



Impressions from Taiwan (2): The Security Environment

By [Dan Nexon](#)

Seven years ago Bill Petti wrote a piece at the Duck called "[US, Taiwan, and the Myth of an Obligation to Defend](#)." Bill eviscerated the claim that the US was legally obligated to defend the island against an attack from the mainland, but concluded by noting that: Many US policymakers have come to see our position on Taiwan as a barometer by which enemies and allies judge US resolve. Over the last 50 years we have coupled our stance on Taiwan to measures of our resolve. Whether other states actually view Taiwan as such a symbol is disputable. However, it seems pretty clear that we have come to this conclusion. For that reason, it is plausible to argue that we would, in fact, intervene if Taiwan were attacked.

Bill's conclusion looks less convincing in 2012 than it did in 2005. Indeed, I returned from Taiwan with the general impression that the Republic of China's (ROC) strategic position is deteriorating and that there's little on the horizon to suggest a reversal of fortune. This trajectory is much more than a matter of whether or not the US provides more advanced weaponry to the Republic of China Armed Forces. It stems from the growing economic asymmetry between the People's Republic of China (PRC) and the ROC, the fact that many of Taiwan's most plausible regional allies are also its key trade competitors, the second-order effects of the ROC's legal status, and Taipei's awkward position in the [dispute over the South China Sea](#).

I. The Brute Facts

China has a larger population, a bigger military budget, and a lot more money than Taiwan. Short of a major shock, such as an asteroid devastating the PRC but sparing the ROC, none of these factors are likely to change. Below are some recent trends.

The balance-of-forces equation has very much tilted in the PRC's favor. As the Taipei Times [reported in March](#):

Beijing announced on Sunday that its defense budget for this year would rise 11.2 percent from last year to 670.27 billion yuan (US\$106.41 billion).

China's official defense budget accounts for 1.28 percent of its GDP, compared with more than 2 percent for the US.

In a press conference on Sunday, National People's Congress spokesman Li Zhaoxing (李肇星) said the defense budget also included money for experimentation, procurement and new types of weapons.

Despite a slight slowdown from last year, when China's military spending rose 12.7 percent, the continued growth is of great concern to Taiwan, which has pursued detente with its neighbor.

Despite a relative reduction in tensions in the Taiwan Strait since the election of President Ma Ying-jeou (馬英九) in 2008, military pundits say that Beijing has not slowed down its ambitious military modernization projects and has failed to remove the 1,600 or so ballistic missiles targeting Taiwan.

Taiwan has budgeted NT\$317.3 billion (US\$10.72 billion) in defense spending this year, a rise of 7.7 percent from last year and the first increase since Ma came to power.

A large portion of Taiwan's military budget this year will finance the production of the -Hsiung Feng-IIE cruise missile, the Hsiung Feng III supersonic ship-to-ship missile and upgrades for the "Ching Kuo" indigenous defense fighter.

II. Policy Challenges

It isn't simply that the PRC has an advantage across most major power indicators and that its advantage will grow over time. It is also that a variety of factors undermine Taiwan's ability to compensate by forming robust balancing coalitions, maintain its economic position, and otherwise do what it can to deal with its strategic environment.

First, balance-of-threat theory suggests a balancing coalition among [South Korea \(ROK\), Japan, and Taiwan](#). But a number of factors interfere with the formation of such an alliance, including historical

resentments and suspicions between the ROK and Japan, the fact that the ROK and the ROC are [major competitors for the same export markets](#). Complicating matters is that all three countries are increasingly reliant on economic ties with China, a situation that China has been able to exploit. The 2010 Economic Cooperation Framework Agreement between Beijing and Taipei [gave Taiwanese companies advantages over those based in the ROK and Japan](#) -- over and above those stemming from cultural and linguistic factors. But now Taipei fears being "[frozen out](#)" by the prospect of a Chinese-ROK Free Trade Agreement (FTA).

Second, the ROC's legal status, in conjunction with China's market power, makes it difficult for Taipei to develop a network of FTAs comparable to that of the ROK and other economic competitors. As an editorial last year in the Taipei Times [argued](#) (note in particular the focus on the ROK):

As bad as this is, worse lies ahead for Taiwanese exporters. Their competition with South Korean exporters is set to intensify even further, as South Korea looks to implement an FTA with the US by the end of the year. At the same time, Seoul is also aggressively pursuing a trilateral trade pact with Japan and China.

In contrast, Taiwan's promotion of an FTA with either the US or the EU has been on hold for years, with no signs of a quick breakthrough anytime soon.

In the event that a trilateral trade deal between South Korea, Japan and China comes into being next year, Taiwan will be further marginalized in the global economy and increasingly less able to compete with South Korea, which has already established FTAs with Australia, Chile, Singapore, India and ASEAN.

Little wonder then that as the one-year anniversary of signing the ECFA approaches some people have come to dismiss the government's euphoria over its impact on Taiwan's push for more FTAs as nothing short of delusional.

Third, growing tensions over the South China Sea should create an opening for the ROC. Taipei's general strategy is to present itself as "reasonable" in comparison to the mainland's increasing aggressiveness. But that's a delicate issue, insofar as the ROC, in its capacity as "China," makes *exactly the same territorial claims as the mainland, with exactly the same legal justifications, and with a great deal of vigor*. This places limits on Taiwan's ability

to exploit the situation to its diplomatic advantage, as does the threat to its relations with the PRC if it were to start offering concessions to secure greater military cooperation.

Indeed, lingering behind most of these factors is a basic reality: due to its market power, its growing military strength, and cultural and strategic divisions among its neighbors, Beijing is extremely well-positioned to undermine the formation of balancing coalitions. In retrospect, the US decision to (largely) [pursue a hub-and-spoke alliance system in East Asia](#) may have been a poor strategic choice, inasmuch as it exacerbated (or, at least, did nothing to resolve) the historical-cultural frictions among the PRC's neighbors. I say this not out of a desire to see China encircled, but because I think the realistic possibility of a regional coalition would be an effective deterrent to Beijing adopting an overly aggressive Asian policy in the future. But regardless of what I think, it makes Taipei's strategic environment one of great constraint.

Taipei's loss of influence in the United States further compounds its predicament. China experts used to receive language instruction in the ROC, but now, with the PRC open for business, they generally polish their Mandarin on the mainland. Indeed, the PRC's shadow over Asia is so great that Taiwan is often little more than an afterthought. In consequence, what little anglophone ink gets spilled on the ROC veers in unproductive directions. Some argue that the US should [abandon Taiwan](#) to accommodate the PRC. Others see Taiwan as a small democratic nation up against America's next great military rival, and see Taiwan as a piece of a broader containment strategy. The most common approach is to double-down on the status-quo and hope for the best.

The last also seems to be the KMT's policy: keep relations stable and put its faith in the notion that the ROC's shining example will facilitate democratization in the mainland--and with it unification. I remain unsure why Taiwan's population would want to join a democracy in which they would have, by weight of numbers, virtually no influence. And I am unconvinced that democratization would lead to a warmer and fuzzier China on issues such as Taiwan's status. Indeed, democratization might prove to be exactly the sort of messy affair that [Jack Snyder and Ed Mansfield warn about](#)--the kind that

fans the flames of hyper-nationalism.

III. The United States

Washington's comparative lack of attention to Taiwan policy isn't good for anyone. There is a reasonable chance that, should cross-strait relations go horribly wrong, the United States would intervene in favor of Taiwan. That's not a contingency best addressed via current policy drift. It also leads to some weird views. For example, a great many US observers see Taipei's cruise-missile program as offensive in character, perhaps because of a conviction that cruise missiles are, by definition, offensive weapons. But for Taiwan they represent a weapon of interdiction and retaliation aimed at deterring the PRC. This makes even more sense in the context of Taiwan's aging F-16 fleet and its lack of access to more advanced strike aircraft.

Again, the point is not that the US ought to be arming Taiwan to the teeth, but that Taiwan's role in US East Asia policy deserves much more concerted attention. At the very least, US-Taiwan relations should be seen as relatively autonomous from China policy. This would help break [the counterproductive tendency of viewing US-Chinese relation as unidimensional](#). It also opens up other possibilities. Clearly, the US shouldn't be taking an unnecessarily hard line on Taiwan. But it can take steps to facilitate Taiwan's integration into free-trade zones and otherwise improve its relative *economic* position. Now that Taipei has [caved on US beef imports](#), Washington should move quickly toward negotiating an FTA or FTA-like agreement with Taipei.

The first day that I was in Taiwan one of my travelling companions said that, putting aside all the propaganda we were about to sit through, I would likely leave with the sense that it would be a shame if the people of Taiwan lost what they have build: their comparatively robust democracy, their economic wealth, and their freedoms. He was right. But there are plenty of futures in which US interests outweigh such considerations. The main task for US policy toward Taiwan is to help alleviate, however slightly, the Taipei's highly constrained environment. It should be possible for future ROC governments, whether DPP or KMT, to have more freedom to maneuver than they

currently enjoy. That seems like a worthy, but more limited, goal for US policy toward the ROC.

Posted on [8/01/2012 11:15:00 AM](#)