



**Balancing Cross-Strait Dynamics: an Analysis of  
Current and Future Power Relations**



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## **Introduction**

By Matthew Anderson, Brittany Billingsley, Danielle Chubb, Eleni Ekmektsioglou

The 2011 Asia Pacific Security Forum, “The Asia-Pacific in the Post-Crisis Era: Geopolitical and Economic Challenges to Regional Stability,” was held in Taipei, Taiwan, August 26-27, 2011. Seventeen Young Leaders from seven different countries attended two days of conferences hosted by the Institute for National Policy Research (Taiwan), in association with The Pacific Forum CSIS (US), the Institute for Strategic and Development Studies (Philippines), and the Asia Centre (France). Young Leaders then attended a day of programs hosted by the Center for Security Studies at the National Chengchi University. In addition to senior presentations and discussions, Young Leaders also held roundtables on issues regarding the current situation as well as future prospects for the Taiwan Strait.

What are we talking about when we talk about cross-strait relations? Is it the imbalance in military power across the strait? The diplomatic and economic breakthroughs that have marked the Ma Ying-jeou presidency? The role of the US as a ‘responsible stakeholder’ and ‘reliable ally’? Asking the right questions about the dynamic Taiwan-China relationship is a critical precursor to any helpful discussion, yet is a step often overlooked in the plethora of analyses on the topic.

Young Leaders focused on defining the most critical aspects of the cross-strait relations. They discussed the role of China, both in the region and as an international player. China’s growing power and influence in the region cannot be neglected, as it is of paramount importance with regard to cross-strait relations. China’s behavior vis-à-vis its neighbors in the South China Sea can be used as a barometer for its behavior toward its partner across the strait and the Taiwanese Young Leaders expressed their concerns regarding China’s growing assertiveness in the South China Sea.

Two serious concerns were raised by the Young Leaders: China’s military modernization and Taiwan’s decreasing defense budget. China’s military investments and technological breakthroughs aggravate insecurity across the strait and undermine attempts to maintain a military balance. Young Leaders talked about the role that the US has to play through arms sales and its impact on the region’s stability. The role of the US as a reliable ally was discussed and Taiwanese YLs demanded deeper US involvement in the region for the sake of military balance and deterrence. YLs also stressed that these problems are not just military. Economic, political, and cultural issues transform the topic in question to an important degree and any conversation on cross-strait relations would be meaningless without taking them into consideration.

China’s rapid economic development makes it attractive to smaller economic powers such as Taiwan. The Economic Co-Operation Framework Agreement (ECFA) is the best example of a state trying to minimize China’s military threat and to maximize the benefits of China’s economic development. President Ma Ying-jeou’s policy toward

China focused on the benefits Taiwan could gain from such an agreement and the value it brings to cross-strait relations. ECFA has changed the dynamics of relations between China and Taiwan. Young Leaders, however, were skeptical about ECFA's ability to assuage Taiwan's security concerns.

YLS were concerned about the impact of domestic politics on the agreement and its continuation. Leadership transition in China, and Taiwanese elections next year, will change the political landscape. 2012 will be a critical year for cross-strait relations and the agreement will have to prove its resilience against a changing political landscape. Young Leaders from the US talked about Ma's policy of rapprochement and how the region has benefited from it. If the Democratic Progressive Party (DPP) takes power in Taiwan, the US will need a promise to maintain stability in the region which profits all parties.

Taiwanese participants discussed the reliability of the US. Memories from the 1970s have not faded and China's rise, along with the professed US decline and gradual disengagement from the region, produced concerns about the future of US-Taiwan relations. China's reactions to arms sales and the freezing of military-to-military relations raise questions about US commitments. Isolating US-China mil-to-mil relations from arms sales-related issues has been a priority for the Obama administration. China, however, appears less willing to do so and Taiwanese YLS expressed concern about the impact of China on US-Taiwan relations. Specifically, Young Leaders talked about the value of China as a partner in the region and its comparative advantage vis-à-vis that of Taiwan.

Young Leaders focused on how to resolve differences. They decided that 'resolution' should be used with caution, as Taiwan and China see the term in a different ways. The term 'unification' was avoided by Taiwanese participants, who see the issue of political regime differences as the main challenge. Stability across the Taiwan Strait seems to be critical and Young Leaders contemplated ways to maintain stability and normality across the strait. Questions about the current situation in the Taiwan Strait were posed by Korean, Japanese, and European participants who wanted to know the views of Chinese and Taiwanese Young Leaders regarding the stability of the status quo. How resilient is the status quo and what challenges will it face in the future?

Finally, Young Leaders probed the role of soft and hard power in cross-strait relations. Economic interdependence through ECFA radically changed the dynamic of relations between the mainland and Taiwan. However, the People's Liberation Army's (PLA) great influence on the decision-making process in China, along with China's insistence on retaining the use of force as an option in the event of a crisis, complicates the situation and also leaves space for hard power politics.

In this volume, Pacific Forum Young Leaders who attended the 2011 Asia Pacific Security Forum in Taipei, Taiwan, explore what is at stake across the Taiwan strait, with a special focus on the factors that mitigate for and against predictable and stable relations between China and Taiwan. Driving the analysis in this volume is a core understanding

that military factors neither define nor determine cross-strait relations: power across the strait is far more than the sum of its various F16 and J20 fighter jet parts. Power relations are better understood as a tangle of economic, political, and cultural factors that cannot be easily unraveled.

Both China and Taiwan, fully cognizant of the complex nature of power, claim ‘soft power’ as an important component of their diplomatic arsenal. Recognizing that perception is reality when it comes to soft power diplomacy, the volume’s first two essays provide insight into how each side’s efforts are digested. Taiwanese participants conclude that Beijing’s recent attempts to replace ideas about a Taiwan identity with their emphasis on ‘Chinese-ness’ and a shared cultural heritage do not pose a real risk to autonomy. Contrary to fears that close identification with Chinese culture will lead to concomitant political identification, the Young Leaders conclude that the people of Taiwan are capable of holding the two ideas in their heads quite separately. From the perspective of China, Taiwanese pop culture is seen as their most successful export to the mainland, though again Young Leaders stress that these soft power products are consumed by a Chinese audience with little or no political by-products. Hard power will continue to dominate relations across the Taiwan strait, yet soft power will play an important, if less obvious, role that policy-makers ignore at their peril.

The second part of this short volume turns its attention to the question of future uncertainties, arguing that it is possible to predict a range of longer-term scenarios and thus assist China, Taiwan, the US, and other regional players prepare for contingencies. Four possible scenarios are suggested, with two involving conflict with and without US involvement. In both cases, the result was a high level of instability for the entire region. Differences in cost-benefit analyses among key players complicated outcomes, particularly with regard to the question of reunification. To most successfully tame uncertainty, it was concluded that the incorporation of Taiwan into the international system would encourage a more responsible response by its leadership and help facilitate greater dialogue and negotiation. Calling for a ‘habit of cooperation,’ the Young Leaders conclude that peaceful outcomes in cross-strait relations are possible, if difficult to achieve, and efforts at securing them must begin today.

# Soft Power and the Cross-Strait Power Balance

## Introduction

By Danielle Chubb

The concept of soft power was developed at the end of the Cold War, to assist policy-makers and analysts in their endeavor to understand the changing nature of power at a time of rapid global transformation. Alongside the shifting balance of power, the world was simultaneously becoming more interconnected thanks, in part, to greater trade among nations and significant advances in technology. Observers of world politics scrambled to explain the myriad changes they saw, and there was much talk within the United States of the country's perceived 'decline' on the global stage, in which traditional forms of power that had marked US primacy in 1945 were increasingly constrained by a new set of international norms that sought to limit the outbreak of war in a world of nuclear weapons. No longer, many argued, could the US preponderance of military strength, territory, and population ensure its dominance in a world where other factors, such as economic strength, cultural appeal, values, technology and education, were becoming important signifiers of power.

Joseph Nye, a prominent neoliberal theorist of international relations, introduced the concept of 'soft power' as a means to better understand how states would most effectively be able to influence others in this newly globalized and interdependent world. Power resources, he argued, must be seen as encompassing far more than military might. Besides military power resources, the United States had at its disposal a wide range of ideological, cultural, scientific, and economic resources. All this, he concluded, amounted to what could be best described as 'co-optive' or 'soft power,' usefully juxtaposed against the more widely accepted ideas of 'coercive' or 'hard power.' Soft power, by its very nature, is exercised differently to hard power. In a world in which direct, forceful means of influence – the exercise of 'hard power' – were becoming increasingly costly, there was a growing acknowledgement that power must be wielded indirectly. The United States would need to persuade others to follow its lead for reasons other than recognition of US military might, inferring a shift in the way relations between states should be conceived and would, ultimately, be practiced. Nye wrote, back in 1990:

[There is] a more attractive way of exercising power than traditional means. A state may achieve the outcomes it prefers in world politics because other states want to follow it or have agreed to a situation that produces such effects ... This second aspect of power – which occurs when one country gets other countries to *want* what it wants – might be called co-optive or soft power in contrast with the hard or command power of *ordering* others to do what it wants.<sup>1</sup>

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<sup>1</sup> Nye, Joseph (1990). "Soft power," *Foreign Policy*, 80 (Autumn), p.166.



Originally intended as a lens through which to understand the perceived US ‘decline’ in the post-Cold War world, ‘soft power’ has more recently proven helpful when it comes to the task of analyzing the very different set of power dynamics that have emerged in Asia, and the current and future role of the US in this strategically important region. In this short volume, we take this conceptual framework one step further and argue that it is also helpful when deployed for the purposes of analyzing the balance of power in cross-strait relations.

The People’s Republic of China (‘China’) and the Republic of China (‘Taiwan’) have witnessed much change in the way they relate to each other. The dynamics of this relationship are fraught, and analysis of the future of cross-strait relations focuses largely on the ‘hard’ military politics that so often make international headlines. Questions such as whether the US should sell missiles to Taiwan and, if so, what these should be, poses a complex set of dilemmas for all countries involved, including allies of the United States and other regional actors. While these are important questions, analysis that focuses exclusively on the military aspects of China-Taiwan relations fails to recognize that this is but a small component of the overall balance of power in cross-strait relations. Rather, soft power is increasingly influencing the perceptions that China and Taiwan have of each other, a fact that both sides have readily acknowledged and have recently sought to capitalize upon. In the pages to follow, we analyze these efforts from the perspective of those for whom they are intended. That is, our Taiwanese Young Leaders describe what they consider to be China’s efforts at soft power diplomacy and discuss how these are perceived inside Taiwan. Likewise, Taiwanese endeavors to use soft power as a means by which to persuade the inhabitants of their otherwise more powerful northern neighbor are analyzed from the perspective of the Chinese.

## Taiwanese Perceptions of Soft Power

By Chang Liao Nien-chung, Yan-Ying Huang, Alice Duan and Shenny Chang

The asymmetric balance of power between China and Taiwan places a heavy burden upon Taiwan to develop its soft power capabilities. As China's hard power resources grow, the significance of soft power for Taiwan is increasingly vital. Soft power provides Taiwan with opportunities to use valuable national resources to deflect Chinese advances and put forward its national ideals and policies. Taiwan can also seek support from the US and the international community as it builds its soft power. Taiwan's soft power strategy is the next best alternative to furthering national power. Economic accomplishments and democratic values are Taiwan's strength when coping with a powerful China. Both promote economic development and social transformation in the Mainland, contributing to a stable and peaceful environment across the strait as well as in the region as a whole.

Soft power, however, is not a tool solely wielded by the Taiwanese. While holding a clear advantage in terms of traditional 'hard' power resources, China has chosen to focus much of its energy on 'soft power'-style persuasion vis-à-vis Taiwan. China wants to dissuade Taiwan from pursuing formal independence and further induce the island to become integrated into China. Since the launch of direct cross-strait transportation in 2008, the dynamics of soft power between China and Taiwan have become ever more salient. Such a trend not only reduces the possibility of military conflict across the strait but also reflects China's ascent in broader terms.

From Taiwan's point of view, Chinese soft power seems to consist largely of economic inducements and cultural appeals orchestrated by the Chinese government. Since 2008, Beijing has adopted a series of economic measures benefiting Taiwan during the island's economic downturn. The most important of these were the encouragement of tourism, leading to a large increase of Chinese visitors to the island; increased purchases of Taiwan's products; and the extension of loans to Taiwan enterprises in China. The implementation of the "Economic Cooperation Framework Agreement" (ECFA), which is regarded by Beijing as "making concessions" (讓利 *rang li*) to Taiwan, did cut tariffs on Taiwan's mainland-bound exports as well as have more service sectors open to China than China has to Taiwan.

However, Taiwan also fears that the greater its economic dependence on China, the more vulnerable it will be to Beijing's economic leverage. Given that China has consistently asserted that Taiwan is a part of China, Chinese economic favors are interpreted by some Taiwanese as economic statecraft or a ruse in pursuit of reunification on Beijing's term.

On the other hand, Beijing also advocates the idea of cross-strait 'Chinese-ness' to offset the rise of a Taiwan identity. As people on both sides of the strait share the same cultural roots and communicate in a common language, Beijing hopes that cultural

exchanges will be conducive to greater recognition, in Taiwan, of how closely the cultural and national identities of all peoples across the strait are intertwined. Beijing hence identifies cultural exchange as a second priority after economics and suggests that an agreement on cultural and educational exchanges between China and Taiwan would retain significant influence in Taiwan.

Some Taiwanese worry that if Taiwan continues to identify closely with Chinese culture, the population will be affected by Beijing and the island will eventually lose its autonomy. However, such cultural lineages will not be necessarily translated into the political identification that Beijing hopes for. While almost 80 percent of Taiwanese respondents in a recent poll reported that they considered themselves ethnically Chinese, less than 10 percent expressed a preference for Taiwanese unification with China.<sup>2</sup>

A recent survey conducted by the *United Daily* in Taiwan reveals the extent to which China's soft power affects the Taiwanese people.<sup>3</sup> The survey showed that broadening cross-strait exchanges have increased the positive impressions that the Taiwanese people hold of Chinese people, but there is a corresponding increase in negative perceptions of the Chinese government. This result also suggests that the true strength of Chinese soft power comes from the people, not the government.

In the long run, the dynamics of cross-strait soft power is sure to become more important in cross-strait relations and will overtake the traditional realms of hard power, such as military might, numbers of missiles, or competition over diplomatic recognition. This is not a zero-sum game in which there is a clear 'winner' and a clear 'loser.' Likewise, size will not necessarily determine the outcome. Continuing engagements of soft power across the strait, especially on the cultural and societal aspects, is critical to furthering better understanding and mutual trust between people on both sides of the strait.

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<sup>2</sup> "Survey on Signing of Economic Cooperation Agreement with Other Countries, People's views on Unification with China and Independence, and President Ma Ying-jeou's Approval Rating," *Global Views Survey Research Center*, March 23, 2010, [http://www.gvm.com.tw/gvsrc/201003\\_GVSRC\\_others\\_E.pdf](http://www.gvm.com.tw/gvsrc/201003_GVSRC_others_E.pdf)

<sup>3</sup> The survey shows that 56 percent of people in Taiwan have negative views of the Chinese government, up 2 percent from the 2010 survey, and people who have positive views about Beijing are 29 percent, down 4 percent from the previous year. Meanwhile, 40 percent have positive views about Chinese people, up 2 percent, while negative views are 45 percent, down 2 percent from last year. See United Daily Survey Researcher Center, "Taiwanese View Cross-Strait Ties: Ardency in Society, Wrestling in Diplomacy," *Lien-ho Pao (United Daily)*, Sept. 10, 2011, A4. Also see "Is China Fever Cooling?" *Taiwan Focus*, Sept 10, 2011, [http://focustaiwan.tw/ShowNews/WebNews\\_Detail.aspx?ID=201109100015&Type=aTOD](http://focustaiwan.tw/ShowNews/WebNews_Detail.aspx?ID=201109100015&Type=aTOD)

## Chinese Perceptions of Taiwan's Soft Power

By Yang Yi, Sungmin Cho, and Jennifer Shin

Taiwan's soft power primarily consists of cultural and political elements. It is directed both at the international community as well as at China. First, Taiwan has been trying to promote its cultural assets both from the pop culture industry and traditional Chinese culture. Taiwan's entertainment industry has been more popular abroad than that of China.<sup>4</sup> Taiwan also seeks to capitalize on its Chinese cultural heritage. For example, the Taiwanese authority recently has dedicated a large amount of money to attract more international students who want to learn Mandarin and Chinese culture. This is seen by some as an effort to counteract efforts by China to promote its traditional culture through the establishment of Confucian Academies across the globe.

Second, Taiwan promotes its image as a democratic country whose people enjoy the freedoms that go with its political system, such as the right to free speech and association. Some analysts believe these efforts are partly aimed at distinguishing Taiwan from China and ensuring the world does not forget Taiwan's identity. This is particularly important as Taiwan strives for international legitimacy through recognition as a self-ruled sovereign country and inclusion in international decision-making bodies. As far as cross-strait relationships are concerned, the Taiwanese authority perceives that the promotion of democracy highlights the will of the Taiwanese people, which gives it an important bargaining chip in Taiwan's negotiations with China. With the expansion and deepening of cross-strait contacts in the social, cultural, and other spheres, Taiwan's democratic values are expected to serve as one of the key factors in the transformation of China's political system.

From the perspective of China, while these elements may be useful for Taiwan's interactions with the international community, they do not have a similar impact on domestic audiences in China. More influential is Taiwanese pop culture which has been popular as early the start of China's reform and openness policy. Despite a national ban of Taiwanese entertainment in the 1980s, many people in China enjoyed it secretly. The extent of the popularity of Taiwanese popular culture is encapsulated by the saying, heard commonly in the 1980s: "Deng Xiaoping rules China in the daytime but Deng Lijun, a popular singer from Taiwan, dominates the night of China." Despite the popularity of Taiwanese pop culture, however, it is difficult to measure how much of this has been translated into sympathy toward Taiwan's political cause. The Chinese government, for its part, has adopted a more relaxed attitude toward Taiwanese popular culture of late, a move that has coincided with a homegrown entertainment industry in China that has grown dramatically in recent years and is now able match the attractiveness of Taiwanese pop culture. For the part of traditional culture, China welcomes Taiwan's promotion of Chinese culture as long as it is not explicitly related to any political move towards separation. Beijing is supportive of Taiwan educating foreigners in the fields of Chinese

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<sup>4</sup> For example, Taiwanese television dramas have had more success across Asia than their Chinese equivalents.

language, culture and values, as it allows these people to more effectively interact with China.

From the perspective of China, the democratic values that the Taiwanese authority highlights are often overshadowed by the problems inherent in the democratic institutions in Taiwan, which have yet to fully develop. For example, the power struggle between the Kuo-min tang (KMT) and the Democratic Progressive Party (DPP) appears to facilitate political division within Taiwan, which leads to normal people's contempt toward politicians. These divisions are highlighted by Beijing and cause average Chinese citizens to think twice about whether a Western style multi-party democratic system would be suitable for China. Just as the positive attributes of democracy in Taiwan may appear attractive to some in China, the ugly scenes in Taiwanese politics, where politicians at times come to blows on the floor of the Parliament, spread skepticism. Likewise, from the perspective of the Chinese people, the freedom of speech in Taiwan is often manipulated by a variety of interest groups, which do not guarantee fairness and rationality in the spread of information.

On the other hand, the leadership of the Chinese Communist Party (CCP) has convinced its people that political reform should reflect the unique conditions of China. The CCP has a long history coping with the Western bloc's attempt at 'peaceful transformation' of China. The Chinese on the mainland have been educated to believe that political reform in China will take time. Given the sheer size of the Chinese territory and its population, most people believe that gradual reform is better than revolutionary change as seen in South Korea and Taiwan in the late 1980s. The democratic values that are part of Taiwan's soft power is meaningful in a sense that it inspires the political imagination in China. But this does not mean Chinese mainlanders are only influenced by the Taiwanese political values in a passive manner. Rather, they evaluate and analyze the relevance of such values to the conditions in Beijing.

## **Conclusion**

Soft power is an important element of cross-strait relations insofar as it provides a lens through which to better assess the balance of power between Taiwan and China. Soft power is a necessary resource, especially in a relationship with such an imbalance of traditional, 'hard' material power as this one; indeed, it has formed an important part of Taiwan's external relations. Through capitalizing on its greatest diplomatic card – an open, democratic, and increasingly prosperous society – Taiwan has focused its diplomacy in a strategically clever manner. While some analysts argue that Taiwan's soft power efforts can only serve as a 'second-best substitute'<sup>5</sup> to the hard power that Taiwan will never be able to achieve vis-à-vis China, the importance of this resource is perhaps best encapsulated in the response of the Chinese regime.

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<sup>5</sup> DeLisle, J. (2010). "Soft power in a hard place: China, Taiwan, cross-strait relations and US policy", *Orbis*, 54(4), p.520.

While continuing to focus its military strength across the strait, Beijing has also supplemented these coercive efforts with a series of cultural and economic ‘soft power’ measures intended to persuade the Taiwanese people to embrace the idea of unification with the mainland. While hard power will continue to play a decisive role in the balance of power in cross-strait relations, the capacity for soft power diplomacy to shift perceptions among peoples who speak the same language and share a common history plays an important role. The true test for each side, however, is ultimately the degree to which any perceived transformation in popular opinion brought about by soft power translates into a shift in policy stances.



# **Taming Uncertainty: Four Scenarios on Cross-Strait Relations and Their Regional Implications**

## **Introduction**

A resolution to the stalemate across the Taiwan Strait has been a long time in coming, and is expected to be even longer still, but developing possible outcomes and their subsequent regional responses has merit. Knowing what potential outcomes are and understanding their larger implications, can shape policymakers' decisions and the actions they take. Young Leaders developed four scenarios that could resolve the cross-Strait issue: 1) a forceful resolution with US intervention, 2) a forceful resolution without US intervention, 3) China acknowledgement of *de facto* independence of Taiwan, and 4) peaceful unification between Taiwan and China. In each scenario, Young Leaders discuss what criteria are required for such a scenario to take place, and what the change in the cross-Strait environment would mean for other states in the region.



## Scenario 1: Forceful Resolution with US Intervention

By Eleni Ekmektsioglou and Mihoko Matsubara

This scenario first entails China's use of armed force and US intervention. As unlikely as the forceful resolution option may seem in the short term, the constantly widening power gap across the Taiwan Strait does not exclude the possibility. China has maintained double-digit growth in its defense spending over the last two decades, with some annual exceptions - in 2010 for instance, China's military spending only increased 7.5 percent before returning to double-digit growth in 2011. Nevertheless, Beijing's annual defense budget is 21 times larger than Taipei's, according to the 2011 Defense White Paper released by the Taiwanese Ministry of National Defense. While Taiwan spends 9 billion in its annual defense budget and has 270,000 soldiers, China spends 180 billion annually and has 2.3 million soldiers.<sup>6</sup> Moreover, the Chinese economy became approximately 12 times as large as that of Taiwan in purchasing power parity terms last year.<sup>7</sup> Because not only Taiwan and the United States but also other nations are becoming more dependent on trade with China, it is increasingly difficult for Taiwan to resort to war for independence.

Close trade partnerships between Taiwan and China, however, may push two involved parties toward acting with constraint. Another factor that could diffuse the crisis before any party resorts to acts of aggression is US deterrence. As long as China expects US forces to step in, Beijing would avoid risking a war with the United States and deteriorating relations with Washington and its allies.

However, China has been heavily investing in Anti-Access/Area Denial (A2/AD) capabilities which consist of land-based missiles systems, sea mines and very quiet diesel-electric submarines. China's investment in these capabilities started drawing Western analysts' attention back in the 1990s. A2/AD asymmetric capabilities aim to undermine the US deterrent, posing great cost in terms of both lives and assets, in case the US decides to intervene.

Even if Chinese capabilities are magnified by the West, as many Chinese officials have argued, their psychological impact will play a major role in a crisis. If a conflict between China and Taiwan occurs, the US casualty aversion in tandem with the asymmetry of interests could mean time-consuming consultation before a political decision is finally reached. Keeping the US outside the theatre of operations, at least during the beginning of a conflict until the political leadership reaches a decision, could confer a significant strategic advantage on the Chinese military.

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<sup>6</sup> Joseph Yeh, "China Military a Threat to Taiwan," *The China Post*, July 20, 2011, accessed Sept. 24, 2011, <http://www.asianewsnet.net/home/news.php?id=20054>.

<sup>7</sup> Central Intelligence Agency, "Country Comparison: GDP (Purchasing Power Parity)," accessed Sept. 24, 2011, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>.

Japan and South Korea, regional allies of the United States, would also work to avoid circumvent becoming involved in a war. Their priority is to keep favorable relations with Washington and Beijing to maintain economic stability. Under pressure to limit the conflict, it would be difficult for the United States to ask allies to send armed forces. Furthermore, Tokyo will use Article 9 of its Constitution as an excuse to not dispatch the self-defence forces to the battlefield. All that Japan and South Korea can do is support US efforts to bring this issue to the UN General Assembly and call for an early resolution. Because China has a veto, the United States, Japan, and South Korea cannot expect the UNSC to adopt a resolution to criticize Beijing.

The situation, however, could get derailed if Beijing decides to escalate horizontally. If Beijing decides to neutralize US bases closest to the theater of operations in its effort to abort a quick US response, Japan will receive attacks on its own territory. Trying to avoid getting involved, therefore, might not be among the choices offered.

Once forceful resolution takes place, there are two possible outcomes: either Taiwan's independence or forceful unification by the Chinese Communist Party (CCP). The first outcome is only achieved when joint forces of Taiwan and the United States are able to defeat China and discourage Beijing so that it wants to improve relations with both Taipei and Washington and accept the independence of Taiwan. However, this outcome will probably follow a high level of conflict escalation, given that the stake from China's perspective is very high. Plus, the loss of the war may also force the CCP from power and pave the way for a new democratic administration. Washington and its allies would welcome the independence of Taiwan and diminution of China's threat in the region when Beijing relinquishes its claim over Taiwan.<sup>8</sup> Additionally, this outcome will encourage for minorities in China such as the Tibetan and Uighur populations, and they may also seek independence.

The second outcome is possible if China decisively defeats US intervention as well as Taiwanese forces. Chinese victory also means that its power projection will grow further to the East, and Japan and South Korea will begin to feel more threatened, especially after they realize US military influence has diminished and the balance of power has tipped in China's favor. Other US allies would worry about this implication and seriously start reconsidering their alliances. They may even seek a new alliance or alliances to make up for the jeopardized US credibility.<sup>9</sup> In addition, forced unification would deal a severe blow to minorities in China.

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<sup>8</sup> Roger Cliff and David A. Shlapak, "US-China Relations After Resolution of Taiwan's Status," The RAND Corporation (2007), accessed Sept. 24, 2011, [http://www.rand.org/pubs/monographs/2007/RAND\\_MG567.pdf](http://www.rand.org/pubs/monographs/2007/RAND_MG567.pdf).

<sup>9</sup> Ibid.

The scenario of “forceful resolution with US intervention” is not likely to happen in the next few years but may occur in the long run if, and only if, Taiwan declares independence. Still, both China and the United States would try to confine the conflict across the Strait to conventional weapons. If Beijing gives up its claim to Taiwan, a diminished threat of China in the region would relieve the United States and its allies. If China succeeds in incorporating Taiwan by force, it will diminish US influence and credibility not only in the region but among its allies in particular.

## **Scenario 2: Forceful Resolution without US Intervention**

By Matt Anderson

As with the previous scenario, Scenario 2 dictates a military intervention by the PLA, this time without US intervention. However unlikely we may hope a forceful solution to be, nevertheless, if Taipei challenges the so-called “one-China principle” and declares independence, it is highly likely that the CCP will use armed force to prevent Taiwanese independence. This situation would require the US to make a tough decision about its involvement in any Taiwan contingency. This scenario begins with the assumption that for whatever reason, US policymakers would choose to not intervene in a conflict.

If a violent Taiwan contingency were to occur without US intervention, the Western Pacific region would be drastically altered. It is a mainstream assumption that without US help, the island of Taiwan could not hold out against a determined PLA bent on reunification. This scenario will deal with the repercussions of a successful Chinese absorption of Taiwan with the US remaining neutral. The most salient repercussions would be 1) the fate of the US alliance system in the region, 2) proliferation concerns, 3) reaction of ASEAN members, and 4) US defense policy in the region.

Though not a treaty ally, Taiwan could serve as the proverbial canary in the coalmine for the US alliance system in Asia. Formal allies may view US acquiescence to a unilateral, violent reunification of Taiwan by China as a sign of diminishing US resolve. Japan would be the most alarmed, while countries like the Philippines and South Korea would also be concerned.

Due to domestic politics and history, it would be very difficult for Japan to accommodate China as the preeminent power in East Asia. The first reaction would be to try to entice the US to stay militarily relevant in the region while bolstering the military alliance. However, more hawkish elements of the Japanese government may fear relying on a declining US too much and therefore seek an indigenous capability to challenge China. This would mean an end to the peace constitution and the beginning of a military buildup in Japan. This development would further destabilize the region.

Along the same line, if the Republic of Korea (ROK) were to remain on track to meet its military goals for its Defense Reform Plan 2020 and successfully take over operational control (OPCON) in 2015, then the continuation of a US military presence may become a nuisance. If South Korea were to possess an indigenous deterrent force for North Korean aggression, then the presence of US troops on ROK soil and the mutual defense treaty between the US and ROK could be seen as a burden for South Korean diplomacy that would now likely see Beijing as its most important counterpart rather than Washington. Though it might be tempting to deepen the alliance with the US to balance a growing China, it is just as likely that strategic calculations of US decline in this scenario could motivate ROK policymakers to downgrade ties with the US in order to avoid

offending the new preeminent power, China. If the ROK leaders came to see the US as either lacking resolve or capability to protect the ROK from Chinese aggression, then it could be more beneficial to eliminate the potential irritant of hosting US forces so close to Chinese territory while also avoiding the potential for entanglement in any US conflict using those forces.

The next related concern would be nuclear proliferation. If US allies and friends in the region felt that US military relevance would continue to erode following the absorption of Taiwan by China, then there may be motivation to go nuclear to ensure their own safety outside of a discredited US security umbrella. Japan and Korea would be the most likely to pursue this option in the short run, but the growing economies of Southeast Asia could present their own proliferation risk further down the road. A breach of the NPT by these two respected and rule-abiding powers would be a major blow, if not the death blow, to the non-proliferation regime. Furthermore, nuclear programs by either or both of these countries would further destabilize the Korean Peninsula and spur reactions from China and possibly Russia, putting arms control treaties, existing and proposed, at risk.

A third factor is the fate of ASEAN. Absent rapid and profound adjustments to ASEAN security cooperation in the near future, the scenario in question could occur while plans for an ASEAN security community are still just aspirations. If the scenario happened before security ties within the region were significantly bolstered, then a belligerent China coupled with an acquiescent US could lead to either a split in or possible dissolution of ASEAN. Those ASEAN members that have active disputes with China would likely try to speed up ASEAN military integration to balance against China. However, not all ASEAN members would be ready or willing for this development and a split could occur within ASEAN. The other option, likely to occur after seeing that ASEAN could not be turned into a legitimate security community, would be for ASEAN to seek its own accommodation with China.

Finally, the above variables, depending on how they play out, could force the US to make drastic changes to its military posture and strategy in the region. As in the Korea case, if the US is no longer seen as a credible counterweight to Chinese aggression then the presence of US forces on a country's soil would be more of a liability than an asset. This loss of value in basing US forces could jeopardize the US reliance on forward deployed troops as basing options would dry up. If the US wanted to maintain its military presence, which is likely given its extensive interests in the region, it would need to find new ways to ensure access to the region without forward deployed assets. The AirSea Battle concept could be the solution, but new longer-range platforms are assumed to be necessities for this nascent concept and may be cost prohibitive for an austerity-minded US. If a cost-effective alternative to the current US posture is not found, then the US will be forced to reduce the range of missions it could perform in this vital region.

### Scenario 3: China's Acknowledgement of 'De facto Independence' of Taiwan

By DongJoon Park and Yan-Ying Huang

The third scenario for future relations between Taiwan and China is one where China acknowledges 'de facto independence' of Taiwan. The official position of Beijing has been that Taiwan is an integral part of China, and accordingly a "one China, two systems" policy was first proposed by Deng Xiaoping in the 1980s. Although China revised its stance by not mentioning it in the 'Anti-Secession Law of the People's Republic of China,' and by focusing more on gradual economic integration and political exchanges in recent years, China maintains that "there is only one China in the world, and Taiwan is part of China."<sup>10</sup>

In this context, independence is mentioned with great caution. Yet there is no denying that most Taiwanese prefer the 'status quo,' which is in essence 'de facto independence' with, albeit limited, international recognition. Even with increasing economic and social exchanges between the two entities, a large number of the Taiwan population tends to lean toward either 'indefinite maintenance of the status quo' or 'status quo with progress towards independence,' compared to other options such as 'unification' or 'status quo progress towards unification.'<sup>11</sup> With the younger generation gaining greater identity as Taiwanese rather than Chinese, this gap between Chinese aspirations and Taiwanese reality is only expected to widen.

Under these circumstances, China's formal acknowledgement of the current status of 'de facto independence' is a possibility. If it becomes clear that the vast majority of Taiwanese public no longer wish for unification with China, and Beijing realizes that unification is only achievable through forceful measures, acknowledging 'de facto independence' may be the only viable alternative. As a compromise, by defining it as 'de facto independence,' China will be able to bargain with the Taiwanese government to not ask for absolute independence, which would force Beijing to resort to forceful measures under the 'anti-secession law.' Either way, 'de facto independence' of Taiwan can be considered a sub-optimal alternative to the end of the Taiwan Strait issue, but also a peaceful one in which Beijing can save face.

If such a scenario is realized, there will be major domestic and regional implications. First, Taiwan would have to be cautious not to press the issue further by asking for total independence. It must understand, that there are limits to Chinese

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<sup>10</sup> Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Ma Zhaoxu's Enunciation of China's Solemn Position on the US Government's Announcement of Arms Sales to Taiwan," <http://www.fmprc.gov.cn/eng/xwfw/s2510/2535/t861278.htm>

<sup>11</sup> Election Study Center, National Chengchi University, cited in <http://esc.nccu.edu.tw/english/modules/tinyd2/content/tonduID.htm>

tolerance for independence. Domestic politics in Taiwan would have to be well orchestrated so that extreme views about independence are skillfully curbed within the public sentiment. Internationally, it will finally be able to act freely as a rightful state, yet again carefully conducting themselves not to step on Chinese toes. In particular, regarding issues such as the South China Sea, it will be interesting to see if and how Taiwan and China cooperate under this new environment, since there is much to gain at the expense of other countries if the two states cooperated in pursuing interests in the South China Sea.

As for China, while acknowledging Taiwan as a ‘*de facto* independent’ state at the international level, it is likely that this will be downplayed in domestic politics. Beijing will be hard pressed to persuade other areas such as Tibet that it must strictly adhere to the ‘One China principle.’ One possibility is that Beijing will argue that it has not granted Taiwan independence, but rather offered leverage in return for better compliance with China, and that it does not change the fundamental belief in its ‘One China policy.’ While allowing Taiwan a little more leverage at the international stage, it may also attempt to improve relations with Taiwan, alienating it from the US. China indeed has traditional, social, historical, and ethnic commonalities with Taiwan, while it is also able to offer great economic opportunities, evident by the agreements signed over the past few years, including the milestone Economic Cooperation Framework Agreement (ECFA). If China acknowledges ‘*de facto* independence,’ there is a great possibility that public perceptions and opinions regarding each other will improve, leading to greater cooperation among the ‘two countries.’

Apart from China and Taiwan, the country most affected by progress in Taiwan Strait relations will be the US. Acknowledgement of a ‘*de facto* independent’ state by China will undoubtedly be welcomed by the US since it reduces US fears of entrapment in a cross-Strait conflict. The US will reevaluate its role and relationship with both China and Taiwan. In an optimal scenario, resolution of the Taiwan issue eliminates the greatest area of disagreement between China and the US, paving the path for enhanced and more stable relations with China while maintaining a partnership with its allies and Taiwan. The opposite would be a situation where Taiwan chooses China over the US, diminishing US influence and access to the region. With an expanded Chinese sphere of influence, the US will rely on closer relations with allies such as South Korea and Japan, not to mention numerous allies and partners in Southeast Asia to maintain its relevance in Asia.

For other Asian countries, ‘*de facto* independence’ of Taiwan would alleviate one of their most contentious problems, reducing the risk of entrapment in or spillover of a major conflict that would undoubtedly affect regional politics and economies. While this is to be welcomed, if China and Taiwan forge a strong strategic relationship, there is a risk of these two entities becoming more assertive. This scenario would pose a more direct danger to Southeast Asian countries.

## Scenario 4: Peaceful Unification Between Taiwan and China

By Brittany Billingsley, Chin-Hao Huang, and Wan Ruyi

The final scenario for this project dictates peaceful unification between Taiwan and China. Basic assumptions set the stage for such a scenario to occur. First, Taiwan is a democracy and as such, would not reunify with a China that did not permit full participation of the Democratic Progressive Party (DPP) and the Kuomintang (KMT) in the policymaking process. Second, Taiwan would not reunify with a China that was not governed by the rule of law and did not uphold protection of human rights. Third, and most important, Taiwan would not reunify with China until there is a domestic consensus within Taiwan that would support such an action and simultaneously abandon all efforts to establish an independent state. Because of these assumptions, the timeline for the scenario is much further in the future than others discussed.

Cross-Strait relations continue their march forward from business, trade, and economic agreements and other functional issues to more difficult and politically sensitive topics. As the Taiwanese presidency transitions between the two parties, Beijing gains a greater understanding of Taiwan's domestic politics and grows accustomed to working with either side of the political spectrum to avoid the stagnation of exchanges. Military relations between the two sides expand and become more regularized through greater confidence building measures. Barriers to people-to-people interaction all but cease to exist. China gives a nod of approval to various international organizations for Taiwan to participate as a *non-sovereign* entity, which solidifies the international perception of Taiwan as such rather than as an independent state.

On the Mainland, as a new generation of leaders enters the Chinese Communist Party (CCP) and gains political power, political reform gradually spreads across the country. In external affairs, the Chinese leadership begins to take on a more active role, acting as a responsible power. China's more responsible approach to world affairs builds on a degree of pragmatism that seeks to alleviate external tensions in order to better address domestic challenges while reassuring neighbors about a growing China's peaceful intentions and defuse the emergence of soft containment or other counterbalancing against China.

With a China that is gradually democratizing, the political rhetoric in Taiwan about developing a domestic consensus prior to deciding Taiwan's fate leads to a majority of the population in less objection to the prospects of reunification with the Mainland, while the pro-independence camp becomes political outliers. The people in Taiwan come to see reunification as not only inevitable but desirable for their security in the region and to their economic benefit. As the direct threat from the Mainland draws down, coupled with an increase in cultural, educational, and economic exchanges and linkages as well as a measured degree of tolerance and support by Beijing for Taiwan's international space where statehood is not required, so too does the Taiwanese military's need for arms sales and training from the United States. This forces both political parties



in Taiwan to rethink their traditional policy stances lest they face the loss of all power and influence in the Taiwan government.

The traditional unification concept – the one China view – sets a very high criterion for Taiwan’s ultimate absorption into China; however, this concept has begun to change, considering the growing complexity of the relationship, to a resolution which incorporates aspects of a pseudo-independent entity, a “one country, two systems” redux. Taiwan’s political environment shifts from a “politics-oriented” to a widely advocated people-oriented environment. Taiwan’s leadership moves slowly, closely monitoring public opinion, but after years of negotiations and coordination, a peace accord is drafted by both sides that calls for an official end to all hostilities. The peace accord is presented to the Taiwanese electorate for a national referendum, with a majority of the population voting in support of the peace accord. Taiwan cedes its claims for formal independence and instead agrees to settle for a special entity under Chinese sovereignty. Taiwan may then take a similar path as Hong Kong and Macau, which share nine autonomous aspects (social system, judicial system, administration bureaucratic system, economic system, ideological education, human rights protection, regional symbol, security criteria and international status)<sup>12</sup> and five unified aspects (defense, diplomat, national symbol, nationality and constitution).<sup>13</sup> In following this route, Taiwan yields national foreign and defense policy decisions to Beijing. However, considering the history between Taipei and Beijing, it is possible that even lower requirements of unification with Taiwan can be discussed, such as some defense and diplomatic autonomy. Taipei will also maintain a representative’s office in the Beijing to ensure the Taiwan public’s voice is still heard. Taiwanese political parties and politicians now compete for political space and representation in the National People’s Congress in Beijing.

The international response to such a resolution would be positive, considering the absence of outright conflict. The United States, which long advocated a peaceful resolution agreeable to both sides, and other Asian democracies welcome the reunification of both sides of the Strait, and applaud the political evolution that allowed it to happen. Some regional partners and allies quietly express relief that a peaceful resolution was possible and they were not drawn into a conflict between the United States and China over Taiwan.

However, this is not to say there are not still concerns within the region. The United States – which has helped train and arm the Taiwanese military for decades – now faces the fact that those capabilities have been transferred to the People’s Liberation Army. The one mitigating factor for US concerns would be if China’s political reform has helped move US-China bilateral relations beyond obstacles created by mutual suspicion and strategic misunderstanding. For the region more broadly, concerns stem

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<sup>12</sup> Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China.

<sup>13</sup> Basic Law of Hong Kong Special Administrative Region of the People's Republic of China and Nationality Law of People’s Republic of China.

from the extended reach of a Chinese military with access to Taiwan. As cross-Strait relations drew closer, China continues to modernize and develop its military prowess. Following reunification, the Chinese navy has access to waters and islands previously controlled by Taiwan. If Taiwan were absorbed completely by China, it could become a launch point for the PLA Navy to expand its influence into the Pacific. This could enable the Chinese navy to gain control of sea lanes of communication (SLOCS), which are vital to the region's commerce and transportation of energy resources.<sup>14</sup> Considering the PLA's modernization plans, this could become a major concern for states whose energy and trade security rely on freedom of navigation within the SLOCS. Likewise, considering territorial disputes are unlikely to be resolved soon, Chinese vessels with access to Taiwanese ports and claimed islands could put other claimants at a disadvantage.

This scenario is unlikely in the near- to mid-term. The Chinese leadership has shown limited interest in introducing significant near-term system-wide domestic political reform. The economy continues to grow and expand, allowing the leadership to retain a tight(er) grip on domestic politics. On the other hand, Taiwan is a long way from a domestic consensus strong enough to require either political party to change its traditional platform, and neither party is likely to give up the possibility of an independent Taiwan unless dramatic changes take place on both sides of the Taiwan Strait.

## **Conclusion**

While none of the scenarios are near-term possibilities, all of them could be played out in the long-term, requiring policymakers to view the current Taiwan Strait situation with a long-term perspective and push toward the best end result. However, it is difficult to argue *for* a particular scenario. All actors involved have their own objectives and cost/benefit calculations that are difficult if not impossible to resolve in today's security environment. In terms of the cross-Strait environment and its final construction, it is impossible for Taiwan's leadership to discuss eventual reunification due to the political atmosphere; for the Chinese leadership, it is equally impossible to consider anything *but* eventual reunification.

It is possible, however, to consider what scenarios are *not* desired. An obvious answer would be Scenario 2, in which the US does not join a cross-Strait conflict to protect Taiwan's interests, would be the least desirable for the region, followed closely by Scenario 1, in which the US does join the fray. As discussed, this is largely due to the effect of a cross-Strait conflict on the region's other states; their economies; their response to a reinforced or damaged US regional influence and military presence; and their response to the final resolution of the Taiwan issue.

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<sup>14</sup> See also June Teufel Dreyer testimony, Hearing of the House Foreign Affairs Committee, "Why Taiwan Matters," June 16, 2011. <http://www.fpri.org/transcripts/testimony.20110616.dreyer.taiwan.pdf>

It should be noted that while both Scenarios 1 and 2 discussed the use of military force, the *potential* for conflict does not necessarily mean conflict is inevitable. Policymakers must understand this, and act to prevent occasional flare-ups in cross-Strait relations from becoming crises. One element of both Scenarios 3 and 4 was greater international space for Taiwan. By incorporating Taiwan into the international system – albeit as a non-sovereign entity for the time being – Taiwan can act as a more responsible member of the international community and make sure its voice is heard. By excluding it entirely, the region risks creating a Taiwan that could be more prone to drastic measures and adamant calls for independence, which would be unacceptable for Beijing. Both sides of the Strait must also continue to deepen dialogue and negotiations. By keeping communication channels open, the two sides can lend predictability to the environment and work to build habits of cooperation and greater mutual understanding, which will be necessary to prevent outright conflict.

# Appendix A

## Pre-Conference Essays

*Describe the balance of power within the Taiwan Strait and identify its regional implications in less than 500 words*

### United States

#### **Mr. Matt ANDERSON**

The balance of power in the Taiwan Straits is at a tipping point, if not already permanently tipped towards the mainland's favor. This is of no surprise; the industrial and economic output of the 1.3 billion-plus people that the mainland has at its disposal would inevitably produce a balance of power in its favor. It was only a matter of time before the resolution of this Cold War legacy became solely an issue of US military involvement. And even if the balance of power has not shifted completely in Beijing's favor so that it could conquer and hold Taiwan, it at least possesses the power to destroy its renegade province so as to dissuade it from unilateral moves towards independence. With Taiwan effectively deterred from declaring de jure independence, Beijing can wait for the tide to further turn in its favor to a day that it can effectively and efficiently have its way. With this trend, the military capacity of Taiwan is becoming increasingly irrelevant save for its symbolic importance. The only obstacle that stands in the way of the mainland's goals for the near future is the strategically ambiguous US. While the ambiguity of the Clinton administration was partially revealed in favor of Taiwan's defense during the crises of the mid-90's, the pendulum has since swung in the opposite direction as the economy that underpins US global dominance remains fragile and ever more dependent on the PRC.

The fate of Taiwan has broader implications. Though cliché, any forced "anschluss" between the feuding Chinese entities would be a striking parallel to the infamous "Munich moment" label. And though the parallel works well for capturing the concept of a revisionist power bent on creating space for its rise to prominence, another analogy may be more apt. The final days of dynastic China might produce a better comparison. The career record of Li Hongzhang has more regional and functional relevance than that of Neville Chamberlain with regard to the current issue of Taiwan. Chamberlain was dealing with an international order in flux since there was no clear hegemon. The US had assumed the role of largest economy long before, but had not assumed the leadership role vacated by Britain following World War I. In this environment, Hitler's Germany was expanding in a power vacuum. However, the role that Li Hongzhang was forced to play was that of representing the hollowed out power of dynastic China at a time when it was still perceived to be the center of Asian power dynamics. The compromises that Li made did not whet the appetite of China's external enemies but rather encouraged further penetration into China's traditional sphere of influence and territory while also signaling to China's internal enemies that the Qing Dynasty was on its last legs. To compare,

Neville's Munich moment was about the Western imperial tradition of freely trading and selling foreign territories for concessions while Li's actions were the cessions of tracts of empire that only encouraged the further disintegration of that empire. The selling out of Taiwan to the PRC in the hope that it would prevent further demands would not only be a failed act of appeasement similar to Munich, but would also signal to the US's other dominions in its security empire that the end was near for US power centrality in the region. The reverberations of a sudden loss of US preeminence would be felt from the Korean peninsula and Japan in Northeast Asia to the South China Sea and beyond to the Indian Ocean. The void felt by the end of credible American security guarantees could lead to opportunism by some and extreme anxiety by others, but the mix of these perceptions would surely be disadvantageous to the continued prosperity of Asia.

### **Ms. Brittany BILLINGSLEY**

Questions of balance of power are multi-faceted, and the Taiwan Strait is no different. Militarily, the PRC holds the high ground. Beijing's 2011 defense budget has increased to about US\$91.5 billion, up 12.7 percent from 2010. Comparatively, Taiwan's spending has leveled-off around US\$9 billion for a couple of years, leading to a massive spending gap between the two sides. Meanwhile, the PLA continues with its military modernization plans and has yet to draw back the roughly 1,000-1,200 missiles currently targeting Taiwan. Taiwan's July 19 defense white paper also noted Beijing's growing military advantage in a cross-Strait conflict, particularly its DF-21D "carrier killer" missile and the potential for Beijing to blockade the island by 2020. Taiwan meanwhile has been unsuccessful in securing weapons from the US for some time, including F-16 C/D fighters and diesel-electric submarines which Taiwan sees as necessary to maintain the precarious cross-Strait balance. Diplomatically, Taiwan is also losing ground. Cross-Strait relations have improved and tensions have declined – evidenced by the 15 economic and social agreements, including the Economic Cooperation Framework Agreement (ECFA), the two sides have secured – but the threat of conflict lingers. While informal relations are actively maintained between Taiwan and multiple countries, only 23 recognize Taiwan as a sovereign state. Even within the US, debate spreads regarding Taiwan's strategic importance.

For Taiwan, the implications of this shifting balance are most acute. Some argue that greater economic integration could eventually force Taiwan's hand in cross-Strait negotiations due to over-reliance on the Mainland. As Beijing's influence and military strength expands, Taiwan's ability to ensure that its future is self-determined is increasingly threatened. The US also faces consequences should Taiwan be overcome or incorporated into the Chinese Mainland. Not only would a fellow Pacific democracy be lost, but the US' reputation would be compromised because it will have failed in its obligations to supply Taiwan with defensive weapons to fortify its capabilities. This could subsequently impact its relations with other regional allies and partners.

There are broader regional implications as well. If Taiwan were absorbed completely by the Mainland, it could become a launch point for the PLA Navy to expand its influence

into the Pacific. This could enable it to gain control of sea lanes of communication (SLOCs), which are vital to the region's commerce and transportation of energy resources. Considering the PLA's modernization plans, and recent tensions over territorial disputes, this could become a major concern for states that have faced off against PLAN/fishery vessels or whose energy and trade security rely on freedom of navigation within the SLOCs.

While these factors suggest Beijing's absolute advantage in the cross-Strait balance, Taiwan still holds its ground. Greater integration leads to more Mainland influence, but also increases the cost to the PRC of military confrontation, and some in the US suggest that the 180 kilometers that separates the two sides is still a deterrent to an invasion. The US has also held to its commitment to a peaceful and mutually agreeable resolution to the issue. To assume it would not respond in a conflict is dangerous thinking. Thus, Taiwan's balance to the Mainland comes not from military or diplomatic power, but from the uncertainty surrounding the region's alternative and its implications for stability.

### **US Young Leader**

For the past six decades, the military balance along the Taiwan-strait has remained relatively stable as the People's Republic of China (PRC) chose not to amass military force in its coastal waters and the Republic of China (ROC) maintained a limited military posture. While occasional crises flared up during this period, neither side had a distinct strategic advantage over the other. Over the last decade, however, this equation has changed rapidly as the PRC expanded its economic power and invested its newfound resources into modernizing the People's Liberation Army. This shift has been well documented in government and non-government reports alike. As the correlation of forces has shifted, Taiwan has struggled to keep pace.

Part of the problem can be attributed to the PRC's economic growth and corresponding military modernization. First, the Second Artillery Corps' development of medium-range ballistic missiles (MRBM) poses a threat to Taiwan air fields and fighters. Those planes that do survive an initial missile salvo in a conflict would then have to contend with more numerous and modern PRC fighters. Indeed, a US Defense Intelligence Agency air power report highlighted the shortfall of the ROC Air Force in 2010 and an independent RAND study concluded in 2009 that the PRC now had a decisive airpower advantage. Second, the PLA Navy has deployed new surface combatants and submarines that pose a range of operational problems for the ROC. Amongst these is the new Type-022 Houbai-class fast attack ship. The Houbai, an inexpensive ship armed with anti-ship cruise and land-attack missiles, can be deployed in larger "wolf packs" to conduct swarming operations that would play a major role in wresting local sea-control from Taiwan. Third, the PRC has developed new proficiencies in anti-satellite and electromagnetic warfare. Finally, the PRC's amphibious capabilities have been modernized over the last decade. While the PLA cannot conduct a full-scale invasion of Taiwan, it is capable of accomplishing smaller amphibious operations as part of a larger mission.

The shift in military balance has a number of regional implications. First, China's buildup for a Taiwan contingency can be interpreted by states like Japan as threatening and lead to new rounds of arms modernization and even arms racing. This also holds true for US bases in the region that are increasingly threatened by PLA ballistic missiles. The 2010 Quadrennial Defense Review committed the Department of Defense to developing a new joint Air-Sea operational concept to defeat PLA capabilities, many associated with its Taiwan-focused modernization effort. Second, if the PRC is able to use its growing military strength to coerce a settlement of the Strait issue (whether by force or not) it would free up Beijing's intellectual and military resources to focus on other priorities, including territorial disputes in the East China Sea and South China Sea, and shipping lines in the Indian Ocean.

But just because Taiwan is now the weaker power does not mean Taipei is destined to be bullied by its neighbor across the Strait. Indeed, as we have witnessed everywhere from Iraq to Lebanon, the weak can employ strategies that undermine the attributes of the strong. Instead of trying to match the PRC ship for ship, the ROC can focus on ways to raise the costs of PRC intervention. A shift in the strategic culture of this kind would call for the acquisition of fast attack ships, attack helicopters, and mine warfare capabilities to hold at risk PRC mobile forces. It would also look to exploit Taiwan's geographic advantages in Taipei's favor. While the correlation of military forces may have shifted; Taipei still enjoys a range of good options if it can bring itself to choose them.

#### **Ms. Jennifer SHIN**

The US is being forced into falling short of its defense commitment to Taiwan and losing the possibility of creating almost 90,000 jobs in the US. Both the US and Taiwan's future policy steps are being dictated by China who continues to exert itself as a global economic and military heavyweight.

Exchanging official visits this year in May and July, Admiral Mike Mullen gave a detailed presentation of Predator drone capabilities and a live-fire exercise, while General Chen Bingde provided tours of China's latest submarine and the SU-27 jet fighter. In discussions, Admiral Mullen stated that China is already a global superpower and affirmed the significance of peaceful relations between China and the US. The balance of power within the Taiwan Strait is tipped towards China as the US seeks to avoid rocking the boat and suffers from a weakening economy.

Bound under the Taiwan Relations Act, the US must provide weapons to Taiwan to defend its national security. Attempting to hide behind bureaucratic delays and an impending new policy approach to the Taiwan issue, the US has taken too much time to fulfill Taiwan's request of the purchase of F-16s. Beijing has forcefully signaled that it is in complete opposition to this deal and is ready to push back against the US if new F-16s are sold to Taiwan.

As a compromise between fulfilling its legal commitment to Taiwan's defense and avoiding a rift with China, the Obama Administration announced it will refurbish older F-16s that Taiwan is in possession of already. Rumors of possibly selling F-35s to Taiwan later is hot air as the Pentagon faces deep budget cuts and Under Secretary of Defense for Acquisition, Technology and Logistics Ashton Carter says the \$133 million dollar price tag for each aircraft is not affordable.

Taiwan faces a more isolated position with the US, who is forced to act under Beijing's watch of the F-16s, and a much more cooperative position with China as it increases trade and investment under a newly agreed Economic Cooperation Framework, increasing Taiwan's 2020 GDP by 4.5%. President Ma Ying-Jeou's policy agenda, as he shapes his campaign for the 2012 election, will lean towards further diplomatic relations with China.

If China is able to bring Taiwan closer in, Japan and South Korea will need stronger reassurances from the US both militarily and politically. The US is in a critical position to reaffirm its allied commitments with a decreased emphasis on the nuclear umbrella and rising federal debt.

## **Taiwan**

### **Mr. Nien Chung CHANG LIAO**

The dramatic rise of China has deteriorated the military balance in the Taiwan Strait, creating dilemmas for Taiwan and the United States and great uncertainty for the regional countries. Despite its long-standing rivalry with the mainland, the increasing costs of balancing a rising China have compelled Taiwan to shift its mainland policy from confrontation to accommodation. Just like small states of Southeast Asia, Taipei resorts to a hedging strategy against China—promoting economic ties with the mainland while improving defense coordination with the United States. Therefore, although the tensions across the Strait have palpably reduced, the military preparations on both sides of the Strait continue unabated.

However, Taipei's strategy faces certain challenges: First, as both sides keep eschewing the core political and military issues, the current rapprochement may lose momentum. Second, the future leadership transitions on either side may increase uncertainty about the continuity of the current policies they are endorsing. Third, whether Taipei's strategy can stand hinges on US commitment to the security of the island. The first two challenges have accounted for the failure of the first cross-Strait détente in the early 1990s, and the last one has been more salient in the contemporary response to a rising China.

China's growing military power has raised the costs and risks of US intervention in the event of conflict in the Taiwan Strait. A crisis over Taiwan may drag the United States into a reluctant conflict with a nuclear China. Some scholars are therefore rethinking the US role in the Taiwan Strait and argue that Washington should not maintain its commitment to the security of the island. Given that China's territorial claims are limited,



as Charles Glaser notes, it would be pacified if Washington compromised on the Taiwan issue. Robert Ross argues that the United States could maintain its maritime supremacy over a continental China by backing away from Taiwan and aligning with Japan and Southeast Asia. Christopher Layne suggests that as an offshore balancer, the United States should stay out of Asia and share the burden of balancing China with the regional powers. Overall, each scenario envisions US retreat from the obligation of defending Taiwan, in order to defuse the powder keg of US-China relations.

If Washington was to not satisfy the island's defense needs and end its commitment to the security of Taiwan, Taipei would have no choice but to bandwagon with China, or, as Bruce Gilley points out, to become like Helsinki during the Cold War era.

China's long-term goal of unification with Taiwan serves both its national pride as well as strategic needs. A bandwagoning Taiwan would cast uncertainty over the disputed territories in the region, particularly the South China Sea and the East China Sea that are vital interests to US maritime allies – Japan and Southeast Asia. On the other hand, the Finlandization of Taiwan would lose its leverage to transform China domestically and abandon its efforts to liberalize the mainland. It would cast more uncertainty on the prospect of a democratic China and the peace and prosperity of the region.

**Ms. Alice DUAN**

With China's mounting capability and influence, China's rise to great-power status is a reality. However, this rise has posed both opportunities and challenges to regional countries. Its rising power has offered countries in the region the opportunity to prosper mainly because of the economic ties with China; but China's increasing assertiveness has also made regional players concerned about its formidable threat. China's rise also rendered the US to reformulate its strategic plans to reassure its allies in the region by its determination to guarantee regional security. The South China Sea dispute has demonstrated China's growing maritime capabilities in the region. However, the US maintains close security ties with the countries around. This fact has made China's maritime ambition enclosed by island chains and its strategic space blockaded. From the parties around the first island chain (from Japan through the Philippines to Southeast Asia), Taiwan is in the most strategic important position geographically and politically which determines the region's future balance of power. China's maritime ambition to exert influence into areas beyond its nearest water depends on its ability to secure the Taiwan Strait. If Taiwan were placed completely under the PLA's (People's Liberation Army) influence, China could further its maritime ambitions. Since China is currently in a position to challenge US regional primacy and will not engage in serious clashes with regional countries (because China's logic now follows the premise that a stable international environment is essential for China's continuing growth), the Taiwan Strait will decide how the US and China would accommodate each other's increasing presence in East Asia. The best scenario for the region's security would be a healthy relationship between the two great powers; nevertheless, whether the two great powers will see each other as potential threats in the future remains a question. If such a scenario is really

emerging, East Asia will become a dangerous area where regional countries will have to take sides and military confrontation between the two camps will be possible. Another scenario could be that the two great powers cooperate to create a favorable environment where China continues to integrate itself into the international system and the US still plays an important role in maintaining Asia's security. The responsibility in maintaining the region's peace not only is counted on China's benevolence, but also on how the US and the allies together make efforts in helping shape China's great strategy in favor of the global order.

**Mr. Yan-Ying HUANG**

The balance of power is always changing in East Asia, but there might be a major strategic shift with regard to Taiwan which is driven by power shifts within the dynamics of Sino-American relations. There are reasons for this inference. The first is that the military power that US arms sales give to Taiwan are not good enough to match China's military modernization. The second one is that the US needs Chinese cooperation in global governance and solving problems, and there must be trade-offs which might harm Taiwan's interests. The third one is cross-strait economic integration which affects Taiwan's China policy and domestic politics. Combine these things together and it will push Taiwan away from America and towards China without the freedom of choice for Taiwan.

**Republic of Korea**

**Mr. Sungmin CHO**

The US extended deterrence for Taiwan has been an integral part of the balance of power within the Taiwan Strait. Given the enormous gap between mainland China and Taiwan in their military capabilities, there is no way for Taiwan to maintain the balance of power in the face of the military threat from China. The asymmetric gap between the People's Liberation Army and Taiwanese forces has been filled by US extended deterrence. As seen in the case of the 1996 crisis, by deploying US naval ships, the US effectively demonstrated its willingness to intervene in the region. The US also continues arms sales to Taiwan as a means to display its commitment to the defense of Taiwan in reaction to China's military actions. Simultaneously the US has tried to hit 'the balance of will' by maintaining strategic ambiguity toward Taiwan's independence issue. The US military support of Taiwan without clear political support for Taiwan's independence movement contributes to deterring China and Taiwan from further provocations. As a result, the balance of power within the Taiwan Strait traditionally has been dynamic but stable.

Since Ma Ying-jeou's inauguration in 2008, however, the balance of power in the Taiwan Strait appears to have been more dynamic and destabilized. Non-military factors have certainly affected the nature of the balance of power in the region. Since the ECFA came into effect on September 12, 2010, there has been growing concern on Taiwan's part that Taiwan's economy will overly depend on China. The real concern behind this is that

Taiwan will lose its room for political maneuvering while pursuing economic benefits only. China will gain more political influence over Taiwan affairs. In other words, China is likely to gain a veto power over Taiwan-related issues. Fortunately, the current status of the relationship between the Ma Administration and China's leadership appears unprecedentedly cooperative. The Ma Administration has actively sought political engagement with Beijing by ending the diplomatic war. Even so, Taiwanese voters are asking how the Ma Administration will address the concern that Taiwan will probably end up in the orbit of Beijing's political influence. What do all these non- military factors of economic dependency and domestic politics of Taiwan imply for the traditional concept of military balance of power within the Taiwan Strait?

The changing nature of the balance of power in the region serves as a litmus test to check the rise of China and US commitment. China's assertive diplomatic posture in combination with its military expansion has not been the sole source of concern to its neighboring countries. Economic dependency poses another challenge for neighboring countries when having frictions with China. The balance of power in the Taiwan Strait reflects the dynamic relations among military capability, economic interdependency, and political influence along with China's rise. To what extent the combination of China's military rise and neighboring countries' economic dependence on China translates into China's political influence over the East Asian region is an important question. At the same time, will America withhold its arms sales to Taiwan or not? What message would this political gesture convey? The US allies in Northeast Asia and Southeast Asia are likely to see this as a harbinger of the US power projection and its commitment to alliances. As such, the changing balance of power in the Taiwan Strait will provide hints on the prospect of power transition between the US and China on the regional level in East Asia.

**Mr. DongJoon PARK**

The balance of power between Taiwan and China is clearly asymmetric. Regarding military capabilities, Taiwan is greatly outnumbered both on conventional and nuclear terms. Recent estimates show that the military manpower of China is approximately 57 times larger than that of the Taiwanese military. China is spending 7 times more on their military than their counterparts across the strait. Furthermore, the technological advantage that Taiwan possessed to offset quantitative imbalance is quickly diminishing with the modernization of the Chinese military.

Adding to Taiwanese fears is the fact that China considers the Taiwan issue a priority. It has been commonly acknowledged that Taiwanese independence is the most serious threat that the Chinese face, not only due to the strategic importance of Taiwan, but also further implications the issue may have regarding other separatist movements that may arise. From this perspective, China can be expected to exert more pressure in order to maintain its sovereignty and resolve the Taiwan issue in the near future if it maintains its current level of economic and political growth.

Interestingly, regional implications of the imbalance between the two countries are, in itself, not as worrisome as the vast gap in power. For instance, the salience of the military imbalance is reduced when considering the fact that military actions are not only limited due to various geopolitical reasons, but also because a military solution to the issue would have considerable costs. Furthermore, the effect of economic or societal pressure may also be limited since Taiwan is a stable democracy with the world's 19th largest economy, strong enough to withstand considerable pressure.

However, though relative stability is to be expected in the Taiwan Strait due to the abovementioned reasons, the issue of Taiwan's independence will remain an important issue both in the Northeast Asia region and the world. Considering traditional American ties with Taiwan and how adamant China is on the issue, there is a great chance that potential conflicts in the Taiwan Strait may lead to a greater, region-wide conflict between the two superpowers. Though the US and Taiwan have no official alliance between them, the common belief is that the two countries share enough common values for the US to intervene. Also, appeasing China may hurt US relations with other countries in the region, most notably Japan which is monitoring the consequences of the rise of China.

From the Taiwanese perspective, this competition between the US and China might also have negative implications. Above all, Taiwan represents a perfect testing ground for China to test American resolve and commitment to the issues in Northeast Asia. It is therefore important that caught in such an imbalance, Taiwan must figure out ways to maintain relevance in US strategies in Northeast Asia, while figuring out ways, such as increasing soft power, to reduce the imbalance to a certain extent and maintain deterrence against possible Chinese provocations and pressure.

## Greece

### **Ms. Eleni EKMEKTSIOGLOU**

Rapid Chinese military modernization has changed the cross-Strait balance of power significantly. China's focus on a Taiwan crisis scenario has been the main driving force for the country's modernization program. This is reflected by the acquisition and development of those weapons systems that could give Beijing the advantage in the event of a Taiwan crisis.

Beijing's program of naval modernization has accelerated since 2000 adding 22 conventionally powered submarines and three nuclear powered ballistic missile submarines to the PLAN during the last nine years. At the same time, China has invested a great deal of resources into amphibious ships, missile guided frigates and destroyers along with missile patrol boats. One of the most critical developments regarding the PLAN modernization is the emphasis on technological advances and the shift from a 'platform centric' to a 'network centric' strategy for highly integrated operations, speed and coordination. At the same time, the Second Artillery Corps is gradually transforming

into a sophisticated force both in terms of quality and quantity. When O'Hanlon was suggesting that Chinese SRBMs couldn't present a great threat for Taiwan in the beginning of the last decade he was probably right. However, since, that time the systems improved remarkably in terms of accuracy while their large numbers aim at saturating the Taiwanese defenses. An illustrative example of the modernization's quick pace is the ASBM (Anti-Ship Ballistic Missile) DF-21D which reached IOC (Initial Operational Capability) late last year, taking by surprise even high echelon US intelligence officers.

The aforementioned developments along with constantly improving cyber warfare and ASAT (Anti-Satellite) capabilities give the general picture of the asymmetric strategies that China could implement in case of a Taiwan contingency. The so called A2/AD (anti-Access/Area Denial) strategies aim at keeping the US forces out of the theater of operations through high cost infliction threats.

Taiwan on the other hand is facing severe budgetary constraints and cannot catch up with China in terms of military capabilities. Even though the emphasis was put on quality in the past given Taiwanese numerical inferiority, if China's modernization program continues at the same pace, Taiwan's deterrent capability will be seriously questioned. Hampered by sensitivities in the US-China relationship, Taiwan has been struggling to procure the military capabilities it desires from Washington. Given that Suppression of the Enemy's Air Defenses (SEAD), in the quest for air superiority, will be the very first objective that both parties will struggle for during the first stage of the confrontation, ROCAF capabilities are of critical importance. However, Taiwan faces a fighter gap due to the retirement of the obsolete F-5s. With no indigenous production, Taiwan is dependent on Washington's political will to sell F-16Cs and F-16Ds to Taipei.

The widening gap in military capabilities can have a significant political impact. In the absence of a military confrontation, impressions about the other side's military capabilities are of critical importance. Impressions lie at the heart of coercion which, even if no violence is used, can produce outcomes in the long term. For instance, advanced Chinese military capabilities could deter any Taiwanese attempts of de jure independence and force a less rigid Taiwanese stance vis-à-vis China. The role of the US is of decisive importance and it is just a question of time until Washington is called on to decide between selling arms to Taipei or avoiding friction in US-China relations once again. It is important to be pointed out that arms sales to Taipei could not possibly have any tangible impact on the power balance in the Strait. Arms sales, however, carry a noteworthy symbolic value which conveys the message that the US is determined to support the democratic regime of Taipei and satisfy its commitments as a reliable ally.

## **Taiwan/Thailand**

### **Mr. Chin Hao HUANG**

In spite of the perceived sense of China's growing political, diplomatic, economic, and military clout in the Asia-Pacific region, the balance of power across the Taiwan Strait remains uncertain. A crude comparison of the material capabilities and military assets between Beijing and Taipei may point to China's overwhelming dominance, but its inability to translate those material and economic benefits and advantages into a more widely accepted Beijing-centric order, as well as its continued struggle to assuage anxieties and concerns about China's rise in Taiwan and across the wider region remain problematic.

Beijing has been trying to deflect growing criticism over its military ambitions and intentions. The People's Liberation Army (PLA), for example, has been sending such messages of reassurance and opening up several of its large scale exercises with some of the most advanced units to foreign observers. In recent years, and especially since the mid-2000s, China has been broadening its engagement with regional militaries to engage in and conduct joint peacekeeping training, counter-terrorism operations, and humanitarian assistance and disaster relief exercises.

While the PLA rapidly expands its engagement in regional confidence and security building mechanisms, it faces increasing constraints at the same time. There is still a perceived wariness by neighbors around China's periphery about Beijing's unpredictability and long-term ambitions. Its recent record of aggression and provocative, uncompromising position toward many Asian countries remains hard to live down, especially on such sensitive territorial issues as the Senkaku/Diaoyu and the Spratly and Paracel Islands. These concerns have been reflected in China's more confrontational approach toward Taiwan, Japan, Vietnam, and the Philippines. In spite of close economic relations linking China with the region, the continued negative record has an adverse effect on China's overall image, reputation, and influence in the region -- all of which cannot be derived from flexing its might. Strong Chinese nationalism and territorial claims complicate China's standing with its neighbors. Chinese adroit diplomacy may water down its disputes in Southeast Asia and with India, for example, but clear differences remain unresolved, prompting regional governments to remain wary of Beijing's uncompromising confidence and sense of exceptionalism.

Notwithstanding the launch of its first aircraft carrier and a rapidly modernizing military force, these newfound hard power, material assets, and capabilities do not necessarily tip the regional balance of power in Beijing's favor. It appears that Beijing is in an increasingly effective position to achieve more self-interested goals on its own terms. Governments across Asia continue to respond to China's increasing influence and military overtures by taking steps to work with one another and with the United States. They will continue to integrate and cooperate with China on economic-related issues but will also step up to work with other regional powers in order to hedge against the possible

negative implications of China's rise. As such, few Asian governments appear ready to adhere to a Beijing-led order in the region, and that the unpredictability associated with China's growing influence further compels them to develop close political and military relations with Washington and other regional powers to preserve regional peace and stability as a strategic way forward.

As for security affairs, Taiwanese believed that the US is its strongest and only ally in the world. The two countries share the same value of freedom, democracy and human rights. Unfortunately, this belief is changing. More and more Taiwanese think that the US might not be a helpful ally when war comes to Taiwan. The most important symbol is arms sales. America is the only dealer who can sell weapons to Taiwan, but what it sells are inferior and never meet Taiwan's defense expectations, let alone does it match PLA military forces. Both Taiwan and the US should learn that weapons are not just weapons but symbols of trust. Now Taiwanese are losing their trust in America.

There are some people in Washington talking about sacrificing Taiwan for China's full cooperation. It might be a convenient way for America to get rid of one flashpoint in East Asia, but it would also lose other allies' trust. And there are more flashpoints all over the world, worse than the cross-Strait issue. Giving up Taiwan will definitely endanger security in this area and create more pressure on other East Asian countries. For example, the issue of the South China Sea would get worse, and PLA forces can have easy access to the Pacific Ocean or any other waters.

In recent years, the global economy has worsened and that makes Taiwan more dependent on China. As a matter of fact, China is the biggest trade partner and foreign exchange source for Taiwan. And the Chinese government is the only one who will yield business interests to Taiwan. There are more and more industries in Taiwan counting on China and its policies. There is heavy pressure for Taiwanese politicians who have to deal with China carefully to prevent damaging business interests. As for US-Taiwan economic relations, it is also important but gaining less and less significance, there are still many troublesome issues such as TIFA, TPP and most importantly, American beef. The US government was not helpful at all during the financial crises while at the same time, China was viewed as an economic savior.

The three dimensions mentioned above are still developing. China has greater influence in security, politics and economics than America does in regards to Taiwan. The powerless US government will keep pushing Taiwan to China if it does nothing positive for Taiwan.

## **Japan**

### **Ms. Mihoko MATSUBARA**

With average GDP growth rates of ten percent over the last three decades, the balance of power within the Taiwan Strait has tipped heavily in China's favor. In fact, Chinese

growth rates surpassed the Taiwanese by the late 1990s. Last year, the Chinese economy became approximately 12 times as large as Taiwan's in purchasing power parity terms. Currently, Taiwan's exports to China are over 40 percent of the total. The flourishing economy allowed Beijing to leverage its military strength and commercial relationship with its neighbor, whereas the widening economic disparity has forced Taipei to politically concede.

China has kept double-digit increases annually in its secretive defense spending over the last 22 years, and firmly maintained its long-term goal to unify with Taiwan. The Ministry of National Defense (MND) in Taiwan released the 2011 Defense White Paper on July 19, revealing that Beijing's annual defense budget is 21 times larger than Taipei's, and the number of the People's Liberation Army soldiers is approximately ten times bigger than the Republic of China's Armed Forces. More specifically, China spends 180 billion US dollars and has 2.3 million soldiers, whereas Taiwan allocates 9 billion US dollars for its annual defense budget and has 270,000 soldiers. Taiwan used to hold qualitative supremacy in air and naval power. Chinese efforts to modernize its military, however, have enabled Beijing to overwhelm Taipei both in quantity and quality.

In addition, Taiwan currently possesses few effective countermeasures against Chinese air power, especially its missile attack capabilities. China has deployed more than 1,000 missiles, capable of mounting nuclear warheads, targeting Taiwan. According to the aforementioned White Paper, China also began deploying Dong Feng-21 anti-ship ballistic missiles, which challenge US aircraft carriers to assist Taiwan in a contingency. The MND noted that China is taking steps to prevent foreign militaries from supporting Taiwan in a future military clash, and the country has never given up the use of force against Taiwan to thwart the declaration of independence.

It is also noteworthy that China will economically surpass the United States in five years according to a report by the International Monetary Fund. To Washington, China is its largest trade partner. The "One-China Policy" is becoming more difficult to be threatened. Washington would be faced with a dilemma to prioritize guarantees of peace and stability in the Strait by risking worsening economic and diplomatic ties with Beijing.

Unfortunately, it is more likely to see an increasing gap between Chinese and Taiwanese military and economic power. The current Ma administration has already decided to reduce the total forces from 270,000 to 215,000 by 2014. As Taiwan continues economic integration with China, it would limit strategic options in terms of economics, diplomacy, and military. Taiwan still relies on the United States to introduce state-of-the-art equipment such as PAC-3 to defend the island. Taipei needs not only to secure the procurement of US weapons and services but also to modernize weapons on its own to improve deterrence and defense including surface-to-air and anti-ship missiles and a long-range attack capability.



## **Vietnam**

### **Mr. Sach Dinh NGUYEN**

Since the 2008 world economic downturn, China has become the world's second largest economy. Meanwhile, the US faces difficulties both domestically and internationally. This creates favorable conditions for China to assert leverage on many regional and global issues, including the cross – Strait relations. However, the US is still a key player in the issue and its role is still strong for at least an estimated 20 – 30 years to come but it is unclear whether the US will intervene if China attacks Taiwan. The US still keeps its commitments to protect Taiwan but as the US becomes relatively weaker compared with China, these commitments seem uncertain. Therefore, the balance of power within the Taiwan Strait can still be kept for 2 – 3 decades but is shifting in favor of China. The question is, in 20 -30 years, if China becomes dominant in the region and the world, how will the US and Taiwan behave? It is a difficult question and depends on future realities.

As mentioned above, the Taiwan Strait continues to witness a balance of power in the future which contributes to making the region a relatively peaceful environment. This is good for the countries in the Asia – Pacific to expand its relations with both China and Taiwan, especially in economic terms. This is important because both China and Taiwan are huge trading partner of many countries. However, as China becomes more dominant and plays a greater role in the region, countries must take China into account in their relations with Taiwan and this can limit the diplomatic space of Taiwan. Moreover, if China becomes the leading country in the region and applies a tough policy towards Taiwan, what will be the response of the rest of the region? There are two possibilities: some regional countries would stand with China to counter the US and vice versa. However, both possibilities are not good and a new arrangement should be established for peace and stability in the region.

## **People's Republic of China**

**Mr. Ruyi WAN** After the 1996 crisis, the rapid economic development of the mainland and the increasing need for economic development during Taiwan's democratization process, shifted the focus of cross-strait relations: from ideological orientation to people welfare orientation; from military confrontation to regional stability and mutual economic development cooperation. This shift in focus actually reflects strategy change.

The CCP's current strategy is: (1) deter Taiwan independence and (2) maintain peace and economic exchanges. The latter is also the PRC's Ministry of Commerce's (MOC) economic embrace policy. First, MOC offered China's abundant population and land, manufacturing capacity and market size advantages. Second, after a comprehensive industrial upgrading, the MOC will find a more stratified cooperation with Taiwan's economy. Finally, the MOC can launch more cooperation frameworks within WTO rules, such as ECFA. Meanwhile, the sovereignty issue underlines a clear differentiation: the

military confrontation became more moderate, and the containment of Taiwanese independence through legislation became tougher.

The Sino-US alliance ceased due to the collapse of the Soviet bloc. Continuing Cold War thinking, the US even believed that China would become America's enemy as a substitute of the USSR. So, the events leading up to allowing Lee Teng-hui's visit, while posturing a lot during his visit, actually tested Beijing's bottom line in cross-strait relations. After the 9 /11 attacks in 2001, DPRK nuclear crisis in 2006, and the subprime crisis in 2008, the stability of East Asia and the stable economic cooperation with the PRC became much more important in US global strategy. The stability of the cross-strait relationship became more important than ideological confrontation.

With a limited market size and production capacity, Taiwan needs to cooperate with PRC markets and factories. Besides, after the 1997 Asian financial crisis, the process of putting forward ASEAN 10 +1 and 10 +3 framework showed the marginalization of Taiwan in regional economic and trade cooperation. However, the economic growth and increase in people's standard of living heavily influenced voters. As the ruling party, the KMT's strategy draws between: (1) Make compromise to PRC in exchange for the island's political stability and economic growth. (2) Maintain Taiwan's political identity. Therefore, in 2008 Ma Ying-jeou stressed the 3-nos: no unification, no independence and no force. However, DPP took the opposite strategy: politics before economics, with its 3-nos: no debate, no cooperation framework, no political action. What's common is that both KMT and DPP need to rely on US influence in East Asia to balance cross-strait relations, to obtain economic benefits from the PRC or political support of Taiwan independence.

Continually strengthened economic exchanges, with the isolated issue of sovereignty, is in line with the interests of both sides at present. However, sovereignty is the topic that KMT and DPP will face sooner or later. Therefore, for the next step of cross-strait relations solution, it is a necessary test as well as a possible acceptable measure to try to cooperate to find common ground in non-traditional security areas (tsunami, earthquakes, and nuclear leakage crisis), social, and cultural areas.

### **Ms. Yi YANG**

The delicate security balance in the Taiwan Strait is threatened on several fronts. In Taiwan, democratization has placed Taiwan independence as one of the most salient issues in its domestic politics, and the rise of the pro-independence Democratic Progressive Party to power has created uncertainty regarding Taiwan's future policy on the Taiwan independence-unification issue.

The rise of mainland China and the economic interdependence enable mainland China to exert a more significant role in the relations. Currently, China is Taiwan's biggest trade partner. China-Taiwan tourism is also enjoying a honeymoon due to the opening of Chinese tourists to Taiwan. On the one hand, the economic interdependence and cultural

exchanges over the Taiwan Strait sends a positive signal about mutual relations. On the other hand, China's military buildup has made Taiwan uneasy and led to various efforts to hedge against China by supporting and, in some cases, actively facilitating the US forward deployed military to deter and balance Chinese military power. At the same time, hyper-nationalism in China is very popular among the younger generation. The CCP has fostered it to divert attention from social problems, economic inequality, and political authoritarianism.

The twist and turns in cross-strait relations have two regional implications. First, it is a key issue for Sino-US relations. From the formalization of Sino-US relations to today, the Taiwan issue remains the top priority. Any further arm sales or joint military drill will jeopardize this relation. To achieve a better and sustainable Sino-China relation, US must be very sensitive to and cognizant of China's core interests and its desire to be recognized and treated as an equal partner with regard to the Taiwan issue. This requires better and more regular channels of communication between the two countries.

Second, sound cross-strait relations are by all means good for development in Taiwan. Taiwan's economy is heavily dependent on its trade with mainland China and its revival depends on the improvement of cross-strait relations. In the era of globalization, Taiwan's rational choice for its own good, even survival, is greater integration with, not secession from, mainland China. This integration will begin in the economic domain first, pending the establishment of mutual trust following a transitional period of confidence building. The process will commence with a cross-strait free trade agreement, moving toward a customs union, a single market, and ultimately an economic confederation. If successful, a spillover into the political sphere will follow in a spontaneous progression. The economic integration will not be a zero-sum game, because the close interdependence thus created is "mutually vulnerable", while it is also mutually beneficial. Since 2008, the mainland has boosted cross-strait ties with President Hu offering a range of measures for closer cross-strait economic, cultural and political ties, culminating in a peace agreement. At a time of great turmoil ravaging the global economy, these proposed measures will do more to further closer integration between Taiwan and the mainland.

## Appendix B

### About the Authors

**Mr. Matthew ANDERSON** is a WSD-Handa Fellow at Pacific Forum CSIS. He is pursuing a Master's of Pacific International Affairs from the School of International Relations and Pacific Studies at the University of California, San Diego. His area of focus is China while his research interests include Chinese military modernization and Chinese elite politics. Matthew has a BA in International Relations and BBA in International Business from the University of Georgia. He also spent one year studying abroad, in Anhui province, PRC as part of the Boren National Security Education Program.

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**Ms. Shenny CHANG** is a fourth-year student at the department of diplomacy of National Chengchi University. She spent a year in Belgium at Université Catholique de Louvain studying management, marketing, and French. She is a member of a volunteer group called "Student Ambassadors", which promotes cultural exchange between international students and local students and attended international conferences, including the NMUN (National Model United Nations) 2011 in New York, EuroMUN (Europe Model United Nation) in Netherlands and 2010 TMUN (Taipei Model United Nations). In May 2011, she represented Syria in GA (General Assembly), talking about the conflict between Palestine and Israel. Her strategic defense won her the "Oral Recognition" prize in the conference.

**Mr. Sungmin CHO** is a 2011 James A. Kelly Research Fellow from South Korea. He received his BA in Political Science at Korea University and spent a year as an exchange student at the University of British Columbia in 2003-2004. Mr. Cho served in the ROK Army as an intelligence officer for three years, including a seven-month tour to Iraq in

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**Dr. Danielle CHUBB** is a resident Vasey Fellow at Pacific Forum CSIS where she is currently conducting research into Australian security policy options in Northeast Asia. Danielle holds a PhD in International Relations from the Australian National University: her dissertation examined South Korean responses to inter-Korean relations, with a special focus North Korean human rights and the role of civil society. As part of her dissertation fieldwork, Danielle travelled to Pyongyang, Seoul, and Washington DC.

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**Mr. Dihn Sach NGUYEN** is a research associate at the Center for Political and Security Studies, Institute for Foreign Policy and Strategic Studies of the Diplomatic Academy of Vietnam, concentrating on international relations and international economic relations. He received his BA in international relations from the Diplomatic Academy of Vietnam, Hanoi, in 2010.

**Mr. Dong joon PARK** is a Kelly Fellow at Pacific Forum CSIS. He is also an MA Candidate studying at the Department of Politics and International Relations at Korea University in Seoul, Korea, where he received his BA in Political Science and International Relations in 2008. From 2004 to 2006, he served in the Korean Army as a Translating Officer for 2 years. His research interests include inter-Korean relations, nuclear proliferation, and Northeast Asia regionalism.

**Mr. Eric SAYERS** is the Military Legislative Assistant to Congressman J. Randy Forbes (R-VA). He was a resident SPF Fellow and WSD-Handa Fellow at the Pacific Forum CSIS. He holds a M.Sc. in Strategic Studies from the S. Rajaratnam School of International Studies (RSIS) and an MA in Political Science with a focus on international relations theory from The University of Western Ontario. He worked as a Research Assistant for national security policy in the Allison Center for Foreign Policy Studies at The Heritage Foundation in Washington D.C. and as a Research Assistant with the US Research Program at RSIS.

**Ms. Jennifer SHIN** is a graduate student at the University of California-San Diego School of International Relations and Pacific Studies concentrating on International Economics, with a regional focus on the Korean peninsula. She is also a graduate student researcher for Dr. Susan Shirk's Northeast Asian Cooperation Dialogue Track II program at the Institute on Global Conflict and Cooperation. From 2008-2010, Ms. Shin was a strategic nuclear security analyst for the Department of Defense Office of the Under Secretary of Defense for Policy, where she provided policy analysis and research support on the 2010 Nuclear Posture Review report. She also supported the Deputy Assistant to the Secretary of Defense for Nuclear Matters, providing technical analysis on the national strategic deterrent through the Nuclear Weapons Council. Ms. Shin is the recipient of the Nonproliferation and Disarmament fellowship as a Young Leader from Pacific Forum CSIS.

**Mr. Ruyi (Tony) WAN** received a BA in Electrical Power Engineering from Shanghai Jiao Tong University and a Juris Master Degree from School of Law of Tsinghua

University. Currently, he is a PhD candidate at the School of Public Policy and Management at Tsinghua University. He was the founding chair of the Gananan Forum Shanghai since 2005, the associate director of an industrial development district management committee in Jiangsu Province in 2008, and he was nominated to be Secretary of the Youth League Committee of Tsinghua University Graduate School at Shenzhen at the same year. His current research focuses on the development model of China, with a special emphasis on government procurement policy and energy resource policy.

**Ms. Yi YANG** is a Vasey Fellow at the Pacific Forum CSIS. Prior to that, she was a research associate AT Wee Kim Wee School of Communication and Information, Nanyang Technological University and research assistant at the East Asia Institute, National University of Singapore, respectively. She pursued her BA in China Foreign Affairs University, Beijing and received two masters in strategic studies and applied science in Nanyang Technological University, Singapore. Her research interest includes social media and political participation, international politics in China and Chinese foreign policy.

**Appendix C**  
  
**PACIFIC FORUM CSIS**  
**YOUNG LEADERS**

**2011 Asia Pacific Security Forum**  
**The Asia-Pacific in the Post-Crisis Era:**  
**Geopolitical and Economic Challenges to Regional Stability**

Host: Institute for National Policy Research (Taiwan)

Co-hosts: The Pacific Forum CSIS (US)

Institute for Strategic and Development Studies (Philippines)

Asia Centre (France)

**August 25-28, 2011**

**Location: Noble House (1F), Grand Formosa Regent, Taipei**

**Agenda**

**Thursday, August 25**

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- 17:30 Meet Eleni in Lobby of *Just Sleep Hotel* to walk to dinner venue  
18:00- 18:40 Young Leaders Dinner (The Regent Taipei Grand Formosa- VIP Room 2, 4<sup>th</sup> Floor)  
18:40-20:00 Young Leaders Introductory Session

**Friday, August 26**

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- 08:30~09:00 Registration (Grand Formosa, Noble House)  
09:00~09:10 **Welcome Remarks**  
**Hung-mao Tien, 田弘茂**  
President, Institute for National Policy Research, Taiwan  
09:10~09:40 **Keynote Speech**  
**Philip Yung-Ming Yang, 楊永明**  
Minister, Government Information Office, Taiwan  
09:40~11:00 **Panel One – Power Shift in the Post-Crisis Era**  
Moderator: **Bih-Jaw Lin, 林碧炤**  
Vice President, National Chengchi University, Taiwan  
Presenters:  
1. **François Godement**  
Director for Strategy, France



2. **Brad Glosserman**  
Executive Director, Pacific Forum CSIS, USA

Discussant:

3. **Tuan-Yao Cheng, 鄭端耀**  
Research Fellow, Institute of International Relations, National Chengchi University, Taiwan
4. **Hariyadi Wirawan**  
Head and Professor, Department of International Relations, University of Indonesia, Indonesia

11:10~12:30 **Panel Two – Geo-political Challenges**

Moderator: **Tzhong-Ho Bau, 包宗和**  
Vice President, National Taiwan University, Taiwan

Presenters:

- 1 **Carolina Hernandez**  
President, Institute for Strategic and Development Studies, The Philippines
- 2 **Cheng Yi Lin, 林正義**  
Research Fellow, The Institute of European and American Studies, Academia Sinia, Taiwan

Discussants:

1. **Samuel S. G Wu, 吳秀光**  
Professor, Department Of Public Administration And Policy, Nation Taipei University
2. **Ralph Cossa (confirmed)**  
President, Pacific Forum CSIS, USA

13:00~13:30 **Luncheon Speech**  
**Lyu-Shun Shen, 沈呂巡**  
Deputy Minister of Foreign Affairs, Taiwan

13:40~15:00 **Panel Three – Geo-economic Challenges**

Moderator: **Diana Hwei-An Tsai, 蔡蕙安**  
Commissioner, Fair Trade Commission, Executive Yuan

Presenters:

1. **Mignonne Man-Jung Chan, 詹滿容**  
Executive Director, Chinese Taipei APEC Study Center
2. **Eric V. Larson (confirmed)**  
Senior Policy Analyst, Rand Corporation, Santa Monica

Discussants:

1. **Frank Y. Ying, 印永祥**  
Director, Institute of Economics, National Sun Yat-Sen University, Taiwan
2. **Chen-Min Hsu**  
President, Taiwan Academy of Banking and Finance, Taiwan

15:10~16:30 **Panel Four – Cross Strait Relations in the Post-Crisis Era**

Moderator: **Chien-Ming Chao, 趙建民**  
Deputy Minister, Mainland Affairs Council, Taiwan

Presenters: 1. **Ji You, 由冀**  
Associate Professor, School of Social Sciences and International Studies,  
University of New South Wales, Australia

2. **Ming-Yen Tsai, 蔡明彥**  
Professor, Graduate Institute of International Politics, National Chung Hsing  
University, Taiwan

Discussant:

1. **Yuan I, 袁易**  
Research Fellow, Third Division, Institute of International Relations, National  
Chengchi University, Taiwan
2. **Tse-Kang Leng, 冷則剛**  
Research Fellow, Institute of Political Science, Academia Sinica, Taiwan

16:30 Adjournment

**Day Two Saturday, August 27**

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09:30~11:00 **Roundtable Forum**

Moderator: Hung-mao Tien, President, Institute for National Policy Research, Taiwan

Speakers: 1. **Ralph Cossa**  
President, Pacific Forum CSIS, USA

2. **François Godement**  
Director for Strategy, Asia Centre, France

3. **Carolina Hernandez**  
President, Institute for Strategic and Development Studies, The Philippines

4. **Yun-Han Chu, 朱雲漢**  
Research Fellow, Institute of Political Science, Academia Sinica, Taiwan

13:00-1530 Young Leaders roundtable (The Regent Taipei Grand Formosa- VIP Room 3, 4<sup>th</sup>  
Floor)  
-Wrap Up session  
-Post Conference Assignment Discussion

1830-2000 Young Leaders Dinner

**Sunday, August 28**

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**MCSS Conference**

*A New Strategy for A New Era: Revisiting Taiwan's National Security Strategy*

08:30~10:00 **Session III External Affairs and National Security**

Chair: **Amb. Ying-Mao Kau**, Advisor, Taiwan Foundation for Democracy, Taiwan

Presenters:

1. **Dr. Francis Kan**, Associate Research Fellow, Institute of International Relations, National Chengchi University, Taiwan
2. **Professor Tadaatsu Mohri**, Graduate School of International Cooperation Studies, Kobe University, Japan
3. **Dr. Michael Mazza**, Senior Research Associate, Foreign & Defense Policy Studies, American Enterprise Institute for Public Policy Research

Discussants:

4. **Dr. Raviprasad Narayanan** Assistant Research Fellow, Institute of International Relations, National Chengchi University
5. **Dr. Mignonne Chan**, Executive Director, Chinese Taipei APEC Studies Center

**12:45 – 15:05      Session IV National Defense & Regional Security**

Chair: Dr. Su Chi, Professor, Graduate Institute of China Studies, Tamkang University, Taiwan

Presenters:

1. **Dr. Phillip Saunders**, Distinguished Research Fellow, Institute of National Strategic Studies, NDU, USA
2. **Dr. Bernard Loo**, Coordinator of the Military Transformations Programme, Associate Professor, Rajaratnam School of International Studies(RSIS), Nanyang Technological University, Singapore
3. **Mr. Tiehlin Yen**, Deputy Executive Director, MCSS, Taiwan

Discussants:

4. **Dr. Kao-cheng Wang**, Graduate Institute of International Affairs and Strategic Studies, Tamkang University, Taiwan
5. **Bonnie Glaser**, Senior Fellow with Freeman Chair in China Studies, Centre for Strategic and International Studies, Washington DC

15:20 – 16:05      Discussion

**16:05 – 17:00      Concluding Session Taiwan's Strategic Goal and Action Plan**

Chair: **Ralph Cossa**, President, Pacific Forum CSIS, USA

Presenters:

1. **Dr. Fu-Kuo Liu**, Research Fellow, Institute of International Relations, National Chengchi University, Executive Director, MCSS, Taiwan
2. **Dr. Jean-Pierre Cabestan**, Hong Kong Baptist University, Hong Kong

## Appendix D



Asia Pacific Security Forum  
Organized by the Institute for National Policy Research (INPR)  
Grand Formosa Regent Taipei  
Taipei, Taiwan ♦ August 26-27, 2011

### List of Participants

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|--|--|
| <b>1) Mr. ANDERSON Matthew (USA)</b><br>WSD-Handa Research Fellow<br>Pacific Forum CSIS                          | <b>8) Ms. EKMEKTSIOGLOU Eleni (Greece)</b><br>WSD-Handa Research Fellow<br>Pacific Forum CSIS            |
| <b>2) Ms. BILLINGSLEY Brittany (USA)</b><br>Research Associate<br>Center for Strategic and International Studies | <b>9) Mr. HUANG Chin-Hao (Thailand/Taiwan)</b><br>PhD Candidate<br>University of Southern California     |
| <b>3) Ms. CHANG Shenny (Taiwan)</b><br>BA student, NCU   | <b>10) Mr. HUANG Yan-Ying (Taiwan)</b><br>Assistant Director<br>Foundation on Asia-Pacific Peace Studies |
| <b>4) Mr. CHANG LIAO Nien-chung (Taiwan)</b><br>PhD Candidate<br>National Chengchi University                    | <b>11) Ms. MATSUBARA Mihoko (Japan)</b><br>SPF Research Fellow<br>Pacific Forum CSIS                     |
| <b>5) Mr. CHO Sungmin (South Korea)</b><br>James A. Kelly Research Fellow<br>Pacific Forum CSIS                  | <b>12) Mr. NGUYEN Dinh Sach (Vietnam)</b><br>Research Associate<br>Diplomatic Academy of Vietnam         |
| <b>6) Dr. CHUBB Danielle (Australia)</b><br>Vasey Research Fellow<br>Pacific Forum CSIS                          | <b>13) Mr. PARK DongJoon (South Korea)</b><br>James A. Kelly Research Fellow<br>Pacific Forum CSIS       |
| <b>7) Ms. DUAN Alice (Taiwan)</b><br>Program Coordinator<br>Institute for International Relations                |  |

**14) Mr. SAYERS Eric (USA)**  
Military Legislative Assistant  
US Congress

**15) Ms. SHIN Jennifer (USA)**  
Graduate Student  
UC-San Diego University

**16) Mr. WAN Ruyi (PRC)**  
PhD Candidate  
University of Tsinghua

**17) Ms. YANG Yi (PRC)**  
Vasey Research Fellow  
Pacific Forum CSIS