



THREADING THE NEEDLE

PROPOSALS FOR U.S. AND CHINESE ACTIONS
ON ARMS SALES TO TAIWAN



EASTWEST INSTITUTE
Forging Collective Action for a Safer and Better World

“Few actions could have a more important impact on U.S.-China relations than returning to the spirit of the U.S.-China Joint Communiqué of August 17, 1982, signed by our countries’ leaders. This EastWest Institute policy study is a bold and pathbreaking effort to demystify the issue of arms sales to Taiwan, including the important conclusion that neither nation is adhering to its commitment, though both can offer reasons for their actions and views. That is the first step that should lead to honest dialogue and practical steps the United States and China could take to improve this essential relationship.”

– **George Shultz**, former U.S. Secretary of State

“This EastWest Institute report represents a significant and bold reframing of an important and long-standing issue. The authors advance the unconventional idea that it is possible to adhere to existing U.S. law and policy, respect China’s legitimate concerns, and stand up appropriately for Taiwan—all at the same time. I believe EWI has, in fact, ‘threaded the needle’ on an exceedingly challenging policy problem and identified a highly promising solution-set in the sensible center: a modest voluntary capping of annual U.S. arms deliveries to Taiwan relative to historical levels concurrent to a modest, but not inconsequential, Chinese reduction of its force posture vis-à-vis Taiwan. This study merits serious high-level attention.”

– **General (ret.) James L. Jones**, former U.S. National Security Advisor

“The EastWest Institute’s report on how to manage Taiwan arms sales in U.S.-China relations is a timely, incisive, and essential addition to the national discourse on this issue. Wading into this subject is an act of some bravery, passions run high, and the politics of the issue can be fierce and unforgiving in all three capitals—not least, in Washington. But the authors navigate these potentially dangerous shoals masterfully, putting forward a set of proposals that I believe would improve U.S.-China relations while maintaining or even enhancing Taiwan’s overall security—the latter being an objective the authors explicitly endorse. The authors’ central insight is their assessment that the United States cannot arm Taiwan out of its inferior security position vis-à-vis the mainland and that, instead, one ultimately has to deal with what the authors term the ‘supply side’ of the equation—namely, how to reduce the threat from mainland China. The report’s proposals don’t purport to ‘solve’ the problem, but rather to build some needed confidence among all three capitals and create a climate in which additional positive steps can be taken. This is exactly the right approach. This report should be required reading in Washington, Beijing and Taipei—and I expect it will be.”

– **Dan Slane**, U.S.-China Economic and Security Review Commissioner; Chairman (2010) and Vice Chairman (2011), U.S.-China Economic and Security Review Commission

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By **Piin-Fen Kok** and **David J. Firestein**



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“I commend the EastWest Institute and co-authors Piin-Fen Kok and David Firestein for taking on, with such skill and methodological rigor, a difficult issue at the core of U.S-China relations: U.S. arms sales to Taiwan. This is the most objective and balanced study I’ve seen a U.S.-based think tank produce on this politically charged topic. The study’s finding that the United States has not consistently complied with its stated commitments under the China-U.S. Joint Communiqué of August 17, 1982 is a major first for a U.S. think tank—as is the study’s recommendation that the United States cap annual arms deliveries to Taiwan at a level consistent with the Communiqué. While I, and I believe other Chinese observers, cannot fully agree with all of the authors’ conclusions or recommendations, I nevertheless appreciate and respect the good will, strong argumentation, independence and integrity on display in this report. The issue of U.S. arms sales to Taiwan goes directly to a core interest of China. Though the report offers some positive ideas, I would not characterize them as optimal from the Chinese perspective, since they would, if implemented, delay the ultimate resolution of the issue. Nevertheless, at a time when China-U.S. relations stand at a critical juncture, I applaud the authors for this important and welcome contribution to the cause of building greater trust between China and the United States.”

– **Ambassador Ma Zhengang**, President, China Arms Control and Disarmament Association; former President, China Institute of International Studies

“Threading the Needle represents a major and highly innovative contribution on a historically vexing issue. By laying out specific, actionable, moderate, and politically viable recommendations that the United States and China can undertake—voluntarily, unilaterally and reversibly—to defuse tensions over U.S. arms sales to Taiwan, this report breaks significant new ground and establishes a new baseline for policy and academic discussions of this issue. This report does something many thought was impossible. It presents an incremental, low-risk and feasible way forward on a core issue in U.S.-China relations, while keeping faith with the people of Taiwan. Well done.”

– **General (ret.) T. Michael “Buzz” Moseley**, 18th Chief of Staff, United States Air Force

“This is a brilliant report that is long overdue. It has superbly captured the quality versus quantity issue which had been a thorn in the past. Now we have a rational tool that allows for both academics and government officials to definitively assess risk and military capability that has not been previously available.”

– **General (ret.) Eugene Habiger**, Former Commander in Chief, United States Strategic Command

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“Congratulations to the EastWest Institute on the publication of a painstakingly-researched, smart and visionary report on a topic of profound importance to the United States, China, Taiwan and the East Asian region. Forged on the basis of sound research and relationships carefully cultivated over years, this impressive study should change the way policymakers on both sides of the Pacific frame, think about and act on the issue. The recommendations the co-authors have put forward are the best I’ve seen; both inventive and measured, they take into account the formidable legal, policy and political constraints at play in the United States and China, while also unquestionably having Taiwan’s security interests at heart. If anyone has produced a more pragmatic and realistic roadmap for calming military tensions across the Taiwan Strait while reducing the overall military threat to Taiwan, I’d sure like to see it.”

– **Major General (ret.) A. Bowen Ballard**, Former Assistant Chief of Staff for Intelligence, United States Air Force; Former Mobilization Assistant to the Director of the National Security Agency

“This report by the EastWest Institute delves into the problem of Taiwan—specifically, U.S. arms sales to Taiwan—in China-U.S. relations, the root cause of what is often referred to as ‘strategic mistrust’ between China and the United States. The Taiwan issue has much to do with the China-U.S. Joint Communiqué of August 17, 1982 and the degree to which both sides have adhered to its terms. The China-U.S. bilateral relationship is key to the peace and security of the Asia-Pacific region in the 21st century. Without a doubt, policymakers in both countries would be ill-advised to ignore this report’s very worthwhile proposals.”

– **Dr. Huang Ping**, Director-General, Institute of American Studies, Chinese Academy of Social Sciences

“For decades, the iconic issue of U.S. arms sales to Taiwan has had a negative impact on strategic trust between China and the United States. The failure of the United States to adhere to its commitments under the Joint Communiqué of August 17, 1982 has also taken a toll on U.S. credibility among ordinary Chinese citizens. Certainly, the issue won’t be resolved overnight. What is acutely needed by both countries is a creative yet incremental approach that allows for progress on this tough issue in a way that’s politically viable and feasible in both countries. Intellectually honest, imaginative and courageous, Threading the Needle provides just such an approach. Policymakers who genuinely want to establish a ‘new type of major-power relationship between China and the United States would be well-served to read this report and seriously consider its recommendations.”

– **Da Wei, Director**, Institute of American Studies, China Institutes of Contemporary International Relations

FOREWORD

As the U.S.-China relationship grows increasingly complex, the need for greater strategic trust between the two countries has become even more pressing. Few issues are more central to the bilateral relationship, and a greater source of fundamental distrust, than Taiwan—specifically, U.S. arms sales to Taiwan and China’s own military build-up across from Taiwan. The irony is that while the United States and China are in stated agreement over most aspects of this issue at the level of principle, they diverge greatly in the actual implementation of their respective policies.

This policy report presents bold new arguments, concepts and methodologies for analyzing the Taiwan arms sales issue. Our hope is that it will help lead to a new status quo on the issue that better serves the interests of all three parties. The co-authors argue that this is primarily a political rather than diplomatic or military issue and that a political mindset and toolkit are thus needed to address it; that it is possible for the United States to concurrently adhere to the 1979 Taiwan Relations Act, its Six Assurances to Taiwan and the August 17, 1982 Joint Communiqué with China; and that less is more—that is, it is possible for the United States to make Taiwan more secure by providing it with an incrementally lower value of arms in any given year than the annual average over the last 30 years. The report also introduces the concept of “concurrent unilateralism” as a way for the United States and China each and independently to take voluntary, incremental and reversible measures to build confidence and reduce tensions with each other and across the Taiwan Strait.

A unique feature of this report is the focus on the quantity and quality of arms delivered rather than the quality and quantity of those merely announced, notified or approved. The dollar values of the sales deliveries are adjusted for inflation in order to accurately assess the trend in those deliveries since the normalization of U.S.-China relations in 1979. These new methodologies allow for the first-ever systematic analysis of this issue. The facts are finally clear and unequivocally on the table. This policy study represents a pioneering effort to frankly assesses both U.S. and Chinese performance relative to their commitments to the August 17, 1982 Joint Communiqué, recognizing that the adherence of each side is effectively conditioned upon the other’s actions.

The two authors of this report have displayed the intellectual integrity and fierce independence that the East-West Institute so highly values as core principles. In fact, the co-authors have visited Washington, D.C., Beijing and Taipei and told some inconvenient truths to significant persons in all three places. That is never easy, but it is the only way to advance the discourse on this critical but “stuck” issue. They have also listened carefully to extensive feedback from experts and officials from all three capitals. This process has taken two years to reach this point of issuing the policy report in English and Chinese.

EWI’s goal, with the publication of this report, is to defuse as much as possible the Taiwan arms sales issue for all three parties, increase the level of peace and decrease tensions across the Taiwan Strait, and get people on both sides of the Pacific thinking differently and talking seriously about concrete steps to make the Taiwan Strait a safer place for all. Indeed, we hope that this study will come to be seen as the new baseline for discussions, and debate, about this vital and, up to now, seemingly intractable issue.

Until progress is made on this core issue in U.S.-China relations, progress toward the “new type of major power relations” between the United States and China will remain halting and ultimately elusive. This is the right time for renewed attention to this longstanding issue. We offer this policy report as a tool for new thinking and needed action in both the United States and China.



John Edwin Mroz

“Threading the Needle reminds me of the earlier discussions about resolving this issue through CBMs during a 1999 Track 2 security dialogue and also President Jiang Zemin’s proposal to President Bush during their Crawford ranch meeting in 2002. Regrettably, those early efforts failed to prevent an increase in military assets across the Taiwan Strait. Now that cross-Strait relations have greatly improved, with promising prospects for peaceful development and Chinese and American leaders having reached a common understanding on the desirability of exploring a new type of great power relationship, it is time for the three sides to use their wisdom and vision and start the process to resolve this problem, which has plagued China-U.S. relations and cross-Strait relations for so long. The authors of this report have made a new and sincere effort to facilitate resolution of the arms sales issue; this effort deserves appreciation. Though different opinions regarding its analysis and recommendations are to be expected, the report’s insights indeed merit serious attention from decision-makers on all the three sides.”

– **Professor Zhang Tuosheng**, China Foundation for International Strategic Studies

“For a long time, the Taiwan issue has been one of the huge obstacles hindering China-U.S. relations from moving forward. Within this issue, arms sales to Taiwan are a key factor. One important practice associated with China’s development of a new pattern of Sino-U.S. relations is to respect each other’s core interests. Taiwan is a core interest of China. Arms sales to Taiwan severely jeopardize China’s core interests and also hurt the feelings of the Chinese people. For this reason, the United States should take China’s national interests and public sentiment into serious consideration and adopt effective measures to solve the problem. If the problem of U.S. arms sales to Taiwan can be resolved reasonably, there is reason to believe that Sino-U.S. strategic cooperation will enter a new phase. This EastWest Institute report puts forward new thinking to solve this problem; the report’s ideas deserve consideration. I hope the report garners attention among U.S. decision-makers, as I believe it can contribute to a reasonable resolution of the Taiwan issue.”

– **Professor Wang Fan**, China Foreign Affairs University

ACKNOWLEDGEMENTS

This report would not have been possible without the support and advice of many.

Our most heartfelt thanks go out to the following individuals from the EastWest Institute (EWI): Nhu Truong, for her assistance in collecting much of the quantitative and qualitative data—in addition to conducting a significant amount of policy research—upon which this report is based; and Euhwa Tran and Francisco Cadavid from EWI's China Program, for providing invaluable administrative and research support to this project.

We would also like to extend special thanks to several individuals at EWI who provided indispensable research support for this report: Angela Cheng, Haolin Liu, Michael McShane, Alex Orleans, William Piekos and James Potenza.

In addition, we want to express sincere appreciation to the many senior experts from the United States, mainland China and Taiwan whose views we consulted throughout the entire process. We recognize that those individuals may not endorse some or all of the contents of this report, which represents solely the views of the two authors, but we are nevertheless grateful for their input and feedback.

And finally, we wish to convey our deepest gratitude to our financial sponsors, whose generous support enabled this entire undertaking (including EWI's various U.S.-China high-level dialogues at which the issue of U.S. arms sales to Taiwan was addressed):

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Executive Summary

The timing is ripe for a renewed discussion on how the United States and China can manage their differences over this historically contentious issue.

The sale of U.S. arms to Taiwan has been an enduring source of friction between the United States and China. To China, Taiwan is a “core” interest. Though the United States publicly committed itself, through the August 17, 1982 Joint Communiqué with China, to a gradual reduction of its sales of arms to Taiwan with the goal of advancing an unspecified “final resolution” of the matter, China claims that, in reality, the United States has continued to sell arms to Taiwan in a manner that has violated the letter and spirit of the 1982 Communiqué. China has consistently viewed these sales as a profound challenge to what it regards as its juridical sovereignty over Taiwan.

The United States, on the other hand, has predicated any gradual reduction of arms sales to Taiwan on a continued policy by China of resolving the Taiwan question in a peaceful manner. In particular, China’s military buildup in relation to Taiwan, especially its deployment of missiles across the Taiwan Strait, as well as its refusal to renounce the use of force against Taiwan, has raised questions in the United States about China’s commitment to a peaceful approach. While the 1982 Joint Communiqué remains official U.S. policy, the United States continues to stand by its obligation to provide for Taiwan’s defensive needs under the 1979 Taiwan Relations Act (TRA), consistent with the Six Assurances it provided to Taiwan in July 1982.

This report is part of an ongoing effort by the EastWest Institute (EWI) to explore ways in which the United States and China can man-

age their differences over U.S. arms sales to Taiwan in a way that is less disruptive to the bilateral relationship—especially the military-to-military relationship—and that conforms to U.S. law and policy, respects China’s legitimate concerns, and maintains or enhances Taiwan’s net security position. EWI’s goal in this study is to be a fair, objective and honest broker that assesses the issues not from one particular side’s perspective, but rather, that “seeks the truth from facts.” The report is informed by empirical research as well as extensive Track 2 consultations with officials, scholars and military experts in the United States, mainland China and Taiwan over the course of more than two years.

Why Now?

The timing is ripe for a renewed discussion on how the United States and China can manage their differences over this historically contentious issue. The two countries—especially China—have mentioned the notion of a “new type of relationship between two major countries.” Such a relationship should focus not only on how to work together on common interests, but also on ways to address old differences.

The next two and a half years also present a unique, but small, political window. President Barack Obama is in the first months of his second term and unencumbered by reelection concerns, while not yet a lame duck. In China, President Xi Jinping and Premier Li Keqiang have just embarked on what is ex-

pected to be a 10-year term. Xi should have maximum political capital and flexibility at the outset of his presumed 10-year stint, well before the internal jockeying begins in advance of the next major national leadership transition. And in Taiwan, President Ma Ying-jeou and the Kuomintang are themselves in the early stages of a second term during the best period of cross-Strait relations in years. Thus, this would certainly appear to be an opportune time for any further steps to ease political and military tensions across the Taiwan Strait. Given the Chinese leadership's suspicions about the Democratic Progressive Party's (DPP's) intentions following then President Chen Shui-bian's moves toward independence in 2004, the possibility of the DPP regaining power after the next election in 2016 is yet another motivating factor, at least from the mainland's point of view. It strengthens the argument that confidence-building measures should be taken sooner rather than later.

This report lays out the following as reference points for the policy debate within the U.S. and China (and Taiwan) on the Taiwan arms sales issue:

- **The key policy architecture as well as U.S. and Chinese positions on this issue:** This report examines the U.S. government's position on reconciling the TRA, the Six Assurances (to Taiwan) and the 1982 Joint Communiqué. It also analyzes China's policy of peaceful reunification with Taiwan, as caveated by the threat of force against pro-independence forces on the island.
- **Empirical data from public sources on the quantity and quality of U.S. arms delivered to Taiwan since the normalization of U.S.-China relations, and on China's ballistic missile capabilities relative to Taiwan during the corresponding period:** This study focuses on arms deliveries rather than announced sales, because not all announced sales result in actual deliveries. Using inflation-adjusted figures, the empirical data shows a general upward trend—with some pronounced spikes along the way—in the dollar value of U.S. arms deliveries to Taiwan from 1979 to 2011. It is more difficult to empirically as-

sess the qualitative trend of arms delivered during this period. But in an absolute sense, deliveries of increasingly advanced weapons, from F-16 jets to PAC-3 missile interceptors, have significantly enhanced Taiwan's defensive capabilities and updated its aging military forces. Meanwhile, since the late 1980s, China has steadily built up its short- and medium-range ballistic missile capabilities and deployments opposite Taiwan, tilting the cross-Strait military balance in the mainland's favor and providing further incentives for Taiwan to boost its air defenses. From the U.S. perspective, the People's Liberation Army's (PLA) steady, quantitative and qualitative buildup of conventional ballistic missiles aimed at Taiwan over the last 15 to 20 years has reflected not only the opposite of a peaceful approach but also a rising military threat to Taiwan, thus triggering an increased need for defensive weapons and services on the island.

- **An analysis of the legal and policy architecture, U.S. and Chinese performance relative to that architecture, and the assumptions and dynamics that underpin U.S. arms sales to Taiwan and China's responses:** This normative discussion has yielded the conclusions and recommendations listed below.

Conclusions

1. Aside from its obvious importance for Taiwan, the Taiwan arms sale issue is important in the context of U.S.-China relations; it matters.
2. There can be a better status quo on this issue than there is at present
3. The Taiwan arms sales issue is fundamentally a political issue rather than a military, diplomatic, foreign-policy or economic one. Therefore, any way forward on this issue needs to rely primarily on political tools.
4. There can be no meaningful improvement (e.g., an improved status quo, decreased tensions, increased trust) on this issue without the buy-in of all three stakeholders: mainland China, Taiwan and the United States.

The Taiwan arms sales issue is fundamentally a political issue rather than a military, diplomatic, foreign-policy or economic one. Therefore, any way forward on this issue needs to rely primarily on political tools.

The lack of honesty on the part of both the United States and China in dealing with each other on this issue has contributed to a greater-than-necessary level of mistrust between the two countries.

Inherently, there is no such thing as a “way forward” on the issue of Taiwan arms sales that is unacceptable to one of the three stakeholders.

5. The existing three-dimensional policy architecture—the Taiwan Relations Act, the Six Assurances and the Joint Communique of August 17, 1982—is here to stay; there is no foreseeable or realistic scenario whereby any of these three sets of commitments will be substantively altered or nullified, however much one party may wish to do so.
6. The existing policy architecture, which we strongly support, allows for the better status quo we believe is achievable. We believe there is a narrow line that “threads the needle” of the three seemingly contradictory sets of commitments and presents a viable way forward on Taiwan arms sales that conforms to U.S. law and policy, respects China’s legitimate interests and concerns, and maintains or enhances Taiwan’s net security position.
7. Both the United States and China, in different ways and for their own reasons, have, at times in the last 30 years, been in non-compliance with key provisions of the 1982 Communique; in practice, though not in theory, the 1982 Communique is effectively defunct.
8. The 1982 Communique is effectively defunct because it essentially papers over a fundamental difference between China and the United States on the matter of Taiwan: namely, that China’s ultimate goal is Taiwan’s reunification with the mainland on the mainland’s terms, while the United States’ paramount goal is Taiwan’s security—and, concomitantly, the protection of Taiwan’s current political and social system—vis-à-vis the mainland. No side in this equation, including Taiwan, sees these two goals as entirely compatible.
9. China’s current view of the core impediment to progress on the issue of Taiwan differs sharply from that of Taiwan and the United States. In China’s view, U.S. arms sales to Taiwan, and the gross interference in China’s sovereignty and territorial integrity that these sales represent, are the core problem to be solved. In the Taiwanese and U.S. view, the fundamental issue, from which all others stem, is the stark difference in the political and social systems of mainland China and Taiwan. These sharply diverging views account for the enduring intractability of the problem.
10. In our judgment, U.S. arms sales to Taiwan are not the core problem, but rather, a derivative symptom of the much deeper issues described in conclusions 8 and 9: the diverging paramount goals of the United States and China and, most fundamentally, the stark differences in, and indeed basic incompatibility of, the political and social systems of mainland China and Taiwan.
11. As long as mainland China’s political and social systems differ from Taiwan’s to the stark degree they currently do, U.S. arms sales to Taiwan will continue. Though there are ways to decrease tensions associated with U.S. arms sales to Taiwan, there is no ultimate “solution” that is independent of a resolution of the core issue of differing political and social systems.
12. Chinese actions and statements, not U.S. arms sales to Taiwan, are the principal driver of Taiwanese attitudes about the notion of reunification and about the mainland more generally. The most important dynamic on the issue of U.S. arms sales to Taiwan is the relationship between the mainland and Taiwan, not the relationship between the United States and mainland China or the United States and Taiwan. The largest “trust deficit” in this tripartite equation is between mainland China and Taiwan, not between the United States and mainland China or the United States and Taiwan.
13. Though there is room for a modest modification of U.S. policy on arms sales to Taiwan (in conjunction with

a concomitant modification of Chinese policy), in our judgment, a sudden or sharp reduction in deliveries of U.S. arms to Taiwan, as distinct from the gradual one to which the United States is already committed as a matter of policy, would be destabilizing and inimical to the interests of all three parties.

14. The lack of honesty on the part of both the United States and China in dealing with each other on this issue has contributed to a greater-than-necessary level of mistrust between the two countries.

Recommendations

1. The United States should maintain the existing policy architecture governing the issue of U.S. arms sales to Taiwan—namely, the Taiwan Relations Act, the Six Assurances and the U.S.-China Joint Communiqué of August 17, 1982.
2. The United States should continue to sell defensive arms to Taiwan for the foreseeable future, within the constraints of existing U.S. law and policy.
3. The United States should calibrate arms deliveries to Taiwan in a way that the total dollar amount of arms provided to Taiwan in any given year does not exceed the inflation-adjusted peak-level of U.S. arms supplied to Taiwan in the 1979-1982 period, as stipulated in the 1982 Communiqué. This would mean unilaterally setting a voluntary annual cap on U.S. arms deliveries to Taiwan of \$941 million (in inflation-adjusted 2012 dollars).
4. The United States should unbundle future Taiwan arms sales notifications to Congress (“Congressional notifications”) and instead submit such notifications on a regular, predictable and normalized schedule, thus mitigating the perception of major spikes in the sales of U.S. arms to Taiwan created by bundled notifications.
5. The United States should signal its continued unwavering commitment to preserving and promoting extensive, close and friendly commercial, cultural and other relations with Taiwan, including by enhancing senior-level exchanges with Taiwan within the constraints of the United States’ one-China policy.
6. China should demonstrate its commitment to the “peaceful solution to the Taiwan question” by unilaterally, voluntarily and verifiably undertaking the following actions relating to its short- and medium-range ballistic missile posture in southeast China: maintain all missiles in garrison (their current default position); re-deploy one of the current five short-range ballistic missile brigades under the PLA’s 52nd Base further inland and out of range of Taiwan; and dismantle the physical infrastructure of that brigade, including but not limited to launchers, missile depots, rail and road facilities.
7. China should increase the transparency of its missile deployments opposite Taiwan by periodically publishing key developments and numbers in authoritative government white papers and more fully articulating its government’s reasoning for maintaining the remaining deployments.
8. The United States and China should be more honest with each other, at least privately, about the reasoning behind their respective positions on Taiwan-related matters. Rather than reflexively denying the merits of the other’s arguments, each side should acknowledge their own actual postures and explain the reasoning behind them.
9. The United States and China should commit to maintaining open lines of communication, including between the two militaries, irrespective of disagreements over Taiwan.
10. The United States and China should encourage a formal Track 2 dialogue on Taiwan that explores and seeks to increase mutual understanding regarding the underlying assumptions each side brings to the issue but that refrains from “negotiating” specific arms sales actions.

The United States and China should be more honest with each other, at least privately, about the reasoning behind their respective positions on Taiwan-related matters.

Introduction

Confidence-building measures on the Taiwan arms sales issue could be a practical application of this evolving bilateral relationship.

The sale of U.S. arms to Taiwan is a critical issue—and perennial source of intense friction—in the U.S.-China relationship. Periodically, U.S. announcements of arms sales to Taiwan have elicited reactions from China ranging from official protests to the suspension of military ties. Many in China and the United States have referred to such sales as a major source of distrust between the two countries and thus a barrier to the further development of positive bilateral relations.¹

To the Chinese leadership, Taiwan is a “core” interest. Though the United States publicly committed itself, through the August 17, 1982 Joint Communiqué with China, to a gradual reduction of its sales of arms to Taiwan toward the end of an unspecified “final resolution” of the matter, China claims that in reality, the United States has executed arms sales to Taiwan that have contravened the letter and spirit of the 1982 Communiqué. China has consistently viewed these sales as a profound challenge to what it regards as its juridical sovereignty over Taiwan.

The United States, on the other hand, has predicated any gradual reduction of arms sales to Taiwan on a continued policy by China

of resolving the Taiwan question in a peaceful manner. In particular, China’s military build-up, especially its deployment of missiles, vis-à-vis Taiwan, as well as its refusal to renounce the use of force against Taiwan, has raised questions in the United States about China’s commitment to a peaceful approach. While the 1982 Joint Communiqué remains official U.S. policy, the United States continues to stand by its own obligation to provide for Taiwan’s defensive needs under the 1979 Taiwan Relations Act (TRA), consistent with the Six Assurances it provided to Taiwan in July 1982.

This report is part of an ongoing effort by the EastWest Institute (EWI) to explore ways in which the United States and China can manage their differences over U.S. arms sales to Taiwan in a way that simultaneously conforms to U.S. law and policy, respects China’s legitimate concerns, and maintains or enhances Taiwan’s net security position. The desired objective is not to advocate a specific level or direction of arms sales per se, but to help break the cycle of disruptions to the U.S.-China relationship—especially the military relationship—brought about by such tensions, and to reduce the negative consequences of a major and enduring source of distrust in the relationship. EWI’s goal in this study is to be a fair, objective and honest broker that assesses the issues not from one particular side’s perspective, but rather, that “seeks the truth from facts.” The report is informed by empirical research as well as extensive Track 2 consultations with officials, scholars and military experts in the United States, mainland China and Taiwan over the course of more than two years. Those consultations occurred in the

¹ The authors recognize that the United States and China adhere to the position that there is one China, and that Taiwan is a part of China. Therefore, in the strictest sense, the appropriate terminology referring to both sides of the Taiwan Strait would be “the mainland” and “Taiwan.” However, for ease of reference, this report generally adopts the shorthand of “China” and “Taiwan.” The use of “Taiwan” is also consistent with the term used by both the island and the United States, as well as the mainland, even though Taiwan officially refers to itself as the Republic of China.

This report is part of an ongoing effort by the EastWest Institute (EWI) to explore ways in which the United States and China can manage their differences over U.S. arms sales to Taiwan in a way that simultaneously conforms to U.S. law and policy, respects China's legitimate concerns, and maintains or enhances Taiwan's net security position.

context of various high-level dialogues convened by EWI between senior military, civilian and political experts from the United States and China, as well as discreet, private briefings with officials and scholars in Beijing, Washington and Taipei.

Why Now?

The timing is ripe for a renewed discussion on how the United States and China can manage their differences over this historically contentious issue. The two countries—especially China—have mentioned the notion of a “new type of relationship between two major countries.” Such a relationship should focus not only on how to work together on common interests, but also on ways to address old differences. Confidence-building measures on the Taiwan arms sales issue could be a practical application of this evolving bilateral relationship.

The next two and a half years also present a unique, but small, political window. U.S. President Barack Obama is in the first months of his second term and unencumbered by re-election concerns, while not yet a lame duck. In China, President Xi Jinping and Premier Li Keqiang have just embarked on what is expected to be a 10-year term. Xi should have maximal political capital and flexibility at the outset of his presumed 10-year stint, well before the internal jockeying begins in advance of the next major national leadership transition. And in Taiwan, President Ma Ying-jeou and the Kuomintang are themselves in a second term during the best period of cross-strait relations in years. This would thus cer-

tainly appear to be an opportune time for any further steps to ease political and military tensions across the Taiwan Strait. Given the Chinese leadership's suspicions about the Democratic Progressive Party's (DPP's) intentions following then President Chen Shui-bian's moves toward independence in 2004, the possibility of the DPP regaining power after the next election in 2016 is yet another motivating factor, at least from the mainland's point of view, for confidence-building measures to be taken sooner rather than later.

This report lays out the following as reference points for policy debate within the U.S. and China (and Taiwan) on this issue:

- The key policy architecture as well as U.S. and Chinese positions on the Taiwan arms sales issue.
- Empirical data, from public sources, on the quantity and quality of U.S. arms delivered to Taiwan since the normalization of U.S.-China relations, and on China's missile capabilities relative to Taiwan during the corresponding period.
- A normative analysis of the legal and policy architecture, U.S. and Chinese performance relative to that architecture, and the assumptions and dynamics that undergird U.S. arms sales to Taiwan and China's responses.

Part I: Key Policy Architecture, Positions and Empirical Trends

The TRA, the Six Assurances to Taiwan and the U.S.-China Joint Communiqué of August 17, 1982 constitute the key policy architecture governing U.S. and, to a degree, Chinese policies on U.S. arms sales to Taiwan.

Key Policy Architecture and Positions

U.S. and Chinese Positions on Taiwan

The U.S. government has publicly articulated its position on cross-Strait relations as follows:²

- The United States' "one China" policy is guided by the TRA and the three U.S.-China Joint Communiqués.³

² See Kurt M. Campbell, testimony before the House Foreign Affairs Committee, Washington, D.C., October 4, 2011. Transcript available at <http://www.gpo.gov/fdsys/pkg/CHRG-112hrg70584/html/CHRG-112hrg70584.htm>.

³ While the August 17, 1982 Joint Communiqué is the only one among the three U.S.-China joint communiqués that specifically addresses the Taiwan arms sales issue, the three communiqués are often viewed as a whole, with all containing references to the Taiwan issue. The first two communiqués, signed on February 27, 1972 and January 1, 1979, acknowledge China's position that there is one China and that Taiwan is a part of China. In the 1972 Joint Communiqué, the United States "reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves" and, based on that, commits to "progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes," with the "ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan." In the 1979 Communiqué, which marks the establishment of U.S.-China diplomatic relations, the United States "recognizes the Government of the People's Republic of China as the sole legal Government of China. Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan." See the full texts of the three communiqués in Kerry Dumbaugh, "Taiwan: Texts of the Taiwan Relations Act, the U.S.-China Communiqués, and the 'Six Assurances,'" Congressional Research Service, updated May 21, 1998.

- The United States does not support Taiwan independence.
- Cross-Strait differences should be resolved peacefully and according to the wishes of the people on both sides of the Strait.
- The United States welcomes active efforts on both sides to engage in dialogue that reduces tensions and increases contacts across the Strait.
- The United States opposes unilateral attempts by either side to change the status quo.
- The United States is committed to provide Taiwan with defensive articles and services to maintain a sufficient self-defense, pursuant to the TRA.

While the United States supports a "peaceful resolution" of the Taiwan question, China's position has been that of "peaceful reunification" (emphases added). Successive Chinese leaders have reiterated China's policy of peaceful reunification with Taiwan based on the principle that there is only one China—under the jurisdiction of the mainland—and that Taiwan is an inalienable part of it. Since Deng Xiaoping first did so in the early 1980s, the mainland's leadership has articulated the vision of "one country, two systems," in which Taiwan would be a special administrative region with significant autonomy (even more so than Hong Kong), including the ability to retain its military forces. In 2003, President Jiang Zemin issued an eight-point proposition for peaceful reunification. In 2007 and 2012,

Source:
Reproduced from Hans M. Kristensen and Matthew McKinzie, "Reducing Alert Rates of Nuclear Weapons," New York and Geneva: United Nations Institute for Disarmament Research, 2012, 2.

President Hu Jintao proposed a peace accord and a military confidence-building mechanism between the mainland and Taiwan.

Key Policy Architecture on U.S. Arms Sales to Taiwan

The TRA, the Six Assurances to Taiwan and the U.S.-China Joint Communiqué of August 17, 1982 constitute the key policy architecture governing U.S. and, to a degree, Chinese policies on U.S. arms sales to Taiwan.⁴

The TRA, passed by Congress on April 10, 1979, states that “It is the policy of the United States... to provide Taiwan with arms of a defensive character” (Section 2(b)(5), and that it “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” (Section 3(a)). Furthermore: “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” (Section 3(b)).

On July 14, 1982, about a month before the signing of its third joint communiqué with China, the United States conveyed President Ronald Reagan’s Six Assurances to Taipei, stating that, inter alia, the United States “would not set a date for termination of arms sales to Taiwan” (Assurance 1) and “would not consult with China in advance before making decisions about U.S. arms sales to Taiwan” (Assurance 3).

The August 17, 1982 Communiqué, which specifically addresses the Taiwan arms sales issue, describes China’s “fundamental policy to strive for a peaceful solution to the Taiwan question” (paragraph 4). In acknowledging this policy, the United States notes that this “new situation which has emerged with regard to the Taiwan question also provides favorable conditions for the settlement of United States-China differences over the question of United States arms sales to Taiwan” (paragraph 5). With this in mind, the U.S. government “states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative

⁴ See Appendix A for relevant sections in the three texts. As published in “Taiwan: Texts of the Taiwan Relations Act, the U.S.-China Communiqués, and the ‘Six Assurances.’”

terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution” (paragraph 6).

U.S. Position on the August 17, 1982 Joint Communiqué and the TRA

The 1982 Communiqué—agreed to by the executive branch of the U.S. government—had raised concerns among members of Congress, who wondered what this document meant for U.S. commitments to Taiwan’s defense under the TRA. On August 17, 1982, the State Department testified before the Senate Foreign Relations Committee to articulate the executive branch’s interpretation of U.S. government policy under the 1982 Joint Communiqué and its compatibility with the TRA.⁵ This testimony clarified a number of important points, including, most saliently, the following:

- The TRA is and will continue to be the guiding principle on U.S. policy regarding arms sales to Taiwan.
- The Communiqué is not a treaty, agreement, or legally binding document but an expression of future U.S. policy.
- A gradual reduction in future arms sales to Taiwan is not unconditional, but premised on China’s continued “fundamental”⁶ policy of peacefully resolving its differences with Taiwan. This premise is reflected in the wording of paragraph six of the Communiqué, which begins with the phrase, “Having in mind the foregoing statements by both sides, the U.S. government states that...”
- To assess China’s commitment to a peaceful policy, the United States

⁵ “U.S. Policy Toward China and Taiwan: Hearing Before the Committee on Foreign Relations, United States Senate, Ninety-Seventh Congress, Second Session, August 17, 1982,” U.S. Government Printing Office, 1982. See Appendix B for relevant excerpts from the hearing.

⁶ In explaining the significance of the word “fundamental,” Assistant Secretary of State John Holdridge told the Committee: “Previously, when China spoke of its policy of peaceful reunification, and so forth, they never prefaced that policy with the word ‘fundamental.’ Only in the course of our discussions this year did that word ‘fundamental’ appear, and that creates a new situation because they have defined their policy as, in effect, being a long-term and unchanging one.” “U.S. Policy Toward China and Taiwan,” 30.

While the United States supports a “peaceful resolution” of the Taiwan question, China’s position has been that of “peaceful reunification”

This broader policy has subsequently been embraced by nine successive presidential administrations from both the Republican and Democratic parties in the United States.

“will be watching the situation” with respect to China’s military deployment and capabilities directed at Taiwan, the political impact of Chinese policies being implemented—“taken in conjunction with the situation along the Taiwan Strait on both sides”—and Taiwan’s military capability. Since the TRA states that the United States will provide defensive articles and services to Taiwan based on the U.S.’ judgment of Taiwan’s defense needs, the implication is that as long as China maintains its peaceful approach to Taiwan, those needs will be reduced, thus allowing for a gradual reduction in arms sales. Should the United States determine that any of the above circumstances have changed or are changing, it would be free to reassess its own policy of arms sales to Taiwan.

- The United States has refused to agree to China’s demands for a final termination of arms sales to Taiwan, because the level of U.S. arms sales to Taiwan must be determined by Taiwan’s defense needs pursuant to the TRA. Also, the 1982 Joint Communiqué does not establish a time frame for the reduction of arms sales, or concrete limits on the dollar amount or quality of arms sold to Taiwan.⁷
- The base line for a gradual reduction in arms sales will be established from the level of sales since the normalization of U.S.-China relations on January 1, 1979 to that at the time the Joint Communiqué was signed on August 17, 1982, bearing in mind that sales levels reached a high mark in 1980. Upward adjustments will be made for inflation.

The above points had been reaffirmed that same day by President Reagan himself in a secret memorandum clarifying the U.S. policy of maintaining the military balance between China and Taiwan. The memorandum stated the following:

The U.S. willingness to reduce its arms sales to Taiwan is conditioned

⁷ While the document provides for quantitative and qualitative reductions from the level at the time of normalization of U.S.-China relations, it does not specify exact figures or targets.

absolutely upon the continued commitment of China to the peaceful solution of the Taiwan-PRC differences. It should be clearly understood that the linkage between these two matters is a permanent imperative of U.S. foreign policy. In addition, it is essential that the quantity and quality of the arms provided Taiwan be conditioned entirely on the threat posed by the PRC. Both in quantitative and qualitative terms, Taiwan’s defense capability relative to that of the PRC will be maintained.⁸

This broader policy has subsequently been embraced by nine successive presidential administrations from both the Republican and Democratic parties in the United States. Also, in 1994, Congress passed the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, which contained a section on Taiwan as follows⁹:

Sec.531. Taiwan

...

(2) Section 3 of the Taiwan Relations Act take [sic] primacy over statements of United States policy, including communiques, regulations, directives, and policies based thereon.

(3) In assessing the extent to which the People’s Republic of China is pursuing its “fundamental policy” to strive peacefully to resolve the Taiwan issue, the United States should take into account both the capabilities and intentions of the People’s Republic of China.

(4) The President should on a regular basis assess changes in the capabilities and intentions of the People’s Republic of China and consider whether it is appropriate to adjust arms sales to Taiwan accordingly.

⁸ Shirley A. Kan, “China/Taiwan: Evolution of the ‘One China’ Policy—Key Statements from Washington, Beijing, and Taipei,” Congressional Research Service, June 24, 2011, 41-42. <http://www.fas.org/sgp/crs/row/RL30341.pdf>.

⁹ See full text at <http://www.gpo.gov/fdsys/pkg/BILLS-103hr2333enr/pdf/BILLS-103hr2333enr.pdf>.

China's Position on a Peaceful Approach toward Taiwan

While the United States views the TRA as unequivocally trumping the 1982 Communiqué, China holds the opposite position: it regards the Communiqué as a binding document that should be adhered to by both sides. Various Chinese leaders, officials and white papers have criticized the United States over the years for violating its three joint communiqués with China by continuing to sell arms to Taiwan.

In affirming its commitment to a peaceful approach, China has also reserved the right to use force against Taiwan to address the threat of Taiwan independence and separatist forces. A 1993 white paper reaffirmed that “peaceful reunification is a set policy of the Chinese Government” but noted that China, as a sovereign state, reserved the right to “use any means it deems necessary, including military ones, to uphold its sovereignty and territorial integrity.” The white paper further stated, “The Chinese Government is under no obligation to undertake any commitment to any foreign power or people intending to split China as to what means it might use to handle its own domestic affairs.” Because the Taiwan question is a domestic issue for China, the white paper rejected the notion of applying the German or Korean formulas to Taiwan, i.e., creating “two Chinas.” The white paper also asserted that countries maintaining diplomatic relations with China “should abide by the principles of mutual respect for sovereignty and territorial integrity and non-interference in each other’s internal affairs,” and refrain from providing arms to Taiwan.¹⁰

In 2000, China’s government issued a second white paper on the Taiwan issue, explaining in further detail the mainland’s one-China principle and reaffirming the positions in the 1993 white paper. Issued in response to what China regarded as provocative comments by then Taiwan President Lee Teng-hui on cross-strait relations, which he characterized as state-to-state relations, the second white paper described the three scenarios in which the mainland would be compelled to “adopt all possible drastic measures, including the use of force,” to achieve reunification. These

10 “The Taiwan Question and Reunification of China,” Taiwan Affairs Office & Information Office, State Council, the People’s Republic of China, Beijing, August 1993. <http://www.china.org.cn/e-white/taiwan/index.htm>.

three scenarios were: a grave turn of events leading to the separation of Taiwan from China, the invasion and occupation of Taiwan by a foreign country, and Taiwan’s indefinite refusal to peacefully resolve the cross-strait reunification issue through negotiations. The white paper also criticized Taiwan’s purchases of “large quantities of advanced weapons from foreign countries” and its attempts to join a theater missile defense system with the United States and Japan. It asserted that “no country maintaining diplomatic relations with China should provide arms to Taiwan or enter into military alliance of any form with Taiwan” and that all countries maintaining diplomatic relations with China should “refrain from providing arms to Taiwan or helping Taiwan produce arms in any form or under any pretext.”¹¹

In 2005, China implemented an anti-secession law to criminalize the notion of Taiwan independence. The law stated the mainland’s goal of “peaceful reunification through consultations and negotiations on an equal footing between the two sides of the Taiwan Straits” (Article 7). However, it went on to say, the mainland government would “employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity” in the event that Taiwan seceded, or if all possibilities for peaceful reunification were exhausted (Article 8).¹²

U.S. Arms Deliveries To Taiwan

U.S. Arms Sales Process with Taiwan

Since President George W. Bush scrapped the annual U.S.-Taiwan arms sales talks in April 2001, U.S. arms sales to Taiwan have taken place on an as-needed basis at any given time without necessarily adhering to a strict calendar each year. This process generally encompasses the following steps:

- Taiwan’s Ministry of National Defense (MND) submits a list of requested items to the U.S. govern-

11 “The One-China Principle and the Taiwan Issue,” Taiwan Affairs Office and the Information Office of the State Council, the People’s Republic of China, Beijing, February 2000. http://english.gov.cn/official/2005-07/27/content_17613.htm.

12 Anti-Secession Law, Order of the President of the People’s Republic of China No.34, March 14, 2005. http://www.china.org.cn/china/LegislationsForm2001-2010/2011-02/11/content_21898679.htm.

Various Chinese leaders, officials and white papers have criticized the United States over the years for violating its three joint communiqués with China by continuing to sell arms to Taiwan.

Because the 1982 Communiqué mentions both a quantitative and qualitative reduction of U.S. arms sales to Taiwan over time, this report presents data on the dollar values as well as the types of U.S. arms delivered to Taiwan from 1979 to 2012.

ment. Discussions ensue between military and civilian officials from both sides, culminating in a formal letter of request from Taiwan to the United States for the specific items agreed upon during the talks.

- The president formally notifies Congress of the arms sale. Because Congress has the authority to block or modify any sale, not all notified sales result in deliveries.
- After the U.S. government concludes its vetting process, Taiwan's MND signs a formal letter of offer and acceptance from the U.S. military, contracts are executed with U.S. defense suppliers and relevant government authorities, and orders are produced and delivered.

The whole process could take months or years. Appendix C delineates the process of U.S. arms sales to Taiwan in greater detail.

Methodology: Quantity, Quality and Deliveries

Because the 1982 Communiqué mentions both a quantitative and qualitative reduction of U.S. arms sales to Taiwan over time, this report presents data on the dollar values¹³ as well as the types of U.S. arms delivered to Taiwan from 1979 to 2012.¹⁴ The quantitative data is adjusted for inflation (in 2012 dollars) to allow an “apples-to-apples” longitudinal

¹³ Though the 1982 Communiqué does not specify that the term “quantity” refers to dollar value, we believe this oft-used method for measuring the quantity of arms sold globally is a reasonable one to apply here. Neither U.S. nor Chinese officials with whom we have conferred on this issue have challenged this methodology. The matter of assessing “quality,” however, is more problematic, as noted and discussed later in the report.

¹⁴ The quantitative data on arms deliveries was obtained from the U.S. Defense and Security Cooperation Agency's (DSCA) Historical Facts Book and Fiscal Year Series. The dollar values of total sales deliveries presented in this report (see Appendix D) are the sums of foreign military sales (FMS) and foreign military construction sales (FMCS) deliveries. FMS refers to defense articles and defense services delivered to a foreign government or international organization in any fiscal year, while FMCS refers to disbursements against design and construction services provided to a foreign government in any fiscal year. The qualitative data was compiled from the Stockholm International Peace Research Institute's (SIPRI) Arms Transfer Database, which contains information from public sources that include government publications such as defense white papers, the UN Register on Conventional Arms, Pentagon notifications to the U.S. Congress on government-to-government arms transfers, newspapers, journals, and periodicals specializing in military issues like Defense News and Jane's Defense Weekly.

comparison of figures across a roughly 30-year period.¹⁵ Inflation-adjusted figures yield a more accurate picture of the actual overall arc of U.S. arms sales to Taiwan.

While the Congressional Research Service (CRS)¹⁶ has provided comprehensive data and analyses of notifications to Congress of U.S. arms sales to Taiwan since 1990, this report focuses on arms actually delivered to Taiwan since the normalization of U.S.-China relations in 1979. The reason for focusing on deliveries is the wording in the TRA, which articulates a U.S. commitment to “*make available to Taiwan ... defense articles and defense services*” (Section 3(a), emphasis added), and in the 1982 Communiqué, which refers to levels of arms “*supplied in recent years since the establishment of diplomatic relations between the United States and China*” (paragraph 6, emphasis added). Some announced sales ultimately fail to materialize for various reasons, as noted above.

This report also recognizes that certain factors need to be taken into consideration when interpreting the data on arms deliveries. For example, there is a time lag of anywhere from months to years between the dates when arms sales are announced, ordered and finally delivered; admittedly, this presents certain difficulties when trying to attribute key trends in arms deliveries to specific developments in U.S.-China-Taiwan relations. Also, the evident spikes in arms deliveries over the years are often a function of multiple congressional notifications of arms sales bundled together and submitted at the same time. Nevertheless, some general observations can be made.

1979-1994: Key Developments in U.S.-China-Taiwan Relations and U.S. Arms Deliveries to Taiwan

Following the signing of the 1982 Communiqué, the U.S. government set the goal of gradually decreasing annual arms sales to Taiwan by about \$20 million per year from 1979 lev-

¹⁵ EWI used the DSCA data and the U.S. Bureau of Labor Statistics' inflation calculator at http://www.bls.gov/data/inflation_calculator.htm to calculate inflation-adjusted figures in 2012 dollars.

¹⁶ Shirley A. Kan, “Taiwan: Major U.S. Arms Sales Since 1990,” Congressional Research Service, May 21, 2012. <http://www.fas.org/sgp/crs/weapons/RL30957.pdf>.

els.¹⁷ It sought to do this by instituting an internal metric called the “bucket,” which “set quantitative limits on arms sales in mean dollar value.”¹⁸ Conditions for these arms sales reductions were created by specific steps taken by China to reduce its force posture opposite Taiwan, such as the dismantling of a military corps in Fujian province, opposite Taiwan.

An exception to the targeted gradual reduction during the 1979-1994 period was a one-off “spike” in 1992, when President George H.W. Bush, during the final weeks of his presidential re-election campaign, announced a package of arms sales to Taiwan worth \$6 billion that included 150 F-16 A/B fighter jets (ultimately delivered only in 1997-1999) and three Patriot surface-to-air missile (SAM) systems (delivered in 1996-1997). The declared purpose was to boost Taiwan’s declining air defense capabilities, particularly in light of China’s recent purchase of SU-27 fighter aircraft from Russia.¹⁹

U.S.-China relations also reached a turning point in 1989, when the United States froze its arms transfers program with mainland China following the Tiananmen Square episode that summer. Experts in the field have stated that the Tiananmen incident, followed by the Gulf War in 1990-1991, which impressed on China’s leadership the need to develop advanced military capabilities, marked the start of China’s military modernization as we know it today.

In 1994, the Clinton administration released a Taiwan Policy Review, which reiterated the commitment of the United States to continue providing defensive arms and training to Taiwan under the TRA, and stated that the U.S. government had decided to enhance unofficial ties with Taiwan.

Against this backdrop of events, arms deliveries from the United States to Taiwan between 1979 and 1994 saw a relatively steady upward

trend, following a sharp rise from 1979-1980 and a general decrease from 1980-1986 (see Figure 1). During this period, the value of arms delivered increased from \$180.68 million in 1979 (or \$571.4 million in 2012 dollars, if adjusted for inflation) to \$844.78 million in 1994 (or \$1.31 billion in 2012 dollars). (See Figure 1 and Appendix D; by comparison, Figure 2 shows the trends in U.S. arms sales notified to Congress from 1990-2011.)

Key types of weaponry delivered over this period included the following:

- Various types of missiles: AGM-65 Maverick anti-ship missiles; BGM-71 TOW and AGM-114A HELLFIRE anti-tank missiles; SAMs, including I-HAWK systems and MIM-72C Chaparral and RIM-66B Standard-1MR missiles; and AIM-9J/P Sidewinder and AIM-7M Sparrow air-to-air missiles;
- F-104G Starfighter jets;
- Warships, including FRAM-1 destroyers, a FRAM-2 amphibious assault landing ship (AALS), and Knox frigates;
- Anti-submarine warfare (ASW) aircraft, including 2-E Tracker and S-2T Turbo Tracker aircraft, and S-70B/SH-60B Seahawk helicopters;
- AN/TPS-77 air search radars, AN/TPQ-37 Firefinder locating radar, and other fire control radars;
- Transport, training and combat aircraft, including CH-47C Chinook helicopters, C-130H Hercules transport aircraft, S-70/UH-60 Blackhawk helicopters, and Bell-206/OH-58D(I) combat helicopters, among others;
- Mk-15 Phalanx close-in weapons systems (CIWS).

(See Appendix E for full data.)

1995-2012: Key Developments in U.S.-China-Taiwan Relations and U.S. Arms Deliveries to Taiwan

Arms deliveries fluctuated considerably in 1995-2012, a period which saw several significant developments in U.S.-China-Taiwan relations. The most critical episode was the flaring up of military tensions across the Taiwan Strait in 1995-1996 during the lead-up to Taiwan’s first presidential election. The mainland conducted missile test-firings toward

Against this backdrop of events, arms deliveries from the United States to Taiwan between 1979 and 1994 saw a relatively steady upward trend, following a sharp rise from 1979-1980 and a general decrease from 1980-1986.

17 The U.S.-Taiwan Business Council and Project 2049 Institute cite the 1978-1979 base figure of \$680 million, which includes both foreign military sales and direct commercial sales. “Chinese Reactions to Taiwan Arms Sales,” U.S.-Taiwan Business Council and Project 2049 Institute, March 2012, 8. http://project2049.net/documents/2012_chinese_reactions_to_taiwan_arms_sales.pdf.

18 “Chinese Reactions to Taiwan Arms Sales,” 8.

19 John P. McClaran, “U.S. Arms Sales to Taiwan: Implications for the Future of the Sino-U.S. Relationship.” *Asian Survey*, Vol. 40, No. 4, July-August 2000, 632.

Total U.S. Arms Deliveries to Taiwan, 1979-2011

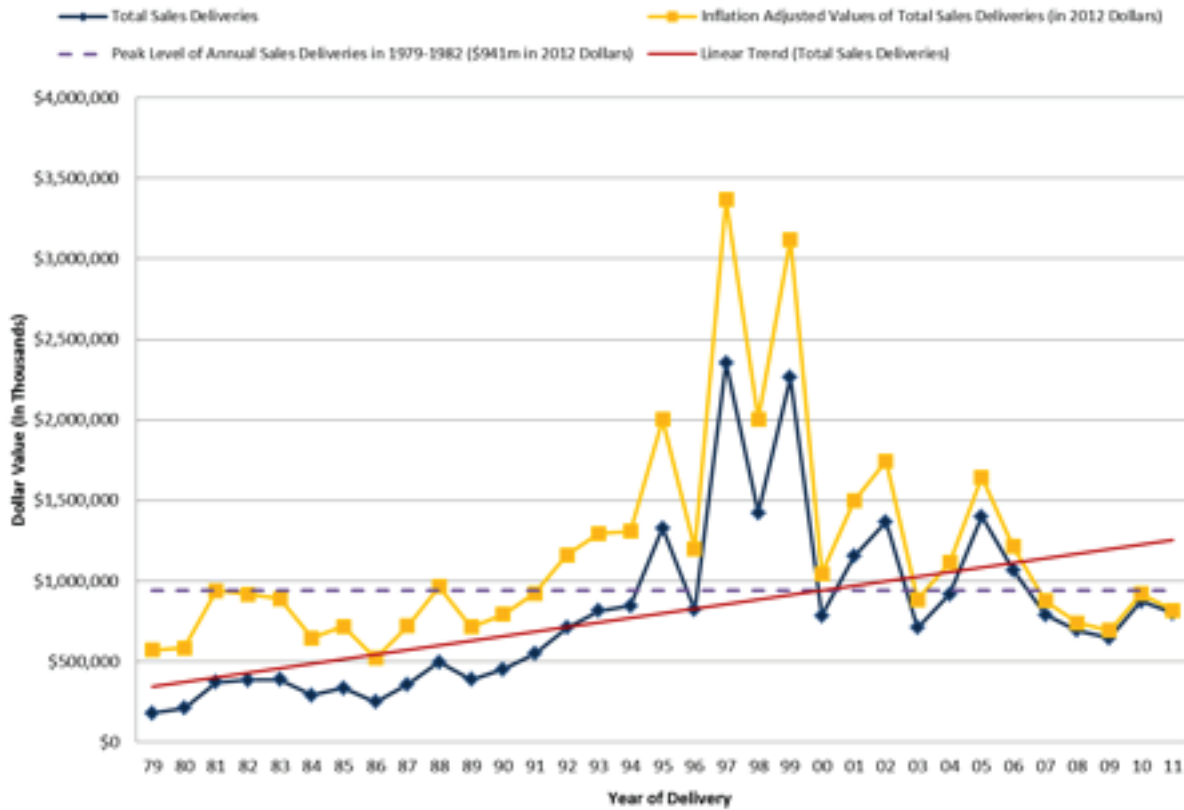


Figure 1.

Taiwan after the U.S. government granted a visa to President Lee Teng-hui to visit the United States. The United States responded by sending two aircraft carriers to the waters off Taiwan.

This crisis subsequently prompted the Clinton administration to expand military cooperation with Taiwan through measures such as the “software initiative,” which comprised discussions on training, logistics, and how to integrate the hardware sold by the United States more effectively into Taiwan’s military. By this point, the U.S. government had effectively discarded its internal “bucket” system. That said, the Clinton administration did not respond to Taiwan’s request for an Aegis destroyer.²⁰

In 2001, President George W. Bush moved away from annual arms sales talks with Taiwan in favor of a process in which arms sales

requests were routinely considered on an as-needed basis. In April 2001,²¹ Bush commented in an interview that he would “do whatever it takes” to help Taiwan defend itself.²² At the same time, the Bush administration approved, amid Chinese protests, sales to Taiwan of eight diesel submarines, 12 P-3C Orion ASW aircraft, torpedoes, missiles, helicopters, amphibious vehicles, howitzers and four Kidd-class destroyers, but deferred its decision on the Aegis naval combat radar

²⁰ The Aegis destroyer was controversial both from China’s standpoint and within the United States. China viewed it as a precursor to Taiwan’s inclusion in a theater missile defense system with the United States. In the United States, debate occurred over the possibility that the Aegis could be deemed an offensive weapon, as well.

²¹ The April 2001 arms sales announcement occurred during a tense period in U.S.-China relations, following the collision between a U.S. navy EP-3 surveillance plane and a Chinese fighter plane off the coast of Hainan.

²² “Bush vows ‘whatever it takes’ to defend Taiwan,” *CNN*, April 25, 2001. http://articles.cnn.com/2001-04-25/politics/bush.taiwan.03_1_chinese-attack-taiwan-strait-china-and-taiwan?_s=PM:ALLPOLITICS. This statement diverged from U.S. policy, and Bush subsequently walked back his comment.

Major U.S. Arms Sales to Taiwan as Notified to Congress (1990-2011)

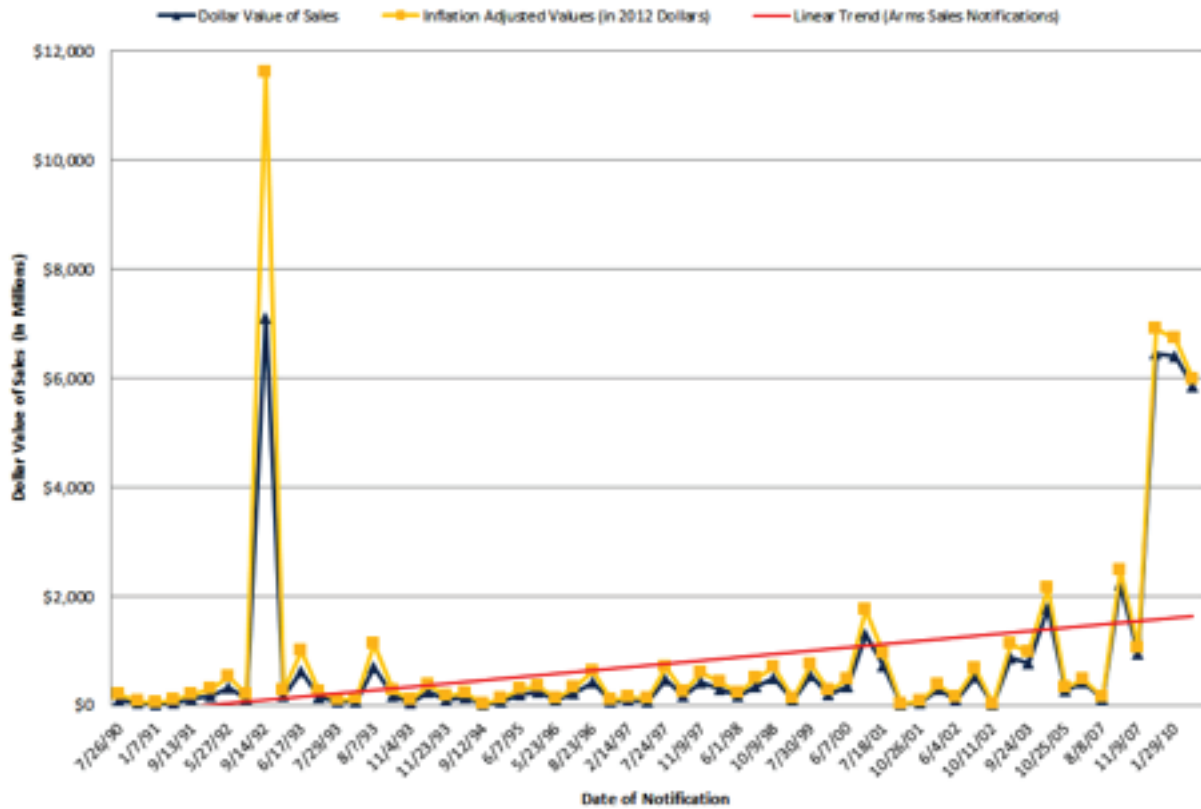


Figure 2.

system requested by Taiwan.²³ It also agreed to brief Taiwan on the Patriot PAC-3 SAM system. Most of these sales were formally notified to Congress only in October 2008, when Bush submitted six of the eight arms programs totaling \$6.5 billion—the highest gross value of arms sales submitted in one notification since those announced by President George H.W. Bush in 1992. The programs included 330 PAC-3 missiles, 30 AH-64D Apache Longbow attack helicopters, 32 UGM-84L Harpoon anti-ship missiles, spare parts for aircraft including F-5 and F-16 jets, equipment to upgrade four E-2T Hawkeye surveillance aircraft, and 182 Javelin anti-armor missiles. The Bush administration notified Congress of the sale of 12 Orion aircrafts in 2007. Notably missing in the notifications

were submarines, which were dropped due to political sensitivities and budgetary concerns in both the United States and Taiwan.

In October 2002, during a summit with Bush in Crawford, Texas, Chinese President Jiang Zemin proposed to freeze or reduce Chinese missile deployments aimed at Taiwan, in exchange for a reduction in U.S. arms sales to Taiwan.

Cross-Strait relations continued to be tested during Chen Shui-bian’s presidency in Taiwan. Prior to his re-election in 2004, Chen put forth a plan for a referendum on Taiwan’s independence, incurring the wrath of Beijing and objections even from the United States. In 2005, China enacted an Anti-Secession Law, authorizing use of “non-peaceful means” to achieve cross-Strait unification should the people of Taiwan attempt to secede.

Then in 2007, Chinese President Hu Jintao called for a cross-Strait peace agreement under the rubric of the mainland’s “one-China” principle. His remarks were more moderate in tone and omitted any direct reference to the

23 The Bush administration deferred a decision on the Aegis to retain a bargaining chip with China over the latter’s missile buildup across the Taiwan Strait. Wade Boese at the Arms Control Association wrote: “Bush appeared to be signaling to China that its actions could influence what weapon systems his administration makes available to Taiwan in the coming years. Washington has increasingly spoken out against Beijing’s growing deployment of ballistic missiles across from Taiwan.” See Wade Boese, “Bush Approves Major Arms Deal To Taiwan, Defers Aegis Sale,” Arms Control Association, May 2001, http://www.armscontrol.org/act/2001_05/taiwan.

Source:
Congressional
Research
Service

use of force to achieve unification.

In January 2010 and September 2011, the Obama administration notified Congress of further arms sales to Taiwan. Following in Bush's footsteps, Obama decided to bundle multiple arms sales programs in each notification. The 2010 notification was for \$6.4 billion worth of sales, including 114 PAC-3 missile defense missiles that President Bush had carved out of his 2008 notification, 60 UH-60M Blackhawk helicopters, 12 Harpoon missiles, communications systems and two Osprey mine hunting ships. The 2011 notification comprised three programs totaling \$5.9 billion, the most significant of which was an upgrade of Taiwan's 145 F-16 A/B jets purchased from the United States in the 1990s. As with those of his predecessor, Obama's arms sales announcements did not include new F-16 C/D jets or diesel submarines, even though President Ma Ying-jeou reiterated his call for the United States to sell Taiwan those arms during his re-election campaign in 2011.²⁴

U.S. deliveries to Taiwan from 1995 to 2012 experienced several spikes, specifically in 1995 (reaching \$1.33 billion, or \$2 billion in 2012 dollars if adjusted for inflation); 1997 (\$2.35 billion, or \$3.37 billion in 2012 dollars); 1999 (\$2.26 billion, or \$3.12 billion in 2012 dollars); 2002 (\$1.37 billion, or \$1.74 billion in 2012 dollars); and 2005 (\$1.4 billion, or \$1.65 billion in 2012 dollars).

Delivery figures jumped the most significantly in 1997 and 1999. Arms delivered during this period included the 150 F-16 A/B fighters and the three Patriot systems from the \$6 billion sales package announced in September 1992, as well as other orders made in 1992, such as AIM-7M Sparrow and AIM-9L Sidewinder missiles for F-16C aircraft, and an AN/TPS-77 air search radar.

Many of the arms delivered in 1982-1994 continued to be delivered in 1995-2011. New items delivered included:

- FIM-92 Stinger and Avenger SAM systems;
- M-60A3 Patton-2 tanks;
- E-2C Hawkeye airborne early warn-

²⁴ For example, see Ma Ying-jeou, "Building National Security for the Republic of China." Speech delivered via videoconference with the Center for Strategic and International Studies, Washington D.C., May 12, 2011.

ing and control (AEW&C) aircraft;

- Kidd destroyers;
- AN/AAQ-13 LANTIRN Sharpshooter targeting pods and AN/AAQ-14 Pathfinder radars for F-16 combat aircraft;
- AIM-120C AMRAAM air-to-air missiles for F-16 aircraft;
- Osprey mine hunter ships.

Most orders made by the Bush and Obama administrations in 2007-2011—such as P-3CUP Orion ASW aircraft (11 of 12 planes ordered have not been delivered), PAC-3 SAM systems, HELLFIRE anti-tank missiles (950 to be delivered), Apache (28 to be delivered) and Blackhawk helicopters, and radars—have not yet been delivered. According to reports, deliveries of some of these items are expected to begin in 2013, with 30 Apache helicopters to be delivered to Taiwan in 2013, and the deliveries of 60 Blackhawks to occur between 2014 and 2018.²⁵ One of the 12 ordered P-3C Orion aircraft has already been delivered in 2012, and the remaining ones are expected to be delivered between 2013 and 2015.²⁶

Political-Military Implications and Other Motivating Factors

U.S. arms deliveries to date have served primarily to update Taiwan's aging military forces. Since the 1990s, deliveries of F-16s (and subsequent systems to retrofit them), advanced Patriot systems and other increasingly sophisticated and cutting-edge weaponry have significantly enhanced Taiwan's defensive capabilities. F-16s, PAC-2 (and impending PAC-3) missile defense systems, anti-air missiles, and utility and combat helicopters have improved Taiwan's air defenses, especially to counter missile threats from the mainland. ASW aircraft and anti-ship missiles have the purpose of defending against the mainland's increasingly modern naval fleet.

Yet many experts argue that much more needs to be done in order to create an effective deterrent against an attack, invasion or

²⁵ Wendell Minnick, "Taiwan To Receive New Aircraft To Repel China," *Defense News*, February 20, 2013. <http://www.defensenews.com/article/20130220/DEFREG03/302200034/Taiwan-Receive-New-Aircraft-Repel-China?odyssey=nav%7Chead>.

²⁶ "Taiwan to receive 12 anti-sub aircraft by June 2015: military," *ROC Central News Agency*, March 27, 2013. <http://www.globalsecurity.org/wmd/library/news/taiwan/2013/taiwan-130327-cna01.htm>.

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blockade from the People's Liberation Army (PLA). This is especially so in light of China's comprehensive military modernization efforts (see next section). Some have commented that big-ticket items such as F-16s and submarines are more politically symbolic—indicating significant U.S. support and boosting the political standing of Taiwan's leaders among their domestic constituents—than they are effective in addressing the island's actual defensive needs against China. Certain analysts, such as William Murray of the Naval War College,²⁷ have advocated a change in focus on the part of the United States, including providing a different range of tactical weapons and capabilities and helping Taiwan develop its indigenous defense industry.

Since Ma Ying-jeou assumed power in 2008, China and Taiwan have expanded economic and social ties, most significantly with the signing of the Economic Cooperation Framework Agreement. With cross-Strait relations at their best in years, China has continued to oppose U.S. arms sales to Taiwan, arguing that such sales are unnecessary, promote pro-independence tendencies on the island and endanger cross-Strait peace. From a military perspective, advocates for arms sales argue that the tilting of the military balance in the mainland's favor has increased Taiwan's defensive needs. But other factors—political and economic—come into play, as well.

One key factor is that arms sales to Taiwan have enjoyed broad support in the U.S. Congress. Over the years, several pieces of legislation have been proposed in both houses, urging greater U.S. support of Taiwan, including through the sale of F-16C/Ds, submarines and other advanced weapons. In November 2011, Senator John Cornyn (R-TX) placed on hold the Senate confirmation of Mark Lippert as assistant secretary of defense. Cornyn released his hold six months later, after the White House wrote a letter to Cornyn agreeing to seriously consider the sale of F-16C/Ds to Taiwan and address Taiwan's fighter gap. A highly influential Taiwan lobby in Washington, along with the economic benefits to the U.S. defense sector associated with arms sales

to Taiwan, have also provided an impetus for U.S. arms sales.

Taiwan's leaders, including Ma Ying-jeou, have argued that continued U.S. support of Taiwan's defensive capabilities provides Taiwan with the confidence and sense of security it needs to engage in negotiations with the mainland on a range of matters.²⁸ Finally, because numerous other countries—including Israel, Germany and France—have stopped their arms sales to Taiwan out of consideration for their diplomatic and economic ties with China, the result is that the United States has become Taiwan's primary supplier of arms. John McClaran of the Naval Postgraduate School argues that this has made the United States “the de facto focus of the PLA's strategic and military modernization effort.”²⁹

China's Missile Capabilities Vis-À-Vis Taiwan

Why Missiles

As noted earlier in this report, the United States' agreement to adhere to the August 17, 1982 Joint Communiqué was predicated on China's continued commitment to a peaceful resolution of the Taiwan question. To understand the whole picture, one has to understand U.S. perceptions of China's actions, which directly affect U.S. assessments of Taiwan's defense needs and thus the sale of arms to the island.

One of the key benchmarks used by the U.S. government to assess China's peaceful intent has been the latter's military force posture and capabilities directed at Taiwan. In many respects, it is difficult to disaggregate a Taiwan scenario from the PLA's broadening range of objectives, which include the protection of not only China's national sovereignty and territorial interests in its immediate environment, but also its security and economic interests extending far beyond China's borders. China itself has argued that its military modernization is commensurate with the needs of the country's overall development. According to a 2011 white paper on

China itself has argued that its military modernization is commensurate with the needs of the country's overall development.

27 Murray recommends, for example, a “porcupine strategy” which would entail strengthening the deterrent and defensive capabilities of Taiwan's civil and military infrastructure and systems. See William S. Murray, “Revisiting Taiwan's Defense Strategy,” *Naval War College Review*, Summer 2008, Vol. 61, No. 3.

28 President Ma Ying-jeou's interview with *CNN's* Christiane Amanpour, April 30, 2010. <http://english.president.gov.tw/Default.aspx?tabid=491&itemid=21344&rmid=2355>.

29 “U.S. Arms Sales to Taiwan: Implications for the Future of the Sino-U.S. Relationship,” 625, 630.

China's national defense, "To build a fortified national defense and strong armed forces compatible with national security and development interests is a strategic task of China's modernization."³⁰

Nevertheless, China's military modernization continues to be primarily focused on deterring Taiwan's independence³¹ and preventing third parties (such as the United States) from defending Taiwan militarily during a cross-strait conflict.³² In its 2013 Quadrennial Defense Review, Taiwan's Ministry of National Defense specified seven operational areas of the PLA that posed a military threat to Taiwan: joint intelligence, surveillance and reconnaissance capabilities; strategic deterrence and conventional strike capabilities of the 2nd Artillery; integrated air operations capabilities; integrated maritime operations capabilities; integrated ground operations capabilities; information and electronic warfare capabilities; and major military exercises to enhance the PLA's readiness in the event of a military conflict with Taiwan.³³

Of these, certain aspects have garnered more attention than others. One is the increasingly sophisticated ability of the PLA Air Force (PLAAF), developed over the last decade, to conduct precision air strikes on Taiwan. Taiwan's defense ministry notes that the PLAAF is also developing fourth-generation fighters with stealth, supersonic and beyond-visual-range (BVR) capabilities; enhancing its long-range operational capabilities; and strengthening its air-missile defense and anti-missile capabilities.³⁴

30 "China's National Defense in 2010," Information Office of the State Council, the People's Republic of China, Beijing, March 2011. http://www.china.org.cn/government/whitepaper/node_7114675.htm.

31 During high-level talks convened by EWI between U.S. and Chinese retired generals in December 2012, one Chinese general maintained that China's missile deployments along the Taiwan Strait are directed against Taiwanese separatists only and not against the general populace. He said: "As long as Taiwan does not proclaim independence, we will not shoot one missile at Taiwan." ("只要不宣布台独，我们一颗导弹也不会射向台湾。")

32 "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2012," Office of the Secretary of Defense, May 2012, iv. http://www.defense.gov/pubs/pdfs/2012_CMPR_Final.pdf.

33 "2013 Quadrennial Defense Review—The Republic of China," Ministry of National Defense, Republic of China, March 2013, 18-23.

34 "2013 Quadrennial Defense Review—The Republic of China," 20.

For a number of reasons, China's coercive capabilities focused on Taiwan are best embodied by its conventional ballistic missile forces. First, most analysts who have studied the missile forces in southeast China have concluded that they are deployed specifically for a Taiwan scenario (including deterring a Taiwan declaration of independence), an assessment corroborated by at least some retired PLA senior officers, as noted above. Second, from a military perspective, ballistic missile forces enhance the PLA's air power, and in the case of the DF-21D anti-ship ballistic missile, contribute to China's anti-access/area-denial (A2/AD) strategy of deterring U.S. forces in the western Pacific from coming to Taiwan's aid during a military conflict.

Mark Stokes from the Project 2049 Institute argues that ballistic missiles are not only militarily effective but also politically intimidating, putting Taiwan within seven minutes of destruction at any given time.³⁵ He writes:

Ballistic and extended-range cruise missiles are an attractive means of delivering lethal payloads due to the inherent difficulties in defending against them. Firepower delivered directly against critical nodes within an opponent's operational system allows conventional air, naval, and ground operations to be carried out at reduced risk and cost. Control of the skies enables dominance on the surface below. With Second Artillery firepower support, PLA Air Force (PLAAF) and PLA Navy (PLAN) assets may gain and maintain the air superiority needed to coerce political concessions or achieve a decisive edge on the surface.

Ballistic missiles capable of delivering conventional payloads with precision have a coercive effect on neighbors with limited countermeasures. Use of force against Taiwan has been the principal illustrative planning scenario guiding PLA and

35 In his testimony before the U.S.-China Economic and Security Review Commission on March 18, 2010, Stokes made the following comment regarding the Taiwan public's perception of the military threat from the mainland: "In the general populace, a threat from the PRC, military threat, they see the ballistic missiles obviously. Every citizen on Taiwan lives within seven minutes of destruction, and they know that." A full transcript of the hearing can be found at <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA524332>.

For a number of reasons, China's coercive capabilities focused on Taiwan are best embodied by its conventional ballistic missile forces.

Second Artillery force modernization. Enjoying the broadest support within the CCP Central Committee and Central Military Commission (CMC), the focus on a Taiwan scenario allows the PLA to modernize its forces without precipitating neighbors to invest significant additional resources into deterrents and defenses. Over time and with an industrial surge in missile production, the same coercive military capabilities focused on Taiwan could be directed against South Korea, Japan, the Philippines, Vietnam, Singapore, Australia, Thailand, India, and other countries in the region.³⁶

Third, as a result, officials and experts in the United States, Taiwan and even China have pointed to China's ballistic missile force posture targeting Taiwan as an impediment to cross-Strait peace and any reductions in U.S. arms sales to Taiwan. In short, they recognize such missile deployments as a reasonable proxy for China's military capabilities vis-à-vis Taiwan.

Methodological Challenges in Analyzing China's Missile Posture

Analyzing trends in China's missile posture vis-à-vis Taiwan presents methodological challenges. The principal one is that China does not generally publicize information on its missile deployments. In sharp contrast to the United States, which makes all key information related to its sales of arms to Taiwan publicly available, China is far less transparent with respect to its missile deployments in southeast China (and its deployments more generally). Indeed, China's relative lack of transparency on this issue is, in itself, a source of major concern to both Taiwanese and U.S. observers; fairly or unfairly, it creates a widespread impression outside the mainland that China is seeking to mask its "true in-

tentions" regarding Taiwan.³⁷ Because official Chinese data on its missile deployments was not forthcoming, other publicly available data had to be used for this section of the report. These included primarily non-governmental data, such as existing policy literature and press reports, but official, unclassified data from the United States and Taiwan comes into play in more recent years.³⁸

1979-1994: Key Developments in China's Missile Capabilities

In the 1979-1980 period, the PLA inventory included no conventionally-capable ballistic missiles, only liquid-fueled, nuclear-capable ballistic missiles. Following a decision in 1978 to proceed with engineering research and development of the first solid-fueled medium/intermediate range ballistic missile, the DF-21—the land-based version of the JL-1 submarine-launched ballistic missile, with a maximum range of 1,700 kilometers and a payload of 600 kilograms³⁹—was successfully developed in the early 1980s. This occurred just as China's political leadership was becoming increasingly focused on economic development. An easing of tensions across the Taiwan Strait enabled the PLA to reduce its force posture toward Taiwan and its defense spending.

China then decided to enter the export market to offset declining domestic demand for defense production. Having gradually increased its competency in solid rocket motor technology associated with the DF-21 program, China's defense industry began research and development of conventional short-range ballistic missiles (SRBM). In April

³⁷ In the course of the research phase of this study, the authors requested from the Chinese government publicly available, unclassified information regarding China's missile deployments; no such information was ever provided. We were referred to such documents as China's defense white paper, but none of the documents to which we were referred contained specific information about missile deployments. Thus, while we had hard, empirical U.S. government data regarding U.S. arms sales to Taiwan, we did not have similarly authoritative data from the Chinese government regarding China's missile deployments opposite Taiwan. It is also worth noting that in the course of our research, no Chinese official or scholar challenged the veracity or accuracy of the official U.S. data on U.S. arms sales to Taiwan, so that data can reasonably be regarded as authoritative; it is accepted by both sides. The same cannot necessarily be said regarding information pertaining to China's missile posture vis-à-vis Taiwan.

³⁸ All of the data presented in this paper is, of course, unclassified and publicly available.

³⁹ Sinodefence.com. <http://www.sinodefence.com/strategic/missile/df21.asp>.

³⁶ Mark A. Stokes, "The Second Artillery Force and the Future of Long-Range Precision Strike," in *Strategic Asia 2012-2013: China's Military Challenge*, edited by Ashley J. Tellis and Travis Tanner, The National Bureau of Asian Research, 2012, 127-128.

In sharp contrast to the United States, which makes all key information related to its sales of arms to Taiwan publicly available, China is far less transparent with respect to its missile deployments in southeast China (and its deployments more generally).

In the decade and a half following the 1995-1996 crisis, China proceeded to systematically expand its missile deployments and infrastructure opposite Taiwan.

1985, formal research and development began on the DF-15, which had a range of 200 to 600 kilometers and a payload of 500 kilograms.⁴⁰ That same year, development began on a 300-kilometer-range DF-11 missile (export designation: M-11) with a payload of 500 kilograms.⁴¹ In early 1988, the space and missile industry concluded an agreement to sell the DF-15 (export designation: M-9) to Syria before flight testing and finalizing its design. In 1990, the DF-11 was successfully flight-tested; the missile was reportedly sold to Pakistan the following year.⁴²

By the latter part of the 1980s, however, China's military leadership began seriously considering the integration of conventional ballistic missiles into the PLA's active inventory. A number of factors influenced this consideration. First, the Intermediate Nuclear Forces (INF) Treaty of 1987, which committed the United States and Soviet Union to eliminate all land-based ballistic and cruise missiles with ranges of between 500 and 5,500 kilometers, opened a window for the PLA to gain a strategic advantage with its large arsenal of 600-kilometer-range ballistic missiles.

Second, Beijing was growing increasingly worried about political developments in Taiwan around that time. The island was becoming gradually democratized, having lifted martial law and legalized political parties. Also, the death of Taiwan's President Chiang Ching-kuo in January 1988 led to a new president—Lee Teng-hui—who was born in Taiwan and lacked the emotional ties to Chinese nationalism.

Third, international pressure on China to sign the Missile Technology Control Regime (MTCR) threatened revenue sources for China's defense industry. As a result, the space and missile industry began lobbying the PLA to adopt a conventional ballistic missile capability.

40 Federation of American Scientists. <http://www.fas.org/nuke/guide/china/theater/df-15.htm>.

41 Among various sources, see John Wilson Lewis and Hua Di, "China's Ballistic Missile Programs: Technologies, Strategies, and Goals," *International Security*, Fall 1992, 5-40. A knowledgeable Chinese source familiar with the missile's history asserts that DF-15 was first flight tested in June 1988, and its design certified in early 1990.

42 "China's Ballistic Missile Programs: Technologies, Strategies, Goals," 5-25; "China's Missile Exports and Assistance to Pakistan," Center for Nonproliferation Studies, Monterey Institute of International Studies, updated July 2000. http://cns.miis.edu/archive/country_india/china/mpakpos.htm.

In 1988, China's military leadership decided to deploy ballistic missiles in a conventional role. A seed unit was established on August 1, 1991 in Leping, Jiangxi Province, where the DF-15 would be deployed. This marked the beginning of China's SRBM build-up opposite Taiwan. The unit's formation coincided with China's acquisition of new fighters from the former Soviet Union and the initiation of cross-Strait negotiations (which led to the so-called "1992 consensus")⁴³, and preceded the U.S. announcement of F-16 sales to Taiwan in September 1992.

Following a 1993 decision by China's military leadership, work began on a longer-range variant of the DF-11—the DF-11A. The goal was to double the existing range of 300 kilometers while maintaining the same accuracy. The DF-11A gained final acceptance by the PLA in 1999.

1995-2012: Key Developments in China's Missile Capabilities

The 1995-1996 Taiwan Strait crisis highlighted the role of China's ballistic missile capabilities in a Taiwan scenario. In July 1995, the PLA launched six DF-15 missiles off the coast of Taiwan to signal displeasure over Taiwan President Lee Teng-hui's visit to the United States. In March 1996, following months of advance warning, the mainland conducted test strikes of four more missiles (also DF-15s), this time to deter any moves toward de jure independence in the run-up to Taiwan's presidential election. Andrew Scobell, then an assistant professor of political science at the University of Louisville, wrote in 1999 that the missile exercises demonstrated clearly to both Taipei and Washington that China was serious about resorting to the use of force, if necessary, to achieve cross-Strait unification; successfully managed to coerce Taiwan to temper its words and actions; and highlighted missiles as the mainland's preferred tactic

43 In October 1992, Beijing's Association for Relations Across the Taiwan Strait (ARATS) and Taipei's Strait Exchange Foundation (SEF) held talks in Hong Kong, during which both sides agreed to disagree on the meaning of "one China," specifically whether it referred to the People's Republic of China (the mainland) or the Republic of China (Taiwan). This was subsequently referred to as the "1992 consensus." See Shirley A. Kan, "China/Taiwan: Evolution of the 'One China' Policy—Key Statements from Washington, Beijing, and Taipei," Congressional Research Service, January 10, 2011, 45.



FIGURE 3:
China's Ballistic Missile
Deployments Opposite Taiwan
 Source: Mark Stokes

for attacking Taiwan.⁴⁴

In the decade and a half following the 1995-1996 crisis, China proceeded to systematically expand its missile deployments and infrastructure opposite Taiwan in two ways. First, it expanded its SRBM deployments, spreading them across four provinces in southeast China—Jiangxi, Fujian, Guangdong and Zhejiang (see Figure 3).

More recently, the PLA has begun to gradually replace some of its existing SRBM systems targeting Taiwan with MRBM systems possessing ranges greater than 1,000 kilometers. Newer MRBMs with ranges of 1,000 to 1,200 kilometers and higher re-entry speeds have been developed with the possible objective of countering the effectiveness of Taiwan's new PAC-3 missile interceptors (which are among the advanced weaponry sold by the United States). While the 600-kilometer-range SRBMs have one intended target—Taiwan—it can be argued that these MRBMs, depending on where they are deployed, could

conceivably also be used in a scenario of conflict with Japan over the Diaoyu/Senkaku islands and be aimed at targets in Okinawa and other parts of southern Japan. Nevertheless, given that these missile deployments are under the command and control of the Second Artillery's 52nd Base, which has Taiwan-related responsibilities, it seems clear that Taiwan remains the primary focus of these deployments.

In September 2010, China conducted a successful flight test of a MRBM (NATO designation CSS-X-11), indicating a range of at least 1,000 kilometers. In March the following year, Tsai Der-sheng, Taiwan's national security bureau chief, reported that the PLA appeared to have deployed into its active inventory a new DF-16 missile with a similar range.⁴⁵ In February 2011, the PLA revealed that a new-generation, 4,000-kilometer-range missile system

⁴⁵ As mentioned in Mark Stokes, "Expansion of China's Ballistic Missile Infrastructure Opposite Taiwan," *Asia Eye*, April 18, 2011. <http://blog.project2049.net/2011/04/expansion-of-chinas-ballistic-missile.html>. In March 2013, Tsai reported that DF-16 missiles had been temporarily deployed from central China to the southeastern coast for training purposes. See Joseph Yeh, "Taiwan closely monitoring China missile deployment," *The China Post*, March 21, 2013. <http://www.asianewsnet.net/Taiwan-closely-monitoring-China-missile-deployment-44344.html>.

⁴⁴ Andrew Scobell, "Show of Force: The PLA and the 1995-1996 Taiwan Strait Crisis," working paper, Shorenstein Asia/Pacific Research Center, Stanford University, January 1999, 15-16.

| Brigade | Type of Missile | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| 815 Brigade (Leping, subsequently moved to Shangrao, Jiangxi Province) | DF-11 (300 km), DF-15/DF-15C (600 km) | | 50 | 50 | 50 | 50 | | | | | | | | | 50 |
| 817 Brigade (Yong'an, Fujian Province) | DF-11A (600 km) | | | | | | 50 | 50 | 50 | 50 | | | | | |
| 818 Brigade (Meizhou, Guangdong Province) | DF-15 (600 km) | | | | | | | 50 | 50 | 50 | 50 | 50 | | | |
| 819 Brigade (Ganzhou, Jiangxi Province) | DF-15 variant (600 km) | | | | | | | | | | 50 | 50 | 50 | 50 | |
| 820 Brigade (Jinhua, Zhejiang Province) | DF-15 (600 km) | | | | | | | | | | | | 50 | 50 | 50 |
| Shaoguan Brigade (Guangdong Province) | MRBMs (1000-1200 km) | | | | | | | | | | | | | | |
| Annual Total | | 0 | 50 | 50 | 50 | 50 | 50 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Figure 4.

Notional Estimates of PLA Conventional Ballistic Missile Production for Deployment Opposite Taiwan (1993-2012)

was being developed and could be completed by 2015.⁴⁶ And following remarks in July 2011 by the PLA's Chief of General Staff, General Chen Bingde, confirming that China was developing a new anti-ship ballistic missile, the DF-21D⁴⁷, senior Pentagon officials informed Congress in April 2013 that the DF-21D had been deployed off China's southern coast targeting Taiwan and U.S. aircraft carriers.⁴⁸

Figure 3 provides a notional overview of conventional ballistic missile production from 1993 to 2012 in the six brigades where such missiles are deployed across from Taiwan. Utilizing those numbers, Figure 4 shows the estimated cumulative increase in total missiles produced over that time period. The numbers assume the following:⁴⁹

- Chinese defense industrial assembly plants have been producing 75 to 100 SRBM systems a year, according to Pentagon assessments since 1998.
- The Second Artillery conducts long-range force planning years in advance. The current force structure was likely planned in the early 1990s, with some possible minor

⁴⁶ "Expansion of China's Ballistic Missile Infrastructure Opposite Taiwan." Original source: "New missile 'ready by 2015': Global Times," *People's Daily Online*, February 18, 2011. <http://english.peopledaily.com.cn/90001/90776/90786/7292006.html>.

⁴⁷ "Re-enter The DF-21D ASBM," U.S. Naval Institute blog, July 18, 2011. <http://blog.usni.org/2011/07/18/re-enter-the-df-21d-asbm>.

⁴⁸ Tony Capaccio, "China's Anti-Carrier Missile Now Opposite Taiwan, Flynn Says," *Bloomberg*, April 18, 2013. <http://www.bloomberg.com/news/2013-04-18/china-s-anti-carrier-missile-now-opposite-taiwan-flynn-says.html>.

⁴⁹ Mark Stokes.

adjustments in subsequent years. Factors influencing PLA calculations of force structure requirements are relatively independent of political issues, such as U.S. arms sales to Taiwan.

- Incremental improvements to existing missile variants (e.g. from DF-15 to DF-15A and DF-15B) are planned well in advance, with new variants appearing to replace older ones approximately every six to eight years. Follow-on variants usually involve either improved accuracy or extended range without compromising accuracy. If a new variant differs significantly from the missile's original design, a new missile designation will be used and a new design team appointed. Theoretically, increases in accuracy may reduce the required number of missiles.
- Once a missile variant enters into low and then full rate production, it takes about four years to gradually fill out each brigade. Based on a long-range plan promulgated by the PLA, the six conventional missile brigades across from Taiwan were formed in a staggered manner.

Because the production cycle involves the replacement or phasing out of older missile variants with newer ones, it is logical to assume that the estimated total production of 1,700 missiles from 1993 to 2012, as shown in Figures 3 and 4, would be higher than the number of missiles deployed in the PLA's active inventory as of 2012. This estimated figure is broadly consistent with the Pentagon's

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | TOTAL |
|------|------|------|------|------|------|-------|
| 50 | 50 | 50 | | | | 400 |
| | 50 | 50 | 50 | 50 | | 400 |
| | | | | 50 | 50 | 350 |
| | | | | | | 200 |
| 50 | | | | | | 200 |
| | | | 50 | 50 | 50 | 150 |
| 100 | 100 | 100 | 100 | 150 | 100 | 1700 |

Sources:

Missile types and ranges obtained from Sean O'Connor, "PLA Second Artillery Corps: Technical Report APA-TR-2009-1204," Updated April 2012, <http://www.ausairpower.net/APA-PLA-Second-Artillery-Corps.html#mozToclid156465>, and Mark Stokes. Missile production numbers estimated by Mark Stokes.

Notional Estimates of PLA Conventional Ballistic Missile Production (Cumulative) for Deployment Opposite Taiwan

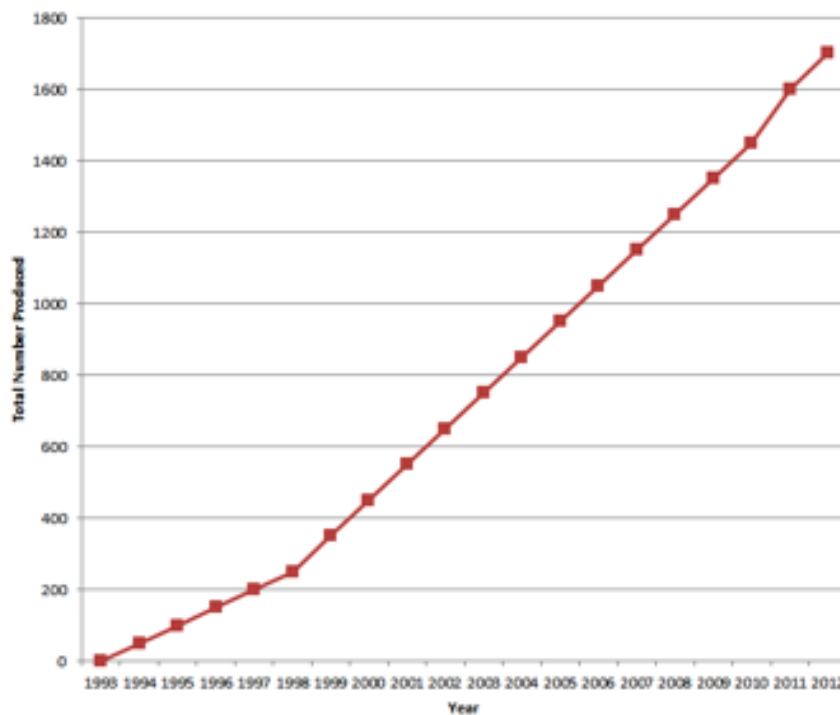


Figure 5.

assessment that by October 2011, the PLA had deployed between 1,330 and 1,895 conventional missiles opposite Taiwan. These include: 50 to 75 intercontinental ballistic missiles (estimated range of 5,500 kilometers or more), 5-20 intermediate range ballistic missiles (3,000 to 5,500 kilometers), 75-100 MRBMs (1,000 to 3,000 kilometers), 1,000-1,200 SRBMs (less than 1,000 kilometers), and 200 to 500 ground-launched cruise missiles (1,500 kilometers or longer).⁵⁰ Taiwan's Ministry of National Defense estimates that China had more than 1,600 ballistic and cruise missiles aimed at Taiwan in 2012, an increase of more than 200 missiles from the previous year.⁵¹ That said, it is generally agreed that after a certain number (for example, 1,000 missiles), the marginal utility of each additional missile produced or deployed decreases.

Political-Military Implications

Today, China has the largest and most lethal conventional ballistic missile force in the world. The growth of China's ballistic missile capabilities over the last 15 to 20 years has played a crucial role in tilting the cross-strait military balance in the mainland's favor and provides further incentives for Taiwan to boost its air defenses. From the U.S. perspective, the PLA's steady, quantitative and qualitative buildup of conventional ballistic missiles aimed at Taiwan since the 1990s has reflected not only the opposite of a peaceful approach, but also a rising military threat to Taiwan, and thus an increased need for defensive articles and services on the part of the island.

Recognizing that a reduction in China's military force posture opposite Taiwan would decrease Taiwan's requirements for defensive weaponry, President Jiang Zemin was the first to articulate a linkage between China's ballistic missile deployments and U.S. arms sales to Taiwan, proposing a "missiles for arms" reduction to President Bush when they met at Bush's Crawford, Texas ranch in October 2002. While details of Jiang's proposal

50 "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2012," 29.

51 Rich Chang and J. Michael Cole, "China aiming 200 more missiles at Taiwan: MND," *Taipei Times*, September 4, 2012. <http://www.taipeitimes.com/News/front/archives/2012/09/04/2003541913>.

Observers in Taiwan and the United States have noted that China's removal of only missiles—and not their accompanying infrastructure—opposite Taiwan would be politically symbolic yet militarily meaningless.

have not been made public or presented in written form, media reports indicate that Jiang had suggested that China was willing to reduce its missile deployments across from Taiwan if the United States agreed to reduce, and eventually end, its arms sales to Taiwan. A month after the Bush-Jiang summit, Jiang and other senior Chinese civilian and military leaders suggested a similar idea to former Defense Secretary William Perry when he visited Beijing. U.S. officials purportedly asked China to raise this proposal directly with Taiwan's leadership.⁵² According to the Congressional Research Service, the Bush administration did not respond directly to Jiang's verbal proposal but noted that China's missile buildup represented a continuing military threat to Taiwan, that China needed to talk directly to Taiwan about this issue, and that the United States was constrained by its Six Assurances to Taiwan, which prohibits it from negotiating specific arms sales decisions with China. However, China's broader military posture continued to be an indicator by which the United States would assess Taiwan's defense need.⁵³

Successive administrations in Taiwan—under Chen Shui-bian and Ma Ying-jeou—have also called for China to withdraw its missiles directed at Taiwan as a precondition for any political negotiations that could lead to a cross-Strait peace agreement. In 2007, Chen snubbed President Hu Jintao's proposal for a peace accord by calling for China to first renounce the use of force against Taiwan, including by withdrawing its then-988 ballistic missiles opposite Taiwan; repeal its anti-secession law; and discard its "one-China" framework which envisions eventual reunification of Taiwan with the mainland under Beijing's rule.⁵⁴ Ma has been more receptive of peace talks with Beijing, but has repeatedly reiterated that such talks would be preconditioned on the mainland's removal or disman-

ting of its missiles aimed at the island.⁵⁵

Chinese commentators and officials have hinted at the possibility of at least a partial withdrawal.⁵⁶ The thinking on the mainland is that Ma Ying-jeou's and the Kuomintang's return to power since 2008 has diminished the likelihood of de jure Taiwan independence. In July 2010, Chinese Ministry of Defense spokesman Geng Yansheng said that China was willing to talk about redeploying its missiles aimed at Taiwan under the "one China" principle when the two sides discuss the establishment of military confidence-building measures; Taiwan refused the offer.⁵⁷ Echoing the defense ministry's position, the Taiwan Affairs Office of the State Council has said that China and Taiwan should address military confidence-building measures, including the issue of missile deployments, "at the appropriate time."⁵⁸

Observers in Taiwan and the United States have noted that China's removal of only missiles—and not their accompanying infrastructure—opposite Taiwan would be politically symbolic yet militarily meaningless. Missiles are mobile and could be redeployed to their previous operational areas opposite Taiwan at any given time as long as the infrastructure remains in place. Some have argued that a true substantive demonstration of peaceful intent would be if the PLA agreed to shut down or re-subordinate the conventional missile brigades and supporting units targeting Taiwan, thus effectively withdrawing the brigade's logistics infrastructure along with the missiles.

52 As recently as 2013, during EWI's U.S.-China High-Level Security Dialogue and other consultations in Beijing, Chinese experts and senior officials still cited Jiang's Crawford proposal as a possible way to manage U.S.-China differences over the Taiwan arms sales issue. One key sticking point has always been how the United States would reciprocate in a proportionate way, without either negotiating the issue, per se, with Beijing or violating U.S. law or policy.

53 "Taiwan: Major U.S. Arms Sales Since 1990," 29, 30.

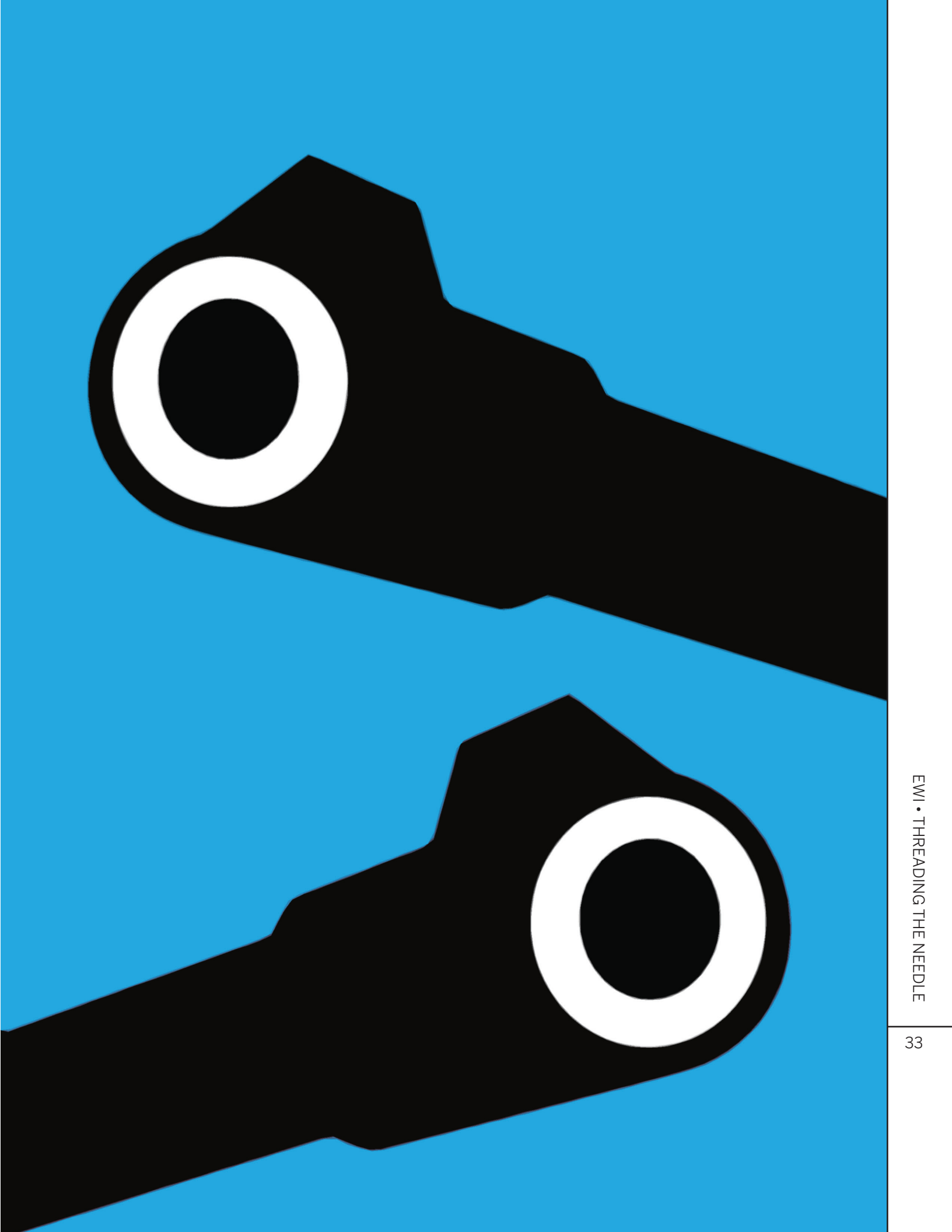
54 "The *New York Times* Interview with President Chen Shui-bian," Office of the President, Republic of China (Taiwan), October 18, 2007. <http://english.president.gov.tw/Default.aspx?tabid=491&itemid=19081&rmid=2355>.

55 See, for example, Keith Bradsher and Edward Wong, "Taiwan's Leader Outlines His Policy Toward China," *New York Times*, June 19, 2008, <http://www.nytimes.com/2008/06/19/world/asia/19taiwan.html> and Phil Smith and Lee Chyen Yee, "EXCLUSIVE: Taiwan's Ma urges China to scrap missiles," *Reuters*, October 19, 2009, <http://www.reuters.com/article/2009/10/19/us-taiwan-president-exclusive-idUSTRE59IONV20091019>.

56 Jens Kastner and Wang Jyh-Perng, "China May Pull Missiles from Fujian Coast," *Asia Sentinel*, August 2, 2010. http://www.asiasentinel.com/index.php?option=com_content&task=view&id=2616&Itemid=171.

57 "Taipei remains reserved about Beijing's conditional withdrawal of missiles," *Taiwan Insights*, August 16, 2010. <http://www.taiwaninsights.com/tag/missile-withdrawal/>.

58 Featured remarks from the State Council Taiwan Affairs Office press conference (国台办新闻发布会辑录), October 13, 2010. http://www.gwytb.gov.cn/xwfbh/201101/t20110106_1679329.htm.



Part II: Analysis, Conclusions and Recommendations

From both a legal and a political standpoint, the TRA is, and will indefinitely continue to be, the central pillar of U.S. policy regarding the sale of arms to Taiwan.

The preceding section of this report has laid out the empirical record with respect to the policy architecture that governs the issue of U.S. arms sales to Taiwan and the record of U.S. and Chinese actions with respect to the two nations' legal and policy commitments, with special reference to the August 17, 1982 Joint Communiqué. The Joint Communiqué is of particular significance because it is the only jointly crafted statement by the United States and China that specifically and exclusively addresses the issue of arms sales to Taiwan. U.S. and Chinese laws and other commitments (such as the U.S. "Six Assurances" to Taiwan) do not constitute agreements between the United States and China and are thus not bilaterally negotiable by the two countries.

In this second section of the report, we offer a normative analysis of the policy architecture and U.S. and Chinese actions pursuant to that architecture, attempt to lay bare some of the root causes of U.S. and Chinese disagreement over the issue of U.S. arms sales to Taiwan by exploring the differing assumptions and premises of the two sides regarding the issue, and, finally, offer some conclusions and recommendations for how to manage this perennially contentious issue going forward.

Normative Analysis of the Policy Architecture

The Taiwan Relations Act

Perhaps the first point to make about the three sets of commitments that constitute the policy architecture governing this issue is their clear-cut hierarchy. The TRA is U.S. law. It obliges the U.S. government to undertake certain actions with respect to Taiwan. In this sense, it is, from the U.S. standpoint, the most binding and immutable piece of the U.S. policy architecture governing this issue. Moreover, as suggested by the legislation's substantial margin of victory in the U.S. Congress in 1979⁵⁹, it has enormous political support in Congress, as well as within the executive branch of the U.S. government.

While, as noted earlier, there have been occasional efforts to modify U.S. policy toward Taiwan, and specifically on the issue of arms sales to Taiwan, virtually all such efforts have been in the direction of ratcheting up the U.S.

⁵⁹ The bill passed by a 345-55 vote in the House and 90-6 in the Senate. See <http://thomas.loc.gov/cgi-bin/bdquery/z?d096:HR02479:@@L&summ2=m&#major actions>.

commitment to Taiwan.⁶⁰ In an era in which examples of true bipartisanship in Congress or between the U.S. government's executive and legislative branches are relatively rare, the TRA continues to enjoy not only bipartisan support, but indeed, overwhelming support. Thus, from both a legal and a political standpoint, the TRA is, and will indefinitely continue to be, the central pillar of U.S. policy regarding the sale of arms to Taiwan.

Though there are some voices who have called for a review of the TRA toward the end of evaluating whether it continues to serve U.S. interests well more than 30 years after its passage⁶¹, and indeed there are those who call for the TRA's nullification, it is safe to say that the TRA is here to stay. And because the TRA has the force of law, in cases in which there is a perceived incompatibility between the mandate of the TRA and the obligations set forth in the other sets of U.S. commitments, the TRA ultimately trumps those other commitments. The U.S. record since 1979 would seem to establish that the United States has complied fully with the TRA in its dealings with Taiwan.

The Six Assurances to Taiwan

The second set of U.S. commitments, chronologically speaking, are the Six Assurances to Taiwan, made about one month before the United States signed the August 17, 1982 Joint Communique. The assurances, which were initially delivered orally to then-Taiwan President Chiang Ching-kuo on behalf of President Reagan and of which the United States Congress was subsequently notified, were as follows:

1. The United States would not set a date for termination of arms sales to Taiwan.
2. The United States would not alter

⁶⁰ See, for example, the text of the Taiwan Policy Act at <http://www.govtrack.us/congress/bills/113/hr419/text>.

⁶¹ See Bill Owens, "America must start treating China as a friend," *Financial Times*, November 17, 2009. <http://www.ft.com/intl/cms/s/0/69241506-d3b2-11de-8caf-00144feabd0c0.html>. The authors disagree with the following five assertions (the last one implicit) in this op-ed: 1) that the TRA is "doing more harm than good"; that continued U.S. arms sales to Taiwan is "an act not in [the United States'] best interest"; that the TRA is "outdated"; that the Chinese have "stopped the short-range missile build-up across the Taiwan Strait" in recent years; and that a cessation on the part of the United States of arms sales to Taiwan would be a proportionate or appropriate response in a scenario in which, hypothetically, the Chinese were merely to stop increasing missile numbers across from Taiwan.

the terms of the Taiwan Relations Act.⁶²

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.⁶³

There has been some debate within the United States over whether the Six Assurances constitute U.S. policy, but U.S. administration officials have characterized the Six Assurances as having the force of policy.⁶⁴ In any case, though the Six Assurances are clearly lacking the binding force of law, the fact is that the United States honors them.⁶⁵

The August 17, 1982 Joint Communique

This brings us to the August 17, 1982 Joint Communique. As noted above, it is the only jointly crafted statement between the United States and China on the issue of U.S. arms sales to Taiwan and it has become a major point of contention between the two coun-

⁶² The U.S. commitment to Taiwan not to modify the TRA is yet another reason why the TRA will almost certainly remain U.S. law indefinitely.

⁶³ For an authoritative discussion of the Six Assurances, see: <http://www.heritage.org/research/reports/2007/10/president-reagans-six-assurances-to-taiwan-and-their-meaning-today>. Note that different studies of the Six Assurances sometimes offer slightly different renderings of the commitments, which were not initially offered in writing; see for example, <http://cryptome.org/cn/crs-96-246.htm>.

⁶⁴ In October 2011, Assistant Secretary of State for East Asia and the Pacific, Kurt Campbell, clarified that the Six Assurances are indeed part of the U.S. policy approach toward Taiwan, together with the TRA and the three U.S.-China joint communiqués. See <http://www.gpo.gov/fdsys/pkg/CHRG-112hrg70584/html/CHRG-112hrg70584.htm>.

⁶⁵ Some scholars argue, however, that certain U.S. government (executive branch) statements made subsequent to the signing of the 1982 Communique, have, in fact, altered the U.S. position regarding sovereignty over Taiwan, and indeed, put U.S. policy into apparent conflict with the TRA. See, for example, <http://www.heritage.org/research/reports/2007/10/president-reagans-six-assurances-to-taiwan-and-their-meaning-today>. But there would seem to be room for interpretation here.

There has been some debate within the United States over whether the Six Assurances constitute U.S. policy, but U.S. administration officials have characterized the Six Assurances as having the force of policy.

The two sides were forced to craft a document that addressed the issues at hand not with surgical precision and clear finality, but rather, with what might be termed “fudge words” and outs for both sides.

tries, at least from the Chinese standpoint. While China categorically rejects the legitimacy of the TRA and the Six Assurances, and indeed routinely calls for the rescindment of the former⁶⁶, it also recognizes that, in a de facto sense, these two sets of commitments are beyond China’s immediate ability to influence.

The August 17, 1982 Communique is a very short (nine-paragraph) document. Because of the sensitivity of the issues addressed in the document, it had to be crafted with utmost care and with no small element of “strategic fudging.” Given the fundamentally different perspectives of the United States and China on the issue of U.S. arms sales to Taiwan, openly acknowledged in the Communique itself (paragraph 2), the two sides were forced to craft a document that addressed the issues at hand not with surgical precision and clear finality, but rather, with what might be termed “fudge words” and outs for both sides.

In terms of the U.S. commitment under the 1982 Communique, the Chinese point to the following lines, referenced earlier, as being dispositive:

“Having in mind the foregoing statements of both sides, the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution.” (Emphasis added.)

From the Chinese perspective, the United States has not adhered to its stated commitment. Many Chinese officials would argue that continued, and indeed fairly regular, U.S. arms sales to Taiwan since 1982—the year the Communique was signed—to the present day constitute a “long-term policy of arms sales to Taiwan,” in contravention of the

stated U.S. commitment in the Communique. Chinese officials further assert that U.S. arms sales to Taiwan have exceeded, “in qualitative and quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China”⁶⁷—again, in violation of the stated U.S. commitment. And finally, Chinese officials often observe that the United States seems no further down the road toward “a final resolution” of the issue than it was in 1982. Chinese officials often point to substantial (multi-billion dollar) arms sales packages announced in recent years (e.g., 2010 and 2011, to cite the most recent ones) as evidence that the United States is flouting its commitments under the 1982 Communique.

U.S. officials, both current and former, generally offer a very different take on the matter. First and foremost, they are quick to point out that the 1982 Communique represented an agreement on the part of the United States and China that entailed, explicitly or implicitly, actions on both sides, not just on the U.S. side. They emphasize the importance of the first words of paragraph six, cited above: “Having in mind the foregoing statements of both sides,” which serve as a contextualizing preface and a kind of premise or prerequisite to the subsequent articulation of U.S. commitments.

That key phrase, U.S. officials say, makes it clear that there is a quid pro quo built into the very fabric of the Communique: namely, that in exchange for, inter alia, China’s continued pursuit of, as articulated in the Communique, a “fundamental policy to strive for a peaceful solution to the Taiwan question,” the United States would undertake the actions specified in paragraph six of the Communique (e.g., a gradual reduction in the sale of arms to Taiwan relative to 1979-1982 levels).⁶⁸ U.S. officials consistently stress that the United States never construed U.S. obligations un-

⁶⁷ Again, this means, specifically, from January 1, 1979 to August 17, 1982; January 1, 1979 is the date on which relations between the United States and China were normalized, and August 17, 1982 is the date the Communique was signed and publicly promulgated. Thus, the “level of those supplied in recent years” refers to a very specific period of time, but not a point in time, thus creating from the outset an ambiguous baseline from which to start assessing future sales.

⁶⁸ Indeed, the Communique states (in paragraph 5), “The United States Government understands and appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question as indicated in China’s Message to Compatriots in Taiwan issued on January 1, 1979 and the Nine-Point Proposal put forward by China on September 30, 1981.”

⁶⁶ See “China firmly opposes Taiwan Relations Act,” Embassy of the People’s Republic of China in the United States of America, January 20, 2004. <http://www.china-embassy.org/eng/zt/twwt/t58833.htm>.

der the Communiqué to be unilateral, but instead, part of a two-state (U.S.-China) effort to resolve the issue gradually. To the extent the Chinese have not held up their end of the bargain, the reasoning goes, then, in essence, “all bets are off” with respect to U.S. commitments regarding arms sales to Taiwan.

The Chinese commitments under the Communiqué—e.g., “to strive for a peaceful solution to the Taiwan question,” among others—are considerably less definitive and quantifiable than, say, the U.S. commitment “...not [to] exceed, either in qualitative or in quantitative terms, the level of [arms] supplied in recent years since the establishment of diplomatic relations between the United States and China.” But the prevailing U.S. view, not generally articulated for public consumption but often shared privately, is that China has not fulfilled its obligation to pursue a peaceful solution to the Taiwan question, and thus, the United States cannot be expected to adhere to its end of the bargain.

U.S. officials point to a number of indicators to substantiate this assessment. They include but are not limited to: the highly provocative Chinese missile tests off the coast of Taiwan in 1995-1996; China’s categorical unwillingness to renounce the use or threat of force to attain reunification; periodic heated official rhetoric on the issue of Taiwan; the passage of China’s 2005 Anti-Secession Law authorizing the use of “non-peaceful means” in the event of a Taiwan declaration of independence; and, above all, the steady enhancement of China’s military capability, most obviously evidenced by the buildup of China’s ballistic missile forces targeting Taiwan.⁶⁹ From a U.S. vantage point, these gestures, collectively, call into serious question China’s “fundamental” commitment, under the 1982 Communiqué, to “strive for a peaceful solution to the Taiwan question.” And in a sense, U.S. officials seem to believe that these gestures in turn release the United States from its obligations under the Communiqué.

Though Chinese officials sometimes chide the United States, if occasionally obliquely⁷⁰, for failing to live up to the terms of the 1982 Communiqué, the United States virtually never offers an analogous critique of the degree of China’s adherence to the Communiqué, at least publicly. But U.S. officials clearly have China’s actions in mind when they respond to Chinese charges of U.S. infidelity to its commitment under the 1982 Communiqué.

Inherent Contradictions

Theoretically, there are inherent contradictions within this three-dimensional policy architecture. Specifically, it can be argued that the U.S. commitment, under the TRA, to provide Taiwan with defense articles and services necessary for Taiwan’s self-defense capability is at odds with its expressed intention, under the 1982 Communiqué, to gradually reduce arms sales to Taiwan. And while the Communiqué refers to a “final resolution” or “final settlement” of the Taiwan arms sales issue, the Six Assurances preclude the United States from setting a date for the termination of such sales.

As described in Part I (and Appendix B) of this report, the State Department sought to address these inherent contradictions in its testimony to the Senate on August 17, 1982. It made the following points: the TRA, as the law of the land, is the guiding principle of U.S. policy on arms sales to Taiwan; the 1982 Joint Communiqué is a statement of intent; since the TRA stipulates that the United States will sell arms to Taiwan based on its assessment of the latter’s defense needs, those needs could conceivably decrease—and thus arms sales gradually reduced—if China maintains a peaceful approach toward Taiwan; and because U.S. actions on arms sales are conditioned upon China’s actions affecting Taiwan, the United States has not committed to a time frame for the reduction—much less the termination—of arms sales.

70 See, for example, the U.S.-Joint Statement between Presidents Obama and Hu on January 19, 2011, <http://www.whitehouse.gov/the-press-office/2011/01/19/us-china-joint-statement>: “The Chinese side emphasized that the Taiwan issue concerns China’s sovereignty and territorial integrity, and expressed the hope that the U.S. side will honor its relevant commitments and appreciate and support the Chinese side’s position on this issue” (emphasis added) There would be, of course, no need to express such a hope if China felt the United States were already honoring those commitments – namely, the commitments in the 1982 Communiqué, the only such formal commitments the United States has made to China.

69 As noted earlier in this report, the State Department’s August 17, 1982 testimony before the U.S. Senate Foreign Relations Committee made it clear that U.S. actions were not unconditional, but rather, predicated on Chinese actions, which, according to the testimony, the United States would be observing closely.

To the extent the Chinese have not held up their end of the bargain, the reasoning goes, then, in essence, “all bets are off” with respect to U.S. commitments regarding arms sales to Taiwan.

This means that in practice, the United States could continue to supply arms to Taiwan in accordance with the TRA without necessarily exceeding the baseline level as articulated by the U.S. government, consistent with the 1982 Communiqué.

In reality, these tensions do not have to manifest themselves in a given year. As the empirical record shows, in half of the 30-year period since the signing of the 1982 Communiqué, U.S. arms deliveries to Taiwan (in inflation-adjusted 2012 dollars) have not exceeded the inflation-adjusted peak level of U.S. arms delivered in the baseline period of 1979-1982 (i.e., \$941 million in 1981—see Figure 1). This means that in practice, the United States could continue to supply arms to Taiwan in accordance with the TRA without necessarily exceeding the baseline level as articulated by the U.S. government, consistent with the 1982 Communiqué.

U.S. and Chinese Performance Relative to Commitments Made in the August 17, 1982 Communiqué: A Normative Assessment

Against the backdrop of the empirical information presented earlier in this report and this analysis of the key policy architecture, the question arises: to what degree have the United States and China in fact adhered to the terms of the August 17, 1982 Communiqué in the 30 years since that document was signed? In our judgment, the record for each is somewhat mixed.

U.S. Performance

Apart from committing (indeed, reaffirming the United States' commitment) in the Communiqué to the general principles of respect for sovereignty and territorial integrity and to the one-China policy, the United States conditionally committed itself to three other specific positions and/or courses of action, namely:

1. That it “does not seek to carry out a long-term policy of arms sales to Taiwan”;
2. “That its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China”;
3. “That it intends gradually to reduce its sale of arms to Taiwan, leading,

over a period of time, to a final resolution.”

With respect to the first and third points, which effectively say the same thing, it is difficult to assess, in factual terms, the degree of U.S. compliance because, to make that judgment, one would have to have agreed-upon definitions of such vague terms as “long-term policy,” “gradually,” and “final resolution.” For example, if one defines “long-term” in terms of years or perhaps several decades, then a 30-year record of arms sales could well lead an objective observer to conclude that the United States has not fulfilled its seeming pledge to refrain from “carry[ing] out a long-term policy of arms sales to Taiwan.” But if one were to think of “long-term” in terms of multiple decades or even a century, as Chinese leaders themselves often say they do, then it may be too early to be able to offer any definitive judgments as to the “long-term” arc of U.S. arms sales to Taiwan—and, thus, to make an overall judgment that the United States has failed to fulfill obligations in points 1 and 3.

Note also, in points 1 and 3, the use of the phrases “does not seek to carry out...” and “intends gradually to reduce...” that neither the term “seek” (as in, “does not seek”) nor the term “intends” implies guaranteed action. In a strict sense, then, these statements appear to be expressions of intent, not firm commitments to a particular course of action. In other words, the United States pointedly did not state in the 1982 Communiqué, “We will not carry out a policy of long-term arms sales to Taiwan...” or “We will gradually reduce our sales of arms to Taiwan...” When assessing U.S. performance against the 1982 Communiqué, these distinctions are salient and significant. It is not self-evident that, with respect to these two points, the United States has failed to do something it had said unequivocally it would do.

In our judgment, then, it is not possible to render an empirically-substantiated judgment as to U.S. compliance or non-compliance with respect to these points, given the inherent (and indeed intentional) lack of precision in the operative language. But we believe it is fair to say that, thus far at least, the United States has yet to fulfill these two commitments.

Of the above three points, only the second point—the U.S. pledge “that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China” (emphasis added)—contains within it enough specific information to allow for an objective, fact-based assessment as to compliance. In this point, as distinct from the others, the quantitative measures necessary for judging U.S. performance are, at least in one respect (quantity), built into the language of the pledge itself. Moreover, the more definitive phrase “will not” is employed.

As noted earlier, the U.S. commitment “not [to] exceed the level of arms supplied in recent years since the establishment of diplomatic relations between the United States and China” references knowable, factual data. While citing a period, rather than a discrete point in time, as the basis against which to measure future sales muddies the waters somewhat, it stands to reason that, in any case, the highest dollar value of arms sold by the United States to Taiwan during the period from January 1, 1979 to August 17, 1982 would have to be the upper limit of the “level” referred to in the Communique. And indeed, one could reasonably argue that an average dollar figure from this period—that is, the average of annual U.S. sales/deliveries to Taiwan from 1979 until August 17, 1982—could also be used to establish the baseline envisaged in the Communique. But in no case could the figure be higher than the highest annual figure from this period.

As a matter of empirical record, U.S. arms sales (deliveries) to Taiwan in the 1979 to 1982 period peaked at about \$941 million in 1981 (in inflation-adjusted 2012 dollars). Taking that figure—the highest in the 1979 to 1982 period—as the baseline (or, if you will, ceiling) against which subsequent sales were to be measured, we can only conclude that, on this particular point (point 2), the United States, for whatever reason or reasons, has clearly not adhered consistently to its commitment under the August 17, 1982 Communique. Indeed, as a matter of empirical record, U.S. arms deliveries to Taiwan never dipped below this figure during the period from 1992 to 2002 (see Figure 1 and Appendix D). And in some years—for example, 1997 and 1999—the annual dollar value of U.S. arms deliveries

to Taiwan exceeded that of the highest year in the baseline period (1979 to 1982) by a factor of about three or more, rising to more than \$3 billion (in inflation-adjusted 2012 dollars). One does not need, for purposes of this study, to make a judgment as to whether these sales were “right” or “wrong” or “good” or “bad” to nevertheless conclude that, objectively, U.S. arms deliveries to Taiwan since 1982 have often exceeded, in quantitative terms, the level of those supplied between 1979-1982, including in inflation-adjusted/constant dollar terms.⁷¹

The issue of the “quality” of U.S. arms sales to Taiwan is more difficult to assess. As noted above, the one rather clear-cut (if conditional) commitment the United States seemed to make in the Communique was “that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China.” It bears noting that this was a pledge not to reduce the quality or quantity of arms sold, but rather, not to exceed a stipulated level.

Defining the baseline qualitative level of arms sold is inherently a more subjective, and therefore problematic, process for three main reasons. First, the term “qualitative” is not specifically defined in the Communique itself and it is an inherently more subjective construct than “quantitative.” Second, the notion of quality, like that of quantity, has to be understood in relative terms; specifically, quality has to be assessed in the context of the times and the available level of technology. For example, there was a time when a musket was the most advanced weapons technology on earth; but with time and technological developments, it was overtaken by more sophisticated arms. Third, over the last 30 years, the United States has sold different types of arms to Taiwan—from radar systems to tanks, missiles to fighter planes. There is an intrinsic difficulty in assessing the quality of a radar system relative to that of a fighter plane, as the functions are completely different. As a result, it may not always, or generally, be possible to make direct “apples-to-apples” comparisons of delivered weapons.

⁷¹ Some argue, however, that the quantitative increases in certain cases have been to offset the U.S. government’s decision to refrain from selling a higher quality of arms that it could have sold but opted not to.

The issue of the “quality” of U.S. arms sales to Taiwan is more difficult to assess.

Assessing the degree to which China has pursued a peaceful approach to Taiwan—that is, “has striven for a peaceful reunification with the motherland” or “striven for a peaceful solution to the Taiwan question”—presents its own methodological challenges.

This report (Appendix E) lays out the defense articles and services the United States has made available to Taiwan since 1979. While there can be no question that, owing to advances in military technology, the arms sold (delivered) in, say, 2011 are of higher quality than those sold in, say, 1980, it would be considerably more difficult to assess the quality of these arms relative to the available technology of the times. At first blush, however, it would appear fair to conclude that there have at least been a number of “qualitative spikes” in U.S. arms sales to Taiwan since 1982—perhaps most notably, in the 1992 sale (and subsequent 1997 and 1999 deliveries) of F-16 fighters to Taiwan. Relative to the packages of defense articles and services supplied by the United States to Taiwan in the 1979-1982 period, these would appear to be instances in which the United States failed to live up to its stated commitment to keep the quality of arms supplied to Taiwan at or below the 1979-1982 levels. But a more generalized conclusion of the 30-year trend would be more difficult to establish empirically owing to the methodological issues flagged above.

The United States government does not publicly agree or acknowledge that its sales of arms to Taiwan have contravened its stated commitment under the 1982 Communique. It asserts that the United States continues to embrace a one-China policy based on the Taiwan Relations Act and the Three Communiques. When asked whether it is the position of the U.S. government that it is in compliance with the 1982 Communique, official answers generally range from “yes” to a more glancing response affirming the continued validity of the 1982 Communique.

Unofficially, however, current and former U.S. officials offer a range of somewhat more textured responses. Some, though not all, concede that, in fact, the United States has not always been in compliance with its commitments under the 1982 Communique. Others observe that the 1982 Communique, whatever its official standing as U.S. policy, is simply no longer relevant. As one former senior official familiar with the issue puts it: “When decisions are being made about possible arms sales to Taiwan, no one in the room ever stands up and says, ‘But wait, what about the

1982 Communique?’ It’s just not a factor.”

Virtually all current and former U.S. officials are quick to add, however, that to the extent the United States has stepped back from its commitments under the 1982 Communique (in actuality if not officially), it is because the Chinese have similarly walked back from their own commitments under the Communique—namely, to “a fundamental policy of striving for peaceful reunification of the motherland” and a “peaceful solution to the Taiwan question.” Above all, as noted earlier, U.S. officials point to the steady buildup of ballistic missile forces on the mainland opposite Taiwan as evidence of this assertion. This buildup, they argue, justifies and necessitates (pursuant to the stipulations of the Taiwan Relations Act) U.S. arms sales to Taiwan at the levels seen in recent years. In short, the U.S. position as to its compliance with the terms of the 1982 Communique can be summarized as follows: “We’re in compliance; but to the extent we’re not, it’s because the Chinese aren’t either.”

China’s Performance

This brings us to the question of Chinese performance relative to its 1982 Communique commitments. As noted earlier, China’s “commitments” under the Communique, such as they are, are more implied than explicit, owing to the language (and grammar) employed. The following excerpts from the Communique contain what the United States, according to the State Department’s August 17, 1982 testimony to the Senate Foreign Relations Committee, regards as the expression of China’s end of the bargain under the Communique (emphasis added):

“...The message to Compatriots in Taiwan issued by China on January 1, 1979 promulgated a fundamental policy of striving for peaceful reunification of the motherland. The Nine-Point Proposal put forward by China on September 30, 1981 represented a further major effort under this fundamental policy to strive for a peaceful solution to the Taiwan question.”

“...The United States Government understands and appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question as indicated in China’s Message to Compatriots in Taiwan

issued on January 1, 1979 and the Nine-Point Proposal put forward by China on September 30, 1981.”

In short, the United States regards the 1982 Communique as committing the Chinese to a peaceful approach to Taiwan.⁷²

Assessing the degree to which China has pursued a peaceful approach to Taiwan—that is, “has striven for a peaceful reunification with the motherland” or “striven for a peaceful solution to the Taiwan question”—presents its own methodological challenges. First, the question at hand is essentially normative; what may seem like a “peaceful” gesture to one country might not seem like a “peaceful” gesture to another. Second, as noted (see footnote 72), the Chinese government articulates two distinct goals (albeit with one presumably subordinate to the other)—those of “a peaceful reunification with the motherland” and “a peaceful solution to the Taiwan question.” While it is clear from the text that the Chinese regard the striving for a “peaceful solution” as a major effort under (emphasis added) the fundamental policy of striving for “peaceful reunification,” the fact is that the United States focuses on “peaceful resolution,” not “peaceful reunification.” Thus, there is some built-in disagreement as to the premise on which future U.S. actions are to be based.

Finally, as noted in Part I of this report, isolating the mainland military capabilities that are specifically keyed to Taiwan and not to more general national defense needs is problematic. For example, identifying specific Chinese naval, air, or, for that matter, nuclear assets

that could be used only in a Taiwan scenario but not in other scenarios (including scenarios that play out near Taiwan but that aren’t necessarily Taiwan scenarios) is intrinsically a difficult proposition that would require some very subjective judgments. For reasons mentioned in Part I, however, it is possible to measure, at least roughly, China’s commitment to “a peaceful solution” in terms of its ballistic missile deployment targeting Taiwan.

Just as the United States has referred to its commitments under the 1982 Joint Communique as statements of U.S. intent, one could argue that China’s commitment to “strive for” peaceful reunification and a peaceful solution is, likewise, aspirational. On this, officials and scholars in China have pointed out that China has done its part—a lot, they would say—to demonstrate its commitment to peace with Taiwan, albeit under the ambit of the mainland’s one-China principle. These efforts include a willingness to afford Taiwan significant autonomy under a “one country, two systems” scenario; economic and social linkages; and offers to engage in political and military confidence-building measures that would create the conditions for an eventual peace agreement.

Yet on evaluating the empirical record of China’s missile deployments, laid out in Part I of this study, against the backdrop of China’s implied commitment under the 1982 Communique, we conclude that China, like the United States, has come up short. We believe that the steady 20-year build-up of short- and medium-range ballistic missiles in southeast China raises serious questions about China’s commitment “to strive for a peaceful solution to the Taiwan question.” Further, we believe the U.S. assessment that China is failing to live up to this commitment is substantiated by the preponderance of available evidence and therefore justified.

To be sure, Chinese officials routinely point out that, notwithstanding the missile tests of 1995 and 1996, China has not, since 1982, actually fired a missile at Taiwan itself or actually attacked it; and thus, in a strict sense, China has never actually violated its commitment to strive for a peaceful solution. In essence, China’s position is that a country can prepare for armed conflict without necessarily resorting to the actual application of armed force; in effect, a country can have a general policy of “peace through strength.” Chinese officials

These efforts include a willingness to afford Taiwan significant autonomy under a “one country, two systems” scenario; economic and social linkages; and offers to engage in political and military confidence-building measures that would create the conditions for an eventual peace agreement.

72 It is notable that the term “peaceful” in these sections of the Communique describe three different nouns at various points in the text: “reunification” (expressing the Chinese perspective), “solution” (expressing the Chinese perspective; but grammatically and semantically, the notion of “solution” is subordinate to that of “reunification”), and “resolution” (expressing the U.S. perspective). Herein lies the fundamental difference between China and the United States on the issue of Taiwan even today: China seeks reunification, whereas the United States seeks only peaceful resolution (whether or not that resolution takes the form of reunification). By making explicit in the text of the Communique that the United States “understands and appreciates the Chinese policy of striving for a *peaceful resolution* of the Taiwan question” (emphasis added), it was essentially self-defining the terms of the agreement and telegraphing this understanding to the Chinese. The Chinese, for their part, were likewise attempting to telegraph their understanding. But the carefully crafted formulations in the Communique cannot paper over the fact that the two countries actually have different core objectives with respect to Taiwan.



and analysts have also maintained that China has no desire to go to war with Taiwan—which would result in what they describe as “brothers killing each other”—and that military force is a last resort that would be used only to defend against Taiwan independence or secession.

While those are not inherently unreasonable arguments to put forward, we believe that the pace of the build-up coupled with the specific applicability of the weaponry in question to Taiwan scenarios (e.g., the nature and geographic range of the weapons in question) and China’s consistent and principled refusal to renounce the use of force in a Taiwan scenario, support the conclusion that China’s posture toward Taiwan is not entirely peace-

ful.⁷³ In any case, it is not peaceful in the eyes of China’s 1982 Communique co-signatory, the United States, which reserved for itself in 1982 (in the State Department’s testimony before the U.S. Senate and in writing by President Reagan) the right to make this assessment and act upon its own findings, just as China presumably reserved a similar right vis-à-vis U.S. actions.

⁷³ Critics might counter that, applying a similar standard to the United States, U.S. efforts to enhance its offensive capabilities vis-à-vis any number of possible contingencies (including but not limited to Taiwan) could similarly be construed as signaling a posture that is not entirely peaceful. We acknowledge that this would be a fair application of the same standard. However, unlike China, the United States has not committed itself in any agreement or jointly crafted statement with China to a peaceful solution to the Taiwan question or any other possible international conflict. So while the point may be well-taken, it is moot for purposes of this discussion. The reason we focus on China’s commitment to a peaceful solution, rather than the United States’, is that China, and not the United States, committed itself to such a posture. The matter is thus fair game for analysis in this study.

Part III: Conclusions and Recommendations

In the preceding sections of this study, we have examined the policy architecture governing the issue of U.S. arms sales to Taiwan, laid out the empirical records of U.S. arms sales to Taiwan and Chinese missile deployments opposite Taiwan, and presented a normative analysis of both the architecture and the empirical records of arms sales and missile deployments. In this final section of the report, we present our formal conclusions and policy recommendations, as well as several final thoughts.

Conclusions

- 1. Aside from its obvious importance for Taiwan, the Taiwan arms sale issue is important in the context of U.S.-China relations; it matters.**

Though this conclusion may sound obvious, we have found, in the course of our consultations, that U.S. and Chinese views often diverge on this very basic point to surprising degrees. The Chinese regard the Taiwan arms sales issue as “the core issue” in U.S.-China relations; it goes directly to China’s paramount, existential concerns: namely, those of sovereignty, territorial integrity and, in a sense, China’s national dignity. Taiwan is of existential importance to China, and U.S. arms sales to Taiwan touch upon existential issues for China. U.S. policymakers, in contrast, do not generally ascribe the same level of importance to the issue.

Though U.S. officials recognize that China views U.S. arms sales to Taiwan as of profound importance, they themselves seem to regard the U.S. sale of arms to Taiwan as a non-issue

from the U.S. perspective—it is only an issue because the Chinese see it as such. To U.S. officials, the Taiwan arms sales issue is more an irritant, a problem to be addressed and managed at such times as the Chinese make an issue of it. These diverging assessments of the importance of the issue are one of the reasons little progress has been made on it in recent decades.

- 2. There can be a better status quo on this issue than there is at present.**

Here again, the statement sounds self-evident (“there’s always room for progress”) yet U.S. and Chinese views often diverge sharply. Chinese officials regard U.S. arms sales to Taiwan as a major, even profound, impediment to improved U.S.-China relations. It is, in their view, a major trust-drainer in the relationship. They assert that, in a scenario in which the United States was to cease its sales of arms to Taiwan, U.S.-China relations would improve immediately and dramatically. U.S. officials and former officials, in contrast, are generally skeptical that, if arms sales were to decrease or cease altogether, the U.S.-China relationship would improve appreciably—or even at all.

The Chinese assertion that relations would improve, they argue, is predicated on the idea that China’s future policies toward the United States would be significantly different (e.g., more favorable to the United States) than they are today. For this to be true, one of two things must be true: either the Chinese are currently optimizing their foreign policy but they would be willing to accept a suboptimal foreign policy in the future (in exchange for

These diverging assessments of the importance of the issue are one of the reasons little progress has been made on it in recent decades.

a decrease or cessation of U.S. arms sales to Taiwan); or the Chinese are not currently optimizing their foreign policy but would do so in the future. With respect to the first case, U.S. observers have difficulty accepting the idea that China would adopt a policy toward the United States that is not rooted in China's national interest at all times. With respect to the second case, the idea strains credulity that China would wait for the United States to take a conciliatory action before deciding to optimize its own foreign policy toward the United States.

Our view is that there can be a better status quo than the one we have seen for at least the last two decades; and that it is possible to reduce tensions over this perennial issue, break the old cycles at least to a degree, and create a foundation for greater levels of strategic trust between the two countries. While we certainly accept the premise that Chinese foreign policy is rooted in China's national interests, we believe that there are instances in which Chinese foreign policymakers face choices that, to them, are interest-neutral (i.e., that don't advance or undermine China's own interests), but that, to the United States, are either more or less favorable. The "sub-optimality" argument laid out above, while persuasive insofar as it goes, does not capture the full spectrum of choices available to Chinese policymakers. When the full spectrum of choices is taken into account, one can envisage scenarios in which improved U.S.-China relations are possible as a result of even incremental progress on the Taiwan issue. Though we would not overstate the likelihood of immediate transformative change on this issue, we do believe the current state of affairs is sub-optimal and that incremental, but significant, progress can be made.

3. The Taiwan arms sales issue is fundamentally a political issue rather than a military, diplomatic, foreign-policy, or economic one. Therefore, any way forward on this issue needs to rely primarily on political tools.

The cross-Strait military balance has become so skewed in the mainland's favor that the United States could not possibly arm Taiwan out of the problem of a military threat from the mainland—or arm it enough to win an arms race against the mainland—within the constraints of U.S. law and policy, or for that

matter, Taiwan's financial ability to procure such arms. And while specific defense articles and services are sold to Taiwan for their military deterrent value, it is widely acknowledged that the political symbolism of such sales is as important as, if not more important than, their utility in pure military terms. To the extent that the Taiwan arms sales issue has affected diplomatic and military-to-military ties between the United States and China, such effects emanate from the political significance ascribed to it by both countries and Taiwan.

To the United States, the sale of arms to Taiwan is a symbol of U.S. commitment to a fellow democracy that shares its values. It also sends a positive signal to U.S. allies in the Asia-Pacific region that the United States will stand by its friends. To China, such sales represent an affront to its primary existential concern, which in turn goes to the legitimacy of the Chinese Communist Party (CPC) regime. Chinese experts have commented, privately and unofficially, that no CPC leadership will be able to stay in power if China were to "lose Taiwan" under their watch. In Taiwan, arms sales from the United States provide it with the confidence to negotiate with the mainland, reassure the people of Taiwan that they have the capacity for self-defense, and enable Taiwan's leaders to demonstrate to their domestic constituents that they are standing up for the latter's interests. Thus, in some respects, the arms sales issue is a measuring stick for political toughness in the context of Taiwan politics vis-à-vis the mainland, and indeed, for all three sides. Even the economic argument put forth by the military-industrial complex—and by members of Congress in support of the defense industry—is often a politically expedient tool to rally support for arms sales and Taiwan more generally.

4. There can be no meaningful improvement (e.g., an improved status quo, decreased tensions, increased trust) on this issue without the buy-in of all three stakeholders: mainland China, Taiwan and the United States. Inherently, there is no such thing as a "way forward" on the issue of Taiwan arms sales that is unacceptable to one of the three stakeholders.

A truly viable "way forward," even if merely incremental, will have to advance the interests of all three stakeholders.

Though both the United States and China agree that there are just two sovereign states involved in or immediately affected by the issue of U.S. arms sales to Taiwan—namely, the United States and the People's Republic of China—the reality is that there are nonetheless three stakeholders: the United States, mainland China and Taiwan. A truly viable “way forward,” even if merely incremental, will have to advance the interests of all three stakeholders.

5. The existing three-dimensional policy architecture—the Taiwan Relations Act, the Six Assurances and the Joint Communiqué of August 17, 1982—is here to stay; there is no foreseeable or realistic scenario whereby any of these three sets of commitments will be substantively altered or nullified, however much one party may wish to do so.

In recent years, there have been no serious challenges to either the Six Assurances or the Joint Communiqué of 1982; we anticipate none in the foreseeable future. However, China has repeatedly called for the nullification of the Taiwan Relations Act on the grounds that its very existence, along with the U.S. actions it mandates, constitutes interference in China's internal affairs. In recent years, some U.S. observers have raised questions about the continued utility of the act in light of recent developments across the Strait and in the region more broadly. Others, in contrast, have sought to strengthen U.S. legislation related to the issue of arms sales to Taiwan.⁷⁴ Notwithstanding these varying views, our assessment is that the Taiwan Relations Act will remain the central piece of the policy architecture for the foreseeable future; it continues to enjoy very strong bipartisan political support.

6. The existing policy architecture, which we strongly support, allows for the better status quo we believe is achievable. We believe there is a narrow line that “threads the needle” of the three seemingly contradictory sets of commitments and presents a viable way forward on Taiwan arms

sales that conforms to U.S. law and policy, respects China's legitimate interests and concerns, and maintains or enhances Taiwan's net security position.

The conventional wisdom and prevailing perception about the existing policy architecture is that it is internally contradictory. At first blush, the TRA mandates the periodic sale of arms to Taiwan, even as the 1982 Communiqué appears to commit the United States to a reduction of such sales; the Communiqué calls for “final resolution” of the Taiwan arms sales issue, but the Six Assurances permanently preclude the setting of a date certain for such a resolution; and so on. When one views the issue through a long-term lens, however, it is possible to see the contours of a solution set that meets the requirements (such as they are) of all three sets of commitments—and the interests of all three stakeholders—at least in the near- to medium-term, if not over the more abstract long-term. We thus reject the premise, articulated by both Chinese and U.S. observers, that there is a “zero-sum” quality to this issue; we believe a “win-win-win” scenario is achievable, at least over the near- to mid-term.

7. Both the United States and China, in different ways and for their own reasons, have, at times in the last 30 years, been in non-compliance with key provisions of the 1982 Communiqué; in practice, though not in theory, the 1982 Communiqué is effectively defunct.

Both the United States and China claim to embrace the 1982 Communiqué, but in fact, neither has consistently adhered to all of its stated commitments under the agreement. In the case of the United States, the non-compliance itself is empirically self-evident. Having committed itself, if conditionally, to the proposition that future U.S. arms sales would “not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China,” the United States went on, in half of the subsequent years, to deliver arms to Taiwan in excess of the agreed upon quantitative baseline, even when adjusted for inflation. While there can certainly be debate (including within the United States) as to whether this was justified by Chinese ac-

We thus reject the premise, articulated by both Chinese and U.S. observers, that there is a “zero-sum” quality to this issue; we believe a “win-win-win” scenario is achievable, at least over the near- to mid-term.

⁷⁴ See, for example, U.S. House Resolution 419, “The Taiwan Policy Act of 2013.” <http://www.govtrack.us/congress/bills/113/hr419/text>.

The Communique is effectively defunct except in name.

tions, or indeed whether this enhanced or harmed Taiwan's net security position vis-à-vis mainland China, there is no question that the United States opted at times not to act upon its stated commitment with respect to the quantity of arms supplied to Taiwan.

The finding that China has been, at times, in non-compliance with its key commitment under the 1982 Communique—namely, “to strive for a peaceful solution to the Taiwan question”—is less empirical and more a matter of interpretation than the finding pertaining to U.S. non-compliance. Unlike the United States, the Chinese did not allow themselves to get hemmed in to any readily quantifiable commitment under the Communique, and thus, an assessment of Chinese performance is inherently more subjective. That said, in our judgment, certain Chinese actions since 1982, and in particular the dramatic build-up of short- and medium-range ballistic missiles targeting Taiwan, violate the spirit of China's stated commitment to a peaceful solution and render China non-compliant with the terms of the Communique.

Though both the United States and China embrace the 1982 Communique as a living document that constitutes the only existing jointly crafted statement between the two countries on the issue of arms sales to Taiwan, neither side has thus far consistently abided by all of its terms. The Communique is thus effectively defunct except in name.

8. The 1982 Communique is effectively defunct because it essentially papers over a fundamental difference between China and the United States on the matter of Taiwan: namely, that China's ultimate goal is Taiwan's reunification with the mainland on the mainland's terms, while the United States' paramount goal is Taiwan's security—and, concomitantly, the protection of Taiwan's current political and social system—vis-à-vis the mainland. No side in this equation, including Taiwan, sees these two goals as entirely compatible.

To China, the Taiwan question is a remnant of a civil war that was never formally concluded; it is the last piece of the reunification puzzle, following the return of Hong Kong and Macau

to the People's Republic of China. China has also stated, in unequivocal terms, that it is prepared to use all means necessary—including military force—to ensure reunification. The United States, on the other hand, has committed itself to resisting any threat—including a threat of force, which the mainland has not renounced—to Taiwan's “security, or social or economic system,” as stated in the TRA. While Taiwan's political system is not mentioned in the TRA, in reality, a key driving factor behind the U.S. relationship with Taiwan is the desire to support a fellow democracy and protect its existing political system.

Many observers in China have expressed the view that the United States is opposed to, or is trying to block, reunification between China and Taiwan. In fact, the United States is neutral on the issue—it has voiced neither support for nor opposition to reunification—and instead is of the view that the Taiwan question ought to be resolved peacefully and according to the wishes of the people on both sides of the Strait. In other words, in the U.S. view, both sides could choose a peaceful resolution that may or may not involve reunification on the mainland's terms; this presents a potential conflict with China's position.

9. China's current view of the core impediment to progress on the issue of Taiwan differs sharply from those of Taiwan and the United States. In China's view, U.S. arms sales to Taiwan, and the gross interference in China's sovereignty and territorial integrity that these sales represent, are the core problem to be solved. In the Taiwanese and U.S. views, the fundamental issue, from which all others stem, is the stark difference in the political and social systems of mainland China and Taiwan. These sharply diverging views account for the enduring intractability of the problem.

China has blamed U.S. arms sales to Taiwan not only for violating China's sovereignty and territorial integrity, but also for emboldening pro-independence forces in Taiwan. At the same time, it has taken great pains to emphasize that Taiwan would effectively be able to retain its current political and social systems under “one country, two systems.” To Taiwan and the United States, however, the differenc-

es between the systems across the Strait are too stark: the mainland has a “socialist” “people’s democratic dictatorship,”⁷⁵ while Taiwan is a “democratic republic of the people, to be governed by the people and for the people.”⁷⁶ For this reason, “one country, two systems” is not a workable solution in Taiwan’s view. There is some diversity of opinion within Taiwan on the subject of reunification, but even among proponents of reunification, a non-negotiable precondition is that it has to occur in the context of democratic governance. In short, if the people of Taiwan wanted “one country, two systems,” they would already have it.

10. In our judgment, U.S. arms sales to Taiwan are not the core problem, but rather, a derivative symptom of the much deeper issues described in conclusions 8 and 9: the diverging paramount goals of the United States and China and, most fundamentally, the stark differences in, and indeed basic incompatibility of, the political and social systems of mainland China and Taiwan.

To take a complex set of negotiations and distill them down to their essence, the objective of both governments in 1982 was to create enough of an appearance (in the eyes of the other) of agreement on the central issue of Taiwan to allow for the newly normalized relationship to move forward and build some momentum. Though both the United States and China espoused a “one-China policy” (and in fact, China tends to use the term “one-China principle”), there were a number of major disagreements associated with the issue of Taiwan—chief among them, the fact that the United States continued to sell arms to Taiwan pursuant to the TRA and whether the ultimate policy aim was “reunification” or “resolution”—and the Communique effectively had to mask or ignore these disagreements. The two sides employed ambiguous,

even awkward, grammar and language to allow each side to walk away from the agreement with justification for its own view. In this sense, the Communique became a kind of “Rorschach test;” each side saw in it what it wanted to see.

The United States saw in the agreement a stated commitment by China to a peaceful solution to the Taiwan question; the Chinese saw in the agreement a stated commitment by the United States to gradually reduce, and ultimately zero out, its arms sales to Taiwan. Strictly speaking, however, in neither case had the signatory unconditionally agreed to these things. To the extent that the Communique enabled the United States and China to kick the can down the road on the real issues and, in the meantime, build the bilateral relationship, it largely succeeded. As a blueprint for the actual resolution of the Taiwan issue, however, the Communique’s value and impact is currently limited by the arguably fatal contradictions it contains within it and the reluctance of either side to adhere to its terms in the absence of the other side appearing to do so.

One of the most significant findings in this report is our conclusion that China and the United States frame the core problem with respect to Taiwan in fundamentally different ways. In China’s view, the United States is a principal, perhaps the principal, cause of the mainland-Taiwan rift. Continued U.S. arms sales to Taiwan, in the Chinese view, fuel Taiwan’s unwillingness to reunite with the mainland and foster Taiwan’s sense of “otherness” vis-à-vis the mainland. The arms sales are thus the core problem. U.S. observers, and also Taiwanese observers, generally take a very different view.⁷⁷ They see the core cross-Strait problem as the stark divergence in the two political systems. In this view, this systemic difference, and not U.S. arms sales to Taiwan, is the origin of the existing gulf between mainland China and Taiwan. Unless and until this fundamental incompatibility of political systems is addressed, reunification will remain elusive.

11. As long as mainland China’s political and social systems differ from Taiwan’s to the stark degree they currently do, U.S. arms sales to Taiwan will continue. Though

Unless and until this fundamental incompatibility of political systems is addressed, reunification will remain elusive.

⁷⁵ This phrase comes from Article 1 of the current constitution of the People’s Republic of China. See: http://www.npc.gov.cn/englishnpc/Constitution/node_2824.htm. Article 1, in its entirety, states: “The People’s Republic of China is a socialist state under the people’s democratic dictatorship led by the working class and based on the alliance of workers and peasants. The socialist system is the basic system of the People’s Republic of China. Disruption of the socialist system by any organization or individual is prohibited.”

⁷⁶ See: <http://english.president.gov.tw/Default.aspx?tabid=1107>.

⁷⁷ Some mainland Chinese observers have also expressed this view, albeit unofficially and privately.

We believe that this important issue in U.S.-China relations deserves honest, candid dialogue; only then is progress possible.

there are ways to decrease tensions associated with U.S. arms sales to Taiwan, there is no ultimate “solution” that is independent of a resolution of the core issue of differing political and social systems.

For China, the core issue with respect to Taiwan is reunification; that is the ultimate policy imperative. Indeed, as noted above, the issue is essentially existential for China. China’s belief, at least at the official level, is that “U.S. meddling” (particularly in the form of arms sales) is a major cause, if not the principal cause, of the rift between the mainland and Taiwan. Chinese officials and analysts tend to see the rift as artificial, rather than organic. They argue that the people and cultures on both sides of the Strait are Chinese and that, but for outside interference, the Chinese on both sides of the Strait would tend to gravitate toward each other and toward the end-state of reunification. In this view, U.S. arms sales to Taiwan represent a profound impediment to a natural resolution of the Taiwan question, which, for the mainland is reunification.

Our view is that the people of Taiwan have opted not to reunify because they view the mainland’s political and social system as fundamentally incompatible with their values and aspirations. Concerns about China’s political and social system in turn fuel deep apprehension about the possibility of reunification. And this apprehension is what prompts Taiwan to purchase arms from the United States. We believe arms sales will continue indefinitely for as long as the core issue of system compatibility remains unresolved.

12. Chinese actions and statements, not U.S. arms sales to Taiwan, are the principal driver of Taiwanese attitudes about the notion of reunification and about the mainland more generally. The most important dynamic on the issue of U.S. arms sales to Taiwan is the relationship between the mainland and Taiwan, not the relationship between the United States and mainland China or the United States and Taiwan. The largest “trust deficit” in this tripartite equation is between mainland China and Taiwan, not between

the United States and mainland China or the United States and Taiwan.

Chinese observers tend to ascribe a lot of importance to U.S. actions—in particular arms sales—in the shaping of Taiwanese sentiment toward the mainland, but often discount the impact of China’s own actions and statements. In our research and discussions, it became clear to us that among the most significant drivers of Taiwanese sentiment toward the mainland in recent years have been: the ill-considered Chinese missile tests of 1995 and 1996, the passage of China’s Anti-Secession Law, the constraining of Taiwan’s space within the international community, and, to a lesser degree, what many in Taiwan view as China’s failure to carry out promises of democratic reform in Hong Kong after the reversion of the city to Chinese sovereignty in 1997. Of course, China’s unwillingness to renounce the use or threat of force in a Taiwan scenario, along with the steady build-up of missile forces opposite Taiwan, have had an enormous impact on Taiwanese sentiment toward China and reunification, as well. These kinds of considerations, and not U.S. arms sales to Taiwan, drive Taiwanese sentiment toward China and the idea of reunification. In our judgment, the “Taiwan question” is fundamentally a mainland-Taiwan issue, not a U.S.-China issue.

13. Though there is room for a modest modification of U.S. policy on arms sales to Taiwan (in conjunction with a concomitant modification of Chinese policy), in our judgment, a sudden or sharp reduction in deliveries of U.S. arms to Taiwan, as distinct from the gradual one to which the United States is already committed as a matter of policy, would be destabilizing and inimical to the interests of all three parties.

The existing policy architecture has generated a delicate balance on the issue of Taiwan arms sales. Though the status quo may not be ideal, it is relatively stable. A sharp reduction in U.S. arms sales to Taiwan, of the type often called for by Chinese officials and scholars, would disrupt the fragile equilibrium that obtains today and possibly lead to unintended consequences—such as a shift by Taiwan toward greater levels of domestic

defense production to compensate for the loss of articles and services traditionally provided by the United States, reduced negotiating confidence, and greater internal political pressures on Taiwanese leaders. We believe that U.S., mainland Chinese and Taiwanese interests are best served by the incremental approach articulated by the 1982 Communique.

14. The lack of honesty on the part of both the United States and China in dealing with each other on this issue has contributed to a greater-than-necessary level of mistrust between the two countries.

The fundamental dynamics of the Taiwan issue are such that a certain degree of mistrust is inevitable. That said, the level of mistrust surrounding the issue, particularly between the United States and China, is higher than it needs to be because neither side publicly offers intellectually honest assessments of their own positions. For a dialogue to be effective and to generate greater levels of trust, it must be rooted in honesty. To the extent that U.S. officials claim to Chinese counterparts that the United States embraces the 1982 Communique and consistently acts within its spirit, U.S. credibility is undermined. When this is the first sentence, it is hard for the Chinese to believe subsequent sentences. By the same token, for Chinese officials to claim to U.S. counterparts that China is pursuing a peaceful approach to Taiwan in light of its missile tests, the passage of the Anti-Secession Law and the steady build-up of ballistic missiles opposite Taiwan similarly strains credulity. We believe that this important issue in U.S.-China relations deserves honest, candid dialogue; only then is progress possible.

Recommendations

The issues at the core of the 1982 Communique are deep-seated and complex. They do not lend themselves to a quick or easy solution, nor to a solution that is acceptable to only one or two of the three involved parties. As long as mainland China's political and social systems differ starkly from those of Taiwan, U.S. arms sales to Taiwan will continue. Thus, the "core dynamic" of this issue is that between the mainland and Taiwan. U.S. arms sales to Taiwan are a symptom of a deeper and as yet unresolved rift between the main-

land and Taiwan.

Having said that, we believe there are actions that both the United States and China can take that would defuse bilateral tensions over the issue of Taiwan to an appreciable degree and help to build greater trust, or at least reduce mistrust, between the two countries over this issue. We lay these recommendations out here.

1. The United States should maintain the existing policy architecture governing the issue of U.S. arms sales to Taiwan—namely, the Taiwan Relations Act, the Six Assurances and the U.S.-China Joint Communique of August 17, 1982.⁷⁸

As noted in Conclusion 4, any meaningful path forward on the Taiwan arms sales issue requires the buy-in of all three stakeholders: mainland China, Taiwan and the United States. The three sets of commitments, which respectively articulate the interests of each of the three involved parties, generate a sustainable, if somewhat precarious, equilibrium around this complex issue. Removing or substantially modifying any one "side" of the architecture would generate instability, with potentially unpredictable consequences for all three parties. We believe there is a narrow but viable path to defused tensions and greater trust within the framework of the existing commitments.

2. The United States should continue to sell defensive arms to Taiwan for the foreseeable future, within the constraints of existing U.S. law and policy.

This follows from Recommendation 1 and Conclusion 13 above. Maintenance of the existing three-dimensional policy architecture comprising the TRA, Six Assurances and 1982 Joint Communique would include the continuation of U.S. arms sales to Taiwan

⁷⁸ We are also of the view that the U.S.-China Joint Communiques of 1972 and 1979 be maintained, together with the 1982 Communique. This recommendation—and most of this report—focuses on the 1982 Communique because it is the only one of the three communiques that specifically and exclusively addresses the Taiwan arms sales issue. To be clear, we see no need for any "Fourth Communique;" we believe the three existing Communiques, coupled with the Taiwan Relations Act, which underpins U.S. policy on this issue, constitute a sufficient foundation for a viable, incremental path forward.

The three sets of commitments, which respectively articulate the interests of each of the three involved parties, generate a sustainable, if somewhat precarious, equilibrium around this complex issue.

in the foreseeable future. In our view, any modifications to U.S. policy on arms sales to Taiwan should be made in an incremental manner rather than a drastic one, which an elimination of arms sales would entail.

- 3. The United States should calibrate arms deliveries to Taiwan in a way that the total dollar amount of arms provided to Taiwan in any given year does not exceed the inflation-adjusted peak-level of U.S. arms supplied to Taiwan in the 1979-1982 period, as stipulated in the 1982 Communique. This would mean unilaterally setting a voluntary annual cap on U.S. arms deliveries to Taiwan of \$941 million (in inflation-adjusted 2012 dollars).**

Such a gesture would bring the United States into compliance with its stated (and conditional) commitment under the 1982 Communique. In accordance with the Six Assurances to Taiwan—this unilateral gesture includes a pledge by the United States not to consult with China in advance before making decisions about arms sales to Taiwan. The gesture would also be voluntary. And consistent with the conditional nature of the U.S. commitment under the 1982 Communique, this action would also be reversible, depending on the U.S. government’s future determination of China’s commitment to a peaceful solution on Taiwan. Thus, there will be no material harm to Taiwan’s security interests. Because the cap has not been reached since 2006, the United States could conceivably increase its annual arms deliveries to Taiwan from recent years and still maintain the cap of \$941 million.

Some experts who are familiar with this proposal have suggested the notion of a rolling average, and we have seriously considered this option. However, we have concluded that it would be more clear-cut, for various reasons, to implement the cap on a year-by-year basis.⁷⁹ We also do not take a position on the specific types of arms that the United States should sell to Taiwan within the confines of this recommendation.

⁷⁹ This recommendation also adopts a different methodology from that of the “bucket” system, instituted by the U.S. government in 1982, which utilized something similar to a credit system.

- 4. The United States should unbundle future Taiwan arms sales notifications to Congress (“Congressional notifications”) and instead submit such notifications on a regular, predictable and normalized schedule, thus mitigating the perception of major spikes in the sales of U.S. arms to Taiwan created by bundled notifications.**

Perceptions matter. A \$6 billion arms package divided into several smaller notifications appears less attention-grabbing than the same package in one notification, even though the total dollar value is the same. While the unbundling of Congressional notifications will not stop China from continuing to object to the very principle of arms sales to Taiwan, it will help to ease public concerns about “overselling” (in the eyes of the Chinese) or “underselling” (from the perspective of supporters of arms sales—including Congress—when no sales are announced during the intervening periods between the spikes). Scheduling Congressional notifications in a regular, predictable and normalized manner also eliminates the guesswork regarding the timing and amount of the next major sale, and injects a greater amount of stability and predictability in the U.S.-China (and indeed, U.S.-Taiwan) relationship.

- 5. The United States should signal its continued unwavering commitment to preserving and promoting extensive, close and friendly commercial, cultural and other relations with Taiwan, including by enhancing senior-level exchanges with Taiwan within the constraints of the United States’ one-China policy.**

These actions would reassure Taiwan that any incremental modifications of U.S. policy on arms sales, such as that proposed in Recommendation 4, do not constitute a weakening of U.S. commitment to its relationship with Taiwan. Such reassurances would also have a stabilizing factor, as they would dissuade Taiwan’s leaders from undertaking potentially drastic measures to ensure Taiwan’s own security, which may then be construed, right or wrongly, by the mainland as attempts to contravene the one-China policy.

Because the cap has not been reached since 2006, the United States could conceivably increase its annual arms deliveries to Taiwan from recent years and still maintain the cap of \$941 million.

6. China should demonstrate its commitment to the “peaceful solution to the Taiwan question” by unilaterally, voluntarily and verifiably undertaking the following actions relating to its short- and medium-range ballistic missile posture in southeast China: maintain all missiles in garrison (their current default position); redeploy one of the current five short-range ballistic missile brigades under the PLA’s 52nd Base further inland and out of range of Taiwan; and dismantle the physical infrastructure of that brigade, including but not limited to launchers, missile depots, and rail and road facilities.

From a war-fighting point of view, the redeployment of one out of six missile brigades—five SRBM and one MRBM—and the dismantling of its static infrastructure would have some impact, but not a significant one, on the PLA’s overall operational capabilities vis-à-vis Taiwan. As a political and confidence-building gesture, however, it speaks volumes about China’s stated intent of peace toward Taiwan and could help to ease the feeling of threat to Taiwan. We have not proposed that China redeploy or dismantle any infrastructure associated with its MRBM brigade, as we recognize that there may be a possible regional deterrence beyond Taiwan, even though Taiwan remains the primary focus.⁸⁰ Finally, like the recommended U.S. actions, this and any other actions taken by China on this issue will be unilateral, voluntary and potentially reversible based on Chinese assessments of U.S. actions.

7. China should increase the transparency of its missile deployments opposite Taiwan by periodically publishing key developments and numbers in authoritative government white papers and more fully articulating its government’s reasoning for maintaining the remaining deployments.

This proposal complements Recommendation 6: it facilitates verification of actions regarding China’s missile deployments and infrastructure and is, in itself, a military confidence-building measure. In 2013, China published, for the first time, some actual numbers on the troop strengths and deployments of its army, navy and air force.⁸¹ This was a positive step toward greater transparency regarding its military modernization efforts. The PLA has, however, remained coy about its 2nd Artillery forces and deployments. While we recognize that the 2nd Artillery represents one of the most critical—and sensitive—aspects of China’s military deterrence, greater transparency in this area, specifically the ballistic missile deployments targeting Taiwan, would address perceptions of China’s military intentions, including toward Taiwan.

8. The United States and China should be more honest with each other, at least privately, about the reasoning behind their respective positions on Taiwan-related matters. Rather than reflexively denying the merits of the other’s arguments, each side should acknowledge their own actual postures and explain the reasoning behind them.

As noted, honest dialogue is the first step toward promoting mutual understanding and building trust on this very complex issue. However, there is not much hope for building understanding or trust if either side is denying activity that is self-evident. The objective is not to let the discussion degenerate into a score-keeping or finger-pointing exercise, but to establish a common basis on which the dialogue can progress.

9. The United States and China should commit to maintaining open lines of communication, including between the two militaries, irrespective of disagreements over Taiwan.

U.S.-China military-to-military ties have been the primary casualty of the two countries’ differences over the Taiwan arms sales issue. This has created an unhealthy trend that only

Like the recommended U.S. actions, this and any other actions taken by China on this issue will be unilateral, voluntary and potentially reversible based on Chinese assessments of U.S. actions.

⁸⁰ We had also considered recommending that China renounce the use of force against Taiwan. However, we recognize that as a sovereign state, China reserves the right to use force to maintain what it regards as the territorial integrity of the nation.

⁸¹ “The Diversified Employment of China’s Armed Forces,” Information Office of the State Council, the People’s Republic of China, Beijing, April 2013. http://news.xinhuanet.com/english/china/2013-04/16/c_132312681.htm.

IF left to fester indefinitely, this issue has the potential further to undermine mutual trust and hold back the healthy development of U.S.-China relations.

serves to further impede communication and understanding that is already lacking between the two militaries. As is the case with other challenges affecting the bilateral relationship, it is precisely during times of stress that communication is needed, in order to avoid miscalculations and escalation of tensions.

10. The United States and China should establish a formal Track 2 dialogue on Taiwan that explores and seeks to increase mutual understanding regarding the underlying assumptions each side brings to the issue but that refrains from “negotiating” specific arms sales actions.

Such a dialogue, which would be officially sanctioned and which would have direct lines to officials on both sides, would not take up the details of specific decisions regarding arms sales, or arms sales packages; the Six Assurances preclude the United States from negotiating such details directly with China. Rather, the dialogue would address more fundamental questions such as the following:

- Can there be a better status quo than the present one; if so, what would that status quo look like?
- What key assumptions underpin U.S. and Chinese policy toward Taiwan; where do these assumptions converge and where do they diverge?
- What are the mid- to long-term prospects and expectations for the cross-Strait relationship?

The objective is to help both sides better understand the other’s thinking on this issue and, hopefully, lead to more informed judgments when it comes to policymaking.

Final Thoughts

The issue of Taiwan is one of the greatest impediments to the building of U.S.-China strategic trust. It creates a “glass ceiling” effect on the relationship⁸²; barring some resolution of the issue, there is a certain point beyond which U.S.-China relations cannot develop. China views continued U.S. arms sales to Taiwan as a violation of Chinese sovereignty and territorial integrity; the United States views China’s increasingly robust military posture vis-à-vis Taiwan as a provocative challenge to a democracy and long-time U.S. friend. China’s ultimate objective with respect to Taiwan is reunification; the United States’ paramount objective is Taiwan’s security and the protection of its democratic way of life.

Notwithstanding the “agreement” reached in the form of the 1982 Communiqué—the only bilateral statement between the United States and China on the issue of Taiwan—these two objectives are not necessarily compatible. Over time, the “founding myth” of agreement on the issue of Taiwan unraveled under the pressure of real-world developments. Today, the Communiqué is effectively defunct—in practice, if not in theory; neither side seems to feel compelled to consistently abide by the terms of the Communiqué because neither side feels the other is doing so.

The issue of Taiwan in U.S.-China relations has come to be seen as the “third rail” of U.S.-China relations: if you touch it, bad things happen; and thus, it’s best to leave it alone. But left to fester indefinitely, this issue has the potential further to undermine mutual trust and hold back the healthy development of U.S.-China relations. This is the reason

82 David Firestein first used the term “glass ceiling” in this context in his presentation on Taiwan at EWI’s U.S.-China High-Level Security Dialogue in 2010, hosted by the China Institute of International Studies in Beijing.

we have, in this report, recommended a set of measures based on the following six principles:

- The cross-Strait military balance of power is such that the United States cannot arm Taiwan out of a military threat from, or win an arms race with, the mainland;
- The Taiwan arms sales issue is fundamentally a political one;
- The current three-dimensional policy architecture is here to stay;
- Any way forward on this issue requires the buy-in of all three stakeholders—mainland China, Taiwan and the United States;
- There must be no decrease in Taiwan's net security position; and
- Any steps taken by the United States and/or China on this issue must be based on the notion of "concurrent unilateralism:" there will be no deal-making between the two countries, all actions are voluntary, and either side can reverse its actions if it is not satisfied with what the other side is doing.

To be sure, in the absence of a convergence of the mainland's and Taiwan's starkly different political and social systems, it is very difficult to imagine wholesale changes either to the United States' policy of arms sales to Taiwan or China's policy of missile deployments opposite Taiwan. We are also aware that the recommendations in this report will not fundamentally alter the cross-Strait military balance of power, which, owing to a number of factors, has tilted in the mainland's favor. But with the incremental policy adjustments we have recommended, an improved status quo is possible. In that better status quo, the United States continues to act in accordance with its relevant laws and policies, China's legitimate interests and concerns are respected to a greater degree, and Taiwan's people and way of life are made more, not less, secure.

We hope this paper will spark a renewed discussion, and perhaps some debate, on how to build greater strategic trust between the United States and China. Few objectives are more consequential in international diplomacy today.

In that better status quo, the United States continues to act in accordance with its relevant laws and policies, China's legitimate interests and concerns are respected to a greater degree, and Taiwan's people and way of life are made more, not less, secure.

APPENDIX A

Relevant Sections of Key Documents Pertaining to U.S. Arms Sales to Taiwan

(listed in chronological order)

Excerpt from the Taiwan Relations Act

April 10, 1979

Public Law 96-8 [H.R. 2479], 93 Stat. 14, approved April 10, 1979; as amended by Public Law 98-164 [Department of State Authorization Act, Fiscal Years 1984 and 1985; H.R. 2915], 97 Stat. 1017 at 1061, approved November 22, 1983; and by Public Law 104-14 [H.R. 1421], 109 Stat. 186, approved June 3, 1995

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 economical 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.

The "Six Assurances" to Taiwan

July 1982

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.

Joint Communiqué of the United States of America and the People's Republic of China

August 17, 1982

1. In the Joint Communiqué on the Establishment of Diplomatic Relations on January 1, 1979, issued by the Government of the United States of America and the Government of the People's Republic of China, the United States of America recognized the Government of the People's Republic of China as the sole legal government of China, and it acknowledged the Chinese position that there is but one China and Taiwan is part of China. Within that context, the two sides agreed that the people of the United States would continue to maintain cultural, commercial, and other unofficial relations with the people of Taiwan. On this basis, relations between the United States and China were normalized.

2. The question of United States arms sales to Taiwan was not settled in the course of negotiations between the two countries on establishing diplomatic relations. The two sides held differing positions, and the Chinese side stated that it would raise the issue again following normalization. Recognizing that this issue would seriously hamper the development of United States-China relations, they have held further discussions on it, during and since the meetings between President Ronald Reagan and Premier Zhao Ziyang and between Secretary of State Alexander M. Haig, Jr., and Vice Premier and Foreign Minister Huang Hua in October 1981.

3. Respect for each other's sovereignty and territorial integrity and non-interference each other's internal affairs constitute the fundamental principles guiding United States-China relations. These principles were confirmed in the Shanghai Communiqué of February 28, 1972 and reaffirmed in the Joint Communiqué on the Establishment of Diplomatic Relations which came into effect on January 1, 1973. Both sides emphatically state that these principles continue to govern all aspects of their relations.

4. The Chinese government reiterates that the question of Taiwan is China's internal affair. The Message to the Compatriots in Taiwan issued by China on January 1, 1979, promulgated a fundamental policy of striving for Peaceful reunification of the Motherland. The Nine-Point Proposal put forward by China on September 30, 1981 represented a further major effort under this fundamental policy to strive for a peaceful solution to the Taiwan question.

5. The United States Government attaches great importance to its relations with China, and reiterates that it has no intention of infringing on Chinese sovereignty and territorial integrity, or interfering in China's internal affairs, or pursuing a policy of "two Chinas" or "one China, one Taiwan." The United States Government understands and appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question as indicated in China's Message to Compatriots in Taiwan issued on January 1, 1979 and the Nine-Point Proposal put forward by China on September 30, 1981. The new situation which has emerged with regard to the Taiwan question also provides favorable conditions for the settlement of United States-China differences over the question of United States arms sales to Taiwan.

6. Having in mind the foregoing statements of both sides, the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution. In so stating, the United States acknowledges China's consistent position regarding the thorough settlement of this issue.

7. In order to bring about, over a period of time, a final settlement of the question of United States arms sales to Taiwan, which is an issue rooted in history, the two governments will make every effort to adopt measures and create conditions conducive to the thorough settlement of this issue.

8. The development of United States-China relations is not only in the interest of the two peoples but also conducive to peace and stability in the world. The two sides are determined, on the principle of equality and mutual benefit, to strengthen their ties to the economic, cultural, educational, scientific, technological and other fields and make strong, joint efforts for the continued development of relations between the governments and peoples of the United States and China.

9. In order to bring about the healthy development of United States China relations, maintain world peace and oppose aggression and expansion, the two governments reaffirm the principles agreed on by the two sides in the Shanghai Communiqué and the Joint Communiqué on the Establishment of Diplomatic Relations. The two sides will maintain contact and hold appropriate consultations on bilateral and international issues of common interest.

Relevant Excerpts from “U.S. Policy Toward China and Taiwan: Hearing Before the Committee on Foreign Relations, United States Senate”

Tuesday, August 17, 1982
Washington, D.C.

The committee met, pursuant to notice, at 2:20 p.m., in room 4221, Dirksen Senate Office Building, Hon. Charles H. Percy (chairman of the committee) presiding.

Present: Senators Percy, Helms, Hayakawa, Mathias, Pressler, Pell, Glenn, Tsongas, and Dodd.

...

STATEMENT OF HON. JOHN H. HOLDRIDGE, ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE, ACCOMPANIED BY WILLIAM F. ROPE, DIRECTOR OF THE OFFICE OF CHINESE AFFAIRS; AND DONALD C. FERGUSON, TAIWAN COORDINATION ADVISER, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

...

Ambassador HOLDRIDGE: Mr. Chairman, this morning the United States and the People's Republic of China simultaneously issued a joint communiqué. Now, during yesterday's hearing and on prior occasions, members of the committee have expressed the view that public hearings on the course of our policies toward China should be held at the earliest possible date. I agreed with that view and I am glad to be able to continue our discussion of these issues in a public forum.

...

Mr. Chairman, I think you have stated the problem we face very accurately. As we went into these negotiations, we had two things in mind, our historic obligations to the people of Taiwan and our important and growing relations with the People's Republic of China. Throughout the entire period of our discussions with Beijing, we were guided by these dual considerations. It is a fundamental national interest of the United States to preserve and advance its strategic relations with China. At the same time we have, as you said, obligations to old friends and we will not turn our backs on them.

I am glad that we have been able to arrive at a communiqué with the Chinese that demonstrated their recognition of our determination on this score despite the difficulties it obviously causes them and that they, too, because of the important interests involved for them, were willing to join with us in a modus vivendi which will enable us to continue our relationship.

Again, as you and I have pointed out, such an outcome is of vital importance to our national interest. Three administrations before us have worked very hard to establish and expand this relationship, and we would have been derelict if we had not made every effort to find a way around the problem threatening it.

Mr. Chairman, I think it would be useful to take a few minutes to examine the reasons we valued this relationship so highly. One of the major reasons is strategic. Prior to 1971, we had a hostile relationship with China. It was costly. We fought the Chinese in Korea. We almost came to a major war over Quemoy and Ma-tsu [sic]. The Chinese worked hand in hand with the Soviets against us in Vietnam. We had to maintain a naval presence between Taiwan and the mainland.

China identified itself with support for guerrilla movements on the soil of many of our allies and friends. Furthermore, a large part of our defense resources were allocated on the premise of a hostile China. Lastly and perhaps most importantly, these one billion people were not identified with our interests as we faced the Soviet Union.

Starting in 1971, we changed the situation. Thanks to a productive relationship between the United States and China, Taiwan has never been more secure and prosperous. We no longer have to plan for China as an enemy. We can now think of China as a country with which we might cooperate in certain significant areas. China's relations with our allies in Asia have improved.

...

Let me turn to this morning's communiqué. It reaffirms the fundamental principles which have guided United States-Chinese relations since the inception of the normalization process over 10 years ago. This reaffirmation is significant. It illustrates the strength and durability of these principles. On this foundation the United States established relations with China which have been economically beneficial to us and which have greatly enhanced our vital strategic interests.

At the same time, we have maintained and strengthened our commercial and cultural relations with the people of Taiwan. We have achieved these important goals without impairing the security of the people of Taiwan, and indeed, because of these improved relations between China and the United States, Taiwan has never been more secure.

The communiqué also addresses an issue which was not resolved at the time of normalization of relations, the question of U.S. arms sales to Taiwan. During discussion leading to normalization, China demanded that arms sales be terminated. We refused. China agreed to proceed with normalization despite this disagreement but reserved the right to raise this issue again.

I can say here, Mr. Chairman and members of the committee, I believe it is well known that the normalization negotiations almost foundered on this whole question of continued U.S. Arms sales to Taiwan, and it was only at the last minute by, I would say, a very statesman-like decision on the part of the leadership of the People's Republic of China that the decision was made to go ahead, but it really was touch and go.

When China agreed to proceed with normalization despite disagreement on arms sales to Taiwan, it reserved the right to raise the issue again. When it did so last year, we agreed to engage in discussions to determine whether an understanding could be reached. The alternative to our agreeing to hold such discussions would clearly have been the beginning of a process of deterioration in our relations, deterioration that could have led us back toward hostility. Since the issue itself was volatile and basic, we would have been irresponsible had we allowed such a process to start.

To address Senator Pressler's question, our foreign policy objective was to preserve a valuable relationship which otherwise might well have had probably would have undergone a serious and possibly fatal deterioration. We undertook these discussions, therefore, with the hope that a formula could be found which would permit the continued growth of our relations with China, but also with the firm resolve that there were principles regarding the security of Taiwan which could not be compromised.

Those principles embodied in the Taiwan Relations Act commit the United States to sell to Taiwan arms necessary to maintain a sufficient self-defense capability. Aware of our consistent and firm opposition to the use of force against Taiwan, the Chinese during these discussions, and I mean the most recent ones, agreed to state in very strong terms their policy of pursuing a peaceful resolution of the Taiwan issue, and eventually came to describe this policy as "fundamental."

The Chinese insisted, however, that we agree to the ultimate termination of arms sales. We refused because the level of our arms sales must be determined by the needs of Taiwan, and we could not agree to a termination date as the Chinese demanded which might impair our ability to meet those needs. At the same time, we recognized that China's peaceful policy bore directly on the defense needs of Taiwan. So long as the policy continued, the threat to Taiwan would be diminished.

As I have noted, assurances of such continuity were provided when the Chinese began to describe their peaceful policy on the resolution of the Taiwan question as, as I have said, "fundamental," which contains the connotation of unchanging and long term. Let me say this again: which contains the connotation of unchanging and long term. We were thus able to consider a policy under which we would limit our arms sales to the levels reached in recent years and would anticipate a gradual reduction of the level of arms sales.

We were not willing, however, to adopt such a course unconditionally. While the Chinese were willing to state their peaceful policy in strong terms, they at first resisted any relationship between that policy and our arms sales to Taiwan. The Chinese resisted this relationship because of their view that the sale of arms to Taiwan constitutes an interference in China's internal affairs. We rejected any language to this effect in the communiqué.

We also stressed that as a matter of fact and law, any adjustments in our arms sales to Taiwan had to be premised on a continuation of China's peaceful policy. We therefore maintained, and the Chinese ultimately agreed, that the statement of our policy in paragraph 6 of the joint communiqué be prefaced by a phrase that related it to the continuation of China's peaceful approach.

This is the genesis and purpose of the phrase "having in mind the foregoing statements of both sides" which precedes our statements in that paragraph. Thus, our policy is predicated on China's commitment in paragraph 4 to a peaceful approach and our acknowledgment of that approach in paragraph 5.

Let me say this again. Our policy is predicated on China's commitment in paragraph 4 to a peaceful approach and our acknowledgment of that approach in paragraph 5. Let me summarize the essence of our understanding on this point. China has announced a fundamental policy of pursuing peaceful means to resolve the longstanding dispute between Taiwan and the mainland.

Having in mind this policy and the consequent reduction in the military threat to Taiwan, we have stated our intention to reduce arms sales to Taiwan gradually and said that in quantity and quality we would not go beyond levels established since normalization. This follows from a literal reading of the communiqué.

While we have no reason to believe that China's policy will change, in inescapable corollary to these mutually interdependent policies is that should that happen, we will reassess

ours. Our guiding principle is now and will continue to be that embodied in the Taiwan Relations Act, the maintenance of a self-defense capability sufficient to meet the military needs of Taiwan, but with the understanding that China's maintenance of a peaceful approach to the Taiwan question will permit gradual reductions in arms sales.

During our meeting yesterday, questions were raised concerning whether the wording of the communiqué adequately conveys the meaning which we ascribe to it. I believe it does or I would not have recommended its approval. The present wording evolved from 10 months of intense negotiation in which fundamental principles were at stake on both sides. The language necessarily reflects the difficult compromises which we reached.

We should keep in mind that what we have here is not a treaty or an agreement but a statement of future U.S. policy. We fully intend to implement this policy in accordance with our understanding of it. I hope I have made that point abundantly clear in my remarks today. I can further assure you that, having participated closely in the negotiations, I am confident that the Chinese are fully cognizant of that understanding.

Turning to the document itself in more detail, let me recapitulate and emphasize a few key features, and then I will be happy to take your questions. First, the document must be read as a whole since the policies it sets forth are interrelated. Second, as I previously noted, the communiqué contains a strong Chinese statement that its fundamental policy is to seek to resolve the Taiwan question by peaceful means, paragraph 4. In this context, I would point out again that the reference to their "fundamental" policy carries the connotation in Chinese of unchanging and long term.

Third, the U.S. statements concerning future arms sales to Taiwan, paragraph 6, are based upon China's statements as to its fundamental peaceful policy for seeking a resolution to the Taiwan question, and on the "new situation" created by those statements, paragraph 5. This situation is new because for the first time, China has described its peaceful policy toward Taiwan in the terms I have outlined. Thus, our future actions concerning arms sales to Taiwan are premised on the continuation of China's peaceful policy toward a resolution of its differences with Taiwan.

This is indicated by the words at beginning of paragraph 5 that "having in mind the foregoing statements by both sides, the U.S. Government states." We have no reason to think the Chinese will change this fundamental policy, but if they should, we would, of course, reexamine our position.

Fourth, we did not agree to set a date certain for ending arms sales to Taiwan, and the statements of future U.S. arms sales or for their termination. The U.S. statements are fully consistent with the Taiwan Relations Act and we will continue to make appropriate arms sales to Taiwan based upon our assessments of their defense needs. So much for what is in the actual communiqué.

Over the past several months there has been considerable speculation about the substance of our discussions with the Chinese. As you know, we have not felt free to comment on such speculation while our talks were underway. Therefore, it might be useful at this point to clarify our stand on a number of issues which have surfaced in such speculations.

As to our position on the resolution of the Taiwan problem, we have consistently held that it is a matter to be worked out by the Chinese themselves. Our sole and abiding concern is that any resolution be peaceful. It follows that we see no mediation role for the United States nor will we attempt to exert pressure on Taiwan to enter into negotiations with the PRC.

I would also like to call your attention to the fact that there has been no change in our longstanding position on the issue of sovereignty over Taiwan. The communiqué, paragraph 1, in its opening paragraph simply cites that portion of the joint communiqué on the establishment of diplomatic relations between the United States and the PRC in which the United

States acknowledged the Chinese position on this issue; that is, that there is but one China, and Taiwan is a part of China.

It has been reported in the press that the Chinese at one point suggested that the Taiwan Relations Act be revised. We have no plans to seek any such revisions.

Finally, in paragraph 9 the two sides agree to maintain contact and hold appropriate consultations on bilateral and international issues of common interest. This should be read within the context of paragraph 8 and 9, which deal with the two sides' desire to advance their bilateral and strategic relations. It should not be read to imply that we have agreed to engage in prior consultations with Beijing on arms sales to Taiwan.

We hope and expect that that communiqué and the step forward it represents in the resolution of United States-Chinese differences on this issue will enhance the confidence of the people of Taiwan, whose well-being and prosperity continue to be of the utmost importance to us.

From the President down, we have acted in a way which seeks to enhance the future security and prosperity of the people of Taiwan, and I call your attention to the emphasis on this matter in the President's statement which was released simultaneous [sic] with the release of the joint communiqué this morning.

Removal of the arms question as a serious issue in United States-China relations will help assure both countries can continue to cooperate on mutually shared international objectives: For example, deterring Soviet aggression in East Asia and the removal of Vietnamese troops from Kampuchea. It will ease fears by American friends and allies that the general peace and stability in the Asia Pacific region could be undermined. By defusing the difficult issue of arms sales, we will open the way for an expansion of United-States Chinese relations on a broad range of economic, cultural, scientific, and technological areas as well as in people-to-people contacts.

In conclusion, I would like to quote a paragraph from a statement issued by the President this morning:

Building a strong, lasting relationship with China has been an important foreign policy goal of four consecutive American administrations. Such a relationship is vital to our long-term national security interests and contributes to stability in East Asia. It is in the national interest of the United States that this important strategic relationship be advanced. This communiqué will make that possible consistent with our obligations to the people of Taiwan.

Thank you very much, Mr. Chairman.

...

The CHAIRMAN: Does the administration intend to actually cut off or cease supplying arms to Taiwan in this next decade?

Ambassador HOLDRIDGE: I would hesitate to put any kind of time constraint on what we are doing, Mr. Chairman. There is no time constraint, implicit or explicit, in the joint communiqué. We will simply let history determine the course of events.

...

The CHAIRMAN: What would you consider to be the annual dollar limit on sales of arms to Taiwan? Does the administration intend to sell arms valued at that amount on a yearly basis?

Ambassador HOLDRIDGE: I do not believe I can say with any degree of assurance we have gone that far into detail. We have no figures in mind of any dollar limit at this stage. I will simply say that we will carry out the policy outlined in the joint communiqué, premised, of course, on the Chinese maintaining what they describe as a fundamental policy of a peaceful approach to the Taiwan question.

The CHAIRMAN: You have used the words “reduce gradually.” Could you amplify what those mean? We did reach, after all, a very high level of sales to Taiwan in 1980. Subsequent sales have been substantially less than that. Are we related gradual reduction to the high level of 1980 or to a subsequent lower level, and does that reduction in sales have to go in immediately, or could it be somewhat delayed?

Ambassador HOLDRIDGE: Surely. We are thinking about the level of arms sales since normalization, 1979 to the present. As you indicated, 1980 seems to have been a high year. We will establish something of a base line within that framework. We can assure you, however, that these levels, even with the reductions that we envisage, will be sufficient to take care of Taiwan’s needs for the foreseeable future, based again on the continuing observance by the PRC of this fundamental policy of the peaceful resolution of the Taiwan question.

...

The CHAIRMAN: If Chinese military capability increases, will we increase arms sales to Taiwan beyond current levels if necessary to maintain the current military balance?

Ambassador HOLDRIDGE: Let us say that everything is predicated again on the military situation and the political situation attendant to the Taiwan straits and the Taiwan question. Again, we will make our judgments based upon these conditions and act accordingly.

...

The CHAIRMAN: Is there that flexibility and understanding in our arrangement that any gradual reduction of arms sales is conditioned upon a continued peaceful approach to a resolution of problems? And if that changed in any way and the resort to force might be implied by actions taken, then that would enable us within the context of the Taiwan Relations Act and this communiqué to provide whatever was necessary for the reasonable defense of Taiwan?

Ambassador HOLDRIDGE: That is a correct position, Mr. Chairman. Let me say that I would also add we have no reason to believe China is contemplating any change in its fundamental policy of a peaceful resolution of the Taiwan question.

...

Senator HELMS: You said this was consistent with the Taiwan Relations Act. Will you tell me, sir, where in the Taiwan Relations Act it says that defense sales to Taiwan shall be gradually reduced?

Ambassador HOLDRIDGE: It says in section 3A, Senator Helms, that the sale of defense weaponry or defense services to Taiwan shall be judged based upon our judgment of Taiwan’s military needs. And as President Reagan wrote to Premier Zhao Ziyang on the 5th of April last, that obviously if China continues to maintain a peaceful approach to the Taiwan question, then needs will be reduced commensurately, and there can be a gradual reduction in arms sales.

Senator HELMS: You missed the point. The Taiwan Relations Act, as I read it and recall it, allows sales to go up or down depending upon the need. This is a one-way street—down.

Ambassador HOLDRIDGE: Not necessarily, Senator Helms.

Senator HELMS: Excuse me, sir, but what does this communiqué say?

Ambassador HOLDRIDGE: It says predicated upon the continued observance of a peaceful approach to Taiwan by China, their fundamental policy as they describe it, being implemented in a peaceful way. Then and only then can we effect a gradual reduction in arms sales to Taiwan. Conversely, if the circumstances were to change, as I have noted also to the chairman, we would have to reassess our policy.

Senator HELMS: Are you saying to Senator Percy and me that you regard this communiqué as saying to the PRC that one of these days we may decide to elevate sales to Taiwan?

Ambassador HOLDRIDGE: We would not decide to elevate sales of arms to Taiwan unless there was a need as defined in the Taiwan Relations Act. And so long as there is no probable military threat, so long as there is the maintenance of a peaceful policy, obviously this has a bearing on the judgment of military need.

Senator HELMS: I find some comfort in that statement, Mr. Secretary, because implicit in it is your recognition that the Taiwan Relations Act is the official statement of relations with the Government of Taiwan; is that correct?

Ambassador HOLDRIDGE: Let me say, Senator Helms, I have made it very plain personally and we as an administration have made it very plain to the Chinese from the very start that everything we did in reaching this joint communiqué had to be compatible with the Taiwan Relations Act.

...

Senator GLENN: I may want to get into that later if time permits. On our relationship with Taiwan, as to types of new arms to be sold, we have only mentioned a dollar basis here. Are there quantities? Will there be a number—numbers of tanks, numbers of weapons carriers?

Ambassador HOLDRIDGE: There are all sorts of factors we would want to take into account, Senator Glenn. There would be numerical factors. There would be financial factors. There might be technological factors. All of these will be taken into account.

Senator GLENN: What does “gradually reduce” mean? Does that mean 1 year, 10 years? Will it be starting immediately? How do you define it?

Ambassador HOLDRIDGE: We will not operate on the assumption that we will delay in this whole process. We have come to an agreement—not an agreement but an understanding with the PRC, and I think they expect us to carry out in good faith as we expect them to carry out in good faith the commitment to carry out a fundamental policy of working toward the peaceful resolution of the Taiwan question, so there is an obligation on both sides.

Senator GLENN: That does not answer my question. Is it 1 year, 20 years?

Ambassador HOLDRIDGE: There is no time frame established in this document.

Senator GLENN: What do the Chinese expect? What does the PRC expect?

Ambassador HOLDRIDGE: I have no idea what the Chinese expect. This is something we will have to work out over an historical period of time.

Senator GLENN: Did they suggest during the negotiations a certain date?

Ambassador HOLDRIDGE: They have not done so. Once we abandoned the whole idea of setting a date certain or setting a date for termination of arms sales within a specific period of time, there has been no subsequent discussion of this issue.

...

Senator GLENN: I agree. But fundamental policies can become unfundamental [sic] policies right away, and if the arms balance has been allowed to become a negative balance for Taiwan over a period of years, you cannot make it up in the same time that you could change a “fundamental policy.” It would leave the United States responsible for the defense of Taiwan; is that correct?

Ambassador HOLDRIDGE: Two things. Let me say first of all we will be watching the situation carefully through the various means available to us. And when I say watching the situation, I mean in the military sense in terms of deployment and capabilities; I mean in the political sense in terms of policies which are being implemented, taken in conjunction with the situation along the Taiwan strait on both sides, the military capability for Taiwan—all of these things go into the equation. And as I say, we will be watching it very carefully. In the meantime, we are confident that under the provisos of this joint communiqué and under the provisions of the Taiwan Relations Act, given the status which Taiwan now has in that particular defensive capability sense, that Taiwan’s needs will be met for the foreseeable future.

...

Senator GLENN: Let me turn this around then. Has the PRC indicated how long they will pursue their peaceful approach before it becomes less peaceful?

Ambassador HOLDRIDGE: Nothing has been said on that score, but let me remind you of the definition in Chinese of the word “fundamental,” da zheng fang zhen [], which as I said, could be taken in the context of unchanging, long term, a great guiding principle.

...

Senator TSONGAS: A question that Senator Glenn raises is somewhat similar. If you have, in essence, a peaceful relationship between Taiwan and the PRC and yet you have the increase in armaments by PRC at a level that threatens Taiwan, so in essence they adhere to the language of the communiqué—in other words, a peaceful approach—and yet in terms of the military preponderance there is such a disparity that it has the equivalent of a hostile approach, would that cause a rethinking?

Ambassador HOLDRIDGE: I think we would have to take into account the military disposition of those forces and also act in conjunction with the political scene as we would judge it based upon our own analyses. I can conceive of a situation where there might be a threat along the Sino-Soviet border, for example, where China would want to increase its military strength considerably and, in fact, would increase rather markedly the numbers, quantities, and qualities of the forces stationed along the Soviet border.

If those appeared to be pointed in the direction of the Soviet Union and not Taiwan, I do not think our basic judgment would necessarily change. On the other hand, if we saw dispositions moving in the direction of Taiwan, we would have to take that into account.

Senator TSONGAS: And by “take into account,” we are where?

Ambassador HOLDRIDGE: And by taking it into account, we would have to make an assessment as to whether the situation was such that we could judge China was still pursuing a fundamental policy of a peaceful resolution of the Taiwan question.

...

The CHAIRMAN: In the earlier discussions and again today you have attached some importance to the words “fundamental policy,” contained in paragraph 4. And they appear to have some special meaning either to you or the PRC. Can you explain “fundamental policy” and what it means to the administration and to the PRC?

Ambassador HOLDRIDGE: Yes. If we look at the Chinese characters—I think I did go into that somewhat in the previous discussion—we look upon them as meaning a policy that is unchanging or long term. And again, if you take the Chinese characters literally, that could mean “great guiding principle.” And that does contain within it a kind of overriding importance with respect to policies in which other more transitory policies would certainly not take precedence.

The CHAIRMAN: In paragraph 5, the U.S. paragraph, so-called, you speak of the new situation providing “favorable conditions.” What precisely do you mean? What new situation and what favorable conditions are being referred to?

Ambassador HOLDRIDGE: IT is the use of the word “fundamental,” Mr. Chairman. Previously, when China spoke of its policy of peaceful reunification, and so forth, they never prefaced that policy with the word “fundamental.” Only in the course of our discussions this year did that word “fundamental” appear, and that creates a new situation because they have defined their policy as, in effect, being a long-term and unchanging one.

The CHAIRMAN: Paragraph 6 of the communiqué speaks of a “final resolution and a thorough settlement,” as we discussed. These both appear to be allusions to the termination of arms sales to Taiwan, and the wording commits the United States to this. Should we assume the United States is committed to terminating arms sales? And this is a contravention of the Taiwan Relations Act?

Ambassador HOLDRIDGE: There is nothing said in this communiqué about termination of arms sales. In fact, that was one of the elements we resisted most vigorously from the very start. We made it apparent to the Chinese that no President of the United States could ever accept the situation in which we would accept a date certain or a termination of arms sales to Taiwan.

The CHAIRMAN: In paragraph 9, the United States commits itself to further consultations with the PRC on bilateral issues; that is, arms sales to Taiwan. Does this contravene the TRA, which says that decisions on arms for Taiwan would be made by the President and Congress alone, specifically ruling out the PRC? Is it wise to commit the United States to such a course of action in advance? A question very similar to that was raised by Senator Helms before.

Ambassador HOLDRIDGE: We have said that we certainly do not regard the subject of arms sales to Taiwan as being an appropriate subject for prior consultations with China.

The CHAIRMAN: You did say also that there would be no prior consultation with the PRC on arms sales to Taiwan. How do you then reconcile that statement with the statement I have just read from paragraph 9?

Ambassador HOLDRIDGE: I addressed that question at the end of my statement. Actually, the whole question of arms sales, we believe, is something that should remain outside the purview of consultations. That was again one of the elements in our discussions with China.

...

State Department's Responses to Additional Questions Submitted for the Record

Question 1. The TRA states that decisions on arms sales to Taiwan will be based "solely upon their (the President and the Congress) judgment of the needs of Taiwan." Yet we now appear to be agreeing to adjust arms sales based on the peaceful intentions of the PRC. Is this in compliance with the law?

Answer. Our recently concluded Joint Communiqué with the PRC is in full compliance with the law. We will continue to make appropriate arms sales to Taiwan based on our assessments of their defense needs. Our guiding principle is now and will continue to be that embodied in the Taiwan Relations Act: the maintenance of a self-defense capability sufficient to meet the military needs of Taiwan. So long as China maintains a peaceful approach with respect to Taiwan, Taiwan's defense needs will gradually decline over time, and we will expect a gradual reduction in arms sales. We have no reason to believe that China's policy will change. But should that happen, we will be fully able to reassess our own policy.

Question 2. What do you consider to be the annual dollar limit on sales of arms to Taiwan based on this communiqué? Will that be adjusted for inflation? Will we sell Taiwan arms valued at that amount on an annual basis? If we do not hit the ceiling one year, can we go beyond the ceiling the next year so that the average remains within the limits you described?

Answer. What the communiqué refers to is a general policy and general trends, not precise dollar requirements. Certainly inflationary factors will be taken into account.

Question 3. What does "gradually" mean? Is that a period of one year, ten years, one hundred years? Could the gradual reduction begin immediately?

Answer. There is no precise definition in this context. The statements of future U.S. arms sales policy embodied in the August 17 communiqué do not provide either a time frame for reductions of U.S. arms sales or for their termination.

Question 4. What does the language "final resolution" mean? Could a final resolution be the military takeover of Taiwan?

Answer. It refers to a final resolution of United States-China differences over U.S. arms sales to Taiwan. That resolution is not further defined, but it could not encompass the outcome you have posited. Our abiding interest, expressed repeatedly since the Shanghai Communiqué, is that any resolution of the Taiwan issue (including the resolution of any United States-China differences over Taiwan arms sales) should be peaceful.

Question 5. How do the Chinese interpret the communiqué? Do they believe that we will eventually cut off arms sales to Taiwan? What time period do the Chinese have in mind?

Answer. Chinese statements which followed the announcement of the communiqué indicate the Chinese regard the communiqué as a new starting point for improved United States-PRC relations. They do not regard it as the final solution to our differences over U.S. arms sales to Taiwan. But they share our view that it is a step toward reducing those differences. The Chinese have also indicated their concern that the words of the communiqué be followed by deeds. We have made clear to them our intention to implement the communiqué in good faith, and our expectation that they will do the same. We have refused to accede, however, to the Chinese demand that we agree to the ultimate termination of U.S. arms sales to Taiwan. I do not believe the Chinese harbor any illusions about our policy.

Question 6. How can we agree to maintain the quality of arms sales at current levels without causing an increasing gap in the military balance between the PRC and Taiwan? Will one of the factors in measuring PRC intentions be PRC military capabilities? If PRC military

capabilities increase, will we accordingly sell Taiwan what is necessary to maintain the current balance?

Answer. In the communiqué, the Chinese state in very strong terms their policy of pursuing a peaceful resolution of the Taiwan issue and described this policy as “fundamental.” Under these circumstances we see no need for an increase in qualitative or quantitative levels. We will continue to monitor not only China’s announced intentions but also its military capability and the manner in which that capability is deployed. Should it become apparent that China’s policy has changed or is changing, we would naturally be free to reassess our policy.

Question 7. Does the communiqué imply that the United States regards the recent PRC Nine-Point Proposal for peaceful reunification as an adequate basis for resolution of the Taiwan issue? Is that proposal the only basis for our conclusion that a new situation has emerged, or do we have other indications that the PRC will continue to pursue peaceful approaches even if they are repeatedly rejected by the people on Taiwan?

Answer. The United States has consistently held that the Taiwan issue is one for the Chinese people themselves to resolve. Our sole interest, which we made clear at the time of normalization, is that any resolution be achieved by peaceful means. We are encouraged that China’s Nine-Point Proposal is based on a peaceful approach to the Taiwan issue. We take no position, however, on the specific terms of the proposal. Our reference to a new situation which has emerged on the Taiwan question is to China’s declaration in the communiqué that its “fundamental” policy is to strive for a peaceful solution to this question. This is the first time that they have joined with us in a formal communiqué to describe their peaceful policy in such strong terms. We regard it as significant that China adopted this policy as far back as January 1, 1979 and has adhered to it consistently since that time.

Question 8. If the PRC maintains its public posture of peaceful approaches to Taiwan and takes no overt military steps which contradict such statements, is that a sufficient basis for U.S. reductions in arms sales to Taiwan?

Answer. So long as China maintains a peaceful approach with respect to Taiwan, Taiwan’s defense needs will gradually decline over time, and we will expect a gradual reduction in arms sales.

Question 9. Does this formulation suggest that peaceful overtures by the PRC rather than the objective military balance in the area is now the determining factor for U.S. arms sales? Is this a shift from the standard provided in the Taiwan Relations Act?

Answer. U.S. policy will be determined by a variety of factors. We will continue to monitor not only the announced intentions of the PRC but also its military capacity and deployment. Our sales to Taiwan will continue to be guided by an assessment of Taiwan’s defense needs. This position is embodied in the Taiwan Relations Act.

Question 10. Do you consider this communiqué to be an agreement between the United States and China in any sense? Has the United States committed itself to a course of action which the Chinese can now be expected to rely upon? Doesn’t that amount to an agreement in practice?

Answer. The communiqué is not an agreement but a document which contains statements of future United States and Chinese policy. We expect to implement this policy in good faith and expect the Chinese to do the same. For our relationship to expand, it is useful to clarify for each other our intentions and expectations. The communiqué serves this purpose without taking the form of an agreement or creating legally binding obligations on either party.

Question 11. If the communiqué were transformed into the form of an agreement, do you think it would be consistent with the Taiwan Relations Act?

Answer. We have made every effort to be fully consistent with the Taiwan Relations Act and are satisfied that we have achieved that objective.

Question 12. Some have argued that friendly nations in the region might see any sign of a lessening of U.S. commitment on arms sales to Taiwan as an indication of inconstancy or unreliability on the part of the United States. Do you have any indications that any friendly Asian nations might react in this fashion to this communiqué?

Answer. The reaction of friendly Asian nations to the communiqué has been strongly positive, both publicly and privately. We have seen no indication that our friends in Asia consider that the U.S. commitment on arms sales to Taiwan represents inconstancy or unreliability on the part of the United States. All the indicators run precisely in the opposite direction.

State Department's Responses to Questions Based on United States-China Joint Communiqué of August 17, 1982

Question 1. In paragraph 2, the United States recognizes that the sales of arms to Taiwan would seriously hamper our relations with the PRC. Why did we choose to "recognize" this? What will this new communiqué accomplish that the Shanghai Communiqué and the joint statement on establishment of diplomatic relations did not accomplish? Should we expect another communiqué in the future?

Answer. The question of U.S. arms sales to Taiwan was not resolved in 1978, at the time of normalization of relations. When the Chinese raised the issue again in 1981, it soon became apparent that our relationship and its further development would be seriously affected unless we were able to reach a mutually acceptable resolution. The joint communiqué issued on August 17 is the result of a major effort over a period of 10 months to bridge our differences over this issue in a manner that preserves the principles of both sides. Like the Shanghai and normalization communiqués, it is not designed to resolve at one stroke all contentious issues. It does provide us with a framework for gradually reducing our differences on the issue of arms sales, however, and thus goes beyond previous communiqués. We have no plans for another communiqué.

Question 2. In paragraph 3, the United States agrees to respect the PRC's sovereignty. Does this establish or acquiesce in PRC sovereignty over Taiwan? Will this statement expose the United States to future pressure from the PRC to terminate arms sales to Taiwan? When the United States "emphatically state(s)" this position, are we reinforcing the PRC position that we are meddling in their internal affairs?

Answer. No; the statement referred to in paragraph 3 does not have such an effect. There has been no change in the U.S. position on the question of sovereignty over Taiwan. The United States has consistently stated that it "acknowledges" the Chinese position that there is one China and that Taiwan is part of China. This has been our formal position since the normalization communiqué which came into effect on January 1, 1979. In substance, it is nearly identical to the position we took in the Shanghai Communiqué of February 28, 1972. China has steadfastly maintained that our arms sales constitute an interference in its internal affairs. We have never subscribed to this position. The language of the communiqué does not reinforce or acknowledge the PRC position in this regard.

Question 3. In paragraph 5, the United States takes it upon itself to "reiterate" that it will not infringe upon Chinese sovereignty. Is this not simply providing ammunition to the PRC in their demands that the United States cease its arms sales to Taiwan?

Answer. No. Respect for each other's sovereignty is a fundamental principle guiding bilateral relations between all nations. We have reiterated this position in all three major United States-China communiqués. Doing so in paragraph 5 is consistent with this approach and does not provide the ammunition to which you have alluded.

Question 4. Also relating to paragraph 5, can you explain why the United States "understands and appreciates" the PRC "striving" for a peaceful resolution of the Taiwan issue? By doing this, are we agreeing that a military solution is not ruled out?

Answer. We have repeatedly insisted that any resolution of the Taiwan issue be by peaceful means. We are encouraged by China's commitment in the communiqué to a fundamental policy of striving for a peaceful resolution to the Taiwan question. Our statement in paragraph 5 reflects our appreciation of this fundamental peaceful policy. Our statements on the Taiwan issue throughout the communiqué are premised on a peaceful, not a military, solution.

Question 5. (Paragraph 5) By "understanding and appreciating" the PRC message to Taiwan of January 1979 and of September 1981, is the United States endorsing both proposals and thereby pressuring Taiwan to negotiate with the PRC?

Answer. As the President said in his statement on the communiqué, we attach great significance to the Chinese statement in the communiqué regarding China's "fundamental" peaceful policy. The PRC message to Taiwan of January 1979 and of September 1981 are also indicative of China's peaceful approach. The United States stated clearly at the time of normalization our expectation that the Taiwan issue would be settled peacefully by the Chinese people themselves. There has been no change in our position. We have not endorsed any of the specific proposals put forward by the PRC. Our longstanding position is that any resolution of the Taiwan issue should be arrived at by the Chinese people themselves, without outside interference. Our sole, abiding interest is that any resolution be peaceful. We see no mediation role for the United States nor will we attempt to exert pressure on Taiwan to enter into negotiations with the PRC.

Question 6. In paragraph 6, the United States says that it has no "long term policy" of arms sales to Taiwan. The Taiwan Relations Act establishes U.S. policy as providing necessary defensive weapons to Taiwan without limit of time. How do you reconcile these opposing statements?

Answer. The principles embodied in the Taiwan Relations Act commit the United States to sell to Taiwan arms necessary to maintain a sufficient self-defense capability. As the threat to Taiwan diminishes, Taiwan's need for arms will diminish over time. Given the current low threat level, and the expectation that Beijing will continue its peaceful attitude toward Taiwan, our statement that we do "not seek to pursue a long term policy of arms sales to Taiwan" is proper and consistent with the TRA. We will continue to monitor the situation for any changes in the threat to Taiwan. Should it appear that China's policy toward Taiwan has changed, we would of course be able to reassess our policy.

Question 7. In paragraph 6, the United States agrees to restrict its sale of arms to Taiwan. How do you plan to measure these "qualitative and quantitative restrictions? In dollars, or numbers? How will you judge in a qualitative sense? How does the inflating price of weaponry fit into this?

Answer. The references to "quantitative and qualitative terms" in the communiqué are terms of general principle, not rigid definitions. Inflationary factors would of course be taken into account.

Question 8. In paragraph 6, the United States agrees to limit its arms transfers to Taiwan to the level supplied in "recent years." What year and what amount?

Answer. The reference as stated in paragraph 6 refers to the level in recent years “since the establishment of diplomatic relations between the United States and China”; i.e. since January 1, 1979. Regarding the amount, we are talking about a general policy and trends, not specific amounts.

Question 9. In paragraph 7, the communiqué speaks of a “final settlement”—presumably the termination of sales to Taiwan—and commits the United States to “make every effort” toward this end. Does this buttress the PRC position that we must cease sales to Taiwan?

Answer. The “final settlement” in the joint communiqué refers to a resolution of United States-PRC differences over the issue of arms sales to Taiwan. This settlement is not further defined. We have made clear to the Chinese, however, that we would not agree to set a specific time for termination of such sales.

Question 10. In paragraph 8, the communiqué speaks of the development of United States-China relations as contributing to peace and stability. Few would disagree with that, but would you consider terminating arms sales to Taiwan as contributing to peace and stability?

Answer. The communiqué does not provide for termination of arms sales to Taiwan. It does move us a step closer to resolving United States-PRC differences over the issue of arms sales, but does not specify the precise manner of resolution. Our policy of gradually reducing arms sales to Taiwan, enunciated in the communiqué, relates directly to China’s fundamental policy of striving for a peaceful resolution of its differences with Taiwan. Continuation of that policy will indeed contribute to peace and stability, as will an advancing constructive United States-China relationship (in contrast to one of United States-China bitterness focused on differences over Taiwan arms sales). These favorable trends should enhance the security of all U.S. friends and allies in East Asia, including the people of Taiwan. Of course, as I have stated before, we will continue to monitor the Taiwan situation and make appropriate arms sales to Taiwan based on our assessment of their defense needs, in accordance with the Taiwan Relations Act.

The Process of U.S. Arms Sales to Taiwan

- U.S.-Taiwan Arms Sales Talks:⁸³
 - » Taiwan's Ministry of National Defense (MND) presents a list of requested items to the relevant American officials.
 - » Soon thereafter, the American Institute in Taiwan (AIT) arranges for small working groups of mostly Pentagon staff to visit Taiwan. These groups assess Taiwan's defense needs in the context of the list of requests presented to the United States by the MND and work directly with Taiwan's military to gather information.
 - » Following these visits, the Pentagon devises its position regarding Taiwan's arms requests, while the State Department and the National Security Council (NSC) devise their own positions.
 - » Officials at the Pentagon, the State Department and the NSC work together to settle any differences in their respective positions.
 - » Officials from Taiwan and the United States hold talks on U.S. arms sales to Taiwan. The U.S. side is represented by the American Institute in Taiwan and the Pentagon. These organizations present their decisions to a military delegation from Taiwan, led by Taiwan's MND.
 - » At this point, Taiwan's MND submits a formal Letter of Request (LOR) for specific items, and the sale is ready for submission to Congress.
- Congressional Notification:
 - » The President provides a formal (written) notification to Congress 30 calendar days prior to concluding government-to-government foreign military sales of:
 - \$14 million or more worth of major defense equipment;
 - \$50 million or more worth of defense articles or services; or
 - \$200 million or more worth of design and construction services.
 - » If 30 calendar days pass from the point of notification without congressional action, the President may continue with the sale.
 - » Congress may block (or modify) a proposed sale through a joint resolution of disapproval or the standard legislative process. Because of this, not all notified sales result in deliveries.
 - » The President may bypass the required 30-day notification requirement by formally notifying Congress that an emergency situation that threatens U.S. security requires the immediate sale of defense equipment.
- Post U.S. Government Vetting Process:
 - » Relevant branches of the U.S. military then respond to the Taiwan Ministry of National Defense's original Letter of Request (LOR) with a formal Letter of Offer and Acceptance (LOA).
 - » After Taiwan signs the LOA, a contract is finalized with U.S. arms suppliers in coordination with the relevant government authorities.
 - » The order is produced and delivered.

⁸³ In April 2001, President George W. Bush discontinued the annual arms sales talks and instead focused on considering sales of defensive equipment to Taiwan on an "as-needed basis." This means that Taiwan can formally request defensive equipment by submitting a letter of request (LOR) at any point during the year.

APPENDIX D

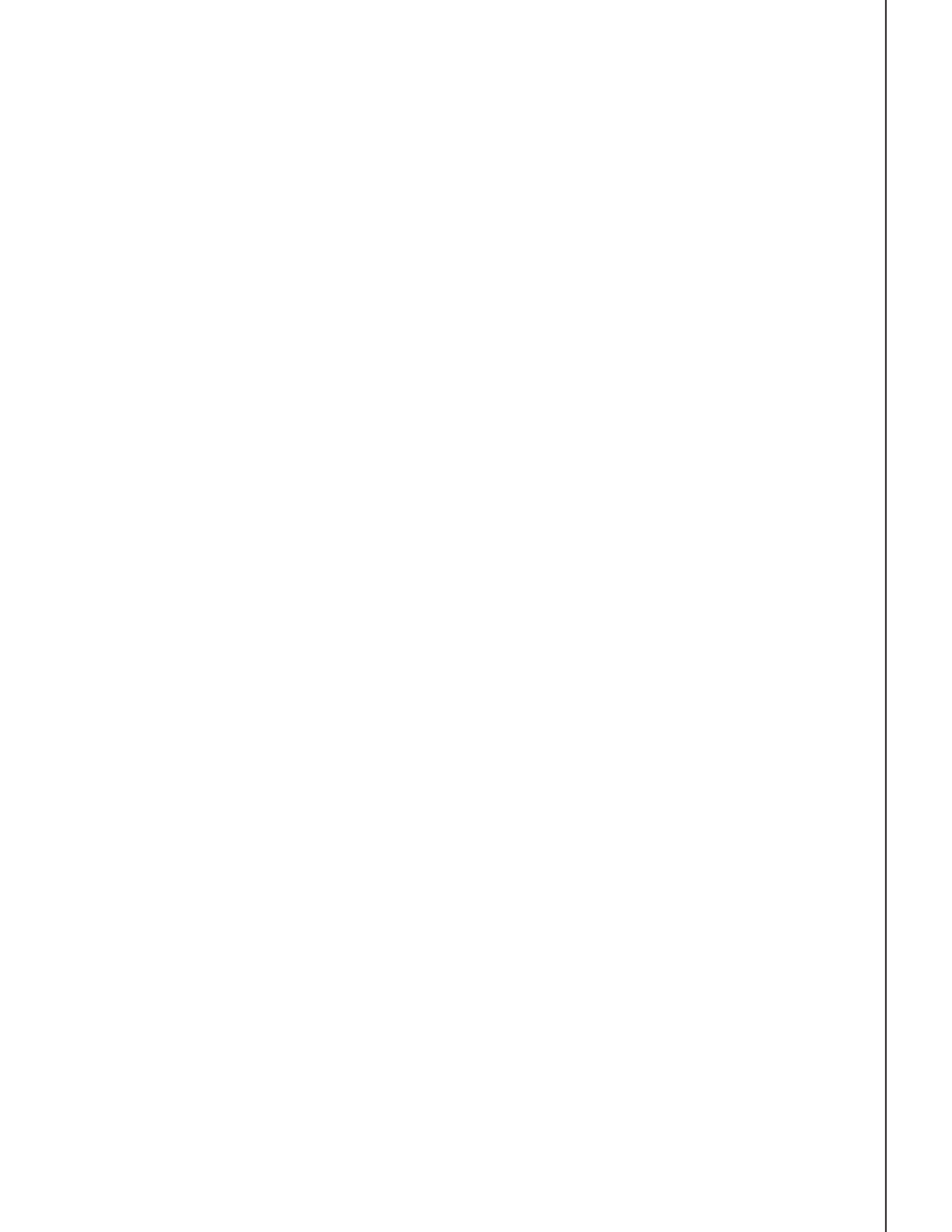
U.S. Arms Sales to Taiwan: Total Sales Deliveries (1979-2011)

Updated as of March 28, 2012

Source: Defense Security
Cooperation Agency Fiscal
Year Series 2011

| Year | Total Sales Deliveries (dollars in thousands) | Inflation Adjusted (dollars in thousands) |
|--------------|--|--|
| 1979 | 180,682 | 571,398 |
| 1980 | 210,373 | 586,170 |
| 1981 | 372,521 | 940,909 |
| 1982 | 386,319 | 919,135 |
| 1983 | 386,712 | 891,433 |
| 1984 | 291,974 | 645,192 |
| 1985 | 336,142 | 717,251 |
| 1986 | 248,517 | 520,602 |
| 1987 | 356,755 | 721,028 |
| 1988 | 496,614 | 963,817 |
| 1989 | 386,921 | 716,409 |
| 1990 | 451,768 | 793,598 |
| 1991 | 548,517 | 924,642 |
| 1992 | 710,465 | 1,162,641 |
| 1993 | 814,767 | 1,294,572 |
| 1994 | 844,781 | 1,308,749 |
| 1995 | 1,329,023 | 2,002,203 |
| 1996 | 820,225 | 1,200,247 |
| 1997 | 2,354,393 | 3,367,941 |
| 1998 | 1,423,452 | 2,005,006 |
| 1999 | 2,264,763 | 3,121,104 |
| 2000 | 783,767 | 1,044,995 |
| 2001 | 1,154,615 | 1,496,853 |
| 2002 | 1,367,080 | 1,744,710 |
| 2003 | 709,026 | 884,718 |
| 2004 | 916,926 | 1,114,456 |
| 2005 | 1,399,963 | 1,645,792 |
| 2006 | 1,067,496 | 1,215,728 |
| 2007 | 790,276 | 875,089 |
| 2008 | 693,901 | 739,960 |
| 2009 | 646,793 | 692,187 |
| 2010 | 873,872 | 920,111 |
| 2011 | 802,546 | 819,154 |
| TOTAL | 27,306,953 | |

Note: Inflation adjusted to 2012 figures using the Bureau of Labor Statistics
inflation calculator (http://www.bls.gov/data/inflation_calculator.htm)



APPENDIX E

U.S. Arms Sales to Taiwan: Types of Conventional Weapons Delivered (1979-2012)

WEAPONS SUPPLIED BY THE UNITED STATES

| Year of order | Year of delivery | No. delivered | No. ordered | Weapon Designation | Weapon Description |
|---------------|------------------|---------------|-------------|----------------------|-----------------------|
| 1979 | 1980-1982 | [500] | 500 | AGM-65 Maverick | ASM |
| 1979 | 1981-1982 | [6] | [6] | Hughes-500/OH-6A | Light helicopter |
| 1980 | 1981-1982 | [1013] | 1013 | BGM-71 TOW | Anti-tank missile |
| 1980 | 1981-1982 | [5] | 5 | I-HAWK | SAM system |
| 1980 | 1983 | [25] | 25 | M-109A1 155mm | Self-propelled gun |
| 1980 | 1981-1982 | [50] | 50 | M-110A2 203mm | Self-propelled gun |
| 1980 | 1981-1982 | [284] | 284 | MIM-72C Chaparral | SAM |
| [1980] | 1984-1990 | [120] | 120 | TFE-731 | Turbofan |
| 1981 | 1981 | 2 | 2 | Gearing FRAM-1 | Destroyer |
| 1982 | 1983-1985 | [216] | [216] | AIM-9J/P Sidewinder | SRAAM |
| [1982] | 1983-1985 | [300] | [300] | Commando V-150 | APC |
| [1982] | 1982-1983 | [66] | 66 | F-104G Starfighter | FGA aircraft |
| 1982 | 1984-1986 | [90] | 90 | M-106 | Self-propelled mortar |
| 1982 | 1984-1986 | [267] | 267 | M-113 | APC |
| [1983] | 1986-1988 | [500] | [500] | AIM-7M Sparrow | BVRAAM |
| 1983 | 1985 | 3 | 3 | CH-47C Chinook | Helicopter |
| 1983 | 1983 | 2 | 2 | Gearing FRAM-1 | Destroyer |
| [1983] | 1984 | [10] | [10] | M-110A2 203mm | Self-propelled gun |
| 1983 | 1985-1986 | [33] | 33 | M-88A1 | ARV |
| 1983 | 1985 | [120] | 120 | MIM-72C Chaparral | SAM |
| 1983 | 1984-1985 | [384] | 384 | MIM-72C Chaparral | SAM |
| 1983 | 1986-1992 | [170] | 170 | RIM-66B Standard-1MR | SAM |
| [1984] | 1988 | 2 | 2 | AN/TPS-77 | Air search radar |
| 1984 | 1986 | 12 | 12 | C-130H Hercules | Transport aircraft |
| 1984 | 1985-1986 | 14 | 14 | S-70/UH-60 Blackhawk | Helicopter |
| 1984 | 1984-1986 | [42] | 42 | T-34C Turbo Mentor | Trainer aircraft |
| 1985 | 1985 | 1 | 1 | Ashland FRAM-2 | AALS |
| 1985 | 1986-1987 | [262] | [262] | MIM-72C Chaparral | SAM |
| 1985 | 1985 | 9 | [9] | S-2E Tracker | ASW aircraft |
| 1986 | 1988 | [1] | [1] | AN/TPQ-37 Firefinder | Arty locating radar |
| [1986] | 1991-1993 | [27] | [27] | S-2T Turbo Tracker | ASW aircraft |
| 1987 | 1988-1990 | 12 | 12 | Beech-1900/C-12J | Light transport ac |
| [1989] | 1990 | 6 | 6 | M-992 FDCV | APC/CP |
| [1989] | 1989-1992 | [7] | 7 | Mk-15 Phalanx | CIWS |
| [1989] | 1989-1992 | [7] | 8 | W-160 | Fire control radar |
| 1990 | 1991 | 1 | 1 | C-130H Hercules | Transport aircraft |
| [1990] | 1991 | [72] | 72 | M-109A1 155mm | Self-propelled gun |
| 1990 | 1995 | [4] | 4 | M-88A1 | ARV |
| 1990 | 1991 | [18] | 18 | M-9 ACE | AEV |
| 1990 | 1991 | 3 | 3 | Navajo/ATF | Tug |
| 1990 | 1990-1991 | [10] | 10 | S-70B/SH-60B Seahawk | ASW helicopter |

| Comments |
|---|
| Deal worth \$25 m; for F-5E combat aircraft |
| \$12 m deal (includes 49 launchers) |
| Deal worth \$18 m; M-109A2 version |
| \$37 m deal |
| \$35 m deal; RIM-92C Sea Chaparral version; for modernized Fletcher destroyers |
| For 60 AT-3 trainer/light combat aircraft produced in Taiwan |
| Ex-U.S.; Taiwanese designation Chao Yang |
| For F-5E combat aircraft; AIM-9J version |
| Includes 107mm mortar carrier and TOW anti-tank version |
| Ex-FRG aircraft returned to USA and sold to Taiwan; \$31 m deal; includes 27 TF-104G |
| Part of \$97 m deal |
| Part of \$97 m deal; M-113A2 version; includes 72 M-125 81mm mortar carrier, 31 M-577 CP and 24 ambulance version |
| RIM-7M Sea Sparrow (SAM) version |
| Including for disaster relief operations |
| Ex-U.S.; Taiwanese designation Chao Yang |
| \$54 m deal |
| RIM-92C Sea Chaparral version |
| \$167 m deal (includes 24 M-48 Chaparral launchers); MIM-72F version |
| For modernized Chien Yang (Gearing) destroyers |
| \$36 m deal; GE-592 version; part of 'Sky Net' air-surveillance network |
| \$325 m deal |
| Including for VIP transport |
| Ex-U.S.; Taiwanese designation Cheng Hai Class |
| \$94 m deal (includes 16 M-48 Chaparral launchers); MIM-72F version |
| Ex-U.S.; S-2G version |
| \$260-366 m deal; Taiwanese S-2E and S-2G aircraft rebuild to S-2T version |
| For VIP transport and training |
| \$15 m deal; for modernization of 7 Chien Yang (Gearing) destroyers |
| For modernization of 8 Chien Yang (Gearing) destroyers |
| Equipped for SIGINT and EW |
| M-109A2 version |
| Ex-U.S.; Taiwanese designation Ta Tung; 1 more delivered for spares only |
| S-70C(M)-1 Thunderhawk version |

| Year of order | Year of delivery | No. delivered | No. ordered | Weapon Designation | Weapon Description |
|---------------|------------------|---------------|-------------|-----------------------|--------------------|
| [1991] | 1993-1995 | [684] | 684 | AGM-114A HELLFIRE | Anti-tank missile |
| [1991] | 1992 | [1] | [1] | AN/MPQ-53 | Fire control radar |
| 1991 | 1993-1994 | [97] | 97 | RIM-66B Standard-1MR | SAM |
| 1992 | 1997-1999 | [600] | 600 | AIM-7M Sparrow | BVRAAM |
| 1992 | 1997-1999 | [900] | 900 | AIM-9L/M Sidewinder | SRAAM |
| 1992 | 1999 | [1] | [1] | AN/TPS-77 | Air search radar |
| 1992 | 1993-1995 | [26] | 26 | Bell-206/OH-58D(I) | Combat helicopter |
| 1992 | 1993-1997 | [42] | 42 | Bell-209/AH-1W | Combat helicopter |
| 1992 | 1997-1999 | [150] | 150 | F-16C | FGA aircraft |
| 1992 | 1993 | 3 | 3 | Knox | Frigate |
| [1992] | 1994-2000 | 12 | 12 | R-76 | Fire control radar |
| 1992 | 1995 | 38 | 38 | RGM-84 Harpoon | Anti-ship missile |
| 1993 | 1994-1996 | [4] | [4] | C-130H Hercules | Transport aircraft |
| 1993 | 1994-1995 | [4] | 4 | E-2C Hawkeye | AEW&C aircraft |
| 1993 | 1995 | 40 | 40 | T-38 Talon | Trainer aircraft |
| 1994 | 1995 | 4 | 4 | Aggressive | Minesweeper |
| 1994 | 1995 | 3 | 3 | Knox | Frigate |
| [1994] | 1995-1998 | [160] | 160 | M-60A3 Patton-2 | Tank |
| 1994 | 1996-1997 | [200] | 200 | MIM-104 PAC-2 | SAM |
| 1994 | 1996-1997 | 3 | 3 | Patriot | SAM system |
| [1994] | 1994-2001 | [383] | [383] | RIM-66B Standard-1MR | SAM |
| 1995 | 1996-1998 | 6 | 6 | Mk-15 Phalanx | CIWS |
| 1995 | 1997 | 2 | 2 | Newport | Landing ship |
| 1996 | 1997-1998 | [4] | 4 | C-130H Hercules | Transport aircraft |
| [1996] | 1998 | 28 | 28 | M-109A5 155mm | Self-propelled gun |
| 1996 | 1998-2002 | 300 | 300 | M-60A3 Patton-2 | Tank |
| 1997 | 1998 | [74] | 74 | Avenger | Mobile SAM system |
| [1997] | 1998-1999 | [30] | 30 | Bell-206/OH-58 | Light helicopter |
| 1997 | 2000-2002 | [21] | [21] | Bell-209/AH-1W | Combat helicopter |
| 1997 | 1999-2001 | [1786] | 1786 | BGM-71 TOW | Anti-tank missile |
| 1997 | 1998-2001 | [1299] | 1299 | FIM-92 Stinger | Portable SAM |
| 1997 | 1998-2000 | [52] | 52 | RGM-84 Harpoon | Anti-ship missile |
| 1997 | 2000-2001 | [11] | 11 | S-70B/SH-60B Seahawk | ASW helicopter |
| [1997] | 1998 | 4 | 4 | S-70/UH-60L Blackhawk | Helicopter |
| 1998 | 2000-2001 | [14] | [14] | AN/AAQ-13 LANTIRN | Aircraft EO system |
| 1998 | 2000-2001 | [14] | [14] | AN/AAQ-14 LANTIRN | Aircraft radar |
| 1998 | 2000-2001 | [728] | 728 | FIM-92 Stinger | Portable SAM |
| 1998 | 1999 | 2 | 2 | Knox | Frigate |
| 1999 | 2001 | [240] | 240 | AGM-114K HELLFIRE | Anti-tank missile |
| 1999 | 2000 | 1 | 1 | Anchorage | AALS |
| 1999 | 1999-2001 | [13] | 13 | Bell-206/OH-58D(I) | Combat helicopter |
| 1999 | 2002-2003 | [9] | 9 | CH-47D Chinook | Helicopter |
| [1999] | 1999-2000 | 3 | 3 | Diver | Salvage ship |
| 1999 | 2005 | 2 | 2 | E-2C Hawkeye-2000 | AEW&C aircraft |
| 1999 | 1999-2000 | [58] | 58 | RGM-84 Harpoon | Anti-ship missile |
| 2000 | 2001-2003 | [120] | 120 | AIM-120C AMRAAM | BVRAAM |

| Comments |
|---|
| AGM-114C version; for Bell-206/OH-58D and Bell-209/AH-1W helicopters |
| For use with Sky Bow SAM system produced in Taiwan |
| \$55 m deal; for Perry (Cheng Kung) frigates |
| Part of \$5.8 b deal; for F-16C combat aircraft |
| Part of \$5.8 b deal; AIM-9S version; for F-16C combat aircraft |
| GE-592 version; part of 'Sky Net' air-surveillance network |
| \$367 m deal |
| Part of \$5.8 b deal; includes 30 F-16B; officially sold as F-16A Block-20 but similar to F-16C Block-40 |
| Ex-U.S.; 5-year lease worth \$236 m including training; Taiwanese designation Chin Yang Class |
| HR-76C5 version; for 12 Jin Chiang OPV/corvettes produced in Taiwan |
| Deal worth \$68 m; for Knox Class frigates |
| Deal worth \$700 m (offsets 10 or 40%); E-2T version |
| Ex-U.S.; 3-year lease worth \$49 m |
| Ex-U.S.; \$2.5 m deal; modernized before delivery; Taiwanese designation Yung Yang |
| Ex-U.S.; 5-year lease worth \$225 m; Taiwanese designation Chin Yang |
| Ex-U.S.; \$91 m deal; modernized before delivery |
| Part of \$1.3 b deal |
| Part of \$1.3 b deal; Patriot MADS or Patriot-T version |
| For Perry (Cheng Kung) frigates |
| Part of \$75 m deal; for 6 La Fayette (Kang Ding) frigates from France |
| Ex-U.S.; lease until bought 2000; Taiwanese designation Chung Ho Class |
| \$200 m deal |
| Ex-U.S.; \$223 m deal |
| \$63 m deal (part of \$420 m deal) |
| For training; from Canadian production line; Bell-206B-3/TH-67 Creek version |
| \$479 m deal |
| \$80 m deal (includes 114 launchers); BGM-71E TOW-2A version |
| Part of \$420 m deal; for Avenger SAM systems |
| \$95 m deal |
| S-70C(M)-2 Thunderhawk version |
| For SAR; S-70C-6 Super Blue Hawk version |
| Part of \$106 m deal; Sharpshooter version; for F-16 combat aircraft |
| Part of \$106 m deal; Pathfinder version; for F-16 combat aircraft |
| \$180 m deal (includes 61 launchers) |
| Ex-U.S.; 1 or 2 more delivered for spares only; Taiwanese designation Chin Yang |
| \$23 m deal; AGM-114K3 version |
| Ex-U.S.; Taiwanese designation Shui Hai |
| \$172 m deal; assembled from kits in Taiwan |
| \$300-486 m deal; CH-47SD version |
| Ex-U.S.; Bolster version |
| \$400 m deal; E-2T/Hawkeye-2000 version |
| \$101 m deal; AGM-84 version (possibly Block-2 CTS version with land-attack capability); for F-16 combat aircraft |
| \$150 m deal; for F-16 combat aircraft; stored in U.S. until 2003 when delivered to Taiwan after China introduced similar AA-12 missiles in 2002/2003 |

| Year of order | Year of delivery | No. delivered | No. ordered | Weapon Designation | Weapon Description |
|---------------|------------------|---------------|-------------|-----------------------|--------------------|
| 2000 | 2000-2005 | [302] | 302 | MIM-72C Chaparral | SAM |
| [2001] | 2003 | [40] | 40 | AGM-65 Maverick | ASM |
| [2001] | 2002 | 3 | [3] | AGM-88 HARM | Anti-radar missile |
| 2001 | 2002 | 71 | [71] | RGM-84 Harpoon | Anti-ship missile |
| 2002 | 2004-2006 | [11] | 11 | AN/TPS-77 | Air search radar |
| 2002 | 2003-2004 | [290] | 290 | BGM-71F TOW-2B | Anti-tank missile |
| [2002] | 2005 | [360] | 360 | FGM-148 Javelin | Anti-tank missile |
| 2003 | 2005-2006 | [182] | 182 | AIM-9L/M Sidewinder | SRAAM |
| [2003] | 2005-2006 | 4 | 4 | Kidd | Destroyer |
| 2003 | 2005-2006 | [54] | 54 | LVTP-7A1/AAV-7A1 | APC |
| [2003] | 2005-2006 | [22] | [22] | RGM-84L Harpoon-2 | Anti-ship missile |
| [2003] | 2005-2006 | [148] | [148] | Standard Missile-2MR | SAM |
| [2004] | 2007-2008 | [449] | [449] | AGM-114K HELLFIRE | Anti-tank missile |
| 2004 | 2005 | [50] | [50] | Paveway | Guided bomb |
| 2005 | 2007 | [5] | 5 | AIM-7M Sparrow | BVRAAM |
| 2005 | 2006 | [10] | 10 | AIM-9L/M Sidewinder | SRAAM |
| 2005 | | | 1 | AN/FPS-115 Pave Paws | Air search radar |
| [2005] | 2009-2012 | [335] | [650] | C-9 | Diesel engine |
| [2007] | 2012 | [10] | [218] | AIM-120C AMRAAM | BVRAAM |
| [2007] | 2012 | 2 | 2 | Osprey | Minehunter |
| [2008] | 2012 | [1] | 12 | P-3CUP Orion | ASW aircraft |
| [2008] | | | [32] | RGM-84L Harpoon-2 | Anti-ship MI/SSM |
| 2008 | 2010-2012 | [60] | 60 | RGM-84L Harpoon-2 | Anti-ship MI/SSM |
| 2008 | 2010-2012 | [144] | 144 | Standard Missile-2MR | SAM |
| 2009 | 2011-2012 | [235] | 235 | AGM-65 Maverick | ASM |
| 2009 | 2011 | [182] | 182 | FGM-148 Javelin | Anti-tank missile |
| 2009 | 2012 | [25] | 171 | FIM-92 Stinger | Portable SAM |
| 2009 | 2012 | [25] | [25] | FIM-92 Stinger | Portable SAM |
| 2009 | | | 264 | MIM-104 PAC-3 | SAM |
| 2009 | | | 4 | Patriot-3 | SAM system |
| 2009 | 2011-2012 | [3] | 3 | Patriot-3 | SAM system |
| [2010] | 2012 | [50] | [1000] | AGM-114K HELLFIRE | Anti-tank missile |
| [2010] | 2012 | [2] | 30 | AH-64D Apache | Combat helicopter |
| [2010] | 2012 | [1] | [17] | AN/APG-78 Longbow | Combat heli radar |
| [2010] | | | [124] | MIM-104F PAC-3 | SAM |
| [2010] | | | [2] | Patriot PAC-3 | SAM system |
| [2011] | | | [176] | RACR | Combat ac radar |
| 2011 | | | 4 | S-70/UH-60L Blackhawk | Helicopter |
| [2012] | | | 56 | S-70/UH-60L Blackhawk | Helicopter |

| Comments |
|--|
| Ex-U.S.; MIM-72E/G/J versions |
| \$18 m deal; AGM-65G version; for F-16 combat aircraft |
| |
| Includes 4 AN/TPS-117 |
| \$18 m deal |
| \$51 m deal (incl 40 launchers) |
| \$17 m deal; AIM-9M-2 version |
| Ex-U.S.; \$740 m deal; Taiwanese designation Keelung |
| \$64-156 m deal; ex-US AAV-7A1 rebuilt to AAV-7A1RAM/RS; includes 4 CP and 2 ARV version |
| RGM-84L Block-2 version; for Kidd (Keelung) destroyers |
| SM-2MR Block-3A version; for Kidd (Keelung) destroyers |
| Part of \$50 m deal; AGM-114M3 version |
| |
| Part of \$280 m deal; for training in U.S. |
| Part of \$280 m deal; AIM-9M version; for training in U.S. |
| Part of \$1.4 b 'SRP' programme |
| For 650 CM-32 APC/IFV produced in Taiwan |
| |
| Ex-U.S.; \$30 m deal; modernized before delivery, Taiwanese designation Yung Jin |
| \$664 m deal (offsets 70%); ex-US P-3C rebuilt to P-3CUP (possibly includes 8 in Taiwan); delivery 2012-2015 |
| UGM-84L version; for Zwaardvis (Hai Lung) submarines; delivery probably from 2013 |
| \$90 m deal; AGM-84L Block-2 version; for F-16 combat aircraft |
| SM-2 Block-3A version |
| AIM-65G2 version |
| \$21-29 m deal |
| \$45 m deal; for AH-64D combat helicopters |
| \$9.9 m deal; Stinger Block-1 version |
| Part of \$3.2 b deal |
| \$1.1 b deal (includes \$134 m for spares; part of \$3.2 b deal); delivery 2014/2015 |
| \$600 m deal; Taiwanese Patriot SAM systems rebuilt to Patriot-3 version |
| AGM-114L version; for AH-64D combat helicopters |
| \$2.5 b deal; AH-64D Block-3 version; delivery from 2012 |
| For AH-64D combat helicopters |
| |
| |
| For modernization of 145 F-16 combat aircraft; designation uncertain (reported as RACR or SABR); contract not yet signed |
| \$49 m deal; delivery by 2013 |
| UH-60M version; selected but contract probably not yet signed |

WEAPONS LICENSED TO TAIWAN

| Year of license | Year of delivery | No. produced | No. ordered | Weapon Designation | Weapon Description |
|-----------------|------------------|--------------|-------------|--------------------|--------------------|
| [1982] | 1989-2000 | 131 | [131] | AN/APG-67 | Aircraft radar |
| 1982 | 1983-1986 | 60 | [60] | F-5E Tiger-2 | FGA aircraft |
| 1984 | 1985-1995 | [450] | [450] | M-48H Brave Tiger | Tank |
| 1987 | 1989-2000 | 262 | [262] | TFE-1042 | Turbofan |
| 1989 | 1993-2004 | 8 | 8 | Perry | Frigate |

Source: Arms Transfer Database, SIPRI
 (<http://www.sipri.org/databases/armstransfers>)
 Updated as of March 28, 2013

Note: The “No. delivered/produced” and “Year of delivery” columns refer to all deliveries since the beginning of the contract. Deals in which Taiwan was involved in the production of the weapon systems (i.e. weapons licensed to Taiwan) are listed separately. The “Comments” column includes publicly reported information on the value of the deal. Information on the sources and methods used in the collection of the data, and explanations of the conventions, abbreviations and acronyms, can be found at http://www.sipri.org/contents/armstrad/at_data.html. The SIPRI Arms Transfers Database is continuously updated as new information becomes available.

Information concerning the year of order, year of delivery, and number delivered/produced is in brackets if the accuracy of the data is uncertain. This does not imply that there is any uncertainty over whether the deal exists, or whether deliveries have taken place.

*Except for a few instances (highlighted above), there is no significant quantitative difference between the number of weapons ordered/agreed/proposed and the actual number of weapons delivered from 1979-2012.

| Comments |
|---|
| For 131 F-CK-1 (Ching Kuo) combat aircraft produced in Taiwan; Taiwanese designation Golden Dragon-53 |
| \$622 m deal; assembled/produced in Taiwan; incl 30 F-5F; Taiwanese designation Cheng Chung |
| Taiwanese designation also CM-11 or CM-12 Courageous Tiger |
| 'Yun Han' (Cloud Man) deal; for 131 F-CK-1 (Ching Kuo) combat aircraft produced in Taiwan; TFE-1042-70 version |
| 'Kwang Hua-1' project; order for last 1 delayed from 1997 to 2001 for financial reasons; Taiwanese designation Cheng Kung |

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