

Business as Usual? U.S.- Taiwan Relations Amidst Changing Realities

Yeh-chung Lu

Public Policy Scholar, Woodrow Wilson Center
Assistant Professor, Department of Diplomacy, National
Cheng-chi University, Taiwan




Structure of Presentation

This presentation aims to answer three distinct but highly related questions:

- What is Taiwan's role in the rebalance?
- What role can Taipei play as changes in the region unfold?
- Amidst these uncertainties, what would be a prudent foreign policy for Taiwan?

I. US Rebalancing to Asia

- Since 2009, the Obama administration began to put more emphasis on multilateral institutions in Asia-Pacific
- Pres. Obama announced a new defense strategic guidance (January 2012)
- Multilateral diplomacy, military redeployment, and trade promotion are the key components

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- While facing an overall budget reduction, Secretary of Defense Leon Panetta declared a transfer of 60% of US navy assets to Asia by 2020 (June 2012)
 - Given the sequestration, DoD adjusted its FY2013 budget

DEFENSE SPENDING FY2013 BASED ON DoD REPORT

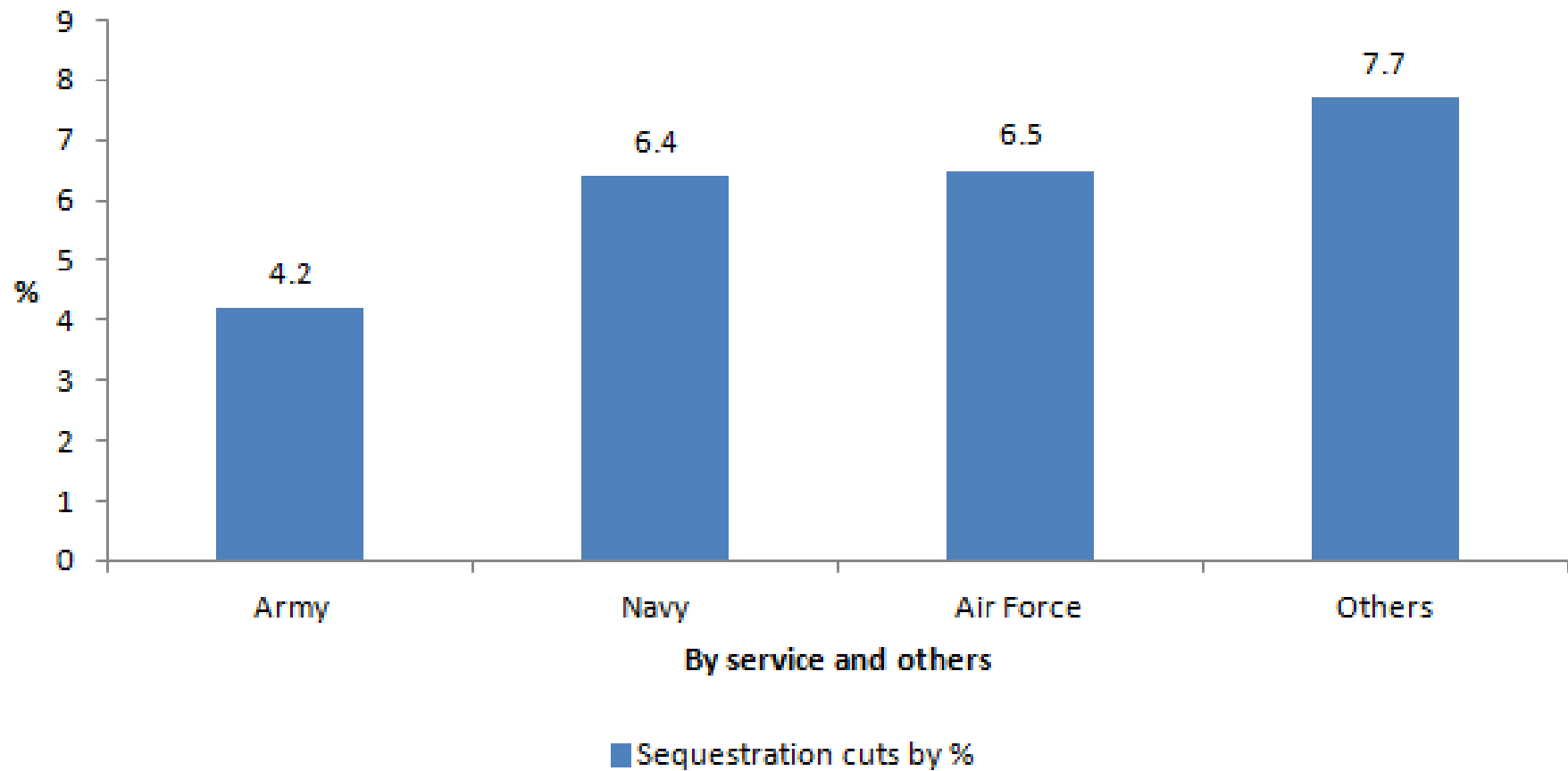
Approximation (bil\$)	FY2013	Sequester	Percentage cut	FY2013 (sequester)
TOTAL SPENDING	615	37	6	578
Army total	179	7.6	4.2	171.4
Navy (marines included) total	173	11	6.4	162
Air Force total	154	10	6.5	144
Other total	109	8.4	7.7	100.6
Total procurement	110	10	9	100
Army procurement	20.5	1.2	5.6	19.3
Navy procurement	44.7	4.6	10.3	40.1
Air Force procurement	37	3.5	9.5	33.5
Other procurement	7.7	0.5	6.5	7.2
Total R&D	70	6	8.6	64
Army R&D	8.7	0.75	8.6	7.95
Navy R&D	16.7	1.5	8.6	15.2
Air Force R&D	25.3	2.2	8.6	23.1
Other R&D	18.9	1.6	8.6	17.3
Total operation and maintenance	273	20	7.3	253
Army O&M	75	5.5	7.3	69.5
Navy O&M	59	4.3	7.3	54.7
Air Force O&M	54	4.2	7.3	49.8
Other O&M	85	6	7.3	79
Total other (including personnel)	162	1	0.6	161

*SOURCE: Please see the DOD document for more details.

*FY13 is 10/01/12 - 09/30/13

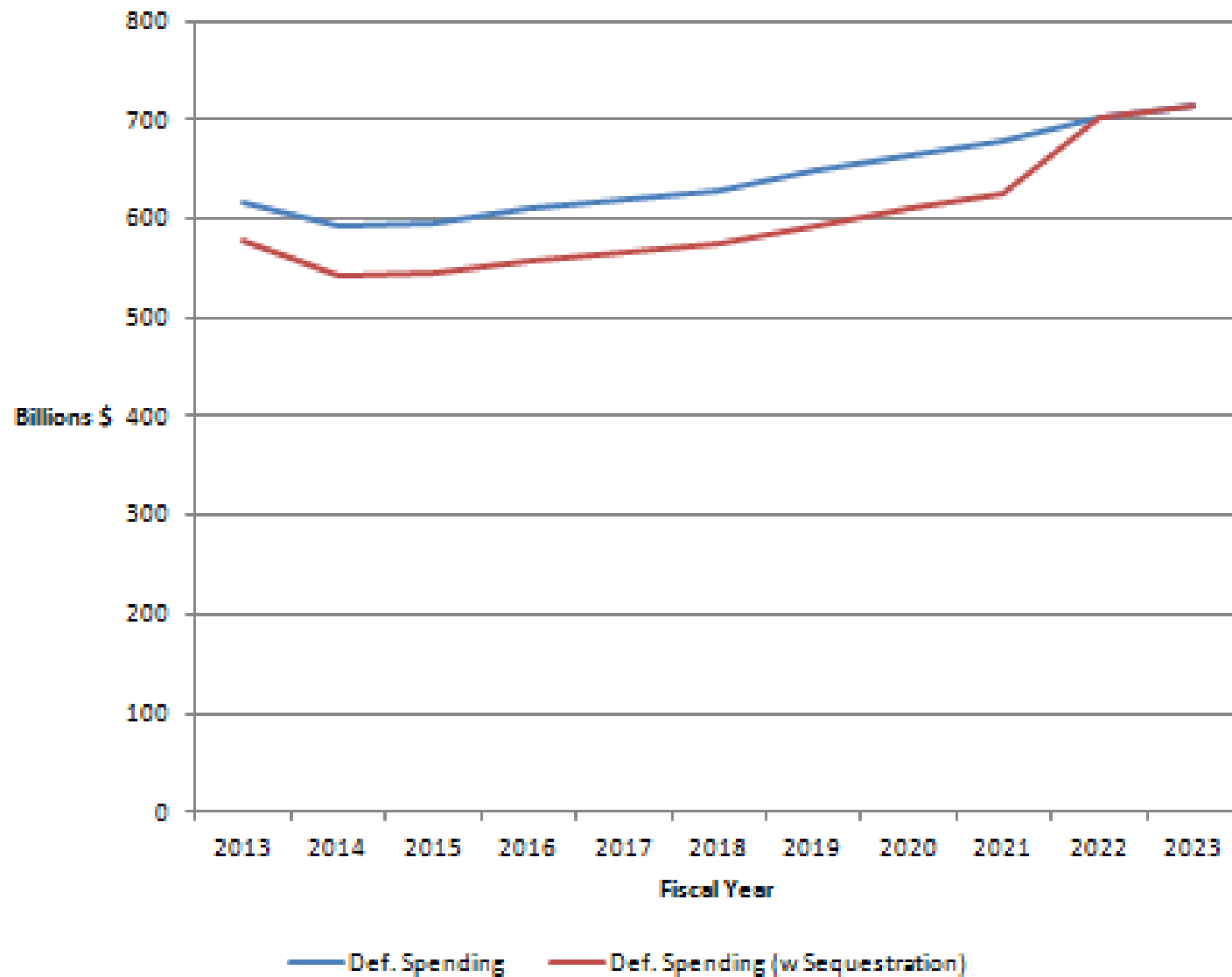
*As shown above, the Navy and the Air Force took larger cuts percentage wise. That is because the Army is still engaged in Afghanistan. The cuts are spread out evenly for R&D and operation/maintenance for all branches. Other cuts apart from procurement, R&D, and O&M, are very small. That is because troops in combat continue to be paid the same.

2013 Sequestration cuts (%) by branch and others




SOURCE: Department of Defense¹

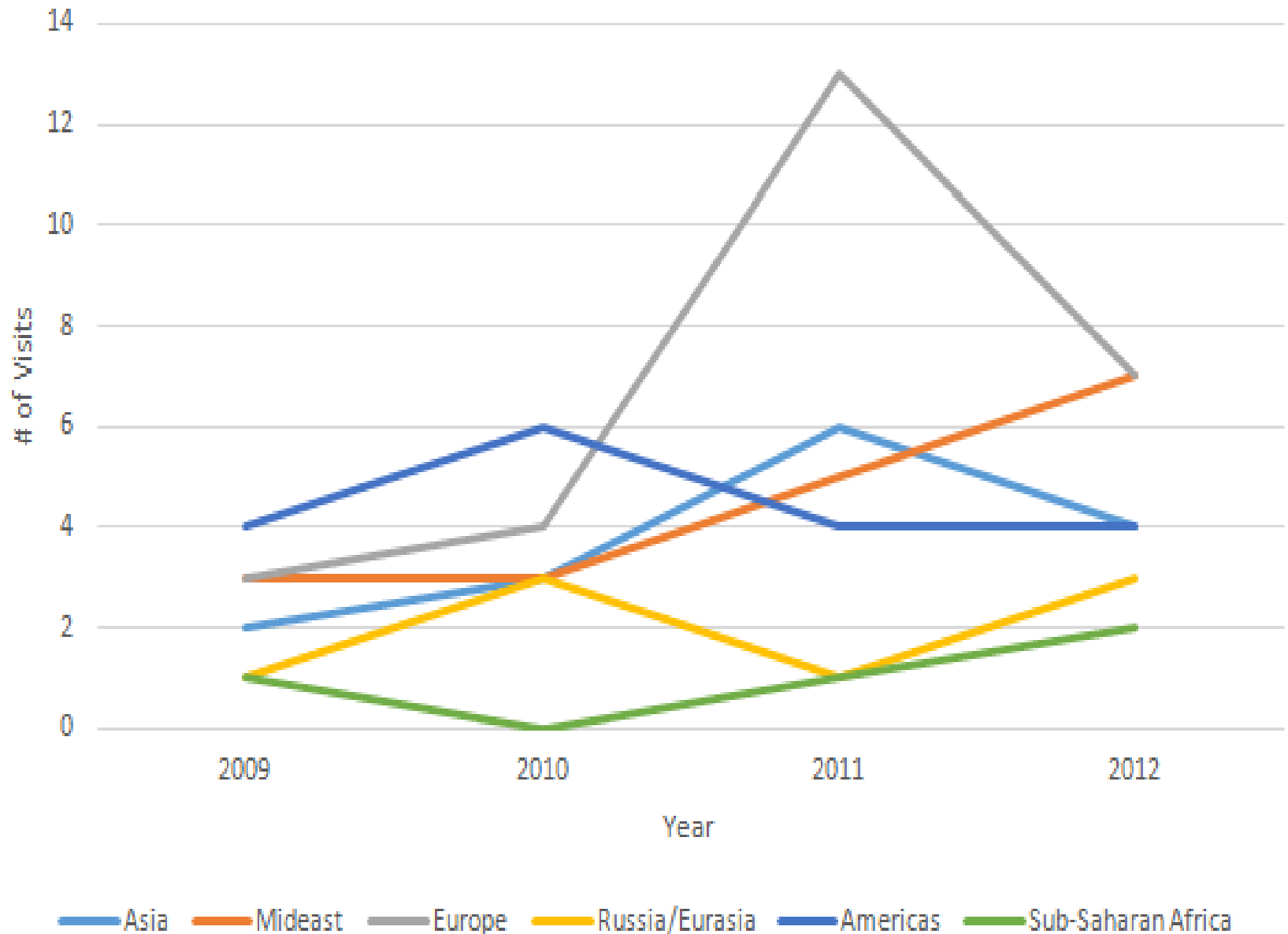
Defense spending projection (2013-2023) with and without sequestration (2011 BCA cuts included)



SOURCE: Compiled from Congressional Budget Office, Department of Defense, Congress.

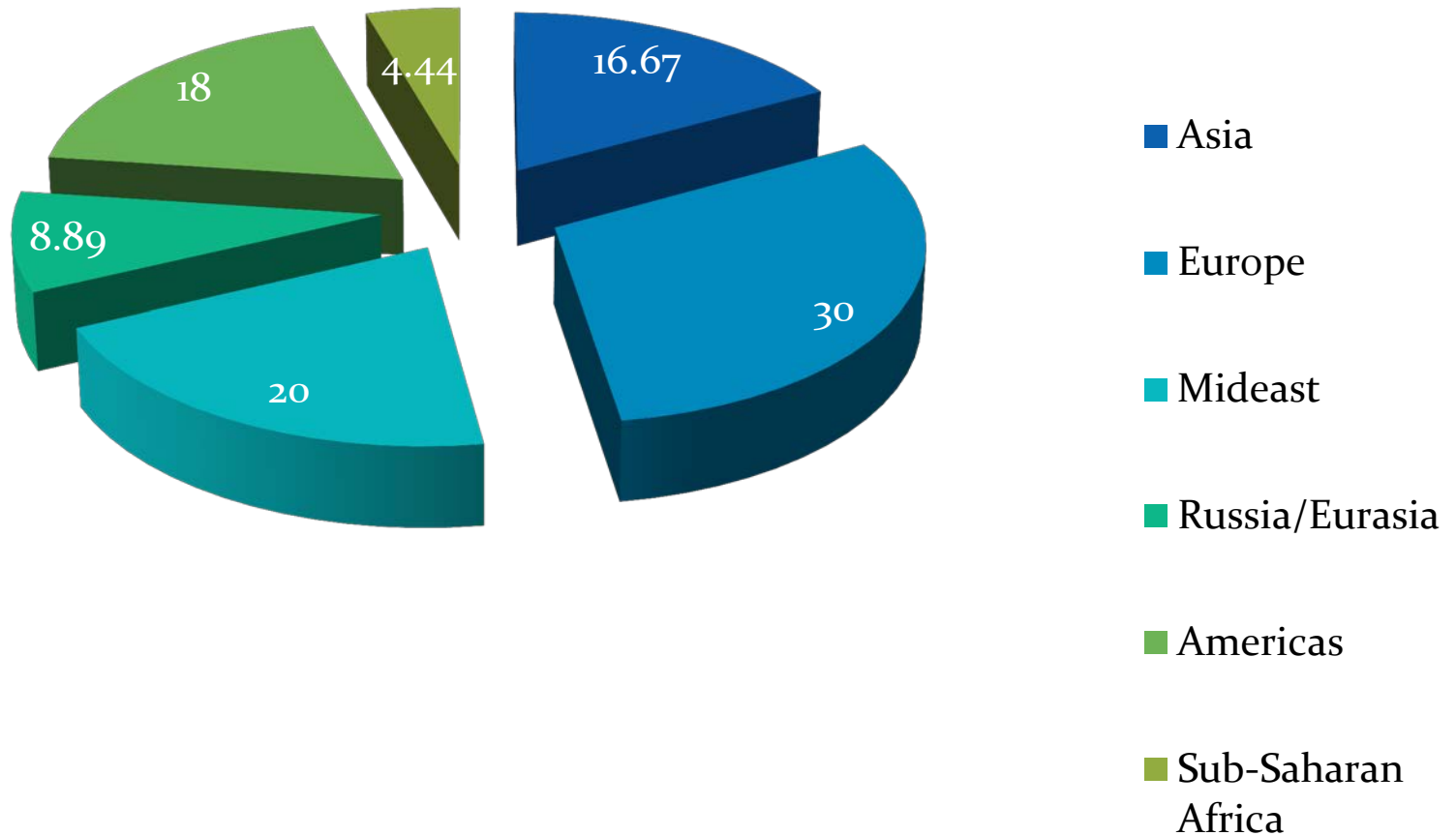
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- In the diplomatic front, Secretary of State Clinton made several important statements as well as attended meaningful meetings in this area. This is in stark comparison to her predecessor Condi Rice.
 - Pres. Obama also made several trips to Asia.
 - However, the number talks:

Major visits by Hillary Clinton 2009-2012 by Numbers



SOURCE: U.S. Department of State¹

Clinton's Major Visits, 2009-2012 (%)



- In 2012, many countries in Asia were concerned about whether US would have a head-on conflict with China via this pivot strategy
- General sense also reveals the anxiety that “how long will the US stay?”
- China took it seriously and perceived this pivot is part of “encirclement policy” against itself

II. As Changes Unfold...

- China's rise and consolidation of Xi Jinping's political power
- Abe and "Japan is back"
- Park and "*trustpolitik*"
- Disputed islands in the East and South China Seas
- New pattern of great-power relations in the making?

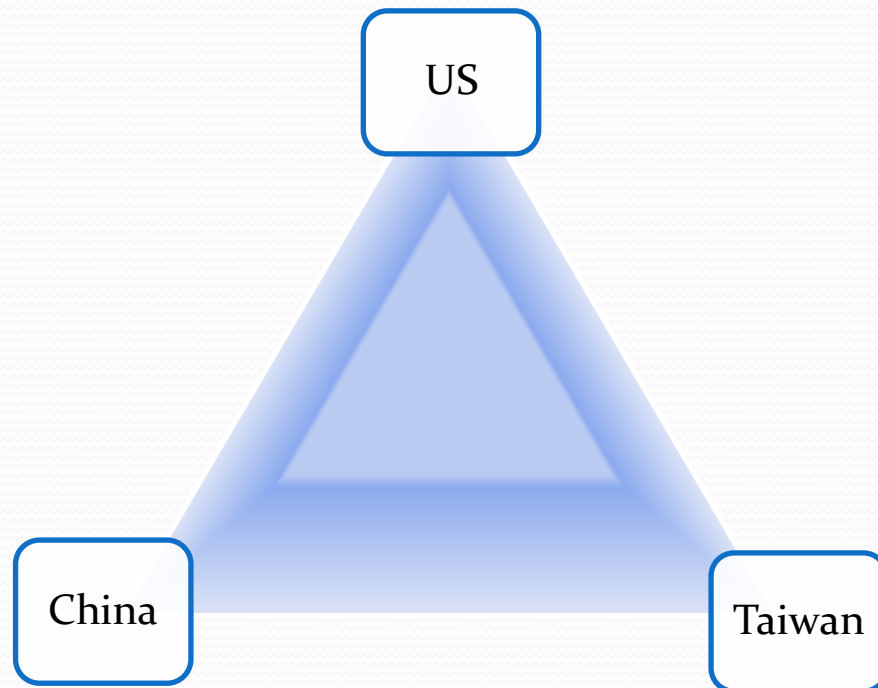
III. Taiwan's Prudent Foreign Policy


Assistant Secretary of State Dan Russel stated that there are three areas of rebalancing (July 2013):


- Five enduring treaty alliances in the Asia-Pacific region
- US commitment to institutional building, including ARF and EAS
- Engagement with emerging powers, and the most conspicuous one is China

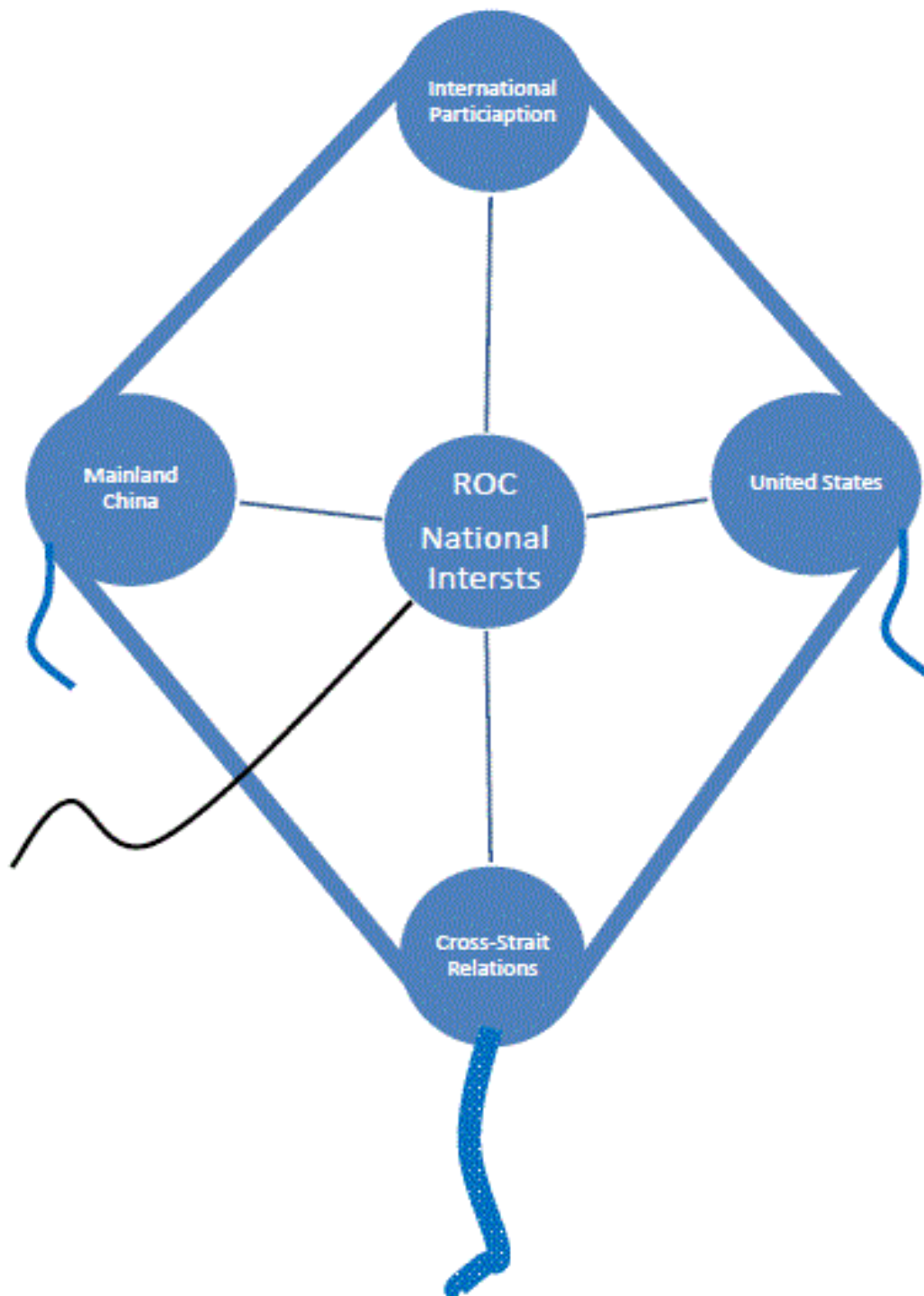
Paradigm shift?

- Conventionally, analysts and practitioners alike tend to employ the concept of “strategic triangle” to describe the relations between US, mainland China, and Taiwan.



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- Yet, latest developments across the Taiwan Strait and of US-China relations indicated the difficulties in maintaining peace and stability via this concept of strategic triangle, mainly due to the lack or insufficiency of mutual trust in respective dyadic relationships, or in lack of a common enemy.
 - Limited financial resources or domestic uncertainties make it even more difficult for the three parties involved to manage the relations.

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- Therefore, my presentation proposes the idea of “kite model” to further common interests among the three actors.
 - Centered with Taiwan’s interests, this framework puts emphasis on concrete issues that can help bind the three parties together for peace and stability.



- KITE:
 - ✓ K: Knowledge
 - ✓ I: Information
 - ✓ T: Transparency
 - ✓ E: Elucidation
- The former two are necessities for top leader to make prudent policy, and the latter two indicate the style with which top leader need to have in order to generate domestic and international support.

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- Taiwan's domestic politics is essential in this model
 - However, US and mainland China's attitudes on the two issue-areas are crucial to make and sustain a virtuous cycle
 - To be specific, mainland China's attitude on Taiwan's international participation and US support on Taiwan's efforts in maintaining status quo over the Taiwan Strait are indispensable to this prudent foreign policy

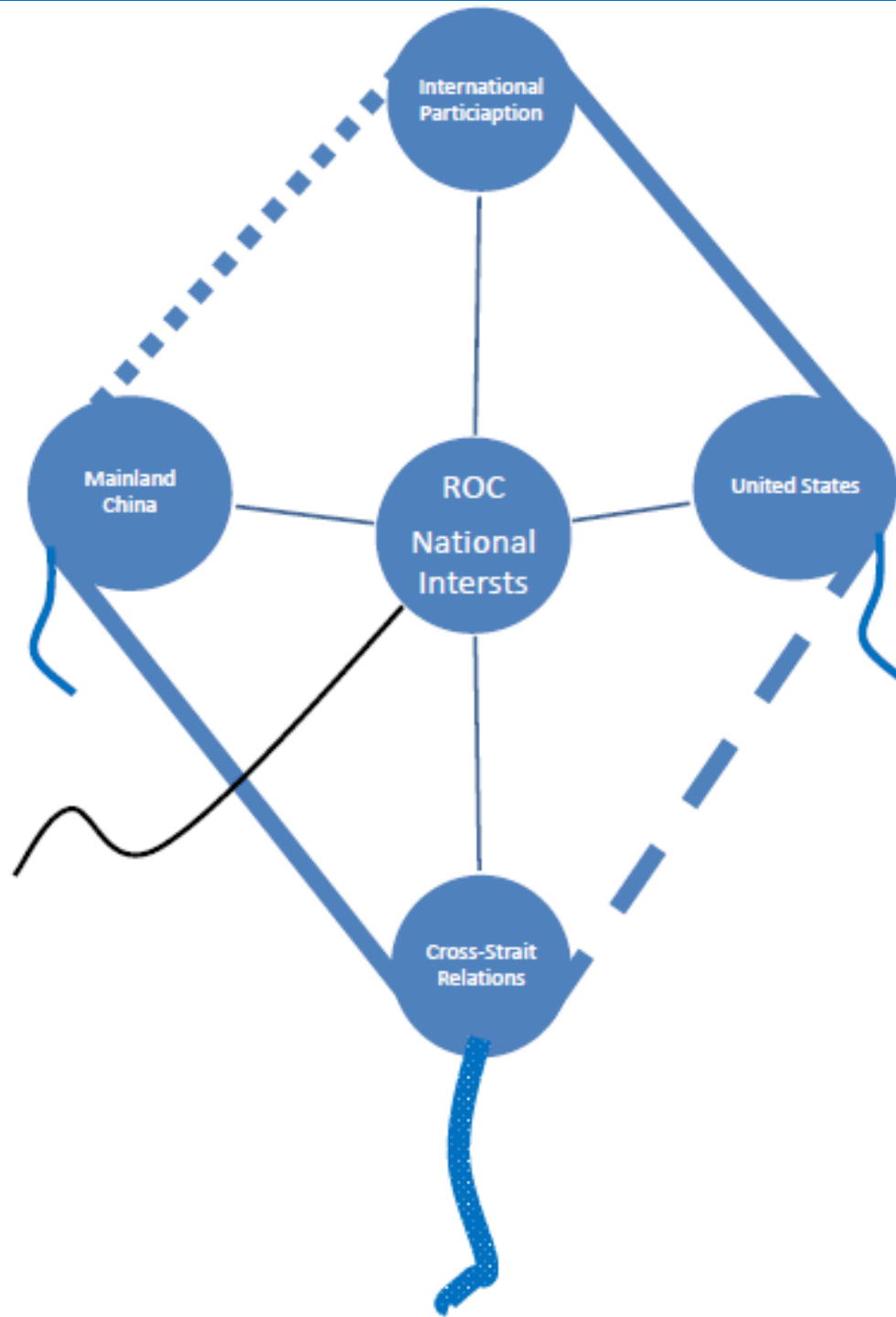




Table: Recent Discussions in the United States concerning Taiwan in U.S.-China Relations

Future scenario	Argument	Policy suggestion
Growing strategic competition between the U.S. and China; Taiwan's disturbing presence to China	Accommodation of China's demands to avoid elevation of conflict	U.S. withdrawal of military support to Taiwan
	Checking China's ambitions	U.S. maintenance of military support Taiwan (through arms sales)
Taiwan's movement toward China	U.S. dominant role in the Taiwan area and its efforts to maintain a peaceful environment favorable to Taiwan and U.S. interests will be challenged	No specific course of action is proposed, but there is a challenge to longstanding U.S. policy goals in the Taiwan Strait
Potential for cooperation between the U.S. and China; Taiwan's movement toward China	The benefits of "Finlandization"	U.S. withdrawal from its security commitment to Taiwan
An uncertain future	Taiwan's unpreparedness for unification, and the efficacy of Taiwan's current strategy of engaging China	U.S. continuation of "strategic ambiguity"

Source: Adapted from Shelley Rigger, "Taiwan in U.S.-China Relations," in David Shambaugh ed., *Tangled Titans: The United States and China* (Lanham, MD: Rowman & Littlefield, 2013), pp. 304-310.

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- Assistant Secretary Campbell and Secretary Clinton expressed US willingness to “maintain a robust and multidimensional unofficial relationship” with Taiwan, “an important security and economic partner”
 - Taiwan Policy Act of 2013
 - Dan Russel conveyed that US “respect and admire the progress that has been made in cross-Strait relations” under President Ma Ying-jeou’s tenure.

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- On the mainland China side, nevertheless, the Xi administration's attitude on Taiwan's meaningful participation in the international arena is still in question.
 - Despite relatively high level of economic interdependence across the Taiwan Strait and considerable reconciliation under the Ma administration, international participation still constitutes an integral part to Taiwan's foreign policy.

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- TPP and TIFA can help allay Taiwan's insecurity dealing with mainland China
 - Taiwan also recognizes that domestic reform is essential to be included