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May 3, 2010

## ARMS SALES TO TAIWAN: ENJOY THE BUSINESS WHILE IT LASTS

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On January 29, 2010, the U.S. Government released an authorization to sell more than \$6 billion worth of military equipment to Taiwan. The package included 60 UH-60M *Black Hawk* helicopters, 114 Patriot anti-missile systems, 12 advanced Harpoon missiles, mine-hunting ships, communications equipment for Taiwan's F-16 fleet, and other national defense items.

This act set off furious reprisals from China. The Chinese Foreign and Defense Ministries immediately summoned the U.S. Ambassador and Defense Attaché, respectively, to receive China's protest over these authorized arms sales. The Chinese government also informed the U.S. officials that it would suspend some planned high-level diplomatic and military exchanges with the United States and threatened to punish those U.S. companies that make and sell weapons to Taiwan.

### **A Sticky Business.**

Why does the United States sell arms to Taiwan? Why is China so upset? The answer to these questions is long, but here is the short story.

Sixty years ago (in 1949), the Chinese concluded their civil war with a divided China: the victorious Communists took control of mainland China, whereas the defeated Nationalists sought shelter in Taiwan.

The United States refused to recognize the Beijing government, for its establishment was perceived as part of the Soviet communist eastward drive, but chose to support the Taipei government and treated it as the legitimate representative of China.

Thirty years later (in 1979), the United States switched its diplomatic recognition of China from Taipei to Beijing and terminated its official relations with Taiwan. China was relieved to turn a new page on its relations with the United States. Yet it had vowed to finish the Taiwan business, through peaceful means if possible or military force if necessary. The U.S. Congress, concerned with a possible Chinese forceful takeover of Taiwan, passed the Taiwan Relations Act (TRA) to declare that peace and stability in the Western Pacific are vital interests of the United States; the future of

Taiwan should be determined in peaceful means; the United States will maintain the capacity to resist any use of force to change the status of Taiwan and provide Taiwan with arms of a defensive nature.

The reasons for selling arms to Taiwan are threefold. One is to help Taiwan maintain a formidable defense so that China would not contemplate a forceful takeover of the island nation; or it would have to pay an unbearable price for such an undertaking. The second reason is to provide Taiwan with the capability to withstand at least 2 weeks of onslaught from China. The 2-week window is the minimum requirement for U.S. military forces to get to the conflict zone and help Taiwan defend itself. The third reason is that a militarily-strong Taiwan would be able to negotiate its fate with China from a position of strength.

China is infuriated with the U.S. involvement in the Taiwan issue in general, and with the Taiwan Relations Act in particular. The Chinese accuse the United States of attempting to keep China divided to promote U.S. strategic interests:

- Since the day China was divided, the United States has wanted to include Taiwan in its strategic defense perimeter. The Chinese never forget General Douglas MacArthur's characterization of Taiwan as a key link and as an unsinkable aircraft carrier in the U.S. strategic frontier known as the "first island chain."
- The Taiwan Relations Act intentionally states that Taiwan's status is undetermined. This intent opens the door for Taiwan's separation from China. For China, the future of Taiwan is clear: unification with the mainland. The only uncertainty is whether the unification takes place in a peaceful or in a forceful way. The Chinese allege that the underlying motivation for the U.S. support of Taiwan is the U.S. desire for Taiwan to become an independent nation. The U.S. provision of arms to Taiwan has emboldened Taiwanese separatists to pursue that very course of action.
- Keeping China divided has taken on new significance as China makes advances in its modernization mission. The Chinese stress that China must achieve unification to become a great power, much like the U.S. victory in its Civil War and its subsequent rise to preeminence. They argue that although the United States understands that it cannot prevent China from aspiring to greatness, it nevertheless wants to slow China's ascendance. Keeping Taiwan out of China's reach serves as a major hindrance in this regard.
- Political and security affairs aside, the United States also profits from selling arms to Taiwan. In the last 6 decades, Taiwan has been the number one recipient of U.S. foreign military sales in the Asia-Pacific region and the fourth largest worldwide, trailing only after Saudi Arabia, Israel, and Egypt.

Clearly, the United States and China do not see eye to eye on the Taiwan issue. Deep-seated distrust also prevents the two from dealing with each other in good faith. The arms sale to Taiwan is unequivocally a point of contention between China and the United States. China perceives every approval of arms sales authorization as a deliberate and calculated U.S. attempt to inject new tension between China and Taiwan,

and as an attempt to demonstrate U.S. displeasure with China's "misconduct." Every round of dispute over the arms sales becomes a test of will between the two nations and inescapably fosters setbacks in U.S.-China relations.

### **Business as Usual?**

Yes, but maybe not for long.

China has been asking the United States to stop selling arms to Taiwan. Yet these requests are so out of place with the reality that exists between Taiwan and China. It is Taiwan's need for arms that keeps this business going. The United States is merely responding to Taiwan's requests. If Taiwan does not want the arms, the United States cannot force it to purchase them. In fact, Obama's recent offer is largely a reissuance of the sales agreement President G. W. Bush authorized in April 2001. For example, during the past 8 years, Taiwan's Legislative Yuan (equivalent to the U.S. Congress) was in a stalemate and could not pass appropriation bills to purchase the weapons.

For the time being, China has not proposed an acceptable solution to Taiwan's quest for arms. Its threat to punish the United States also appears to be hollow. After all, China does not have the power or leverage to cause serious repercussions for the United States. For instance, President Bush (Sr.) sold 150 F-16 fighter jets to Taiwan in 1992, making it the largest amount of U.S. arms sales to Taiwan in history. China could not do anything to stop the transaction, but instead, China still calls Bush Sr. the "great old friend." In April 2001, President George W. Bush authorized another record-high amount of arms sales to Taiwan. Yet China today is thankful to President G. W. Bush for his administration's "constructive legacy" on U.S.-China relations.

Even the threatened sanctions on the U.S. firms are likely to die a natural death. China has identified Sikorsky, Lockheed-Martin, Raytheon, and Boeing as the four U.S. companies involved in the latest arms sales. Lockheed-Martin and Raytheon have long been kept out of the Chinese market. There is nothing China can do to "punish" them. Sikorsky sells Carrier brand heating and air-conditioning and Otis elevators to China, both are well-respected products there. Boeing is one of China's largest U.S. suppliers of products and technology. More than half of the Chinese airline aircraft (736 out of 1,383 as of June 2009) are from the Boeing Company. China is a novice in economic sanctions. It will have a hard time trying to figure out how to do it with these nested business partners.

However, the story does not stop here. China has taken new steps in the latest protest against the U.S. arms sales to Taiwan. There are good reasons to believe that this will be the beginning of stronger and tougher Chinese reactions in the future. Indeed, pressure is mounting in China to get the Chinese government to "draw lines in the sand," "set rules for the United States to follow," "get the United States to pay the price for stepping on China's core interests," "make the United States feel the pain of sanctions and punishment," and so on and so forth. Some suggest that this sticky business would be no worse in 10 years. With the current pace of development, China's national defense capability and comprehensive national power will be substantially

closer to that of the United States in the next 10 years. By then, “China can force a showdown with the United States on the arms sales business to Taiwan.”

This change in attitude is natural. As the old saying goes, one’s intention is proportional to one’s capability. China is no longer a weak nation. The Chinese do not want to “swallow bitter pills” anymore. The fight over the arms sales business, and the fate of Taiwan for that matter, can be expected to become more complicated as the unstoppable development continues in China. While we do not know how a more powerful China will deal with the United States in the future, we might do ourselves a favor by “saving the business for the raining days.”

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The views expressed in this paper are those of the author and do not necessarily reflect the official policy or position of the Department of the Army, the Department of Defense, or the U.S. Government.