

CRS Report for Congress

Taiwan: Recent Developments and U.S. Policy Choices

Updated September 25, 2007

Kerry Dumbaugh
Specialist in Asian Affairs
Foreign Affairs, Defense, and Trade Division



Prepared for Members and
Committees of Congress

Report Documentation Page

Form Approved
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE 25 SEP 2007		2. REPORT TYPE		3. DATES COVERED 00-00-2007 to 00-00-2007	
4. TITLE AND SUBTITLE Taiwan: Recent Developments and U.S. Policy Choices				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, The Library of Congress, 101 Independence Avenue SE, Washington, DC, 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Taiwan: Recent Developments and U.S. Policy Choices

Summary

In response to political developments in Taiwan, the Bush Administration is widely seen to have dialed back its initial public enthusiasm for supporting Taiwan initiatives, particularly those seen as provocative or as challenges to what the United States understand as the “status quo.” While still pursuing a closer U.S. relationship with Taiwan, U.S. officials now appear to be balancing criticisms of the PRC military buildup opposite Taiwan with periodic cautions and warnings to Taiwan that some of its actions are “unhelpful” and that U.S. support for Taiwan is not unconditional, but has limits.

This represents a marked departure from the early days of the George W. Bush Administration, when the White House seemed to abandon the long-standing U.S. policy of “strategic ambiguity” on Taiwan in favor of “strategic clarity” that placed more emphasis on Taiwan’s interests and less on PRC concerns. Among other things, President Bush approved a substantial sale of U.S. weapons to Taiwan (in April 2001) and was more willing than previous U.S. presidents to approve visas for visits from Taiwan officials, including Taiwan’s president in 2001 and 2003, and Taiwan’s vice president and defense minister in 2002. This initial policy approach was in keeping with growing congressional sentiment that greater U.S. support was needed for Taiwan’s defense needs, particularly given the PRC’s military build-up in southern China. Members undertook a number of bipartisan initiatives to focus more U.S. attention on Taiwan and raise its international stature, including establishing a House Congressional Taiwan Caucus in 2002 and Senate Taiwan Caucus in 2003.

Since then, U.S.-Taiwan relations have undergone important changes, sparked in part by the increasing complexity and unpredictability of Taiwan’s democratic political environment. Taiwan President Chen Shui-bian, a member of the Democratic Progressive Party (DPP), has disavowed key concepts long embraced by the formerly ruling Nationalist Party (KMT) — the “status quo” that there is only one China and Taiwan is part of it — and instead has adopted the more provocative position that Taiwan already “is an independent, sovereign country,” a “status quo” he promises to maintain. In 2007, President Chen has made pursuing full United Nations membership under the name “Taiwan” one of his policy priorities, despite PRC opposition and strong U.S. statements of discouragement.

While these recent actions have succeeded in further elevating the concept of Taiwan nationalism, even among the DPP’s KMT opponents, many in the electorate appear wary of the more strident and confrontational aspects of President Chen’s political positions. This, combined with a series of corruption scandals involving Chen administration officials and the president’s family members, has led to record-low approval ratings for President Chen and a growing political outcry against him. These political trends have raised anxieties about the prospects for a future political and constitutional crisis in Taiwan that could further complicate U.S. policy.

This report will be updated as events warrant.

Contents

Most Recent Developments	1
Background and Analysis	1
Taiwan Democratization: Challenges for U.S. Policy	2
Political Pluralization	2
Split Government, Competing Ideologies	3
Key Current Issues in Taiwan	4
Bid for U.N. Membership	4
Constitutional Revision	6
Taiwan Independence Rhetoric	7
The “Four Wants”	8
State-Run Enterprise Name Changes	8
Corruption Scandals	9
PRC Anti-Secession Law	9
U.S. Arms Sales to Taiwan and Taiwan Defense Budget	10
Opposition Party Visits to China	11
Taiwan-Mainland Relations	12
Cross-Strait Developments in the Chen Administration	12
Private-Sector Exchanges	13
Economic and Trade Issues	13
Taiwan’s World Trade Organization (WTO) Accession	14
Avian Flu, SARS, and WHO Observer Status	14
Policy Trends in the George W. Bush Administration	15
Initial Tilt Toward Taiwan	15
Taiwan the “Unhelpful”	16
Implications for U.S. Policy	17
Legislation	18
Chronology	19
For Additional Reading	22

Taiwan: Recent Developments and U.S. Policy Choices

Most Recent Developments

September 19, 2007 — For the 15th consecutive year, a U.N. General Assembly Committee (the General Committee) rejected the recommendation that Taiwan's formal application for U.N. membership be considered at this year's meeting of (the 62nd) General Assembly. Two days later, on September 21, 2007, the General Assembly agreed to support the General Committee's decision not to place Taiwan's application on the agenda.

September 17, 2007 — The *United Evening News* reported that Taiwan's military had been planning to deploy missiles on the island of Matsu but had suspended the plan due to U.S. pressure.

September 16, 2007 — China's Taiwan Affairs Office said that Beijing had "made necessary preparations" to "deal with serious conditions" as a result of Taiwan's U.N. membership bid.

September 12, 2007 — The Pentagon announced \$2.2 billion in possible military sales to Taiwan, including 12 surplus Orion P3-C maritime patrol craft and 144 SM-2 Block 3A Standard anti-aircraft missiles, built by Raytheon.

September 10, 2007 — Taiwan Defense Minister Ko Cheng-heng said that Taiwan had an "urgent and legitimate need" to buy F-16s. Minister Ko made the statement while attending the Sixth U.S.-Taiwan Defense Industry Conference in the United States.

August 27, 2007 — In an interview with Hong Kong Phoenix TV, U.S. Deputy Secretary of State John Negroponte reiterated U.S. opposition to Taiwan's holding a referendum on U.N. membership.

Background and Analysis

Once a U.S. World War II ally, the Republic of China (ROC) government, now located on Taiwan, remains a key U.S. foreign policy issue. With sovereignty over the island also claimed by the People's Republic of China (PRC), official U.S. relations with Taiwan became a necessary casualty of the 1979 American decision to establish diplomatic relations with the communist PRC government as the sole legitimate government of all China. Since then, absent diplomatic relations, the United States still has maintained economic and security relationships with Taiwan,

including the sale of defensive military weapons and services.¹ But continuing political transformations in both the PRC and Taiwan since 1979 mean that U.S. policymakers are facing more difficult policy choices in relations with each government.

This report focuses on current developments in Taiwan, analyzing how those developments are affecting choices the United States makes about its policy toward Taiwan specifically and toward the PRC more broadly. Other CRS reports provide more details about the myriad historical complexities of Taiwan's current situation in U.S. policy, such as: historical background about how the ROC on Taiwan went from a U.S. ally to a government with no diplomatic U.S. relations, including the fundamentals governing U.S. policy toward Taiwan today (CRS Report RS22388, *Taiwan's Political Status: Historical Background and Ongoing Implications*, by Kerry Dumbaugh); the increase in U.S.-Taiwan tensions since 2001 (CRS Report RL33684, *Underlying Strains in U.S.-Taiwan Political Relations*, by Kerry Dumbaugh); and the subtle and complicated permutations of the "one-China" policy over three decades and its role in U.S. policy (CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy — Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan). Readers who wish to skip background information in this report can turn directly to "Key Current Issues in Taiwan," on page four.

Taiwan Democratization: Challenges for U.S. Policy

Ironically, one of the key challenges for U.S. Taiwan policy has become Taiwan's own political liberalization and democratization since 1979. Under the strongly authoritarian rule (and martial law) of the long-ruling Nationalist Party (KMT), Taiwan's political decisions from 1949 to 1979 were predictable, closely aligned with U.S. interests, and clearly dependent on U.S. support. But several decades of political reform and democratic development have made Taiwan politics today both more pluralistic and more unpredictable.

Political Pluralization. Taiwan's political liberalization began in the mid-1980s, when the KMT first permitted formation of opposition parties (1986), including the Democratic Progressive Party (DPP), a party whose platform advocated Taiwan independence from China. The KMT government also ended martial law (in 1987), and for the first time opened government positions to native "Taiwanese" — the 85% of the island's population who predated the influx of the two million "mainlanders" fleeing communist forces. Members of Taiwan's legislature in the 1980s, elected on mainland China over 40 years earlier, were asked to retire, and a new, streamlined legislature was elected in 1992. In 1996, Taiwan held its first direct presidential election, which was won by KMT leader Lee Teng-hui, himself a native Taiwanese. During his presidency, Lee increasingly distanced himself from his party's long-standing position that there was only "one China" and that Taiwan was part of it. This posed complications for one of the fundamental tenets on which U.S. relations with the PRC were based — the statement that "The United States

¹ U.S. weapons sales to Taiwan are governed by Section 2 and Section 3(b) of the Taiwan Relations Act, P.L. 96-8: 22 U.S.C., Chapter 48, Sections 3301-3316.

acknowledges that all Chinese on either side of the Taiwan Strait maintain that there is but one China and that Taiwan is a part of China.”²

The uninterrupted KMT dynasty on Taiwan finally was broken on March 18, 2000, when DPP candidate Chen Shui-bian won the presidency with only 39% of the popular vote. The victory was a stunning defeat for the KMT and its unbroken 50-year tenure in power. By the narrowest of margins, President Chen was elected to a second (and final) term in March 2004, winning by only 29,518 votes out of a reported 13.25 million votes cast. The KMT fall from its former political dominance was compounded in two subsequent legislative elections in December 2001 and December 2004, when the struggling party saw its majority of 115 seats in the 225-member Legislative Yuan (LY) cut drastically — to just 89 seats in 2007.³

Split Government, Competing Ideologies. With Chen Shui-bian and the DPP’s “Pan-Green” coalition in control of the presidency since 2000, the KMT nevertheless has managed to retain the barest control of Taiwan’s legislature by cobbling together a working “Pan-Blue” coalition of 113 from its own remnants: 79 KMT members and 34 members of a new faction that broke from the main KMT party, the People First Party (PFP).⁴ Since the two opposing coalitions have different political ideologies and roughly equal political strength, this split government has created significant gridlock in Taiwan’s political arena since 2000 and thus difficult political realities for U.S. policymakers.

The membership of the DPP-led “Pan-Green” coalition, to which incumbent president Chen Shui-bian belongs, is largely native Taiwanese and is closely identified with advocating Taiwan independence — an eventuality which Beijing has stated it will “bear any cost” to prevent. Chen, himself a native Taiwanese, has performed a continuing and uneven balancing act between the radical base of his party — avid independence advocates — and the more cautious in the Taiwan electorate who may wish for independence but who believe that antagonizing the PRC is not in Taiwan’s interests. For a while, Chen and his advisors attempted to finesse this contradiction by proclaiming a “new Taiwan identity” and emphasizing maintenance of the “status quo” — which they define as Taiwan’s de facto sovereignty and statehood. While this strategy met with a certain amount of success, the political nuances ultimately have satisfied neither Chen’s “deep Green” political

² This particular quote is from the 1972 Shanghai Communique issued at the conclusion of President Richard Nixon’s landmark trip to China. A somewhat vaguer formulation — “The [United States] acknowledges the Chinese position that there is but one China and Taiwan is part of China.” — was part of the 1979 communique normalizing U.S. relations with the PRC.

³ Elections for Taiwan’s Legislative Yuan (LY) are held every three years. But due to legislative reforms enacted in the past several years, the next LY elections, scheduled for December 2007, will be for a new body half the size of the former (from 225 to 113 seats) whose members will serve for four years.

⁴ The “Pan-Green” is the popular name of the DPP’s political union with a like-minded minority party, the Taiwan Solidarity Union (TSU), which itself emerged from the December 2004 LY elections with 12 seats. The two “color” coalitions were so named because of their respective party colors.

base nor the more moderate in the Taiwan polity. Bush Administration officials have grown increasingly concerned over the complications that the more assertive components of Chen's strategy create for U.S. policy toward China and Taiwan.⁵

On the other side of Taiwan's political spectrum is the KMT's opposition "Pan-Blue Coalition." The KMT historically is a party of mainlanders that fled to Taiwan from China in 1949. It is politically conservative and strongly anti-communist. Although it is credited with engineering Taiwan's vibrant economic growth and transformation during its 50-year rule on the island, the KMT's inability to offer a clear and creative vision for Taiwan's future in the 21st century ultimately made it vulnerable to the DPP political challenge in the 2000 election.⁶ Since then, the KMT has portrayed itself as a more responsible steward than the DPP for Taiwan's future. It criticizes the DPP's posture toward Beijing as unnecessarily confrontational and promises to replace it with a policy of engagement. Many KMT members have criticized the DPP's "new Taiwan identity" emphasis as an attempt to question KMT political legitimacy and as a dangerous provocation to ethnic divisions. The party also gets political mileage out of portraying Chen as insufficiently attentive to the needs of Taiwan's business community — as in the economic disadvantages Taiwan business interests continue to face due to Taiwan's restrictions on contacts with mainland China.

This legislative-executive split in Taiwan's government has created unique political problems. U.S. policymakers generally have found these political processes difficult to oppose because they are democratic but also, for the same reason, difficult to rely on for support of U.S. interests. Domestically, the relatively even strength of the Taiwan two coalitions has resulted in years of effective political gridlock. The KMT/PFP legislative coalition since 2002 has been able to block or modify most of the DPP's policy initiatives, while President Chen has proven adept at counter-offensive in the public debate by offering controversial initiatives that potentially could affect Taiwan's political status.

Key Current Issues in Taiwan

Bid for U.N. Membership

After years of unsuccessful attempts to win observer status in the United Nations and its affiliate bodies, particularly the World Health Organization (WHO), Taiwan in 2007 changed tactics and submitted an application for full membership in

⁵ In September 2005, for example, at the U.S.-Taiwan Business Council-Defense Industry Conference 2005, Edward Ross, Director of the U.S. Defense Department's Defense Security Cooperation Agency, strongly criticized Taiwan's politicization of security issues, saying it was reasonable to question why the United States should invest in Taiwan's self-defense if Taiwan itself were not willing to invest in it.

⁶ The traditional KMT policy held that there was only one China, that Taiwan was part of China, and that one day Taiwan would re-take the mainland and China would be reunified.

WHO under its formal name, the “Republic of China.” This effort also failed.⁷ On September 19, 2007, a U.N. General Assembly Committee (the General Committee) rejected a similar bid that Taiwan’s application for full U.N. membership be considered at this year’s meeting of (the 62nd) General Assembly. Two days later, On September 21, 2007, the U.N. General Assembly agreed to uphold the decision of the General Committee not to place Taiwan’s membership application on the agenda.

President Chen by late May 2007 had begun to argue that Taiwan should apply to these U.N. agencies under the name “Taiwan,” and on June 18, 2007, Chen announced that he would hold an island-wide referendum on this subject in conjunction with Taiwan’s legislative or presidential elections in 2007-2008. Although no such referendum in Taiwan has yet been held, the Taiwan government announced on June 20, 2007, that it had just officially submitted (on July 19) an application for full U.N. membership under the name “Taiwan.” The U.N.’s Office of Legal Affairs rejected that application on July 23, 2007, on the grounds that it violated the U.N.’s “one China” policy.

Taiwan’s potential participation in the United Nations is controversial, and vigorously opposed by China, because it suggests that Taiwan is a sovereign state separate from the mainland. U.S. officials, on record as supporting Taiwan’s membership in organizations “where state-hood is not an issue,”⁸ have been unusually blunt and outspoken on Taiwan’s current U.N. application efforts. A strong succession of U.S. statements in 2007 includes:

- **June 19, 2007:** “We do not support Taiwan’s membership in international organizations that require statehood [for membership].... This would include a referendum on whether to apply to the United Nations under ‘Taiwan’.” (State Department spokesman Sean McCormack reacting to President Chen’s U.N. referendum announcement.)
- **August 27, 2007:** “...We strongly support Taiwan’s democracy.... But when it comes to this issue of a referendum as to whether or not Taiwan joins the United Nations in the name of Taiwan, we do have great concerns. We oppose ... that kind of a referendum because we see that as a step towards the declaration — towards a declaration of independence of Taiwan, towards an alteration of the status quo.” (Deputy Secretary of State John Negroponte, in an interview with Hong Kong’s Phoenix TV.)
- **August 30, 2007:** “We are very supportive of Taiwan on many many fronts.... However, membership in the United Nations requires statehood. Taiwan, or the Republic of China, is not at this point a state in the international community. The position of the United States government is that the ROC...is an issue undecided, and it has been left undecided ... for many, many years.” (Dennis Wilder,

⁷ On May 14, 2007, WHO’s annual assembly meeting voted 148-17 not to consider Taiwan’s new application.

⁸ A State Department spokesman, in response to a press question at the State Department press briefing of March 20, 2002.

National Security Council Senior Director for Asian Affairs, at a White House press briefing on the President's September APEC trip.)

- **September 11, 2007:** "... we do not support Taiwan's membership in international organizations that require statehood and therefore would not support such a [U.N.] referendum ... [the referendum's supporters] do not take seriously Taiwan's commitments to the United States and the international community [and] are willing to ignore the security interests of Taiwan's most steadfast friend ... we do not like having to express publicly our disagreement with the Chen Administration ... [and] I can assure you that we would not have done so had we not exhausted every private opportunity through consistent, unmistakable, and authoritative messages over an extended period of time." (Deputy Assistant Secretary of State Thomas J. Christensen, in a speech at the U.S.-Taiwan Defense Industry Conference.)

Beijing argues that since Taiwan is not a state but a part of China it cannot be separately admitted to U.N. entities for which sovereign status is a pre-requisite for membership. In the past, Taiwan authorities maintained that its "observer status" in U.N. bodies such as WHO would be an apolitical solution since other non-sovereign entities, like the Holy See and the Palestine Liberation Organization, have been given such status. In 2004, the 108th Congress enacted legislation (P.L. 108-28) requiring the Secretary of State to seek Taiwan's observer status in WHO at every annual WHA meeting.⁹

Constitutional Revision

For several years, President Chen Shui-bian often has spoken of revising or replacing Taiwan's constitution. In a 2007 statement on this topic, President Chen said a new constitution would "cement [Taiwan's] democratic achievements." U.S. officials have expressed support for constitutional reform that would improve Taiwan's political infrastructure in ways that would make governmental processes work more effectively. But Washington is concerned more broadly about the direction that constitutional reform in Taiwan may take — more specifically, that the Taiwan government may use the constitutional revision process as a vehicle for addressing issues relating to sovereignty and Taiwan's political status.¹⁰ U.S. officials repeatedly have warned Taiwan against such unilateral moves toward independence.¹¹

⁹ The bill, S. 2092, was enacted as P.L. 108-235.

¹⁰ Such concern was expressed in a State Department briefing, for instance, on September 25, 2006.

¹¹ Assistant Secretary of State James Kelly issued such a warning when testifying before Congress in April 2004, in the first major U.S. response to President Chen's constitutional revision plans. Similar warnings have been issued regularly since then — as in early 2007 when Deputy Secretary of State nominee John Negroponte, also testifying before Congress, cautioned that President Chen's constitutional revision plans could be "at cross purposes"

(continued...)

As a consequence of President Chen's call for constitutional change, several think-tanks and scholars around Taiwan were encouraged to work on various aspects of potential constitutional reform.¹² According to Taiwan officials, proposed changes included the efficacies of a presidential versus a cabinet system; how many levels of government were desirable; whether the voting age should be 21 or 18; and gender discrimination issues. In 2007, several of these groups have published draft versions of their constitutional proposals for Taiwan's legislature to consider.¹³ The first draft to receive sufficient legislative endorsement to be placed before the legislature's Procedures Committee, according to one news account, refers to Taiwan as a "free and democratic republic."¹⁴ Any proposed constitutional draft faces a series of legislative hurdles and must be approved by two-thirds of the Taiwan legislature.

Taiwan Independence Rhetoric

For U.S. policymakers in the Bush Administration, President Chen Shui-bian's unpredictable political style has become problematic for U.S.-Taiwan relations and for the White House's view of the Taiwan government. This is a change from the early months of the Chen Administration, when initial U.S. concern over the new government's strong pro-independence stand was eased by President Chen's moderate tone, his apparent openness to engagement with China, and his repeated public pledges — the so-called "five-noes" — that during his tenure he would not declare independence, change Taiwan's official name, or take other controversial actions that would be confrontational to Beijing and problematic for Washington.

But in recent years, President Chen has pushed the edge of the independence envelope in ways that many U.S. officials judge have violated both the spirit and the letter of both his public "five noes" pledges and his private assurances to Washington. These Chen surprises have brought repeated admonitions from U.S. officials and have caused what some have described as a fatal rupture in White House relations with President Chen's administration.¹⁵ Among other actions, beginning in 2002 the Chen Administration has repeatedly referred to Taiwan as an already independent country and a separate country from China; pushed for "national" referenda on key questions; defined national territory as limited to Taiwan and outlying islands (instead of the traditional full-China definition of the ROC's

¹¹ (...continued)

with U.S. policy toward Taiwan. Hearing before the Senate Committee on Foreign Relations, January 30, 2007.

¹² Author's participation in a meeting with Michael Tsai, Deputy Secretary-General of Taiwan's National Security Council, in April 2006.

¹³ On March 18, 2007, the pro-independence Taiwan Thinktank revealed a constitutional proposal it called the "second republic" constitution suggesting that Taiwan and China are separate entities. According to the constitution draft's author, Chen Ming-tong, more than 15 different constitutional proposals or amendments are currently being proposed by different groups in Taiwan. Ko Shu-ling, "Group pushes new constitution," *Taipei Times*, March 19, 2007, p. 3.

¹⁴ Ko Shu-ling, "Draft constitution moves ahead," *Taipei Times*, April 3, 2007, p. 3.

¹⁵ From conversations in May and June 2006 with former U.S. government officials.

territory); held an island-wide referendum on aspects of Taiwan's defensive strategy against the PRC; effectively abolished the symbolically important National Unification Council (NUC), in spite of his "five noes" pledges not to do so; and launched efforts to turn Taiwan into a "normal country."¹⁶

The "Four Wants". One source of contention in U.S.-Taiwan relations came on March 4, 2007, when President Chen, addressing a pro-independence audience in Taiwan, reportedly announced that Taiwan "should be independent," without sovereign connection with the PRC. In his strongest pro-independence rhetoric yet, President Chen also declared that Taiwan wants four things (quickly dubbed the "four wants" in the press): independence, an official name-change to "Taiwan," a new constitution, and greater economic development. That was followed two days later with a statement by the Chairman of President Chen's party that the president's original "five noes" pledges should be scrapped. A U.S. State Department spokesman reacted to the Chen statement on March 5, 2007, with the following:

President Chen has repeatedly pledged that he would not alter the guarantees in his 2000 inaugural address not to declare independence, change the national title, push for inclusion of sovereignty themes in the constitution, or promote a referendum to change the status quo in regards to the questions of independence and unification.... President Chen's fulfillment of his commitments is a test of leadership, dependability and statesmanship and of his ability to protect Taiwan's interests, its relations with others, and to maintain peace and stability in the Strait. Rhetoric that could raise doubts about these commitments is unhelpful."¹⁷

State-Run Enterprise Name Changes. In August-September 2006, Taiwan's Premier disclosed that the government would be changing the name of Taipei's Chiang Kai-shek International Airport to the "Taiwan Taoyuan International Airport" as a result of a proposal put forward by the Ministry of Transportation and Communications.¹⁸ Since then, the government has continued a quiet and intermittent campaign to replace references to "China" with "Taiwan" on Taiwan's postage stamps and in the names of Taiwan's state-run entities — such as China Shipbuilding Corporation (changed to CSBC Corp., Taiwan) and Chinese Petroleum Corporation (to "CPC Corp., Taiwan). In a particularly controversial move, on May 19, 2007, the Taiwan government renamed the Chiang Kai-shek Memorial Hall (dedicated to the Republic of China's late President) as the Taiwan Democracy Memorial Hall — a move that is currently under legislative challenge. The name-change campaign has been criticized by both the KMT opposition party and by former President Lee Teng-hui of the pro-independence Taiwan Solidarity Union (TSU) party. U.S. officials likewise have been critical, with a U.S. State Department spokesman saying on February 9, 2007:

¹⁶ For further information, see CRS Report RL33684, *Taiwan-U.S. Political Relations: new Strains and Changes*, by Kerry Dumbaugh.

¹⁷ State Department spokesman Sean McCormack's answer to a question during his daily press briefing, March 5, 2007. [<http://www.state.gov/r/pa/prs/dpb/2007/mar/81396.htm>]

¹⁸ Premier Su Tseng-chang, in "Taiwan pushes for renaming of Chiang Kai-shek Airport," *Asia Pulse*, September 1, 2006.

As we have said many times before, we do not support administrative steps by Taiwan authorities that would appear to change Taiwan's status unilaterally or move towards independence. The United States does not, for instance, support changes in terminology for entities administered by Taiwan authorities.¹⁹

Following the U.S. statement, the Chairman of the DPP Party, Yu Shyi-kun, reportedly said that the United States had no right to meddle in Taiwan's internal affairs, such as the name-change campaign.²⁰

Corruption Scandals

Another problem affecting Taiwan's political processes since 2006 is a number of corruption scandals enveloping both the Chen Administration and the former head of the KMT, Ma Ying-jeou, in the past widely seen as his party's best hope for regaining the presidency in 2008. Both men have been tarnished by charges that they misappropriated government funds in various ways. President Chen is seen to have been grievously wounded by allegations of corruption, including allegations about his wife and other members of his family and instances of malfeasance by government officials close to the President. (Although President Chen cannot be indicted as a sitting president, no such prohibition exists for Ma Ying-jeou, who was indicted on February 13, 2007, and whose trial began April 3, 2007.) For President Chen, the "four wants" statement and the name-change campaign have served to deflect some of the attention from the ongoing corruption scandal. Chen has survived three recall initiatives as a result of the scandal — in June, October, and November 2006.²¹

PRC Anti-Secession Law

President Chen and his supporters have linked a number of the government's initiatives to the PRC's adoption, on March 14, 2005, of a ten-article "anti-secession law" aimed at reining in Taiwan independence advocates.²² While much of the new PRC law speaks of conciliatory measures — such as encouraging cross-strait economic and cultural exchanges and resumption of direct trade, air, and mail links — Article 8 of the anti-secession law specifically authorizes the use of "non-peaceful means" to reunify Taiwan with China. According to Article 8:

In the event that the "Taiwan independence" secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity.

¹⁹ State Department spokesman Sean McCormack, at the daily press briefing, February 9, 2007. [<http://www.state.gov/r/pa/prs/dpb/2007/80360.htm>]

²⁰ DPP Brushes Aside U.S. Objections," *China Post*, February 12, 2007.

²¹ Y. F. Low, "Legislature set to vote on second motion to recall president October 13," *Central News Agency English News*, September 29, 2006.

²² The measure was adopted by the PRC's National People's Congress.

American observers and U.S. officials termed the PRC anti-secession law counterproductive, particularly given improvements in a range of Taiwan-China contacts since December 2004. Many saw the anti-secession law as a clear signal of China's potential rising military threat to Taiwan and feared it could significantly raise tensions across the Taiwan strait. Critics also feared the law could be used to harass independence advocates in Taiwan by, for example, labeling them "criminals" and demanding their extradition from third party countries. For their part, Taiwan authorities denounced the enactment of the law and temporarily suspended further talks with Beijing on holding direct-charter cargo and holiday passenger flights between the two sides.

U.S. Arms Sales to Taiwan and Taiwan Defense Budget

Under the Taiwan Relations Act (P.L. 96-8), the United States is obligated to provide Taiwan with defense articles and services for its self-defense — a relationship to which the PRC has long objected. In keeping with the TRA, for example, on February 28, 2007, the U.S. government notified Congress of another potential Foreign Military Sale, in response to a Taiwan request, consisting of AMRAAM and Maverick missiles and attendant equipment and services totaling as much as \$421 million.²³

On June 15, 2007, Taiwan's legislature passed a long-delayed national defense budget that for the first time included funds for purchasing some of the U.S. weapons systems offered for sale in 2001. The budget included funds to purchase P-3 Orion anti-submarine reconnaissance; to upgrade the Patriot missile batteries that Taiwan already has; and to provide \$450 million to fund the purchase of F-16 C/D fighters, a request pending before the USG. The budget passage subsequently was followed, on September 12, 2007, by a Pentagon announcement of \$2.2 billion in possible military sales to Taiwan, including 12 surplus Orion P3-C maritime patrol craft and 144 SM-2 Block 3A Standard anti-aircraft missiles, built by Raytheon.

But in spite of this recent progress on the defense budget, action on funds to purchase the bulk of U.S. arms offered for sale in 2001 remains captive to Taiwan's rancorous political bickering. Taiwan's inability so far to take full advantage of a substantial U.S. military support package approved for sale in 2001 has become an increasing irritant in Taiwan-U.S. relations.²⁴ Problems over arms sales have the potential to impose longer-term damage to the unique character of unofficial U.S.-Taiwan relations.²⁵

²³ Details of the sale can be found in a news release by the Defense Security Cooperation Agency at [http://www.dsca.osd.mil/PressReleases/36-b/2007/Taiwan_07-10.pdf].

²⁴ In 2003, Taiwan's legislature did approve \$800 million for the purchase of the four Kidd-class destroyers. On December 8, 2005, the first two of these (now designated Keelung class) arrived at the Suao naval base in northeastern Taiwan after having been refurbished in South Carolina, reportedly by a Taiwanese work crew. The two destroyers were commissioned in a December 17, 2005 ceremony in Keelung. *Taipei Times*, December 19, 2005, p. 3.

²⁵ "Security through procurement? The debate over Taiwan's defense spending," Carnegie (continued...)

U.S. officials began voicing concerns over what they described as weaknesses in Taiwan's self-defense and a lagging pace to Taiwan's arms purchases as far back as 2002. According to a DOD report, Taiwan's self-defense deficiencies include an "opaque military policymaking system; a ground force-centric orientation; and a conservative military leadership culture."²⁶ As the defense budget stalemate in Taiwan continued, some U.S. officials began to question Taiwan's level of commitment to its own defense, implying that perhaps U.S. policy should be reassessed accordingly.²⁷ Criticism also has come from the Taiwan side, as Taiwan officials periodically have accused the U.S. Navy of deliberately trying to subvert progress on the 2001 diesel-electric submarine sale by over-inflation of estimated construction costs and onerous funding requirements.²⁸

Opposition Party Visits to China

In addition to the anti-secession law, PRC officials also have sought to increase pressure on the Chen government by inviting Taiwan opposition leaders to visit China and meet with PRC President Hu Jintao in Beijing. Both Taiwan's Nationalist Party (KMT) chairman Lien Chan and People First Party (PFP) chairman James Soong accepted these invitations, making eight-day visits to China in April and May 2005. While some view the visits as a positive development for Taiwan-PRC relations, others see them as Beijing's effort to exploit Taiwan's internal political divisions and further isolate President Chen.²⁹ Some critics — in Taiwan and elsewhere — accused Lien and Soong of helping the PRC to more successfully "sell" to the world its claim that the intentions of its March 2005 anti-secession law are peaceful.³⁰ At least half a dozen more Taiwan political groups have undertaken unofficial visits to China since the Lien-Soong visits, and on August 16, 2005, KMT Chairman Lien Chan further announced the formal start of grass-roots exchanges between KMT and CCP officials from six different locations on each side, with Taiwan party officials from Keelung, Hsinchu, Taichung, Changhua, Tainan, and

²⁵ (...continued)

Endowment for International Peace, October 27, 2005.

²⁶ The text of the 2002 DOD report is at [<http://www.defenselink.mil/news/Jul2002/d20020712china.pdf>].

²⁷ In a 2005 speech to the U.S.-Taiwan Business Council-Defense Industry Conference 2005, Ed Ross, Director of DOD's Defense Security Cooperation Agency, strongly criticized Taiwan's foot-dragging on passage of the defense budget, saying it was reasonable in such a situation to question the level of U.S. commitment to Taiwan's self-defense.

²⁸ Minnick, Wendell, "Taiwan claims U.S. Navy is sabotaging SSK plans," in *Jane's Defence Weekly*, February 15, 2005.

²⁹ "It's classic divide-and-conquer strategy: Assemble the most allies possible and isolate your enemy." Jean-Philippe Beja, senior fellow at the Center for International Studies and Research in Paris. Cited in Magnier, Mark and Tsai Ting-I, "China Tries New Tactic with Taiwan," *Los Angeles Times*, April 29, 2005, p. A-3.

³⁰ According to Shen Dingli, a PRC foreign policy expert at Shanghai's Fudan University, "These invitations for Taiwanese to visit help China regain the international high ground in cross-strait matters. And it deflects international focus from the anti-secession law." *Ibid.*, *Los Angeles Times*, April 29, 2005.

Kaohsiung; and CCP party officials from Shenzhen, Xiamen, Suzhou, Qingdao, Ningbo, and Fuzhou. U.S. officials have warned Beijing against using the party-to-party visits to drive a wedge between Taiwan's political parties, and have stressed that Beijing should be talking to President Chen and the elected Taiwan government.

Taiwan-Mainland Relations

Succeeding Taiwan governments since 1987 incrementally have eased long-standing restrictions on contacts with the PRC. The most significant of these decisions occurred on June 14, 2006, when Taiwan and China simultaneously announced that they had reached agreement to allow up to 168 direct annual round-trip charter passenger flights between China and Taiwan, shared evenly between mainland and Taiwan airlines, during four public holidays and for other special occasions.³¹

In Taiwan, cross-strait policies are under the purview of the Mainland Affairs Council (MAC), a government body, while cross-strait talks are handled by the Straits Exchange Foundation (SEF), a private organization authorized by the government to handle these exchanges. Corresponding bodies in the PRC are the government's Taiwan Affairs Office, while cross-strait talks are handled by the Association for Relations Across the Taiwan Strait (ARATS). Despite substantial and growing economic ties, the two sides have not held official talks since October 14-19, 1998, in Shanghai and Beijing. Further progress stalled in 1999, when then-President Lee Teng-hui declared that such talks should be conducted on an equal, "state to state" basis, which Beijing took as a statement of Taiwan sovereignty.

Cross-Strait Developments in the Chen Administration. Although Beijing has adamantly opposed the DPP and its pro-independence statements, both the PRC and Taiwan governments have made selected overtures and statements since 2001 that some interpret as positive signs in PRC-Taiwan relations. In January 2001, Taiwan launched what it called the "three mini-links" — for the first time permitting direct transport, commerce, and postal exchanges between two outlying Taiwan islands and the south of China. In October 2001, Taiwan officials announced they would simplify visa application procedures for professionals from the PRC, making it easier for them to reside and work in Taiwan. In November 2001, President Chen urged the PRC to drop its opposition to negotiating with his administration. In May 2002, President Chen announced he would send a DPP delegation to Beijing to establish contacts between the DPP and the Chinese Communist Party.

The PRC also softened its position. On January 24, 2002, PRC Vice-Premier Qian Qichen described pro-independence advocates in the DPP as only an "extremely small number" in the Party, and he invited DPP members to visit the mainland under a "suitable status" — a change in the PRC's policy of not meeting with DPP members. In an interview with Russia's ITAR-TASS news agency on March 14, 2002, the deputy director of the PRC's Taiwan Affairs Office, Zhou Mingwei,

³¹ The four holidays are: Lunar New Year, Tomb Sweeping Day, the Dragon Boat Festival, and the Mid-Autumn Festival.

suggested that the PRC may be willing to accept the simultaneous representation of both Beijing and Taipei in the United Nations, provided that Taiwan acknowledges the “one-China” principle. Even so, the PRC has continued its missile build-up along the south China coast opposite Taiwan, now deploying about 800 missiles.

On January 29, 2005, Taiwan and the PRC launched the first non-stop (although temporary — only during the weeks surrounding the Lunar New Year holiday on February 9, 2005) direct charter flights flown in 55 years between the two adversaries. With the PRC’s enactment of the anti-secession law in March 2005, Taiwan officials put a temporary hold on further direct-flight talks. On November 18, 2005, this suspension was lifted, and Taiwan and the PRC reached agreement to offer cross-strait flights for the Lunar New Year from January 20-February 13, 2007.

Private-Sector Exchanges. Meanwhile, unofficial Taiwan-PRC contacts and economic ties have grown increasingly robust in the past decade. Over 13 million visits have taken place from Taiwan to the mainland. Over 250,000 mainland Chinese experts, entrepreneurs, and others have traveled to Taiwan for consultations and exchanges. Exchanges of PRC-Taiwan scholars and experts for consultations on cross-strait and other issues provide, in the view of some Taiwanese officials, an active “second track” for PRC-Taiwan dialogue. Other events in cross-strait relations have included the decision by oil companies in the PRC and Taiwan to explore jointly offshore areas for oil; the start of flights from Taiwan to the mainland with only a short stopover in Macao or Hong Kong; and Taiwan’s opening to third-country ships, and selected mainland and Taiwanese ships, to carry cargo to and from designated ports in Taiwan and on the mainland.

Economic and Trade Issues

Taiwan’s economy grew rapidly (around 10% a year) in the 1970s and 1980s. Growth declined to around 5-6% a year in the 1990s as the economy matured. During the first years of the 21st century, however, the Taiwan economy experienced a serious slowdown. GDP growth for 2001 contracted by 2.2% — Taiwan’s first economic contraction in 26 years. Exports were down 13.6% in the first seven months of 2001, while the unemployment rate hovered at around 5%. Experts blamed these economic difficulties on the global economic downturn, reduced U.S. demand for Taiwan’s information technology exports, and the sizeable transfer of the island’s manufacturing base to the PRC.

Even with the official restrictions that Taiwan continues to maintain on investment and trade with mainland China, Taiwan businesses are increasingly invested across the strait, although the exact figures remain unclear. Taiwan-China trade has also increased dramatically over the past decade, so that China (along with Hong Kong) now has surpassed the United States as Taiwan’s most important trading partner. According to one report, Taiwan’s total bilateral trade with the PRC

between January and August 2006 was \$56.42 billion — a 16.3% growth compared to the same period in 2005.³²

This increasing economic interconnectedness with the PRC has put special pressure on Taiwan's DPP government to further accommodate the Taiwan business community by easing restrictions on direct travel and investment to the PRC. But such accommodations are worrisome to the DPP's pro-independence political base in Taiwan, who believe that further economic ties to the mainland will erode Taiwan's autonomy and lead to a "hollowing out" of Taiwan's industrial base.³³ Thus, each Taiwan decision on economic links with the PRC represents an uneasy political compromise.

Taiwan's World Trade Organization (WTO) Accession. After a 12-year application process, Taiwan joined the WTO on January 1, 2002, as "the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu" or, less formally, "Chinese Taipei." In keeping with the PRC's wishes, Taiwan was not admitted to the organization until after the PRC's accession on December 12, 2001, following a 15-year application process. As a result of its WTO membership, Taiwan will have to reduce tariffs and open a number of market sectors to foreign investment, thus setting the stage for new opportunities for U.S. businesses. In addition, mutual membership in the WTO is likely to have a significant impact on PRC-Taiwan economic and trade relations. To be in compliance with their WTO obligations, both Beijing and Taipei will have to reduce long-standing bilateral trade restrictions, setting the stage for direct trade links between the two governments.

Avian Flu, SARS, and WHO Observer Status

Taiwan has not escaped the new viruses that have swept Asia since 2002. By late May 2003, Taiwan had reported 585 probable cases of Severe Acute Respiratory Syndrome, or SARS — which first surfaced in southern China in November 2002 — placing it behind China and Hong Kong for the greatest number of cases. Taiwan also has been affected by avian flu outbreaks in poultry since 2004, although apparently with a less virulent strain than that ravaging bird populations and causing some human fatalities throughout other parts of Asia.

Because Taiwan is not a member of WHO, the avian flu outbreaks had broader political ramifications for Taiwan's international position and for China-Taiwan relations. For ten years, the PRC repeatedly has blocked Taiwan's application for observer status in the WHO. In 2007, Taiwan adopted a new strategy and applied also for full membership in WHO. On May 7, 2007, at the annual meeting of WHO's administrative arm, the World Health Assembly (WHA), the Assembly voted 148-17 to strike the Taiwan full membership bid from the meeting agenda.

³² Bureau of Foreign Trade, Taiwan Ministry of Economic Affairs, November 9, 2006.

³³ For instance, there are reportedly about 300,000 Taiwan citizens now living and working in Shanghai.

PRC objections to Taiwan's WHO bids center on two claims: that Taiwan is not a sovereign state, which is a prerequisite for WHO membership; and that since Taiwan is part of China (as the PRC claims), it can benefit from WHO's services through the PRC government. Even as the SARS crisis was underway in 2002-2003, PRC leaders continued vigorously to block any international effort to give Taiwan unofficial "observer" status in the WHO, although PRC authorities did consent to a WHO team visit to Taiwan to investigate early in May 2003. Taiwan authorities, in a view supported by many Members of the U.S. Congress, argue that the rapid spread and consequences of emerging communicable diseases makes participation in WHO essential not only for Taiwan, but for world health.

Policy Trends in the George W. Bush Administration

When it first assumed office, the Bush Administration articulated policies in Asia that were more supportive of Taiwan and less solicitous of engagement with China than those of previous U.S. Administrations. But since then, although U.S.-PRC relations have remained remarkably smooth, other factors — the PRC's anti-secession law, Taiwan's internal political divisions, and what is viewed as President Chen's more assertive and divisive push for separate political status for Taiwan — have posed growing problems for this U.S. policy approach. In the face of these complications, Bush Administration officials at times are thought to be trying to rein in Chen and are placing more public caveats on U.S. support for Taiwan.

Initial Tilt Toward Taiwan. Many observers concluded in 2001 that the newly elected George W. Bush had abandoned the long-standing U.S. policy of "strategic ambiguity" in favor of "strategic clarity" that placed a clearer emphasis on Taiwan's interests and showed less concern for PRC views. In addition to approving a major arms sales package for Taiwan, in an ABC television interview on April 25, 2001, President Bush responded to a question about what Washington would do if Taiwan were attacked by saying that the United States would do "Whatever it took to help Taiwan defend herself." Since Section 3 of the Taiwan Relations Act (TRA) addresses only arms sales and not the use of American military forces in the island's defense, the President's answer caused considerable controversy over whether the United States had changed its policy toward Taiwan's security or was preparing to change its position on Taiwan independence. Although State Department and White House officials, including President Bush, later insisted that the President's statement was consistent with U.S. commitments in the TRA and that there had been no change in U.S. policy, subsequent statements and actions by Bush Administration officials in the following months continued to appear more supportive of Taiwan than those of previous U.S. Administrations.

The Bush Administration's support for Taiwan was in keeping with growing sentiment in Congress in the late 1990s that the TRA was outdated and that Taiwan's self-defense capabilities had eroded while the PRC had grown militarily more capable and more hostile to its smaller neighbor. These conclusions were supported by a congressionally mandated annual report, first issued by the Pentagon in February 1999, assessing the military balance in the Taiwan Strait. The 1999 report concluded

that in light of improvements in offensive military capabilities, by the year 2005 China will have acquired the ability “to attack Taiwan with air and missile strikes which would degrade key military facilities and damage the island’s economic infrastructure.”

In addition to differences over security issues, the Administration also differed from its predecessors in how it handled requests for U.S. visits by senior Taiwan officials. Whereas earlier U.S. Administrations were either unwilling or forced by congressional pressure to allow Taiwan officials to come to the United States, the Bush Administration was more accommodating. The White House approved a transit stop for new Taiwan President Chen Shui-bian in 2001 during which he visited both New York (previously off-limits) and Houston, attended public functions and meetings, and met with nearly two-dozen Members of Congress. Similar U.S. visits were approved for Taiwan’s Vice-President, Annette Lu, (in early January 2002), and for Taiwan’s Defense Minister, Tang Yao-ming (March 2002), who attended a defense conference in Florida and while there met with U.S. Deputy Secretary of Defense Paul Wolfowitz and U.S. Assistant Secretary of State James Kelly. In late October 2003, the Bush Administration accommodated President Chen with a higher-profile transit visit to New York City — a visit that received wide press coverage in Taiwan.

Taiwan the “Unhelpful”. Since assuming office, however, the Bush Administration has been reshaping its own policy articulations concerning both Taiwan and the PRC. Administration officials now see smooth U.S.-PRC relations as an important tool in cooperating against terrorism and maintaining stability on the Korean peninsula. As articulated by Vice President Cheney during his visit to Shanghai in April 2004, the White House judges that “the areas of agreement [between the United States and the PRC] are far greater than those areas where we disagree...”³⁴

Taiwan’s unpredictable and volatile political environment has posed special challenges for this White House balancing act. During Taiwan’s presidential and legislative campaigns in 2004, the Administration continued to balance criticisms of the PRC military buildup opposite Taiwan with periodic warnings to the Taiwan government to avoid provocative actions and cautions that U.S. support for Taiwan is not unconditional.³⁵ In recent months, the Taiwan government’s continued willingness to employ the provocative gesture has heightened the concerns and sharpened the criticism of many U.S. officials about the credibility of President Chen’s administration and his past to the U.S. government. The uncharacteristically pointed language directed at Taiwan in the State Department’s written statement of March 2, 2006; in its press briefing of June 19, 2007; and in subsequent blunt statements by Deputy Secretary of State John Negroponte (August 27, 2007), NSC

³⁴ From the Q & A session with Vice President Cheney following his speech at Fudan University in Shanghai, broadcast by Beijing CCTV in English, found in *FBIS*, April 15, 2004.

³⁵ “There are limitations with respect to what the United States will support as Taiwan considers possible changes to its constitution.” Testimony of Assistant Secretary of State James A. Kelly before the House International Relations Committee, April 21, 2004.

Senior Director for Asian Affairs Dennis Wilder (August 30, 2007), and Deputy Assistant Secretary for East Asia Thomas Christensen (September 11, 2007) — all cited elsewhere in this report — reflect these U.S. concerns.³⁶

Implications for U.S. Policy

For much of the past 27 years, Taiwan and PRC officials generally maintained that the United States should remain uninvolved in issues concerning Taiwan's political status. That appears to be changing, and U.S. officials have been under subtle but increasing pressure from both governments to become directly involved in some aspects of cross-strait ties. PRC officials late in 2003 began quietly urging the United States to pressure Chen Shui-bian into shelving plans for an island-wide referendum. In 2004, they pressed U.S. officials to avoid sending the “wrong signals” to Taiwan — defined as those encouraging independence aspirations. Members of the Taiwan government have begun suggesting to U.S. officials that the Taiwan Relations Act needs to be strengthened or reevaluated and have sought U.S. support for Chen's constitutional reform plans. In the month between Chen Shui-bian's January 2006 statement that he would consider “abolishing” the National Unification Council and his February 2006 announcement that the NUC would “cease” its operations, several rounds of meetings and talks between U.S. and Taiwan officials were credited with the subtle but politically important rhetorical change.

Taiwan's supporters within the U.S. Congress continue to press for more favorable U.S. treatment of Taiwan and for Taiwan's inclusion in some capacity in international organizations like the World Health Organization. Congressional policy initiatives have included the formation of the Congressional Taiwan Caucus on April 9, 2002, and the formation of the Senate Taiwan Caucus on September 17, 2003. Both of these bodies have strongly bipartisan memberships. Congress also regularly continues to consider legislative measures seeking to reinforce or expand on U.S.-Taiwan ties; key measures in the 110th Congress are listed below.

Faced with competing pressures and with continuing transformations in both the PRC and Taiwan systems, U.S. officials may be facing new and more difficult policy choices concerning Taiwan in the next few years. In addition to raising the risks of political and economic instability, growing political polarization in Taiwan could

³⁶ The March 2, 2006 statement reads in part: “...Our understanding from the authorities in Taiwan was that the action Taiwan took on February 27 [to suspend the National Unification Council] was deliberately designed not to change the status quo, as Chen Shui-bian made clear in his 7-point statement. Abrogating an assurance would be changing the status quo, and that would be contrary to that understanding. We believe the maintenance of Taiwan's assurances is critical to preservation of the status quo. Our firm policy is that there should be no unilateral change in the status quo, as we have said many times.” The June 19, 2007 press briefing comment about Taiwan's proposed referendum on joining the United Nations: “...The United States opposes any initiative that appears designed to change Taiwan's status unilaterally. This would include a referendum on whether to apply to the United Nations under the name Taiwan....Such a move would appear to run counter to President Chen's repeated commitments to President Bush and the international community. We urge President Chen to exercise leadership by rejecting such a proposed referendum.”

erode the quality of U.S.-Taiwan contacts and create fractures and divisiveness within the sizeable U.S. Chinese-American community. Pressure from multiple sources could continue to build for U.S. officials to take any number of actions: to reassess all the fundamentals of U.S. China/Taiwan policy in light of changing circumstances; to reinforce American democratic values by providing greater support for Taiwan and possibly support for Taiwan independence; or to abandon Taiwan in favor of the geopolitical demands and benefits of close U.S.-China relations. U.S. officials are likely to face mounting pressure to adopt a more pro-active mediating role in the cross-strait relationship. Finally, any policy developments that affect Taiwan have direct consequences for U.S.-China relations and could involve crucial decisions among U.S. officials about the extent of U.S. support for Taiwan's security. In the coming two years, it appears that actors from across the political spectrum — including governments, interest groups, political parties, and individuals — will continue efforts to push the United States into greater commitments and clarity on various questions involving Taiwan.

Legislation

H.Con.Res. 73 (Tancredo)

Expressing the sense of Congress that the United States should resume diplomatic relations with Taiwan. Introduced February 16, 2007, and referred to the House Foreign Affairs Committee.

H.Con.Res. 136 (Chabot)

Expressing the sense of Congress that the United States should lift restrictions on visits by high-level Taiwan officials, including the Taiwan president. Introduced on May 1, 2007, and referred to the House Foreign Affairs Committee. The Committee marked the measure up on June 26, 2007, and passed it by unanimous consent under suspension of the rules. The House passed the measure by voice vote on July 30, 2007, and the measure was referred to the Senate Foreign Relations Committee on August 3, 2007.

H.Con.Res. 137 (Berkley)

Expressing the sense of Congress that the United States should initiate negotiations to enter into a free trade agreement with Taiwan. Introduced on May 1, 2007, and referred to the House Ways and Means Committee.

H.Con.Res. 170 (Tancredo)

Expressing the sense of Congress that the International Olympic Committee should allow Taiwan to participate in the 2008 Beijing Summer Olympics under the name and flag of its own choosing. Introduced June 15, 2007, referred to the House Foreign Affairs Committee.

H.R. 1390 (Tancredo)

A bill requiring Senate confirmation for the position of Director of the American Institute in Taiwan (AIT). Introduced on March 7, 2007, and referred to the House Committee on Foreign Affairs.

Chronology

- 09/21/07** — The General Assembly agreed to support the General Committee’s decision not to place Taiwan’s application on the agenda.
- 9/19/07** — For the 15th consecutive year, a U.N. General Assembly Committee (the General Committee) rejected the recommendation that Taiwan’s formal application for U.N. membership be considered at this year’s meeting of (the 62nd) General Assembly.
- 09/17/07** — The *United Evening News* reported that Taiwan’s military had been planning to deploy missiles on the island of Matsu but had suspended the plan due to U.S. pressure.
- 09/16/07** — China’s Taiwan Affairs Office said that Beijing had “made necessary preparations” to “deal with serious conditions” as a result of Taiwan’s U.N. membership bid.
- 09/12/07** — The Pentagon announced \$2.2 billion in possible military sales to Taiwan, including 12 surplus Orion P3-C maritime patrol craft and 144 SM-2 Block 3A Standard anti-aircraft missiles, built by Raytheon.
- 09/10/07** — Taiwan Defense Minister Ko Cheng-heng said that Taiwan had an “urgent and legitimate need” to buy F-16s. Minister Ko made the statement while attending the Sixth U.S.-Taiwan Defense Industry Conference in the United States.
- 08/27/07** — In an interview with Hong Kong Phoenix TV, U.S. Deputy Secretary of State John Negroponte reiterated U.S. opposition to Taiwan’s holding a referendum on U.N. membership.
- 08/06/07** — According to the *United Daily News*, Taiwan wants to buy at least 6 Aegis-equipped U.S. destroyers for more than \$4.6 billion.
- 07/23/07** — The United Nations Legal Affairs Office rejected Taiwan’s application for U.N. membership on the grounds that it violated the agency’s “one China” policy.
- 07/22/07** — President Chen Shui-bian said that he has suggested that military shows (“performances”) be staged this year as part of the October 10th “Double Ten” national day celebrations.
- 07/21/07** — President Chen Shui-bian said PRC diplomats would continue to be unrecognized in Taiwan and PRC nationals would not be permitted to attend Taiwan universities.
- 07/20/07** — The Ministry of Education said it had invited scholars from the Taiwan History Association to consider revising “improper terms” in

Taiwan textbooks, such as changing “cross-strait relations” to “nation-to-nation relations” and removed Sun Yat-sen’s title as founding father of the Republic of China.

- 07/20/07** — DPP Presidential candidate Frank Hsieh left for a 10-day visit to the United States.
- 07/20/07** — Taiwan announced it had applied for U.N. membership under the name “Taiwan.”
- 07/17/07** — The *Taipei Times* reported that KMT sources said the United States had postponed approval of the sale of 66 F16 C/D fighters to Taiwan because of President Chen’s UN referendum.
- 07/16/07** — Taiwan was reported to be writing a formal letter of request for “price and availability data” for 66 F16 C/D Block 50/52s.
- 07/16/07** — DPP Presidential candidate Frank Hsieh said he would encourage Japan to adopt a U.S.-style “Taiwan Relations Act.” *Taipei Times*.
- 07/15/07** — Taiwan’s Ma Ying-jeou promised to revise Taiwan’s constitution in 2010 with a “democratic re-engineering project.”
- 07/02/07** — Taiwan’s VP Annette Lu began a 10-day trip to the Dominican Republic, Paraguay, and Guatemala via Panama.
- 06/19/07** — A State Department press spokesman reacted forthrightly to a question about Taiwan, saying, “We do not support Taiwan’s membership in international organizations that require statehood [for membership], including the United Nations. The United States opposes any initiative that appears designed to change Taiwan’s status unilaterally. This would include a referendum on whether to apply to the United Nations under the name Taiwan....Such a move would appear to run counter to President Chen’s repeated commitments to President Bush and the international community.”
- 06/18/07** — President Chen Shui-bian announced that, in conjunction with elections next year in either January or March, he will hold a referendum on whether Taiwan should join the United Nations under the name “Taiwan.” One million signatures are needed on a petition to place the item on the referendum agenda.
- 05/15/07** — According to the *AWSIJ*, Taiwan President Chen appointed Chang Chun-hsiung to replace Premier Su Tseng-chang, who resigned on May 12, 2007. Chang, the 6th Premier in seven years, has been Chairman of SEF and formerly headed the cabinet under Chen in 2000-2002.
- 05/14/07** — WHO rejected Taiwan’s bid for full membership, voting in the World Health Assembly (WHA) 148-17 to strike discussion of the issue at

the 2007 annual meeting. The U.S. and Germany voted no, but urged that Taiwan be given opportunities for “meaningful participation” in the global health system, according to U.S. Health Secretary Michael Leavitt.

- 05/13/07** — Former Senator Bob Dole issued a commentary in the *Washington Times* urging Taiwan’s membership in WHO.
- 05/07/07** — Former Taiwan Premier Frank Hsieh won the DPP’s first phase of the presidential primary.
- 05/05/07** — China announced it was severing diplomatic relations with St. Lucia after the Caribbean country normalized relations with Taiwan.
- 05/03/07** — St. Lucia reaffirmed that it was severing ties with China to normalize ties with Taiwan.
- 04/01/07** — Taiwan residents of Penghu County were authorized to begin using the “three small links” to China — direct routes China via Kinmen and Matsu, established in 2001.
- 03/27/07** — Taiwan unveiled a new, upgraded version of the indigenous fighter, the Ching-Kuo with upgraded mission computers, an advanced fire-control system, and four medium-range air-to-air missiles.
- 03/20/07** — American Institute in Taiwan (AIT) Director Steve Young, speaking at a dinner to the American Chamber in Taiwan, urged the legislature to pass the arms procurement package, saying the United States was becoming increasingly frustrated with Taiwan’s divisive political partisanship.
- 03/20/07** — Taiwan announced that live-fire military maneuvers would be held in April and May to practice repelling enemy landings.
- 03/18/07** — Taiwan announced that Joseph Wu, head of the Mainland Affairs Council and a DPP member, would replace David Lee as head of Taiwan’s office in the United States.
- 03/05/07** — A U.S. State Department spokesman criticized President Chen’s “four wants” remarks and said Washington considers Chen’s willingness to fulfill his earlier pledges not to declare Taiwan independence to be “a test of his leadership, dependability and statesmanship....”
- 03/04/07** — President Chen announced to a pro-independence Taiwan audience what appeared to be a new doctrine — the “four wants” of Taiwan: independence, a new constitution, more economic development, and an official name change to “Taiwan.”
- 03/01/07** — The U.S. Department of Defense notified Congress of plans to sell Taiwan \$421 million in Advanced Medium Range Air-to-Air

Missiles (218 AMRAAM) and Maverick missiles (235) as well as spare parts and maintenance equipment.

- 02/26/07** — Taiwan’s President Chen called Chiang Kai-shek a mass murderer for his role in the violent suppression of protests on February 28, 1947 — known as the “228 Incident.”
- 01/17/07** — The PRC’s Taiwan Affairs Office announced that Taiwan-China trade had increased 18.2% in 2006 to top \$100 billion.
- 06/28/06** — The House agreed by voice vote to the Tancredo Amendment to H.R. 5672, prohibiting funds from being used to enforce long-standing guidelines on U.S. official relations with Taiwan.
- 06/08/06** — The State Department issued a press statement saying the United States attached “profound importance” to President Chen’s renewed public promise to make no changes in the status quo and to exclude any sovereignty measures in a revision of Taiwan’s constitution.
- 06/07/06** — Raymond Burghardt, chairman of the American Institute in Taiwan (AIT), arrived in Taiwan for discussions concerning Taiwan’s political situation.

For Additional Reading

CRS Report RS22388, *Taiwan’s Political Status: Historical Background and Ongoing Implications*, by Kerry Dumbaugh.

CRS Report RL33684, *Underlying Strains in Taiwan-U.S. Political Relations*, by Kerry Dumbaugh.

CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*, by Shirley Kan.