

Introduction & Opening Address

The Future of US-Taiwan Relations

May 19, 2009 -- Washington D.C

Shawn McHale: Good morning. This morning we're slightly on what when I was in Hawaii I thought was Hawaii time, which is no rush. But now I think Hawaii time is over, and I guess Washington time is beginning.

My name is Shawn McHale. I'm the director of the Sigur Center for Asian Studies at George Washington University. It's a great pleasure to introduce this conference, which features scholars from Congress, people from academia, journalists, and members of the policy community.

We're honored to co-sponsor this event with the Formosa Foundation, and Terri Giles, executive director, will also give some introductory remarks after mine. Before getting to that point, I'd just like to make a few points about the Sigur Center for Asian Studies.

As some of you may know, the Sigur Center is named after Gaston Sigur, a former professor at this university who also played a key role in East Asian affairs under President Reagan in both the Department of State and in national security.

The center puts on over 60 events a year. Many of them are on policy issues or policy-relevant issues, although not all. We are the largest academic center in Washington, DC. It's always – you can always fudge a little bit when counting numbers, but we have approximately 70 faculty members at this university who work on Asia to a significant amount, and they work on South, Southeast, East, and Northeast Asia. Our main mission is, of course, education, but the Sigur Center faculty have long been active in the policy community, and also online, also in the press and so forth.

Today's conference on the future of US-Taiwan relations is timely given the intense interest in Washington these days, and abroad, on the developing contours of US-Asia policy. All one has to do is look at the speculations about who the next person is going to be in some key post in policy, in Asia policy in particular, to realize the truth of that fact.

Of course, given the change in presidential administrations, we're all anxious to see how the Obama administration fleshes out its Asia policy and whether if, as some have recently argued, this policy will actually be in the mode of the first President Bush.

Yet as today's conference will remind us, I imagine, foreign policy is not just, in a sense, the province of a president. It's also made in the halls of Congress. It is also actually discussed by members of academia, the policy community, journalists, and so forth. And because we have members of all these different constituencies actually in our audience, as well as actually as speakers, perhaps we can get a sense of this range, in a sense, of views on US-Asia policy in general, but also policy towards Taiwan in particular.

Without further ado, I'd like to turn the podium over to Terri Giles, who can make a few comments on the Formosa Foundation.

Terri Giles: Good morning. My name is Terri Giles. I'm the executive director of the Formosa Foundation, and I'd like to welcome you here and thank again the Sigur Center and George Washington University for co-hosting this event.

I don't think that there's really, for me, having spent 12 years in Washington working in the Senate, a more interesting or complex issue than US-Taiwan relations. And I don't need to lecture to this crowd, because I look out here and see experts who have been working on this issue, some of you for more than 20 years or maybe longer, although I'm not going to point you out, John.

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But I think that it's always an interesting thing to think about the US commitment to Taiwan, what's happening in Taiwan, the evolution of that relationship, what's happening today in the world. And in particular, and one of the reasons I think this conference is going to be very interesting for me even, is that the politics of this in terms of the administration, both – the new administrations both in Washington and in Taiwan, and that's one of the issues that I hope that we explore particularly in this morning's panel.

I want to tell you just a little bit about the Formosa Foundation. We're located in Los Angeles, which may seem a little strange, outside – we're definitely outside the Beltway. We're so far outside the Beltway that sometimes it takes reluctance to come back into the Beltway. But there's a large community throughout the United States of Taiwanese Americans and activists that are very interested in this issue.

But the Formosa Foundation focuses primarily on the relationship between the United States and Taiwan and how to, at a grassroots level, educate the American public about the importance of that relationship. That's our primary goal, and we do that in a variety of ways, but most importantly through collaborations with universities and think tanks about hosting and holding discussions on this topic.

A little bit about our agenda today. We are, of course, waiting for our opening speaker, Congressman Royce, and when he gets here, he'll start his remarks, because there is a Foreign Affairs Committee markup today, which may affect us in the afternoon since Congressman Berman is the chairman of that committee. However, we're just going to be very flexible with that. And I thank you all for coming and welcome all our former colleagues that I have here, and again would like to thank in particular Deepa and Erin and Shawn and all of you for cooperating with us and making this conference possible. Thank you very much.

Terri Giles:

It's my pleasure this morning to introduce to you Congressman Ed Royce. He represents Southern California's 40th district. It's based in Orange County. And Congressman Royce serves as a senior member of the House Foreign Affairs Committee, and he is an active member of that committee. He is very well known for his knowledge in the different regions of the world and foresight into the key U.S. foreign policy issues. He serves as the ranking member of the Subcommittee on Terrorism and Trade, and a senior member of the Subcommittee on Asia.

Congressman Royce has done extensive work throughout Asia. In 1999, he was appointed by the Speaker of the House to serve as chairman of the US-Republic of Korea exchange in which members of Congress discussed security, trade, political, and other issues with the Korean National Assembly members. In 2004, the congressman was original co-sponsor of the North Korean Human Rights Act, which was signed into law to promote human rights in North Korea and protect North Korean refugees. He has been an active supporter of the Korean-US Free Trade Agreement and of trade throughout all of Asia.

Congressman Royce has worked to promote international broadcasting into countries where governments limited free speech or strictly control the news and information. He is the author of the Radio Free Asia Act of 1997, which significantly boosts broadcasting activities to China, North Korea, and other Asian countries with repressive governments.

Congressman Royce has long been involved in calling attention to the terrible human rights conditions in Vietnam. He worked on legislation to promote religious freedom and democracy, including the Vietnam Human Rights Act.

And as we'll be hearing this morning, Congressman Royce is a supporter of a free, democratic, and prosperous, strong Taiwan, and we certainly appreciate having him speak to us this morning. And without any further ado, please welcome Congressman Ed Royce.

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Rep. Royce: Thank you, Terri, very much. I appreciate that. I think for me personally, one of the key aspects of watching Taiwan develop, of Taiwan's transition to democracy, and I watched part of that – as a matter of fact, Tom Sheehy on my staff was an observer of one of those historic events in Taiwan in terms of the transition to democracy.

I think back to my days in university and the debate, the discussion over whether great Chinese culture was also compatible with democratic capitalism. And I think Taiwan irrefutably proves the point in terms of the success of the building of the democratic institutions on Taiwan.

But as we have this discussion today, it comes on the anniversary of several significant events. It's the 30-year anniversary of the Taiwan Relations Act. It comes as, in Geneva, the annual meeting of the World Health Assembly, the WHO's governing body – it comes as Taiwan is taking part, only with observer status, but it is an important start. It comes as we have the one-year anniversary of President Ma's administration and 100-day anniversary of Barack Obama's, and so we're trying to figure out the relationship between – or what new relationship is developing between the United States and Taiwan between the two administrations. And so it's a good time, I think, to focus on our relations with Taiwan.

Let me start with this premise, and it is that we have not done enough in the United States to articulate why a free, democratic, prosperous, strong Taiwan is in the national interests of the US. I don't think many Americans understand Taiwan's role in the world. If you consider that Taiwan is the 26th largest economy on this globe; that it's the 9th largest trading partner with the United States; it has one of the largest ports in the world; it has that strategic position along the commercial lanes, you realize that Taiwan is a major player.

But I think in not appreciating Taiwan's role, Congress does play a role in why that appreciation, that recognition, is not what it should be. And I would just give an example: the recent resolution that the House passed, marking the 30th anniversary of the Taiwan Relations Act. And what was done with that resolution? Well, stripped out of that resolution was what was in the original introduced version, which was a reference to the economic significance, or a reference simply stating the fact of trade between Taiwan and the United States.

But because of the concern of even raising the issue of trade between the United States and Taiwan, that was stripped out before that bill could be taken up and passed. And so I think that the fact that any reference between trade in Taiwan and the United States is not acceptable for a discussion for the United States Congress, even in the form a resolution, is indicative of the fact that we perhaps have a little challenge here.

Taiwan is at the crossroads of the global supply chain in terms of trade. Companies in Taiwan are the critical suppliers here to Apple, to Dell, to Hewlett-Packard. If you've got an iPhone, if you've got a BlackBerry, it was probably assembled in Taiwan.

And again, Taiwan's successful democratic transition I think sends that message that Chinese culture is not incompatible with democracy. And recently we had the additional printing of the biography of Zhao Ziyang concerning the tragic events of June 4th, 1989, in Tiananmen Square in which he lays out the argument for democracy in China. Originally he was known for what he brought to Sichuan and to South China in terms of his role as secretary general of the Communist Party, his role in terms of liberalizing, bringing transparency, bringing a market economy. But recently upon his reflections, especially having witness to that crackdown in June 4th of 1989, he has now printed his memoirs. And in those memoirs he states unequivocally that the solution for China is to embrace this same democratic model, that that's the way to empower the people in China for the future.

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So this debate is very much alive, but Taiwan has for the world, and especially for the university setting, suddenly destroyed basic axioms that were set when I was in university. And one of those axioms was that democracy was not – and human rights maybe -- weren't necessarily going to come to Asia. Taiwan has brought that.

It's a country, and one of the few, frankly, that has gone from US aid recipient to aid donor around the world. It has peacefully transformed from an authoritarian autocratic regime to a democratic country. It's a true responsible stakeholder in the world today, and I think for Americans it's also important we realize that Taiwan is a long-term, longtime friend of this country.

Now just focusing for a minute on the détente, we might call it, on the cross-straits and the Taiwan-PRC talks, we now see that the agreements that are in place, regular direct weekend charter flights and tourists from China visiting, direct sea and air transportation. The postal links have been put in place. Shipping a fruit used to take eight days; now it's four days. We see a transforming in terms of the speed of trade. Last month a Chinese company announced the country's first significant investment in Taiwan.

I think what concerns us here, though, is the reciprocity in terms of a drawdown of the military presence across the straits, on the mainland side. In 2001, there were 250 missiles; I remember the briefings. The last time I checked, there were 1,400 missiles, and those batteries were still coming online. And so the fact that these are aimed at Taiwan, this is our concern.

In terms of security, America's Asian partners I think, to some extent, fear that the United States is an Asian power in decline. I've read some of the arguments put forward by some of our commentators on this: Is China going to move in and fill that void? This is the thesis. I think that in some ways Secretary Clinton's trip to Asia was, in part, meant to counter that perception.

I think how our country, how Washington, treats Taiwan will signal how Washington sees its role in the Pacific, and that's another reason why I believe that engagement with Taiwan is very important for the United States. Taiwan faces one of the most complex and lethal military threats in the world. Beijing has deployed hundreds of ballistic missiles, advanced fighter aircraft, submarines, destroyers, and all of them have a view towards Taiwan. The military balance obviously is in the PRC's favor. In addition, the PRC has advanced its ability to counter US intervention, developing an anti-ship ballistic missile that would give it the ability to target our carrier battle groups.

And I'll just give you a paragraph, a few short sentences, from the April Pentagon report on China, and it says: "China's ability to sustain military power at a distance remains limited, but its armed forces continue to develop and field disruptive military technologies that are changing regional military balances that have implications beyond the Asia-Pacific region." And it concludes: "Much uncertainty surrounds China's future course." Well, it's a deterrence to the wrong future course that the United States role plays here.

Some other thoughts in terms of our relationship with Taiwan. I think the United States could gain from intelligence-sharing with Taiwan, using Taiwan's linguistic and cultural advantages here. On the economic front, in recent decades the Asia-Pacific region has really been marked with very rapid trade liberalization and more democratization, more prosperity. Taiwan has a very dynamic economy. I mentioned Tom Sheehy to you. He was the author of the Index of Economic Freedom, the concept. This year is that Index of Economic Freedom was published. Taiwan ranked 35th, which means we could still see some economic reform and liberalization to that economy, but that's still pretty high on the list. It would benefit even more from further liberalization.

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Since the 1990s, unfortunately, China has warned Asian nations not to sign free trade agreements with Taiwan. The numerous regional and global FTAs already in place – there's more than 100, by the way, in East Asia – are steadily undermining Taiwan's international competitiveness through trade and investment discrimination, and that is an important point in terms of the long-term effect that that has on Taiwan.

Taiwan embraces the rule of law. We've had hearings that we've helped orchestrate about the constant stories that I hear from my constituents, the evidence they give me in terms of them being taken to the cleaners, put into bankruptcy, for their firms in China. I never hear those arguments about investment outcomes in Taiwan. The rule of law is crucial, and the studies that I've seen in terms of the negative rates of return for investment in China versus the positive returns in Taiwan I think are something – is some information that we should get out to our capital markets, that we should seek to exchange not only for the benefit of the investors here in the United States who so often lose out on these investments in China.

I would say in terms of my casework – of course, I'm from California, right? So I'm on the Pacific Rim, but this is a huge, huge problem. I can't go to a World Affairs Council meeting or a similar type of meeting in California without this dominating the debate. Why? Because so many – so many – of our investors in California have been burned in Shanghai or Beijing. And here, again, engagement with Taiwan is engagement with a country with a rule of law with very real consequences, and I think more focus on this in the United States really is warranted.

Now, in terms of recommendations, if I could close with some observations there, there've been dramatic developments in Taiwan. We need to think about setting objectives for our relationships as a result. US officials can tick off their priorities when it comes to the People's Republic of China, but when you ask them what are the priorities with respect to Taiwan, well, again, this is why we have to have a focus on rethinking our policy.

And if we did that, what elements should be on that list? And I'll offer mine. First, keep Taiwan honest to its democratic legacy. There's always the chance of slipping in terms of the commitment to freedom of speech. I have faith that the Taiwanese people will determine the best course ahead toward China. Democracy in Taiwan will work, but in any country, there is a tendency to try to stifle debate, to try to shut down political opponents, and this is wrong. We have very high standards for Taiwan. If the government strays from its principles, it's our responsibility as Americans to help Taiwanese stand up for free speech.

I think we should revisit the Taiwan guidelines. The US needs to find ways to more openly engage Taiwan's democratic leaders. The Taiwan guidelines are arcane and inappropriate for the type of relationship we have with Taiwan. They're 30 years old and, to my knowledge, have only been modified once.

It would make sense to review and adapt our policies over the course of three decades. It's time to do this. China and Taiwan are much different today than they were then. Détente notwithstanding, the Taiwan Strait is a flashpoint. It's essential that US policymakers be able to directly communicate with the leaders of Taiwan. Restrictions on US-Taiwan contact are counterproductive, and not just that, but they can also be dangerous.

In terms of international organizations, the US should push for efforts to get Taiwan membership, full membership, in the World Health Organization. This week marks a big step, but we shouldn't be complacent. Why not welcome Taiwan to join other UN organizations? That's the role we should take now. And now is not just the time for cross-strait détente, but also for the world to give Taiwan its rightful place.

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In terms of cabinet-level visits, I think we should send a Cabinet member to Taipei. Disappointingly, no Bush Cabinet members visited Taiwan. In a reversal from the George H.W. Bush and Clinton administration, we didn't have that kind of engagement. The last Cabinet officer to visit was Transportation Secretary Rodney Slater.

In terms of free trade agreement – and at times I feel like I'm the last guy still pushing for free trade agreements, but I was emboldened by some of the commentary by our new USTR when he laid out the case for engagement in Asia on expanding trade agreements. I think that one of the concerns in the past on that front has been intellectual property. We've seen tremendous advances in Taiwan on that issue of intellectual property, so now is the time. That concern's off the table for us. I think Taiwan's entry into the WTO provides a framework for an FTA, so let's put together a roadmap for this shared goal.

Port visits. I think allowing US Naval port visits to Taiwan is in order. China denied port calls for a US Naval ship at Hong Kong that was even in distress at the time, so I think we should let Beijing know that we have elsewhere to go. Similarly, the PRC has not joined the Proliferation Security Initiative. Taiwan is a productive member of the Container Security Initiative. Why not enlist Taiwan's help in proliferation of missile and nuclear technology that we're concerned about coming out of North Korea?

I think we have to have a realistic view of China. Bush administration officials came to view smooth US-PRC relations as a key to tackling the North Korean and Iranian nuclear programs, yet I've always focused more on what governments do than what they say. And I think it's been borne out here that there are really concerns about what they have failed to do in this regard. Chinese behavior across the board has been a disappointment, so let's be realistic.

And lastly, on arms sales. If we want a cross-strait détente to succeed, and I do, President Ma will have to do so from a position of strength. The US should be willing to proceed with appropriate arms sales to Taiwan. I'm pleased that the Bush administration finally went forth with arms sales to Taiwan at the end of the administration – with prodding from Congress, by the way. Six point four billion dollars in Patriot missiles, Apache helicopters, anti-tank weapons, aircraft parts were all part of that. The arms sales incentivized China to pursue political, not military, means to reconcile their differences with Taiwan.

So those are some of my observations. Be happy to take a few questions, and I appreciate the opportunity to speak with you here today.

Audience: Hi, I'm John Tkacik, retired foreign service officer. Congressman Royce, Governor Huntsman has just been made ambassador to China. I was wondering if you have any observations on the governor's point of view, his views of China and Taiwan, and if you think this is a good appointment or a political appointment or...?

Rep. Royce: Well, upon hearing it, I thought it was a good appointment, but I also thought it served to remove one of the potential opponents for the president, and so I think there might be a political element to the appointment. But nevertheless, I think Governor Huntsman has a strong record as governor of Utah, and I think that he will probably serve well in this capacity. But it's my intention to speak with him on some of the issues which I've spoken with you today on, in order to make certain that he understands the perception of a number of us on the Foreign Affairs Committee with respect to Taiwan and making certain that there's balance in this relationship with Asia.

Audience: In Taiwan, there's a lot of concern that the Ma administration may be, step by step, taking Taiwan towards China's embrace, I mean, sort of irreversible. _____ now is, how could the majority of Taiwanese who would prefer keeping their independent democratic status quo

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express their opinion? Taiwan has a good friend _____, but it's really designed to stop referring to _____ for the majority of people to really express their opinion, because there's so many impediments to it and such a high threshold for any friend of the press.

And I was wondering, could the US try to do something along that line to help the Taiwanese to really express their opinion about the future of Taiwan? Because the Clinton administration certainly said that future should be determined with the assent of the Taiwanese people. But how can they express that assent without a viable mechanism? Something positive that US policymakers should consider and see what can be done.

Rep. Royce: Yeah, I think that there's a question of independence de facto versus de jour. But in point of fact, in reality, Taiwan – the people in Taiwan have freedom, and freedom is the quintessential – that's our focus. How do we maintain that?

As I've laid out for you, I think deterrence to Chinese aggression is the key antidote to that. I think everybody understands where the Taiwanese public is on this issue. Perhaps the subtleties are – go to this question "de facto versus de jour." And I can just tell you from conversations I've had in Taiwan, I don't have any misconception about the desire of Taiwanese people to have freedom, and I don't think anybody else does either in Beijing or elsewhere, so that would be my observation. I think that sentiment is pretty widely understood. I think the only way, though, to guarantee it is deterrence.

Audience: Hi, Congressman Royce. Peggy Chang with Voice of America. It's been a year since President Ma become the president of Taiwan. How do you think, overall, that he did as – and going forward for the next at least three years, do you foresee any challenges between US-Taiwan relations?

Rep. Royce: Well, I think it's mixed, but I think the future for Taiwan is very strong. As I said, I'm most concerned about Taiwan's exclusion in terms of free trade agreements that are being developed and have developed in Asia over the last few years. In terms of strengthening Taiwan, I think an initiative for more liberalized trade between the US and Taiwan is in order. So my hope right now is that the new administration here, and our new USTR, will follow up on remarks that he made last week – well, actually, in the paper this morning – about engaging Asia in a robust way in terms of liberalized trade with a possible FTA agreement with Taiwan.

I think if the new administration in Taiwan – if President Ma's administration can work on that, that will counteract the phenomena of China's attempting to exert this kind of pressure by leverage on other nations in the region in order to keep the trade flowing. The key ingredient to Taiwan strength, as I mentioned, is the role that it plays in international commerce. Preserving that needs to be a key focus here.