



No. 151

August 4, 1997

NO HONG KONG DEAL FOR TAIWAN

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INTRODUCTION

Now that the handover of Hong Kong to Chinese sovereignty is complete, attention is turning quickly to see whether Taiwan will follow suit any time soon. Even though it is far too early to judge whether China's "one country, two systems" model of government for Hong Kong will succeed or fail, China's President, Jiang Zemin, already has suggested that it will provide an appropriate template for the eventual reunification of Taiwan with the mainland. President Lee Teng-hui of Taiwan has objected to this model, and the clear message emanating from both his government and the Taiwanese people is that *Taiwan is not Hong Kong*. Indeed, one key difference between Hong Kong and Taiwan is that, in Taiwan, any proposed arrangement to redefine sovereignty over that country has to meet with the approval of the more than 21 million residents who directly elect their executive and legislative leaders. The 6 million residents of Hong Kong had no such role in negotiating the terms of their country's reunification with the People's Republic of China (PRC).

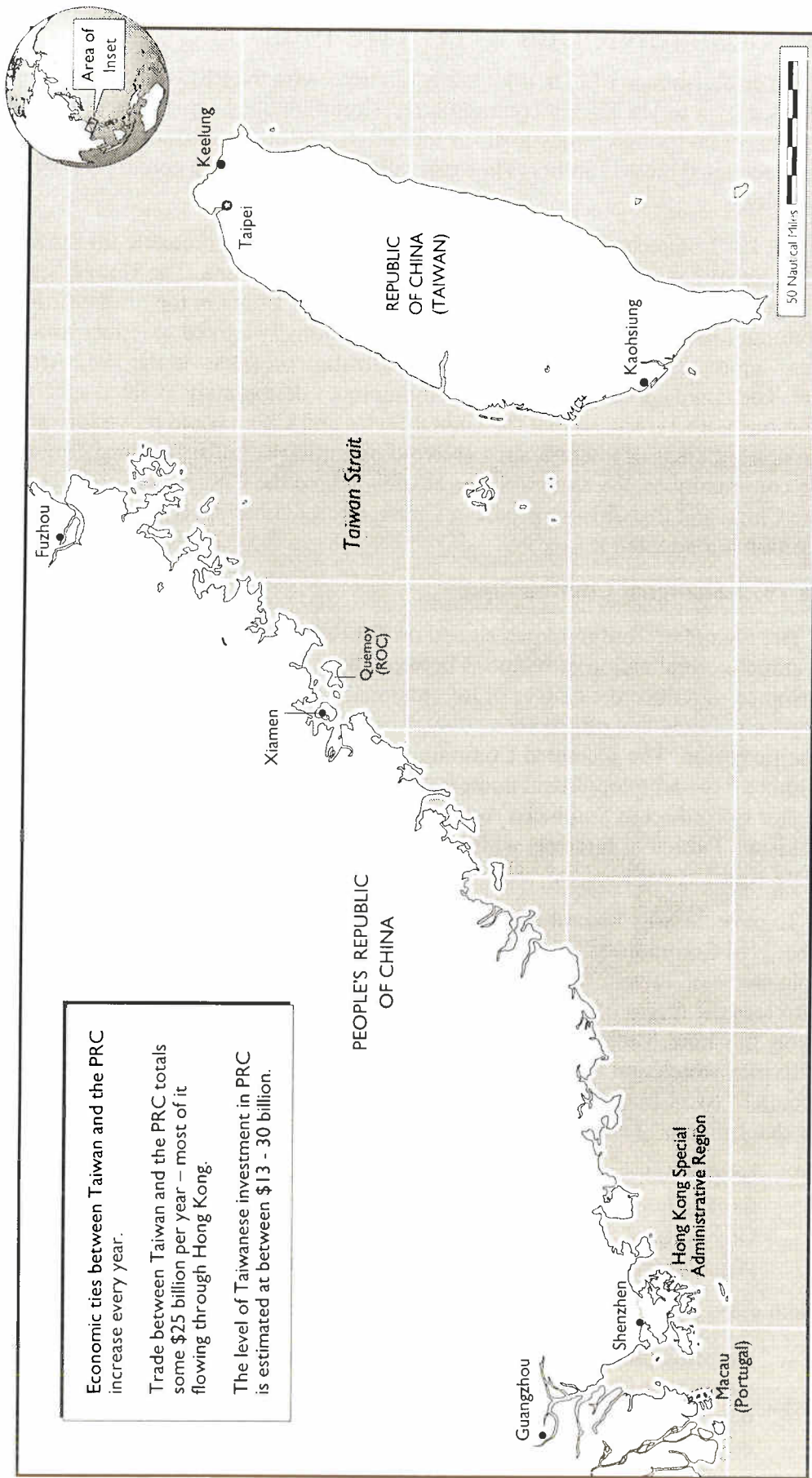
In the past, U.S. relations with the Republic of China on Taiwan (ROC) were conducted in a far different manner than were U.S. relations with Hong Kong, in part due to the latter's long history as a British colony as well as the former's distance from China across the Taiwan Strait. Both Taiwan and Hong Kong are part of "greater China" and their economies and relative security are sensitive to any changes in U.S. relations with China. For its part, China has been sensitive to U.S. initiatives in Taiwan and Hong Kong that have not been discussed first in Beijing. Although U.S. laws govern relations with both Taiwan and Hong Kong, in fact Taiwan—not Hong Kong—is the major focus of three major communiqués signed by the United States and China. More important, the 1979 Taiwan Relations Act (TRA) is more specific and far-reaching than the U.S.–Hong Kong Policy Act.

The transition of government in Hong Kong following reunification captured journalistic and diplomatic attention around the globe. As the intensity of that coverage wanes, greater pressure will be applied to Taiwan to accept a Hong Kong-style deal. Before this

shift in media and diplomatic coverage occurs, U.S. policymakers should refocus their attention on the history of U.S. relations with Taiwan and on the concrete obligations the United States has with respect to the ROC.

Consistent with commitments made in the joint communiqués with China and the TRA, the United States can take several steps to enhance the security of Taiwan, its long-time ally, and to advance U.S. national security and commercial interests in Asia. U.S. policymakers should:

- **Support Taiwan's participation in international organizations and accession to the World Trade Organization.** Taiwan is the world's thirteenth largest trading country and the seventh largest export market for the United States. With its evenly distributed per capita income of \$12,000 and foreign exchange reserves of \$90 billion, Taiwan clearly is prepared to make a significant contribution to international institutions that are involved in trade, economic development, and humanitarian assistance.
- **Counteract China's attempts to isolate Taiwan or its leaders.** The United States should not be party to China's attempts to block the foreign travel of Taiwan's leaders or interfere with the ability of Taiwanese officials to conduct foreign relations. Taiwanese officials should be permitted to conduct their affairs on the premises of relevant U.S. government agencies rather than being forced to conduct them on neutral ground.
- **Permit Taiwan's President Lee Teng-hui to enter the United States as requested.** Taiwan officials should not be denied entry to the United States simply because the U.S. government does not extend full diplomatic recognition to the ROC. Decisions about who will be granted or denied entry into the United States is an internal matter, and China has no right to interfere.
- **Avoid pressuring Taiwan to enter negotiations with the mainland.** The PRC cut off semi-official cross-Straits dialogue in June 1995 to protest ROC President Lee Teng-hui's visit to the United States. Even though resumption of such dialogue may serve U.S. interests, the U.S. government should avoid any temptation to mediate.
- **Sell defensive arms to Taiwan.** Under the terms of the TRA, the United States is required to assist Taiwan with providing for its self-defense needs. Considering China's provocative military exercises and nuclear-capable missile tests in the vicinity of Taiwan, continued defensive arms sales to Taiwan are appropriate and consistent with both the TRA and the joint communiqués with China.
- **Maintain the capacity to resist any resort to force by China in the Taiwan Strait.** The TRA requires the President and Congress to ensure that the United States has the capability to deter and, if necessary, defeat any potential Chinese threat to Taiwan's security and to U.S. interests in Asia.
- **Build a China policy using the broad strategic view outlined in the Shanghai Communiqué.** The Shanghai Communiqué is unique because it defines and discusses U.S. and Chinese interests in all of Asia. In the past, whenever the United States and China have dealt with one another on broadly defined common strategic goals, Taiwan has enjoyed prosperity and security.



Mainland China and Taiwan: Economic — Not Political — Integration Continues to Deepen

THE JOINT COMMUNIQUE'S WITH THE PRC

The establishment of U.S. diplomatic relations with the PRC took place in stages as represented by a series of joint communiqués. Communiqués, which are public diplomatic statements on foreign policy goals or intentions, are different from treaties or laws in that they lack legal enforceability. They can reflect, however, on a country's honor and integrity.

The 1972 Shanghai Communiqué provided the strategic rationale for the establishment of diplomatic relations between the United States and China. The United States formally recognized the PRC as the sole legal government of China in the brief Normalization Communiqué of 1979. The United States conditionally agreed to reduce arms sales to Taiwan—an issue left unresolved in the normalization process—in the 1982 Arms Communiqué. The language of each of these communiqués deliberately avoided specificity on U.S. relations with Taiwan so that the United States and China could move forward in their discussions of areas of interest, such as avoiding military conflict and resisting hegemony. In the communiqués, the United States acknowledged the Chinese position that there is but one China and that Taiwan is part of China, but it neither specifically accepted that position nor adopted it.

The 1972 Shanghai Communiqué

The Shanghai Communiqué, signed on February 28, 1972, outlined a rationale for the eventual normalization of relations between the United States and China. It also was designed to reduce the danger of international military conflict and allow both parties to oppose publicly any efforts by a country or group to establish hegemony in the Asia-Pacific region. The Shanghai Communiqué promoted a view of U.S.–China relations within a broader geopolitical context. Both sides defined their common interests with regard to conflict in Southeast Asia, on the Korean Peninsula, and between India and Pakistan. Particular interests with regard to Japanese militarism and the status of Taiwan were stated as well.

To pave the way toward the normalization of U.S.–China relations, the drafters of the Shanghai Communiqué found it necessary to remove a primary obstacle: the irreconcilable status of Taiwan. The portion of the Shanghai Communiqué addressing this issue provides the origin of the so-called one China policy, which remains a source of controversy in China, Taiwan, and the United States. China stated its firm opposition to “any activities which aim at the creation of one China, one Taiwan,” “one China, two governments,” “two Chinas, an independent Taiwan,” or that advocate the status of Taiwan “to be determined.” The United States declared that it

acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves.

Both sides agreed to conduct their relations in accordance with

the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, [and] non-interference in the internal affairs of other states.... International disputes should be settled on this basis, without resorting to the use or threat of force.

In this respect, China declared that “China will never be a superpower and it opposes hegemony and power politics of any kind,” and the “people of all countries have the right to choose their social systems according to their own wishes.” The United States stated that the “effort to reduce tensions is served by improving communication between countries that have different ideologies so as to lessen the risks of confrontation through accident, miscalculation or misunderstanding.”

The Shanghai Communiqué set the course for the United States and the PRC to establish official relations, but Taiwan paid a price for this diplomatic breakthrough. During the period leading up to and immediately following the Shanghai Communiqué, Taiwan lost its seat at the United Nations as well as diplomatic recognition from Japan and other major foreign powers.

The 1979 Normalization Communiqué

The Normalization Communiqué, which was signed on January 1, 1979, echoes resolutions in the Shanghai Communiqué that were aimed at reducing the danger of international military conflict and resisting hegemony in the Asia-Pacific. In the joint communiqué, the U.S. government reiterated its acknowledgment of China’s position that there is but one China and that Taiwan is part of China, but added that the United States “recognizes the Government of the People’s Republic of China as the sole legal Government of China. Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan.”

The Normalization Communiqué left undefined the nature and mechanism by which the United States would maintain its “unofficial relations with the people of Taiwan.” Members of both parties in Congress were angered that the Carter Administration had failed to consult with them on the terms of normalization. Many Members of Congress felt that the agreed-upon terms abruptly abandoned the security of Taiwan—a long-time strategic ally of the United States. Congress acted quickly to fill this void by passing the Taiwan Relations Act. It defined in greater detail the manner in which the United States would conduct relations with Taiwan and the way in which the President would consult with Congress on how best to provide for Taiwan’s defense needs. Taiwan again paid a diplomatic price. Following the normalization of U.S.–China relations, Taiwan was expelled from the World Bank and the International Monetary Fund.

The 1982 Arms to Taiwan Communiqué

Soon after the implementation of the TRA and the election of President Ronald Reagan—a staunch supporter of Taiwan—the issue of continued U.S. arms sales to Taiwan emerged as a key stumbling block in U.S.–China relations. As with the definition of Taiwan’s official status, the issue of U.S. arms sales to Taiwan could not be resolved at the time of diplomatic normalization. Both sides agreed to disagree for the time being, but the Chinese side pledged to raise the issue again following normalization.

The Arms Communiqué, which was signed on August 17, 1982, had more to do with limiting U.S. behavior toward Taiwan than China’s. In the communiqué, the United States pledged gradually to reduce the quantity and quality of its arms sales to Taiwan under an assumption that the “two Governments will make every effort to adopt measures and create conditions conducive to the thorough settlement of this issue.” The United States reaffirmed its policy of recognizing the PRC as the sole legal government of China and acknowledged the Chinese position that there is but one China and that Taiwan is part of

China. In response to China's insistence that the question of Taiwan is China's internal affair, the United States declared that "it has no intention of infringing on Chinese sovereignty and territorial integrity, or interfering in China's internal affairs."

The Arms Communiqué did not answer the question of Taiwan's status, although the PRC touted (and the United States "understands and appreciates") its Nine-Point Policy for a peaceful resolution. A key development in the formulation of the Arms Communiqué was the conditional announcement by the United States that "it does not seek to carry out a long-term policy of arms sales to Taiwan."

THE 1979 TAIWAN RELATIONS ACT

At the height of the Cold War, the United States signed the 1954 U.S.-ROC Mutual Security Treaty to deter the PRC from taking control of Taiwan by force. Under the terms of this treaty, the United States provided Taiwan with \$4 billion in military aid and stationed 3,700 troops on its shores from 1954 to 1979.¹ When President Jimmy Carter unilaterally renounced this treaty in the process of normalizing relations with the Chinese mainland, Congress responded in 1979 by enacting the Taiwan Relations Act. The TRA was designed to reaffirm U.S. support for the people of Taiwan and to ensure that, in the future, the executive branch would consult sufficiently with Congress on all matters related to Taiwan's security. Although U.S. troops no longer are stationed on Taiwan, the TRA commits the United States to assist Taipei in maintaining its defense against possible threats from mainland China.²

The TRA is a unique document in U.S. history. It embodies the only congressionally mandated foreign policy toward a country with which the United States maintains no formal diplomatic relations. The TRA defines the status of Taiwan in terms of U.S. policy toward China, and in this respect should serve as guide for current and future policy proposals that affect Taiwan. The United States should follow to the letter the prescriptions of the TRA because these prescriptions, not the three communiqués signed with Beijing, are the law of the land and address important U.S. interests.³ Communiqués are not treaties; they are simply statements of a particular administration's policy at a given time.

The language of the TRA requires:⁴

- That the Administration and Congress objectively evaluate the military balance in the Taiwan Strait area and "make available to Taiwan such defense articles and defense services as may be necessary to enable Taiwan to maintain a sufficient self-defense capability";
- That the Administration keep a weather eye on relations between the mainland and Taiwan and "inform the Congress promptly of any threat to the security or the social or economic system of the people of Taiwan";

1 Andrew B. Brick, "For America, Taipei Offers an Example of Chinese Democracy," Heritage Foundation *Asian Studies Center Backgrounder* No. 102, April 12, 1990, p. 3.

2 *Ibid.*

3 Harvey J. Feldman, "Cross-Strait Relations with Taiwan: Implications for U.S. Policy," in Kim R. Holmes and James J. Przystup, eds., *Between Diplomacy and Deterrence: Strategies for U.S. Relations with China* (Washington, D.C.: The Heritage Foundation, 1997), pp. 160-161.

4 *Ibid.*

TAIWAN RELATIONS ACT

PUBLIC LAW 96-8 (EFFECTIVE JANUARY 1, 1979;

APPROVED APRIL 10, 1979)

Sec. 2. Findings and Declaration of Policy

b. It is the policy of the United States—

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

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

- a. In furtherance of the policy set forth in section 2 of this Act, the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.
- b. The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan, in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress.
- c. The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger.

- That, in the event of trouble in the Strait area, the “President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger”; and
- That Congress remain mindful of the provisions that require it to “monitor...the legal and technical aspects of the continuing relationship between the United States and Taiwan.”

THE BENEFITS OF THE TRA/COMMUNIQUE FRAMEWORK

The joint communiqués and the TRA set up a successful framework through which the United States and China avoided direct military confrontation and engaged in mutually beneficial exchanges over the past 25 years. The Shanghai Communiqué offered policy-makers a broad strategic framework for approaching common regional and global interests. Later communiqués and the TRA addressed the particular concerns of both sides regarding the status of Taiwan. Under this combined framework, Taiwan has been able to maintain a significant military deterrent against an invasion from the mainland, and China has been able to raise the living standards of its people significantly through more open trade and exchange with the outside world, especially with the United States.

This framework also establishes a stable international environment conducive to improving relations across the Taiwan Strait. Since the 1980s, contact between Taiwan and the mainland has increased dramatically. Millions of Taiwan’s residents have traveled to the mainland to conduct business and visit relatives separated during the civil war of the late 1940s. Total Taiwan investment in the mainland, directed primarily through Hong Kong, has reached \$13 billion officially and annual exports from Taiwan to the mainland have reached \$10 billion. Unofficial estimates, however, put cross-Strait investment at \$30 billion and annual trade over \$20 billion.

Perhaps the most significant development in cross-Strait relations in recent years is the establishment of a quasi-official forum through which representative from Taiwan and the mainland can put aside irreconcilable differences and negotiate areas of mutual benefit and concern. On November 26, 1990, the Straits Exchange Foundation (SEF) was established in Taiwan to lead this effort, followed by its counterpart on the mainland, the Association for Relations Across the Taiwan Straits (ARATS), on December 16, 1991. Mr. Koo Chen-fu of the SEF and Mr. Wang Daohan of the ARATS met for just one round of negotiations before the mainland halted the process in June 1995 to protest President Lee Teng-hui’s visit to the United States.⁵

Even in trying times, as in the wake of 1989 Tiananmen Square massacre and the PRC missile tests of 1995 and 1996, economic and cultural exchanges between Taiwan and the mainland have flourished. Although government officials and quasi-official representatives are not speaking officially with one another, businessmen and scientists are traveling back and forth, deepening the contact between the people of both societies. Currently there are signs that both sides are moving to resume the Koo–Wang talks. The United States should facilitate this development and remain true to commitments made in the TRA and the joint communiqués.

5 The first round of Koo-Wang talks took place in Singapore in April 1993. The second round was scheduled for July 1995.

PROMOTING PEACE AND PROSPERITY IN TAIWAN

Consistent with U.S. commitments in the joint communiqués and the TRA, there are steps that the United States can take to enhance the security of its long-time ally and advance its own national security and commercial interests in Asia. The United States should:

- **Support Taiwan's participation in international organizations and accession to the World Trade Organization.** As the world's thirteenth largest trading country, Taiwan has become the seventh largest export market of the United States. With evenly distributed per capita income and foreign exchange reserves of \$90 billion, Taiwan clearly is prepared to make significant contributions to international institutions that are involved in trade, economic development, and humanitarian assistance. Regardless of China's status in the various international institutions, Washington and Beijing should support strongly the right of the people of Taiwan to participate fully in all trade, development, and humanitarian organizations within and outside the United Nations framework.
- **Counter China's attempts to isolate Taiwan or its leaders.** The United States should not aid—either intentionally or inadvertently—the attempts of the PRC to block the foreign travel of Taiwan's leaders or interfere with the ability of its officials to conduct foreign relations. At the very least, U.S. policymakers should realize that some immigration and trade issues can be negotiated only on a government-to-government basis. The United States should permit Taiwanese officials to conduct such affairs on the premises of the relevant U.S. government agency rather than force them to do so on neutral ground.
- **Permit Taiwan's President Lee Teng-hui to enter the United States as requested.** It is widely reported that President Lee will stop in the United States on his way to Panama in September for meetings to discuss the future of the Panama Canal. China already has begun its protest. No Taiwanese official should be denied entry to the United States only because the U.S. government does not extend full diplomatic recognition to the ROC. The fact that Palestine Liberation Organization leader Yasser Arafat not only enters the United States, but is received officially at the White House, refutes the existence of such a diplomatic standard. The United States may choose to grant or deny entry to any official. It is an internal matter, and China has no right to interfere.
- **Avoid pressuring Taiwan to enter negotiations with the mainland.** The PRC cut off semi-official cross-strait dialogue in June 1995 to protest President Lee's visit to the United States. Although the resumption of such dialogue may serve U.S. interests by reducing tension and avoiding potential military conflict, the U.S. government should avoid any temptation to mediate. The joint communiqués and the TRA clearly state that the status of Taiwan and its relationship with the mainland should be worked out peacefully by the Chinese themselves.
- **Sell defensive arms to Taiwan.** Under the terms of the TRA, the United States is legally required to assist Taiwan in providing for its self-defense needs. The 1982 joint communiqué to reduce U.S. arms sales to Taiwan was based on the premise that the Chinese government would make every effort to adopt

measures and create conditions conducive to the thorough settlement of this issue. Considering China's provocative military exercises and nuclear-capable missile tests in the vicinity of Taiwan in 1995 and 1996, continued defensive arms sales to Taiwan are appropriate and consistent with both the TRA and the joint communiqués. Taiwan's relative military strength will promote peace through deterrence, while its weakness will invite aggression and invasion.

- **Maintain the capacity to resist any resort to force by China in the Taiwan Strait.** The TRA requires the President and Congress to ensure that the United States has the capability to deter and, if necessary, defeat any potential Chinese threat to Taiwan's security and U.S. interests in Asia. China's display of missile capabilities in 1995 and 1996 should provoke a much more serious commitment to develop and deploy advanced missile defense systems. Furthermore, the United States should upgrade its regional aircraft and anti-aircraft capabilities to counteract China's purchase of advanced Russian fighter jets.
- **Build a China policy using the broad strategic view outlined in the Shanghai Communiqué.** The Shanghai Communiqué is unique because of its definition and discussion of both U.S. and PRC interests in South Asia, Southeast Asia, and Northeast Asia. The current debate in Washington over U.S. China policy focuses too much on China and only sometimes on Northeast Asia. But the U.S.-China relationship should be built on a firm understanding of particular and common interests throughout the Asia-Pacific region and the world. Whenever the United States and China dealt with one another in this way in the past, Taiwan enjoyed prosperity and security.

CONCLUSION

Taiwan is not another Hong Kong. Although the government and people of Taiwan will monitor the implementation of China's "one country, two systems" in Hong Kong with great interest, Taiwan is unlikely to move toward reunification with the mainland in the near future. Thus, U.S. policy toward Taiwan should follow to the letter the prescriptions of the Taiwan Relations Act. The TRA, not the communiqués signed with Beijing, is the law of the land and its prescriptions correspond to important U.S. interests. The United States should promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people of Taiwan. The United States should consider efforts to determine the future of Taiwan by other than peaceful means as threats to peace and security in Asia and of grave concern to the United States. Finally, the President and Congress should assess Taiwan's self-defense needs and continue to provide arms of a defensive nature to Taiwan.

Although Hong Kong is still important and deserves continued attention, it would be dangerous to ignore the long-standing commitment the United States made to the people of Taiwan. The framework created by the three joint communiqués and the TRA has allowed the United States to live up to commitments made to Taiwan and promote U.S. interests in Asia. Both Taiwan and Hong Kong have prospered under this framework. As policymakers turn their attention toward ways in which to improve U.S.-China relations, they would do well to build upon the strength of the existing framework.