

An aerial photograph of a tropical island, likely in the Pacific region, featuring a runway, a small building, and a coral reef. The island is surrounded by shallow turquoise water with visible coral reefs and white sand beaches. The background shows a dark blue ocean under a sky with scattered white clouds.

Taiwan's Place in the Evolving Security Environment of East Asia

**A Workshop Report by the
Taiwan Democracy and Security Project**

July 2018

Taiwan's Place in the Evolving Security Environment of East Asia

Workshop Report

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Executive Summary

The greatest threat to Taiwan's continued place among the world's liberal democracies is today external, not internal. The People's Republic of China (PRC) has always posed an existential threat to the regime on Taiwan, but its growing economic influence, rapid military modernization, increasingly assertive maritime claims, and newly aggressive diplomatic efforts to isolate Taiwan from international bodies have accelerated in recent years. Put simply, Taiwan's long-term future as a democracy and de facto independent state is jeopardized by China's rise.

The PRC's growing power presents difficult security challenges for most of the countries in the Indo-Pacific region, not just for Taiwan. But these challenges are rarely considered from a multilateral perspective. Most U.S. analyses of security issues in the Western Pacific tend instead to focus on bilateral or trilateral (U.S.-China-Country X) relationships. This pattern is especially common in discussions of Taiwan's security, where the emphasis is on cross-Strait and U.S.-Taiwan relations to the neglect of Taiwan's other regional and global partnerships.

With this context in mind, in March 2018 the Taiwan Democracy and Security Project, a part of the U.S.-Asia Security Initiative

at Stanford University's Shorenstein Asia-Pacific Research Center, convened a workshop that examined Taiwan's place in the evolving security environment of East Asia. Participants from the United States, Taiwan, and elsewhere in Asia were experts on a wide array of economic, diplomatic, and security topics. The discussions at the workshop were intended to place Taiwan's security challenges in a broader regional context, to consider possible obstacles to and opportunities for greater multilateral cooperation on security issues, and to devise a set of recommendations for steps that Taiwan and its friends and partners could take to enhance regional security relationships.

REPORT HIGHLIGHTS

Negative attitudes toward the PRC regime are hardening in the United States. The past two years have coincided with a sea change in U.S. elite attitudes toward China across many domains. Within diplomatic, military, business, and academic circles, a large majority now view China's economic, political, and military trajectories and behavior in much less positive terms than even five years ago. This shift in attitudes extends across the partisan divide. This pattern is increasingly evident in Congress, where concern about

China's rise is now one of the few issue areas on which Republicans and Democrats share similar views.

The Trump administration's response to the challenges posed by the PRC has focused too heavily on military posture, and not enough on other elements of American power and influence. The *National Security Strategy* and *National Defense Strategy* both designate China as a strategic competitor, and U.S. Pacific Command has been renamed "U.S. Indo-Pacific Command" to make more explicit that America's competition with the PRC now spans both the Indian and Pacific Oceans. But while the current administration has adopted a more forceful military posture in the region to reassure allies and partners, it has also pursued strategies in other domains that have weakened the U.S. position, including withdrawing from the Trans-Pacific Partnership (TPP), imposing tariffs against allies as well as against the PRC, and taking a skeptical view even of bilateral trade agreements. The latest federal budget has also put the United States on a path of ever-greater fiscal risk and reinforced concerns among many countries in the region that U.S. national power is in long-term decline.

The PRC will continue to increase pressure on Taiwan absent a stronger U.S. and international response. China's stance toward Taiwan changed as soon as President Tsai Ing-wen took office in 2016 and refused to endorse the "1992 Consensus." Especially since the Communist Party's 19th Congress in November 2017, Beijing has pursued policies that shrink Taiwan's domestic and international space. They have more aggressively employed United Front tactics to win allies in Taiwan and isolate Tsai and the Democratic Progressive Party (DPP); used both policy carrots and sticks in an attempt to shape Taiwan's economy in ways that work to Beijing's benefit; and ratcheted up military exercises near the island. Each of these steps mimics the "salami-slicing" tactics that Beijing has employed elsewhere to increase pressure while

still remaining under a threshold that would trigger a response from the United States and other nations. Taiwan has little leverage to respond to PRC actions on its own.

Taiwan remains an important partner for the United States in the Western Pacific, and the U.S. commitment to Taiwan's security has implications for its other partners and allies in the region. Particularly in the face of Chinese efforts to undermine U.S. influence in Asia, Taiwan has an important symbolic role to play. A strong U.S. relationship with Taiwan sends a powerful signal to other allies and partners, including Japan, South Korea, and the nations of Southeast Asia, that the United States remains willing to bear costs in order to counter growing Chinese power. Any weakening of America's long-standing policy embodied in the Taiwan Relations Act of 1979 (which stipulates any effort to determine the future of Taiwan by other than peaceful means is to be regarded as threat to the peace and security of the Western Pacific area and of grave concern to the United States) would have negative consequences for Taiwan, the United States, and the stability of the entire Indo-Pacific Region.

Taiwan is currently vulnerable to PRC pressure and needs to strengthen its resolve to take appropriate actions as well as its resilience in the face of an increasingly aggressive China. Taiwan's economy is more dependent on the PRC than that of any other country in the world. Its military no longer holds a qualitative advantage over the People's Liberation Army (PLA), and its open and democratic political system appears vulnerable to Chinese influence operations and to both subtle and direct efforts to weaken trust in government institutions. Nevertheless, Taiwan could realistically pursue policies and make investments over the next few years that significantly strengthen its military, economic, and political resilience, and these necessary measures should be encouraged and supported by the United States.

RECOMMENDATIONS FOR THE UNITED STATES:

Enhance U.S.-Taiwan cooperation across multiple arenas. Taiwan's security environment continues to grow more precarious in the face of a rapidly modernizing PLA. The United States should continue to enhance and deepen high-payoff exchanges between the U.S. and Taiwan armed forces. In addition, restarting a process of regular arms sales will allow Taiwan military planners to better match resources with strategic goals.

Consider negotiating bilateral trade and investment treaties with Taiwan. Under the Trump administration, trade deficits have become a political lightning rod in America's relations with most of its allies and partners around the world. Both Taiwan and the United States could, however, benefit from entering into reciprocal tax and investment treaties that are politically less sensitive. Progress on issues like these would signal to the region the deepening of U.S. cooperation with Taiwan, including the use of non-military elements of U.S. power to improve Taiwan's economic position and to bolster it against the ongoing threats posed by the PRC's coercive actions.

Look for ways for the United States to support Taiwan's New Southbound Policy. The New Southbound Policy (NSP) offers considerable promise over the long term to lessen Taiwan's reliance on mainland China's economy and to address a strategic vulnerability. Taiwan shares many of the same strategic concerns that ASEAN member countries have about the PRC, from China's employment of aggressive tactics in pursuing maritime claims in the East and South China Seas, to the targeted use of investments and economic ties to expand its influence and to further its political goals. Thus, strengthening economic and people-to-people ties between Taiwan and Southeast Asia is a sensible way to counteract the strategic isolation that Beijing seeks to impose on Taiwan. The United States should encourage ASEAN member states to engage

with Taiwan in forums such as Asia-Pacific Economic Cooperation (APEC, in which Taiwan is already a member) and to include Taiwan in other multilateral conversations and negotiations, including, potentially, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP or "TPP-11").

Consider a "tit-for-tat" approach to respond to Beijing's "salami-slicing" tactics against Taiwan. Beijing will continue to take steps that further isolate Taiwan in international arenas, threaten its security, damage its economy, and undercut its democratically elected leadership. All of these actions are changes to the relationship that existed before President Tsai Ing-wen took office, and, taken together, challenge the credibility of U.S. statements about opposing "unilateral changes to the status quo." Furthermore, because Taiwan has limited means to oppose Beijing's actions, these steps will continue absent a firm U.S. response. The Trump administration should therefore consider taking steps that impose costs on the PRC and explicitly link these to actions that Beijing takes in its ongoing efforts to undermine Taiwan's interests.

RECOMMENDATIONS FOR TAIWAN:

Taiwan needs to take advantage of opportunities to be a responsible partner and good citizen in the region. Taiwanese firms have often taken actions in the region that are at odds with Taiwan's national interests and create ill will with neighbors and partners. For instance, Taiwanese firms have been caught violating sanctions against North Korea, Taiwanese fishing fleets are known for illegally fishing in the territorial waters of ASEAN states, and migrant workers from Southeast Asia routinely face violations of their labor rights when they come to Taiwan for work. In addition, local political and community leaders in Southeast Asia, when criticizing Chinese business practices, usually do

not differentiate between Taiwanese and PRC firms. The NSP could be enhanced with an explicit communications strategy to rebrand Taiwanese firms and help to establish a reputation for high standard enterprise practices that distinguish Taiwan from the PRC.

Taiwan's security strategy and military reform plans must adapt to current realities and future trends. Taiwan's armed forces cannot match the scope, depth, and pace of the PLA's modernization. They no longer enjoy the resource base that once made this a feasible strategy. Yet Taiwan's political leaders and military planners have not sufficiently adapted to this new reality. Instead, they continue to prioritize advanced, expensive equipment to fight a traditional conflict rather than asymmetric capabilities that would raise uncertainty in Beijing about the cost and likelihood of success of any coercive military actions taken against Taiwan. Taiwan's national security team needs to strengthen the resilience of the island's economy, infrastructure, government, military, and society in the face of growing pressure from Beijing, and they

need to do so in a manner that significantly increases the risks and the costs that China's decision-makers in the Communist Party leadership would face when contemplating unification by force.

Consider renouncing some of Taiwan's sovereignty claims in the South China Sea. The PRC's expansive claims to most of the South China Sea (SCS) are ultimately based on historical claims of the Republic of China (ROC)—that is, of the current Taiwanese state. Taiwan should distance itself from these claims, accept the core principles of the United Nations Convention on the Law of the Sea (UNCLOS) and the Permanent Court of Arbitration 2016 rulings regarding the SCS, and maintain only a territorial claim to Itu Aba. This would further isolate the PRC in the region and allow Taiwan's position to be more easily reconciled with those of other disputants. Such a step would also be consistent with the U.S. position on the SCS, thereby allying Taiwan with a possible emerging consensus about how to resolve competing claims.

Session I:

U.S. Alliances and the Political and Military Situation in the Western Pacific

The workshop began with a discussion of America's perspectives on security trends in East Asia. Several participants noted the striking difference in tone between the first National Security Strategy (NSS) and National Defense Strategy (NDS) issued by the Trump administration and those issued by the Obama, George W. Bush, and Clinton administrations. The NSS puts competition between states, rather than international terrorism, at the center of U.S. security strategy, and both reports name China and Russia as "revisionist powers" that want to "shape a world antithetical to U.S. values. . . ." China, in particular, is mentioned frequently as a "strategic competitor" everywhere in the world, and an adversarial state that seeks to replace the United States as the dominant power in the Indo-Pacific region. In response to this strategic challenge, the NDS names four objectives with respect to China:

1. maintaining a favorable regional balance of power in the Indo-Pacific region
2. defending allies from aggression and coercion
3. ensuring that common domains, in particular the South and East China Seas, remain open and free to all

4. maintaining an unrivaled innovation base that supports U.S. security needs

Participants emphasized that the language in these strategy documents reflected a broad, bipartisan hardening of opinions about China's current behavior and future intentions, and a firm intent to counter and place into proper context the PRC's growing economic and military power. Among diplomatic and foreign policy practitioners, the international business community, and elected officials in the United States, negative views of the U.S.-China relationship have become increasingly common. One speaker noted that if Hillary Clinton (rather than Donald Trump) had become president, the NSS would still have focused much more than the Obama administration had on the challenges that China poses to U.S. security interests. That is, concerns in the United States about China's rising global influence are now bipartisan and have been growing for some time. Far fewer Americans are willing to defend as acceptable Chinese behavior in the world today or to argue that the current state of the relationship is working to the benefit of U.S. national or of Asia's overall regional and global interests.

The implications of this shift in attitudes in Washington, DC, are important for U.S.

partners and allies in the Indo-Pacific region. Notwithstanding possible developments on the Korean Peninsula, the Trump administration is looking across the region to bolster U.S. military presence, increase forward deployed capabilities, strengthen partnerships, and build new networks of aligned states. Nevertheless, several participants expressed concern that the Trump administration is putting too much emphasis on military dimensions versus other diplomatic, economic, and cultural pillars. In the U.S.-Japan relationship, this concern is manifested by Japanese worry over Trump's language on trade and withdrawal from the Trans-Pacific Partnership. Japanese prime minister Abe has invested much time building a personal relationship with Trump in an attempt to persuade him to modify his trade policies with Japan. In the U.S.-South Korea relationship, this concern is directed toward the administration's rhetoric about military options to eliminate the threat of a nuclear North Korea. As such, Republic of Korea (ROK) president Moon Jae-in has been

very active in trying to convince President Trump of the high costs of any military action on the Korean Peninsula and—with apparent success—to explore options for greater diplomatic engagement with North Korea.

Among all the U.S. allies and partners in the region, perhaps none has more to gain from the shift in attitudes in Washington than does Taiwan. On this topic, there were several points of agreement. First, China's rise as a strategic competitor to the United States in the region poses a grave threat to the long-term security of Taiwan and its survival as a liberal democracy and de facto independent state. Second, Beijing's long-term goal remains to be the weakening of U.S.-Taiwan bonds, so that unification becomes all but inevitable should China's power continue to grow as the American presence in the region and its capacity to deter PRC threats begins to wane. Third, the cross-strait relationship has deteriorated considerably since the 2016 elections brought President Tsai Ing-wen and



ABOVE: Gi-Wook Shin (left, standing), director of Shorenstein Asia-Pacific Research Center, makes opening remarks at the workshop.

a DPP majority into office. Beijing has ramped up pressure on the Taiwanese political leadership and people via incremental tactics, including by increasing military patrols near Taiwanese airspace, blocking Taiwan's participation in international forums, poaching or coercing diplomatic allies, diversifying and intensifying its United Front operations in Taiwan's domestic politics, and increasing efforts to attract Taiwanese with special skills to jobs in mainland China. Finally, these actions present a problem not just for Taiwan but also, increasingly, for the credibility of the United States. If the American commitment to Taiwan is seen to diminish in the face of Chinese pressure, it will start to erode confidence in relations with Taiwan and also with other U.S. partnerships and alliances in the region.

Participants had several suggestions for how U.S.-Taiwan relations might most effectively be strengthened to counteract the current PRC strategy. One obvious step is for the United States to reestablish a regularized process for approving arms sales that would complement Taiwan's own long-term defense strategy. The willingness of the United States to do this helps increase the resolve of the Taiwan people and provides an important signal of American commitment to Taiwan's defense. A second step is to increase high-level diplomatic and military exchanges, which for decades have been limited in deference to Chinese sensitivities. The Taiwan Travel Act, signed by President Trump into law several weeks after this workshop, is consistent with this recommendation. Third, the United States could commit itself to enhancing the

bilateral economic relationship, possibly through a bilateral free trade agreement, or if that proves too difficult in the current political environment in Washington, then perhaps beginning with a bilateral investment agreement and tax treaty. The United States could also explore ways to be supportive of the Tsai administration's New Southbound Policy, whose central aims are to increase economic links with Southeast Asia and reduce Taiwan's economic dependence on the PRC. A fourth—and critical—step has to be taken by Taiwan. It must be willing to make the necessary economic investments and sacrifices to increase its own military preparedness, to improve the training and morale of its men and women in uniform, and to ensure that its armed forces are fully committed to the defense of Taiwan and will prove resilient in the face of PRC coercion.

One point of debate was the suggestion that the United States link its Taiwan policy closely to other aspects of the U.S.-China relationship, including questions about the bilateral trade imbalance or cooperation on North Korea. President Trump himself seemed to consider this kind of approach to Taiwan, but his administration has recently backed away from linking issues across different issue areas. There was disagreement among participants about whether Taiwan policy should in fact stand apart from other U.S. interests and partnerships in the region: one person noted that the Obama administration scrupulously avoided bringing Taiwan into broader discussions, which did not actually deter PRC behavior that was at odds with both Taiwanese and American interests.



Session II: Trade and Economic Relations in the Western Pacific

The discussion in this workshop panel covered trade and economic relations in East and Southeast Asia, and began with a consideration of how China's rise and newly ambitious regional economic initiatives are affecting the long-term strategic picture in the region.

Most participants acknowledged that the Trump administration's trade policy toward the region to date has represented a major paradigm shift. Rather than advocating for regional trade agreements such as the TPP or the Regional Comprehensive Economic Partnership (RCEP) and viewing these as competing visions of how to set the trade architecture for decades to come, President Trump's approach has been instead to focus on bilateral relationships, and in particular to emphasize trade deficits, aggressive use of enforcement tools for trade agreements, and even a rethink of World Trade Organization (WTO) rules. This approach has gained the most credence with respect to China itself. The American business community, which has in the past served as the great champion of free trade and investment, is now much less sanguine about China's practices. Many believe that it is time to take a harder line against Beijing's trade policies. With respect to America's allies and partners in the region,

by contrast, participants were generally quite concerned about the Trump administration's use of punitive trade measures at the same time that the United States is also seeking closer security ties and greater burden-sharing from these same states. The absence of any apparent coherent linking of security and economic policies was a major concern throughout the discussion.

This worry stems in part from China's own increasingly ambitious attempts to create alternative economic institutions and initiatives that would provide considerable short-run benefits to most other countries in the region, while also binding the region's economies more closely to its own. Two are particularly noteworthy: the Asian Infrastructure Investment Bank (AIIB) and the Belt and Road Initiative (BRI). The AIIB, announced in 2013, has turned out to be a rather conventional multilateral investment bank. The AIIB obtained considerable buy-in from other countries—it had fifty-seven founding members—and appears to be evolving toward a collective institution that generally will follow global best practices in lending and operations, due to the influence of the European members on the board. Thus, it poses little threat to the current regional economic order, and is instead, in fact,

cooperating with other multilateral banks to fund projects already underway. Overall, it appears to be turning into a “run-of-the-mill” development bank, and participants were in agreement that, at the current time, the AIIB does not pose a significant challenge to existing multilateral institutions.

The Belt and Road Initiative, by contrast, has been much less well defined, and so assessing its significance is much more difficult. PRC motivations behind the BRI actually appear to be economic first, with military and strategic interests as important secondary political considerations. After decades of domestic investment, the PRC finds itself with big excesses in infrastructure and building capacity. Beijing utilizes the BRI to redirect otherwise idle domestic assets—including unemployed PRC citizens—overseas. China also has a key political rationale: to present BRI as the PRC’s ongoing effort to play a central role on the world stage. It also reinforces the narrative that Xi Jinping is a leader who is restoring China to its “rightful place in the sun,” and it holds special appeal to Party and military leaders who want to reduce U.S. influence in the region.

One participant noted that the BRI is as much a public relations campaign as an “influence through development” plan. There is no registry of BRI projects, nor is there any concrete blueprint for constructing cross-border infrastructure according to a rational plan. Double-counting of projects is rampant and memoranda of understanding (MOU) are often issued multiple times for the same objectives. Nevertheless, Beijing has been very skillful in fostering a narrative that the BRI is the only serious approach to large-scale infrastructure construction in South Asia, Southeast Asia, and Central Asia. The promise of infrastructure development that contributes directly to economic development is especially attractive to leaders in the Indo-Pacific region, despite concerns about likely “debt traps” that come with a huge influx of migrant labor brought in from the PRC, land

concessions, and widespread corruption in projects. Ruling elites in these countries want to have high-profile development projects that can start immediately and that they can tout as significant accomplishments. In other words, these leaders often place a high value on BRI resources that support their political rhetoric, no matter how adverse the long-term consequences might be for accepting BRI projects on terms that favor mostly (or only) the PRC.

Nevertheless, there was some debate among the participants about how seriously to view the economic challenge that the BRI poses to U.S. interests in the region. One participant pointed out that most BRI projects were likely to be unprofitable for many years, if not forever, and that the United States should view this initiative as more likely to become a long-term liability for China than a pathway to sustained economic and political power and influence. Another noted that the United States is not properly postured or equipped to try to counter or compete directly with Chinese-led infrastructure projects in the region, even if it made strategic sense to develop a head-on response to the BRI. However, others also noted that the U.S. military has become concerned about the PRC’s objective of increasing its ability to project power in the region, particularly through control of strategic assets such as ports, roads, and railways included in the BRI.

The discussion also included consideration of Taiwan’s New Southbound Policy (NSP) in the larger context of the PRC’s ambitious trade and economic infrastructure projects in the region. The NSP is actually the fourth iteration of a policy initiated under President Lee Teng-hui in the 1990s to strengthen Taiwan’s engagement with the people and economies of Southeast Asia. The primary rationale for the NSP is to diversify Taiwan’s own economy and trade away from its current situation of overdependence on the Chinese mainland. But the NSP also has a sound economic foundation: ASEAN



ABOVE: Robert Sutter (George Washington University) presents the lunch keynote address, “Will the Trump Administration Support Taiwan Despite China’s Objections?”

countries are likely to have the fastest growing economies in the Indo-Pacific region over the next two decades, so it now also makes economic sense to relocate to Southeast Asia much of the manufacturing that Taiwanese firms had initially moved to mainland China. Taiwan also hosts a large number of migrant workers from Southeast Asia, and within Taiwanese society, there are a significant number of cross-national marriages that have strengthened demographic connections with the region. Among the elements of particular emphasis in this version of the NSP are people-to-people ties: increasing the numbers of students from Southeast Asia studying in Taiwan, strengthening international cooperation between NGOs and other non-state actors, and ramping up tourism and academic exchanges.

Several participants noted opportunities for Taiwan in the current trade and economic environment that should be more effectively pursued as part of the NSP. One suggestion was to work hard to establish a reputation for Taiwanese firms and business leaders as more ethical and law-abiding than those from the PRC. At the moment, most Southeast Asians do not differentiate between the two, with the result that Taiwanese-owned companies sometimes get targeted in protests aimed against PRC provocations, for instance, in the South China Sea.

Finally, this panel featured a lively discussion about whether cross-border economic interactions should always be assumed to be positive-sum relationships, or whether the strategic element to trade actually has a zero-sum element to it. Participants mentioned

several examples in which PRC-led competition to build infrastructure was producing clear benefits to the region as a whole. But in the Taiwanese case, at least one participant was much more wary of the benefits of economic integration with mainland China, noting that Beijing has repeatedly demonstrated a willingness to use economic leverage to impose costs on countries in retaliation for strategic behavior it perceives as contrary to its interests. Examples of this kind of punitive behavior from Beijing include drastically

reducing the flow of tourists to South Korea after Seoul agreed to host the U.S. military's Terminal High Altitude Area Defense (THAAD) missile system on its sovereign territory; blocking exports of rare earth metals to Japan due to differences in East China Sea policies; and halting the purchase of Filipino bananas after a spat over rival claims to Scarborough Shoal in the South China Sea. Taiwan is even more vulnerable to this type of punitive economic coercion.



Session III: Maritime Issues in the South and East China Seas

This session focused first on Chinese policies, strategies, and goals in the South China Sea (SCS). As summarized from the discussion, the PRC's long-term objectives are:

- to achieve and maintain sole operational control over the SCS
- by doing so, to acquire unrestricted double access to the Pacific and Indian Oceans
- to generate a fait accompli of PRC military and economic primacy in the Indo-Pacific region
- to preempt threats to the PRC's territorial integrity
- and finally, to make further progress toward the eventual political absorption of Taiwan

Given long-standing U.S. superiority in "hard power" in the region, the PRC has pursued a kind of asymmetric power strategy to advance toward these long-term objectives. The so-called Chinese maritime militia

has played an increasingly central role in the PRC's evolving efforts to achieve its ultimate goals in the SCS. Maritime tactics have included increasing the number of PRC fishing fleet and maritime patrols in territorially disputed as well as sovereign waters, and using non-lethal means to establish and maintain a presence on the land features in the SCS and to deny this presence to other claimants.

Thus, it is no longer enough to focus on the PLA Navy as the main actor in this region. The PRC military has three separate components, each of which has its own sea force:

- the PLA, which includes the Navy
- the People's Armed Police (PAP), which oversees the PRC Coast Guard
- the People's Armed Forces Maritime Militia (PAFMM), which nominally consists of security units responsible for overseeing PRC fishing fleets

All three forces cooperate in training, but also in real-world operations and in development of maritime doctrine. The PAFMM is developing into a full-time, robust maritime

force that claims civilian identity, but which is actually composed of elite military units that do not engage in fishing but instead are involved in intelligence gathering and escort protection details. While the PAFMM “fishing fleet” moniker is known to be a cover, these types of intentionally deceptive PRC practices complicate the calculus of foreign militaries operating in proximity and throughout the region.

There was general agreement among the participants that the response of the United States to these PRC tactics has not been very effective to date. The U.S. Navy has conducted freedom of navigation operations (FONOPs) as a way to challenge excessive maritime claims of the PRC and other states in the region, and it continues to execute these without significant interference from PLA Navy and coast guard vessels. But while FONOPs demonstrate a lack of absolute control over the South China Sea, they have done nothing to deter the construction of artificial islands and the intimidation of foreign civilian ships and large-scale Chinese fishing activities and oil exploration in both contested and previously uncontested waters. In practice, the PRC has succeeded in seizing territory and strengthening their sustained presence in the South China Sea at relatively low cost, creating the maritime equivalent of “facts on the ground.”

Among participants, the more controversial question was what to do about it. The PRC has pursued an asymmetric strategy in the SCS to great effect. Beijing has managed to make significant headway toward its long-term objectives both by not directly challenging U.S. hard power and also by punishing or coercing several of the other territorial claimants in the region. One possible response to counter China’s use of “maritime militia” craft might be to introduce vessels that are smaller

and lighter than conventional U.S. Navy warships into the region—or, as one participant put it, to “Gulliverize” the U.S. security presence. Another option is for the United States to focus on closer cooperation, including joint patrols, with the other claimants in the South China Sea, which would, in effect, backstop their claims with American military power. Here the problem is that the United States, following UNCLOS, does not take a position on most of the territorial claims made by other states in the region. An additional approach would be for a consortium of partner states (the United States, Japan, Australia, India, and possibly several European countries) to provide maritime security assistance to countries vulnerable to the PRC’s coercive tactics.

There were also some creative ideas raised about how to leverage the Taiwanese (ROC) claim in the South China Sea, and Taiwan’s effective control of the largest land feature, Itu Aba. Taiwan has already made some subtle moves away from the eleven-dash line on which the PRC claim is ultimately based. One participant noted that after the arbitral court decision in July 2016, the Tsai administration has no longer defended the eleven-dash line as an appropriate boundary for the ROC’s sovereign territory, and has instead focused on the land features themselves. Taiwan could further isolate the PRC position by renouncing claims except for Itu Aba, declaring that all other claimants in the region should follow the same principles that Taiwan does, and asserting that neither China, nor any other country, should exclusively control the SCS. Participants differed, however, on whether Taiwan should accept the arbitral court finding that Itu Aba is a rock that does not generate a two-hundred-nautical-mile exclusive economic zone. Such a position, by implication, would also reduce the standing of extensive PRC claims in the South China Sea.



Session IV: Taiwan's Key Asia Relations

This session provided an opportunity for Taiwan-based experts to offer their own views of the challenges and opportunities in Taiwan's bilateral relationships with other countries in the region. The existential question facing Taiwan is how to handle its relations with the PRC. Taiwan's foreign policy community, including members from both the current Tsai Ing-wen and the previous Ma Ying-jeou administrations, can be characterized as embodying one of two basic approaches to this problem.

The first approach, the "China First" school, views Taiwan's foreign policy interests as best served by seeking accommodation and building trust with the PRC, and then "going to the world through China." In this view, only with PRC acquiescence can Taiwan strengthen its own unofficial relations with the rest of the region and the world, and win meaningful participation in international organizations such as the World Health Assembly (WHA) and International Civil Aviation Organization (ICAO). To this end, Taiwan should avoid foreign policy activities that antagonize Beijing,

and it should focus on bilateral agreements and international organizations that do not require sovereignty as a condition for participation. By and large, this was the foreign policy strategy adopted by the Ma administration.

The second approach, the "Global Engagement" school, seeks as its paramount objective a balance between relations with the PRC and relations with the rest of the world. In this view, it is both desirable and possible for Taiwan to develop strong, meaningful ties with a broad set of other countries around the world, whether or not Beijing approves. Advocates of this school argue that Taiwan should invest much of its diplomatic resources in strengthening contacts (whether unofficial or not) with like-minded countries that share similar values. The DPP and Tsai Ing-wen have favored this approach.

Among the key non-PRC foreign relations for Taiwan are the United States, Japan, South Korea, the ASEAN states, India, Australia, and New Zealand. Of these relationships, the ones that offer the greatest opportunities to deepen cooperation are India and

the members of ASEAN. On Taiwan-ASEAN relations, there was some disagreement among the participants about how much the New Southbound Policy would ultimately benefit Taiwan's interests. The Taiwanese participants emphasized the quantity of resources devoted to this policy, and specifically the opportunities in "softer" areas such as scientific and health policy cooperation that leverage Taiwan's expertise to the benefit of Southeast Asian countries. Some of these exchanges are already taking place through NGO networks, which in Taiwan are already relatively strong.

Nevertheless, Taiwan still faces serious obstacles to sustained, long-term engagement with Southeast Asia, some of them

self-imposed. For instance, there is an acute shortage of people in Taiwan who have real expertise in the politics, economics, or societies and cultural customs of this region, and there are few Taiwanese who speak a Southeast Asian language. (The United States, Europe, and Japan have traditionally been the main focus of regional experts.) In addition, Taiwan's main interactions with the people of Southeast Asia have been through its enterprises and fishing fleets. Unfortunately, these have also been the sectors in which labor abuses and the violation of environmental regulations have often created negative perceptions of Taiwan among Southeast Asians and damaged its relations with those nations.



ABOVE: At the third panel, Admiral Yeong-Kang Chen (left) addresses Taiwan's role in maritime security.



Session V: Cross-Strait Relations

This session focused on recent developments in cross-Strait relations and the overall challenges that the PRC poses to Taiwan's long-term security, including Taiwan's relations with the United States.

All three components of the trilateral relationship have experienced leadership transitions in the last two years. In Taiwan, the election of Tsai Ing-wen and the DPP has ushered in a new government toward which Beijing is inherently suspicious. Unlike the KMT, Tsai refused to endorse the "1992 Consensus," and the alternative interpretations she proposed were all rejected by Beijing as insufficiently consistent with the "One-China" principle. After her inauguration, Beijing's response was to increase pressure on the Tsai administration by:

- suspending the semi-formal cross-Strait dialogues established under Ma Ying-jeou
- stepping up United Front activities against Taiwan, such as favoring meetings with local KMT-led governments while excluding DPP-led ones
- restricting tourism (though Beijing eventually reversed this step)
- resuming efforts to block Taiwan's participation in international arenas, such as the World Health Organization (WHO), World Health Assembly (WHA), and the International Civil Aviation Organization (ICAO)
- encouraging several of Taiwan's remaining formal diplomatic allies, including the Gambia and Panama, to switch recognition to the PRC from the ROC
- unilaterally announcing the activation of additional civilian air routes near the center of the Taiwan Strait without consulting Taiwan authorities, in contrast to discussions Beijing had with Taipei during the Ma era
- increasing military patrols and exercises near Taiwan-controlled airspace and territorial seas

There was some uncertainty among the participants about whether Beijing's Taiwan policy would change significantly after the



ABOVE: Ambassador Karl Eikenberry (left) chaired the third session, which looked at security issues in the South and East China Seas.

end of the National People's Congress in March 2018, but the general consensus was that Xi would still lead on Taiwan policymaking, and that the direction of policy set shortly after Tsai's inauguration was unlikely to change dramatically.

Beijing's response to the Tsai administration poses serious challenges to Taiwan. A particular worry raised during discussions was Taiwan's own military readiness, which has stagnated over the past two decades while the PRC's military modernization program has surged forward. The share of state resources allocated to the military has declined significantly since the 1990s, and this decline has been driven mostly by shifts in domestic politics. Taiwan's defense spending trends stand out even when compared to peer states such as Singapore and South Korea. It now spends significantly less than either as a share of total gross domestic product, despite facing an existential threat from the PRC. The Tsai administration has proposed raising the

military budget by 20 percent by 2025, but this increase will not affect the basic picture of a highly resource-constrained military facing a rapidly modernizing adversary across the Strait. Finally, the Taiwanese military has struggled for several years to implement a transition to an all-volunteer force (AVF). The end of conscription has been repeatedly delayed because the military has consistently fallen far short of its recruitment targets, leaving it without sufficient personnel. Recruiting young people to pursue a career in the military continues to be a major challenge to Taiwan's long-term security planning.

The third part of the trilateral relationship is the United States, which under the Trump administration has maintained the same basic outlines of policy toward Taiwan that were established in the 1970s and 1980s. One participant noted that the principal U.S. policymakers from that time would be surprised to learn that we are still discussing U.S.-Taiwan relations today, forty years

after the United States switched diplomatic recognition to the PRC, a time when Taiwan's transition to democracy and its maturation into an important player in the world economy were unanticipated. After a rocky start, the Trump administration's policy toward Taiwan has settled into the familiar contours of past administrations. However, in recent months it has taken modest actions to demonstrate greater support for the Tsai administration and to push back against Beijing's pressure tactics. Participants expected this trend to continue. Beijing's hardline posture toward the Tsai government has led to increasing sympathy in the U.S. Congress. That, in turn, has led to official, albeit thus far symbolic, actions in support of Taiwan, such as the passage of the Taiwan Travel Act. In addition, pro-Taiwan officials have taken positions in the Trump administration and are likely to approve additional steps that demonstrate America's support for Taiwan, such as using the recently passed Taiwan Travel Act to send higher-level officials to visit the ROC. Nevertheless, the fundamental objectives that determine U.S. policy toward Taiwan remain unchanged: the United States wants to see cross-strait stability maintained.

Several participants recognized the complexity of the challenges posed when seeking to develop a robust strategy that would provide Taiwan with an adequate deterrent against PRC aggression. The answer is not simply a military one. Taiwan no longer has the resource base to continue to compete with the size and quality of the PRC's military forces. Therefore, it urgently needs to reevaluate how best to use those limited resources to maximize the costs it can impose on mainland China should Beijing engage in hostilities against the island state.

One way in which the United States could aid and support Taiwan's long-term planning would be to re-establish regular arms sales, avoiding the practice of selling them in "packages" that are offered and approved on an ad hoc basis, because there is never a "good" time in the U.S.-China relationship to announce an arms sale. The personnel and recruitment problems are a more serious long-term challenge that will require a significant cultural change in the armed forces and their connection to Taiwanese society in order to be fully and effectively addressed.



Workshop Agenda: Taiwan's Place in the Evolving Security Environment of East Asia

March 5–6, 2018
Stanford University

MONDAY, MARCH 5

9:30 a.m.–9:45 a.m. Opening Remarks

Gi-wook Shin, Director, Shorenstein Asia-Pacific Research Center (APARC)

Larry Diamond, Senior Research Fellow, Center on Democracy, Development, and the Rule of Law (CDDRL)

Karl Eikenberry, Director, U.S.-Asia Security Initiative, APARC

9:45 a.m.–11:30 a.m. Panel I—Assessment of U.S. Alliances and the Political and Military Situation in the Western Pacific

Chair: **Tom Fingar** (APARC, Stanford)

- Overview of Military Trends and U.S. Strategy in the Region. **Karl Eikenberry** (APARC, Stanford)
- U.S.-Taiwan Relations. **Robert Wang** (Center for Strategic and International Studies)
- U.S.-Japan Relations. **TJ Pempel** (UC Berkeley)
- U.S.-Korea Relations. **Kathleen Stephens** (APARC, Stanford)

11:30 a.m.–1:00 p.m. Lunch—Keynote Speech: “Will the Trump Administration Support Taiwan Despite China’s Objections?”

Robert Sutter (George Washington University)

1:15 p.m.–3:00 p.m. Panel II—Trade and Economic Relations in the Western Pacific

Chair: **Phillip Lipsky** (APARC, Stanford)

- The Future of Trade Policy in the Asia-Pacific. **Barbara Weisel** (former assistant U.S. trade representative for Southeast Asia and the Pacific)
- China’s International Institution-Building. **Amy Searight** (Center for Strategic and International Studies)
- Taiwan’s New Southbound Policy. **Russell Hsiao** (Global Taiwan Institute)

3:15 p.m.–5:00 p.m. Panel III—Maritime Security Issues: The South and East China Seas

Chair: **Karl Eikenberry** (APARC, Stanford)

- Interpreting Chinese Maritime Strategy in the South China Sea. **Donald K. Emmerson** (APARC, Stanford)
- China’s Maritime Militia. **Andrew Erickson** (Naval War College)
- Evolution of U.S. Policy: FONOPS and Beyond. **Dale Rielage** (Captain, U.S. Navy)
- Taiwan’s Role in Maritime Security Issues. **Yeong-Kang Chen**, (Admiral [Ret.], ROC Navy)

7:00 p.m.–8:00 p.m. Keynote speech, via videoconference: “China’s Sharp Power: Taking Taiwan as an Example”

Yi-feng Tao (Senior Advisor to the National Security Council, Republic of China [Taiwan])

TUESDAY, MARCH 6

9:30 a.m.–11:15 a.m. Panel IV—Taiwan’s Key Asian Relations

Chair: **Kharis Templeman** (APARC, Stanford)

- A Taiwanese Perspective on Asian Relations. **Lai I-chung** (Prospect Foundation)
- The Security Context in the Korean Peninsula and Its Implications for Taiwan. **Yeh-chung Lu** (National Chengchi University)
- The New South-bound Policy and Taiwan’s Living Space in the Regional Political-Economic Contexts. **Jiann-fa Yan** (Chien Hsin University of Science and Technology)

1:15 p.m.–2:30 p.m. Panel V—Cross-Strait Relations

Chair: **Larry Diamond** (CDDRL, Stanford)

- The Domestic Politics of Security in Taiwan. **Kharis Templeman** (APARC, Stanford)
- Beijing’s Taiwan Policy after the 19th Party Congress. **Alice Miller** (Hoover Institution)
- U.S. Role in the Trilateral Relationship. **Raymond Burghardt** (former chairman, American Institute in Taiwan)



Workshop Participants

Raymond F. Burghardt, Jr.

Former Chairman of the American Institute in Taiwan (AIT)

Yeong-Kang Chen

Admiral (Retired), Republic of China Navy
Fifth Commander of the Republic of China Navy (ROCN)

Larry Diamond

Senior Fellow, Freeman Spogli Institute for International Studies
Senior Fellow, Hoover Institution

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Oksenberg-Rohlen Fellow, Walter H. Shorenstein Asia-Pacific Research Center
Professor of the Practice, Freeman Spogli Institute for International Studies,
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Lieutenant General (Retired), U.S. Army and Former Ambassador to Afghanistan

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