

# **U.S.-Taiwan Relations In a Sea of Change**

**Navigating Toward a Brighter Future**

Richard L. Armitage,  
Ian Easton and Mark Stokes

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PROJECT  
**2049**  
INSTITUTE

## About the Project 2049 Institute

**The Project 2049 Institute** seeks to guide decision makers toward a more secure Asia by the century's mid-point. Located in Arlington, Virginia, the organization fills a gap in the public policy realm through forward-looking, region-specific research with an eye toward educating the public and informing policy debate.

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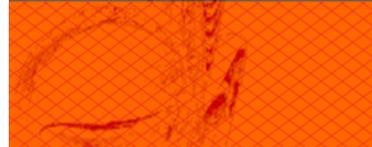
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### Acknowledgments

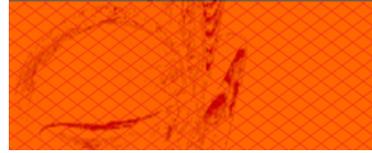
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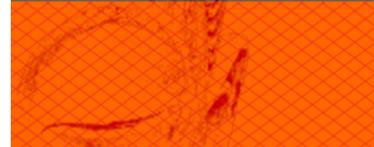
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## Executive Summary

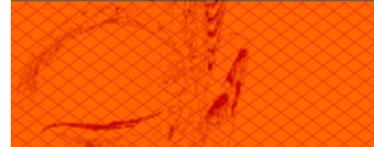
The Republic of China (Taiwan) is a democratic success story in the heart of East Asia and the Western Pacific. It is an able and willing U.S. partner at a time when regional tensions are at the highest point they have been since the Vietnam War.

In January 2016, Taiwan held presidential and legislative elections in which the opposition Democratic Progressive Party (DPP) won in a landslide. On May 20, 2016, Taiwan's new president, Dr. Tsai Ing-wen, was inaugurated, coming into office with a strong mandate to lead. On December 2, 2016, then President-elect Donald Trump spoke to President Tsai on the phone, signaling that a new chapter in U.S.-Taiwan relations may have begun. Such hopes now seem premature.

The Trump administration's National Security Strategy presents a new opportunity to enhance the longstanding partnership with Taiwan, while advancing American political, economic, and security interests in the Indo-Pacific Region. This opportunity with Taipei is unlike anything which Washington, D.C. has had for over two decades. However, the People's Republic of China is leveraging political uncertainty in Washington to undermine the U.S.-Taiwan relationship. Beijing has begun ratcheting up cross-Strait tensions and is lobbying Washington to scale-back its commitments to Taiwan.

Concerned about a potential drift in the relationship, a bipartisan study group led by Richard Armitage and Kurt Campbell went to Taiwan in April 2016 to conduct senior level dialogues with then President-elect Tsai and her advisors. The Project 2049 Institute then conducted a series of working-level dialogues, resulting in the production of a study addressing the medium to long-term challenges that appear likely in Taiwan and across the Taiwan Strait.

The objective of this report is to make detailed policy recommendations for Washington as it endeavors to strengthen relations with Taiwan, while at the same time mitigating tensions that are emerging in relations across the Strait. What follows are our key takeaways.



**Taiwan's political environment has changed.** The 2016 elections saw a number of political firsts. Voters on Taiwan elected their first female President, their first independent (and Catholic) Vice President, and gave the DPP a sizable majority in the legislature. There are at least five major factors driving Taiwan's changing political environment.

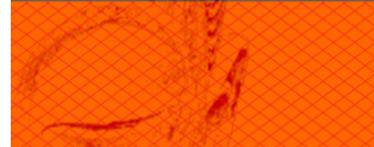
**(1) Taiwanese identity continues rising.** Polling has found that up to 84 percent of people in Taiwan view themselves as Taiwanese, not Chinese. The percentage of young adults who said they were Taiwanese was at 91.8 percent. The number of respondents who believe Taiwan is an independent country increased from 57.6 percent in 2014 to 74.4 percent in April 2016. Over 80 percent of people view cross-Strait relations as state-to-state relations.

**(2) The KMT has an uncertain future.** The Nationalist Party (*Kuomintang*, or KMT) has embraced a cross-Strait policy that proved unpopular in recent elections. The KMT lost both the presidency and its majority in the legislature. It is also weak at the local county and municipal levels across Taiwan. The KMT appears factionalized and without a clear cadre of young leaders. The KMT's strategy for rejuvenation is unclear.

**(3) The DPP has a new persona.** The DPP is no longer characterized by party infighting and revolutionary ideology. The DPP now appears to be a more united political force with a reputation for "reaching across the aisle" to advance pragmatic policies. It has become a centrist political party in Taiwan.

**(4) Independents and outsiders are popular.** In the last elections both the DPP and KMT candidates ran alongside independent running mates. The third party candidate ran alongside someone from another minority party. Taiwan's vice president is not a career politician. He is an epidemiologist by training. In addition, the current premier and mayor of Taipei were medical doctors before becoming politicians.

**(5) Taiwan has an influential new political party.** The recently established New Power Party (NPP) has performed better than anticipated in Taiwanese politics. It holds only five seats in Taiwan's legislature, but has exercised a significant degree of influence. The NPP is closely affiliated with the youth vote and viewed by some as a rising power in Taiwan politics. The NPP may put pressure on the DPP to adopt a harder-line on China.



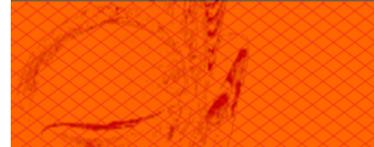
**Taiwan faces significant challenges.** It is important for American policymakers to have a nuanced understanding of Taiwan's challenges and their implications for U.S. national interests. Beijing appears bound to apply its “One County, Two Systems” model internationally, drive a wedge between Washington and Taipei, and diminish American influence in order to undermine Taiwan’s freedom of action. Over the past year, the People’s Republic of China (PRC) and its ruling Chinese Communist Party (CCP) have sought to further isolate Taiwan internationally. Panama and São Tomé and Príncipe's abrupt shifts in diplomatic relations from the ROC to PRC are recent examples. The PRC also has leveraged its financial influence to shut Taiwan out of international organizations, such as International Civil Aviation Organization (ICAO), the International Criminal Police Organization (INTERPOL), among others. Taiwan faces the following overall challenges:

***Cross-Strait.*** The leadership on Taiwan is under considerable pressure to embrace the PRC’s “One China” principle. President Tsai has stood by her past statements, while altering the exact wording in an attempt to meet China part way. In response, authorities in Beijing have shown they are unwilling to respect Taiwan's democracy and work with her government to continue the Taiwan Strait status quo. President Tsai and her advisors appear resolved to meet China's campaign of coercion with moderate responses, but domestic pressure is growing for a hard-line approach.

***Domestic economy.*** President Tsai has sought to tackle pressing economic issues in Taiwan as a top priority. Her administration has worked on reforming Taiwan's pension system and higher education system, while also strengthening Taiwan's labor laws and industrial sector. These have proven to be highly contentious issues.

***Trade liberalization.*** Domestic structural reforms alone are insufficient to ensure Taiwan's future prosperity. Taiwan is an island trading nation that is heavily reliant on the global exchange of goods and services. Taiwan has not yet been able to make significant progress on trade liberalization, let alone progress toward new bilateral trade deals with allies like the United States.

***Foreign policy.*** President Tsai has made visits to Central America and the South Pacific, successfully stopping-over in the U.S. each time. After the loss of São Tomé and Príncipe and Panama, Taiwanese officials have been concerned that China will continue winning over Taiwan's remaining 20 diplomatic allies. Taiwan may risk being held hostage by this possibility and distracted from political capital investments into more important relationships, including with the United States.



**South China Sea.** Taiwan's approach to the South China Sea has aligned more closely with that of the U.S. Government compared to the past. However, a perception remains that Taiwan has little role to play in this disputed area, and its security position is eroding in the face of China's military buildup on artificial island bases.

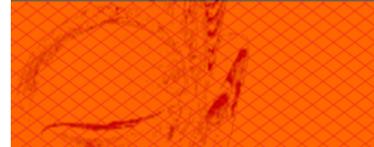
**Defense.** Taiwan is developing a defense strategy that could allow its military to compliment the strategies of the U.S. military and the Japanese Self Defense Force. Taiwan is growing its indigenous defense industry, and plans to increase defense spending. The U.S. has a role to play in creating conditions conducive to both.

**U.S.-Taiwan relations are in need of a boost.** Taiwan, under its current ROC constitutional framework, exists as an independent sovereign state. Yet Taiwan is denied normal relations with most of the international community. Sensing a possible shift in the political environment in Washington, China is engaged in a sophisticated influence operations campaign to affect a review of the Taiwan Relations Act (TRA), the legal basis of U.S. support for Taiwan in the absence of formal diplomatic relations.

For over 30 years, the United States has played an important role in ensuring Taiwan's security while maintaining constructive relations with the PRC. Enabled by the TRA and tempered by three joint U.S.-PRC communiqués, continuity in U.S. policy has preserved American credibility within the Indo-Pacific region and enabled the island's nascent democracy to flourish. U.S. support for Taiwan has served as a visible symbol of U.S. commitment to peace and security in Asia.

The TRA includes two key security provisions. First, it stipulates that "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." Secondly, the TRA states that it is the policy of the U.S. to "maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan." Yet the U.S. arms sales process appears to have broken down, while the U.S. military is distracted by other missions. Greater attention and effort to respond to Beijing's forms of political and economic coercion against the people on Taiwan are needed.

More can and should be done to synchronize the interests and policies of Washington and Taipei going forward to adapt to changing facts on the ground. Past experiences suggest this will not be easy. Now more than ever, with China working hard to tilt the regional balance of power in its favor, it is imperative for Washington and Taipei to elevate the relationship to address common threats.



**Cross-Strait tensions are rising.** China has launched a campaign of coercion against Taiwan's government. Beijing's attempts to put pressure on Taiwan's government have involved the application of political, economic, diplomatic, and military means. This campaign can be expected to intensify in the near future. The people of Taiwan have never been as united against the idea of being under the PRC as they are today. The CCP leadership, however, now appears more willing to accept risks than at any point since Mao Zedong. The danger of a major military crisis occurring in the Taiwan Strait is rising, perhaps faster than generally accepted.

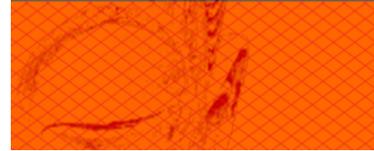
**We have seven policy recommendations.**

(1) The Trump administration should convene an interagency policy working group to evaluate how best to achieve a normal, stable, and constructive relationship with Taiwan over the long term.

(2) Democratically-elected U.S. officials at the highest levels should engage counterparts on Taiwan on a regular basis. In the near term, the Assistant Secretaries of State and Defense, in unofficial capacities as *ex officio* board members of the American Institute in Taiwan, should travel to Taiwan for annual dialogues. President Trump and President Tsai should seek the opportunity to meet each other in person. Cabinet level officials should regularly visit their counterparts in Taiwan to discuss national, departmental, and technical issues of shared interest.

(3) The United States government should begin negotiating a free trade agreement with Taiwan, similar to the ones it already has with South Korea, Singapore, and Australia. This will likely be a long-term effort, but it could have important payoffs for American statecraft.

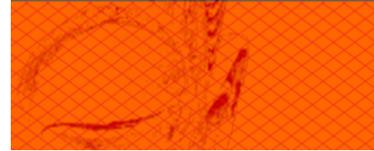
(4) The Trump administration should routinize the process for addressing Taiwan's requests for defense articles and services, provide a timely response to requests as well as commercial export licenses for Taiwan's indigenous submarine program, and base arms sales decisions solely on considerations of Taiwan's strategic and operational requirements, which are inherently defensive in nature. Beijing should not be consulted in advance of arms sales to Taiwan. Meeting commitments to regional stability should be considered a more important priority than U.S.-PRC diplomatic exchanges.



(5) The Trump administration should develop and implement a joint workplan for bilateral defense and security relations. The workplan should outline an ideal vision, identify focus areas, develop goals and supporting objectives, and prioritize relevant actions. Deepened and broadened defense interactions with Taiwan could include training and exercises, modest ports of call in support of humanitarian assistance and disaster relief missions, and regular exchanges of military officers with joint command experience. One-star general/flag officers should represent the Secretary of Defense and oversee both security assistance and traditional attaché duties. Language-qualified U.S. officers should attend intermediate and senior service schools in Taiwan.

(6) In addition, the U.S. State Department should launch a new initiative to increase the number of people-to-people exchanges with Taiwan, especially in the areas of education and cultural exchanges. The United States should establish a National Committee on U.S.-Taiwan Relations, a nonprofit educational organization that encourages understanding between citizens of both nations.

(7) The Trump administration should develop and implement U.S.-Taiwan Bilateral Working Groups on Supply Chain Security and Defense Industrial Cooperation to ensure that the cutting edge technologies of tomorrow are harnessed for advancing shared values and interests.



# U.S.-Taiwan Relations in a Sea of Change

Navigating Toward a Brighter Future

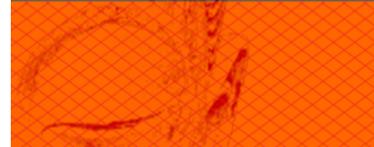
*Richard L. Armitage, Ian Easton, and Mark Stokes*

## Introduction

The Republic of China (Taiwan) is a prosperous, thriving democracy in the heart of the Indo-Pacific, the world's most dynamic and consequential region. This great success story was on full display in January 2016 during Taiwan's most recent presidential and legislative elections. The elections marked an important milestone in Taiwan's democratic journey. Voters elected their first female president, Tsai Ing-wen, of the opposition Democratic Progressive Party (DPP), and, in another political first, gave the DPP control over the Legislative Yuan, Taiwan's parliament.

The landslide results ensured that when President Tsai came into office on May 20, she had a strong mandate to lead. The DPP's vision, which differs from that of the previous Nationalist Party (*Kuomintang*, or KMT) government, will guide Taiwanese politics in the years ahead. On December 2, 2016, then President-elect Donald Trump spoke to President Tsai on the phone, signaling that a new chapter in U.S.-Taiwan relations may have begun. Unfortunately, such hopes now seem to be premature.

The recently released U.S. National Security Strategy marks an inflection point and offers the United States a rare opportunity to strengthen its longstanding partnership with Taiwan. The U.S.-Taiwan relationship is grounded in the fundamental values both countries have in common, which include a shared commitment to democracy, free markets, rule of law, and human rights.



But the relationship is heavily influenced by the threat that the PRC poses to Taiwan's democratic government.

The PRC has never renounced the use of force to resolve differences with Taiwan. China's emergence as a consequential power in the world is manifested by an ambitious military modernization program. Washington and Taipei share a vital interest in maintaining an environment conducive to ensuring that the Indo-Pacific stays peaceful and prosperous. For the U.S., Taiwan must stay free, democratic, and secure.

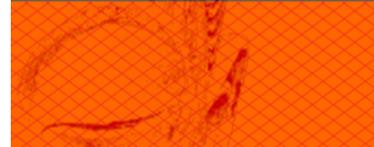
Tensions have already risen and are likely to rise even further in the near future. The PRC's statements and actions have demonstrated that the Chinese authorities intend to employ coercive tactics against Taiwan's government, engaging in what is likely to be a long war of nerves. Some of this has already begun and more can be expected. The Chinese Communist Party, which monopolizes all political power in China, views Taiwan's democracy as a challenge to its legitimacy. The CCP's narrative holds that Taiwan is not as a sovereign country, but rather an unalienable part of China that has been split-off and must return to what it calls the "Ancestral Fatherland."<sup>1</sup>

From May 2008 to May 2016, Taiwan's KMT president, Ma Ying-jeou, sought to reduce tensions across the Taiwan Strait. His administration accommodated Beijing by adhering to the "One China" principle. President Ma's policies, while initially welcomed by the people of Taiwan, grew increasingly unpopular as the PLA expanded and modernized its arsenal of ballistic missiles across the Strait and squeezed Taiwan's international space. Today most Taiwanese hold unfavorable views of Beijing's "One China" principle, as reflected in polling data and election results. President Tsai and the DDP hold the position that Taiwan is not like Hong Kong, nor will it ever be. The DPP's position is that Taiwan, formally known as the ROC, is a sovereign, independent state. Any change in this status should be decided by the 23 million people of Taiwan. Self-determination, not intimidation tactics, should guide Taiwan's future trajectory.

The United States has a critical role to play in supporting Taiwan's democracy and addressing its legitimate security concerns. The American commitment to Taiwan is articulated in U.S. Public Law 96-8, the Taiwan Relations Act. This law calls for the United States provide Taiwan with arms needed for self-defense. The Taiwan Relations Act further states that, "It is the policy of the United States to maintain the capacity...to resist any resort to force or other forms of coercion

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<sup>1</sup> While often translated as "motherland," in Chinese this is written with the paternalistic characters *Zu Guo* (祖國).



that would jeopardize the security, or the social and economic system, of the people of Taiwan."<sup>2</sup> President Reagan's Six Assurances to Taiwan further guide U.S.-Taiwan relations.<sup>3</sup>

The Taiwan Relations Act and the Six Assurances are a necessary but insufficient foundation for U.S.-Taiwan relations. As China becomes more powerful and more assertive, Taiwan will be better able to respond to coercion in a confident manner if it enjoys a stronger relationship with the United States. Achieving this will require transcending the limits of past precedence. The previous administration in Taipei was cautious not to push the relationship past the boundaries perceived as comfortable for American policymakers, who were largely focused on other issues. U.S.-Taiwan relations, while witnessing real progress over the past eight years, did not achieve as much as might have been advisable because Taiwan received so little high-level attention in Washington. Going forward, the continued marginalization of Taiwan in American foreign policy would heighten, not mitigate, tensions that are emerging with China.

More can and should be done to coordinate the policies of Washington and Taipei. It is imperative that U.S. policymakers in the Trump administration are not fettered by concerns regarding what the PRC might think or do in response to new initiatives with Taiwan. Decisions should be judged on their own merits. The U.S. national interest is rarely served by self-limiting and risk-adverse policy behavior. Unfortunately, past experience across both Republican and Democratic administrations suggests that it will be challenging for Washington to work closer with Taiwan to adapt to changing facts on the ground at a time when Chinese pressure is rising.

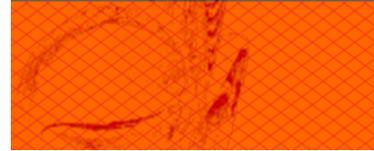
In the early 2000s, it proved difficult for the U.S. to manage, let alone strengthen, relations with Taiwan after the island democratized and the DPP came to power for the first time (Taiwan's government had previously been dominated by the KMT throughout the post-war authoritarian era and into the early years of democracy). Instead of being celebrated and seized upon as an opportunity, Taiwan's political transition was regarded with apprehension in Washington as the result of China's strong opposition to the new government. Ultimately, the transition was followed by missteps in Washington and Taipei, which would likely have been preventable had senior level contacts existed. The mistakes that occurred resulted from misunderstandings, communication breakdowns, and eroding trust in an environment influenced by considerable external pressure.

Recognizing that China will seek to constrain the Trump administration's policy options, senior level U.S.-Taiwan communication mechanisms should be established for actively promoting cooperation and mitigating negative impacts should divergences arise. Previous experience suggests that self-imposed constraints on official dialogues between the leaders of the U.S. and

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<sup>2</sup> See Appendix III of this report for the TRA language. It is also available online at *Taiwan Relations Act* (Public Law 96-8 96th Congress), January 1, 1979, at <http://www.ait.org.tw/en/taiwan-relations-act.html>.

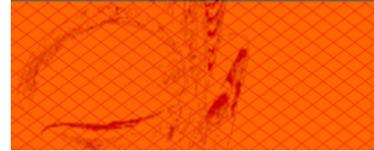
<sup>3</sup> See Appendix III of this report.



Taiwan inhibit a nuanced and detailed understanding of emerging challenges and what to do about them. This situation carries considerable risk of poor policy outcomes. It is important that the Trump administration is successful at seizing opportunities for strengthening U.S.-Taiwan relations. The alternative would be to repeat past mistakes which could damage U.S. interests, isolate Taipei, and encourage Chinese adventurism—thereby raising regional tensions.

Concerned about a potential drift in the relationship, a bipartisan study group led by Richard Armitage and Kurt Campbell went to Taiwan in April 2016 for discussions with then President-elect Tsai and her advisors. The Project 2049 Institute then conducted a series of working-level dialogues, resulting in the production of a study addressing the medium to long-term challenges that appear likely in Taiwan and across the Taiwan Strait.

This report outlines policy recommendations for how Washington may advance ties over the next 10-15 years, and strive for normal, stable, and constructive relations with Taiwan. This is a worthwhile goal because Taiwan is a vibrant democracy, advanced economy, capable security partner, and long-standing friend. It is particularly important because tensions are emerging across the Taiwan Strait which, if not mitigated, could lead to conflict and tragedy.



## Taiwan's Political Landscape

With the inauguration of President Tsai Ing-wen in May 2016, the Republic of China (ROC, or Taiwan) completed its third peaceful transition of presidential power and the first transfer of power within its legislature in history. The election results favored the DPP to a degree few expected, ensuring that President Tsai came into office with a strong mandate to lead. The election results ensured that Taiwan's political situation will look very different in the future than it has in the past. Indeed, it already looks very different today when compared to just two years ago.

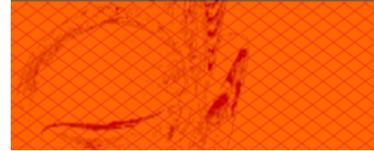
There is no way to know what will happen in the future given all the variables which exist. It must be recognized that events have evolved in a nonlinear fashion in Taiwan and are likely to continue doing so going forward. Understanding Taiwan's new political landscape means understanding that things are changing across the island and will continue to change. Several factors are at work which have merged together to create a much-altered, dynamic political environment. Assessing some of the major factors of change can help provide American observers with a sense of perspective.

The first important change is that the homegrown Taiwanese identity will increasingly define the future political environment. The number of voters who self-identify as Taiwanese has increased at a remarkable pace in recent years. At the same time, fewer and fewer people in Taiwan view themselves as Chinese, or view themselves as both Taiwanese and Chinese. This evolution matters both locally and internationally because the political preferences of Taiwan's people correspond closely to their changing perceptions of identity. More and more Taiwanese take as self-evident that Taiwan, formally known as the ROC, exists as an independent sovereign state, separate from the PRC, and should be treated as such.

Polling has found that up to 84 percent of people in Taiwan self-identified as Taiwanese, and only 6.9 percent considered themselves Chinese. In one poll, the percentage of respondents between 20 and 29 who said they were Taiwanese was 91.8 percent. At the same time, the number of people who see Taiwan as an independent country has increased over time from 57.6 percent in March 2014, to 68 percent April 2015, to 74.4 percent in April 2016. Over 80 percent of polled respondents agreed with the notion that the relationship with China should be treated as "state-to-state," and not based on the premise that both sides of the Taiwan Strait belong to "One China."<sup>4</sup>

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<sup>4</sup> See Fang-Yu Chen, Wei-ting Yen, Austin Horng-en and Brian Hioe, "The Taiwanese see themselves as Taiwanese, not as Chinese," *Washington Post*, January 2, 2017, at [https://www.washingtonpost.com/news/monkey-cage/wp/2017/01/02/yes-taiwan-wants-one-china-but-which-china-does-it-want/?utm\\_term=.2956fc18ad2c](https://www.washingtonpost.com/news/monkey-cage/wp/2017/01/02/yes-taiwan-wants-one-china-but-which-china-does-it-want/?utm_term=.2956fc18ad2c); and Stacy Hsu, "Majority unclear on '1992 consensus': poll," *Taipei Times*, April 27, 2016, at <http://www.taipeitimes.com/News/taiwan/archives/2016/04/27/2003644932>. For background, see Mainland Affairs



The growing sense of a unique Taiwanese identity appears to be driven in large part by the increased number of cross-Strait interactions which have occurred since 2008. Many of these interactions have reinforced views that the two sides are different countries. According to one senior Taiwanese official in charge of cross-Strait affairs under President Ma, China's leaders, "Do not know what makes the people of Taiwan tick." As a result, "The Chinese have done things that make people in Taiwan, from 70 to 80, up to 90 percent say: 'I don't want to be Chinese. I hate the idea of being Chinese.'"<sup>5</sup>

A second shift is a weakened KMT. Under criticism for losing touch with Taiwanese and prioritizing relations with authorities in Beijing, the KMT has been perceived as aligning with an inflexible "One China" principle, which it defines as the Republic of China. It also sought to enhance the "Chinese-ness" of Taiwan. At the same time, the KMT is perceived as downplaying notions of local identity and Taiwanese sovereignty. This began under the leadership of President Ma, but it developed even further under party chairs, Eric Chu and Hung Hsiu-chu. Their policy decisions have come with potentially far-reaching political costs.

The KMT's future is uncertain. Factionalized, the party is criticized for failing to cultivate and empower future leaders. With many ambitious would-be-leaders disenchanted with the party's direction, the KMT is viewed as weaker than it has ever been. In the words of one observer: "It is a party without a future."<sup>6</sup> At the current time this would appear to ring true, as the KMT lacks readily identifiable future leaders and has no apparent strategy for returning to power. This is an unfortunate development because strong opposition parties tend to keep ruling parties from becoming complacent, and democratic opposition is important for ensuring the health of national policy debates and decisions.

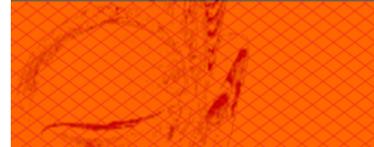
The third change in Taiwanese politics is that the DPP, long-known for intra-party factionalism, appears more united with a reputation for "reaching across the aisle." It was previously considered more of a revolutionary movement than a pragmatic political party capable of governance. In recent years, however, the DPP has cast off this image by demonstrating a willingness to work in coalition with others to achieve common objectives. It is now regarded as moderate and centrist. This image added to the party's appeal in the recent elections, especially

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Council, Republic of China (Taiwan), Opinion Polls, at [https://www.mac.gov.tw/en/Content\\_List.aspx?n=2A0F1393B67987D2](https://www.mac.gov.tw/en/Content_List.aspx?n=2A0F1393B67987D2); Tseng Wei-chen and Chen Wei-han, "Unification support dives: poll," *Taipei Times*, July 26, 2015, at <http://www.taipeitimes.com/News/taiwan/archives/2015/07/26/2003623930>; Ian Bremmer, "5 Statistics That Explained the World This Week," *Politico*, March 2, 2014, at <http://www.politico.com/magazine/story/2014/03/statistics-that-explained-the-world-this-week-104088>; and Yuan-kang Wang, "Taiwan Public Opinion on Cross-Strait Security Issues: Implications for US Foreign Policy," *Strategic Studies Quarterly*, Summer 2013, p. 100, available online at [http://homepages.wmich.edu/~ymz8097/articles/wang\\_taiwan%20public%20opinion.pdf](http://homepages.wmich.edu/~ymz8097/articles/wang_taiwan%20public%20opinion.pdf).

<sup>5</sup> Author's senior level dialogues in Taipei, April 2016.

<sup>6</sup> Ibid.



since the largest percentage of Taiwanese voters consider themselves independents who are willing to vote outside strict Green (DPP)/Blue (KMT) party lines.

A fourth change is the popularity of independent and outsider political leaders. In the recent elections the DPP and KMT candidates both ran alongside independent running mates, and the People's First Party (PFP) candidate ran alongside a running mate from another minority party. When President Tsai came to office on May 20, 2016, at her side was Taiwan's first-ever independent party vice president. The new Vice President, Chen Chien-jen, is an epidemiologist by training and a Catholic.

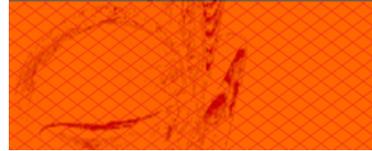
Vice President Chen is a political outsider, but he is far from alone. Many former outsiders now hold important political positions in Taiwan. The premier and the mayor of Taipei, for example, were both medical doctors before they become politicians. Over the past few years they have become two of Taiwan's most notable political stars. Much of their appeal has stemmed from their reputations as strong-willed, unbiased leaders. This is especially true in the case of Taipei's outspoken mayor, Ko Wen-je, who has tended to avoid any party affiliation and is known to work with (and confront) anyone regardless of their party affiliations.

The fifth major change is emergence of the New Power Party (NPP). The NPP performed better than expected in the 2016 elections, capturing five seats in the Legislative Yuan, Taiwan's parliament. This party is closely affiliated with the youth vote and is viewed as a rising power in Taiwan politics. Just a few years ago young people were often seen as a politically apathetic and weak voting bloc. Today the youth of Taiwan appear more politically active, strong-willed, and idealistic. The NPP supports most of the DPP's original policy positions—those held, they argue, before the DPP "sold out" and became willing to seek consensus and compromise. The NPP is loosely affiliated with the Sunflower Movement students, who occupied Taiwan's legislature from March 2014 to April 2014 to protest against then-President Ma's cross-Strait trade policies.

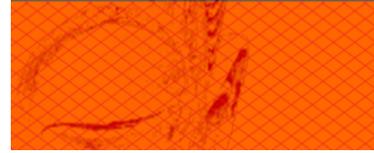
NPP supporters seem to be in favor of establishing a *de jure* independent country. They advocate greater social equality and are suspicious of the Chinese Communist Party and the KMT. They tend to oppose free-trade and nuclear power. Their basic foreign policy stance is to resist anything that might impinge upon Taiwan's sovereignty and pollute the environment. With the KMT in disarray, the NPP is currently regarded as the most likely future rival to the ruling party. Some observers worry that a rising NPP could put pressure on President Tsai's administration to embrace hard-line "deep green" (*de jure* independence) policies. Others assert that the NPP's future success is still uncertain.<sup>7</sup>

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<sup>7</sup> The above assessments draw from the author's dialogues in Taipei. For details on the NPP Platform, see the policy section of their website: <https://www.newpowerparty.tw/policy>.



While there are countless unknowns and uncertainties, Taiwan's domestic politics are undergoing far reaching changes. The aforementioned may shape the policy environment considered by President Tsai and her team as they chart their approach to their first term in office and beyond.



## Taiwan's Challenges

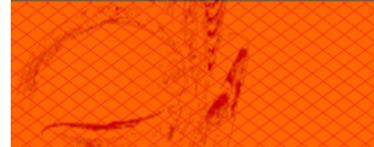
A nuanced understanding of the challenges facing Taiwan's government is critical for informing U.S. policy. Viewing political legitimacy as a zero-sum game and applying its One China principle internationally, authorities in Beijing have long sought the political subordination of Taiwan under the PRC under its “One Country, Two Systems” formulation. Beijing seeks the further political isolation of Taiwan and co-management of U.S.-Taiwan relations, viewing this as means to coerce the island’s democratically elected leadership into a political settlement on terms favorable to Beijing. Overtly and covertly, the PRC has long sought to influence an amendment to, if not outright repeal of, the U.S. Taiwan Relations Act (TRA), the legal basis for bilateral relations since the break in diplomatic relations with the ROC in 1979.

U.S. policy helped create the conditions within which Taiwan transformed from an authoritarian party-state to a representative democracy. However, U.S. cross-Strait policy has not adjusted to reflect this fundamental transformation. The zero-sum framework of formal diplomatic relations with one side and informal ties with the other may have been appropriate in 1979, when both governments were authoritarian. However, with each passing election on Taiwan and consolidation of popular sovereignty, U.S. cross-Strait policy becomes increasingly difficult to sustain. So what are the current priorities of Taiwan's government? What might the American policymaking community expect to see President Tsai do during her time in office?

### *Cross-Strait Relations*

Several insights have emerged in discussions with the Tsai administration and her team. Perhaps the most important is that she will not bend to PRC pressure and directly concede on the notion of "One China" in her speeches. President Tsai likely has special channels to China that allow her to communicate with senior authorities in Beijing. However, Beijing severed routine formal channels in May 2016, and the PRC has demanded that Taiwan unilaterally concede to a "One China" principle and state that "there is only one China and both sides of the Taiwan Strait belong to this same country."

Beijing's demands have generated perceptions on Taiwan that China's leaders are out of touch with Taiwanese public opinion and disrespectful of their democracy. President Tsai has repeatedly indicated that she is eager to reach some form of pragmatic compromise, on conditions deemed acceptable by the Taiwanese people. She can be expected to standby her past statements regarding the Republic of China Constitution and the Act Governing Relations between the People of the Taiwan Area and the Mainland Area in an attempt to meet China part



way.<sup>8</sup> Nonetheless, President Tsai has demonstrated her resolve not go against the will of the people of Taiwan and compromise on Taiwan's sovereignty through her use of language.

At the current time, the Tsai administration appears pessimistic about China's willingness to work with them.<sup>9</sup> Beijing, in their view, had already decided to undermine their government before President Tsai even had a chance to get in office. President Tsai and her cabinet advisors, like an overwhelming majority of people on the island, believe that Taiwan, under its current Constitution, exists as an independent sovereign state and deserves dignity and political legitimacy. For Taipei, the existence of two legitimate governments on both sides of the Taiwan Strait need not prejudice stable and constructive cross-Strait relations. Nonetheless, the PRC's intransigence in acknowledging Taiwan's political legitimacy means that Taiwan must be prepared to withstand a long campaign of coercion. President Tsai and her team have repeatedly stated their resolve to meet the coming troubles.<sup>10</sup>

### ***Economic Reform***

Taiwanese government leaders have not allowed cross-Strait relations to dominate their agenda. They believe that they were elected first and foremost to tackle pressing domestic issues in Taiwan. Their main priority has been dealing with issues at home. These issues include reforming Taiwan's pension system, key-point industrial sectors, and the higher education system. All of these reforms have been (and will continue to be) painful, politically costly, and slow to bear fruit. President Tsai and her team are nonetheless confident that with determined effort, their government will be able to get the needed reforms done. Their first priority is to put Taiwan's society and economy on a better track for the future.

### ***Trade Liberalization***

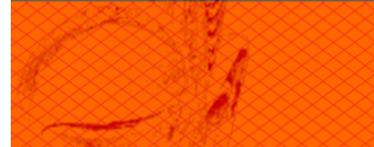
Few in Taiwan are under the illusion that domestic structural reforms across key economic sectors are sufficient to ensure the island's future prosperity. Taiwan is a trading nation and heavily reliant upon the global exchange of goods and services. It must maintain access to foreign markets to sustain its vibrant economy. Taiwan's government views foreign trade as a

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<sup>8</sup> See "Full Text of President Tsai Ing-wen's 2016 National Day address," *Focus Taiwan News*, October 10, 2016, at <http://focustaiwan.tw/news/aip/201610100004.aspx>; and "Full Text of President Tsai's inaugural address," *Focus Taiwan News*, May 20, 2016, at <http://focustaiwan.tw/news/aip/201605200008.aspx>.

<sup>9</sup> See "President Tsai's Lunar New Year address," *Office of the President, Republic of China (Taiwan)*, February 15, 2018, at <http://english.president.gov.tw/NEWS/5336>; and "President Tsai holds 2017 year-end press conference," *Office of the President, Republic of China (Taiwan)*, December 29, 2017, at <http://english.president.gov.tw/NEWS/5313>.

<sup>10</sup> For example, see "President Tsai's remarks on termination of diplomatic relations with Panama," *Office of the President, Republic of China (Taiwan)*, June 13, 2017, at <http://www.taipeitimes.com/News/front/archives/2017/06/14/2003672525>.



strategic issue and believes trade liberalization is critical for national survival in the face of a potential Chinese blockade.

If Taiwan continues to rely heavily on China's market and does not diversify its trade relationships, Beijing will develop economic leverage that can be used to compromise national security. Accordingly, President Tsai and her team have been particularly focused on improving Taiwanese trade with friendly countries, especially the United States and Japan. Her administration may also pursue free trade agreements with other major trading partners. In addition to America and Japan, Southeast Asian countries and India have been Taiwan's most sought after trade partners as part of the "New Southbound Policy."<sup>11</sup>

### ***Foreign Policy***

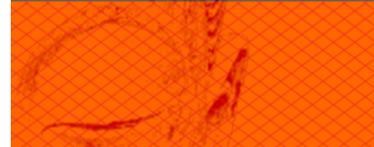
An immediate foreign policy question Taiwan faces is how to secure its official diplomatic relationships with countries around the world that may be pressured or enticed away by the PRC. Already, China has begun successfully competing for Taiwan's remaining diplomatic allies, including Gambia, São Tomé and Príncipe, and Panama. There are now only 20 countries that maintain official diplomatic relations with the ROC government and not the PRC. Some in Taiwan worry China may attempt to "punish" or "humiliate" Taipei by convincing the Vatican and others to recognize Beijing.

It is expected that China's leader, Xi Jinping, will use all instruments of power against Taiwan. To mitigate this risk, Taiwan's government can be expected to place a strong emphasis on increasing Taiwan's participation in the international community. Then President-elect Trump's phone call with President Tsai represented an early and positive example of Washington carving out international space for Taipei.

Taiwan, while seeking to maintain official relations with existing diplomatic allies where possible, is not dependent on them. At the outset of the Tsai Administration, it was anticipated that Taipei would invest in advancing its relationships with the following countries, listed in priority order: (1) United States, (2) Japan, (3) Southeast Asian countries, (4) India, and (5) all others. In practice, this has not always occurred. President Tsai has prioritized partnerships with those countries that are most likely to buttress Taiwan's democracy and international position over the long-term. Her administration has reached out to fellow democracies to expand areas of cooperation. Building closer economic, education, and security ties have been areas of particular emphasis.

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<sup>11</sup> For background, see the "New Southbound Policy Portal," *Ministry of Foreign Affairs, Republic of China (Taiwan)*, at <https://nspp.mofa.gov.tw/nsppe/>.



## *South China Sea*

Taiwan's approach to the South China Sea is increasingly aligned with the United States. However, Taiwan's government could do more to indicate that it supports freedom of navigation and over flight, peaceful resolution of disputes, and the United Nations Convention on the Law of the Sea. Taiwan's leaders have advocated the application of international law and are uncomfortable with sovereignty claims based only on historic evidence. Taipei may choose to review the ROC government's official documents on the South China Sea and consider opening the archives to the international community. It can be anticipated that Taiwan will not support China's claims, but instead will seek to highlight differences in a manner calculated not to be provocative.<sup>12</sup>

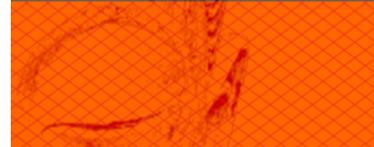
## *Defense*

Taiwan is shaping a defense strategy that should compliment the defense strategies of the United States and Japan. Building on past successes, Taiwan has been investing into its indigenous defense industry as a means of expanding public support for increased defense spending. If successful, this could reduce Taiwan dependence on the U.S. as a source of defense articles and services, which have become unreliable over the past decade. Taiwan has pursued American technical assistance and co-production where possible, and seeks to acquire new equipment and follow-on support through traditional foreign military sales channels where not.

Major new platforms that Taiwan will seek to design, develop, produce, and maintain include diesel-electric submarines. A freeze on licenses has hampered U.S. assistance in this area. Taiwan also is expected to pursue additional advanced fighter aircraft to replace its existing inventory, stealthy surface ships, and armed drones. Additionally, Taiwan is investing more heavily in cyber warfare and training. To finance increased defense spending, President Tsai's administration has sought to pool resources from other government ministries to support the Ministry of National Defense. National security is increasingly considered a matter the whole government bears responsibility for, with appropriate budget allocations reflecting this approach. New initiatives have recently been undertaken to strengthen Taiwan's move to an all-volunteer military and to improve morale. However, significant shortfalls remain.

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<sup>12</sup> For background, see David An, "Itu Aba and Pratas in the Shifting Strategic Environment," *Global Taiwan Brief*, Vol. 2, Issue 39 (November 1, 2017); and Chi-Ting Tsai, "Taiwan's South China Sea Policy Adjustment after the Hague Arbitration," *Global Taiwan Brief*, Vol. 2, Issue 39 (November 1, 2017), available online at <http://globaltaiwan.org/2017/11/01-gtb-2-39/>.



## U.S.-Taiwan Relations

The United States has a critical role to play in supporting Taiwan's democracy and addressing its legitimate security concerns.<sup>13</sup> The American commitment to Taiwan is articulated in the Taiwan Relations Act (U.S. Public Law 96-8). This law mandates that the U.S. provide Taiwan with arms and training needed for a credible self-defense. It further requires the U.S. military to certify an ability to defend Taiwan against all forms of Chinese aggression. The TRA is both a principled and pragmatic document, founded on considered judgments of national interest. Since World War II, American strategists have viewed Taiwan as a center of gravity in the Asia-Pacific.<sup>14</sup> Looking ahead, the success of democracy in Taiwan is in the national interest of the U.S., and the Trump administration would be well advised to develop policy with an eye to deepening and strengthening Taiwan's democracy, while bolstering its economic and national security prospects.

Taiwan stands astride some of the world's busiest maritime and air routes. Given the prevailing conditions, the U.S. has signaled no intent to leverage Taiwan's geostrategic location as a base for its troops, planes, or ships. But it does have a critical interest in promoting a government friendly to the United States and community of democracies, allowing the people of Taiwan to pursue their own hopes and dreams for the future. For this reason, any Chinese attempt to gain control of Taiwan through use of force, or subversion, should be regarded as an attack on the vital interests of the United States, and therefore countered by any means necessary.

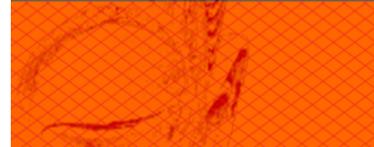
One of the most significant challenges facing the Trump administration is competing requirements throughout the international community. As such, the U.S. may be ill-prepared for the emergence of the PRC as a strategic competitor. More can and should be done to coordinate the policies of Washington and Taipei (and other regional capitals) going forward to adapt to changing facts on the ground. Past experience suggests this will not be easy. But it is imperative now more than ever to defend against Chinese hegemony. Washington must work with Taiwan to keep Beijing from creating a sphere of interest that would undermine freedom of navigation, rule of law, international trade, and human rights, while increasing the chances of armed conflict.

China appears to be seeking a shift in the regional balance of power in its favor. The question of how the U.S. can best deter Chinese aggression against Taiwan should be continually explored in the years ahead. Peace and prosperity in Asia and beyond are riding on America's ability to get

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<sup>13</sup> The following section draws, in part, from Ian Easton, *The Chinese Invasion Threat: Taiwan's Defense and American Strategy in Asia* (Arlington, VA: Project 2049 Institute, October 2017), pp. 240-243.

<sup>14</sup> For background, see Bruce A. Elleman, *High Seas Buffer: The Taiwan Patrol Force, 1950-1979* (Newport, Rhode Island: Naval War College Press, 2012); Edward J. Marolda, *Ready Seapower: A History of the U.S. Seventh Fleet* (Washington, D.C., Naval History & Heritage Command, 2011), and Robert Ross Smith, "Luzon Versus Formosa" in Kent Roberts Greenfield (ed.), *Command Decisions* (Washington, D.C.: Defense Department Army Center of Military History, 1960).



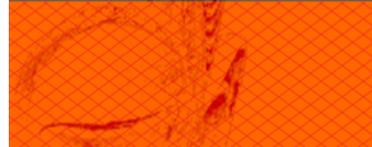
this problem right. Some scholars have suggested abandoning Taiwan, trading it away in a bargain or deal with Beijing.<sup>15</sup> Their views should be ignored by policymakers in Washington. The dispute between China and Taiwan cannot be separated from the larger geopolitics of the region. Equally important, there is an underlying confluence of U.S.-Taiwan interests.

Taiwan is critical not only for its geographic location, but also for its shared values and its position as a key trading partner. Chinese diplomats frequently assert that China is big and Taiwan is little, therefore positive relations with China matter more, and it is in the American interest to compromise on Taiwan. This is an entirely false argument. When it comes to freedom, human rights, and quality of government, Taiwan towers over China. Experience has shown senior American policymakers time and time again that nations that share democratic values are the best partners and worth defending. Common values generate common interests, which are the basis for making a common cause in addressing global challenges.

In 2016 Taiwan was America's 10th largest trading partner, ahead of Saudi Arabia, Italy, and Brazil. The Taiwanese excel when it comes to researching, designing, and manufacturing the advanced technology that drives much of America's economy. Integrated circuits (microchips) are the brains of our handheld devices and computers. The global chip making business as we know it was invented by Taiwan in the 1980s, and the high-tech island nation still occupies a strong position on the global supply chain. However, the PRC is rapidly catching up, something that poses a serious threat to the security of the world's hardware. America needs to partner with Taiwan to keep the technology of tomorrow from being controlled and corrupted by a near peer adversary.

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<sup>15</sup> There are four schools of thought that may guide U.S. policy towards Taiwan: the Accommodation School, the Status Quo School, the Normalization School, and the U.S. "One China, Two Governments" School. For details, see Mark Stokes and Sabrina Tsai, "The United States and Future Policy Options in the Taiwan Strait: Driving Forces and Implications for U.S. Security Interests," *The Project 2049 Institute*, February 1, 2016, at [http://www.project2049.net/documents/170214\\_ALTERNATE\\_FUTURE\\_POLICY\\_OPTIONS\\_IN\\_THE\\_TAIWAN\\_STRAIT.pdf](http://www.project2049.net/documents/170214_ALTERNATE_FUTURE_POLICY_OPTIONS_IN_THE_TAIWAN_STRAIT.pdf).



## Rising Cross-Strait Tensions

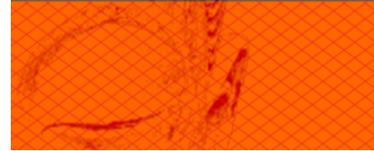
Fundamental differences over sovereignty between Taiwan, officially known as the Republic of China (ROC, or Taiwan), and the People's Republic of China began 68 years ago and continue to be a significant source of instability in Asia to this day. In spite of the remarkable growth in cross-Strait trade and investment over the past two decades, prospects of the two governments resolving political differences appear slim in the foreseeable future. The two governments exercise exclusive administrative jurisdiction over the territory under their respective control, with neither side subordinate to the other.

From Beijing's perspective, Taiwan and its democratic system of government pose an existential challenge to the legitimacy of the Chinese Communist Party. The PRC has long sought the political subordination of Taiwan under its "One China" principle. Authorities in Beijing view Taiwan as a "separatist" territory awaiting unification by force, if necessary. As a result, China considers the capacity for use of force, including the invasion and occupation of Taiwan, to be the most important strategic mission of the Chinese army. In sharp contrast, people in Taiwan now overwhelmingly identify themselves as citizens of a state that is separate and distinct from China, and they are firmly opposed to being denied their right of self-determination.

Taiwan faces perhaps the most stressful set of political, economic, and defense challenges in the world today. Over the past decades, Taiwan has relied upon various material and intangible factors to deter Chinese use of force and other forms of coercion, including shortcomings in the mainland military's ability to project power significantly across the Taiwan Strait, technological advantages of Taiwan's armed forces, and geographic characteristics of the battle space. Some of these advantages, however, are eroding over time. As its relative position has improved, China has launched an increasingly provocative campaign of coercion against Taiwan, employing multiple facets of national power to constrain Taiwanese decision-making.

Attempts to put pressure on Taiwan's new government have involved the application of political, economic, and military means. This intimidation campaign can be expected to intensify in the near future. On the one hand, the people of Taiwan have never been as united against the idea of being annexed by China as they are today. On the other hand, the Chinese Communist Party, under the leadership of General Secretary Xi, appears more willing to apply force and accept risks than at any point since Mao Zedong. The danger of a major military crisis occurring in the Taiwan Strait is rising, perhaps faster than generally accepted.

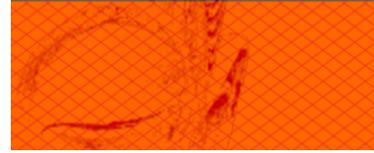
PRC actions against Taiwan's government are numerous. China has used backchannels to make unreasonable demands of President Tsai personally. Taiwan's representatives have been removed from diplomatic events in Brussels and Nigeria at the insistence of China. It is also believed that



China applied its influence to delay Taiwan's invitation to the World Health Assembly in 2017. The Chinese have significantly reduced the number of mainland tourists allowed to visit Taiwan and have bought off three of Taiwan's remaining diplomatic allies (Gambia, São Tomé and Príncipe, and Panama). They have applied significant pressure to Taiwanese businessmen in China and have cutoff imports of Taiwanese goods. China has further used its state-media outlets to broadcast images of amphibious military exercises and close-in patrols aimed at Taiwan, with bombers and aircraft carriers literally circling the island. Chinese military officers, official spokesmen, and scholars have begun a campaign of publishing articles which include threatening statements.<sup>16</sup>

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<sup>16</sup> For a selected list of recent provocations, see Appendix 1, Table 4.



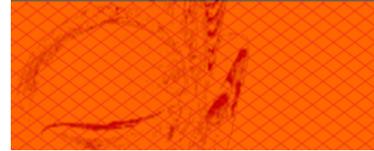
## Policy Recommendations

This report has addressed the main findings of our dialogues and research. We will now address how U.S. policy could be adjusted to best manage the challenges China presents during this new era. What follows are our top policy recommendations for Washington as it endeavors to strengthen relations with Taipei, while at the same time mitigating risks that are emerging in relations across the Taiwan Strait.

(1) The United States should deepen and broaden engagement with Taiwan and consider ways to move toward a more normal relationship over the longer term. Taiwan is a great democratic success story, a thriving economy, and a global leader in health and science. It stands to contribute far greater as a good citizen of the world. The U.S. should seek to promote opportunities for Taiwan to participate meaningfully in international organizations, and resist pressure to isolate Taiwan from participating in the cooperative work among nations in international organizations. The Trump administration should convene an interagency policy working group to evaluate how best to achieve a normal, stable, and constructive relationship with Taiwan over the long term.

(2) Democratically-elected U.S. officials at the highest levels should engage counterparts on Taiwan on a regular basis. In the near term, the Assistant Secretaries of State and Defense, in unofficial capacities as *ex officio* board members of the American Institute in Taiwan, should travel to Taiwan for annual dialogues. President Trump and President Tsai should seek the opportunity to meet each other in person. Cabinet level officials should regularly visit their counterparts in Taiwan to discuss national, departmental, and technical issues of shared interest. Hindering high-level contacts could only encourage misunderstandings and policy mistakes, especially in times of crisis. The current level and pace of interactions is wholly inadequate for managing the complexities of a relationship that encompasses issues ranging from trade to science and technology, and from environmental protection to defense and security affairs.

(3) The United States government should begin negotiating a free trade agreement with Taiwan, equal or better than the ones it already has with South Korea, Singapore, and Australia. Taiwan is an island nation, heavily dependent upon free trade to sustain itself as an economic powerhouse, and it is vulnerable to increasing Chinese economic coercion. This will likely be a long-term effort, but it could have important payoffs for American statecraft. The U.S. would benefit both economically and strategically from a closer trade relationship with Taiwan.

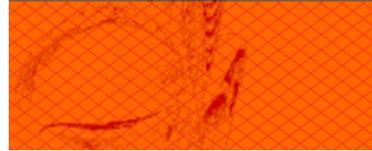


(4) The Trump administration should routinize the process for addressing Taiwan's requests for defense articles and services, provide a timely response to requests as well as commercial export licenses for Taiwan's indigenous submarine program, and base arms sales decisions solely on considerations of Taiwan's strategic and operational requirements, which are inherently defensive in nature. Beijing should not be consulted in advance of arms sales to Taiwan. Meeting commitments to regional stability should be considered a more important priority than U.S.-PRC diplomatic exchanges.

(5) The Trump administration should develop and implement a joint workplan for bilateral defense and security relations. The workplan should outline an ideal vision, identify focus areas, develop goals and supporting objectives, and prioritize relevant actions. Deepened and broadened defense interactions with Taiwan could include training and exercises, modest ports of call in support of humanitarian assistance and disaster relief missions, and regular exchanges of military officers with joint command experience. One-star general/flag officers should represent the Secretary of Defense and oversee both security assistance and traditional attaché duties. Language-qualified U.S. officers should attend intermediate and senior service schools in Taiwan.

(6) In addition, the U.S. State Department should launch a new initiative to increase the number of people-to-people exchanges with Taiwan, especially in the areas of education and cultural exchanges. The United States should establish a National Committee on U.S.-Taiwan Relations, a nonprofit educational organization that encourages understanding between citizens of both nations.

(7) The Trump administration should develop and implement U.S.-Taiwan Bilateral Working Groups on Supply Chain Security and Defense Industrial Cooperation to ensure that the cutting edge technologies of tomorrow are harnessed for advancing shared values and interests.



## **Appendixes: Tables, Maps, and Documents**

### ***I. Tables***

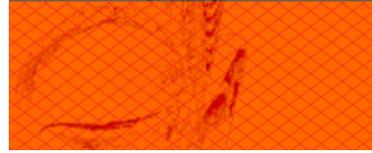
1. Political Dynamics in Taiwan
2. Significant Dates in U.S.-Taiwan Relations
3. U.S.-Taiwan Trade Data
4. Recent Acts of Coercion against Taiwan
5. Recent Arms Sales to Taiwan

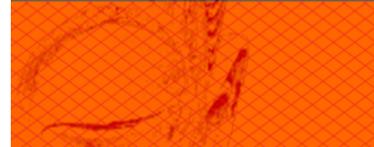
### ***II. Maps***

1. Taiwan Strait Area
2. Taiwan's Location in the West Pacific
3. Taiwan's Location in the First Island Chain
4. Major Taiwanese Military Bases
5. U.S. Military Bases in the West Pacific

### ***III. Documents***

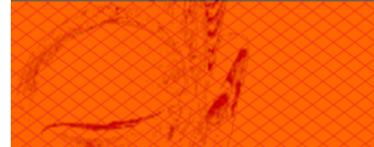
1. The Taiwan Relations Act
2. President Reagan's Six Assurances to Taiwan





## Appendix I: Tables

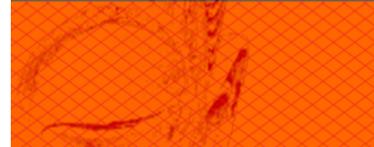
<b>Table 1: Political Dynamics in Taiwan, 2008-2016</b>			
<i>Election Dates</i>	<i>Political Party</i>	<i>Seats in Parliament</i>	<i>Parliamentary Leadership</i>
2016	Democratic Progressive Party (DPP) Kuomintang (KMT) New Power Party (NPP) People's First Party (PFP) Non-Partisan Solidarity Union (NPSU) Independent	68 35 5 3 1 1	Speaker: Su Jia-chyuan (DPP)
2012	Democratic Progressive Party (DPP) Kuomintang (KMT) People's First Party (PFP) Non-Partisan Solidarity Union (NPSU) Independent	40 64 3 1 1	Speaker: Wang Jin-pyng (KMT)
2008	Democratic Progressive Party (DPP) Kuomintang (KMT) People's First Party (with KMT support) People's First Party (without KMT support) Non-Partisan Solidarity Union (NPSU) Independent	27 71 8 1 3 1	Speaker: Wang Jin-pyng (KMT)
Sources: Taiwan's Central News Agency, Wikipedia			



**Table 2: Significant Dates in U.S.-Taiwan Relations**

<i>Date</i>	<i>Event</i>	<i>Details</i>
2016	Trump-Tsai Phone Call	President-elect Donald Trump spoke on the phone with President Tsai Ing-wen, marking the first executive level contact since 1979
2001	President Bush pledges to defend Taiwan	In an interview, President George W. Bush publically stated he would do "whatever it took" to help defend Taiwan
1996	Third Taiwan Strait Crisis	President Bill Clinton ordered two U.S. aircraft carrier battle groups to waters near Taiwan as a signal of resolve, deescalating the Third Taiwan Strait Crisis of 1995-1996
1995	President Lee Tung-hui's Cornell Speech	President Lee Tung-hui visited his alma mater, Cornell University, to give a speech on democracy
1994	U.S. Taiwan Policy Review	President Clinton went on record supporting Taiwan's membership in international organizations
1982	Six Assurances	President Reagan articulated six guidelines for U.S.-Taiwan relations to reassure Taipei that it would not betray its interests in favor of a closer relationship with the PRC government
1979	Taiwan Relations Act	Congress passed, and President Carter signed, the Taiwan Relations Act, a bill that allows Washington to maintain very close, but unofficial, relations with Taiwan after the break in relations
1979	U.S. Breaks Diplomatic Relations with Taiwan	President Carter recognized PRC government in Beijing and broke diplomatic relations with ROC government in Taipei
1958	Second Taiwan Strait Crisis	PRC attacked Kinmen Islands with massive artillery barrage, U.S. aided the defense of the island
1955	Mutual Defense Treaty	Senate ratified a mutual defense treaty with Taiwan (ROC)
1954-1955	First Taiwan Strait Crisis	PRC shelled Kinmen and Matsu islands, then seized Yijiangshan island and the Dachens
1951	Military Assistance Advisory Group Established in Taiwan	U.S. began a large scale effort to modernize Taiwan's military establishment
1950	U.S. 7th Fleet Sent to defend Taiwan	President Truman ordered the 7th Fleet to defend Taiwan from Communist Chinese invasion and based destroyers, submarines, and planes on Taiwan

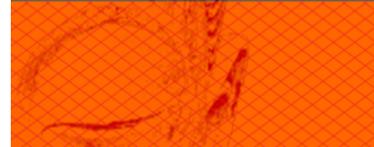
Source: Various



**Table 3: U.S. Trade in Goods to Taiwan, 2006-2017**

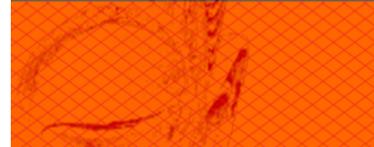
<i>Year</i>	<i>Exports</i>	<i>Imports</i>	<i>Balance</i>
2017	25.7 billion	42.4 billion	-16.7 billion
2016	26 billion	39.3 billion	-13.3 billion
2015	25.9 billion	40.9 billion	-15 billion
2014	26.7 billion	40.8 billion	-13.1 billion
2013	25.5 billion	37.9 billion	-12.4 billion
2012	24.3 billion	38.8 billion	-14.5 billion
2011	25.9 billion	41.4 billion	-15.5 billion
2010	26 billion	35.8 billion	-9.8 billion
2009	18.4 billion	28.3 billion	-9.9 billion
2008	25 billion	36.3 billion	-11.3 billion
2007	25.8 billion	38.3 billion	-12.5 billion
2006	22.7 billion	38.2 billion	-15.5 billion

Note that in 2016, Taiwan was America's 10th largest trading partner. Source for all data comes from the United States Census Bureau.

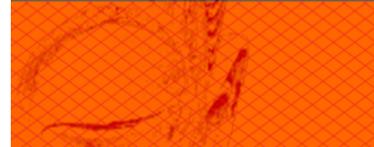


**Table 4: Selected PRC Acts of Coercion Against Taiwan,  
March 2015 - March 2018**

<i>Date</i>	<i>Category</i>	<i>Details</i>
March 2018	Political/Military	China's Taiwan Affairs Office makes threatening statement to Taiwan after U.S. Senate passes "Taiwan Travel Act"
January 2018	Political/Economic	China begins campaign to force U.S. government and global corporations to remove Taiwan's flag and status from their websites
January 2018	Military	China sails aircraft carrier and escort surface group through the Taiwan strait shortly after new M503 flight route operations begin
January 2018	Political/Military	China flies civil airlines along south-north M503 flight route near Taiwan Strait center line without prior consultation with Taipei
December 2017	Political/Military	Diplomat at the PRC Embassy in Washington states that his nation will invade Taiwan if U.S. Navy ship visited port of Kaohsiung
June 2017	Political	China persuades Panama to break relations with Taipei and recognize Beijing
February 2017	Political/Military	Chinese officials state that Beijing may pass law to invade Taiwan if President Tsai does not accept "one China" principle
January 2017	Political/Military	Chinese state-media outlet falsely claims that former Taiwan deputy defense minister, in an interview, said China could conquer Taiwan in three days
January 2017	Military	China sails aircraft carrier and escort surface group through the Taiwan strait, completing circumnavigation of Taiwan
December 2016	Military	China flies bombers and intelligence gathering aircraft around Taiwan's east coast, circling the entire island on two occasions
December 2016	Political	China unsuccessfully attempts to block President Tsai from making transit stops in the United States
December 2016	Political	China persuades Sao Tome and Principe to break relations with Taipei and recognize Beijing
November 2016	Political/Medical	China blocks participation of Taiwanese expert at UN meeting on rare diseases
September 2016	Political	China attempts to block Taiwan's participation at UN International Civil Aviation Organization (ICAO)
September 2016	Economic	China begins making considerable cuts to numbers of tourists able to visit Taiwan
August 2016	Military	China publicizes live-fire amphibious drills near Taiwan
August 2016	Political	Beijing begins to demand Taiwanese nationals accused of crimes aboard are deported to China, first from Kenya, then Cambodia and other states
May 2016	Political	China severs all official and unofficial communications channels to Taiwan
May 2016	Political	China establishes diplomatic relations with former Taiwan ally, Gambia, days before President Tsai's inauguration
January 2016	Political/Military	China holds amphibious landing drill near Taiwan just before the 2016 presidential elections
January	Political	China demands a televised apology of Taiwanese pop star in South Korea for waving an ROC flag during a TV interview

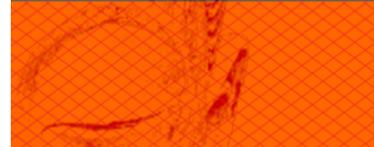


2016		
November 2015	Political	China alters conditions of Ma-Xi leadership summit in Singapore at last minute, demanding President Ma adhere to "one China" principle, without "respective interpretations" caveat
March 2015	Political/Military	China makes announcement of M503 flight route near Taiwan Strait center line without prior consultation with Taipei
Source: ROC (Taiwan) Ministry of Foreign Affairs, at <a href="https://www.mofa.gov.tw/Content_List.aspx?n=442A97CFB4A0C56C">https://www.mofa.gov.tw/Content_List.aspx?n=442A97CFB4A0C56C</a>		

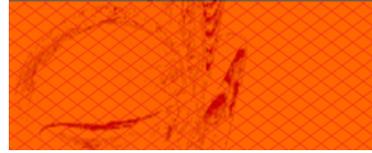


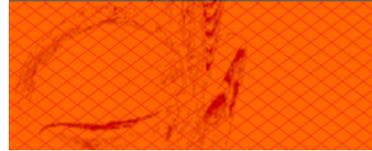
**Table 5: Taiwan Arms Sales, 2007-2017**

<i>Date</i>	<i>Item(#)</i>	<i>Estimated Cost</i>
June 29, 2017	AN/SLQ-32(V)3 Electronic warfare systems upgrade for Taiwan's Kidd-class destroyers (4)	\$80 million
	JSOW Air-to-ground missiles (56)	\$185.5 million
	MK 54 Lightweight Torpedo conversion (168)	\$175 million
	MK 48 Heavyweight Torpedoes (46)	\$250 million
	SM-2 air defense missiles and components (16 missiles, 47 guidance sections, etc.)	\$125 million
	HARM anti-radiation missiles (50 missiles, 10 training rounds)	\$147.5 million
	Surveillance Radar Program sustainment	\$400 million
<i>Time Gap: 1 Year and 6 Months</i>		
December 16, 2015	Stinger air defense missiles (250)	\$217 million
	TOW anti-tank missiles (769)	\$268 million
	Phalanx naval air defense guns 13 new, 8 upgrades	\$416 million
	Javelin anti-tank missiles (208)	\$57 million
	Modernized Perry class frigates (2)	\$190 million
	Command and control system upgrades and spare parts (JTIDS); Link-16 data link terminal upgrades and spares	\$120 million
	Link-11 data link terminals for Taiwan's Kidd-class destroyers	\$75 million
	Amphibious assault vehicles (36)	\$375 million
<i>Time Gap: 4 Years and 3 Months</i>		
September 21, 2011	F-16A/B retrofit (145): radars, guidance, electronic warfare pods, Link-16 terminals, targeting pods, night vision goggles, 140 Sidewinder missiles, 96 JDAM kits, 64 CBU-105 sensor fused weapons	\$5.3 billion
	Pilot training program at Luke Air Force Base	\$500 million
	Spare parts for F-16, IDF, F-5, C-130s	\$52 million
<i>Time Gap: 1 Year and 9 Months</i>		
January 29, 2010	Patriot-3 missiles (114); fire units (3); launching stations (26)	\$2.8 billion
	Blackhawk helicopters (60)	\$3.1 billion
	Osprey mine hunting ships (2)	\$105 million
	Harpoon training missiles (12)	\$37 million
	Command & control upgrade (60)	\$340 million
<i>Time Gap: 1 Year and 3 Months</i>		
October 3, 2008 "The First Bundle"	Patriot-3 missiles (330)	\$3.1 billion
	Apache helicopters (30)	\$2.5 billion
	Spare parts for F-16, F-5, C-130, and IDF aircraft	\$334 million
	Sub-launched Harpoon missiles (32)	\$200 million
	Hawkeye airborne early warning and control aircraft	\$250 million

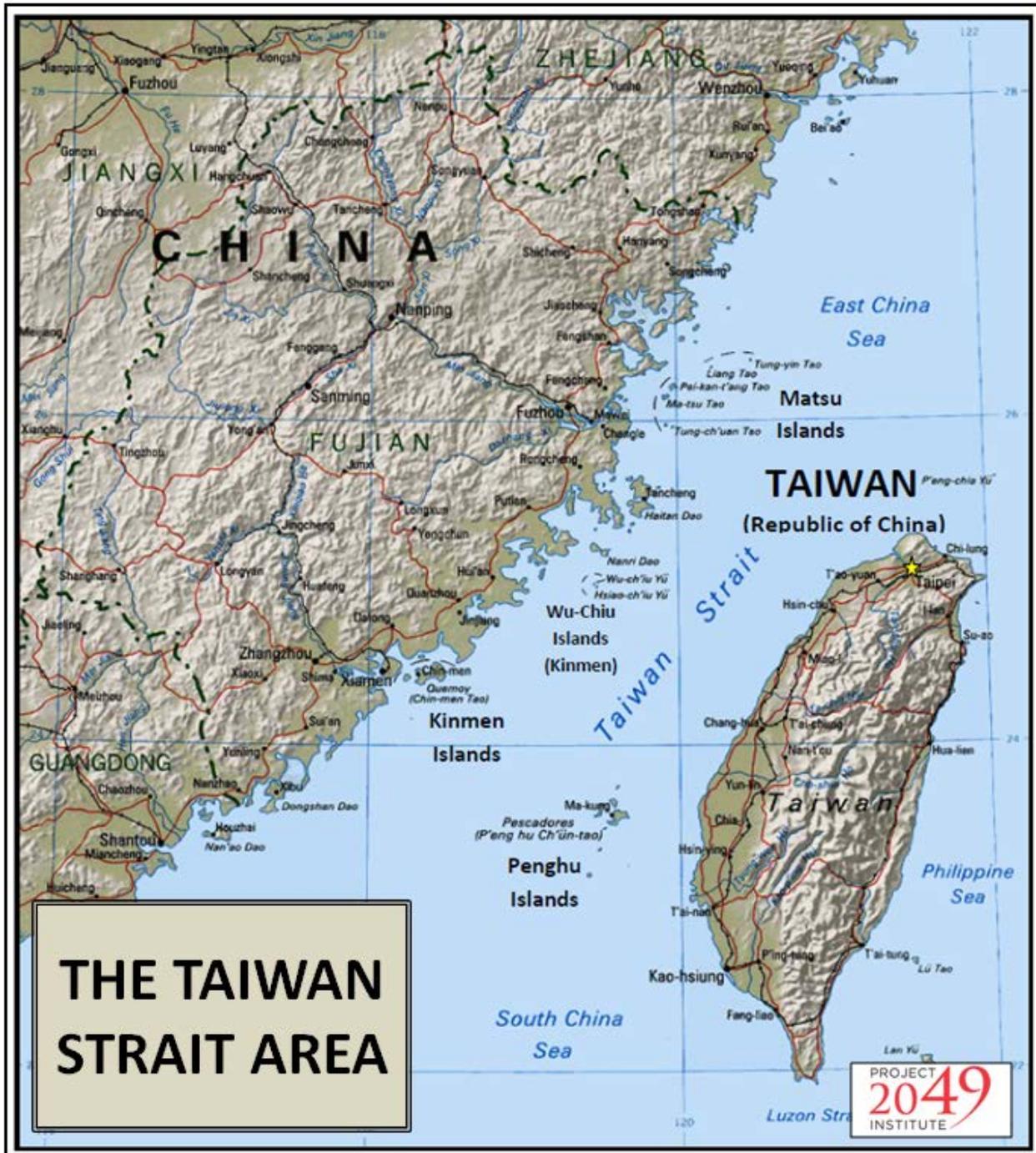


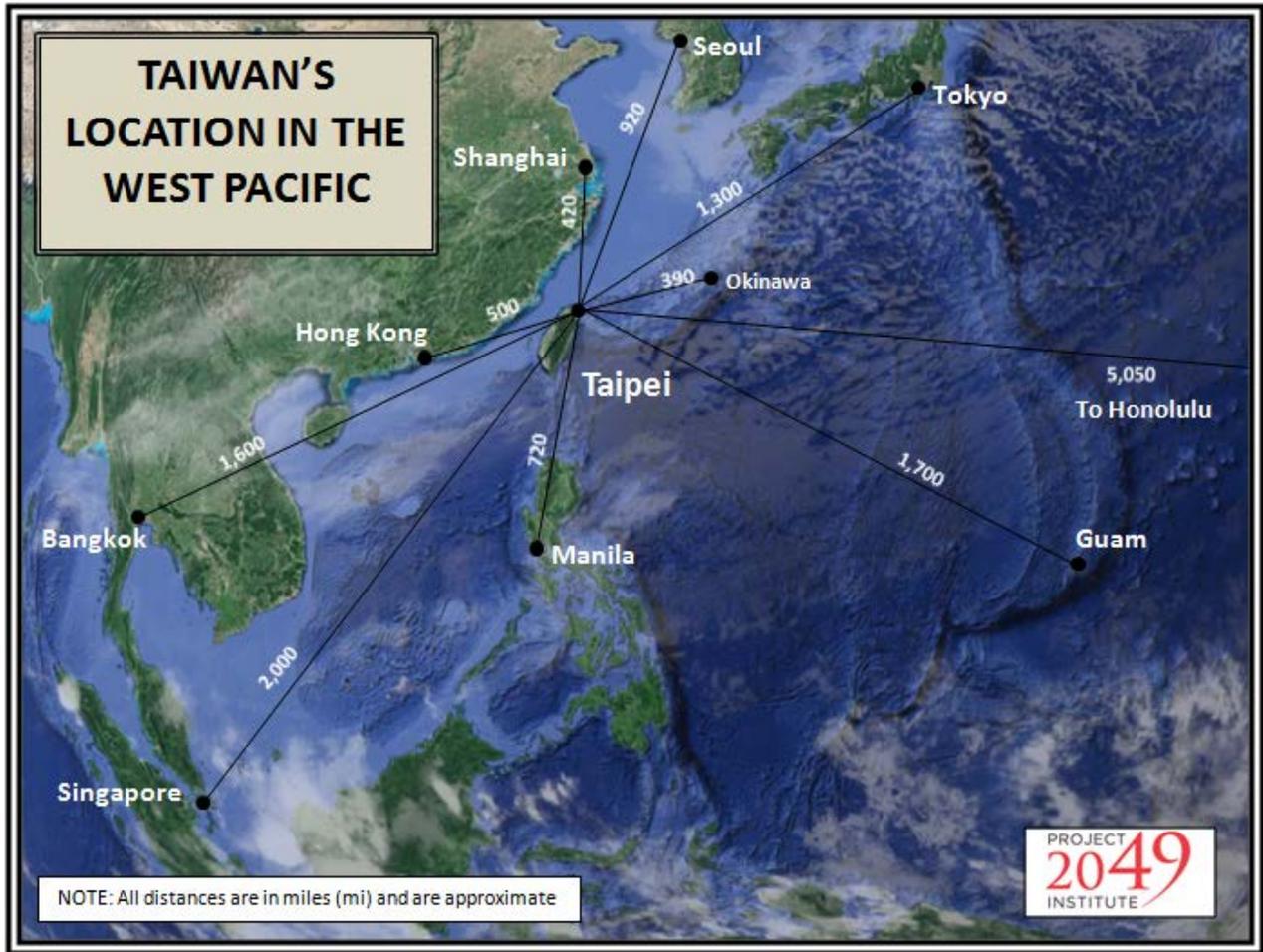
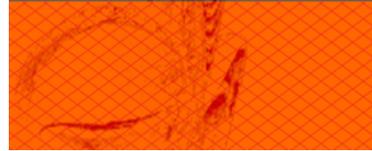
	upgrade (4)	
	Javelin anti-tank missiles (182)	\$47 million
<i>Time Gap: 11 Months</i>		
November 9, 2007	Patriot- 2 missile system upgrade	\$939 million
September 12, 2007	P-3C sub-hunting planes (12)	\$1.96 billion
	SM-2 air defense missiles (144)	\$272 million
August 8, 2007	Harpoon anti-ship missiles (60)	\$125 million
February 28, 2007	AMRAAMs (218) and Maverick (235) missiles for F-16 fighters	\$421 million
Sources: Defense Security Cooperation Agency, at <a href="http://www.dsca.mil/major-arms-sales">http://www.dsca.mil/major-arms-sales</a> ; and Shirley Kan, "Taiwan: Major U.S. Arms Sales Since 1990," <i>Congressional Research Service</i> , August 29, 2014, pp.58-59.		

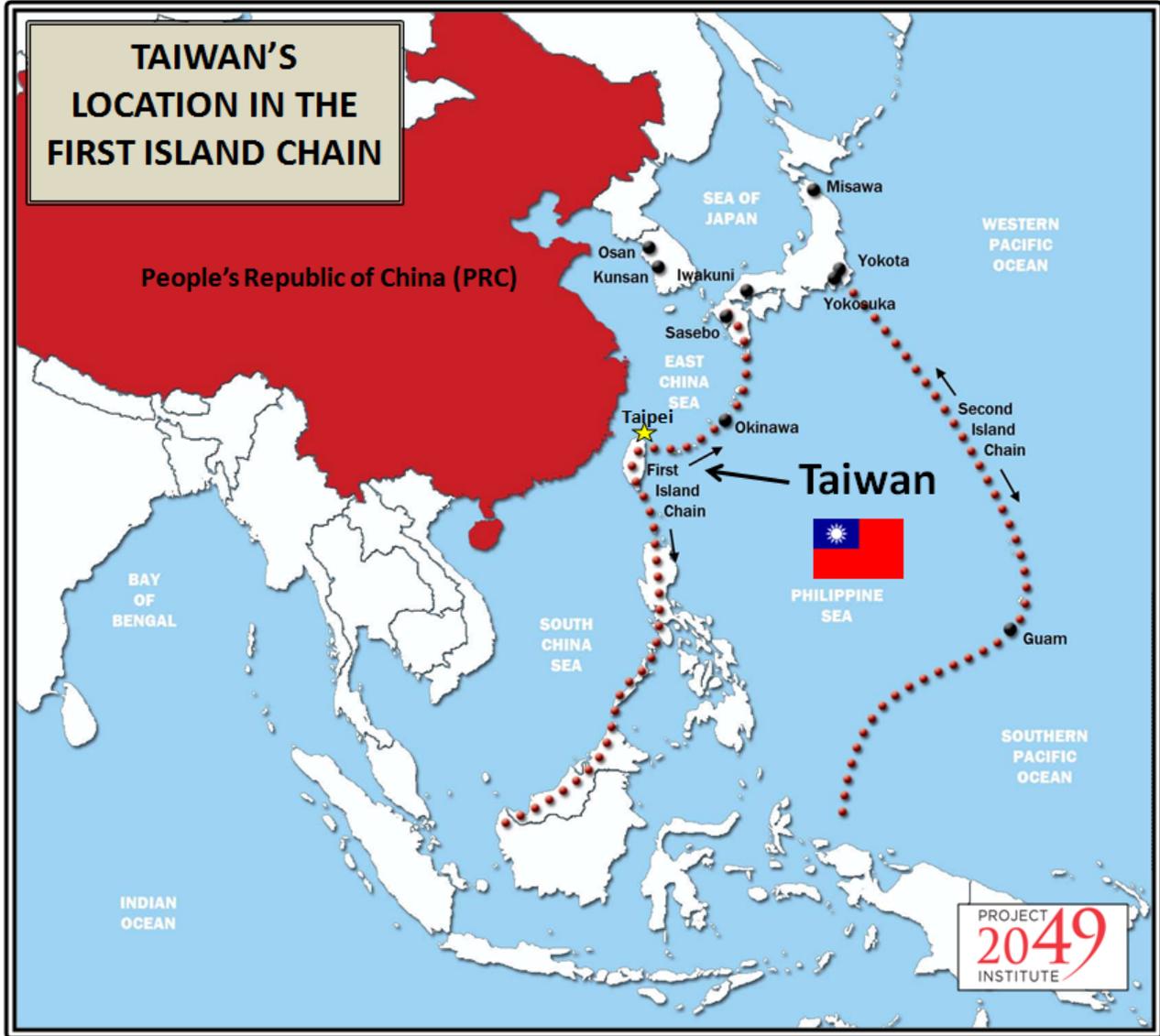
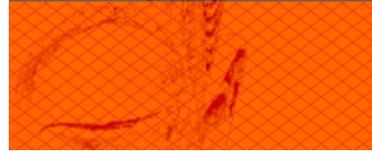


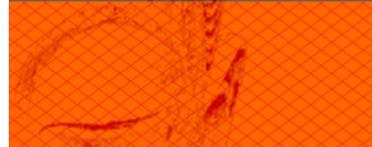


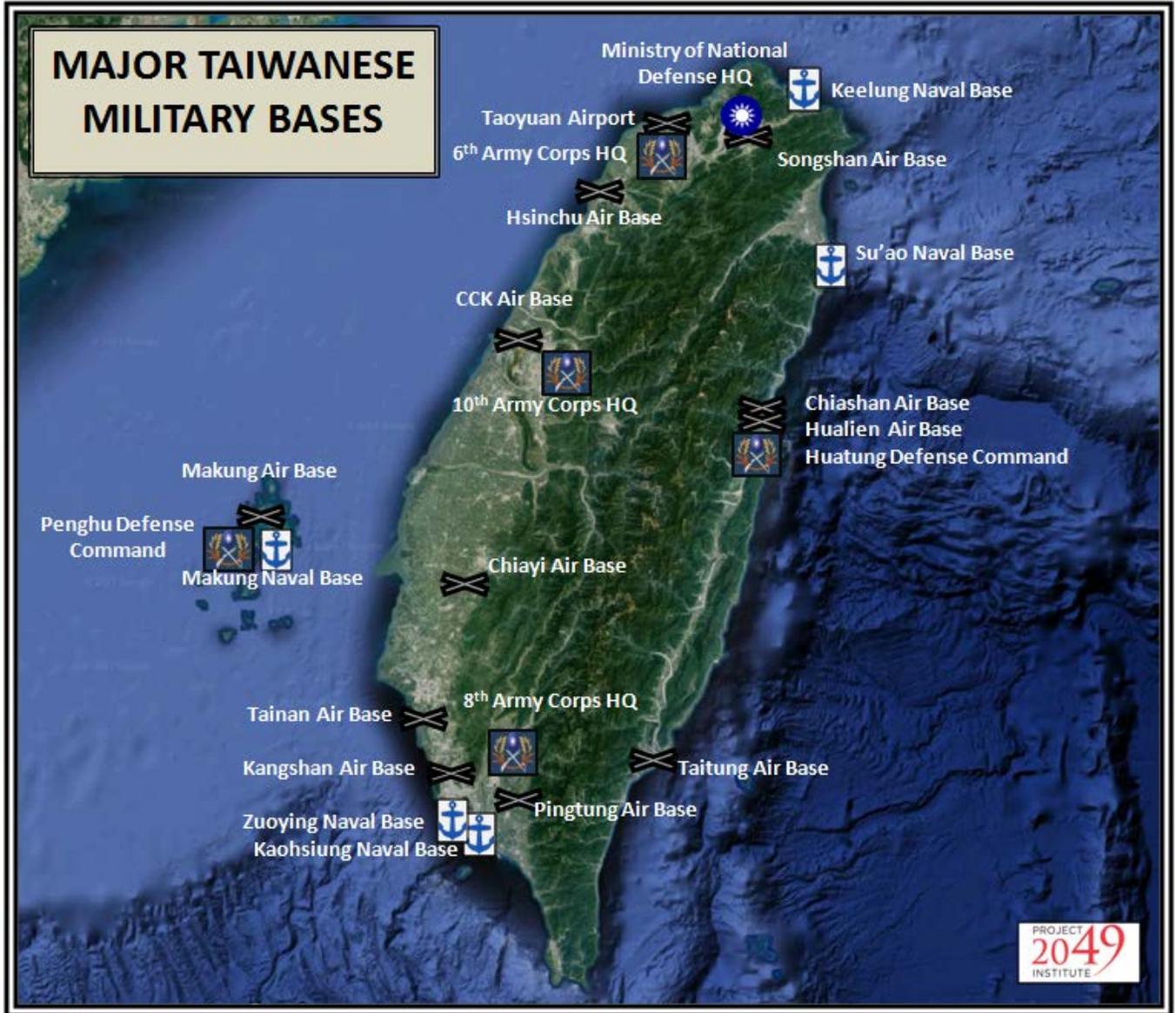
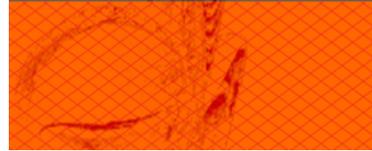
## Appendix II: Maps

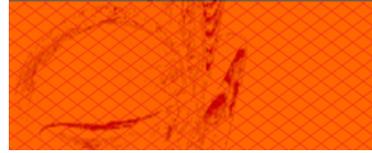


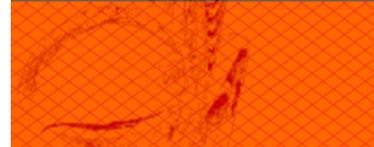












## Appendix III: Key Documents

### 1. TAIWAN RELATIONS ACT

**Public Law 96-8 96th Congress**

#### **An Act**

To help maintain peace, security, and stability in the Western Pacific and to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

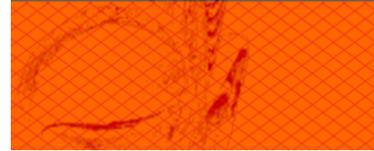
#### **Short Title**

SECTION 1. This Act may be cited as the "Taiwan Relations Act".

#### **Findings and Declaration of Policy**

Section. 2.

- a. The President- having terminated governmental relations between the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, the Congress finds that the enactment of this Act is necessary--
  1. to help maintain peace, security, and stability in the Western Pacific; and
  2. to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan.
- b. It is the policy of the United States--
  1. to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area;
  2. to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern;
  3. to make clear that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;



4. to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States;
  5. to provide Taiwan with arms of a defensive character; and
  6. to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.
- c. Nothing contained in this Act shall contravene the interest of the United States in human rights, especially with respect to the human rights of all the approximately eighteen million inhabitants of Taiwan. The preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States.

### **Implementation of United States Policy with Regard to Taiwan**

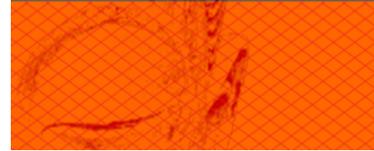
#### Section. 3.

- a. In furtherance of the policy set forth in section 2 of this Act, the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.
- b. The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan, in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress.
- c. The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger.

### **Application of Laws; International Agreements**

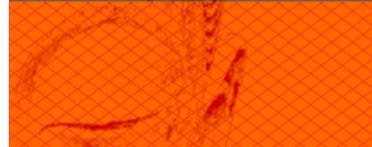
#### Section. 4.

- a. The absence of diplomatic relations or recognition shall not affect the application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979.
- b. The application of subsection (a) of this section shall include, but shall not be limited to, the following:
  1. Whenever the laws of the United States refer or relate to foreign countries, nations, states, governments, or similar entities, such terms shall include and such laws shall apply with such respect to Taiwan.
  2. Whenever authorized by or pursuant to the laws of the United States to conduct or carry out programs, transactions, or other relations with respect to foreign countries, nations, states, governments, or similar entities, the President or any



agency of the United States Government is authorized to conduct and carry out, in accordance with section 6 of this Act, such programs, transactions, and other relations with respect to Taiwan (including, but not limited to, the performance of services for the United States through contracts with commercial entities on Taiwan), in accordance with the applicable laws of the United States.

3.
  - A. The absence of diplomatic relations and recognition with respect to Taiwan shall not abrogate, infringe, modify, deny, or otherwise affect in any way any rights or obligations (including but not limited to those involving contracts, debts, or property interests of any kind) under the laws of the United States heretofore or hereafter acquired by or with respect to Taiwan.
  - B. For all purposes under the laws of the United States, including actions in any court in the United States, recognition of the People's Republic of China shall not affect in any way the ownership of or other rights or interests in properties, tangible and intangible, and other things of value, owned or held on or prior to December 31, 1978, or thereafter acquired or earned by the governing authorities on Taiwan.
4. Whenever the application of the laws of the United States depends upon the law that is or was applicable on Taiwan or compliance therewith, the law applied by the people on Taiwan shall be considered the applicable law for that purpose.
5. Nothing in this Act, nor the facts of the President's action in extending diplomatic recognition to the People's Republic of China, the absence of diplomatic relations between the people on Taiwan and the United States, or the lack of recognition by the United States, and attendant circumstances thereto, shall be construed in any administrative or judicial proceeding as a basis for any United States Government agency, commission, or department to make a finding of fact or determination of law, under the Atomic Energy Act of 1954 and the Nuclear Non-Proliferation Act of 1978, to deny an export license application or to revoke an existing export license for nuclear exports to Taiwan.
6. For purposes of the Immigration and Nationality Act, Taiwan may be treated in the manner specified in the first sentence of section 202(b) of that Act.
7. The capacity of Taiwan to sue and be sued in courts in the United States, in accordance with the laws of the United States, shall not be abrogated, infringed, modified, denied, or otherwise affected in any way by the absence of diplomatic relations or recognition.
8. No requirement, whether expressed or implied, under the laws of the United States with respect to maintenance of diplomatic relations or recognition shall be applicable with respect to Taiwan.
- c. For all purposes, including actions in any court in the United States, the Congress approves the continuation in force of all treaties and other international agreements, including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law.



- d. Nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization.

### **Overseas Private Investment Corporation**

#### Section. 5.

- a. During the three-year period beginning on the date of enactment of this Act, the \$1,000 per capita income restriction in insurance, clause (2) of the second undesignated paragraph of section 231 of the reinsurance, Foreign Assistance Act of 1961 shall not restrict the activities of the Overseas Private Investment Corporation in determining whether to provide any insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan.
- b. Except as provided in subsection (a) of this section, in issuing insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan, the Overseas Private Insurance Corporation shall apply the same criteria as those applicable in other parts of the world.

### **The American Institute of Taiwan**

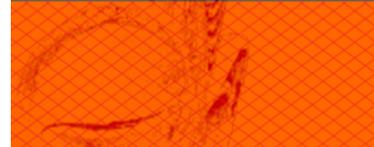
#### Section. 6.

- a. Programs, transactions, and other relations conducted or carried out by the President or any agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through--
  - 1. The American Institute in Taiwan, a nonprofit corporation incorporated under the laws of the District of Columbia, or
  - 2. such comparable successor nongovernmental entity as the President may designate, (hereafter in this Act referred to as the "Institute").
- b. Whenever the President or any agency of the United States Government is authorized or required by or pursuant to the laws of the United States to enter into, perform, enforce, or have in force an agreement or transaction relative to Taiwan, such agreement or transaction shall be entered into, performed, and enforced, in the manner and to the extent directed by the President, by or through the Institute.
- c. To the extent that any law, rule, regulation, or ordinance of the District of Columbia, or of any State or political subdivision thereof in which the Institute is incorporated or doing business, impedes or otherwise interferes with the performance of the functions of the Institute pursuant to this Act; such law, rule, regulation, or ordinance shall be deemed to be preempted by this Act.

### **Services by the Institute to United States Citizens on Taiwan**

#### Section. 7.

- a. The Institute may authorize any of its employees on Taiwan--



1. to administer to or take from any person an oath, affirmation, affidavit, or deposition, and to perform any notarial act which any notary public is required or authorized by law to perform within the United States;
  2. To act as provisional conservator of the personal estates of deceased United States citizens; and
  3. to assist and protect the interests of United States persons by performing other acts such as are authorized to be performed outside the United States for consular purposes by such laws of the United States as the President may specify.
- b. Acts performed by authorized employees of the Institute under this section shall be valid, and of like force and effect within the United States, as if performed by any other person authorized under the laws of the United States to perform such acts.

### **Tax Exempt Status of the Institute**

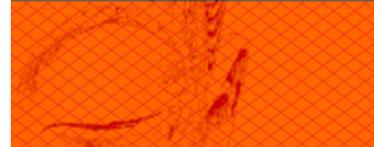
#### SECTION. 8.

- a. The Institute, its property, and its income are exempt from all taxation now or hereafter imposed by the United States (except to the extent that section 11(a)(3) of this Act requires the imposition of taxes imposed under chapter 21 of the Internal Revenue Code of 1954, relating to the Federal Insurance Contributions Act) or by State or local taxing authority of the United States.
- b. For purposes of the Internal Revenue Code of 1954, the Institute shall be treated as an organization described in sections 170(b)(1)(A), 170(c), 2055(a), 2106(a)(2)(A), 2522(a), and 2522(b).

### **FURNISHING PROPERTY AND SERVICES TO AND OBTAINING SERVICES FROM THE INSTITUTE**

#### Section. 9.

- a. Any agency of the United States Government is authorized to sell, loan, or lease property (including interests therein) to, and to perform administrative and technical support functions and services for the operations of, the Institute upon such terms and conditions as the President may direct. Reimbursements to agencies under this subsection shall be credited to the current applicable appropriation of the agency concerned.
- b. Any agency of the United States Government is authorized to acquire and accept services from the Institute upon such terms and conditions as the President may direct. Whenever the President determines it to be in furtherance of the purposes of this Act, the procurement of services by such agencies from the Institute may be effected without regard to such laws of the United States normally applicable to the acquisition of services by such agencies as the President may specify by Executive order.
- c. Any agency of the United States Government making funds available to the Institute in accordance with this Act shall make arrangements with the Institute for the Comptroller General of the United States to have access to the; books and records of the Institute and the opportunity to audit the operations of the Institute.



## Taiwan Instrumentality

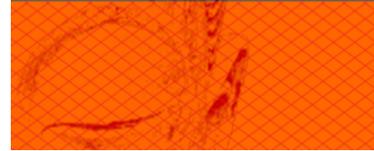
### Section. 10.

- a. Whenever the President or any agency of the United States Government is authorized or required by or pursuant to the laws of the United States to render or provide to or to receive or accept from Taiwan, any performance, communication, assurance, undertaking, or other action, such action shall, in the manner and to the extent directed by the President, be rendered or Provided to, or received or accepted from, an instrumentality established by Taiwan which the President determines has the necessary authority under the laws applied by the people on Taiwan to provide assurances and take other actions on behalf of Taiwan in accordance with this Act.
- b. The President is requested to extend to the instrumentality established by Taiwan the same number of offices and complement of personnel as were previously operated in the United States by the governing authorities on Taiwan recognized as the Republic of China prior to January 1, 1979.
- c. Upon the granting by Taiwan of comparable privileges and immunities with respect to the Institute and its appropriate personnel, the President is authorized to extend with respect to the Taiwan instrumentality and its appropriate; personnel, such privileges and immunities (subject to appropriate conditions and obligations) as may be necessary for the effective performance of their functions.

## Separation of Government Personnel for Employment with the Institute

### Section. 11.

- a.
  1. Under such terms and conditions as the President may direct, any agency of the United States Government may separate from Government service for a specified period any officer or employee of that agency who accepts employment with the Institute.
  2. An officer or employee separated by an agency under paragraph (1) of this subsection for employment with the Institute shall be entitled upon termination of such employment to reemployment or reinstatement with such agency (or a successor agency) in an appropriate position with the attendant rights, privileges, and benefits with the officer or employee would have had or acquired had he or she not been so separated, subject to such time period and other conditions as the President may prescribe.
  3. An officer or employee entitled to reemployment or reinstatement rights under paragraph (2) of this subsection shall, while continuously employed by the Institute with no break in continuity of service, continue to participate in any benefit program in which such officer or employee was participating prior to employment by the Institute, including programs for compensation for job-related death, injury, or illness; programs for health and life insurance; programs for annual, sick, and other statutory leave; and programs for retirement under any system established by the laws of the United States; except that employment with



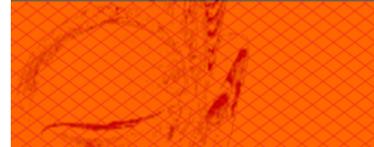
the Institute shall be the basis for participation in such programs only to the extent that employee deductions and employer contributions, as required, in payment for such participation for the period of employment with the Institute, are currently deposited in the program's or system's fund or depository. Death or retirement of any such officer or employee during approved service with the Institute and prior to reemployment or reinstatement shall be considered a death in or retirement from Government service for purposes of any employee or survivor benefits acquired by reason of service with an agency of the United States Government.

4. Any officer or employee of an agency of the United States Government who entered into service with the Institute on approved leave of absence without pay prior to the enactment of this Act shall receive the benefits of this section for the period of such service.
- b. Any agency of the United States Government employing alien personnel on Taiwan may transfer such personnel, with accrued allowances, benefits, and rights, to the Institute without a break in service for purposes of retirement and other benefits, including continued participation in any system established by the laws of the United States for the retirement of employees in which the alien was participating prior to the transfer to the Institute, except that employment with the Institute shall be creditable for retirement purposes only to the extent that employee deductions and employer contributions.. as required, in payment for such participation for the period of employment with the Institute, are currently deposited in the system's fund or depository.
- c. Employees of the Institute shall not be employees of the United States and, in representing the Institute, shall be exempt from section 207 of title 18, United States Code.
- d.
  1. For purposes of sections 911 and 913 of the Internal Revenue Code of 1954, amounts paid by the Institute to its employees shall not be treated as earned income. Amounts received by employees of the Institute shall not be included in gross income, and shall be exempt from taxation, to the extent that they are equivalent to amounts received by civilian officers and employees of the Government of the United States as allowances and benefits which are exempt from taxation under section 912 of such Code.
  2. Except to the extent required by subsection (a)(3) of this section, service performed in the employ of the Institute shall not constitute employment for purposes of chapter 21 of such Code and title II of the Social Security Act.

## Reporting Requirement

### Section. 12.

- a. The Secretary of State shall transmit to the Congress the text of any agreement to which the Institute is a party. However, any such agreement the immediate public disclosure of which would, in the opinion of the President, be prejudicial to the national security of the United States shall not be so transmitted to the Congress but shall be transmitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of



the House of Representatives under an appropriate injunction of secrecy to be removed only upon due notice from the President.

- b. For purposes of subsection (a), the term "agreement" includes-
  - 1. any agreement entered into between the Institute and the governing authorities on Taiwan or the instrumentality established by Taiwan; and
  - 2. any agreement entered into between the Institute and an agency of the United States Government.
- c. Agreements and transactions made or to be made by or through the Institute shall be subject to the same congressional notification, review, and approval requirements and procedures as if such agreements and transactions were made by or through the agency of the United States Government on behalf of which the Institute is acting.
- d. During the two-year period beginning on the effective date of this Act, the Secretary of State shall transmit to the Speaker of the House and Senate House of Representatives and the Committee on Foreign Relations of Foreign Relations the Senate, every six months, a report describing and reviewing economic relations between the United States and Taiwan, noting any interference with normal commercial relations.

## **RULES AND REGULATIONS**

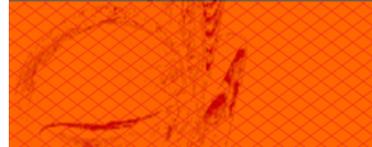
### **SECTION. 13.**

The President is authorized to prescribe such rules and regulations as he may deem appropriate to carry out the purposes of this Act. During the three-year period beginning on the effective date speaker of this Act, such rules and regulations shall be transmitted promptly to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate. Such action shall not, however, relieve the Institute of the responsibilities placed upon it by this Act.'

## **Congressional Oversight**

### **Section. 14.**

- a. The Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and other appropriate committees of the Congress shall monitor-
  - 1. the implementation of the provisions of this Act;
  - 2. the operation and procedures of the Institute;
  - 3. the legal and technical aspects of the continuing relationship between the United States and Taiwan; and
  - 4. the implementation of the policies of the United States concerning security and cooperation in East Asia.
- b. Such committees shall report, as appropriate, to their respective Houses on the results of their monitoring.



## **Definitions**

Section. 15. For purposes of this Act-

1. the term "laws of the United States" includes any statute, rule, regulation, ordinance, order, or judicial rule of decision of the United States or any political subdivision thereof; and
2. the term "Taiwan" includes, as the context may require, the islands of Taiwan and the Pescadores, the people on those islands, corporations and other entities and associations created or organized under the laws applied on those islands, and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and any successor governing authorities (including political subdivisions, agencies, and instrumentalities thereof).

## **Authorization of Appropriations**

Section. 16.

In addition to funds otherwise available to carry out the provisions of this Act, there are authorized to be appropriated to the Secretary of State for the fiscal year 1980 such funds as may be necessary to carry out such provisions. Such funds are authorized to remain available until expended.

## **Severability of Provisions**

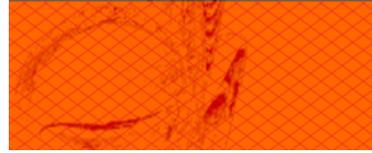
Section. 17.

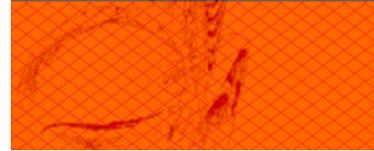
If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of the Act and the application of such provision to any other person or circumstance shall not be affected thereby.

## **Effective Date**

Section. 18.

This Act shall be effective as of January 1, 1979. Approved April 10, 1979.





## **2. THE SIX ASSURANCES TO TAIWAN**

The Six Assurances are guidelines for conducting relations between the United States and Taiwan. President Ronald Reagan agreed to these points and informed the U.S. Congress of his decision in July 1982. Each successive U.S. administration has affirmed these guidelines. They have been reaffirmed by the U.S. Congress as recently as May 2016.

1. The United States would not set a date for termination of arms sales to Taiwan.
2. The United States would not alter the terms of the Taiwan Relations Act.
3. The United States would not consult with China in advance before making decisions about U.S. arms sales to Taiwan.
4. The United States would not mediate between Taiwan and China.
5. The United States would not alter its position about the sovereignty of Taiwan which was, that the question was one to be decided peacefully by the Chinese themselves, and would not pressure Taiwan to enter into negotiations with China.
6. The United States would not formally recognize Chinese sovereignty over Taiwan.