

Testimony of Randall G. Schriver

*Founding Partner, Armitage International
President & CEO, the Project 2049 Institute*

April 3, 2014
Senate Foreign Relations Committee

Mr. Chairman and esteemed committee members, I would like to express my appreciation for the opportunity to appear before your committee to address the landmark legislation that has governed relations between the United States and Taiwan for the last 35 years.

Since its enactment in 1979, the Taiwan Relations Act (TRA) has been the foundation upon which the United States and Taiwan have maintained their dynamic and enduring ties. For over 35 years, the United States has played an important role in ensuring Taiwan's security while maintaining constructive relations with the People's Republic of China (PRC). Enabled by the TRA, continuity in U.S. policy has preserved American credibility within the Asia-Pacific region and enabled the island's nascent democracy to flourish. U.S. support for Taiwan has served as a visible symbol of U.S. commitment to peace and security in the Asia-Pacific region. Taiwan also has an important role to play in the comprehensive U.S. rebalance to Asia that was announced in 2011.

U.S.-Taiwan Relations

Taiwan's continued success as a democracy, free market economy, and responsible regional and global actor is a core interest of the United States. The United States and Taiwan engage cooperatively over a wide range of economic, security, and diplomatic issues. Our strong trade relationship alone demonstrates just how important the U.S.-Taiwan relationship is for U.S. interests. Taiwan is the United States' 12th largest trading partner and 16th largest export market for U.S. goods.

There are many recent developments in U.S.-Taiwan trade relations that are positive. The resumption of the U.S.-Taiwan Trade and Investment Framework Agreement (TIFA) discussions, after a prolonged hiatus, has the potential to revitalize our trade ties. Taiwan's efforts to join the Trans Pacific Partnership (TPP) can also be an opportunity for U.S.-Taiwan relations. As an export-oriented economy with the world's 21st largest GDP, Taiwan's membership would significantly enhance the trade pact by further integrating Taiwan's economy with that of the United States and other partners in the region. The TPP is an integral part of the U.S. rebalance

and we have an important stake in ensuring that Taiwan is a part of it. In addition, through a reinvigorated bilateral economic relationship with the United States, Taiwan may be able to engage counterparts across the Taiwan Strait with greater confidence.

There is also a growing web of people-to-people exchanges between the United States and Taiwan. Taiwan's designation for participation in the Visa Waiver Program (VWP) in 2012 led to a significant rise in visits between the two countries. Recent visits by three U.S. deputy assistant secretaries to Taiwan was an encouraging and refreshing sign of U.S. commitment to Taiwan, especially considering the dry-spell of high-level U.S. visits to Taiwan. These diplomatic and economic ties are augmented by an increasingly robust U.S.-Taiwan military-to-military relationship. Forging and nurturing these relationships between our militaries is not only important for our ability to address common challenges, but also reinforcing the security commitments to Taiwan that the United States affirmed with passage of the TRA 35 years ago.

While the above-mentioned areas of U.S.-Taiwan relations are progressing well, more could be done. Despite closer cross-Strait engagement, there is understandable consternation in Taipei and around the region regarding PRC military modernization and deployments opposite Taiwan, particularly in light of the PRC's refusal to renounce use of force against Taiwan to resolve differences. Forwarding of the Six Assurances under the Reagan administration to Taiwan in 1982 reinforced language contained in the TRA to provide Taiwan with arms according to its defensive needs. It also provided Taiwan with a guarantee that we would not hold prior consultations with the PRC regarding arms sales to Taiwan. This assurance should remain central to U.S. decision making on security assistance to Taiwan. The prolonged absence of a Congressional notification on Taiwan arms sales could be perceived as accommodating Chinese positions and potential reaction to a formal announcement, as the People's Liberation Army (PLA) continues to develop and deploy capabilities intended to coerce and/or facilitate use of force against Taiwan.

This administration needs bolder and more visible measures to fulfill U.S. obligations to Taiwan consistent with notification requirements under the Arms Export Control Act. The United States should avoid allowing interests in preserving positive atmospherics in the China relationship to come at the cost of relations with Taiwan and its legitimate defense needs.

Guided by the TRA and Six Assurances, Taiwan is not simply an "issue to manage" in U.S.-China relations. There are significant opportunity costs to treating Taiwan as a subordinate issue in U.S.-China ties rather than as legitimate government able and willing to help resolve a broad range of shared challenges faced by the international community. Opportunities for cooperating with Taiwan are significant in areas ranging from climate change, disaster response, to counter-proliferation, In short, Taiwan and its people have intrinsic value to the U.S. and broader international community separate from the context of U.S.-China relations. Given the

comprehensive goals of the U.S. rebalance policy, Taiwan should be seen as a potential partner across the full spectrum of activities that support the rebalance.

Cross-Strait Relations

Cross-Strait relations have enjoyed positive developments in recent years. Since entering office in 2008, President Ma Ying-jeou's administration has prioritized the improvement of cross-Strait relations. Since then, the two sides have established direct commercial flights between Taiwan and China, promoted bilateral tourism, and signed an Economic Cooperative Framework Agreement (ECFA).

The most recent breakthrough in cross-Strait ties occurred on February 11, 2014, when Taiwan and China held their first official government-to-government talks since 1949. The meeting was historically significant in its own right, particularly because PRC government representatives were willing to acknowledge the legitimacy of government counterparts from Taiwan and meet on the basis of equality. From Beijing's perspective, there may be a greater sense of urgency to pressure Taiwan into political talks as the next national election in 2016 draws closer.

Despite political and economic gains in cross-Strait relations, security issues continue to be a contentious issue. Last November, Beijing's announced an Air Defense Identification Zone (ADIZ) in the East China Sea, which overlapped with those of Taiwan, Japan, and South Korea. Two months ago, in response, Taiwan conducted a rescue exercise in an area where ADIZs of Taiwan, Japan, and China overlap to challenge the legitimacy of China's ADIZ. These events were a prominent reminder of the continuing tensions that underlie cross-Strait relations.

Moreover, recent protests in Taipei demonstrate limitations in public willingness to further deepen economic links across the Taiwan Strait. Irrespective of how the government and students resolve disagreements, what these protests reveal is a deep-seated anxiety and suspicion on Taiwan towards further integration with the mainland.

Taiwan's requirement for defense articles and services are driven by the nature of the challenge posed by the PLA's continued military buildup opposite Taiwan. Buoyed by a 12.2 percent increase in its defense budget from the previous year, the PLA continues to modernize and expand its military capabilities that could be arrayed against Taiwan. As the 2014 Quadrennial Defense Review notes, "the rapid pace and comprehensive scope of China's military modernization continues, combined with a relative lack of transparency and openness from China's leaders regarding both military capabilities and intentions."

Chinese military modernization has yielded significant increases in the PLA's power and advantages. According to analysts in the United States and Taiwan's Ministry of National

Defense, China has more than 1,500 missiles targeted at Taiwan. The PLA has also developed and deployed other military capabilities in areas such as electronic warfare, counter-space, advanced fighter aircraft, and undersea warfare. Ultimately, Chinese military leaders seek capabilities that could support an attempt to physically occupy Taipei should a decision be made to do so.

The PLA is developing the capability to coerce political leaders on Taiwan to settle political differences on Beijing's terms, while simultaneously attempting to deter, delay, or deny U.S. intervention in case of conflict. Barring deeper and broader U.S. support, the dynamic balance of military forces across the Taiwan Strait may further embolden authorities in Beijing to consider use of force.

Impact of the 2016 Election

Looking ahead to the 2016 presidential elections in Taiwan, our overriding interest is to see Taiwan complete another free and fair election, and to then proceed with the subsequent peaceful transfer of power to a new President. The United States should remain neutral on the outcome and remain steadfast in our support for furthering shared democratic values between the United States and Taiwan. In doing so, we would improve upon the approach taken in the lead up to the 2012 election when the Obama Administration took a number of steps that provoked suspicions of leaning to one side in the election. The United States should not choose sides in Taiwan's presidential election. Rather, it should support processes that help Taiwan deepen the resiliency of its own democracy.

In past election cycles China has taken steps to try to put their "thumb on the scales" and impact the outcome of elections. In March 1996, China test-fired ballistic missiles in the waters surrounding Taiwan in a brazen attempt to intimidate voters. Four years later, then-Premier Zhu Rongji infamously used a finger wagging gesture on television threatening Taiwanese voters not to re-elect then-President Chen Shui-bian.

The PRC's methods of influencing public policies on Taiwan have become less overt but in many ways more sophisticated through the use of political warfare and other forms of coercive persuasion. We should remain vigilant against potential attempts by China to influence the democratic process on Taiwan as we approach the 2016 elections.

No matter which party governs the ROC after the March 2016 election, we have reason for high confidence that the next leader in Taipei will be capable of managing cross-Strait relations. Both sides of the political spectrum on Taiwan have expanded contacts and dialogue with counterparts across the Taiwan Strait and both major parties are earnest in establishing policies that will

preserve peace across the Strait. We must hold the Chinese Communist Party to account for any actions not conducive to peace and stability after the election on Taiwan.

Areas to Strengthen the Relationship

There are several where the United States should seek to strengthen ties with Taiwan. First, while we enjoy many benefits of strong U.S.-Taiwan relations, our default mode has been to keep them low-key and quiet. The United States should be open and transparent in its dealings with Taiwan, highlighting meetings as routine and normal interactions between two legitimate governments.

Second, the United States needs to raise the level of its interactions with Taiwan, including cabinet-level visits to Taiwan. Such visits offer opportunities to be more vocal and demonstrate our pride in the strength of our bilateral ties.

Third, we should fulfill our long standing commitment to assist Taiwan in its acquisition of diesel electric submarines. Options include forwarding the Congressional notification for a design program through Foreign Military Sales channels that has been frozen for over five years; or alternatively, providing a clear roadmap to support U.S. defense industry assistance to a Taiwan indigenous submarine program. Either way, diesel electric submarines would provide Taiwan with a credible and survivable deterrent and therefore is in the best interests of the United States.

Fourth, and independent of the submarine issue, Congressional notifications under the Arms Export Control Act serve as a visible demonstration of US support under the TRA. Therefore, we should be intentional about forwarding Congressional notifications on a routine and frequent basis in support of Taiwan's defense needs. Long gaps between Congressional notifications create uncertainties in Taiwan, and may embolden leaders of the Chinese Communist Party to think they can cause coerced solutions to their differences with Taiwan.

Fifth, consistent with progress made in the TIFA process, the U.S. should endorse Taiwan's candidacy and create a road map for Taiwan's membership in the TPP.

Sixth, the United States should continue to support Taiwan's meaningful participation in international organizations such as International Civil Aviation Organization (ICAO). The United States should endorse Taiwan's full membership in ICAO, and should also seek creative approaches to increasing Taiwan's international profile in other areas.

Our commemoration of the 35th anniversary of the TRA is an excellent opportunity to reflect on current and past successes in U.S.-Taiwan relations. It is also an opportunity to chart a future

path for our ties that is grounded in our legal obligations under the TRA to provide necessary support to allies and friends in a region where hard-power still matters. In midst of the U.S. rebalance to the Asia-Pacific, the U.S.-Taiwan relationship should be leveraged as a fundamental component of the U.S. rebalance and not a sub-issue in U.S.-China ties. Taiwan possesses intrinsic value as a flourishing democracy, an economic powerhouse, and most importantly, a long-standing security partner in East Asia.

I hope the Obama Administration and friends in Congress will share this outlook. Thank you again Mr. Chairman for the opportunity to participate in your hearing today, and to offer these thoughts.