



# China-Taiwan Relations: The Shadow of Kosovo Looms Large

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Cross-straits negotiations have reopened in anticipation of the anticipated fall visit to Taiwan of Wang Daohan, the Chairman of Beijing's Association for Relations Across the Taiwan Strait. However, the downturn in Sino-U.S. relations--evident before Zhu Rongji's inconclusive April 1999 U.S. visit and underscored by Beijing's and Washington's divergent interpretations of the May 7, 1999, bombing of the PRC embassy in Belgrade--is complicating relations between Beijing and Taipei. China remains concerned that U.S. actions in Kosovo may presage similar interference in the PRC's "internal affairs" relating to Taiwan. This can cause a hardening of Chinese positions vis-à-vis Taiwan and make already sensitive issues like theater missile defense (TMD) even more contentious. For its part, Taipei realizes that its own interaction with Beijing becomes more difficult whenever U.S.-China relations are either too strained or too close. Taipei sees risks as well as promise in the upcoming cross-straits dialogue.

## **A Beijing Perspective**

The bombing of the PRC embassy in Belgrade was deeply felt as a personal and national affront to China's leaders and people. Beijing deemed it deliberately violated China's sovereignty in the worst historical gunboat disregard for Beijing's views. The bombing also coincides with a period when the PRC government seeks to buttress its legitimacy by demonstrating how the PRC has "stood up" and made specific achievements over the last 50 years since its founding on October 1, 1949. This means unexpected, interactive Sino-U.S. sensitivities, with implications for cross-strait relations.

For example, Cox report allegations of Chinese missile technology espionage undercut the achievement if the PRC succeeds in launching a manned space flight to celebrate its 50th anniversary. In the current environment, a manned PRC space launch could also spur Taiwan demands for theater missile defense. Indeed, Beijing's reassessment of its security and economic development within a new world order, including the roles of NATO and especially the U.S., as well as its defense budget and priorities, could yet shape PRC approaches to cross-strait relations.

Paradoxically, in Kosovo, what NATO perceived as virtues Beijing perceived as dangerous potential precedents for Taiwan. NATO saw a humanitarian mandate and

strategic bombing capability that obviated the need for ground troops. Beijing saw a new world order in which a new gunboat diplomacy based on high technology weapons and assertive U.S. values could make China's coasts and interior vulnerable without the U.S. being constrained by fear of an Asian land war. Beijing's suspicions further deepen its opposition to Japan, Korea, or Taiwan establishing theater missile defense--what Beijing has called a potential East Asian NATO-like alliance--even as China's potentially more belligerent posture may increase calls for self-protective measures by those in the region.

Early accounts suggest a PRC defense budget increase (perhaps in the order of 80 billion yuan, roughly \$9.75 billion U.S. dollars), with emphasis on high-technology defensive radar, electronic warfare, and air defense. The re-establishment of the Commission of Science, Technology & Industry for National Defense under the Central Military Commission further indicates PRC high-tech military research and deployment priorities.

If such defense priorities are enshrined in the 10<sup>th</sup> 5-year plan, including its 1999 formulation and anticipated September 2000 draft plan, their impact on PRC cross-strait approaches could be even more pronounced. Particularly given that Beijing-Taipei cross-strait dialogue modalities have yet to include military confidence building measures or even indirect military to military discussions, the potential for cross-strait misunderstanding leading to a highly destabilizing arms race remains.

In this regard, an important cross-strait wild card is the extent to which Jiang Zemin defines his legacy in terms of China's being strong, economically developed, and unified in the 21<sup>st</sup> century. Unclear is the extent to which a unified China includes an assertive framework or timetable for Taiwan unification following Hong Kong's July 1, 1997 handover and Macao's December 20, 1999 return to PRC sovereignty.

For some in Beijing, good relations with the U.S. are both a means and end to China's cross-strait unification goals.

### **A Taipei Perspective**

For understandable reasons, Taipei has sought to maintain parallel engagement between Taiwan and the U.S. during periods of improving Sino-U.S. ties. Taipei has also sought to promote Taipei-U.S. relations but without generating an anti-Taiwan backlash during periods of uncertain Sino-U.S. relations. At present this includes various measures to increase Taiwan's political, economic, and military standing with the U.S. and internationally.

In this regard, Taipei's freedom of action in cross-strait relations depends on Sino-U.S. relations never being so good as to reduce U.S. interest in positive U.S.-Taiwan relations and never so poor as to reduce Beijing's concern for U.S. response to PRC actions toward Taiwan.

For Taipei, cross-strait dialogue currently holds risk as well as promise. In particular, the potential for U.S. misunderstanding the implications for Taiwan of various cross-strait developments creates at least four fundamental dilemmas for Taipei.

First, Taipei must avoid Beijing defining constructive cross-strait dialogue as requiring purposeful direction, i.e., political talks leading toward unification.

Second, Taipei must maintain a balance between what is politically popular in Taiwan and the more assertive cross-strait approach some in Taipei and Washington prefer. This includes the dilemma of where and how much Taipei should rely on less authoritative but sometimes more flexible non-governmental (track two) communication channels, as compared with sometimes less flexible but more authoritative Strait Exchange Foundation-Association for Relations Across the Taiwan Strait (SEF-ARATS) channels.

Third, Taipei must not give the impression to the U.S. Congress and others that cross-strait dialogue could so successfully reduce misunderstanding as to render U.S. arms sales to Taiwan no longer necessary or helpful.

Fourth, Taipei must avoid unintended consequences from efforts to establish new cross-strait initiatives, e.g., arms control discussions involving Beijing, Taipei, and Washington which result in de facto consultations or prior notification with Beijing regarding Taiwan arms requests.

All this is occurring within a U.S. perceptual change where Taiwan is reemerging as an issue in Sino-U.S. relations and possibly in U.S. campaign year politics.

### **Kosovo Impact**

Even prior to the accidental bombing of the Chinese Embassy, and in some ways accelerated by the continuing downturn in Sino-U.S. relations, Taipei has sought to solidify its military, political, and economic standing with and within Washington, in part to buttress its cross-strait bargaining position. Indeed, Taipei's provision of some \$300 million in humanitarian assistance to Kosovo refugees occurs at a time when the Washington policy environment is shaped by three developments.

First, Sino-U.S. relations, already strained preceding Premier Zhu Rongji's April 1999 inconclusive Washington visit and left adrift following Beijing's rejection of Secretary Pickering's explanation of the Belgrade bombing, could improve by the September APEC summit at which Presidents Clinton and Jiang are scheduled to meet. Or they could become more uncertain, particularly if they are politicized during the U.S. election campaigns.

Second, current Sino-U.S. strains, including regarding Taiwan, increase the responsibilities and expectations Washington assigns to cross-strait dialogue. These

include Washington's encouraging Taipei to consider cross-strait interim agreements and other measures to stabilize Beijing-Taipei relations.

Third, though the Belgrade bombing has preempted current Sino-U.S. focus and brought new dimensions of military issues for cross-strait relations, other fundamental questions remain to be resolved, including the timing and sequencing of PRC and Taiwan accessions to the WTO and continuing developments regarding theater missile defense.

### **Policy Implications**

The debate about the U.S. role in cross-strait dialogue continues. The Clinton Administration seeks to establish an encouraging environment but without pressuring either side. The U.S. interest in a cross-strait equilibrium of confidence does not mean the U.S. simply supports a status quo peace and stability, or even simply a dynamic status quo. The U.S. position should be to reject any challenge to the status quo by force, and to discourage Taiwan independence, while leaving it to Beijing and Taipei to create the positive conditions necessary to entice peaceful unification.

Beijing has already threatened non-compliance on proliferation matters if U.S. and Taiwan TMD cooperation advances. Given the juxtaposition of WTO, TMD, and cross-straits issues, Beijing could subtly offer future restraint on security matters (such as TMD and Taiwan) in exchange for Washington's commitment to China's WTO accession. Thus a hard sell on China's WTO accession could come from tacit threats to increase security competition; a soft sell already appeals for Washington to support the political position of Zhu Rongji and others championing China's economic reforms.

But the U.S. should resist the temptation to bargain trade (e.g., WTO) and security (e.g., TMD) issues. The U.S. has equal interest in shaping the Asia-Pacific's overall political, economic, and security architectures as part of its vision for a peaceful, stable, and prosperous Asia-Pacific.

## **China-Taiwan Chronology**

### **April-June 1999**

**April 15, 1999:** Chinese Premier Zhu Rongji says China will not relinquish the use of force against Taiwan.

**April 28, 1999:** A Pentagon report is sent to Congress outlining the architecture requirements for a theater missile defense (TMD) system in the Asia-Pacific region.

**April 30, 1999:** The Clinton Administration, under pressure by Congress, agrees to sell long range radar to Taiwan.

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**May 7, 1999:** NATO bombs hit the Chinese Embassy in Belgrade resulting in postponement of Straits Exchange Foundation (SEF) trip to China to discuss Wang Daohan's visit to Taiwan.

**May 8, 1999:** The Taiwan (pro-independent) Democratic Progressive Party (DPP) national conference passes a resolution making official "The Republic of China" as Taiwan's official name.

**May 19, 1999:** Lee Teng-hui publishes his book, *Taiwan's View*, which China claims establishes his pro-independence position.

**May 25, 1999:** The Japanese Diet passes bills concerning Japan-US cooperative Defense Guidelines arousing serious concerns in China. The Cox Report is published.

**May 27, 1999:** Former Taipei Mayor Chen Shui-bien accepts the DPP's recommendation as presidential candidate for the 2000 Presidential Campaign.

**June 7, 1999:** President Lee Teng-hui declares that Taiwan will donate \$300 million to Macedonia for relief of Kosovo refugees and asks China to also contribute.

**June 22, 1999:** Russia agrees to sell 72 advanced Sukhoi-30 fighter aircraft to China.

**June 23, 1999:** The U.S. House International Relations Subcommittee on Asia and the Pacific presented a bill supporting the participation of Taiwan in the World Health Organization (WHO) and sent it to the full committee for approval.

**June 27, 1999:** In Beijing, SEF proposes to China that Wang Daohan could visit Taiwan on September 12-19 or October 12-19.