Taiwan-U.S. Relations: Developments and Policy Implications

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Summary

U.S. policy toward Taiwan is unique. Since both the Chinese governments on Taiwan and on mainland China held that they alone were China's legitimate ruling government, U.S. diplomatic relations with Taiwan had to be severed in 1979 when the United States recognized the People's Republic of China (PRC) government as China's sole legitimate government. While maintaining diplomatic relations with the PRC, the United States maintains extensive but unofficial relations with Taiwan based on the framework of the 1979 Taiwan Relations Act (TRA—P.L. 96-8) and shaped by three U.S.-PRC communiqués. U.S. interests in Taiwan include significant commercial ties, objections to PRC military threats against Taiwan, arms sales and security assurances, and support for Taiwan's democratic development. U.S. policy remains rooted in a general notion of maintaining the "status quo" between the two sides. But other factors have changed dramatically since 1979, including growing PRC power and influence, Taiwan's democratization, and the deepening of Taiwan-PRC economic and social linkages. These changes have led to periodic discussions about whether or not U.S. policy should be reviewed or changed.

Taiwan's current president, Ma Ying-jeou, elected in March 2008, moved quickly to jump start Taiwan-PRC talks that had been stalled since 1998. The talks to date have yielded agreements to establish regular direct charter flights, direct sea transportation, postal links, and food safety mechanisms. Taiwan also has lifted long-standing caps on Taiwan investment in the PRC and lowered the profile of its bids for participation in U.N. agencies. Many welcome these and other initiatives as contributing to greater regional stability. More pessimistic observers believe growing PRC-Taiwan ties are eroding U.S. influence, strengthening PRC leverage and, particularly in the face of expanding economic links, jeopardizing Taiwan autonomy and economic security.

The changing dynamic between Taiwan and the PRC poses difficult, competing policy challenges for the United States. Along with new challenges—such as what U.S. policy should be if Taiwan continues to move closer to the PRC; and how U.S. officials should respond to the life sentence on corruption charges given to former President Chen Shui-bian—the Obama Administration faces other challenges familiar from past years, including decisions on new arms sales to Taiwan, which are anathema to the PRC; how to accommodate requests for visits to the United States by President Ma and other senior Taiwan officials; the overall nature of U.S. relations with the Ma government; whether to pursue closer economic ties with Taiwan; what role, if any, Washington should play in cross-strait relations; and more broadly, what form of defense assurances to offer Taiwan. In addition, the Taiwan government also seeks to raise its international profile in other ways involving the United States. Taiwan successfully has sought to be removed from the U.S. Special 301 "Watch List" for intellectual property rights violations, and it is seeking to qualify for the U.S. Visa Waiver Program (VWP), which eliminates some visa requirements for qualified countries. The Taiwan government also continues to ask for a U.S.-Taiwan Free Trade Agreement (FTA), which would broaden the current and stalled avenue for U.S.-Taiwan trade discussions, the 1994 Trade and Investment Framework (TIFA).

Legislation in the 111th Congress concerning Taiwan includes H.Con.Res. 18, urging that the United States resume diplomatic relations with Taiwan; H.Con.Res. 55, expressing U.S. support for and commitment to Taiwan; and S. 1390/H.R. 2647, including a mandatory report assessing the strength and capacity of Taiwan's air force. This report will be updated as events warrant.

Contents

Figures

Contacts

Recent Developments

September 25, 2009—Exiled Uighur activist Rebiya Kadeer, living in the United States, was denied a visa to visit Taiwan.

September 11, 2009—Former President Chen Shui-bian was given a life sentence on corruption charges.

August 19, 2009—Taiwan's Ministry of Foreign Affairs announced that Taiwan would not seek full membership in the U.N. this year, but instead would seek to participate in the activities of U.N. specialized institutions, like the World Meteorological Organization and the World Maritime Organization.

August 7, 2009—Over a period of several days, Typhoon Morakot slammed into Taiwan, causing hundreds of millions of dollars in damage and leading to approximately 500 fatalities.

Key U.S. Policy Questions

U.S. policy on Taiwan, which is enshrined in the 1979 Taiwan Relations Act (the TRA, P.L. 96-8), remains rooted in a general notion of maintaining the "status quo" as it existed when the TRA was enacted. The United States has interpreted the "status quo" as the preservation of peace and stability in the Taiwan Strait until such time as the undecided issue of Taiwan's political status can be resolved peacefully by agreement between Taiwan and the PRC. Some in the United States also see the "status quo" as the maintenance of a relative military, economic, and diplomatic balance between the two sides.[1] Everything that has followed in U.S. policy toward Taiwan since the TRA's enactment has been bound up within this delicate balance.

But while U.S. policy has remained static, the circumstances it was designed to address have changed dramatically. Complex political changes have occurred in both Taiwan and the PRC. The military balance is shifting inexorably in the PRC's favor, there have been dramatic improvements in the PRC's economic fortunes, and the two sides have increasingly connected economic interests. These changes have resulted in periodic speculation about whether the current U.S. policy framework remains appropriate or should be revised. Issues involving Taiwan's unresolved political status remain key features in other U.S. interactions with both Taiwan and the PRC. They include complex policy trade-offs and questions such as:

- how far the United States should go in trying to accommodate PRC sensitivities about Taiwan without compromising U.S. principles supporting Taiwan's democratic development;

[1] Definitions of the "status quo" between Taiwan and the mainland vary among the parties involved. Some in the United States, such as Georgetown University Professor Robert Sutter, see the "status quo" as the maintenance of balance between the two sides. The former government of Taiwan President Chen Shui-bian interpreted "status quo" to mean that Taiwan was already a fully independent, sovereign state. The current Taiwan government of President Ma Ying-jeou has described the "status quo" more as *de facto* independence. The PRC definition of the "status quo" counts Taiwan as an unalienable part of China.

- how much the United States should try to pressure either China or Taiwan or both to avoid provocative actions;
- whether the United States should change its policy of not arbitrating or facilitating negotiations between Taiwan and the PRC in favor of a more direct, interventionist approach; and
- whether the United States should conduct a reassessment of its Taiwan policy in light of changing circumstances, and what the extent of such a possible reassessment should be.

Brief Background to Taiwan's Political Landscape

Once a U.S. World War II ally, China's situation changed dramatically after the civil war victory of Mao Tse-tung in 1949. The reigning Republic of China (ROC) government, led by Chiang Kai-shek and his Kuomintang (KMT) party, fled mainland China and moved to Taiwan, an island off the south China coast. For the next thirty years, the United States continued officially to recognize the ROC government on Taiwan while both regimes—the government on Taiwan and the People's Republic of China (PRC) government on the mainland—claimed legitimacy as the sole legal government of the Chinese people.

Figure 1.Taiwan's Location off South PRC Coast

Source: CIA World Factbook online

With these competing claims of sovereignty, official U.S. relations with the government on Taiwan became a casualty of the 1979 decision to establish U.S. diplomatic relations with the PRC government as the sole government of all China. U.S. unofficial relations with Taiwan since then have been built on the framework of the 1979 Taiwan Relations Act (P.L. 96-8) and further shaped by three U.S.-China communiqués. Under these agreements, the United States maintains its official relations with the PRC while selling Taiwan military weapons and having extensive economic, political, and security interests there. Absent formal diplomatic relations, the United States continues to maintain substantial economic and security relationships with Taiwan, including the sale of defensive military weapons and services.[2] But continuing political and economic transformations in both the PRC and Taiwan since 1979 mean that U.S. policymakers are facing a different set of complex policy choices with each passing year.

[2] U.S. weapons sales to Taiwan are governed by Section 2 and Section 3(b) of the Taiwan Relations Act, P.L. 96-8: 22 U.S.C., Chapter 48, Sections 3301-3316.

This report focuses on current developments in Taiwan, analyzing how those developments are affecting choices the United States makes about its policy toward Taiwan specifically and toward the PRC more broadly. Other CRS reports provide more details about the myriad historical complexities of Taiwan's current situation in U.S. policy, such as: historical background about how the ROC on Taiwan went from a U.S. ally to a government with no diplomatic U.S. relations, including the fundamentals governing U.S. policy toward Taiwan today (CRS Report RS22388, *Taiwan's Political Status: Historical Background and Its Implications for U.S. Policy*); the increase in U.S.-Taiwan tensions under the former administration of President Chen Shui-bian (CRS Report RL33684, *Underlying Strains in Taiwan-U.S. Political Relations*); the 2008 elections in Taiwan (CRS Report RS22853, *Taiwan's 2008 Presidential Election*, all by (name redacted); as well as the subtle permutations of the "one-China" policy over three decades and its role in U.S. policy (CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*) and U.S. arms sales to Taiwan (CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*), both by (name redacted).

Fundamentals of U.S. Policy

The fundamental framework of U.S. policy toward Taiwan was laid down decades ago, beginning with the Nixon opening to the People's Republic of China (PRC) in 1971 that resulted in the severing of official relations with the government on Taiwan in 1979. U.S. policy toward Taiwan since then has been defined by four primary documents: the Taiwan Relations Act (P.L. 96-8, enacted in 1979); and three U.S. communiqués with the PRC:

- **the Shanghai Communiqué** (1972), in which the United States "acknowledge[d]" that both China and Taiwan maintain there is but one China, declared it did "not challenge that position," and reaffirmed its interest in a peaceful settlement of the Taiwan question.

- **the Communiqué on Normalization of Relations with the PRC** (1979), in which the United States recognized the PRC government as the sole legitimate government of all China and "acknowledge[d] the Chinese position that there is but one China and Taiwan is part of China", and

- **the August 17 Communiqué on Arms Sales to Taiwan** (1982), in which the United States stated it had no intention of pursuing a "two-China" policy; that it appreciated China's pledges to strive for a peaceful solution to the Taiwan question; and that it did not plan on a long-term policy of arms sales to Taiwan.

In addition, U.S. policy has attained further nuance during these decades by a combination of other factors. Among these are a set of six policy assurances the United States gave Taiwan in the 1980s;[3] the precedents set by a collection of sensitive "guidelines on Taiwan" that the executive branch has adopted to define and constrain its actions; a variety of statements by successive U.S. Administrations about the nature of U.S. policy toward Taiwan and the PRC; and periodic initiatives by Members of Congress intended to affect U.S. policy in some way.

[3] Various participants in crafting U.S. Taiwan policy report slightly differing versions of the "six assurances." Basically, the assurances are that the United States will not change the TRA and will not pressure Taiwan to negotiate with the PRC; or become involved as mediator in negotiations between Taiwan and the PRC. For a more thorough discussion, see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by (name redacted).

The Taiwan Relations Act (P.L. 96-8)

In 1979, the Carter Administration announced the United States would sever official relations with Taiwan and recognize the PRC as the legitimate government of China. While Members of the 96th Congress clearly concurred with the strategic imperative of such a move, many Members were unhappy with what they saw as the Carter Administration's minimal proposals for continued dealings with the government on Taiwan. In particular, some were concerned that the package of legislation the White House submitted to Congress to govern future unofficial relations with Taiwan—the "Taiwan Enabling Act"—did not go far enough in protecting either Taiwan or U.S. interests. Congressional debate on the legislation in 1979 was extensive and complicated. The end result was passage of a much amended version of the Administration's proposal—the Taiwan Relations Act (TRA—P.L. 96-8)—which remains the domestic legal authority for conducting unofficial U.S. relations with Taiwan today.[4] Much of the TRA deals with the logistics of U.S.-Taiwan relations: the establishment of the American Institute in Taiwan (AIT) as the unofficial U.S. representative for interactions and consular activities with Taiwan, including details about AIT's staffing, functions, and funding; and the continued application of existing U.S. laws and treaties affecting Taiwan after the severing of diplomatic ties.[5]

Although it is a common misperception that the TRA mandates the United States to defend Taiwan in case of attack, nothing in the TRA specifically obligates the United States to do so or to resort to military conflict on Taiwan's behalf. In 1995-1996, precedent was set for potential U.S. involvement when the United States sent two carrier battle groups to the area after China conducted an unprecedented series of live-fire missile exercises in the Taiwan Strait. Given the lack of a mandate for military action in the TRA but the demonstrable U.S. willingness to deploy military forces in the Taiwan Strait missile crisis, there remain questions about how the United States may react in a comparable situation now.

Of particular relevance for long-term U.S. policy are Section 2 (b) and Section 3 of the TRA, dealing with U.S. strategic interests in and arms sales commitments to Taiwan.[6] Section 2 of the TRA speaks in broad terms about U.S. interests for peaceful resolution to the Taiwan question, saying that any forceful resolution would be of "grave concern to the United States." It further states that U.S. policy is to "maintain the capacity of the United States to resist ... coercion" in addressing the Taiwan issue. Section 3 provides for the sale of U.S. defense articles and services to Taiwan, but is non-specific about the nature of these. The language merely calls for "such defense articles and services ... as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." Section 3 also gives Congress a role in determining what needs Taiwan may have. Much of the U.S. debate on Taiwan arms sales since the TRA was enacted has involved differing judgments—often between Congress and the White House—about what should be the capabilities and quantities of the "necessary" articles and services the United States provides to Taiwan under Section 3.

[4] For more detailed discussions of congressional actions at the time, see "Congress and U.S. policy in Asia: New relationships with China and Taiwan," in Congress and Foreign Policy – 1979, House Committee on Foreign Affairs, U.S. Government Printing Office, Washington D.C. 1980, pp. 54-71; Wolff, Lester L. And Simon, David L., eds., Legislative History of the Taiwan Relations Act, American Association for Chinese Studies, Jamaica, New York, 1982; Jones, DuPre, ed., China: U.S. Policy Since 1945, Congressional Quarterly Inc., 1980.

[5] See the American Institute in Taiwan (AIT) website at http://www.ait.org.tw/en/.

[6] See CRS Report 96-246, *Taiwan: Texts of the Taiwan Relations Act, the U.S. - China Communiques, and the "Six Assurances"*, by (name redacted).

Changing Political Dynamics in Taiwan

Until the mid-1980s, Taiwan had a one-party system in which Chiang Kai-shek's authoritarian Nationalist Party (KMT) ruled under martial law.[7] The KMT permitted no political opposition and held no democratic elections. In 1986, the party began to liberalize, allowing the formation of opposition parties, including the Democratic Progressive Party (DPP), a party whose platform advocated Taiwan independence from China. The KMT government also ended martial law (in 1987), and for the first time opened government positions to native "Taiwanese"—the 85% of the island's population who predated the influx of the two million "mainlanders" fleeing civil war in China in 1949. In the ensuing years, members of the ROC legislature on Taiwan, elected on mainland China over 40 years earlier, were asked to retire, and a new, streamlined legislature was elected in 1992.

In 1996, Taiwan held its first direct presidential election, won by KMT leader Lee Teng-hui, himself a native Taiwanese. During his presidency, Lee increasingly distanced himself from his party's long-standing position that there was only "one China" and that Taiwan was part of it. Instead he began emphasizing Taiwan's distinct culture and identity apart from those of the PRC. This posed complications for one of the fundamental tenets on which U.S. relations with the PRC were based—the statement that "The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain that there is but one China and that Taiwan is a part of China."[8]

The uninterrupted KMT dynasty on Taiwan finally was broken on March 18, 2000, when DPP candidate Chen Shui-bian won the presidency with only 39% of the popular vote in a three-way race. The victory was a stunning defeat for the KMT and its unbroken 50-year tenure in power on Taiwan. By the narrowest of margins, President Chen was elected to a second (and final) term in March 2004, winning by only 29,518 votes out of a reported 13.25 million votes cast.[9] The KMT's fall from political dominance was compounded in two subsequent legislative elections in December 2001 and December 2004. By 2004, the KMT saw its majority of 115 seats in the 225-member Legislative Yuan (LY) cut to just 79.

With neither the DPP nor the KMT having a working majority, each formed coalitions with smaller parties to gain strength. President Chen Shui-bian presided over a "Pan-Green" coalition composed of his DPP party and the Taiwan Solidarity Union (TSU); it was opposed by the "pan-Blue" coalition of the KMT and the People First Party (PFP), which together retained the barest control of Taiwan's legislature. Since the two opposing coalitions had very different political ideologies and roughly equal political strength, this split government created significant gridlock in Taiwan's political arena, and thus difficult political realities for U.S. policymakers throughout Chen's tenure.

[7] In Chinese, the Nationalist Party is "Kuomintang" (or KMT) in Taiwan and Guomindang (or GMD) in the PRC.

[8] This particular quote is from the 1972 Shanghai Communiqué issued at the conclusion of President Richard Nixon's landmark trip to China. A somewhat vaguer formulation—"The [United States] acknowledges the Chinese position that there is but one China and Taiwan is part of China."—was part of the 1979 communiqué normalizing U.S. relations with the PRC.

[9] In this campaign, President Chen and his Vice-president, Annette Lu, were both shot and slightly wounded just before the election. KMT opponents, who believed they were on the verge of victory, called this the "shooting incident," believing it helped the DPP attain victory. Some KMT maintained that the incident was manufactured.

Key Current Issues

Current Political Situation in Taiwan

The political situation in Taiwan changed substantially in 2008 when momentum swung back behind the KMT. The DPP, struggling with growing political scandal and low voter confidence, lost power in both legislative (January) and presidential (March) elections that year. Taiwan's new President, Ma Ying-jeou, of the KMT, has pursued a more conciliatory approach toward the PRC and has made it a priority to improve relations with the United States. Since his landslide election, however, Ma's popularity has fallen, plagued among other things by his government's poor response to helping the victims of Typhoon Morakot in August 2009, a faltering economy, tumbling stock markets, and rising energy prices, as well as by concerns over his cross-strait policies and by residual domestic political tensions in Taiwan. Under Taiwan's new KMT government, then, the United States faces new challenges concerning the popularity of the elected government, the implications of closer and more cordial ties between Taiwan and the PRC for U.S. interests, and what role, if any, Washington should play in cross-strait relations.

The return of the KMT to power in Taiwan has raised a number of questions. One concerns the political health of the DPP opposition, which was effectively crushed in 2008 elections. The DPP has been demoralized further by political scandals involving charges of corruption by former President Chen, and members of his family. There have been some reports that a key DPP figure and former presidential candidate, Frank Hsieh, may even be considering forming a separate political party, something that would deal a serious blow to DPP fortunes.[10] In an effort to ensure its future, DPP leadership appears to be reducing the party's emphasis on Taiwan sovereignty and independence in favor of pursuing a broader strategy emphasizing social and political reform.[11] A critical test for the party will be how well it can do in city and county elections scheduled for the end of 2009 and in 2010.

In a second question arising from the KMT's return to power, some are concerned that the KMT's strong dominance of the executive and legislative in 2009 may revive the party's past tradition of authoritarianism, a development that would be out of step with Taiwan's continued democratization. The new government has been criticized not only for its cross-strait initiatives, for example, but for its handling of the 2008 indictment, detention, and subsequent sentencing of former President Chen on corruption and money-laundering charges. Critics of the government's handling of Chen's case charged that replacing the judge hearing the case part-way through the trial was highly irregular and politically charged. Critics also maintain that the former president should have been released on bail after his indictment instead of being held nine months in detention until his September 11, 2009 sentencing.

President Ma also has been criticized for seeking and winning (on July 26, 2009) the KMT chairmanship. Ma, the sole candidate for the post, campaigned for president on assurances that he would not seek his party's chairmanship. Ma's position as party chair will assure him more control over the nomination of party candidates and will help him counter the lingering influence of old-time KMT leaders. His position as head of the party also should increase his stature in the

[10] Young, David, "Ex-Premier Hsieh may form a new party," *The China Post*, May 31, 2009.

[11] According to Ms. Tsai Ing-wen, current DPP chair.

cross-strait process, since as party chair (but not as Taiwan president) he can justify communicating directly with Beijing. On July 27, 2009, for instance, PRC Party Secretary Hu Jintao sent Ma written congratulations on his election as KMT chair—a communication not now possible in the two men's respective roles as presidents

Resumption of Cross-Strait Talks

Many observers believe that the election of President Ma presented an opportunity to lay a new framework in Taiwan-PRC relations—one that moves toward cross-strait improvements and new understandings, and away from the more confrontational policies of the past. Ma has sought to ease tensions with China and improve cross-strait ties, and leaders in Beijing have been receptive. Cross-strait improvements to date have occurred on a number of levels. In a symbolic move, Taiwan in mid-May 2008 worked jointly with the PRC in providing disaster relief after the Sichuan earthquake. By late May, Taiwan had accepted a PRC invitation to resume a direct SEF-ARATS dialogue for the first time since October 1998. Three rounds of cross-strait talks have been held to date.[12] They include:

- A first round in Beijing on June 12-13, 2008, resulting in agreements to allow weekend direct charter flights and boost PRC tourism to Taiwan.
- A second round in Taiwan on November 4-7, 2008, resulting in four agreements on direct sea transportation, air transportation, food safety, and direct postal links.
- A third round in Nanjing, China on April 26-28, 2009, resulting in agreements on cross-strait crime fighting, mutual judicial assistance, and others, plus a consensus, for the first time, on promoting mainland investment in Taiwan.

In addition, both sides also have taken unilateral steps, with Taiwan among other things easing investment restrictions with China and the PRC dropping its long-standing objection to allowing Taiwan to participate (as a non-member) in the 2009 World Health Assembly, the annual meeting of the U.N.'s World Health Organization (WHO). PRC and Taiwan officials also have talked about creating a comprehensive agreement to expand economic cooperation between Taiwan and China—the Economic Cooperation Framework Agreement (ECFA)—discussed elsewhere in this memo. Some in Taiwan are critical of the cross-strait initiatives, saying they are too rapid and that easing cross-strait economic restrictions has jeopardized Taiwan's interests. Taiwan's economy, they say, will become more vulnerable to PRC pressure and manipulation under Ma's cross-strait initiatives.[13] The opposition party also has criticized Ma's diplomatic overtures toward China as being "over-dependent on China's goodwill."[14] In March 2009, the Chairman of the U.S. American Institute in Taiwan (AIT), Ray Burghardt, said that the United States was "comfortable with what's happening" in Taiwan-PRC engagement.

[12] The Taiwan and PRC government still do not negotiate directly. In Taiwan, cross-strait talks are handled by the Straits Exchange Foundation (SEF), a private organization authorized by the government to handle these exchanges. The corresponding body in the PRC is the Association for Relations Across the Taiwan Strait (ARATS). All three rounds of talks were conducted by these two bodies.

[13] Wu, Sofia, "Cross-strait talks should be accelerated: president," *Central News Agency* English, June 15, 2008.

[14] "Ma's cross-strait economic and trade policies are not ready," DPP News link, July 22, 2008, http://www.dpp.org.tw/ .

Bid for U.N. Membership/Participation

With cross-strait rapprochement, Beijing in 2009 began to moderate its long-standing objection to Taiwan's meaningful participation in the U.N. health organizations. On January 13, 2009, WHO sent a letter to Taiwan stating that the island henceforth would be included in the International Health Regulations (IHR), a set of legally binding rules governing international commitment to disease surveillance, alert, and response. As an IHR participant, Taiwan will be included in the Global Outbreak and Alert Response Network, receiving the latest updates on global epidemics. On April 29, 2009, Taiwan authorities announced that the World Health Organization (WHO) had invited Taiwan to attend the 2009 WHA meeting from May 18-27 as an observer. The invitation marked the first time that Taiwan has been permitted to participate in an activity of U.N. specialized agency since it lost its U.N. seat to the PRC in 1971. Taiwan's Department of Health sent a 15-member delegation to the meeting using the name "Chinese Taipei."

Taiwan President Ma Ying-jeou attributed the 2009 invitation to his moderate and flexible approach toward Beijing during the first year of his tenure. In its first WHO bid on August 14, 2008, the Ma Administration submitted a proposal to the U.N. Secretariat asking to be allowed to have "meaningful participation" in U.N. special organizations such as the WHO.[15] Because of PRC objections, a U.N. subcommittee decided on September 18, 2008 not to include Taiwan's request for "meaningful participation" in U.N. activities on the agenda for the 63rd General Assembly.

Other Taiwan observers have bristled at the suggestion that PRC officials essentially had given "permission" for Taiwan to participate by negotiating directly with the WHO to include Taiwan.[16] Taiwan's Foreign Minister, Francisco H.L. Ou, earlier had said that Taiwan would only accept an invitation extended directly by the WHO Secretariat, not one routed through Beijing.[17] Taiwan had been unsuccessful in 15 previous attempts to gain either membership or non-member status in the U.N. and its affiliates such as the WHO. Taiwan's efforts under the DPP Administration of President Chen included an application both for full U.N. membership as well as for use of either the name "Republic of China" or "Taiwan." These applications had been of particular concern to both China and the United States.

U.S. government officials, on record in the past as supporting Taiwan's membership in organizations "where statehood is not an issue,"[18] had been unusually blunt and outspoken in opposition to some of Taiwan's past U.N. application efforts under President Chen. In August 2007, for instance, a senior U.S. officials said:

> We are very supportive of Taiwan on many many fronts.... However, membership in the United Nations requires statehood. Taiwan, or the Republic of China, is not at this point a

[15] According to *The China Post* of August 16, 2008, the resolution was titled "The Need to Examine the Fundamental Rights of the 23 Million People of the Republic of China (Taiwan) to Participate Meaningfully in the Activities of the U.N. Specialized Agencies."

[16] Xie Yu, "Taiwan put under WHO health rules," *China Daily*, February 12, 2009.

[17] Chen, Jian, "WHA arrangements directed by China unacceptable: foreign minister," *Central News Agency*, March 19, 2009.

[18] A State Department spokesman, in response to a press question at the State Department press briefing of March 20, 2002.

> state in the international community. The position of the United States government is that the ROC ... is an issue undecided, and it has been left undecided ... for many, many years.[19]

In response to the 2009 announcement, however, the U.S. State Department issued a statement saying that the United States has "long supported Taiwan's meaningful participation in the WHO, including observers status at the WHA."[20] Taipei also points out that it is a full member in other international organizations to which the PRC also belongs, such as the Asian Development Bank (ADB), the World Trade Organization (WTO), and the Asia Pacific Economic Cooperation (APEC).[21] In 2004, the 108th Congress enacted legislation (P.L. 108-235) requiring the Secretary of State to seek Taiwan's observer status in WHO each year at its annual meeting, the World Health Assembly (WHA). Taiwan has maintained that its "observer status" in U.N. bodies such as WHO would be an apolitical solution since other non-sovereign entities, like the Holy See and the Palestine Liberation Organization, have been given such status.

Corruption Investigations: Former Chen Administration

On September 11, 2009, former President Chen Shui-bian was sentenced to life imprisonment on charges of corruption and money laundering that was alleged to have been carried out while he served as Taiwan's president. In Taiwan, an appeal is automatic upon a life imprisonment sentence. Immune from prosecution while in office, Chen had been arrested on the corruption charges on November 12, 2008, and was indicted on December 12, 2008. His trial began on March 26, 2009.

Several aspects of the judicial proceedings against Chen have led to criticism of the Taiwan government under Ma Ying-jeou. The first criticism involves the replacement of the original presiding case judge in Taipei District Court part-way through the judicial process. Judge Chou Chan-chun, who on December 18, 2009, ordered that Chen be released from detention pending the resolution of the case, shortly afterward was replaced as the case's presiding judge by Judge Tsai Shou-shun. Judge Tsai then reversed the original order for Chen's release and on December 30, 2009, ordered Chen back to detention, ostensibly (according to the court) out of fear that he would collude with witnesses, destroy evidence, or flee. The court also said Chen had "interfered" with the case by communicating with the public through friends and family.[22] The court's decisions led to growing criticism, including by legal experts in Taiwan and the United States, that Chen's ongoing detention without bail violated his human rights and "seriously undermine[s] the credibility of the judiciary."[23] Critics also said that the replacement of the presiding trial judge with a judge thought to be less favorably disposed to President Chen suggested political interference in the process.

The corruption charges against Chen dated back to 2006, when the Taiwan government began to conduct broadening investigations into allegations of corruption made against then-President

[19] Dennis Wilder, National Security Council Senior Director for Asian Affairs, at a White House press briefing on the President's September APEC trip, August 30, 2007.

[20] U.S. Department of State, Statement by Robert A. Wood, Acting Spokesman, dated April 29, 2009.

[21] Hong Kong also enjoys separate membership in these organizations from its sovereign, the PRC.

[22] Chen was first arrested and detained on November 12, 2008; he was released without bail on December 13, 2008, but prosecutors appealed that decision and sought to detain him again. On December 30, 2008, the court ordered Chen returned to jail, where he has since remained.

[23] "DPP chair launches drive for ex-president's release," *The China Post*, June 26, 2009.

Chen, his family members, and officials in his administration. New allegations of money-laundering arose in August 2008 against Chen and his family, plunging the DPP further into crisis, according to current DPP chairwoman Tsai Ing-wen.[24] The August 2008 allegations, which involved foreign government investigations and not just those of Taiwan's KMT-dominated government, also were the first in which Chen publicly admitted even partial culpability, saying that the funds were from campaign contributions, legally acquired, that he failed to report. On August 15, 2008, Chen apologized to the DPP for causing "humiliation" and "irreparable damage" to the party for his failure to declare the campaign funds. He announced his and his wife's immediate resignations from DPP party membership.[25]

Shortly after Chen stepped down as president on May 20, 2008 (thereby losing his presidential immunity), Taiwan prosecutors announced they were starting an official investigation on his potential role in the 2006 corruption and malfeasance charges. In pursuit of these allegations, President Ma on August 6, 2008 announced that he was declassifying documents, classified by Chen while he was president, that allegedly implicated Chen in the case of the special expenses fund. Chen has maintained that the funds wired to overseas accounts were undeclared campaign funds legally acquired, not government funds embezzled from the "special affairs" account while he was president or bribes associated with the 2004 financial reforms he initiated.[26] He called the corruption investigations a "political vendetta" by the KMT against him and his family. One Taiwan press editorial criticized the recurring corruption allegations in recent years—which have involved a number of senior Taiwan politicians—suggesting they have been fueled more by political partisanship than by interest in real reform.[27]

Special Expense Accounts

Apart from the case involving former President Chen, investigations and indictments for corruption have been a recurring feature of political life in Taiwan, particularly over the issue of how senior officials use and account for expenditures from so-called "special expense accounts." Such accounts are to be used for official expenses only, but give the controlling officials broad discretion on how the funds are spent. They operate generally with poor government oversight and are subject to vague rules that many Taiwan officials have said are confusing. Among those investigated and cleared of such charges in the past are: current President Ma Ying-jeou, former foreign minister James Huang, former economics minister Steve Chen, and current DPP chairwoman Tsai Ing-wen (investigated when she was head of the Mainland Affairs Council). Other investigations for "special expense account" infractions include former Vice President Annette Lu, former justice minister Shi Mao-lin, former education minister Tu Cheng-sheng, former interior minister Lee Yi-yang, and former civil service minister Chu Wu-hsien, among others.

[24] DPP Chairwoman Tsai Ing-wen, quoted in "DPP chief 'shocked' by former President Chen's graft scandal," *The China Post* in English, August 17, 2008.

[25] " Former president quits DPP in disgrace," *Central News Agency* in English, August 15, 2008.

[26] After questioning by prosecutors on August 12, 2008, former President Chen was quoted as saying "I have never put any illegal income in my own or in my family's pockets. I believe the judiciary will prove me innocent." "Former President Chen professes his innocence after questioning," *Taiwan News Online*, August 13, 2008.

[27] "Does corruption stop here?" *Taipei Times*, August 22, 2008, p. 8.

Economic and Trade Relations

Taiwan's economy grew rapidly (around 10% a year) in the 1970s and 1980s. Growth declined to around 5-6% a year in the 1990s as the economy matured. But Taiwan's economy has faltered in the global financial crisis, experiencing a serious slowdown beginning in the 4th quarter of 2008. According to a March 2009 report by Taiwan's Council for Economic Planning and Development Taiwan's export-heavy economy suffered a 28.6% drop in exports from February 2008 to February 2009.[28]

Taiwan-U.S. Trade and Investment

Taiwan is the United States' ninth-largest overall trading partner, with two-way trade in 2008 valued at $61.6 billion, a slight decrease from 2007. Taiwan also is the sixth-largest destination for U.S. agricultural exports, about $2.5 billion annually. In addition to agricultural goods, Taiwan's U.S. imports include industrial raw materials and machinery and equipment; its exports to the United States are largely electronics and consumer goods. Once Taiwan's largest trading partner, the United States has been surpassed by China and Japan and is now Taiwan's third-largest trading partner, supplying 11% of Taiwan's imports and absorbing 14% of its exports. The U.S. trade deficit with Taiwan in 2008 was $11 billion.

Special 301 Watch List

Taiwan was a long-time resident on the U.S. Special 301 Watch List because of strong U.S. concerns that it maintained insufficient protections for intellectual property rights (IPR). This changed in 2009, after Taiwan over a period of years had initiated a series of new laws and established institutional frameworks to assure IPR protections. On January 16, 2009, the USTR announced that Taiwan had made sufficient improvements to be removed from the list.[29]

To address U.S. concerns, the Taiwan government passed more robust copyright legislation, enacted new laws targeting illegal Internet file sharing, and improved prosecution of IPR offenses through the establishment (July 1, 2008) of a specialized Intellectual Property Court.[30] The U.S. Trade Representative (USTR) had removed Taiwan from the more stringent "Priority Watch List" in 2004. But pursuant to provisions the Trade Act of 1974, Taiwan remained on the U.S. Special 301 "Watch List"—a designation of a less serious risk of IPR violations than indicated by the "Priority Watch List."

The U.S. business community was divided on whether Taiwan had made sufficient IPR improvements to merit removal from the "Watch List." For instance, in separate letters to USTR dated September 8, 2008, the U.S.-Taiwan Business Council said it "strongly supports" Taiwan's removal from the Watch List, while the U.S.-based International Intellectual Property Alliance recommended that "Taiwan remain on the Watch List" pending further IPR improvements.

[28] The report, issued on March 27, 2009, (*Taiwan's Economic Situation and Outlook*), can be found at the website: http://www.cepd.gov.tw/encontent/m1.aspx?sNo=0011655.

[29] USTR News, "USTR announces conclusion of the Special 301 Out-of-Cycle review for Taiwan," January 16, 2009, http://www.ustr.gov/assets/Document_Library/Press_Releases/2009/January/asset_upload_file824_15293.pdf?ht=.

[30] "2008 Special 301 Report," Office of the United States Trade Representative, text at http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_Special_301_Report/asset_upload_file553_14869.pdf.

Free Trade Agreement (FTA)

Taiwan for years has been seeking the economic and political benefits of a U.S.-Taiwan Free Trade Agreement (FTA), so far without success. President Ma reportedly mentioned the subject again during his August 2008 transit visit through the United States on his way to Latin America.[31] To date, U.S.-Taiwan trade discussions have been held under a 1994 Trade and Investment Framework Agreement (TIFA), a non-binding consultative mechanism the United States employs for resolving trade and investment difficulties with countries still opening their economies.[32] But U.S.-Taiwan TIFA talks have been suspended in retaliation for Taiwan placing restrictions on imports of U.S. beef.

In some instances, a TIFA may lead to economic liberalization that is significant enough to result in a U.S. FTA with the TIFA country. Taiwan has argued that its status as a major trading partner of the United States justifies an FTA on economic grounds. U.S. officials cite a number of obstacles to an FTA with Taiwan over the near term—not only trade matters, such as Taiwan's record on intellectual property rights (IPR), but more fundamentally, the complicated political issues involving both Taiwan's and U.S. relations with the PRC. The PRC strongly opposes a U.S.-Taiwan FTA. In the past, Taiwan's bid has had its supporters in the U.S. Congress, several of whom have introduced measures regarding an FTA for Taiwan.[33]

Cross-Strait Trade and Investment

Since 1949, both Taiwan and the PRC have maintained restrictions on trade and economic investment relations across the Taiwan Strait. These have included requirements that goods and articles be transshipped via third parties and not directly; restrictions on the kinds of goods and articles that can be traded; and caps on investment levels, among others. Even with these restrictions on official trade and contacts, Taiwan businesses have invested increasingly across the strait into the mainland, although the exact figures remain unclear. Taiwan-China trade has also increased dramatically, so that China (along with Hong Kong) has surpassed the United States as Taiwan's most important trading partner. According to Taiwan's Central News Agency, Taiwan's total bilateral trade with the PRC for 2008 was $105.4 billion.

Taiwan's growing economic interconnectedness with the PRC has created increasing pressures on a succession of Taiwan governments to ease its restrictions on direct travel and investment. Since 1987, Taiwan incrementally eased long-standing restrictions on contacts with the PRC. Initiatives under President Chen and the DPP, included the start in January 2005 of the first non-stop direct charter flights flown in 55 years between the two adversaries (limited to the Lunar New Year holiday that year).

The resumption of cross-strait talks in June 2008 and the subsequent agreements signed (discussed elsewhere in this report) have already increased the potential for cross-strait trade and investment. Ma Administration officials also have talked about creating a comprehensive

[31] Lin Yi-feng and Wu, Lilian, "President Ma arrives in San Francisco," *Central News Agency* in English, August 18, 2008.

[32] Negotiations for the TIFA were conducted through the respective U.S. and Taiwan unofficial representative bodies at the time: the American Institute in Taiwan (AIT), and the Coordination Council for North American Affairs (CCNAA).

[33] S.Con.Res. 60 (Sen. Baucus), introduced on December 18, 2007; and H.Con.Res. 137 (Rep. Berkley), introduced on May 1, 2007, both express congressional support for the opening of FTA negotiations with Taiwan.

agreement to expand economic cooperation between Taiwan and China—with names suggested such as the Comprehensive Economic Partnership Agreement (CEPA) or the Economic Cooperation Framework Agreement (ECFA). The idea is controversial to some in Taiwan because of the economic inter-dependence they fear such an agreement could help create.[34] President Ma's willingness to significantly expand such cross-strait exchanges has concerned many DPP members and pro-independence advocates in Taiwan, who see the Ma initiatives as having overly ambitious expectations and as moving far too rapidly. These DPP observers say that cross-strait overtures need to be calibrated carefully to avoid compromising Taiwan's economic security and political autonomy.

Other Key Bilateral Issues

U.S. Arms Sales to Taiwan and Taiwan's Defense Budget

Under the Taiwan Relations Act (P.L. 96-8), the United States is obligated to provide Taiwan with defense articles and services for its self-defense—a commitment to which the PRC objects. In spite of the apparent warming ties with Taiwan after the March 2008 presidential election, many thought the Bush Administration delayed sending forward notifications to Congress concerning a number of long-pending U.S. arms sales to Taiwan.[35] In June 2008, some Members of the U.S. Senate wrote to President Bush expressing concern about the reports and urging the White House to act swiftly on Taiwan's arms sales requests.[36] Some speculated that the delay in arms sales notifications was related to Beijing's hosting of the 2008 Summer Olympic Games from August 8-24, 2008. One Pentagon official hinted in a public forum that the United States may have imposed a freeze on weapons sales to Taiwan.[37] A State Department spokesman at the time maintained that the pending arms sales still were being discussed in "an internal interagency process."[38]

Since then, U.S. arms sales to Taiwan have resumed. On August 25, 2008, the Pentagon announced that it was awarding the McDonnell-Douglas Corp. (owned by Boeing) a contract to provide Taiwan with 60 Harpoon missiles and associated hardware, worth $89.8 million, that Taiwan requested in 2007.[39] On October 3, 2008, the Defense Security Cooperation Agency (DSCA) notified Congress of the possible Foreign Military Sale of six different types of defense articles and equipment, consistent with the policies of P.L. 96-8, which could total a maximum of approximately $6.4 billion. These included:

- upgrades of four E-2T Aircraft to the HAWKEYE 2000 configuration (est. maximum of $250 million)

[34] The Chairman of Taiwan's Mainland Affairs Council, for instance, expressed opposition to the idea: "No CEPA to be signed with China: MAC," *The China Post*, October 17, 2008.

[35] For details on Taiwan's arms purchases, see CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*, by (name redacted).

[36] "Inhofe urges support of Taiwan," June 30, 2008 press release. For a full text, see http://inhofe.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=DAB422E7-802A-23AD-4101-32FFB910FFE4.

[37] Admiral Timothy Keating hinted at a freeze during a briefing at the Heritage Foundation on July 16, 2008.

[38] State Department spokesman Sean McCormack, in response to a question at the Daily Briefing on July 17, 2008.

[39] U.S. Department of Defense, Office of the Assistant Secretary of Defense (Public Affairs), No. 717-08, August 25, 2008. http://www.defenselink.mil/contracts/contract.aspx?contractid=3848

- 30 AH-64D Block III APACHE Longbow Attack helicopters (est. maximum of $2.532 billion)
- 330 PATRIOT Advanced Capability (PAC-3) missiles (est. maximum of $3.1 billion)
- 32 UGM-84L Sub-Launched HARPOON Block II missiles and 2 UTM-84L HARPOON Block II Exercise missiles (est. maximum of $200 million)
- follow-on spare parts in support of F-5E/F, C-130H, F-16A/B, and Indigenous Defense Fighter IDF aircraft (est. maximum of $334 million)
- 182 JAVELIN guided missile rounds and 20 JAVELIN command launch units (est. maximum of $47 million)[40]

One sensitive issue for the Obama Administration is how it will respond to Taiwan's long-standing desire to purchase F-16 C/D fighters from the United States. In June 2009, the U.S. AIT Director in Taiwan, Stephen Young, said that the Administration would consider the F-16 sale after key Administration officials were settled into their posts, but no such announcement had been made by the end of October 2009. Observers consider any arms sale announcement to be highly unlikely before President Obama visits the PRC in mid-November 2009. The PRC has repeated its strong opposition to any U.S. arms sales. According to one noted U.S. China expert, the People's Liberation Army (PLA) has said it would suspend U.S. military exchanges when an arms sales announcement is made.[41]

Visa Waiver Program (VWP)

Taiwan also has sought to qualify for coverage under the U.S. Visa Waiver Program (VWP), which eliminates some visa requirements for qualified countries, allowing their citizens to make temporary U.S. visits without first obtaining a valid visa. VWP countries must meet certain criteria—such as offering reciprocal privileges to U.S. citizens, having machine-readable passports, and having a low nonimmigrant refusal rate (defined as the formal denial of a nonimmigrant visa application by a U.S. consular official). The latter criteria appears to have been a particularly difficult one for Taiwan.[42] In 2007, Congress enacted amendments to the VWP which may provide for a waiver of the non-immigrant refusal rate.[43] With a waiver, Taiwan may meet the requirements of the program.

Although Taiwan citizens would benefit from the facilitated travel that the U.S. Visa Waiver Program affords, another key Taiwan government motive is thought to be the international stature that Taiwan would gain from being among the VWP's group of participants. In addition, participation in the program is often seen as evidence of close ties with the United States. In addition to its current failure to meet all of the program's qualifications (absent a non-immigrant

[40] The notifications can be found on the DSCA website under "36(b) Arms Sales Notifications." http://www.dsca.mil/PressReleases/36-b/36b_index.htm

[41] According to Alan Romberg, Director of the East Asia Program at the Henry L. Stimson Center, at an October 2009 conference organized by the George Washington University's Sigur Center for Asian Studies.

[42] For additional information on the Visa Waiver Program, see CRS Report RL32221, *Visa Waiver Program*, by (name r edacted).

[43] The measure was enacted in 2007 in P.L. 110-53, although the visa waiver did not become available until October 2008.

refusal rate waiver), Taiwan's chances of participation in the VWP also are subject to the anticipated kinds of political difficulties involving the PRC that are aspects of other U.S.-Taiwan relations. The PRC does not qualify for the VWP.

U.S. Policy Trends

It is unclear at this point what the ultimate Taiwan policy of the Obama Administration will be. Trends since 1979 strongly suggest that the White House will maintain policy continuity, with U.S. policy remaining rooted firmly in the fundamentals of the Taiwan Relations Act and the three communiqués. In a press conference in Taiwan on March 18, 2009, for example, AIT Chairman Ray Burghardt stressed that U.S. commitments under the Taiwan Relations Act will remain unchanged. He also emphasized that U.S. officials "truly are enthusiastic" about improvements in cross-strait ties.[44]

Recent history on U.S. Taiwan policy indicates, however, that even within the framework of policy continuity there can be nuance. Many observers concluded in 2001 that the newly elected George W. Bush then had abandoned the long-standing U.S. policy of "strategic ambiguity" in favor of "strategic clarity" that placed a clearer emphasis on Taiwan's interests and showed less concern for PRC views. In addition to approving a major arms sales package for Taiwan in 2001, the Bush Administration's subsequent statements and actions continued to appear more supportive of Taiwan than those of previous U.S. Administrations. This support was in keeping with growing concern in Congress in the late 1990s that the U.S. policy framework toward Taiwan had become outdated and that Taiwan's self-defense capabilities had eroded while those of the PRC had grown. A series of congressionally mandated annual reports issued by the Pentagon supported these conclusions, assessing that the military balance in the Taiwan Strait was increasingly tilting in the PRC's favor.

During its tenure, however, the Bush Administration began reshaping its own policy articulations concerning both Taiwan and the PRC. Administration officials came to see that smooth U.S.-PRC relations may be an important tool in cooperating against terrorism, maintaining stability on the Korean peninsula, and advancing many other key U.S. strategic goals. As articulated by Vice President Cheney during his visit to Shanghai in April 2004, the White House judged that "the areas of agreement [between the United States and the PRC] are far greater than those areas where we disagree ... "[45] Also, such problems of trust developed between Taiwan's President Chen and U.S. officials that the bilateral atmosphere eroded significantly during the Bush Administration.[46] The Bush White House came to balance criticisms of China's military buildup opposite Taiwan with periodic warnings to the Taiwan government that U.S. support was not unconditional.[47] Whether such nuance will continue in the Obama Administration remains to be seen.

[44] Chairman Raymond Burghardt, AIT Press Conference, Taipei, Taiwan, March 18, 2009, http://www.ait.org.tw/en/news/officialtext/viewer.aspx?id=2009031901.

[45] From the Q & A session with Vice President Cheney following his speech at Fudan University in Shanghai, broadcast by Beijing CCTV in English, found in *FBIS*, April 15, 2004.

[46] See CRS Report RL33684, *Underlying Strains in Taiwan-U.S. Political Relations*, by (name redacted).

[47] "There are limitations with respect to what the United States will support as Taiwan considers possible changes to its constitution." Testimony of Assistant Secretary of State James A. Kelly before the House International Relations Committee, April 21, 2004.

Policy Options for Congress

Given developments in U.S. relations with Taiwan since 2001, lawmakers who are concerned about current trends and the U.S. ability to meet future challenges may consider a number of various options for U.S. policy.

Maintain and Reaffirm the Current "One-China" Policy

The official U.S. policy view is that the "one-China" policy and the fundamental framework surrounding it is an important constant in an otherwise dangerously fluid and evolving U.S.-Taiwan-PRC relationship. In this view, any alteration or apparent flexibility in that policy would lead to a "disintegrating policy" damaging to U.S. interests.[48] In addition, according to this view, the current policy framework helps protect the United States and U.S. policies from becoming greater factors in the domestic Taiwan and PRC political environments. The slightest deviation from U.S. policy formulations and actions—an off-the-cuff comment, the use of different wording beyond that already approved, a visit by a more senior U.S. official—can be and has in the past been seized upon by actors from either side to further domestic political agendas, inevitably creating nettlesome diplomatic problems for U.S. policy.

Moreover, these proponents say, those who advocate scrapping the "one-China" policy and other aspects of the U.S. policy framework are recklessly discounting PRC resolve on unifying Taiwan with the mainland and irresponsibly advocating actions that well could lead to the use of U.S. military forces in a U.S.-PRC conflict. The Taiwan Relations Act and the current policy approach, according to these proponents, should be maintained and regularly reaffirmed. As the PRC itself is firmly committed to the "one-China" policy, maintaining and reaffirming the current policy would be the last disruptive to U.S.-PRC relations. Any change in this policy, these proponents say, would be an about-face in the long-standing U.S. position and would involve the greatest risk to U.S.-PRC relations. Some suggest also that such a move would be damaging to Taiwan's ultimate economic and political security.

Change the "One-China" Policy

Outside the U.S. government, a minority of some Taiwan proponents places greater emphasis on the political aspirations and rights to self-determination of the people on Taiwan. According to this view, the current U.S. policy framework on Taiwan is out of step with the American emphasis on global democratization. This view holds that as the PRC and Taiwan have evolved, the original U.S. policy framework on Taiwan has grown increasingly irrelevant. The "one-China" policy itself, they argue, originally was based on the U.S. acknowledgment that both Taiwan and the PRC held there was only one China and that Taiwan was part of it.[49] They contend that this U.S.

[48] Interview with former U.S. government official, June 22, 2006.

[49] This was the formulation in the U.S.-PRC "Shanghai Communiqué" of 1972, which held that "The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The [U.S.] Government does not challenge that position." In repeating this assertion, the Joint Communiqué of 1979 establishing official relations with the PRC eliminated specific mention of either government: "The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China." See CRS Report 96-246, for full texts of the Taiwan Relations Act and the three U.S.-China communiqués.

policy has become untenable; it no longer reflects the reality in Taiwan. Therefore, they say, the "one-China" policy needs to be abandoned and replaced with a "one-China, one-Taiwan" policy in which the United States would work toward gradual normalization of relations with Taiwan.

Some who advocate this viewpoint believe that the costs of such a policy change for the United States would be minimal. They believe that PRC actions and statements on Taiwan are just "saber-rattling," and they doubt that the PRC will attack Taiwan should Taipei declare independence.[50] Even if the PRC should attack Taiwan, these proponents appear confident that for political and strategic reasons, the United States would come to Taiwan's aid.[51] To do nothing, they say, would seriously damage U.S. credibility and influence in Asia.

Policy Adjustments at the Margins

Bracketed within the above two policy options is a steady but quiet flow of alternative policy suggestions. These tend to advocate various substantive changes in day-to-day U.S. relations with Taiwan that their proponents believe would remain within the boundaries of the current policy framework and within U.S. understandings with the PRC.

Another "Taiwan Policy Review"

At the very least, some say, the United States needs to consider doing another comprehensive review of its Taiwan policy in order to revisit once again the 1979-1980 "Taiwan Guidelines" that govern U.S. government interactions with Taiwan and with Taiwan officials. Reportedly, only one such review to update the guidelines has been conducted since 1979—the 1993-1994 Taiwan Policy Review undertaken in the Clinton Administration—and that review resulted in a new approval for exchanges of high-level official visits in the economic arena.[52] But even the high-level economic visits resulting from the 1993-1994 policy review were not pursued with vigor by the Bush Administration, according to these proponents.[53]

Furthermore, since the 1993-1994 policy review, there have been dramatic developments in Taiwan's political development. From an authoritarian, one-party government some saw as only marginally more democratic than that of the PRC, Taiwan has become a fully functioning democracy, with multiple political parties, competitive elections, and two complete, peaceful shifts in government—the DPP's victory under Chen in 2000 and the KMT's return to power under Ma in 2008.

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[50] Coen Blaauw, of FAPA, and John Tkacik, of The Heritage Foundation, are two proponents of this view.

[51] Tkacik, John, ed. *Rethinking One China*, The Heritage Foundation, December 1, 2004.

[52] Apart from the Taiwan Policy Review, several other Clinton Administration decisions led to debates over whether the United States had changed its policy on Taiwan. In 1997-1998, the White House made statements that became known as the "three noes"—that the United States did not support a "one China, One Taiwan" policy, Taiwan independence, or Taiwan membership in international organizations requiring statehood. In 2000, the Clinton Administration made further incremental changes to U.S. rhetoric by adding the U.S. expectation that any resolution to the Taiwan issue would not only be peaceful, but decided "with the assent of the Taiwan people." For these and other U.S. policy statements, see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by (name redacted).

[53] The only such contact in recent years was the Taiwan visit of Deputy U.S. Trade Representative Karan Bhatia in May-June 2006.

In addition, since 1995 the PRC has undertaken a substantial military buildup along the coast opposite Taiwan, and in 2005 Beijing adopted the anti-secession law suggesting hostile intent against Taiwan. These significant developments since 1993-1994, according to this view, justify another Taiwan Policy Review to make selected changes in U.S. policy. Proponents of a review believe that the importance of Taiwan for U.S. interests, and of peace and stability in the Taiwan strait, warrant such renewed policy attention. Limited changes, they argue, could result in a more rational policy process and could improve communications. Among the policy changes that have been discussed are:

- More transparent and open interactions with Taiwan at the working level, including visits between U.S. and Taiwan officials in official U.S. government buildings and invitations to Taiwan officials to attend special events such as swearing-in ceremonies;
- Higher level U.S. government visits and exchanges with Taiwan counterparts;
- Greater coordination within the U.S. government—including regular inter-departmental meetings involving the Departments of Commerce, Defense, State, and Treasury, among others—on policy and substantive issues involving Taiwan; and
- More open and active support for Taiwan's participation in international organizations for which statehood is **not** a requirement, and greater support for observer status for Taiwan in organizations for which statehood **is** a requirement (such as the United Nations and World Health Organization).

The implications of a Taiwan policy review for U.S.-PRC relations likely would depend on the nature of the policy review itself. A substantial or comprehensive public review undoubtedly would raise concerns both in the PRC and likely in Taiwan. As stated before, however, such a review is not without precedent, and could be seen by both U.S. and PRC officials as a pragmatic adjustment to current circumstances.

More Active U.S. Role on Cross-Strait Relations

Among those suggesting alternative approaches, there appears to be greater sentiment that a more active U.S. role in cross-strait matters is both justifiable within the current policy framework and warranted by changing sentiments within the PRC and Taiwan. They suggest, for instance, that there is room for U.S. involvement in trying to moderate, re-shape, or otherwise influence those contending positions of the two sides that remain major obstacles to greater stability in the Taiwan Strait. Such greater involvement would require changes in long-standing U.S. assurances to Taiwan that the United States would not become involved in a mediating role between the two sides, and long-standing objections from the PRC that the United States not "interfere" in China's internal affairs. U.S. officials maintain, however, both governments in recent years have changed the way they talk to Washington about Taiwan. U.S. officials now are under subtle and perhaps increasing pressure from both governments to become directly involved in some aspects of cross-strait issues.

According to U.S. officials, the PRC during Taiwan's Chen Administration suggested that Beijing and Washington cooperate to manage controversial Taiwan issues. This included suggestions and

pressure from PRC officials that the United States pressure Chen into shelving plans for an island-wide referendum and that U.S. officials avoid sending the "wrong signals" to Taiwan, encouraging independence aspirations.[54] For their part, members of the Taiwan government suggested that the Taiwan Relations Act needed to be strengthened or reevaluated. They sought U.S. support for Chen's constitutional reform plans and more visible and routine U.S.-Taiwan official interaction. As a result, some observers in both Taiwan and the United States suggest that the time may be ripe for the United States to step up its rhetoric and activities to promote cross-strait dialogue.

Nevertheless, this receptivity to U.S. involvement has significant limitations—the chief of which is that each side wants U.S. involvement only on behalf of its own interests. Taiwan urges the United States to press the PRC to renounce the use of force and to agree to no pre-conditions for cross-strait talks. The PRC urges the United States to oppose Taiwan independence and to be more forceful in opposing unilateral changes in the status quo. According to many, U.S. involvement in such a one-sided way could help foster rather than ease cross-strait tensions. Former U.S. officials report that the United States is willing to help in a cross-strait dialogue if both sides can reach consensus on the kind of U.S. help they can accept.[55]

Exert More Pressure on the PRC

Another alternate view is that the United States has become too responsive to PRC sensitivities on Taiwan, and therefore unwilling to exert more pressure on the PRC government to reduce its hostile military posture toward Taiwan. According to this view, the U.S. stake in maintaining a democratic Taiwan, along with the potential cost of a non-peaceful resolution to Taiwan's political status, is too high for the U.S. government to remain on the sidelines. The United States should use more of its considerable leverage with Beijing in an effort to bring about more conciliatory behavior and promote more cross-strait concessions. Proponents suggest that U.S. officials could pressure the PRC to reduce its missile and military buildup opposite Taiwan and to revisit China's 2005 Anti-Secession Law which specifically provides for use of force against Taiwan.

More Overt U.S. Support for Taiwan Democracy

Another set of policy suggestions supports greater U.S. support for and involvement in Taiwan's democratic institutions. According to this view, Taiwan has already transformed itself by adopting a democratic system of governance; it is in the interests of all parties to have Taiwan's government be as effective and stable as possible. In particular, Taiwan's democratic system serves as a principle barrier to a Taiwan leadership's "preemptive capitulation" to PRC initiatives.[56] But proponents of this view say that the very immaturity of Taiwan's democracy and the infrastructural weaknesses of its political institutions are hampering Taiwan governance, contributing to cross-strait tensions, and posing problems for U.S. policy. Proponents suggest that the U.S. might pursue initiatives to improve the effectiveness of Taiwan's governance, such as:

[54] Some critics of U.S. policy suggest that the PRC's search for U.S. involvement is a "united front" tactic designed primarily to isolate Taiwan from some of its U.S. support.

[55] Former U.S. government official interviewed on July 5, 2006.

[56] Bush, Richard and Romberg, Alan, "Cross-Strait Moderation and the United States," the Brookings Institution, March 30, 2009.

- U.S. support for limited constitutional reforms in Taiwan (such as movement to a parliamentary system or reduction in the multiple levels of government) that could contribute directly to more effective government institutions and a more workable balance of power;
- Greater dialogue and more direct contact between the U.S. Congress and Taiwan's Legislative Yuan (LY), particularly to assist the LY's current structural reform and committee structure and processes; and
- Encouragement for Taiwan to use its political strengths and resources in a non-isolating way—by de-emphasizing divisive sovereignty issues, for instance, and instead emphasizing the global role Taiwan can play in democratic capacity building—such as in vote-counting and monitoring.

In addition, say these proponents, the United States can and should be more open in offering rhetorical support for the statements and actions of Taiwan leaders, defending them as natural components of Taiwan's democratic processes.[57] The United States might feel obliged publicly to disagree with those espousing Taiwan independence aspirations, according to this view, but U.S. officials should openly support the rights of Taiwan officials to say such things as an essential part of the open debate that characterizes a democratic government.

Implications

Many consider the continued success in 2008 of the democratic process in Taiwan to be a validation of U.S. goals for the spread of democratic values. It also further emphasizes the unique and delicate challenge for U.S. policy that Taiwan continues to pose: Taiwan is our ninth largest trading partner with a vibrant and free democratic government on an island claimed by the PRC, with which the United States has no diplomatic relations but does have defense commitments, and whose independence from China U.S. officials say they do not support. With Taiwan under the KMT government, the United States will be faced with some challenges familiar from past years, including decisions on: new arms sales; how to accommodate requests for visits to the United States by President Ma and other senior Taiwan officials; the level of U.S. relations with the Ma government; and whether to pursue closer economic ties, such as through a Free Trade Agreement. In addition, Taiwan-U.S. relations under the KMT government face new challenges—notably the implications that President Ma's initiatives toward the PRC have for U.S. interests; and what role, if any, Washington should play in Taiwan-PRC relations.

For Cross-Strait Relations

President Ma's emphasis on improving relations with the PRC presents a potentially new policy environment for the United States. U.S. policy had been stressed after President Chen abandoned his early, unsuccessful olive branches to Beijing in favor of a more pro-independence approach, with U.S. officials subjected to increasing pressure from both sides to become directly involved in some aspects of cross-strait ties. PRC officials began quietly urging the United States to pressure Chen into shelving plans for an island-wide referendum, and they pressed U.S. officials to avoid sending the "wrong signals" to Taiwan. Members of the Taiwan government urged U.S. officials to give more overt support for Taiwan's democracy and to put more pressure on Beijing to lessen

[57] John Tkacik, from The Heritage Foundation, is one of the proponents of this view.

its hostility—efforts that some see as setting a precedent for overriding the "six assurances" to Taiwan. U.S. officials were put in the position of continually seeking to re-balance the cross-strait relationship to achieve some sort of stasis in keeping with stated U.S. policy goals.

The cross-strait policy of President Ma's government presents the United States with a different set of challenges. Ma's new approach toward the PRC would seem to be in keeping with U.S. wishes, as U.S. officials in the past have urged both sides to move toward greater conciliation and less confrontation. In 2008, a U.S. State Department spokesman spoke favorably (if somewhat tepidly, in keeping with most U.S. policy pronouncements on Taiwan issues) of the resumption of cross-strait talks under the Ma Administration, responding to a reporter's question with "... we believe it's important for the two to work towards a peaceful resolution of the ... Cross-Strait issues."[58]

While U.S. policy favors improvements in Taiwan-PRC relations, it has been silent on what should be the speed, depth, and degree of cross-strait conciliation. Some observers worry that the KMT government may be overly responsive to economic imperatives and to pressures from influential Taiwan business interests that have substantial economic investments in China. They worry that the Ma government could reach a swift accommodation with Beijing that may complicate U.S. regional interests.

The implication for U.S. interests is only one factor President Ma will have to continue to consider in pursuing his PRC policy. Ma faces multiple balancing acts. These include efforts to improve cross-strait relations—and Taiwan's economic opportunities on the mainland—while not appearing overly eager to voters who worry that he will sell out Taiwan's political interests in pursuit of closer mainland economic ties. He also will have to strike a balance between those in the electorate who favor unification with China; those who argue for a strong defense for Taiwan and the continuation of U.S. weapons purchases; and those who urge significant improvements in Taiwan's relations with Beijing.

For U.S. Arms Sales

Relatedly, the question of U.S. arms sales to Taiwan takes on new shades of delicacy in an environment of improving Taiwan-PRC ties. While U.S. law mandating arms sales to Taiwan states that these sales shall be "based solely upon ... the needs of Taiwan," such decisions can be and have been a useful U.S. policy lever in U.S.-Taiwan-PRC relations.[59] Either the approval of a major weapons package to Taiwan or an apparent "freeze" in weapons sales can have symbolic significance for either side of the strait. U.S. policymakers will be faced with decisions on what kind of signal a specific U.S. arms sale will send under current circumstances. The PRC objects to U.S. arms sales to Taiwan and has reacted punitively in some cases, so that future U.S. arms sales to Taiwan may have significant implications for cross-strait ties. A recent news story from a Taiwan newspaper alleged that U.S. military officials are concerned that potential Taiwan-PRC military exchanges could provide Beijing with an opportunity to learn details about sensitive U.S.

[58] Acting Deputy Spokesman Gonzalo R. Gallegos, State Department Daily Press Briefing, June 12, 2008.

[59] Arms sales to Taiwan are mandated in P.L. 96-8, the Taiwan Relations Act (TRA). Section 3302(b) of U.S.C. 22, Ch. 48, Sect. 3301-3316, enacted April 10, 1979.

military technology sold to Taiwan and, therefore, could jeopardize future U.S. arms sales to Taiwan.[60]

For PRC Policy and Credibility

Despite the challenges that Ma faces, many believe that his policy approach will be an important test of the PRC's stated intentions of approaching cross-strait problems by "putting aside differences and seeking a win-win result."[61] Having railed against President Chen's independence-aspirations for eight years while wooing the KMT, the PRC now is faced with the question of whether it wishes to follow through with creative initiatives if it is to capitalize on the opportunity that a KMT government presents. Rebuffing a new and, at least initially, a more conciliatory Taiwan government could damage the PRC's credibility that it wishes to pursue a peaceful and constructive solution for cross-strait ties. Any perceived PRC reluctance also could serve to revitalize U.S. and congressional opposition to the PRC's Taiwan policy—opposition which remained relatively muted for years in part because of mutual U.S.-PRC problems with former President Chen.

Observers suggest there are a number of options now for Beijing to make meaningful gestures toward Taiwan that would not impinge on PRC sovereignty claims. Beijing has appeared willing to take some guarded steps. These include willingness to restart cross-strait talks on a mutually acceptable basis; a new willingness to entertain Taiwan's aspirations to be a "meaningful participant" in the WHO; and, with the November 2008 meeting between Taiwan's Lien Chan and PRC President Hu Jintao during the APEC meeting, at least the suggestion of a halt to inflexible posturing against Taiwan in APEC and other multilateral organizations. Other such steps could include a suspension of Taiwan-focused military exercises and other military maneuvers in the strait and a meaningful drawing-down of missiles deployed opposite the Taiwan coast.

For Taiwan Democracy

Many Americans have welcomed the 2008 election results as a sign that Taiwan's democracy has continued to ripen and mature. They say Taiwan's democratic development has been validated by having passed the "Huntington test" for established democracies—having two successful, consecutive changes of government through a free and peaceful electoral process.[62] Those harboring concern about how the DPP's supporters would take such a defeat were reassured greatly by the gracious concession speech of candidate Frank Hsieh and the widespread DPP acceptance of the results of the democratic process. To some watching the March 22, 2008 election, the Taiwan electorate also appeared to have attained a new level of maturity and sophistication, apparently motivated more in its election decisions by pragmatic calculations of

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Lowther, William, "Pentagon wary of PRC-Taiwan ties," *Taipei Times*, January 7, 2009, p. 1.

61 Reportedly language in a letter written to the U.N. Secretary General by the PRC's U.N. Ambassador Wang Guangya concerning Taiwan's current bid for "meaningful participation" in the U.N. "China gives U.N. bid cold shoulder," *CNA*, September 10, 2008.

62 Samuel P. Huntington defined this process in his book *The Third Wave: Democratization in the Late Twentieth Century*, Norman and London, 1991. Taiwan qualifies by virtue of the DPP having wrested power from the KMT in 2000 and the KMT having regained power in 2008.

governmental performance than by more emotional issues involving U.N. membership or sovereignty issues.[63]

Some, however, suggest that functional political pluralism in Taiwan may be in trouble over the short term. An effective democracy requires a viable opposition, and the overwhelming KMT electoral victories in 2008 left Taiwan's polity lopsided, the opposition effectively crushed. The DPP has been demoralized and decimated further by the political scandals involving former President Chen, who brought the party from a fledgling opposition party to the pinnacle of power. The scandals, wrote DPP Chairwoman Tsai Ing-wen, have brought the DPP "a kind of sadness so painful it cannot be soothed, and a kind of disappointment so grave it cannot be overcome."[64] Despite the warming U.S.-Taiwan relationship under the KMT, then, many feel that U.S. interests in having Taiwan remain a full-fledged democracy may be compromised should the opposition remain too feeble effectively to monitor and hold accountable the majority party.

Legislation in the 111th Congress

S. 1390 (Levin)

National Defense Authorization Act for FY2010. Section 1226 of the bill requires the Department of Defense to submit a report to Congress, in both classified and unclassified versions, a report on Taiwan's air force, including the number, type, age, and capabilities of its aircraft; an assessment of the weapons platforms Taiwan would need to provide for its self-defense in the face of a PRC missile attack; and a five-year plan for fulfilling U.S. obligations under the Taiwan Relations Act to aid Taiwan in controlling its own air space. The Committee on Armed Services introduced an original measure on July 2, 2009, with written report S.Rept. 111-35. The Senate took up consideration on July 14, 2009, and passed an amended bill by unanimous consent on July 23, 2009.

H.Con.Res. 18 (Linder)

Expressing the sense of Congress that the United States should resume normal diplomatic relations with Taiwan. The measure calls on the President to abandon the "one-China" policy, adopt a "one-China, one-Taiwan" policy that recognizes Taiwan sovereignty, and begin establishing normal diplomatic relations with Taiwan. The measure also calls on the President to aggressively support Taiwan's membership in the U.N. and other international organizations for which statehood is a requirement. The measure was introduced on January 9, 2009, and referred to the House Foreign Affairs Committee.

H.Con.Res. 55 (Berkley)

Recognizing the 30th anniversary of the Taiwan Relations Act. The resolution reaffirms the unwavering U.S. commitment to the Taiwan Relations Act, reaffirms strong U.S. support for Taiwan's democratic development, and supports deepening U.S.-Taiwan ties. The measure was introduced on February 23, 2009, and referred to the House Foreign Affairs Committee's

[63] Many U.S. and other foreign election observers were in Taiwan before and after the March 22 election, including this author. This report draws heavily on these personal observations and insights.

[64] DPP Chairwoman Tsai Ing-wen, "An open letter to DPP supporters," *Taipei Times*, August 27, 2008, p. 8.

Subcommittee on Asia and the Pacific, which held mark-up on March 19, 2009. The Subcommittee forwarded the bill to the full Committee, amended, by voice vote the same day.

Chronology

09/25/09—Exiled Uighur activist Rebiya Kadeer, living in the United States, was denied a visa to visit Taiwan.

09/11/09—Former President Chen Shui-bian was given a life sentence on charges of corruption in public office.

08/19/09—Taiwan's Ministry of Foreign Affairs announced that Taiwan would not seek full membership in the U.N. this year, but instead would seek to participate in the activities of U.N. specialized institutions, like the World Meteorological Organization and the World Maritime Organization.

08/07/09—Over a period of several days, Typhoon Morakot slammed into the Philippines, Taiwan, and China, causing hundreds of millions of dollars in damage and numerous fatalities.

07/27/09—PRC President and Communist Party Secretary Hu Jintao sent a congratulatory note to Taiwan's newly elected KMT chairman Ma Ying-jeou.

07/26/09—Taiwan President Ma Ying-jeou was elected to the chairmanship of his political Party, the Nationalist Party (KMT).

07/21/09—It was reported that Taiwan and China plan to open semi-official tourism offices in each other's territories by the end of 2009.

07/16/09—The opening ceremony of the 2009 World Games began, being hosted by Taiwan.

07/01/09—William Stanton, a career U.S. diplomat, was announced to be the next director of the American Institute in Taiwan in Taipei.

05/18/09—For the first time since its ouster from the U.N. in 1971, Taiwan participated as an observer in the four-day 2009 World Health Assembly, the annual meeting of the World Health Organization (WHO).

04/26/09—The third round of cross-strait talks between Taiwan and China began in Nanjing, China.

03/18/09—U.S. American Institute in Taiwan (AIT) chairman Ray Burghardt said that the United States was "comfortable with what's happening" in Taiwan-PRC engagement. The same day, former President Chen Shui-bian appeared at his final pre-trial hearing before going on trial for corruption, scheduled to begin March 26, 2009.

03/17/09—The first luxury cruise ship (Ocean Mystery) to sail directly to Taiwan from the PRC (Shanghai) arrived at Keelung, reportedly carrying 1,600 PRC tourists.

03/16/09—In its first quadrennial report (QDR), Taiwan's Ministry of Defense said that Taiwan would cut its military personnel from 275,000 to 215,000 over the next five years—part of a plan to create an all-volunteer force by December 2014.

03/14/09—The Taiwan government urged the PRC to jettison its "anti-secession" law. The law, passed in March 2005, justifies the use of force to prevent Taiwan independence.

01/13/09—World Health Organization officials sent a letter to the Taiwan government stating that the island henceforth would be included in the International Health Regulations (IHR), a set of legally binding rules governing international commitment to disease surveillance, alert, and response

01/07/09—Taiwan's cross-strait negotiator, Chiang Pin-kung, began a visit to four PRC cities to discuss issues facing Taiwan investors in the mainland.

12/12/08—Former Taiwan President Chen Shui-bian was indicted on charges of corruption, having been arrested on November 12, 2008.

11/21/08—On November 21, 2008, Taiwan's Lien Chan, a former Vice-President and Premier, met with PRC President Hu Jintao during the Asian Pacific Economic Cooperation (APEC) meeting in Peru. It was said to be the highest-level meeting between the two sides in an international forum since 1949.

10/03/08—The Defense Security Cooperation Agency notified Congress of the possible Foreign Military Sale of six different types of defense articles and equipment, totaling approximately $6.4 billion.

09/08/08—Taiwan announced that it would cancel the live-fire exercise portion of its annual five-day military exercises, in deference to warming ties between Taiwan and the PRC.

09/08/08—Taiwan's Foreign Ministry announced it would seek closer participation in the 16-member Pacific Islands Forum (PIF). Taiwan has taken part every year in the PIF since joining in 1993, but because of PRC objections has been restricted to dialoguing only with its 6 diplomatic South Pacific partners.

08/27/08—The Pentagon announced the sale of 58 Harpoon missiles as well as related support, logistics, and training equipment to Taiwan worth about $101 million.

08/19/08—Taiwan's Special Investigation Unit (SIU) announced it was inviting the Taipei-based Central Bank of China (CBC) and the cabinet-level Financial Supervisory Commission (FSC) to assist in investigating the source of $21 million in a Swiss bank account in the name of former President Chen Shui-bian's daughter-in-law, Huang Jui-ching. SIU investigators said they were looking into possible irregularities in the second-phase financial reform initiated by President Chen in 2004 as a potential source of the funds.

08/18/08—Prosecutors in Taiwan named five suspects in an alleged high-level money laundering scheme involving former President Chen Shui-bian. They included Chen Shui-bian; his wife Wu Shu-jen; Chen's son Chen Chih-chung and his wife Huang Jui-ching; and Wu's brother Wu Ching-mao.

08/17/08—Tsai Ing-wen, head of Taiwan's DPP party, said the current political crisis had come about because the DPP put too much faith and trust in Chen Shui-bian.

08/14/08—Former Taiwan President Chen Shui-bian held a press conference to resign from DPP membership. He admitted failing fully to declare campaign funds and for wiring millions of dollars overseas, and apologized for causing "humiliation" and "irreparable damage" to the party.

08/14/08—Taiwan's Ministry of Foreign Affairs (MOFA) confirmed that the Swiss Confederation's Department of Justice sought assistance from Taiwan about suspected money laundering by Chen's daughter-in-law, Huang Jui-ching.

08/14/08—Taiwan submitted a proposal to the UN Secretariat via St. Vincent and the Solomon Islands (2 of Taiwan's diplomatic relationships), asking the UN to consider permitting Taiwan to have "meaningful participation" in the organization's specialized agencies.

08/13/08—A spokesman for Taiwan's presidential office said that this year's UN bid would focus on "participation" in specialized UN agencies.

08/12/08—AIT Chairman Ray Burghardt gave a dinner for President Ma in Los Angeles. Ma also met with Members of Congress.

08/12/08—Taiwan President Ma YJ left for state visits to Paraguay and the Dominican Republic, returning on the 19th. He flew a commercial flight to the United States—a first for a Taiwan president—and transited through LA (coming) and through San Francisco (returning home).

07/27/08—Taiwan's Sports Affairs Council (SAC—a cabinet-level council) announced that several Taiwan Ministers would attend the 2008 Olympic Games at IOC invitation using National Olympic Committee ID cards. In the past, China's protests had led to the issuance of the less prestigious "Guest Card" for Taiwan officials.

07/22/08—Taiwan's SEF chairman, Chiang Pin-kung, was reported as having said he wants to study and promote the creation of a cross-strait comprehensive economic cooperation agreement (CECA).

07/17/08—Taiwan's cabinet announced it would revise regulations limiting investment by Taiwan companies in China, and that new measures would be put into place August 1. Preliminary reports said that the current investment cap would be abolished for some companies and raised to 60% of net worth for other companies.

06/12/08—The first cross-strait meetings in a decade began between China and Taiwan in Beijing at the Diaoyutai State Guest House, conducted by SEF and ARATS. The two sides reportedly agreed to set up permanent offices in each other's territory and to begin regular weekend direct charter flights.

05/26/08—KMT Chairman Wu Poh-hsiung visited China and met with PRC Party Secretary Hu Jintao at the latter's invitation in the highest-level contact between the two sides of the Taiwan Strait.

05/20/08—Ma Ying-jeou was inaugurated President of Taiwan.

05/19/08—Tsai Ing-wen, considered a moderate in the DPP Party and a former Vice-Premier, was elected chairwoman of the Party.

05/19/08—The WHO rejected Taiwan's bid for observer status.

03/22/08—KMT candidate Ma Ying-jeou was elected president of Taiwan, defeating the rival DPP ticket of Frank Hsieh.

For Additional Reading

CRS Report RS22853, *Taiwan's 2008 Presidential Election*, by (name redacted).

CRS Report RL33684, *Underlying Strains in Taiwan-U.S. Political Relations*, by (name redacted).

CRS Report RS22388, *Taiwan's Political Status: Historical Background and Its Implications for U.S. Policy*, by (name redacted).

CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*, by (name redacted).

CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by (name redacted).

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