



Executive Memorandum

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THE PRESIDENT'S POLICY CHALLENGES IN ASIA

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In establishing a new agenda for strengthening U.S. relations with Asian countries, President George W. Bush faces a number of challenges, some of which were left unresolved by his predecessor. Taiwan, for example, must be reassured that America is still committed to the terms of the Taiwan Relations Act (TRA) of 1979, and China must understand that U.S. sales of defensive weapons to Taiwan under that law are meant to ensure peace in the Taiwan Strait. South Korea needs to know that America is committed to the 1994 Agreed Framework and supports President Kim Dae-jung's peace initiative, but that Washington also wants real reciprocity from the North. President Bush must emphasize to China that he wants a national missile defense as a way to increase stability and as a prudent response to the proliferation of weapons of mass destruction. He must make sure that relations with nuclear rivals India and Pakistan are carefully managed and that China abides by the terms of its recent trade agreement with the United States, which opened the door for its accession to the World Trade Organization (WTO).

As complex as these challenges are, they have a common theme: It is in America's best interests to strengthen U.S. relations with long-time Asian allies and with countries that share its democratic values, have a market economy, respect human rights, and espouse free trade. President Bush should hold early meetings with the leaders of South Korea and Japan to begin emphasizing that theme.

Reassuring Taiwan. The Clinton Administration largely ignored China's threatening military buildup over the past eight years across the Strait from Taiwan. China has acquired high-resolution radar satellites, new fighter jets, and stealth submarines. It has upgraded its ballistic missile capabilities and deployed new brigades of nuclear-capable missiles along the coast. And it has purchased arms from Russia, changing the power balance in the region. Taiwan is becoming more vulnerable to aggression, and the United States is obligated by principle and law (the TRA) to help Taiwan defend itself.

Taiwan will approach the Bush Administration in April with a new request to purchase defensive arms. The Bush Administration should, in consultation with Congress, enforce the TRA (P.L. 96-8) by stepping up sales of defensive arms to Taiwan, including improved missile defenses, command and control systems, air defenses, and anti-submarine defenses. This will enable Taiwan to balance Beijing's provocative military buildup. Tensions can be addressed and a settlement reached only if Taipei can negotiate from a secure position.

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Strengthening Peace in Korea. In June 2000, leaders of North and South Korea met for the first time in 50 years and laid the groundwork for reconciliation. Both sides signed the 1994 Agreed Framework in which North Korea agreed to cease its "nuclear research" activities in exchange for the building of two 1,000 megawatt, energy-producing light water reactors by South Korea (with help from Japan, the United States, and the European Union); but new problems threaten that Framework. Participants have learned, for example, that North Korea's antiquated power grid is not stable enough to run even one reactor. This oversight must be addressed. Failure to redefine the project, already five years behind schedule, could give the North an excuse to restart its dangerous nuclear energy program.

The United States should support the principles in the Agreed Framework; North Korea cannot develop an economy without desperately needed energy. The Administration should initiate diplomatic efforts to revisit the agreement and develop a new way to provide the North with adequate electricity. In the meantime, the Administration should encourage the North to make substantive changes in its threatening deployment of a million soldiers and their long-range artillery on the border with the South, where 37,000 American troops are helping to protect the peace. President Bush should meet early with South Korean President Kim Dae-jung to define mutually beneficial positions on these issues, but he should not visit the North as long as a formal state of war exists on the Korean Peninsula.

Promoting Missile Defense for Japan. President Bush promised that among his key priorities would be "effective missile defenses to protect all 50 states and our friends and allies." The Japanese are hoping that he makes good on this pledge. North Korea successfully test-fired a multistage rocket over the Sea of Japan in August 1998, which led the Japanese government to partner with the United States to develop ballistic missile defenses. The Clinton Administration, however, made no clear commitment to missile defenses and devoted insufficient resources to research. The Bush Administration should seek the deployment of sea-based defenses in Asia as soon as possible to protect U.S. allies and

friends from missile attack. The joint technical research program should continue, and unnecessary postponements of the Navy Theater-Wide (NTW) program, expected to be deployed in 2007, should be opposed. The President should also meet with Prime Minister Yoshiro Mori to discuss this and other bilateral issues.

Managing Relations with India and Pakistan. India is maturing as a stable democracy devoted to market reform; its leaders are seeking greater economic integration with and investment from the United States. Pakistan is ruled by a military dictatorship trying to control an unraveling economy. The dispute between these two countries over the province of Kashmir brought their peoples to the brink of nuclear war in 1999. President Clinton's visits to Pakistan and India appeared to involve the United States in the region but did nothing to address the basic issues. The Bush Administration should support the ongoing negotiations over Kashmir and refrain from getting involved or trying to negotiate a resolution.

Trade with China. When the Clinton Administration signed a market access agreement with China, it paved the way for China's accession to the WTO. But the agreement will not come into force unless China joins the WTO, which it has yet to do. Moreover, WTO membership does not guarantee that China will abide by the terms of the agreement; forces within China are deeply opposed to greater trade competition and may seek to slow implementation. The Bush Administration should support China's accession to the WTO in 2001 and be as vigorous at enforcing the trade agreement as it was in negotiating its terms to ensure that trade with China is free and fair. The Administration must not allow China to delay implementation of the agreement once it has joined the WTO or permit China (or any entity acting on its behalf in the WTO) to keep Taiwan from joining that trading body at the same time China joins.

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