓ **Recognize the ROC's democratic reforms** and urge China and the ROC to resolve their differences peacefully.
- ✓ **Privately warn China of the consequences it will face if it attacks the ROC.** China should be told it may face economic sanctions, ranging from removal of most-favored-nation trade status to a full U.S. economic embargo, and that the U.S. does not rule out using force to defend Taiwan.
- ✓ **Exercise U.S. naval forces near the ROC during the period before and after the March 23 presidential election** to deter threatened Chinese military action against Taiwan.
- ✓ **Sell Taiwan defensive weapons in accordance with the Taiwan Relations Act.** These may include advanced air-to-air missiles, conventional submarines, and missile defense systems.
- ✓ **Maintain a balance of power in Asia favorable to the U.S. by deploying missile defenses.** China's demonstrated willingness to use nuclear-capable missiles to intimidate Taiwan underscores the need to defend U.S. forces in Asia from this threat.

2 The Nationalist government has held that Taiwan is still part of China.

GROWING DEMOCRACY IN TAIWAN: THE LEGISLATIVE YUAN ELECTIONS

The Legislative Yuan is the foremost lawmaking branch of the ROC government. The December 2 Legislative Yuan elections represented a milestone in the democratic reform process begun by former President Chiang Ching-kuo when he lifted martial law in 1987. The elections emphatically demonstrated the deepening of Taiwan's own democratic political culture. Today, Taiwan's democracy includes aspects common to all advanced democracies: competitive multi-party competition, professionally managed and transparent voting procedures, effective public debate, and citizen faith in the election process. This faith was illustrated by the impressive turnout of 67.65 percent of Taiwan's 14.2 million voting-age citizens. This occurred without compulsory voting laws.

The elections preserved the ruling Kuomintang (KMT) party's narrow majority in the 164-seat Legislative Yuan. The KMT won 85 seats, but its total declined by 11 seats. The main opposition Democratic Progressive Party (DPP) made only modest gains, from 50 to 54. Meanwhile, the New Party, a recently formed conservative party, went from 0 to 21 seats. Because party discipline in Taiwan is lax, the KMT will have to form coalitions in order to conduct the business of government. Thus, the results of the election offer prospects for the development of a culture of compromise, a necessary element common to all advanced democracies.

The December 2 elections were judged universally to be fair and democratic. On election day, an observer team organized by The Heritage Foundation visited several polling stations in Central Taipei, witnessing voting procedures that Taiwanese appeared to regard as routine. There was little tension because the procedures were well known. Confidence in the secrecy and security of the ballots is well established. That evening, the Heritage delegation visited the National Vote Tallying Center, where computerized tallying produced national results well before 10:00 p.m. There were no accusations of fraud to challenge the integrity of the process. University of Florida Professor James Robinson also noted that "Taiwan at present compares favorably with its democratic peers in conducting fair elections."³

The Legislative Yuan elections were dominated by domestic issues. Political and economic issues included criticism of KMT "money politics," a perceived slowdown in the economy, accusations of government corruption, veterans benefits, and the personalities of the candidates. In contrast to previous elections, many observers noted that vote-buying was much less a problem in this election.

Independence and Intimidation. China's military intimidation played a lesser role in the December elections than many expected. Some have noted that the impressive gains made by the New Party (NP) and the defeat of one-third of the Democratic Progressive Party's incumbents reflect opposition to Taiwan independence. The NP strictly opposes independence and criticizes the KMT for covertly seeking it, while the DPP advocates independence from China despite Beijing's repeated threat to invade Taiwan if this were to occur. In the middle of the spectrum between the NP and the DPP, the KMT wants peace-

3 James A. Robinson, "An observer's guide to ROC elections," *The Free China Journal*, October 27, 1995, p. 7.

ful unification with a reformed mainland over the long term but, in the interim, seeks to expand Taipei's international recognition short of formal independence. The Heritage delegation concluded that domestic issues played a far greater role in voting preferences than did the independence issue. The delegation also concluded that China's military threats did not sway the Taiwanese people significantly.

THE MARCH 23 PRESIDENTIAL ELECTION

The democratic process begun by the legislative elections last year will be consummated this year by the presidential elections on March 23.⁴ The front-runner in this election is KMT incumbent President Lee Teng-hui. Lee is the first native-born Taiwanese to become President and has followed his predecessor, President Chiang Ching-kuo, in advancing democratic reforms. Lee has opposed the DPP on the issue of independence from China but has sought vigorously to raise Taiwan's international status by seeking to join international organizations like the Asia-Pacific Economic Cooperation (APEC) forum, the World Trade Organization, and the United Nations. President Lee also has pressed for greater diplomatic support from the United States.

Lee will face three opponents in the election. Peng Ming-min of the Democratic Progressive Party is a former political exile and is regarded as the intellectual godfather of the pro-independence movement. Two other candidates come from factions of the KMT. Lin Yang-kang, former President of Taiwan's Judicial Yuan, is supported by the New Party, which opposes both independence and Lee Teng-hui. Also running on an independent ticket is Chen Li-an, former President of the Control Yuan, a government watchdog body.

CHINA'S THREAT TO PEACE IN THE TAIWAN STRAIT

Over the last year, China has deliberately increased tension in the Taiwan Strait. Beijing views Taipei's attempts to gain admittance to the United Nations and President Lee's private visit to the U.S. last June as efforts to advance the cause of an independent Taiwan. However, China's leaders have an even greater fear: A free and democratic Taiwan stands as a threat to the legitimacy of the Chinese Communist Party's political dictatorship. Thus, Taiwan's democracy and place in the world stand as important issues in China's own ongoing political transition.

Threats of Missile Strikes. Since 1994, China has mounted three major military exercises near Taiwan. In September and October 1994, the People's Liberation Army (PLA) conducted combined air, land, and sea exercises on Chou Shan Island, about 60 miles south of ROC-held Quemoy Island. At the time, Assistant Secretary of State Winston Lord described these exercises as "the most expansive...that China has conducted in 40 or 50 years." In June and July of last year, the PLA conducted a similar series of exercises near Taiwan. These exercises concluded with the firing of four 1,125-mile range DF-

4 Also on March 23, Taiwan will conduct its third National Assembly election, with 595 registered candidates contesting for the Assembly's 334 seats. Prior to a 1992 Constitutional Convention, the ROC president was chosen indirectly by the National Assembly.

21 and two 375-mile range M-9 missiles to an area about 100 miles north of the ROC.⁵ Both missiles are capable of carrying nuclear or chemical warheads. These tests mark the first time China has used missiles to threaten an opponent.⁶ Finally, right before the Legislative Yuan elections, in late November, Chinese President Jiang Zemin personally presided over large-scale combined-arms amphibious and airborne assault exercises designed to simulate an invasion of Taiwan. These exercises involved about 20,000 troops, in addition to about 40 ships and 100 aircraft.

China has scheduled more exercises for 1996 and has been deploying forces to Fujian Province, across the strait from Taiwan, for large-scale military exercises planned for late February.⁷ These exercises may involve up to 100,000 troops and China's most modern combat aircraft, the Sukhoi SU-27 and J-8II jet fighters.⁸

Beijing also has threatened to use force against Taiwan. Before the December Legislative Yuan elections, China used the Hong Kong press to discuss the possible invasion and occupation of one of the ROC's offshore islands, followed by a naval blockade of the Taiwan Strait. These threats were designed to compel Taipei to begin reunification talks on Beijing's terms. Even more alarming, former Clinton Administration Assistant Secretary of Defense Charles Freeman, following meetings in China, reportedly has told the Administration that while China "prefers negotiation to combat," it "has prepared plans for a missile attack against Taiwan consisting of one conventional missile strike a day for 30 days."⁹

China does not have the capability to invade and conquer the ROC, but it does have the capability to do significant harm. Last November's amphibious exercise involved only a single PLA division, but the effort required civilian ships to support the PLA Navy.¹⁰ However, the PLA can cause substantial damage to Taiwan by mining ports, undertaking a limited blockade with its five nuclear-powered and 45 conventional-powered attack submarines, and conducting a terror campaign with conventional missile strikes.

To counter Chinese submarines, the ROC Navy has only two modern conventional submarines. Moreover, the ROC lacks anti-missile systems, and China conceivably could take Quemoy or Matsu, small, fortified islands near the coast of China, albeit at heavy cost to its invading forces. Even such limited PLA action might lead to air battles that would reduce the number of ROC combat aircraft. In addition to any physical damage, such a limited campaign against Taiwan could depress public and economic confidence. Shipping insurance rates would skyrocket, and foreign investors would be deterred. ROC

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- 5 David A. Fulghum and Michael Meecham, "Chinese Tests Stun Neighbors," *Aviation Week and Space Technology*, July 31, 1995, p. 23.
 - 6 See Richard Fisher, "Building a More Secure Asia Through Missile Defense," Heritage Foundation Asian Studies Center *Backgrounder* No. 138, October 24, 1994, p. 4.
 - 7 Willy Lo-Lap Lam, *South China Morning Post*, November 30, 1995, pp. 1, 9, in *FBIS China*, November 30, 1995, pp. 37, 38.
 - 8 R. Jeffery Smith, "China Plans Maneuvers off Taiwan," *The Washington Post*, February 5, 1996, p. A1; Bill Gertz, "China's nuclear transfers raise new concerns in U.S.," *The Washington Times*, February 6, 1996, p. A4.
 - 9 Patrick E. Tyler, "As China Threatens Taiwan, It Makes Sure U.S. Listens," *The New York Times*, January 24, 1996, p. A3.
 - 10 John Glashow, "Chinese Military Exercise Packs Little Punch," *Defense News*, January 15-21, 1996, p. 3.



Balance of Power in the Taiwan Strait



People's Republic of China



Republic of China

Missile Systems

Dong Feng-31 IRBM: 30+
M-9 TBM: ?
Dong Feng-3 IRBM: 60

All missiles nuclear-capable; PRC is reported to have purchased Russian long-range strategic cruise missile production technology.



Mobile Ballistic Missile Launcher

Air Forces

Su-27: 26
J-8: 100
J-7 (MiG-21): 500
J-6 (MiG-19): 3,000

Up to 72 *Su-27*s on order from Russia with co-production agreement imminent. Armed with AA-11 *Archer* the *Su-27* is superior to the *F-5* and *F-104*. *J-8* to be modified with Russian radar, missiles. *J-7* and *J-6* inferior to ROC types. Seeking *AWACS* from Russia and Israel. May have some air-refueling aircraft.

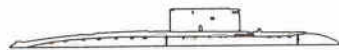


Su-27 Flanker

Naval Forces

Ballistic Missile Submarine: 1
***Han*-class Nuclear-powered Attack Submarine:** 5
***Kilo*-class Conventional Attack Submarine:** 2
***Ming*-class Conventional Attack Submarine:** 10
***Romeo*-class Conventional Attack Submarine:** 33
***Luhu* destroyer:** 2
***Luda*-class destroyer:** 15
Frigates: 32

Reported decision to build first aircraft carrier. 2 or more modern Russian *Kilo* subs on order. *Romeo* subs based on 1950's Soviet design, some may not be operational, remainder could be effective for naval blockade. *Luhu* is their first large destroyer with balanced anti-ship, anti-air, anti-sub armament, 2 more building. New frigates have balanced armament.



Kilo-class Submarine

Missiles Systems

No Tactical Missiles
 No Missile Defense Systems

ROC has an urgent requirement for anti-missile defenses, such as the *Patriot* system.



Patriot Anti-Missile System

Air Forces

F-5E/F: 275
F-104: 50
Ching-kuo: 42
E-2T AWACS: 4

ROC has better airbattle management with *E-2T*. 88 more *Ching-kuo* on order, better than *F-5* but needs improved engines and missiles to counter *Su-27*. 150 *F-16*s on order, in ROC by spring 1997. 60 *Mirage 2000* on order, delivery starts in 1997. Both aircraft require *AMRAAM* and helmet-sighted missile to counter *Su-27*.



F-5E Tiger II

Naval Forces

***Hai Lung*-class Conventional Attack Submarine:** 2
Destroyers: 20
***Perry*-class Frigates:** 5
***Knox*-class Frigates:** 6
Minesweepers: 16

Hai Lung modern Dutch design, urgent requirement for more subs. Destroyers all U.S. World War II surplus, 7 with anti-aircraft missiles, all modified with modern anti-sub systems. 5 *LaFayette* frigates on order from France. 2 more *Perry*-class building in ROC, up to 6 more *Knox*-class on order. *Perry* and *Knox* are modern U.S. anti-sub frigates.



Perry-class Frigate

Note: IRBM=Intermediate Range Ballistic Missile, TBM=Tactical Ballistic Missile, AMRAAM=Advanced Medium Range Air-to-Air Missile, AWACS=Airborne Warning and Control System.
Sources: *The Military Balance 1995-1996*; *Jane's All The World's Ships 1995-1996*; news reports.

officials estimate that after the PLA missile tests last July, capital flight amounted to \$5 billion.

Unification By Force? The PRC is stepping up its efforts to intimidate the ROC, but it may be preparing for a more decisive confrontation with Taiwan early in the next decade. In a speech on January 30 Premier Li Peng, the second most powerful Chinese leader, said that “During the period of the Ninth Five-Year Plan [years 1996 to 2000] the Chinese Government will resume the exercise of sovereignty over Hong Kong and Macau. Therefore, settling the Taiwan issue will be prominently put in front of all Chinese people.” Reports out of Hong Kong in mid-January stated that the “the important role to be played by the Army in taking back Taiwan” was stressed at a December meeting of the policy-setting Central Military Commission, attended by Chinese President Jiang Zemin. This meeting reportedly also endorsed military modernization plans, including a decision to build China’s first aircraft carrier.¹¹

China indeed is modernizing its armed forces. Beijing has purchased four advanced Kilo-class conventional submarines from Russia that are far more capable than the older Soviet-based submarines currently used by China. The PLA Navy is building modern missile-armed destroyers and frigates. Reports of a pending deal in which China may buy over 70 advanced Russian SU-27 *Flanker* fighters, which will entail co-production of this aircraft, indicate the PLA could have over 100 of this type in about five years.¹² This aircraft has superior range and may be armed already with AA-11 *Archer* air-to-air missiles, which would threaten the U.S. F-16s the ROC plans to put into service in 1997.¹³ Moreover, China may be seeking to purchase Russian or Israeli AWACS early warning and air-combat management aircraft, which would be essential in establishing air superiority over the Taiwan Strait.¹⁴

WHY THE ROC DESERVES STEADFAST AMERICAN SUPPORT

Though Washington ended formal diplomatic relations with Taipei in favor of Beijing in 1978, a long-standing bipartisan consensus in the U.S., expressed in the Taiwan Relations Act of 1979, has supported strong informal ties with the ROC. There are three reasons why maintaining strong relations with Taipei is in America’s interest.

REASON #1: The ROC is America’s seventh largest trading partner, following immediately behind the PRC. In 1995, trade with the ROC totaled \$47 billion. While Taipei maintains a \$5.8 billion trade surplus with America in manufactured goods, the U.S. had a surplus of \$1.5 billion in the export of services in 1994. Taipei has a

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- 11 Willy Wo-Lap Lam, “PLA prepares arsenal ‘to take Taiwan,’” *South China Morning Post Weekly*, January 13, 1996, p. 7.
 - 12 Graham Hutchings, “China to build SU-27 fighter in \$2bn deal with Moscow,” *Daily Telegraph*, February 5, 1996, p. 12; Patrick E. Tyler, “China to Buy 72 Advanced Fighter Planes From Russia,” *The New York Times*, February 7, 1996, p. A3; David Fulghum, “China Buys SU-27 Rights From Russia,” *Aviation Week and Space Technology*, February 12, 1996, p. 60.
 - 13 The SU-27 carries the AA-11 *Archer* air-to-air missile, which is directed to its target by a sight on the pilot’s helmet, conferring far greater first-launch capability, and thus a greater chance of victory, than the U.S. AIM-9 *Sidewinder*, which requires the aircraft to be maneuvered onto the target. The U.S. will have no equivalent to the *Archer* for several years, meaning both ROC and U.S. aircraft may be very vulnerable to the SU-27.
 - 14 “Phalcon may fly over China,” *Flight International*, November 1-7, 1995, p. 6.

good track record of responding to U.S. concerns about trade barriers, though differences still exist in the areas of intellectual property rights protection, access to banking and insurance markets, and some tariffs. Nevertheless, The Heritage Foundation has rated Taiwan's economy as the eighth freest in the world, right behind the U.S.¹⁵

REASON #2: The Republic of China's transition to full democracy reflects America's own commitment to democracy. When democratization is completed after the country's first direct presidential election in March, the ROC deserves to be considered a democratic ally of the United States. The persistence of the Taiwanese people in building their own democratic institutions and traditions despite internal and external pressures is a testament to their courage and determination. The American people traditionally have admired democracies and often have come to their aid when threatened.

REASON #3: Taiwan's democracy could have a positive influence on China. China is experiencing a critical leadership transition as President Jiang Zemin seeks to consolidate his power as Deng Xiaoping fades from the scene. Over the last decade, Deng's economic reforms have produced double-digit economic growth and expanded economic freedom. Taiwan is well placed to advance this trend. Despite the deep-seated political antipathy of China's leadership toward Taiwan, both sides have rapidly increased their economic and personal interaction in recent years. ROC-PRC trade now exceeds \$20 billion annually, and millions of Taiwanese have visited the mainland for business and family reasons. The success of Taiwan's democratic reforms could influence mainland attitudes toward political reform in a positive way as more mainlanders learn how Taiwanese enjoy both political freedom and economic prosperity.

STRENGTHENING DETERRENCE IN THE TAIWAN STRAIT

Deterring China from taking military action against Taiwan will be a major test of American leadership in Asia. Since 1979, three American Presidents have provided the leadership necessary to protect U.S. interests in cross-strait relations. That China now feels emboldened to threaten military action against Taiwan indicates that it senses political weakness in Washington. This is understandable because the Clinton Administration has failed to make clear to Beijing that its military moves are unacceptable. When China occupied Philippine-claimed reefs in the South China Sea in February 1995—causing alarm throughout Southeast Asia—the Clinton Administration did not issue a statement of “concern” until the following May. When China “tested” six nuclear-capable missiles only 100 miles north of Taiwan last July, the Clinton Administration again did nothing but issue a mild statement of “concern.”

The Clinton Administration may have contributed to the uncertainty in another way. In the October 30, 1995, issue of *U.S. News & World Report*, an unnamed State Department official discounted the possibility of direct U.S. military action if Taiwan was attacked,

¹⁵ Bryan T. Johnson and Thomas P. Sheehy, *1996 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation, 1995).

saying that “we would not be in a position to react with force. We would not elect to do that I’m sure.”¹⁶ Others in the Administration have coined the term “deliberate ambiguity” to describe U.S. policy in the event of a Chinese attack on Taiwan. Late last year, former Assistant Secretary of Defense Joseph Nye told Chinese officials that “we don’t know and you don’t know” how the U.S. would respond to an attack against Taiwan.¹⁷ Is it any surprise that, only three months later, Beijing is readying another series of large military exercises designed to intimidate Taiwan?

The United States cannot afford to continue this policy of timidity. President Clinton and Congress must work together to rebuild confidence in American leadership and strengthen deterrence in the Taiwan Strait. They should:

- ✓ **Reaffirm the 1979 Taiwan Relations Act and make clear to China that any attack on Taiwan challenges U.S. security interests.** Perhaps the most important message that Washington can send Beijing is a forceful reaffirmation of the 1979 Taiwan Relations Act (TRA). It was the intent of Congress in 1979 that the U.S. maintain the ability to ensure that Taiwan’s defense needs were met and that China understand America’s interest in a peaceful resolution of Taiwan’s future. The elements of the TRA which convey this intent are:

Sec. 2 (b): It is the policy of the United States—

(3) to make clear that the United States decision to establish relations with the People’s Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;

(4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to peace and security of the Western Pacific area and of grave concern to the United States;

(6) to maintain the capacity to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or the economic system, of the people of Taiwan.

Sec. 3 (a):... 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.

(c) The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people of Taiwan and any danger to the interests of the United States arising therefrom.

The Clinton Administration should remind China that these sections of the TRA convey the clear intent of the American people. The Administration also should make clear that the U.S. retains the option to come to Taiwan’s defense if it is attacked.

16 Susan V. Lawrence and Tim Zimmerman, “A political test of when guns matter,” *U.S. News & World Report*, October 30, 1995, p. 48.

17 Smith, “China Plans Maneuvers off Taiwan.”

The TRA is a critical element in Washington's ability to deter conflict in the Taiwan Strait. However, it is the Clinton Administration's consistent weakness in the face of aggressive Chinese behavior which threatens to undermine the value of the TRA. The Administration should emphasize to Chinese officials that the TRA is a U.S. law that guides American policy. To strengthen this message, early in this legislative session, Congress should pass a joint resolution reaffirming the TRA. Furthermore, it should insist that the Administration fulfill its obligations under the Act, including its responsibility to report to Congress any threats to the security of Taiwan.

- ✓ **Recognize the ROC's democratic reforms and urge China and the ROC to resolve their differences peacefully.** To bolster confidence in Taipei, the Administration and Congress should acknowledge Taiwan's emerging democracy. A former President or former Secretary of State should be asked to lead the U.S. delegation to the inauguration of the new ROC President. Taiwan's evolution toward democracy belies the notion promoted by some Asians that democracy is not suited to the Asian character.

At the same time, Washington should privately urge both Beijing and Taipei to resume the cross-straits dialogue which began in 1991 but was suspended last year. Washington should make clear to both sides that they bear the main responsibility in resolving their differences. Nevertheless, Washington should stress regularly to Beijing that, given Taiwan's democratic evolution, blatant threats will prove increasingly counterproductive.

- ✓ **Privately warn China of the consequences it will face if it attacks the ROC.** The Clinton Administration should warn China privately of the consequences that would follow direct military action against Taiwan. The Administration should warn China that, depending on the degree of damage it inflicts on Taiwan, it could expect sanctions ranging from the ending of most-favored-nation trade status to a total trade embargo with confiscation of all Chinese assets in the U.S., and that the U.S. will not rule out using force to defend Taiwan. China also should be told that these sanctions would likely receive wide support in the U.S. Congress and that the U.S. will lead a vigorous campaign to press other allies to join them. Finally, China should be told that if it attacks Taiwan, the U.S. will undertake a fundamental reevaluation of its relations with China, in which policies of economic and political "engagement" could give way to policies that focus on China's breach of the peace.
- ✓ **Exercise U.S. naval forces near the ROC during the period before and after the March 23 presidential election to deter threatened Chinese military action against Taiwan.** The Clinton Administration should order an aircraft carrier task group to be on station in international waters near Taiwan during the period before and after the March 23 election. This would demonstrate the U.S. commitment to deterring conflict in the Taiwan Strait and to maintaining freedom of the seas.
- ✓ **Sell Taiwan defensive weapons in accordance with the Taiwan Relations Act.** It has been U.S. policy since 1979 to sell the ROC defensive weapons sufficient to deter Chinese attack. As a response to China's acquisition of the SU-27 from Russia in 1991, the Bush Administration sold Taiwan 150 F-16 jet fighters in 1992. Should China's growing military capabilities again threaten to tilt the military equilibrium in

the Taiwan Strait, the U.S. should be prepared to sell Taiwan defensive weapons to redress the balance.

China's purchase of additional SU-27s and its intention to co-produce many more of this aircraft are troubling in this regard. The F-16's combat range and weapons already are inferior to those of the SU-27. Washington should provide the ROC advanced armaments for the F-16, such as the advanced medium-range AIM-120 AM-RAAM missile, giving ROC F-16s a technological margin that ensures deterrence. In addition, the U.S. should allow U.S. shipbuilders to sell conventional submarines to Taiwan. The U.S. is the only country willing to supply this sorely needed defensive system to the ROC. Likewise, in view of the PRC's missile tests near Taiwan last July, it is essential that the U.S. offer Taiwan advanced versions of the Patriot missile defense system.

Should China attack Taiwan, the U.S. should be prepared—consistent with the TRA—to resupply rapidly the ROC's military weapons and munitions stocks. If China follows through on threats to impose a naval blockade, the U.S. may have to supply naval ordnance and replace ROC frigates that are lost. A naval blockade also could lead to air battles, and the U.S. should be prepared to advance delivery of F-16s and, more important, to resupply combat missile stocks.

- ✓ **Maintain a balance of power in Asia favorable to the U.S. by deploying missile defenses.** To deter China, the U.S. as soon as possible should deploy not only theater missile defenses in Asia, but also a national missile defense system to protect Americans. China's willingness to use short-range nuclear-capable missiles to terrorize countries in Asia was demonstrated by its missile tests 100 miles north of Taiwan last July. Since then, Chinese officials reportedly have told former Assistant Secretary Charles Freeman that China may use conventionally armed missiles to terrorize Taiwan. Another official stated that U.S. leaders "care more about Los Angeles than they do about Taiwan." Freeman reportedly viewed this statement as a thinly veiled Chinese threat to use nuclear missiles against the U.S. if it intervened to help protect Taiwan. Thus, it is essential that the U.S. accelerate development and deployment of theater anti-missile systems like the Navy's Upper Tier and the Army's THAAD missiles.

China's threats also make imperative the deployment of a national missile defense system to defend Americans. As it threatens Taiwan with missile strikes, China also may threaten the U.S. with nuclear blackmail in the future. China is building up its nuclear missile arsenal to include mobile intercontinental ballistic missiles. A national missile defense system must be deployed to counter this threat.

CONCLUSION

China's threats against Taiwan are designed primarily to intimidate the people on the eve of their first direct presidential election. But they also stand as a challenge to the United States. Since the 1950s, successive American Presidents have met this challenge by ensuring adequate deterrence in the Taiwan Strait. But by reacting timidly to China's military provocations in 1995, and even suggesting that the U.S. would not come to Taiwan's assistance if attacked, the Clinton Administration is undermining deterrence in the Taiwan Strait.

The Clinton Administration should begin immediately to reverse this record of weakness. It should take steps to ensure that China understands that the United States will not tolerate an attack on Taiwan. Congress and the President should reaffirm the Taiwan Relations Act, which will reassure Taiwan and warn China of U.S. resolve, while urging both Beijing and Taipei to seek a peaceful solution to their differences. If Beijing persists in its threats, Washington should be prepared to deploy U.S. naval forces to help deter Chinese military action against Taiwan. In the worst case, if China does attack, the U.S. should be prepared to resupply ROC military forces. Washington also must not rule out using U.S. forces in Asia to help defend Taiwan.

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