TAIWAN’S DILEMMA: CHINA, THE UNITED STATES, AND REUNIFICATION

by

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March 2008

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The Taiwan issue is a source of possible conflict between Taiwan, the People’s Republic of China, and the United States. While China and Taiwan relations have strengthened, the prospect of reunification remains uncertain. Although China promotes peaceful unification of all of its claimed territory, the military’s focus is on Taiwan. Conversely, Taiwan authorities rebuke unification, relying on the United States for arms and support.

Throughout the dilemma the United States has played a pivotal role. Its policy of strategic ambiguity created an adverse effect. U.S. military sales to Taiwan formed dependency, requiring China to modernize its military to maintain legitimacy. Proving its commitment of reclaiming Taiwan, Beijing positioned significant weaponry across from Taiwan, ensuring tensions remain. As arms sales continue, the odds of conflict grow. Resolution, whether obtained through peace or violence, generates significantly different strategic policy for all parties. Dialogue between Beijing and Taipei may alter the outcome. As talks progress, the United States must encourage peace, thereby avoiding a miscommunication leading to war.

This thesis focuses on two central questions. First, how do U.S. arms sales to Taiwan affect Taipei’s perception towards reunification? Second, do U.S. arms sales compel China to accelerate its military modernization? The answers may help to develop policies which normalize the relationship between China and Taiwan and minimize the role of the United States.

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TAIWAN’S DILEMMA: CHINA, THE UNITED STATES, AND REUNIFICATION

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ABSTRACT

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I. INTRODUCTION

A. PURPOSE

This thesis explores the effect of U.S. arms sales on resolution of the Taiwan question and its impact on China’s military modernization. While China is increasingly influential in global affairs, military advancement remains focused on regaining its claimed territory of Taiwan. This thesis discusses the historical ties between China and Taiwan and the role of the United States, and it then proceeds to assess the impact of Taipei’s military purchases on China’s military modernization.

B. IMPORTANCE

Since 1949, the erratic relations between mainland China and Taiwan have garnered the attention of the international community – especially the United States. Beijing’s “one China principle” is crystal clear in advocating that Taiwan is an “internal affair” that must be handled without foreign interference. Taiwanese officials, however, are reluctant to surrender their democracy and economic prosperity, even through a “one China, two systems” structure as proposed by Beijing. China continues to modernize and advance its military capabilities, most of which are positioned toward Taiwan. An ample literature discusses Chinese military modernization in the contest of Beijing’s “one China principle,” and so the question posed: How does the PLA impact Taiwan’s position on reunification?

Although considered part of China in the last three centuries, Taiwan also has a history of colonization. The conflict regarding Taiwan commenced in 1949 with the retreat of Chiang Kai-shek and approximately 2 million Nationalists (the Kuomintang or KMT) to the small island, located approximately 100 miles off China’s east coast. The KMT moved its Republic of China (ROC) regime to Taiwan and continued to claim sovereignty over all of China. The Communists rejected the claim as illegitimate and declared sovereignty of the mainland and Taiwan under the newly formed People’s
Republic of China (PRC). Although the PRC eventually gained recognition as the de jure government of China by most members of the international community, Taiwan has continued to refuse to reunify.

In 1995-96, the PLA conducted a series of missile tests and military exercises in reaction to President Lee Teng-hui’s visit to Cornell University and to influence upcoming elections. The United States, acting on the concern expressed in the 1979 Taiwan Relations Act (TRA) regarding stability in the Taiwan Strait, dispatched two carrier strike groups into the region. The next decade witnessed lower tension levels. But in 2005, in response to the 2004 adoption of a referendum by the ROC, Beijing adopted an anti-succession law validating its intent to oppose Taiwan independence, restating China’s legal claim over Taiwan, and expressing its willingness to use military force if Taiwan were to assert independence. To deter future referenda, additional forces were positioned across from Taiwan. The balance of power weighed heavily in the favor of China. Substantial military expenditures continue. Although a regional arms race could prove costly, the PRC remains committed to reunification.

Why should a possible conflict between China and Taiwan be of concern? Asia-Pacific nations remain fearful of what impact a major conflict could have on the regional economy and stability. Added to the mix is the United States, which has played a pivotal role in China-Taiwan affairs – a “fly in the ointment” so to speak. Although declaring a “one China policy,” American military and political actions remain contradictory. To Beijing, the United States normalized relations in 1979, supported entry into the United Nations in 1971, and cut official ties with ROC, yet it continues to provide arms and political advice to Taiwan. To Taipei, the United States maintains commercial, cultural, economic relations, and ambiguous support (by means of the 1979 Taiwan Relations Act and “six assurances” to Taiwan). This places each government in a predicament – how to proceed forward.

**C. LITERATURE REVIEW**

Since the conclusion of the Chinese Civil War, Taiwan has remained a factor in Chinese foreign policy. China and Taiwan share vast economic investments and trade,
yet politically they differ enormously. As both pursue stronger diplomatic relations, China continues to advance its military capabilities. With U.S. intervention, coupled with Taiwan’s advanced defense assets, a PLA assault could be quickly countered. PRC leadership recognizes that credible military power is essential in preventing additional steps toward Taiwan independence.

Ample literature is available concerning the China-Taiwan relationship, PLA modernization, and the possibility of a Straits conflict. Nevertheless, the focus on today’s ever changing environment is essential and a historical review is crucial to understanding China’s policies today.

1. Policies, PLA, and the United States

   a. China Policies

   The international community has limited direct knowledge of the motivation behind China’s military modernization. China is a significant international actor, and its lack of transparency creates regional tension and global hesitation. Understanding China’s future direction is beneficial to ensure its rapid rise remains peaceful.

   Ramon Myers and Jialin Zhang, in their The Struggle across the Taiwan Strait, note that China’s policy of reunification has deep roots. Taiwan is strategically important to China, and if separation occurs, PRC officials believe their legitimacy to govern will be lost.¹ Chinese leaders also see the United States as a reason Taiwan nationalism and independence movements remain high. While Beijing and Taipei are today divided over the “one China principle,” the PLA is committed to prohibiting succession. Intimidation tactics may facilitate or impede reunification.

   Taiwan’s presidential elections and the 2000 inaugural address by Chen Shui-bian have troubled Chinese leaders. James Mulvenon points to the controversial steps toward independence posed by Taiwan President Chen Shui-bian as a catalyst for

China’s coercive strategy. Chinese leaders reacted to Taiwan’s 1996 presidential elections with military exercises, missile tests, and media propaganda. Taiwan refused to back down, the opposite of the intended results from Beijing’s prospective. Chinese leaders apparently learned that saber rattling could prolong reunification, yet use of force could not be ruled out. During the lead-up to the 2000 presidential elections, the verbal attacks came exclusively from Chinese civilian and party channels with military leaders relatively silent. Was the PLA being removed from China’s reunification strategy? Not likely, as the PLA continues to advance. Deterrence remains U.S. policy, seeking to prohibit any attempt to change the status quo. Beijing has pressured Washington to condemn Chen. China, though not pleased with possible U.S. intervention, must remain committed to reunification, whether through negotiation or through force.

The 2005 Anti-Secession Law specifically states that “the state shall employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity.” Beijing has made extremely clear that military build-up directed toward the island will continue with the goal of deterring Taiwan from stepping closer to independence. Chinese President Hu Jintao remarked while meeting visiting Swiss Defense Minister in March 2006, "It's our unswerving will and determination to oppose 'Taiwan Independence' secessionist forces and their activities and to safeguard the peace and stability across the Straits." He continued, "We will continue to strive for the prospect of peaceful reunification, but never tolerate the secession of Taiwan from the motherland. Anyone who moves against historical trend is doomed to failure."

Andrew Nathan’s article “China’s Goals in the Taiwan Strait” reviews China’s need to gain sovereignty over the island. As Beijing faces a potential challenge

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3 Ibid., 1.
from the United States and a resurgent Japanese military, the PRC must deny Taiwan to its allies. China is surrounded by multiple, formidable, and potential enemies. China’s Taiwan policy is in part to avoid the unraveling of China’s claim to large parts of territory, thereby allowing them to attempt independence. The credible use of coercion is necessary to the power balance. PLA advancement, coupled with military action, may help deter Taipei’s declaration of independence or U.S. intervention. The overall goal is to reunify Taiwan, reclaim “lost” territories, and ensure regional stability.

b. **PLA Modernization**

The PRC may be expected to utilize both diplomacy and coercive strategies to promote reunification. Crucial to China’s coercive tactics is the modernization of the PLA. Advanced weapon capabilities, modern equipment, and superior firepower will help to pressure Taiwan without placing boots on ground. Preparing for swift action and the possibility of U.S. intervention, PLA modernization will produce success should an attack be warranted.

The Office of the Secretary of Defense’s “Annual Report on the Military Power of the People’s Republic of China 2007” and the PRC White Paper on National Defense 2006 are worth noting in this regard. OSD’s annual report details the PRC’s overall strategy and the future of the PLA, but is specifically addressed to the military balance in the Taiwan Strait. China’s force modernization is intended to enhance strategic capabilities with regard to military contingencies in the Taiwan Straits as the driving factor. Understanding Beijing’s military options may allow for the appropriate defense for Taiwan.

Since 1998, the PRC has produced a series of Defense White Papers detailing goals and tasks of China’s national defense. These documents, published every two years, are essential in understanding China’s view towards security, sovereignty, and Taiwan reunification. In 2006, China declared that national defense and military

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modernization are conducted on the basis of economic development, new trends in military affairs, and maintaining national security. However, containing the “separatist forces” within Taiwan remains a challenge. An attempt by Taiwan to gain independence would pose a substantial threat to China’s sovereignty and territorial integrity. While continuing to advocate peaceful reunification, the PRC is ready to utilize force should conditions warrant.

How have China’s military forces been transformed? As the PLA modernizes, it seeks to become a high competent military. Dennis Blasko details the PLA’s transformation into a smaller, technologically advanced force while identifying long term modernization programs. While not concentrated solely on Taiwan, Blasko stresses the shift in military priorities toward reunification. Deterrence of Taiwan independence calls for greater emphasis on readiness and training of forces across the Strait. Although much focus is placed on ground force doctrine and training, his in-depth look into equipment and weaponry advancements captures the PLA’s intent.

Bernard Cole provides comparable insight into the modernization of the Chinese naval fleet and subsequent maritime strategy. People’s Liberation Army Navy (PLA-N) capabilities must be able to challenge regional powers, Japan, India, Taiwan, and the United States, for defense of offshore sovereignty and maritime security. Although China has a deep history of naval operations, international attention is drawn to the Taiwan Strait. Chinese maritime doctrine dictates that a strong naval force is required to defend sea territorial rights and the mainland.

Thomas Kane writes that the development of China’s coercive tactics and military modernization is targeted at Taiwan’s policy-makers. With its maritime forces

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10 Ibid., 3.
12 Ibid., 72.
in the vicinity of Taiwan, China’s superior fleet can generate alarm among citizens and opposition forces. A formidable, efficient navy could deter possible intervention should a Straits crisis occur.\textsuperscript{15}

China also needs a swift, mobile air force. John Lewis and Xue Litai review previous attempts and current programs for developing air superiority. A modern air force may deter Taiwan from independence and U.S. intervention. Deng Xiaoping was convinced that the PLA Air Force (PLA-AF) would play a more significant role in future conflicts.\textsuperscript{16} Although early failures occurred, China reshaped its air force goals as a consequence the 1991 Gulf War. A change in structure and strategy was necessary because, without air power, the army and navy would suffer humiliating defeats should conflict arise. A strong and credible air force would help to deter separation movements and attacks against Chinese security interests.

Part of modernizing a vast military is funding. China’s defense industry has experienced a recent overhaul, yet problems with military production exist. Technology remains a troubling issue, especially with the U.S. and European Union arms embargo. Without a doubt China is gaining and developing advanced assets. Projections of PRC defense expenditures are controversial, yet estimates based on Beijing’s white papers, International Institute of Strategic Studies, and Office of the Secretary of Defense documents conclude that China is spending record amounts to develop one of the world’s largest military forces.

c. **U.S. Intervention**

The U.S. priority on regional stability is sensitive to Beijing’s potential use of force in pursuit of reunification. Taiwan plays a significant role in China-U.S. affairs. How can the United States affect the PLA’s impact on reunification? Analysts’ reactions are mixed. Many believe that Washington must address the shift in the region towards China. They argue that Washington’s longstanding policy of “strategic


“ambiguity” regarding Taiwan must be clarified. Others disagree, believing that keeping the status quo through ambiguity is the only effective deterrent. Still others contend that China and Taiwan are bound for war and U.S. intervention is inevitable.

John Copper paints a more pessimistic picture of a China-Taiwan future. Political differences will feed an escalation of conflict between the United States and China over Taiwan. Since 1988, China’s economic success has allowed increased military spending, seriously threatening Taiwan. China’s military advancement is not designed to rival that of the United States, but to regain control over lost territories. Taiwan depends upon the United States to challenge and contain China. Although previous Chinese intimidation was deemed ineffective, modernizing the PLA could shift the regional power balance to China.

The title of Michael O’Hanlon’s article bluntly declares his view – “China Cannot Conquer Taiwan.” He writes that Washington should not abandon its policy of strategic ambiguity and of deterring China from attempting a military invasion. As the PLA modernizes, Taiwan itself procures more U.S. defense weaponry. Military coercion remains more likely than an invasion, as the cost to Beijing would be drastically lower and the prospect of success significantly higher. U.S. intervention would be crucial, and dedicated defense planning strictly for Taiwan is therefore warranted. To the extent that Taipei will continue an independence push, Taiwan must gain defensive weapons. With a majority of China’s weapons aimed across the Strait, Taiwan’s preparation coupled with U.S. intervention could withstand attacks from the PLA.

Roger Cliff and David Shlapak’s RAND report, published in 2007, depicts the likely courses of action and consequences should China and Taiwan go to war. Pathways by which Taiwan’s status might be resolved are strongly conditioned by what

19 Ibid.
the resolution is and how it comes about. As China’s power and military capabilities grow, the possibility of Beijing attempting to bring about reunification through force increases. Continuous arms sales to Taiwan increase defensive capabilities and the odds of conflict. The United States remains a factor not only through equipment sales, but through diplomacy and mediation. All outcomes point to a significantly different strategic policy and military planning for the United States. Ultimately, a defeat of PLA forces will become a daunting task.

The literature provides a glimpse into the dilemmas in China and Taiwan relations. As Taiwan’s presidential elections approach, literature on the subject will grow. Chinese military modernization and weapons positioned across from Taiwan will ensure that tensions remain. Coercion has proven ineffective in the past, yet PLA advancement continues with Beijing’s “one China principle” at the forefront. Both China and Taiwan remain steadfast in their political positions, creating tensions and potential conflict.

The literature concerning PLA modernization is comprehensive and allows for multiple questions. First, how do U.S. arms sales to Taiwan impact reunification? Second, do continued arms sales to Taipei spur Chinese military modernization? Third, what is the future state of affairs for China, Taiwan, and the United States? Answering these questions can help develop policies to normalize the relationship between China and Taiwan and minimize the role of the United States.

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21 Ibid., 7.
II. HISTORICAL SETTING

A. THE PEOPLE’S REPUBLIC OF CHINA (PRC) EMERGES

In the late 1920s the newly formed Republic of China (ROC) was in turmoil. Japanese encroachment coupled with strict warlord control devastated the nation. The Nationalist Party (KMT), led by Chiang Kai-shek, sought to reunite and stabilize the country. Founded in July 1921, the Communist Party of China (CPC) combined forces with the Nationalists to oust the aggressors. The partnership was temporary. In 1927, Chiang turned on his Communist allies, nearly wiping them out and forcing remnant forces to seek refuge in the countryside, where Mao Zedong’s Soviet Republic was set up. In this way the struggle for power in China began between the Nationalists and the Communists.

The eruption of full scale war with Japan in the summer of 1937 ended any chance that Chiang Kai-shek had of creating a strong and centralized nation-state. To expel the invaders, the bitter opponents were again united. The termination of World War II removed Japan from the mainland and recognized China as a major power. The Nationalists and Communists moved quickly to gain land, resources, and power. The once powerful allies were engaged in a brutal competition.

The nation was thrust back into its bitter civil war. In 1947, the Communists launched a major counteroffensive. The new assault penetrated the core areas of the KMT state, hitting targets key to the control of China, and awoke the world to the

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possibility of the Communists governing China. The Communists were well established in rural areas and shifted focus to seizing of major cities. The battles continued, some with little resistance, on Nationalists strongholds.

The tide turned in favor of the Communists. Mao shifted to the goal of eliminating Chiang and the KMT. The Americans pledged economic assistance to the Nationalists with hopes of defeating the up-and-coming Communist Party, whose victory would gain Moscow an ally in the neighboring Soviet Union. Facing successive defeats and realizing that American support was too late; the Nationalists were forced to flee to Taiwan. Chiang Kai-shek and approximately two million Nationalists moved the Republic of China to Taiwan with hopes of re-conquering the mainland from the island.

On 1 October 1949, after 28 years of struggle, Chairman Mao Zedong formally announced the establishment of the People’s Republic of China (PRC). The civil war, though not officially concluded, split China. The Communists maintained the People’s Republic of China on the mainland, and the Nationalist in the Republic of China, on Taiwan. Unwavering, the Nationalists on Taiwan remained defiant transforming into a self-sustaining island; thus beginning debate over Taiwan’s rightful owners.

B. PRC – ROC CROSS STRAIT RELATIONS

The conclusion of the civil war did not end the fighting between China and Taiwan. Each government claimed sovereignty over the mainland and sought international recognition. As the mainland transitioned to socialism, Taipei pushed to gain powerful allies. Initially, after the onset of the Korean War in June 1950, the United States backed Taipei’s fight against the Communists. With the Cold War ongoing, having a formidable ally in close proximity to the Soviet Union was crucial. In 1979 the United States formally recognizing the PRC. According to Washington’s “one China policy,” it “acknowledged” that the PRC is the sole legal government of China and Taiwan is a part of China, thus reducing relations to an “unofficial” basis with the ROC.

The two sides maintained a deep divide and entered into a vicious power struggle that precluded any type of cooperation. The U.S. recognition of China only deepened the divide between China and Taiwan. Beijing pressed its “one China principle,” while Taipei retained its ban on all trade, travel, and social ties with the mainland. Beijing focused on developing a strong industrial base and opening its economy to the world, as Taipei shifted from agriculture to advanced industries, both attempting to meet global demand.

Although each side attempted to gain an advantage over the other, significant efforts were eventually made to create a better climate for relations and possibly reunification. After normalizing relations with Washington, Beijing launched its “peaceful unification” policy toward Taipei, offering steps to open trade and travel ties across the Taiwan Strait. In 1979, Beijing established “special economic zones” to promote closer cross-strait economic relations. In 1987, Taipei relaxed its ban on trade and travel to the mainland, as both sides sought to expand economic links.

Simultaneously, Taipei’s rapid shift to democratic rule after 1987 allowed Taiwan’s people to speak. Though the new president, Lee Teng-hui, began to insist on Taiwan’s sovereignty, he also encouraged the people to “return to their roots.”

1. Trade Link

Taiwan's economy is now strongly linked to China’s. Taiwan is the world’s leading computer parts supplier and among the top five in textile exports, with majority of product fabrication occurring in mainland China. Economic integration is essential in providing additional business opportunities, growth, and progress. In 2007 Beijing made significant efforts to enhance cooperation and strengthen cross-Strait trade ties. Throughout the year China’s Commerce Ministry removed multiple tariffs on Taiwan


agricultural products supporting further trade in an important sector. On 19 January 2008, Commerce Minister Chen declared, “Chinese mainland will effectively push forward direct trade with Taiwan and construct a cooperative trade mechanism between the two sides on the basis of a "one China" policy.”

Currently, the mainland is Taiwan’s most important export market. Surpassing the United States, China accounted for over 27 percent of Taiwan's total trade and almost 40 percent of Taiwan's exports were being purchased by China. During the first 11 months of 2007 the Chinese mainland documented a $70 billion trade deficit with exports to Taiwan reaching $21.18 billion and imports from the island reaching $91.61 billion. According to custom figures, trade volume between Taiwan and the mainland was up 15.4 percent to US$124.48 billion in 2007.

Taiwan also has substantial investment in the mainland. Taiwan official statistics indicate that Taiwan firms invested about $55 billion in China through 2006, over half of Taiwan's direct foreign investment. The CCP’s official newspaper People’s Daily reported an increase of 1474 cases of new investments by Taiwan businesses in the mainland, up 21 percent from the previous year. A significant amount of investment appeared in the China’s central and western regions. Since figures first began in 1988, Taiwan-funded projects accounted for $45.33 billion of direct investments from Taiwan.

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2. Social Links

After the establishment of the PRC, direct links in transportation, trade, and mail between both sides of Straits were suspended. Now, however, an estimated one million Taiwanese work on the mainland and over two million families remaining from the conclusion of the Chinese Civil War. After 30 years of separation, the National People's Congress (NPC) initiated a proposal for "starting postal, air and shipping services across the Straits," and "developing trade, supplying each other's needs and conducting economic exchanges." The proposal, calling for what became known as the "three direct links," and Taipei’s lifting of its ban on travel to the mainland in 1987 facilitated relations between families allowing communication, visits, and further restoration of cultural connections.

In 1989, postal services were between China & Taiwan was established through Hong Kong. Four years later the mainland-based Association for Relations across the Taiwan Straits (ARATS) and the Taiwan-based Straits Exchange Foundation (SEF) signed an agreement formalizing postal operations across the straits. Although mail services were authorized, restrictions have limited the scope of postal operations.

Telegraph and telephone services opened between China and Taiwan, via Hong Kong, in 1989. China Telecom and Taiwan Chunghwa Telecom collaborated to provide telephone, mobile, & video services. Today, communication services account for a substantial share of investment and business opportunity.

Indirect air services began in 1995, with air routes passing through Macao & Hong Kong. Since, Taiwan airlines have opened administrative & maintenance offices in China. In 2003, Beijing allowed direct flights for Taiwan’s business people in an attempt to foster mainland investment. Six Taiwan airlines were approved to commute between Taipei & Shanghai; the first time in 50 years Taiwan operated planes landed on a mainland airport by normal approach.

37 Ibid.
Taiwan authorities remain a roadblock in the implementation of the “three direct links” proposal. President Chen Shui-bian points to the negative impact of direct air and sea links on Taiwan; especially island security and the economy. A report in the Beijing newspaper *China Daily* declares, “Direct transportation would benefit the mainland's united front tactics against Taiwan, and obstruct the island's efforts to win over international opinion.” It continues, “Links benefit the mainland's air and sea penetration into Taiwan endangering the island's air, maritime, and land security.”38

The Anti-Succession Law passed in 2005, re-emphasized Beijing’s desire to promote cross-Straits relations. It “encourages and facilitates economic exchanges and cooperation, realization of direct links of trade, mail and air and shipping services, and brings closer economic ties between the two sides of the Straits.” The ability to advance relations is said to be beneficial to regional stability. Although political differences remain, the past twenty years have witnessed significant economic and cultural exchanges.

C. ROLE OF THE UNITED STATES

For decades the United States has played a pivotal role in Chinese affairs. During World War II, it embarked in late 1941 on a program of massive military and financial aid to the hard pressed Nationalist government.39 As the war continued, the United States revised and repealed treaties in hopes of China remaining an ally against the Japanese.

The defeat of Japan did not halt hostilities between the Nationalists and Communists. To stop the spread of communism the United States provided the Nationalists government economic aid and military support. This did little to slow the Communists. In defeat, the Nationalists fled the mainland for Taiwan.

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38 “Chen Makes Matters Worse,” *China Daily*, 29 August 2003


As peace talks progressed on the Korean peninsula, the PRC and ROC mobilized forces. The former would liberate and reunify Taiwan; the latter planned attacks to regain control. Twice—in 1954-1955 and again from August to October 1958, the PRC shelled Quemoy and Matsu, pushing President Eisenhower to dispatch naval forces into the Strait. American naval and air forces would aid in Taiwan’s self defense. In each case the PRC eventually ceased its attacks, but not its policy of “liberation.”

In the mid-1970s the United States planned military reductions in the Asia-Pacific region. Troops, equipment, and services were removed from Taiwan. The U.S.-Taiwan relationship was seemingly shattered with President Nixon’s visit to China. In an unprecedented move, Nixon sought strategic relations with the communist country the United States previously denounced. In February 1972, the “Shanghai Communiqué” was published. Each nation agreed to progress toward the normalization of relations and reduce the possibility of international conflict, yet the question of Taiwan’s status remained ambiguous. Beijing reaffirmed its position stating, “The Government of the
People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair and external intervention is unwarranted. The United States only “acknowledged” the position “that there is one China and that Taiwan is a part of China.” It added that it retains an interest in a peaceful settlement of the Taiwan.43

The next few years witnessed little progress. The Carter Administration intended to expand the geopolitical alignment with Beijing that Nixon created and sought to establish diplomatic relations.44 Beijing’s one demand was for Washington to end ties with Taipei. On 15 December 1979, Beijing and Washington released a joint communiqué establishing diplomatic relations as of 1 January 1979. Washington agreed to terminate formal diplomatic relations and the mutual defense treaty with the Nationalist government and to withdraw remaining U.S. forces from the island.45 Nevertheless, the American position regarding Beijing’s “one China principle” remained ambiguous. China’s position remained “both nations recognized that “there is one China and Taiwan is part of China.” The United States chose only to “acknowledge”--not specifically to “recognize”--the “one China principle,” and insisted it would “maintain commercial and other unofficial relations with the people of Taiwan.”46 Again, Taiwan’s status remained unresolved.

Although the United States made pledges to Beijing regarding Taiwan, it failed to fully abide by the normalization communiqué. The U.S. did begin troop withdrawal, yet military support continued. But the Carter Administration also moved to create a legal foundation for such ties and for continued arms sales. Public Law 96-8, also known as the Taiwan Relations Act (TRA), was signed into law in May 1979. The act supported economic aid, continued arms sales to Taiwan, and implied American military assistance

43 Joint Communiqué of the United States of America and the People's Republic of China. 28 February 1972.
should coercion be directed to Taiwan. This was a major shock to Beijing. The TRA, especially arms sales, was considered to be “unilaterally taking back much of what the United States had agreed to give China on the Taiwan issue.”

Newly elected, after campaigning to re-recognize Taipei, President Reagan eventually worked to meet Beijing’s demands with respect to Taiwan arms sales. In August 1982, Beijing and Washington published a third joint communiqué, reaffirming previous communiqués and specifically addressing arms sales to Taiwan. The United States stated “that it does not seek to carry out a long-term policy of arms sales to Taiwan, arms sales to Taiwan will not exceed previous levels supplied, and it intends gradually to reduce its sale of arms to Taiwan.” At the same time, the Reagan Administration privately extended, via presidential letter to Taipei, on six points governing the conduct of United States-Taiwan relations. Known as the “six assurances,” Washington agreed not to set a date for terminating arms sales, would not deviate from the TRA, and would not consult with Beijing on arms sales to Taiwan.

The Chinese student movement and the Tiananmen Square incident in 1989 placed strain on Beijing-Washington relations. President George H. W. Bush pressured China to better human rights, yet the Administration maintained diplomatic and economic relations with China. At the same time, American arms sales to Taiwan continued. Taiwan’s future depended on making sure the PLA did not grow so much more powerful than Taiwan’s armed forces that it would be compelled to negotiate with China.

The U.S.-PRC-Taiwan relationship remained unchanged until the mid-1990s. The defense of Taiwan remained a concern. President Clinton entered the White House

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with past personal ties to Taiwan and put more emphasis on China’s human rights abuses. Clinton’s approach toward China appeared tough. His resolve was tested in 1995-96 with two crises over Taiwan.

The Clinton Administration was forced to act when the PRC, enraged at Washington’s granting Taiwan’s President Lee Teng-hui’s a visa to visit to the United States, launched a series of military exercises opposite Taiwan. Missile tests and firing exercises from August 1995 to March 1996 were intended to underscore to Washington its resolve regarding Taiwan independence and to intimidate Taiwan’s electorate during the December 1995 National Assembly and March 1996 presidential elections. President Clinton dispatched first one, and later, two aircraft carrier strike groups to the region to indicate to Beijing that the United States was committed to aid Taiwan and deter Chinese aggression.

In 2001, President George W Bush rattled Beijing by stating he would “whatever it took to help Taiwan defend herself” in the event of attack by China. The Bush administration quickly recanted, reassuring both sides of the straits. Since then, to Beijing it has reiterated the longstanding American “one China policy”; to Taipei, it has implied a readiness to maintain as the status quo. Beijing remains opposed to the U.S. position, believing the United States misleads Taiwan into pressing for independence. Foreign Ministry Spokesperson Liu Jianchao stated “The United States should refrain from sending any wrong signals to the separatists and make concerted efforts with China to maintain peace and stability.” Beijing continues to strive for peaceful reunification and pins its hopes on Chen’s opposition. Yet it must be somewhat skeptical, as the years have shown Taiwan, with U.S. involvement, has continued to assert its status as a sovereign country, therefore rejecting reunification.

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Two communiqués recognized the PRC as the legitimate government of China; the TRA and “Six Assurances” guarantee security for Taiwan. The balancing of dual deterrence—implying a U.S. readiness to defend Taiwan to Beijing while not explicitly affirming it to Taipei—has become regarded as “strategic ambiguity.” This remains the basis of U.S. policy and is credited for facilitating U.S.-China relations, preserving U.S.-Taiwan contacts, and deterring cross-Strait hostilities.54

Today the United States remains an integral factor in China-Taiwan affairs. The United States is China’s top trading partner, accounting for $262 billion in 2006, a 24 percent increase from the previous year.55 Subsequently the United States is Taiwan’s third largest trading partner amounting to $62 billion, a rise of 7.6 percent from 2005.56 Both economies have a substantial impact on U.S. policies and vice versa. Dialogue between China, Taiwan, and the United States ensures national interest and may avoid a miscommunication by either party does not lead to military conflict or war.

54 Kerry Dumbaugh, “Taiwan’s Political Status: Historical Background and Ongoing Implications.” CRS Report for Congress 23 February 2006. RS22388.


III. "ONE CHINA" POLICY

A. TAIWAN IN CHINA’S GRAND STRATEGY

After the establishment of the PRC, China’s policy towards Taiwan was based on forceful “liberation” of the island. Mao Zedong possessed a strong desire to reclaim Taiwan and eliminate Nationalists opposition. Throughout the 1950s Chinese artillery shelled the ROC islands of Quemoy and Matsu, testing the Nationalist’s determination to retain control of them. Beijing believed that the civil war would not end until reunification occurred. Initially, in 1950, Chinese forces prepared for an invasion of Taiwan to topple the ROC government, yet U.S. intervention halted the preparations.57

Once the Korean War began, the United States, fearing reunification would expand communism, pledged support to the ROC. China’s policy changed slightly. The PRC supplemented its official proposals for negotiation with a variety of political actions aimed at stimulating interesting them and weakening support for the ROC in Taiwan and abroad, including appeals to KMT leaders on Taiwan, propaganda broadcasts, infiltration of agents, and organizational work among overseas Chinese.58 In October 1958 Defense Minister Peng Dehuai called on Taipei to enter into negotiations for a peaceful solution of the Taiwan problem.59 Up to 1979, negotiations stalled, but Taiwan remained central to China’s grand strategy.

With the United States officially recognizing the PRC, Beijing announced a policy of peaceful reunification. On 1 January 1979, China’s National People’s Congress (NPC) first peaceful message was submitted to Taiwan. The message was directed to the island’s population, not necessarily the ROC leadership. It called on citizens to “end the


disunity” and press Taiwan authorities for reunification ensuring “the survival, growth, and prosperity of the motherland.” Military shelling and confrontation ended, though Beijing would not give up its nationalistic ambition to bring Taiwan under its control.

In 1981, Beijing announced a nine point proposal aimed at resolving the Taiwan question. The proposal allowed Taiwan, after reunification, to “enjoy a high degree of autonomy as a special administrative region, retain its armed forces, and gain subsides.” It also called for the establishment of mail, air, and shipping services providing people to people contacts, suspended since 1949.

In addition, Deng Xiaoping promulgated the “one country, two systems” concept in hopes of finalizing reunification. Although a majority of the international community accepted Beijing’s “one China principle,” Taiwan officials defied unification. China would not relent in its policy to reclaim Taiwan. China’s best chance of reunification would occur through a successful, modernized and booming economy, with expanding trade and a market full of business opportunities. The longer reunification is delayed; Taiwan authorities and citizens are less likely to accept it.

In January 1995, Jiang Zemin re-addressed the Taiwan issue in a speech titled “Continue to Promote the Reunification of the Motherland.” He began by emphasizing Beijing’s position since 1981 that “after Taiwan’s reunification with the mainland, its social and economic systems will not change, nor will its way of life and its non-governmental relations with foreign countries, which means foreign investments in Taiwan and the non-governmental exchanges between Taiwan and other countries will not be affected.”

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reunification, cross strait economic exchanges, and interaction between both sides’ leaders. The essence of his eight point proposal was an invitation to Taiwan to come to the negotiating table to discuss reunification on an “equal footing” under the “one China” principle.”65

Today, Taiwan is not the central focus of China’s foreign policy, though Chinese leadership realizes the great economic potential embedded in a reunified Taiwan. Its economic and technical developments enhance China’s modernization, yet previous presidential elections, independence referenda, and continued arms sales to Taiwan agitate Beijing officials. Beijing continues to seek a peaceful outcome to the Taiwan issue, yet the capacity to utilize force for unification has strengthened. The 1995-96 Taiwan Strait Crisis and 2005 Anti-Succession Law are indicators that military force will be employed should conditions warrant. China’s continued military modernization and the balance of military forces in the Taiwan Strait may require Taiwan authorities to reconsider reunification and future independence referenda. PRC leadership must determine if excessive harassment and intimidation could lead to a reversal of international policies therefore containing vice engaging China.

Beijing today has a dilemma with respect to Taiwan. Beijing strives for peaceful reunification and pins its hopes on Chen’s opposition, yet it must remain skeptical that Taiwan, with United States involvement, may not compromise its autonomous status and its booming economy, therefore rejecting reunification.66 The need for reunification is not only historical, but a reinforcement of government legitimacy. Mao and Deng regarded Taiwan’s independence as unacceptable and should never be considered by future PRC presidents. The loss of Taiwan would not only crush Chinese spirit and morale, but disgrace China. Beijing would much rather allow for a “one country, two systems” approach or possibly forgo economic ties with the United States to ensure Taiwan remains Chinese territory.


B. CORNELL UNIVERSITY WELCOMES PRESIDENT LEE

In early 1995 Lee Teng-hui was extended an invitation to deliver a speech at Cornell University’s alumni assembly. Although Lee had made several “private” visits to regional nations with the intention of promoting Taiwan’s international position, a trip to the United States would be a breakthrough. Taiwan lobbyists, Cornell Alumni, and media outlets supporting Lee encouraged the State Department to grant his visa. Support of Lee continued as did the denial of visa requests by the Clinton State Department.

On 2 May 1995 the House of Representatives conceded voting 396 to 0 in favor of granting a visa to President Lee Teng-hui. The Senate followed with a vote of 97 to 1. The non-binding resolution called on President Clinton to act. John Ohta, a State Department spokesman, said the Administration was not rethinking its position, adding that allowing him to visit "would have serious consequences for United States foreign policy." He said that because Lee was ROC president, China would not act kindly if the United States granted him a visa "because a visit by a person his title, whether or not the visit were termed private, would unavoidably be seen by the People's Republic of China as removing an essential element of unofficiality in the U.S.-Taiwan relationship."\(^67\)

Clinton officials repeatedly stressed the United States had not changed its policy stance toward China or Taiwan. Neverless, China’s Foreign Ministry protested saying that admitting Lee for either an official or private visit would have "serious consequences."\(^68\) On 22 May 1995, President Clinton reversed a 16-year ban on United States visits by high ranking ROC officials by granting President Lee Teng-hui a “private” visit to Cornell.\(^69\) Beijing was incensed.


The Chinese government issued a strong protest following Clinton’s decision. "If the United States clings to its erroneous decision it will inevitably cause severe damage to Sino-U.S. relations. For that it should bear all the consequences," a Foreign Ministry statement said. PRC officials proclaimed that the United States violated the principles of the three communiqués by allowing the concept of “two Chinas” or “one China, one Taiwan.”

United States Ambassador to China Stapleton Roy was quickly summoned. The Foreign Ministry demanded that the United States reverse its visa decision and that President Clinton should reaffirm its policy to China. U.S.-China diplomatic visits were cancelled and economic ties strained, but President Lee’s visit to Cornell would have significant consequences for Taiwan.

C. CHINA’S MISSILE TEST

1. 1995-1996 Straits Crisis

President Lee’s visit to Cornell University generated outrage in Beijing. The United States allowance of an ROC official visit strained an already complicated relationship. China recalled its ambassador to the United States and stalled in approving Stapleton Roy’s successor. Though much resentment was vented toward the United States, Beijing held great disdain and displeasure regarding Taiwan. Beijing officials suspended the semi-official contacts developed with Taipei and in a dramatic turn engaged in various displays of military power. It was declared that a series of missiles would be launched off the coast of Taiwan; commercial air and sea vessels were warned to remain clear of the test area. Beijing meant to generate fear and prove a point.


On 21 July 1995 the Second Artillery Corps of the People’s Liberation Army (PLA) began firing surface to surface ballistic missiles. For three days two DF-15, also known as CSS-6, ballistic missiles were direct to sea positions landing within 100 miles of Taipei.

Three weeks later the PLA conducted another missile test in close proximity to Taipei. This test, meant to intimidate Taiwan, was performed by units from Second Artillery Corps and the PLA Navy (PLA-N) and Air Force (PLA-AF). The exercises deployed missiles, navy vessels, including JIANGHU-class destroyers, live artillery shells, ship-to-ship and ship-to-air missiles, and navy fighter planes, and firing of various air-to-air missiles.72

Additional test and exercises occurred during October and November. On Dongshan Island, south of Taiwan, the PLA executed an amphibious assault exercise. The People’s Armed Police, along with recently acquired weaponry and equipment, were incorporated into the exercise. PLA leaders intended to send a message and demonstrate an invasion was possible.

The previous exercises had significant impact on Taiwan’s economy. Should the PLA-N board, inspect, and/or turn away a few inbound commercial ships it would devastate Taiwan by depriving the island of essential imports and exports.73 At the time an estimated 99 per cent of Taiwan's international trade goes by sea (75 percent via the ports of Keelung and Kaohsiung), while 82 per cent of its GNP is derived from international trade.65 Moreover, 100 per cent of Taiwan's crude oil is imported; a supertanker docks in Kaohsiung every three days. Although Taiwan officials urged people to remain calm and sought to play down the threat, Beijing’s psychological warfare had considerable impact on Taiwan’s citizens.74

Cross straits tensions elevated again in March 1996 with Taiwan’s upcoming presidential elections. The elections were viewed as another step toward independence and the PRC would not let that occur. The campaigning would continue.

Showing its displeasure, China announced that the PLA would conduct another series of missile tests off the shores of Taiwan. On 8 March 1996, the Second Artillery Corps fired three surface to surface missiles. The most provocative was launching unarmed ballistic missiles at targets outside the island’s ports.75 Two hit targets in the waters west of Kaohsiung, Taiwan’s largest port; one hit west of Keelung, a port near Taipei.76 The previous missile testing did not deter Taiwan as hoped, but with improved accuracy this sequence would intensify the intimidation level.

Over the next two weeks the PLA continued live fire exercises, warning commercial traffic to maneuver away from the area. As election day approached, PLA movements around Taiwan increased. A sequence of joint operations occurred consisting of multiple amphibious assault exercises and maritime maneuvers. This display of force was much more aggressive involving 150,000 troops, three hundred planes, five guided-missile destroyers and frigates, four submarines, and a number of jet fighters.77

With shipping redirected and missiles landing in critical sea lanes of communication, Beijing’s intention of disrupting Taiwan trade succeeded. While the PLA frightened Taiwan’s citizens an unexpected outcome occurred. Cargo ships containing oil inbound to Japan and South Korea were either redirected or suspended. The deficiency of essential commodities drew concern from the international community.


2. **Response**

   a. **United States**

   Throughout 1995 official exchanges between the United States and China did not lessen PLA activity. Beijing’s exercises, while meant to show displeasure for President Lee’s visit to Cornell, appeared indirectly intended to discourage U.S. interference. Chinese officials felt Americans would not allow Clinton and Congress to confront China over Taiwan. By the end of 1995, the Clinton administration took a significant step in counteracting the Chinese campaign of threats and intimidation against Taiwan.\(^78\) In December the *U.S.S. Nimitz* strike group was ordered into the region. The *Nimitz* led a force of five naval vessels through the Taiwan Straits for the first time since the 1950s.

   Within three months the United States again responded to PLA operations off the coast of Taiwan. Beijing’s actions were twofold: influence Taiwan’s elections and discourage the United States from further intervention by demonstrating China’s superior military capability. Clinton quickly gathered his foreign policy team. Everyone at the meeting agreed that the United States should counteract China with a show of force, one that would reassure both Taiwan and American allies in Asia.\(^79\) President Clinton would order two aircraft carriers into the region. The sending of two aircraft carriers to the crisis area was much more significant and provocative.\(^80\)

   The *U.S.S. Independence* strike group, stationed in Yokosuka, Japan and conducting routine operations near Manila, was directed to Taiwan. Accompanying *Independence* were the guided missile cruiser *Bunker Hill*, the destroyers *O’Brien* and *Hewitt*, the frigate *McCluskey*, two submarines *Columbus* and *Bremerton*, one replenishment ship, and over 70 aircraft. The *U.S.S. Nimitz* strike group, operating in the Mediterranean, was diverted to assist *Independence* off Taiwan’s coast. *Nimitz* brought

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\(^79\) Ibid., 336.

additional warships and substantial firepower. The *Nimitz* strike group consisted of the guided missile cruiser *Port Royal*, the destroyers *Callaghan* and *Oldendorf*, the frigate *Ford*, one submarine the *Portsmouth*, two replenishment ships, and over 100 aircraft. The largest fleet had been assembled in the Pacific for the first time in decades. Defense Secretary William J. Perry stated, “Beijing should know, and this {U.S. fleet} will remind them, that while they are a great military power, the strongest, the premier military power in the Western Pacific is the United States.”

No doubt existed to Washington’s intentions--aggression toward Taiwan would not be tolerated. Although Washington supported Taiwan’s democracy, it could not encourage independence. Maintaining a policy of “strategic ambiguity” assured both regimes pursued a peaceful outcome to the sixty-year dispute.

**b. Taiwan**

Missile firings rattled citizens, disrupted the economy, and shook up the presidential debate, yet Taiwan’s response was mixed. Taiwan was definitely alarmed and the government did not help matters.

Government officials provoked Beijing. In anticipation of the tests, defense officials in Taipei put the military on high alert status, creating an atmosphere of war in and around Taiwan. Defense officials warned of retaliation. Defense Minister Chiang Chung-ling, as quoted by a member of parliament, stated, "If any of the missiles land within our 12-nautical-mile territorial waters, we will strike back immediately." The rhetoric increased tensions.

Lee remained calm until the initial salvos were launched. After missiles landed in nearby waters, President Lee Teng-hui told the national assembly: "We should

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restudy the question of nuclear weapons from a long-term point of view." 84 In another meeting, Lee sneered at Beijing, saying China was conducting the exercise because "it is afraid of Taiwan's first democratic presidential elections and the impact on the Chinese people." 85

Lee’s intentions were to distort the view of Beijing by attacking PRC leaders and gain increased support for continued opposition. President Lee did have supporters, but with the elections fast approaching he had many critics. Many new candidates jumped into the debate. A possible attack on Taiwan would take center stage and engulf the island. Each party placed a spin on the issue, further confusing and frightening citizens. Beijing’s exercises created internal turmoil in Taiwan.

China intended to intimidate the Taiwanese population. Taiwan leaders tried to reassure citizens and not to overreact. Media and presidential debates did not help the cause. Individuals flooded banks, converting their currency to the U.S. dollar. Visa applications skyrocketed as people prepared to leave the island.

It did create solidarity in a majority of Taiwanese citizens. Lee supporters justified his stance. Beijing was a tyranny seeking to control the island. Parris H. Chang, a legislative leader of the pro-independence Democratic Progressive Party added, "Unless they are going to invade us before the balloting takes place we are casting a vote. We are institutionalizing our independence and the PRC is going to have to accept this reality." 86

Taiwan officials made sure the United States was aware of the problems at hand. The TRA made U.S assistance inevitable and was reiterated by government officials. The possibility of American support allowed officials to make bellicose statements. U.S. capabilities would contain and counteract Beijing’s actions. Lee’s

supporters were elated with the arrival of the aircraft carrier *Independence*. Many citizens proclaim the carrier, ironically named *Independence*, was a “sign” of the island’s upcoming independence.

Taipei’s Ministry of National Defense came to Lee’s defense. This was a tremendous opportunity for the military. It was also an opportunity to boost military spending and weapon modernization. The United States under the TRA had provided arms sales since 1979, but with Beijing’s threats the need for self defense increased. Military officials pressed the government to implement a missile defense system, which could be purchased through the United States. Military leaders simply believed a PLA attack could be neutralized and made statements directed at the PRC.

Another shock was to the stock market. It plummeted prior to each PLA exercise. During the crisis foreign exchange reserves dropped $300 to $500 million a day.\(^{87}\) To send a signal to Beijing about the mutual threat to prosperity, Taiwan's Cal-Comp Electronics announced it suspended plans for a $20 million plant to manufacture computer monitors in China and would shift production if the risk of confrontation with the mainland continued.\(^{88}\)

Taiwan’s presidential election did encounter setbacks. President Lee remained president, but his support dropped considerably. Officials claimed it was a victory over China. Voters overwhelmingly favored maintaining the status quo. Citizens were not ready for war. The campaigners for independence did especially poor. It appeared Beijing intimidation had an effect on the population. It could claim a small victory, but it would be short lived.

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IV. ARMS AND REUNIFICATION

A. THE U.S. FACTOR

1. Taiwan Relations Act (TRA)

Although the United States recognized the People's Republic of China as the sole legal Government of China, Beijing remained suspicious, especially with the White House remaining “neutral on the questions of whether there should be reunification.”

Two months later, Beijing was blindsided when President Carter signed into law the Taiwan Relations Act (TRA). The act sought to preserve and promote extensive relations between the United States and Taiwan through economic, political, and military support, essentially restoring de facto diplomatic relations.

The TRA specifies that any effort to determine the future of Taiwan through other than peaceful means was of “grave concern” to the United States. It mandated continued efforts to provide Taiwan with arms of a defensive character and stated that the United States would “resist any resort to force or other forms of coercion” directed at Taiwan. Section 3, considered the “security clause,” stipulates that “the United States will make available to Taiwan defense articles and services necessary for sufficient self-defense” and that the President and Congress shall determine the nature and quantity required defense based on the needs of Taiwan.

The TRA provisions were called into question during the Reagan Administration, when a 17 Aug 1982 joint communiqué promised Beijing that Washington would reduce arms sales to Taiwan “qualitatively and quantitatively” over time, leading to their eventual termination, provided that Beijing’s approach to a resolution of the Taiwan question were peaceful.

Through the 1980s and 1990s, despite the August 1982 communiqué, Washington continued to sell large quantities of arms to Taiwan. At times, they included systems of higher quality—such as the sale in 1992 of 150 F-16s.

In the late 1990s, to guarantee future China policies did not neglect Taiwan, Congress introduced the Taiwan Security Enhancement Act (TSEA). Though never adopted, the bill was Congress’ method to force a recommitment to Section 3 of the TRA. The bill’s backers in Congress wanted a safe Taiwan with China understanding America’s intent in the Straits. When President George W. Bush entered the White House, he voiced strong support for the TRA and pledged to continue the substantial sales of defense articles and services to Taiwan. The stage was set for a potential arms race by two governments separated by less than 100 miles.

2. Arm Sales to Taiwan

Since switching diplomatic recognition from Taiwan to China in 1979, the United States has consistently provided Taiwan with military weaponry and equipment. Washington justifies these sales under the Taiwan Relations Act. As previously discussed, the TRA specifies that the United States will “provide Taiwan with arms of a defensive character necessary to enable Taiwan to maintain a sufficient self-defense capability.”

Beijing contends arm sales infringe on China's sovereignty and contradict the August 1982 joint communiqué. Although President Reagan pledged to reduce the sale of arms, Washington has refused to stop defense support to Taiwan. As strong supporters of Taiwan, the United States willingness to reduce its arms sales to Taiwan is conditioned in the TRA upon Beijing’s commitment to a peaceful solution.

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The current Bush Administration has assumed a balanced policy toward the Taiwan Strait. It has opposed Beijing’s threat of force against Taiwan through offers of arms sales and at the same time consistently opposed provocative policies by Taiwan that threaten the maintenance of peace and stability across the Taiwan Strait. To guarantee U.S. interests abroad, Washington’s ambiguity maintains a balance between Beijing and Taipei.

Arms sales remain a highly contested topic between Beijing, Taipei, and Washington. Nevertheless, arms sales between the United States and Taiwan continue. The value of U.S. government and private industry arms agreements with Taiwan varies. Reports range from a low of $135 million in fiscal year 2000 to a high of nearly $6.3 billion in fiscal year 1993. The following table provides information on U.S. sales of major defense articles and services to Taiwan, as approved by the President, proposed in Letters of Offer and Acceptance, and formally notified to Congress since 1990. Defense articles listed were compiled based on unclassified notifications to Congress, announcements by the Administration as well as news and press reports. Additional sales of classified equipment have occurred, yet specifics cannot be acquired due to the reporting criteria.

<table>
<thead>
<tr>
<th>Date of notification</th>
<th>Major item or service as proposed (usually part of a package of related support)</th>
<th>Value of package ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>(1) C-130H transport aircraft</td>
<td>45</td>
</tr>
<tr>
<td>1991</td>
<td>(100) MK-46 torpedoes</td>
<td>28</td>
</tr>
<tr>
<td>07/24</td>
<td>(97) SM-1 Standard air defense missiles</td>
<td>55</td>
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96 Ibid., 47.
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<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>09/13</td>
<td>(110) M60A3 tanks</td>
<td>119</td>
</tr>
<tr>
<td>05/27</td>
<td>Weapons, ammunition, support for 3 leased ships</td>
<td>212</td>
</tr>
<tr>
<td>08/04</td>
<td>(207) SM-1 Standard air defense missiles</td>
<td>126</td>
</tr>
<tr>
<td>09/14</td>
<td>(150) F-16A/B fighters; (3) Patriot-derived Modified Air Defense System (MADS) fire units</td>
<td>7100</td>
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<tr>
<td>09/18</td>
<td>(12) SH-2F LAMPS anti-submarine helicopters</td>
<td>161</td>
</tr>
<tr>
<td>1993</td>
<td></td>
<td></td>
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<tr>
<td>06/17</td>
<td>(12) C-130H transport aircraft</td>
<td>620</td>
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<tr>
<td>07/29</td>
<td>(38) Harpoon anti-ship missiles</td>
<td>68</td>
</tr>
<tr>
<td>11/04</td>
<td>(150) MK-46 Mod 5 torpedoes</td>
<td>54</td>
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<tr>
<td>11/23</td>
<td>MK-41 Mod (short) Vertical Launch Systems for ship based air defense missiles</td>
<td>103</td>
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<tr>
<td>1994</td>
<td></td>
<td></td>
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<tr>
<td>08/01</td>
<td>(80) AN/ALQ-184 electronic counter measure (ECM) pods</td>
<td>150</td>
</tr>
<tr>
<td>09/12</td>
<td>MK-45 Mod 2 gun system</td>
<td>21</td>
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<tr>
<td>1995</td>
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<tr>
<td>03/24</td>
<td>(6) MK-75 shipboard gun systems; (6) Phalanx Close-In Weapon Systems</td>
<td>75</td>
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<tr>
<td>1996</td>
<td></td>
<td></td>
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<tr>
<td>05/23</td>
<td>(465) Stinger missiles; (55) dual-mounted Stinger launcher systems</td>
<td>84</td>
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<tr>
<td>06/24</td>
<td>(300) M60A3TTS tanks</td>
<td>223</td>
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<td>08/23</td>
<td>(1,299) Stinger surface-to-air missiles; (74) Avenger vehicle mounted guided missile launchers; (96) High-Mobility Multi-Purpose Wheeled Vehicle</td>
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<td>09/05</td>
<td>(110) MK-46 MOD 5 anti-submarine torpedoes</td>
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<tr>
<td>1997</td>
<td></td>
<td></td>
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<tr>
<td>02/14</td>
<td>(54) Harpoon anti-ship missiles</td>
<td>95</td>
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<tr>
<td>05/23</td>
<td>(1,786) TOW 2A anti-armor guided missiles; (114) TOW launchers; (100) High-Mobility Multi-Purpose Wheeled Vehicle</td>
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<td>07/24</td>
<td>(21) AH-1W Super Cobra helicopters</td>
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<tr>
<td>09/03</td>
<td>(13) OH-58D Kiowa Warrior Armed Scout helicopters</td>
<td>172</td>
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<tr>
<td>1998</td>
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<td></td>
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<tr>
<td>01/28</td>
<td>(3) Knox-class frigates; (1) MK 15 Phalanx Close-In Weapons System (CIWS)</td>
<td>300</td>
</tr>
<tr>
<td>06/01</td>
<td>(28) Pathfinder/Sharpshooter navigation and targeting pods</td>
<td>160</td>
</tr>
<tr>
<td>08/27</td>
<td>(58) Harpoon anti-ship missiles; (61) Dual-mount Stinger surface-to-air missiles; (131) MK 46 Mod 5(A)S anti-submarine torpedoes</td>
<td>350</td>
</tr>
<tr>
<td>10/09</td>
<td>(9) CH-47SD Chinook helicopters</td>
<td>486</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05/26</td>
<td>(240) AGM-114KS Hellfire II air-to-surface missiles</td>
<td>23</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
<td>Quantity</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>07/30</td>
<td>(2) E-2T Hawkeye 2000E airborne early warning aircraft</td>
<td>400</td>
</tr>
<tr>
<td>03/02</td>
<td>TPS-75V air defense radar; (162) HAWK Intercept guided air defense missiles</td>
<td>202</td>
</tr>
<tr>
<td>06/07</td>
<td>(39) Pathfinder/Sharpshooter navigation and targeting pods</td>
<td>234</td>
</tr>
<tr>
<td>09/28</td>
<td>(146) M109A5 howitzers, (200) AIM-120C Advanced Medium-Range Air-to-Air Missiles (AMRAAM); (71) RGM-84L Harpoon anti-ship missiles</td>
<td>795</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07/18</td>
<td>(50) Joint Tactical Information Distribution Systems (JTIDS) terminals for data links between aircraft, ships, and ground</td>
<td>725</td>
</tr>
<tr>
<td>09/05</td>
<td>(40) AGM-65G Maverick air-to-ground missiles</td>
<td>18</td>
</tr>
<tr>
<td>10/26</td>
<td>(40) Javelin anti-tank missile systems</td>
<td>51</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td></td>
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<tr>
<td>06/04</td>
<td>(3) AN/MPN-14 air traffic control radars</td>
<td>108</td>
</tr>
<tr>
<td>09/04</td>
<td>(54) AAV7A1 assault amphibious vehicles; (182) AIM-9M-1/2 Sidewinder air-to-air missiles; (449) AGM-114M3 Hellfire II anti-armor missiles</td>
<td>346</td>
</tr>
<tr>
<td>10/11</td>
<td>(290) TOW-2B anti-tank missiles</td>
<td>18</td>
</tr>
<tr>
<td>11/21</td>
<td>(4) Kidd-class destroyers</td>
<td>875</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/24</td>
<td>Multi-functional Information Distribution Systems</td>
<td>775</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>03/30</td>
<td>(2) Ultra High Frequency Long Range Early Warning Radars</td>
<td>1776</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/25</td>
<td>(10) AIM-9M Sidewinder; (5) AIM-7M Sparrow air to air missiles</td>
<td>280</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02/28</td>
<td>(218) AMRAAM; (235) Maverick air-to-ground missiles</td>
<td>421</td>
</tr>
<tr>
<td>08/08</td>
<td>(60) AGM-84L Harpoon Block II anti-ship missiles</td>
<td>125</td>
</tr>
<tr>
<td>09/12</td>
<td>(144) SM-2 Block IIA Standard air-defense missiles; (12) P-3C maritime patrol/ASW aircraft</td>
<td>2132</td>
</tr>
<tr>
<td>11/09</td>
<td>Patriot configuration 2 ground systems upgrade</td>
<td>939</td>
</tr>
</tbody>
</table>

Table 1. Major U.S. Arms Sales as Notified to Congress

China’s rapid military modernization poses Washington with a challenge. The United States has responded with arms sales to Taiwan and naval presence, yet such

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policies carry an unintended cost, especially given trends in Taiwan politics. Washington must ensure Beijing and Taipei understand U.S. defense policies fully support peaceful negotiations and deter independence movements. By balancing threats and assurances as part of its deterrence policy, Washington helps enhance Taiwan’s security and avoids an unnecessary and avoidable great power conflict in the Asia-Pacific.

B. TAIWAN’S PERCEPTION

In 1979 the United States established relations with the People’s Republic of China, broke its diplomatic relations and ended the security treaty with Taipei, and agreed to maintain unofficial relations with Taiwan. Beijing believed that relations with Washington would bring resolution to the Taiwan issue; the outcome, however, has been drastically different. To the dismay of Beijing, the United States passed the Taiwan Relations Act (TRA) preserving relations with Taiwan and, it guaranteed military arms sales and defensive support. The TRA seemingly encouraged Taipei to resist unification.

After losing the civil war on the mainland in 1949, Taipei maintained a “one China principle” like Beijing’s until the early 1990s. Taipei’s position shifted with the election of Lee Teng-hui. Lee held that “there is only one China,” but for the first time he introduced the notion of “one China, two equal political entities.” Taiwan’s two-state theory suggested that “there may be one China again some day, but in the meantime the two sides should deal with each other as separate and equal states.” In order for reunification to occur, Beijing must accept Taiwan as a separate political entity. Beijing

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must acknowledge Taiwan as an equivalent political entity; it must accommodate Taipei’s role in the international community; and renounce the use of force.103

In 1995 President Lee’s reaffirmed his position in a speech at Cornell University. President Clinton’s approval of Lee’s visa appeared to increase Taipei’s leverage towards an independence movement. Lee's reelection in 1996 and the subsequent election of Chen Shui-bian in 2000, coupled with U.S. backing, has led to Taiwan's continued defiance of China.

The possibility of reunification was particularly jeopardized in 2000 with Chen Shui-bian’s election to President. As leader of the opposition Democratic Progressive Party, Chen’s repeated steps toward independence fanned the flames and gained Taiwan’s movement a high international profile.104 His administration could tip the balance from peaceful to non-peaceful means by seeking independence. This was further emphasized in February 2006, when it was announced the National Unification Council would be abolished in hopes of raising the Taiwanese consciousness and reenergizing the party faithful into an independence resolution.105 During a televised speech Chen indicated the need for a new constitution as Taiwan and China are two different countries. The Bush Administration quickly urged Chen to fully recognize the danger of his actions, yet the damage was done. Chen’s statement and activities were a blatant disregard, provoking Beijing.

In the meantime, the Bush Administration’s agreement to sell new packages of arms to Taiwan stalled in Taiwan’s parliament. It appeared that many Taiwanese political and military leaders incorrectly believed that the island did not need to acquire defensive capabilities and could rely on the United States entirely.106 From Taipei, the view has been that the United States inhibits Chinese aggression, therefore allowing Taiwan’s democracy to prosper, promotes its economy, while remaining separate from


the mainland. This point can be validated by the “six assurances,” conveyed to Taiwan in a letter from President Reagan in July 1982. The U.S. position of continued military support and perpetual sale of strategic defense arms has thus seemed to mislead Taiwan into pushing for state independence and undermine China’s claim to sovereignty.

C. THE TAIWAN – CHINA – UNITED STATES BALANCE

1. Near Term

Taiwan remains a potential source of conflict between China and the United States, and a near term solution seems uncertain. All parties must avoid giving the wrong impression leading to mistrust and conflict. In the near term, it appears that Beijing will not use force to reunify, nor will Taipei gain independence. The Chen Administration is unlikely to allow unification, but with U.S. pressure it will not press independence. The process, in which the resolution is obtained, peacefully and amicably, determines the future of Taiwan – China – United States relations.

As a near term resolution seems impossible, Beijing, Taipei, and Washington each have a crucial role in promoting peace and stability. Beijing’s military modernization will continue, but it must soften its stance toward Taiwan and make China more attractive to Taiwanese citizens.107 The more successful mainland China’s leaders are in modernizing, in ways familiar to Taiwan, the more inclined Taiwan’s people will be to improve their society and participate in reunification.108 Yet these are long term processes. The further development of travel, trade, and direct investments promote ties between citizens on both sides of the strait. Beijing cannot continue to intimidate the people of Taiwan without an opposite outcome occurring. The near term must be dedicated to removing the longstanding mistrust is critical in fostering improved relations.

Taipei cannot eliminate the possibility of reunification and must be willing to expand talks between the two sides. Taiwan’s upcoming election could change the outlook on unification, but that is improbable. In the near term greater steps in allowing mainland investment and products to enter the island can ease tensions. The strict limitations on Chinese goods entering Taiwan aggravate Beijing. Taipei’s independence rhetoric creates friction. Its dependence on U.S. security generates fear in Beijing that the United States is actually supporting the succession of Taiwan. While Taiwan continues to procure defense arms, China’s military modernizes opposite Taiwan.

Washington must continue to pursue its longstanding default approach of dual deterrence: warning Taipei against taking provocative political initiatives and Beijing against using force, while reassuring each that Washington was not acting contrary to fundamental interests. The United States must assist in keeping peace within the region; either through diplomatic or economic means.

The administrations must re-open talks to better political, economic, and social ties. As major trading partners, any act leading to war is costly to the regional and global economy. With trade and investment opportunities drawing the two sides closer, maintaining the status quo seems obvious and trouble free.

2. Long Term

Long term relations are dependent on the actions of Taipei, Beijing, and Washington and must be carefully managed. The opening of dialogue would initially ease cross strait tension, however, any dialogue would be fruitless unless each side was willing to take steps that increased cooperation and diminished confrontation. Conflict would shock the economies of China and Taiwan, significantly affecting local and international supply chains. The status quo may be acceptable in the short term, but in

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the long term it is highly unlikely that Beijing can be persuaded to alter its calculus regarding Taiwan, especially not by a U.S. government that appears to be contradicting the status quo by supporting Taiwan.\footnote{Michael D. Swaine, “Trouble in Taiwan,” \textit{Foreign Affair}, 83, No. 2 (March 2004): 41.}

Long term relations must be closely monitored as Beijing could simply lose patience with Taiwan’s recalcitrance and decide that it had no choice but to achieve unification.\footnote{Richard C. Bush. \textit{Untying the Knot: Making Peace in the Taiwan Strait}. Washington, D.C.: Brookings Institute Press (2005): 305.} As China’s military modernization progresses, its capabilities could quickly overwhelm Taiwan giving Beijing more incentive to use force. China’s military capabilities must be utilized as a deterrent; otherwise Taiwan’s resistance will grow stronger.

Taipei must not trigger conflict through rash acts. President Chen’s previous statements of independence and constitution reform fanned the flames. Not all politicians agree with Chen and with the upcoming elections the newly appointed president could be key to reunification. Taiwan depends upon the United States to challenge and contain China, yet this may be counterproductive. The perpetual purchase of military equipment and reliance on the United States generates concern in Beijing as it appears inclined to succeed. The removal of U.S. dependency may promote stronger cross strait interaction.

Washington must step lightly, ensuring Beijing does not miscalculate its intentions. It cannot allow Beijing to intimidate Taiwan or Taipei to provoke China. Remaining committed the policy of dual deterrence and maintaining the status quo is essential. The difficulty is, as the Bush Administration has recognized, such efforts are likely to be more successful if greater levels of trust can be created through the establishment of a stronger, more cooperative, Sino-American relationship.\footnote{Michael D. Swaine, “Trouble in Taiwan,” \textit{Foreign Affair}, 83, No. 2 (March 2004): 46.} The United States remains a factor not through equipment sales, but diplomacy and mediation. The cost of conflict between the three would jeopardize the international economy and ensure tensions remain for years to come.
The current intermixing of cross-Strait businesses may lead to intensified talks as the economy is a driving factor. Influential businessmen and technocrats who view the economic future of China and Taiwan interdependent may pressure for open negotiations. Steady progress in the development of cross-strait cooperation will lessen mistrust and improve prospects for eventual agreement on a special political relationship between Taiwan and China, one closer than most sovereign states. Even in this cross-Strait contest, the odds are not bad for those who are willing to gamble that economic considerations will prevail and ultimately produce a lasting solution across the Taiwan Strait. As history shows, the fostering of closer ties between Beijing and Taipei is a process that will take time, but must be managed to ensure it does not spiral out of control.

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V. A PAPER TIGER?

A. WHY MODERNIZE THE MILITARY?

Deng's ascent to power began the start in earnest of political, economic, social, and cultural reforms – a turning point in modern Chinese political history. The impetus was to revive and build a substantial economy and participate in international affairs. The People’s Liberation Army (PLA) conducted its last major offensive in 1979 in a border war against the Vietnamese, and, after 1985, with no perceived enemy this seemed quite logical, push economics with modernizing the military over time. Exhausting large sums of money into an under-utilized and over-populated force would take significant resources, be extremely expensive, and remove funds from the construction of the nation’s focus – industry and economics. While satisfied with the delay of military modernization, Beijing was forced to refocus on reforming the military.

China’s military modernization must occur for two reasons. First, U.S. arm sales to Taiwan pose a significant threat and undermine Beijing’s claim to sovereignty over Taiwan. Should force against Taiwan be necessary, Beijing must have a military able to overwhelm Taiwan’s defense forces and deter the United States from intervention. Second, a credible military guarantees self defense and ensures the protection of national interests (addressed in Section E “Beyond Taiwan”).

The sale of military arms and equipment to Taiwan remains a very sensitive subject for China. From Beijing’s perspective, the cross-Strait question involves the United States. Since the establishment of “unofficial” relations with Taiwan, the United States has provided the island with military defense capabilities, essentially supporting Taipei’s sovereignty. Continued sales and Taiwan’s proposed independence referenda provide China with an objective for military advancement. Beijing’s rationale to further
advance its military is developed by reviewing U.S.-led conflicts, namely the 1991 Gulf War, intervention in the Taiwan Strait Crisis, and the current wars in Iraq and Afghanistan.

The opening days of the Gulf War convinced PLA leaders that they were witnessing a revolution in military affairs.\textsuperscript{117} China’s High Command was stunned to realize just how far behind modern militaries the People’s Liberation Army had fallen. Beijing recognized surgical strikes combined with well-equipped soldiers easily knocked out Iraq’s defense capabilities and demolished Iraqi forces. The magnificent demonstration of firepower intercepted and eliminated Chinese supplied weaponry.

The 1995-96 Strait crisis transformed PLA thoughts on advanced reforms. The missile testing derived that the United States would respond should Beijing use force against Taiwan. Taipei’s arrogance was based on its reliance on the United States. PRC leadership determined that China’s military power needed to be perceived as credible to prevent further steps toward Taiwan independence and U.S. interference.\textsuperscript{118}

The wars in Iraq and Afghanistan have provided the PLA with applicable lessons for developing a capable military. The equipment provided to Taiwan was of superior quality and could inflict significant loses on the PLA should conflict occur. U.S. missiles landed with precision, quickly disintegrating and demoralizing the army and making it impossible to fight.\textsuperscript{119} The Afghan insurgency re-taught the old lesson that if China decided to resort to force in solving the Taiwan issue, a superior military force that is willing to endure casualties, may not be defeated militarily by an inferior force, but its strategic objectives may be thwarted.\textsuperscript{120}


\textsuperscript{120} Ibid., 68.
There is no question that Beijing gives full emphasis to its ability to cope with the military forces of Taiwan and to deter, discourage, and intimidate the government and populace.121 The focus of military modernization remains Taiwan, but with U.S. military support Beijing must intimidate the island through its superior military capabilities. The PLA’s military strategy must be to build up its strength sufficiently to be able: to dominate Taiwan psychologically; to increase its capacity so that it can successfully carry out an invasion of Taiwan; or to make the island’s successful defense against an invasion so unlikely that the Taipei government would be willing to concede.122 Strategically, it must also make sufficient military advancement to overrun Taiwan rapidly; to deter Taiwan and the United States by raising the costs of intervention; and to deny Taiwan and U.S. forces access to the theater of operations.123

While Beijing denounces the sale of arms to Taiwan as a violation of its sovereignty, it must develop strategies to counteract and discourage future sales.124 If Taiwan independence seems probable to China’s leaders, more investments will have to be made in infrastructure opposite Taiwan and in forces appropriate to conquer an island that may be defended by the United States.125


B. MILITARY CAPABILITY

As the 1990’s came to a close, Beijing realized that conflict with Taiwan would draw in the United States. Courtesy of the Taiwan Relations Act, U.S. arm sales enabled Taiwan to increase its self defense capability through substantial military purchases. The PLA’s outdated equipment could not deter Taiwan from pressing forward with independence. China needed new technology and weaponry.

In August 1999, enlarged meeting of CCP’s Political Bureau was held in Beidaihe. Originally designed to focus on the economy, the focus switched to military advancement and the Taiwan issue. The outcome was the “998 National Security System Project.” Its main points include (1) to develop new strategic and tactical weapons; (2) to develop ship and submarine launched missiles and cruise missiles; (3) to equip the army, earlier than planned with electronic weapons, laser guns, and other directed energy weapons; (4) to terminate consultation with the United States on proliferation of weapons; (5) to partially revise the non-first-use nuclear policy; and (6) to revise the outsated position of non-alliance and non-grouping. Accelerating military modernization was necessary to ensure the Taiwan issue did not drag on indefinitely.

Beijing’s commitment to improving ground, naval, air and missile forces is essential to shifting the cross-Strait military balance in China’s favor. With an average annual increase of 14.5 percent, maintaining defense expenditures at 2 percent of GDP will provide the defense establishment with sufficient funding to sustain its modernization programs. Though promoted as a purely defensive force, Beijing’s substantial funding of the armed forces attempts to realize the strategic goal of reunification and defending Chinese assets. The military continues to improve its

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capabilities of countering various security threats, accomplishing diversified military
tasks, and ensuring that it can effectively respond to crisis, deter, and win wars under
complex circumstances.129

1. People’s Liberation Army (PLA)

Early PLA strategy was to develop the ground forces to defend an assault against
the mainland. China’s national defense guarantees territorial integrity and for a
prosperous society. Future requirements for resources, the ever-lingering Taiwan issue,
and witnessing conflict abroad shifted military thinking. To effectively fulfill its mission
in the new century, the PLA is speeding up the revolution in military affairs and
enhancing its capabilities.130

Advances in military technology and the modernization of the People’s Liberation
Army (PLA) changed the nature of the threat to Taiwan’s security.131 PLA officials are
placing emphasis on joint operations, long-distance mobility, “quick tempo” operations,
and special operations, modeling their reforms on Russian doctrine and U.S. military
tactics.132 The push is to conduct necessary downsizing to produce a smaller
technologically advanced force capable of swift strikes leaving Taiwan defenseless and
the United States discouraged.

Acquisition and production of newer, sophisticated equipment validates the PLA
as a lethal military. In 2005, China had completed reductions from 1.4 million to 1.2
million active troops. The 200,000 troop decrease permitted additional funding for the
development of new high-tech weaponry. Since 2000, China’s defense industry has
produced a variety of advanced equipment for PLA ground forces. Additions to the
arsenal include: Type 96, 98, and 99 battle tanks, ZBD 2000 amphibious tanks, armored

130 Ibid., 8.
131 Arthur Shu-fan Ding, “Taiwan’s Military in the 21st Century: Redefinition and Reorganization,”
personnel carriers, Type 89 self-propelled artillery, and laser guided munitions. Of significance is that Chinese electronics and aviation industries have provided computers, satellite and microwave communications, optical fiber links, night-vision goggles, frequency-hopping radios, battlefield surveillance equipment, and unmanned aerial vehicles. The artillery and air defense components have fielded new types of cannons, mobile anti-aircraft missiles, early warning radars, Z-10 attack helicopters, and increased the proportion of ground-to-air missiles.

With a vast coverage area, main battle tanks and field artillery are the most widely distributed of ground equipment. Type 96, 98, and 99 account for over 1,200 tanks a force claiming 7,580 active tanks. Among the new capabilities acquired by PLA ground forces are the approximately 200 Type 98 and Type 99 main battle tanks now deployed to units near the coast. Field Artillery encompasses self propelled and towed batteries, missiles and guns, and rocket launchers. The eastern seaboard contains an assortment of cruise missiles able to strike incoming targets. The mobility enhances China’s ability to deter foreign threats and ensure territorial integrity.

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The PLA maintains an important role in deterring Taiwan with its potential to occupy the island physically by force. Current figures have approximately 400,000 troops and between 990 and 1,070 short-range ballistic missiles based the Nanjing Military Region opposite Taiwan. Consistent investments in medium range ballistic missiles, air to surface missiles (ASM), land attack cruise missiles (LACM), and anti-radiation weapons enhance China’s deterrent of Taiwan independence.

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139 Ibid., 2.
Although Beijing professes a desire for peaceful resolution as its preferred outcome, the PLA’s ongoing deployment of short range missiles, enhanced amphibious warfare capabilities, and ground forces opposite Taiwan are reminders of Beijing’s unwillingness to renounce the use of force. As the United States remains supportive to Taiwan’s plight, the PLA will strengthen its military capabilities to counter any attempts of foreign interference.

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2. People’s Liberation Army Navy (PLA-N)

Modernization of the PLA-Navy has made spectacular strides over the past decade. The need for a stronger technically sound naval fleet is driven by Taiwan’s recent purchases of four U.S. KIDD Class destroyers and to maintain sea denial capability should the United States interfere in a resolution. Naval forces are critical to the movement of troops, implementing a naval blockade, or mining harbors and straits.

Naval leadership is adamant about gaining new technology, weapons, and modern platforms. Although a majority of Chinese naval forces are acquired from Russia, China’s shipbuilding industry has developed modern facilities to increase productivity. Beijing is pursuing multiple paths to acquiring a modern navy; indigenous construction, reverse engineering of foreign ships, and outright purchase of foreign platforms. The funding placed into development of new units coupled with the refurbishment and updating older PLA-N units is astonishing.

To counter Taiwan’s naval acquisitions and to deter the United States from entering into conflict on behalf of Taiwan, the PLA-N modernization program has focused on submarines, destroyers, and an aircraft carrier.

The PLA-N submarine modernization program placed orders for twelve Russian KILO submarines, acquiring four in late 2006. China’s defense industry began production of two diesel-electric attack submarines, SONG and YUAN class, and next generation nuclear submarines, SHANG and JIN class. It is estimated that eight SONG class submarines are available to the fleet. The YUAN class is heavily inspired by Russian designs, including rubber tile coatings, a super-quiet screw, and “air-independent propulsion,” which permit underwater operation for up to 30 days on battery power; making the vessel virtually inaudible.

Both SHANG and JIN class nuclear submarines are expected to enter into the fleet in 2008. The SHANG class nuclear attack submarine, Russian based, enables the PLA-N to launch land attack missiles for undisclosed


locations. The JIN ballistic missile submarine, developed in the late 1990s, is capable of housing 12 long range missiles. This gives Beijing the ability to target the United States should hostilities arise.

Beijing emphasis on anti-surface and anti-air warfare is evident in recent purchases and production. In 2007, the PLA-N accepted delivery of two Russian SOVREMENNY II destroyers, bringing the total to four; all equipped with surface-to-surface and surface-to-air missiles (SAM). Further, the PLA Navy has received seven new domestically produced surface combatants in the past two years, including two LUYANG II class Destroyers fitted with the indigenous long-range surface-to-air missile; two LUZHOU class Destroyers equipped with the Russian long-range SAM, and three JIANGKAI II class guided missile frigates to be fitted with the medium-range vertically launched SAM.\textsuperscript{144}

Though considered power projection, and against proclaimed “self defense,” PLA-N leadership expressed sincere interest in producing an aircraft carrier. An aircraft carrier would facilitate Chinese air operations in the Taiwan Strait by reducing the need for sorties from land bases and enable power projection in and around Chinese territories.\textsuperscript{145} Over the past twenty years, China attained four conventional aircraft carriers; one from Australia, and three from Russia. While none are operational, it is safe to assume that Chinese engineers have conducted numerous tests to gain insight to possible production. Whether utilized for fighters or helicopters, its mission revolves around the PLA-N’s submarine centric warfare.


The PLA-N is divided into three Fleets – North, East, and South Fleets. While each is responsible for protecting the mainland, the East and South fleets are dedicated to actions against Taiwan if force is required. In the case of Taiwan independence, the East and South Fleets work in unison to counter Taiwan’s Navy, restrict sea access to all vessels, and deter the United States.

Note: The PLA Navy has the largest force of principal combatants, submarines, and amphibious warfare ships in Asia. After years of neglect, the force of missile-armed patrol craft is also growing. In the event of a major Taiwan conflict, the East and South Sea Fleets would be expected to participate in direct action against the Taiwan Navy. The North Sea Fleet would be responsible primarily for protecting Beijing and the northern coast, but could provide mission critical assets to support other fleets.
China today aims to deploy a modern navy capable of operating on, above, and below the sea’s surface to “become a Great Wall at Sea.” Beijing’s requirement for a powerful, technically superior navy remains directed toward Taiwan and the United States, but future interests may dictate a secondary role for the PLA-N. As the Chinese Navy grows in military significance, one can only speculate about the degree to which government officials in various Asian countries privately take China’s armed might into account as they make policy on less publicized issues.

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3. People’s Liberation Army Air Force (PLA-AF)

To combat the advanced aircraft Taiwan purchased, the PLA-AF shifted its strategy from defensive to offensive. The shift from strictly defensive to offensive capabilities derived from the realization that precision guided missiles and long range cruise missiles had changed the rules of air warfare.\(^{150}\) The change allowed Beijing to gain air superiority by denying air access to Taiwan’s aircraft, and the United States should an aircraft carrier be deployed to the region.

To advance its relatively backward air force, the PLA-AF began a series of aircraft and technology acquisitions from Russia. China agreed to purchase multi-role fighters, bombers, and attack helicopters to quickly develop the PLA-AF. The $2.5 billion contract allowed provided Beijing with 200 basic model Su-27s and the ability to begin local production of an advanced model, Su-27SK.\(^{151}\) Since 2000, the PLA-AF has reduced the number of combat aircraft, giving priority to the development of more advanced longer-range strike and ground-attack aircraft, improved early warning and air defenses, extended and close air support, and longer range transport, lift, and mid-air refueling capabilities.\(^{152}\)

Taiwan remains the focal point to modernization. PLA Air Force officials are determined to ensure air supremacy thereby deterring Taiwan from succession. For emphasis, China maintains roughly 700 combat aircraft located within range of Taiwan. While many aircraft are older, production of new, sophisticated models are increasing. The fabrication of the multi role Su-30MKK strike and F-10 fighter aircraft gives China a definite advantage over Taiwan. Added to its strike aircraft are the introduction of the modernized FB-7A fighter bomber, the upgraded B-6 bomber, and indigenous Z-10


attack helicopter. Further improvements in early warning radar and missile accuracy reduce the chances of a surprise attack from Taiwan or incoming aircraft from the United States.

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>China</th>
<th>Taiwan</th>
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<tbody>
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<td></td>
<td>Total</td>
<td>Within range</td>
</tr>
<tr>
<td>Fighters</td>
<td>1,630</td>
<td>330</td>
</tr>
<tr>
<td>Bombers/Attack</td>
<td>620</td>
<td>160</td>
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<tr>
<td>Transport</td>
<td>450</td>
<td>40</td>
</tr>
</tbody>
</table>

**Note:** The PLAAF and the PLA Navy have approximately 2,250 operational combat aircraft. These consist of air defense and multi-role fighters, ground attack aircraft, fighter-bombers, and bombers. An additional 1,450 older fighters, bombers and trainers are employed for training and R&D. The two air arms also possess approximately 450 transports and over 100 surveillance and reconnaissance aircraft with intelligence, surface search, and airborne early warning capabilities. The majority of PLAAF and PLA Navy aircraft are based in the eastern half of the country. Currently, 490 aircraft could conduct combat operations against Taiwan without refueling. However, this number could be significantly increased through any combination of aircraft forward deployment, decreased ordnance loads, or altered mission profiles.

Figure 5. Taiwan Strait Military Balance, Air Forces

Similar to the PLA, the PLA-AF is located in each Military Region with a majority of assets located across from Taiwan. In the event of a Taiwan Crisis additional units will be deployed into the Nanjing region to assist until the objective is realized.

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154 Ibid., 52.
The most immediately relevant driver of the PLA-AF’s modernization is to reassert control over Taiwan and protecting Chinese airspace from possible U.S. intrusion if conflict ensues. Chinese Air Forces concentrate primarily on maintain internal security, but the acquisition of precision guided munitions, in air refueling capability, and attack fighters is moving the PLA-AF from defensive to an offensive minded strategy.


C. RESOLUTION OPTIONS

Three options for reunification exist – peaceful, forceful, and maintaining the status quo. While the international community desires a peaceful resolution, PLA officials want to flex their muscles in a non-peaceful, violent reunification. China’s “one China” policy is crystal clear with any outcome other than reunification would contamination the PRC’s legitimacy.

1. Peaceful

Over the past decade, political developments in Taiwan have placed peaceful unification in question. Accepting Taiwan’s national identity and gaining a significant degree of autonomy are necessary for authorities and citizens to agree on unification. Peaceful unification would most likely first require both the emergence of a consensus on a Taiwan national identity that is at once Chinese and Taiwanese and on the emergence of a stable, mature democracy on the mainland comparable to those in Taiwan, Japan, and South Korea today—otherwise, the people of Taiwan would have little confidence in any promises of autonomy that Beijing might extend.157

The best chance for a peaceful resolution of Taiwan’s status probably lies in an arrangement somewhere between formal independence and formal unification, which both Taiwan and the mainland had equal standing, so called “peaceful in-betweenness.”158 Should full reunification occur voluntary, and without coercion, the relationship between Taiwan, China, and the United States changes dramatically. Accepting a “one country, two system” policy would allow Taiwan to retain its military, but the requirement for U.S. military support is not longer required removing a long standing threat. During the unification process tensions may arise between China and Taiwan, but the chances of future conflict decrease. With a resolution, the need for PLA modernization lessens as the role of the military shifts primarily to territorial defense.

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158 Ibid., 10.
2. Forceful

China has for a long time insisted that it would use force in two instances, namely the “independence of Taiwan” and “foreign intervention” in the Taiwan issue.\(^{159}\) China's main objective is to avoid the island's permanent loss as it could also establish a dangerous precedent for other potentially secession-minded areas of the country, such as Tibet, Xinjiang, and Inner Mongolia.\(^{160}\)

\textit{a. With U.S. Involvement}

In 2001, President Bush guaranteed military support for Taiwan. Although he quickly recanted, China understood America’s position – the use of force would not be acceptable. Should Beijing decide on forceful means to obtain reunification the United States would intervene unless Taiwan authorities provoked Beijing. With U.S. military support coupled with a technically sound Taiwanese military, the PLA could stumble. As previously noted, the military capability of China has increased dramatically, yet remain unproven. A PLA general responding to a question regarding U.S. intervention replied “that China has no capability to wage a conventional war against the United States and in the event of war China will have to respond with nuclear weapons.”\(^{161}\) While this statement may not mirror China’s leadership, the possibility remains should Beijing want Taiwan’s return that bad.

The defeat of both the United States and Taiwan would be damaging for each. China emerges as the regional hegemon and a major actor in world affairs. Washington’s international reputation is dealt a tremendous blow. The United States would have no choice but to accept Taiwan’s reunification or as the beginning of another Cold War.


A defeated China may cede independence to Taiwan, but tensions would remain extremely high. China may readdress political and economic relations while reviving dialogue focusing on peaceful reunification. Conversely, Beijing may increase military modernization determined to overwhelm Taiwan and the United States in an attempt to reclaim the island.

Taiwan's proximity to China, the difficulty involved in interdicting Chinese attacks without directly striking the Chinese mainland, and the historical inclination of both sides to display resolve in a crisis through decisive -- and sometimes rapid - military action suggest that escalation might prove extremely difficult to control.\textsuperscript{162}

\textit{b. Without U.S. Involvement}

Remaining absent in Taiwan’s defense seems unlikely, but plausible should Taiwan unnecessarily provoke China. A preemptive strike against Taiwan thereby gaining total power is another option eliminating U.S. military intervention. Either option would be considered a major victory for Beijing. Any hesitation or non-intervention by the United States would be viewed as Washington realizing the superior power of Chinese forces and tarnishing American clout in the international community.

The costs of war, whether short or prolonged, would be devastating for China and Taiwan’s political and economic sectors. Although the situation dictates relations between Taipei, Beijing, and Washington the international community may not be forgiving. An attack would provoke strong reaction in Japan and China’s neighbors in South and Southeast Asia, as it indicates Beijing will resort to force to settle future bilateral disputes or conflicts.\textsuperscript{163}


Regardless of U.S. non-involvement the Taiwan issue has influenced China’s status. Even if China claimed victory, its external environment will become more hostile and prove devastating.164

3. Maintaining the Status Quo

Although the international community desires any peaceful outcome, maintaining the status quo seems the obvious resolution to the Taiwan issue. China would maintain a “one China” principle, extend peaceful unification, and intimidate through force. Taiwan acknowledges a “one China” principle, threatens independence, and relies on the United States to provide arms and security. The United States continues to maintain “strategic” ambiguity providing contradictory policies to each government. Without a willingness of authorities in Beijing and Taipei to concede to a mutual solution, the Taiwan question will remain unresolved.

Should Beijing indicate a willingness to consider a unification arrangement in which mainland China and Taiwan were equal partners, as opposed to the current “One Country, Two Systems” proposal—which stipulates that Taiwan would be a “special administrative region” under the mainland government—perceptions that Taiwan’s status could be resolved peacefully would probably increase, resulting in a concomitant decrease in military tensions.165 Neither government desires violent reunification especially with the possibility of U.S. involvement, yet mutual economic dependency coupled with PLA modernization could shift a resolution in Beijing’s favor. Compassion for Taiwan compatriots has allowed Chinese leaders to compromise in reclaiming Taiwan. Beijing’s flexibility could promote unification, reduce cross-strait tensions, and increase solidarity.

Should Taipei indicate a willingness to accept a “one China” principle and become a “special administrative region,” the volatility in the region diminishes

considerably. In such a situation, although Taiwan would likely continue to be an important issue, it could become significantly less prominent than it is today, and other issues such as trade imbalances, human rights, or the situation on the Korean peninsula, might come to dominate the relationship.166

With China and Taiwan becoming further interlaced the reluctance to modify unification policies cloud Taiwan’s future. As Taiwan threatens independence, China threatens forceful unification, and the United States threatens intervention with neither acting to deteriorate maturing relations, Taiwan’s status remains undetermined.

D. MILITARY OPTIONS

China’s emergence as a global economic force, increased diplomatic clout, and improved air, naval, and missile forces strengthen Beijing’s position relative to Taipei by increasing the mainland’s economic leverage over Taiwan, fostering Taiwan’s diplomatic isolation, and shifting the cross-Strait military balance in the mainland's favor.167 Beijing has improved relations with Taipei, yet “the struggle to oppose and contain the separatist forces for Taiwan independence” remains central to China’s grand strategy.168 Any independence referenda or statements insinuating succession have been met with staunch disapproval. The promotion of peaceful unification continues with the use of force lingering over the head of Taiwan authorities. Beijing’s advancement of the People’s Liberation Army (PLA) prevents independence and interference while allowing forceful, military options should Taipei resist.

1. Maritime Blockade

Cross-strait naval balance favors China. The PLA-N could easily ensure sea control around Taiwan. China claims a 14 to 1 advantage in submarines and 3 to 1 advantage in principal combatants; with Taiwan maintaining a slight edge in coastal

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patrol craft. Establishing a blockade of Taiwan essentially isolates the island from the international community. Port closures and the removal of foreign trade would devastate Taiwan’s economy forcing it to reconsider reunification.

While a blockade is an act of war under international law, the great majority of nations do not disagree with China’s “one China” position and Beijing could claim that this was a “closure of ports,” within its sovereign rights. Beijing could declare that all commercial traffic en route to Taiwan must stop in mainland ports for inspection prior to transiting to Taiwan.

The positioning of PLA-N assets in critical sea lanes of communication would create chaos for incoming merchant traffic and occupy the Taiwan Navy. PLA-N activities ranging from small weapon firing to missile launches could obstruct shipping lanes. Naval operations around the island may provoke Taiwan triggering Beijing’s deployment of short range missiles and air assets.

The use of PLA-N vessels to mine harbors and waters surrounding Taiwan is another tactic available to Beijing. China’s large inventory of sea mines, and Taiwan’s poor MCM capabilities, a mine blockade is a potentially serious threat to Taiwan. With only 12 assets available for mine clearing operations, Taiwan must gain U.S. assistance. With only two Mine Countermeasure (MCM) ships based in Japan and the remaining located in Texas, Taiwan’s ports would be secured for a considerable time. Vital resources inbound to Taiwan would be forced to obtain military assistance to clear hazardous channels. One commercial vessel striking a mine would impact all merchant traffic whether inbound or outbound. Transport companies would be unwilling to provide shipping into potentially deadly waters.

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Implementing a blockade of Taiwan’s major ports limits trade flexibility and drastically weakens the local economy. The PLA-N’s ability to further delay U.S. intervention leads Taiwan into disarray forcing authorities to negotiate on Beijing’s terms.

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<thead>
<tr>
<th>Taiwan Strait Military Balance, Blockade Forces</th>
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<tbody>
<tr>
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<tr>
<td><strong>China</strong></td>
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<tr>
<td>East and South Sea Fleets</td>
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<tr>
<td><strong>Taiwan</strong></td>
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<tr>
<td><strong>Total Assets</strong></td>
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<tr>
<td>Destroyers</td>
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<tr>
<td>Frigates</td>
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<tr>
<td>Tank Landing Ships</td>
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<td>Medium Landing Ships</td>
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<tr>
<td>Diesel Submarines</td>
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<tr>
<td>Nuclear Submarines</td>
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<tr>
<td>Coastal Patrol (Missile)</td>
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</tbody>
</table>

Note: In the event of a major Taiwan conflict, the East and South Sea Fleets would be expected to participate in direct action against the Taiwan Navy. The North Sea Fleet would be responsible primarily for protecting Beijing and the northern coasts, but could provide mission critical assets to support the other fleets. Taiwan completed delivery of four KIDD class Destroyers in 2006.

Figure 7. Taiwan Strait Military Balance, Blockade Forces

2. Amphibious Assault

Although the United States has provided Taiwan with advanced technology, weapons, and equipment, military balance across the strait has shifted toward China. The previous option, Maritime Blockade, confronts Taiwan’s weakness – foreign trade dependency. An amphibious assault is a direct challenge to the leadership, military, and citizens of Taiwan.

The seas, weather, and landing locations pose additional problems to the movement of amphibious forces. Suitable landing beaches on Taiwan are scarce; much of the western coastline is protected by extensive, shallow mud flats that severely

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complicate getting amphibious ships close enough to put troops and equipment ashore, but also permit defending forces to concentrate on locations an invasion force could conceivably occupy.174

While China has the manpower to successfully stage an amphibious operation, it lacks sufficient amphibious ships. Although the PLA-N is constructing advanced landing ships, the amphibious fleet could provide sealift sufficient to transport approximately one infantry division.175 Analysts predict the use of the merchant fleet to assist in transporting a fully supplied armored division across the straits. The utilization of supplementary vessels requires considerable planning, but insufficient training may hamper cross-strait landings.

Nevertheless, should Beijing insist on an amphibious assault, joint operations between all service branches are required for success. Combat operations, conducted by PLA air, naval, and missile forces, aim to destroy the enemy’s defense system, consume the enemy’s fighting strength, clear obstacles from the landing area, and isolate, blockade, or interdict the landing area in order to create favorable conditions for the landing force.176 Gaining air superiority followed by sea superiority permit troop movement with little resistance. Upon landing, the insertion of armored assets, tanks, and mechanized weaponry allow army and marine brigades to occupy ports and harbors necessary for additional transport. As troop number grow, PLA unit press forward to capture Taipei.


With substantial planning, funding, and risk involved in an amphibious assault, its intent is to compel Taipei to agree upon reunification through outright military defeat or, more likely, from a decision by Taiwan authorities that the cost of resistance (with or without U.S. assistance) outweighs the benefits of continued independence.\(^{177}\)

<table>
<thead>
<tr>
<th>Taiwan Strait Military Balance, Amphibious Assault Forces</th>
<th>China East and South Sea Fleets</th>
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</thead>
<tbody>
<tr>
<td><strong>Tank Landing Ships</strong></td>
<td>24</td>
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<tr>
<td><strong>Medium Landing Ships</strong></td>
<td>23</td>
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<tr>
<td><strong>Diesel Submarines</strong></td>
<td>32</td>
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<tr>
<td><strong>Nuclear Submarines</strong></td>
<td>1</td>
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</tbody>
</table>

**Note:** In the event of a major Taiwan conflict, the East and South Sea Fleets would be expected to participate in direct action against the Taiwan Navy. Most PLA-N amphibious ships are located in the South Sea as it offers the best training opportunity for conducting amphibious operations.\(^{178}\)

Figure 8. Taiwan Strait Military Balance, Amphibious Assault Forces

3. **Strategic Strike**

Over the past decade, Chinese missile development is driven by the Taiwan issue and deterrence of the United States. A strategic missile strike is a credible option available to Beijing. Strategic strike refers to the application of missiles against specific targets vital to the enemy. Attacks on the enemy’s center of gravity provide psychological damage through a shock effect. An advanced missile force is expected to provide the Beijing appreciable military advantage for which Taiwan has no effective response or defense; without such capabilities Taipei may seek separation.\(^{179}\)

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The Second Artillery use of offensive missile systems is crucial to success. Second Artillery forces must concentrate long and short range firepower against the most critical, threatening, and vulnerable enemy targets in order to paralyze its combat systems and set Beijing’s conditions for reunification. Sustained attacks in and around Taiwan reduce commercial shipping and foreign trade devastating the economy. Although Taiwan has acquired missile defense systems, the short time required for PLA missiles to reach the island allows for few missiles to be neutralized. The deployment of over 900 short-range ballistic missiles to regions opposite Taiwan makes a profound statement; de jure independence will not be tolerated.

PLA planners must stop short of all out war by striking military bases and defense systems. Targeting industries, harbors, and the population would be costly to Beijing and may reverse the intended effects. Precise missile strikes on Taiwan’s vulnerabilities increase Taipei pleas for reconciliation.

<table>
<thead>
<tr>
<th>China’s Missile Force</th>
<th>Ballistic and Cruise</th>
<th>Estimated Range</th>
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<tbody>
<tr>
<td></td>
<td>Missiles</td>
<td>Launchers</td>
</tr>
<tr>
<td>CSS-2</td>
<td>15-20</td>
<td>5-10</td>
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<tr>
<td>CSS-3</td>
<td>15-20</td>
<td>10-15</td>
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<td>CSS-4</td>
<td>20</td>
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<td>DF-31</td>
<td>&lt;10</td>
<td>&lt;10</td>
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<td>DF-31A</td>
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<td>CSS-5</td>
<td>60-80</td>
<td>60</td>
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<tr>
<td>CSS-6</td>
<td>315-355</td>
<td>90-110</td>
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<tr>
<td>CSS-7</td>
<td>675-715</td>
<td>120-140</td>
</tr>
<tr>
<td>DH-10</td>
<td>50-250</td>
<td>20-30</td>
</tr>
<tr>
<td>JL-2</td>
<td>Developmental</td>
<td>10-14</td>
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</tbody>
</table>

**Note:** China’s Second Artillery maintains at least 5 operational SRBM brigades; an additional two brigades are subordinate to PLA ground forces – one garrisoned in the Nanjing MR and the other in the Guangzhou MR. All of SRBM units are deployed to locations near Taiwan.

Figure 9. China’s Missile Forces

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E. BEYOND TAIWAN

U.S. arms sales coupled with achieving a resolution to the Taiwan issue propel China’s military modernization. Should a peaceful resolution occur, Beijing’s military focus may shift to its secondary concern – the protection of vital resources and sea lines of communication. Not to say neighboring areas are overlooked, but special attention has been paid to Taiwan and the United States.

China’s air, naval, and missile capabilities deter opposition to claimed islands and territorial waters and access denial in the East and South China Seas. In November 2004, a Chinese Han-class submarine was detected near the Senkaku Islands; an island chain claimed by both Japan and China. The disputed islands generate tension; especially with the indication of large amounts of natural resources within the area. With emphasis on securing strategic resources, gaining control of the Senkaku islands would provide legitimacy over the Pinghu Oil Field. The Spratly Islands remain a source of contention within the Asian-Pacific region. Multiple disputes have occurred as each nation is vying for precious natural resources which the island chain is thought to contain. To add fuel to the fire, this area is the largest shipping lanes to Asia; especially oil from the Middle East.

Beijing also seeks to extend its diplomatic influence into Latin America, the Middle East, and Africa with the intention to ensure China’s access to energy supplies. In Latin America and the Middle East military technology and hardware are exchanged for energy rights and shipping lanes. Ground forces are the forward deployed to operations in Africa allowing the safeguard of additional resources. In some cases, the People’s Republic of China offers military support to safeguard their energy supply. With its growing dependency on energy supplies, Beijing inadvertently or purposely “locks up” resources to guarantee their supply while denying access to others nations.

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China’s Defense White Papers profess national defense and peaceful development, however, the acquisition and production of advanced weapons, equipment, and technology tell a different story. The PLA is molding into a force capable of performing a variety of military functions not only against Taiwan, but in the Asia-Pacific region and beyond. Although China’s military modernization amplifies anxiety in its neighbors, it provides Beijing the option to utilize coercion to obtain an advantage in capital, natural resources, and resolving territorial disputes.
VI. CONCLUSION

U.S. arms sales and military support to Taiwan create two significant problems. One, Taiwan authorities rely heavily on the United States, thereby, remaining defiant regarding talks concerning reunification; and two, the lingering uncertainty regarding a Taiwan resolution compels China to accelerate its military modernization.

Although limited progress has occurred over the past two decades, yet Taiwan remains a source of conflict between China, Taiwan, and the United States. Washington acknowledges the PRC as the sole legal government of China, with Taiwan as part of China; however, its continuing support makes reunification uncertain from Beijing’s perspective.

All parties must avoid giving the wrong impression that might lead to mistrust and conflict. In the near term, it appears Beijing will not use force to reunify, nor will Taipei gain independence. While the Chen Administration rejects unification and continues to procure defense arms, China’s military modernizes opposite Taiwan.

The sale of military arms and equipment to Taiwan remains a very sensitive subject for China. Beijing denounces the U.S. sale of arms to Taiwan as a violation of its sovereignty, and it must develop strategies to counteract and discourage future sales.\(^{183}\) The question of whether China can afford to attack Taiwan is misguided, for the threat of force against Taiwan is a deterrent to Taiwan’s independence; but should deterrence fail, Beijing would feel it had no choice but to launch an overall attack on Taiwan.\(^{184}\)

Taiwan’s presidential election in March 2008 could change the outlook on unification, but that is improbable. Taiwan authorities remain dependent upon the United States to constrain China. The removal of Taipei’s dependency on Washington may promote stronger cross strait interaction. Washington must step lightly to ensure Beijing

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does not miscalculate its intentions. The U.S. pledge to Taiwan still troubles China. The continued sale of military arms granted through the Taiwan Relations Act and the “six assurances” to Taiwan believed to undermine China’s authority. Beijing has long opposed arms sales and believes that U.S. support provokes and misleads Taiwan into pushing for independence. A reduction or ending of arms sales may significantly improve the prospects for an eventual resolution, though perhaps not on terms acceptable to Taipei. If continued, it is highly unlikely the Chinese government can be persuaded or coerced to alter its calculus regarding Taiwan, especially not by a U.S. government that appears to be supporting Taiwan's independence.\textsuperscript{185}

The opening of dialogue would initially ease cross strait tension. However, any dialogue would be fruitless unless each side were willing to take steps that increased cooperation and diminished confrontation.\textsuperscript{186} The administrations must re-open talks to better political, economic, and social ties. As major trading partners, any act leading to war would be costly to the regional and global economy. With travel, trade, and investment opportunities drawing the populations closer, maintaining the status quo is easier. Although acceptable in the short term, in the long term it is highly unlikely that Beijing can be persuaded to alter its calculus regarding Taiwan, especially not by a U.S. government that appears to be contradicting the status quo by supporting Taiwan.\textsuperscript{187}


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