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Roger Cliff

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Hearing on U.S.-China Relations in 2020: Enduring Problems and Emerging Challenges

Panel III: Emerging Issues in East Asia

Two major events have occurred over the past year that call into question the viability of Beijing's long-standing strategy toward Taiwan. It is not clear whether China's leaders have recognized the significance of these events yet, but the United States needs to be prepared for the consequences if they do.

Since the late 1970s, Beijing's strategy toward Taiwan has been to seek to convince it to accept political unification under what it has come to call the "One Country, Two Systems" formula. According to this proposal, Taiwan would be allowed to keep its form of government, economic and social system, and even its own armed forces, provided that it accepted that Beijing was the sole central government of all of China and that Taipei was merely a local government within China.

At the same time, Beijing has asserted that, because Taiwan is part of China, China has the right to use force to bring about unification if Taiwan attempts to formalize its independence or if it continues to refuse to enter into unification negotiations for an excessively long time. In the meantime China seeks to prevent other countries from having formal diplomatic relations with Taiwan and to prevent Taiwan from participating in any international organizations that would imply that Taiwan was an independent, sovereign country. Beijing refers to this strategy as the "Peaceful Unification" policy, despite the explicit threat of force it includes, because the goal is to get Taiwan to accept unification with the mainland without actual bloodshed.

When the One Country, Two Systems solution was first proposed, both mainland China and Taiwan were one-party dictatorships and Taiwan's ruling Kuomintang (KMT) party, like Beijing, insisted that both Taiwan and mainland China were part of a single Chinese nation and that it was the sole legitimate government of all of China. Thus, China's leadership hoped that Taiwan's unification could be brought about through direct negotiation between the leaders of the two parties.

In the years that followed, however, Taiwan democratized and Taipei renounced its claim to be the legitimate ruler of mainland China. In 2000 the people of Taiwan for the first time elected a president from the Democratic Progressive Party (DPP), which advocates for Taiwan's independence. The KMT continued to hold a majority of seats in Taiwan's legislature, however, and in 2008 the KMT retook control of the presidency. In 2016, however, the DPP won both the presidency and, for the first time, a majority of seats in Taiwan's legislature.

This development was probably alarming to China's leaders, but could be explained as being the result of a specific set of circumstances. In local elections in December 2018, moreover, the KMT won control of a majority of chief executive and council seats in Taiwan's municipalities and counties, suggesting that it was poised to retake control of Taiwan's presidency and national legislature in the January 2020 national elections. As it turned out, however, the DPP candidate, Tsai Ing-wen, won an even higher percentage of the vote than she had in 2016, and the DPP maintained control of Taiwan's legislature, albeit by a somewhat smaller margin than in 2016. The proportion of Taiwan's population that identifies as Taiwanese, not Chinese, is now a majority and steadily increasing, and it is unclear if a party that advocates Taiwan's eventual unification with the mainland will ever return to power in Taiwan.

The true views of China's top leaders are not clear, but it would be difficult to argue that China's Taiwan strategy for the past 40-plus years is succeeding. Taipei continues to refuse to enter into unification negotiations with the mainland, and pro-independence sentiment on the island has been growing progressively stronger. It seems implausible that Taiwan will ever accept unification with the mainland under the One Country, Two Systems formula.

Although the One Country, Two Systems proposal was originally developed for Taiwan, the first place to which it was actually applied was the former British colony of Hong Kong. Britain had acquired control over the majority of Hong Kong's territory in 1898 under a 99-year lease. In the 1980s, as the expiration of that lease began to approach, Britain entered into negotiations with China over the future of Hong Kong. Ultimately London agreed to return all of Hong Kong (including land that had originally been ceded to Britain "in perpetuity"), in exchange for a promise from Beijing that Hong Kong would be allowed to retain its capitalist way of life, British legal system, and social freedoms for at least 50 years after the official handover on July 1, 1997. The specifics of this agreement different from what was being offered to Taiwan, but the same descriptor, One Country, Two Systems, was applied to this arrangement.

For the first 23 years after 1997, Beijing more or less kept its promise. Hints of serious trouble, however, came about six years ago. After reaching its agreement with Britain in 1984 regarding how it would manage Hong Kong after the handover, in 1990 Beijing had issued a legal document, called the Hong Kong Basic Law, detailing how Hong Kong would be governed after the handover. This document stated that Hong's Chief Executive, would initially be "elected" by an Election Committee appointed by Beijing, but that "the ultimate aim" was the selection of Hong Kong's Chief Executive by universal suffrage.¹ Although the Basic Law did not specify a timeline for when that would occur, in 2007 Beijing announced that the Chief Executive could be elected by universal suffrage in 2017. In August 2014, however, Beijing proposed that this would be accomplished by having a 1200-member Nominating Committee, whose members

¹ Article 45, The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, https://www.basiclaw.gov.hk/en/basiclawtext/chapter_4.html.

would also be picked by Beijing, select two or three candidates who would then be voted on by the citizens of Hong Kong.

This was not what people had assumed Beijing meant when it had said that Hong Kong's Chief Executive would be chosen through "universal suffrage." The result was nearly three months of protests in Hong Kong. Instead of making concessions, however, Beijing ultimately announced that it would continue to select Hong Kong's Chief Executive as it had since 1997: by having the Election Committee approve a candidate chosen by Beijing.

The second hint of trouble occurred in 2015, when five members of the staff of a Hong Kong bookstore, known for selling sensationalistic books about the private lives of China's leadership, were detained in mainland China. At least one of them was apparently abducted by Chinese security forces while in Hong Kong and surreptitiously taken across the border to mainland China. This was a violation of Hong Kong's legal autonomy, as guaranteed in the Sino-British agreement, and demonstrated that the mainland authorities were no longer strictly abiding by the One Country, Two Systems promise.

If there were any doubts about whether Beijing still felt bound by its promises regarding Hong Kong, however, they were laid to rest earlier this year. Article 23 of the Basic Law states that "The Hong Kong Special Administrative Region shall enact laws *on its own* to prohibit any act of treason, secession, sedition, subversion against the Central People's Government."² Due to popular opposition, the government of Hong Kong had never passed such a law. In May of this year Beijing announced that, if the government of Hong Kong did not pass such a law, it would do so itself. Less than a month later, Beijing issued a draft law and 12 days later the final version was enacted, coming into force on the same day, June 30. The full text of this law was not even published until it had already come into force.

Aside from the rushed and secretive process by which this law was passed and the fact that doing so appears to violate China's own Basic Law for Hong Kong, the vaguely-worded nature of the descriptions of the four crimes specified by the law – secession, subversion, terrorism, and collusion – is similar to that of mainland China's legal system and not consistent with Hong Kong's legal system, which is based on British law. Nonetheless, the government of Hong Kong has already begun arresting and prosecuting Hong Kong residents under the new law.

It should be clear to any observer in Taiwan that China's promises of autonomy for Taiwan under the same One Country, Two Systems rubric would be equally subject to change at the whim of the leadership in Beijing. As long as China is ruled by the Communist Party of China, therefore, no more than a small percentage of people in Taiwan are likely to believe Beijing's promises that Taiwan would be allowed to maintain its way of life after agreeing to unification

² "Chapter II: Relationship between the Central Authorities and the Hong Kong Special Administrative Region," The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, https://www.basiclaw.gov.hk/en/basiclawtext/chapter_2.html.

with the mainland. In other words, if there was ever any chance that Taiwan would accept the One Country, Two Systems proposal, the new national security law in Hong Kong has killed it.

It is unclear whether China's leadership recognizes this reality. Media reports have suggested that China's leaders believe that, once the people of Taiwan see that Hong Kong continues to thrive economically despite the new national security law, any qualms they may have about becoming a Special Administration Region of China will dissipate. If these reports are accurate, they suggest that China's leadership is oblivious to three things. First is the extent to which people in Taiwan care not just about material prosperity but also the freedoms and rule of law that they enjoy. The second is the extent to which freedom and the rule of law are in fact critical to Hong Kong's prosperity. Without them, Hong Kong has no economic advantage over the vast Chinese hinterland it borders. Third, and most important, is the fact that, for many people in Taiwan, the unification question has nothing to do with the material quality of life they would enjoy after joining with the mainland and everything to do with ethnic, cultural, and national identity.

It is perhaps not surprising that China's leadership would be oblivious to these things. After all, they are the beneficiaries of a political system predicated on the assumption that freedom and the rule of law are subordinate to the interests of the Communist Party, and their claim that Taiwan is part of China requires that they deny that Taiwan could possibly have a distinct cultural and national identity. For these reasons, they may not recognize the significance of Taiwan's elections and their revocation of Hong Kong's freedoms. If that is the case, then it is possible that Beijing will continue to pursue its strategy of attempting to persuade Taiwan to accept unification under the One Country, Two Systems formula through a combination of diplomatic pressure and a vague threat to use force if Taiwan refuses to enter into unification negotiations for an unspecified period of time.

If China's leadership recognize that their Peaceful Unification strategy has failed, however, then they will be left with a choice. One option will be to simply pretend that it has not failed and continue to go through the motions of pursuing it. There is no evidence that China's general public, who not by accident suffer from many of the same blind spots as China's leadership, have yet recognized the failure of Beijing's Taiwan policy. At present, therefore, there appears to be little popular pressure for a different approach toward Taiwan, and this situation could persist for some time. It is even possible that people in China could eventually stop caring about the issue at all.

It is also possible, however, that eventually people in China will realize that Taiwan will never willingly accept unification with the mainland under the current proposal, and begin putting pressure on China's leadership to implement a different approach.

If the Chinese leadership were to implement a different strategy toward Taiwan, one possibility would be a more flexible approach to unification. Much effort has been spent, so far unsuccessfully, attempting to identify viable formulas. To be acceptable to Taiwan, however, a

unification arrangement would probably, at a minimum, require that mainland China and Taiwan be treated as equals in what would be a reversible and largely symbolic union. Such an arrangement, therefore, would require that Beijing modify its long-standing position that it is the central government and that Taipei is a local government.

Although current Chinese leader Xi Jinping probably has the power and stature to alter a policy put in place by founding leaders of the People's Republic such as Deng Xiaoping, Beijing's ham-fisted response to the protests in Hong Kong over the past six years suggests that he is unwilling to accept any limitations on the central government's power, even when doing so would appear to be in Beijing's interests. Xi has said that the Taiwan question cannot be passed on from one generation to the next, but after eight years in power he has not offered up an alternative approach. This suggests that, as long as Xi remains in power, Beijing will either continue to pursue the Peaceful Unification strategy, or else it will adopt some sort of nonpeaceful unification strategy.

The phrase "as long as Xi remains in power" in the preceding paragraph brings up an important issue. Xi's two immediate predecessors both stepped down after their second full term as head of the Communist Party of China. (The three leaders before them were all removed from office prematurely.) Xi, however, has signaled that he does not intend to step down when his second term ends in the fall of 2022. Undoubtedly there are other senior officials in the Communist Party who would like to have an opportunity to be the paramount leader. To overturn the norm of serving no more than two full terms as Secretary-General, therefore, Xi will need to be able to argue that the quality of his leadership has been fundamentally superior to that of his predecessors. It will be difficult to make that argument, however, if Beijing's policy for achieving unification with Taiwan, one of the most important goals of every Chinese government for the past 40 years, is seen as being a failure. Thus, it is possible that Xi could feel compelled to make a dramatic move on the Taiwan issue at some point in the next two years, to ensure that he is not vulnerable to criticism in this area. Since he has shown no inclination to be conciliatory, this would likely come in the form of some kind of forceful action against Taiwan.

There is a wide range of possible actions China could take in this regard. At the lower end of the spectrum would be things like economic sanctions and cyber-attacks. There could also be missile tests, as were conducted in 1995 and 1996, or other forms of military provocation, such as sending combat aircraft up to or through Taiwan's territorial airspace, or sending warships through Taiwan's territorial waters.

There could also be actual acts of war. Possibilities include seizure of small Taiwanese-held islands (such as the Kinmen Islands, Wuqiu Islands, or Matsu Islands), an air and missile bombardment of Taiwan's main island, a blockade, or a full-scale invasion.

Since the beginning of this year Chinese naval vessels and military aircraft have increased the frequency of their activity around Taiwan, including at least two occasions in which Chinese

military aircraft deliberately crossed the centerline of the Taiwan Strait.³ More recently, Beijing has announced a series of military exercises along its coast.⁴ The goal of these activities is not clear. Most likely they are intended to deter the Tsai administration from responding to her reelection or events in Hong Kong by taking steps to formalize Taiwan's independence from the mainland. It is also possible, however, that they represent preparations for a use of force against Taiwan.

To conduct a full-scale invasion of Taiwan, the People's Liberation Army (PLA) would need to first seize control of the air and seas around Taiwan. The PLA's naval and air forces are roughly comparable to Taiwan's in terms of their level of capability, but significantly outnumber Taiwan's. Thus, it seems likely that they would eventually overwhelm Taiwan's forces with sheer numbers, even if Taiwan's forces outfought the PLA's in individual engagements.

Taiwan has been steadily modernizing its forces over the past two decades but the size and growth rate of its economy mean that it cannot possibly keep up with the growth in mainland China's capabilities. Major equipment items acquired over the past 10 years include 30 AH-64E *Apache Longbow* helicopters, 30 *Kwang Hua VI* missile boats, and three Patriot PAC-3 batteries. Over the next few years Taiwan's military plans to acquire 100 M-1A2 tanks, eight diesel-electric submarines, and 66 F-16C/D fighters. Nonetheless, it is doubtful that Taiwan could hold out on its own against a mainland Chinese blockade, air and missile bombardment, or full-scale invasion. For Taiwan to survive against these types of attack, the United States would need to come to Taiwan's defense.

If the United States came to Taiwan's defense, it is questionable whether the PLA could prevail. Although the PLA would have the advantage of shorter lines of communication and many more bases from which to operate, U.S. forces remain qualitatively superior to China's. Actually invading Taiwan, moreover, would require the PLA to transport ground forces across more than 90 miles of water in the face of U.S. and Taiwanese attempts to sink or shoot down the ships and aircraft carrying them. According to my estimates, the PLA currently has enough amphibious ships to carry about one division at a time to Taiwan, where Taiwan would have the equivalent of about four combined arms divisions waiting for them. PLA troops could also be brought in by helicopter or fixed wing aircraft, but these would primarily be light infantry forces and all of these operations would be highly hazardous if the PLA had not achieved absolute control of the air and sea around Taiwan. Although it would be unwise to categorically assert

³ These were reportedly the first such instances since 1999. See J. Michael Cole, "Increased PLA Activity Near Taiwan: How to Respond?" *Global Taiwan Brief*, Vol. 5, No. 8, April 22, 2020, http://globaltaiwan.org/2020/04/vol-5-issue-8/?utm_source=Global+Taiwan+Updates&utm_campaign=56a3172206-EMAIL_CAMPAIN_2020_04_28_01_55&utm_medium=email&utm_term=0_d5a87749a5-56a3172206-439054761&mc_cid=56a3172206&mc_eid=c57e30f267#JMichaelCole04222020.

⁴ Ben Blanchard, Yew Lun Tian, "Polishing the gun': China, U.S. tensions raise Taiwan conflict fears," Reuters, August 26, 2020, <https://www.reuters.com/article/us-taiwan-china-security-analysis/polishing-the-gun-china-u-s-tensions-raise-taiwan-conflict-fears-idUSKBN25MOVE>.

that the PLA could not successfully invade Taiwan today, it would certainly be a high risk endeavor for China.

The PLA's capabilities are certainly improving, however. Each year it has more medium- and intermediate-range ballistic missiles capable of attacking U.S. air bases in Japan, Guam, and elsewhere in the region, more antiship ballistic missiles capable of attacking U.S. aircraft carriers over two thousand miles from China's shores, more modern fighter aircraft and long-range bombers, and more modern submarines and destroyers equipped with long-range supersonic antiship cruise missiles. Preventing China from being able to control the air and seas around Taiwan is becoming increasingly challenging.

Even if Beijing were confident that it could prevail in a military conflict over Taiwan, however, it would not necessarily attempt to do so. Such a step would be enormously costly economically and diplomatically for China. While the diplomatic costs have probably not changed over time, however, the potential economic costs are gradually falling. As China's economy has grown and modernized, it has become less dependent on external trade, investment, and technology. Ten or fifteen years ago a war over Taiwan and resulting loss of economic relations with the United States and Japan would have devastated China's economy. Today it would still be costly, but China would be able to survive. I have not seen evidence to suggest that a specific concern about loss of access to Taiwan's semiconductor industry for mainland Chinese firms ever played a significant role in deterring Beijing from using military force against Taiwan, so I have no reason to believe that constrained access to Taiwan's semiconductor industry as a result of U.S. export controls is likely to change China's strategic approach to Taiwan. In general, however, the less interdependent China is with the rest of the world, the less restrained Chinese leaders are likely to feel in their international behavior.

As a result of the circumstances described above, the next two years are likely to be a particularly risky period for U.S.-China relations. I am sure that the U.S. intelligence community and Defense Department are keeping a close eye on developments in China, including any indications that China may be preparing for some type of use of force against Taiwan. To support them in that endeavor and to exercise Congress's oversight responsibilities, I suggest that the Commission recommend to Congress that it request the IC and DoD to, if they do not already, provide Congress with regular updates on military activities in China, particularly any indications that China may be preparing for a use of force against Taiwan. Since it is possible that China could disguise such preparations and launch an attack without prior warning, I also suggest that the Commission recommend to Congress that it require the Department of Defense, if it does not already, to provide Congress with an annual assessment of its capability to defeat a Chinese use of force against Taiwan and to identify any capability shortfalls it is currently experiencing or anticipates in the next five years. For its part Congress needs to ensure that it is providing the funds needed to address those shortfalls and that it is prioritizing the resourcing of capabilities needed to ensure continuing U.S. military dominance over China. China is one of the two most challenging potential adversaries the United States faces today.

We no longer have the luxury of spending defense dollars simply to preserve jobs or force structure. To deter Beijing from using force against Taiwan or other countries toward which the United States has security commitments, and to ensure that the United States can prevail if deterrence fails, will require the United States and its allies to continually improve their defense capabilities until such a time as China's political system and external orientation evolve in a more moderate direction.