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WHY TAIWAN MATTERS, PART II

HEARING

BEFORE THE

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HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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WHY TAIWAN MATTERS, PART II

TUESDAY, OCTOBER 4, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The committee will come to order. After recognizing myself and the ranking member, my good friend, Mr. Berman, for 7 minutes each for our opening statements, I will recognize the chairman and the ranking member of our Subcommittee on Asia and the Pacific for 3 minutes each for their statements. We will then hear from our witnesses and I would ask that you please summarize your prepared statements at 5 minutes each before we move to the question and answer period within the 5-minute rule.

So without objection, the witnesses' prepared statements will be made a part of the record and members may have 5 days to insert statements and questions for the record, subject to the length limitations in the rules. The Chair now recognizes herself for 7 minutes.

Today we continue our examination that we began in June of "Why Taiwan Matters," and why, despite the importance of the U.S.-Taiwan relationship, Taiwan has been so neglected in recent years.

To counteract this growing inattention to Taiwan in certain Washington circles, including inside this administration, and to clarify congressional intent, I introduced last month, H.R. 2918, the "Taiwan Policy Act of 2011." This legislation seeks to further clarify and strengthen the Taiwan Relations Act, which has long served as the cornerstone for American policy in addressing cross-Strait issues. But there are increasing challenges ahead of us.

On December 29, 1940, President Franklin Roosevelt addressed the American people in one of his famous fireside chats. At that time, a small island democracy was being threatened by the overwhelming force of a menacing continental power. Roosevelt told the American people that "We must be the great arsenal of democracy" to provide the means for the small island country of Great Britain to preserve mutually-cherished democratic values.

Yet, the Obama administration has beaten a steady retreat not only from its obligations mandated in the Taiwan Relations Act, but from the spirit of FDR's words, by not providing sufficient means for Taiwan's defense.

The decision not to sell Taiwan the next generation of F–16 fighters is a decision with potentially grave repercussions. Why must we appear so timid before Beijing? And what message does such timidity in the face of Beijing's growing belligerence send to our treaty allies in the Asia-Pacific region, specifically Japan, South Korea, the Philippines and Australia?

Nor does allowing Taiwan to slip further and further behind in the cross-Strait arms race meet our own national security requirements. And any cozying up to Beijing with a wink and a nod on Taiwan arms sales is a clear violation of President Reagan's Six Assurances. Is it customary to give the clearly potential adversary the game plan for the defense of a friend and strategic partner? Isn't that like telling the fox the location of each chicken in the henhouse?

Taiwan needs our help. China is on the march in Asia, and its primary target remains democratic Taiwan. In August, Beijing began sea trials of its first aircraft carrier, reportedly to be named after a Chinese admiral who led a successful invasion of Taiwan over 300 hundred years ago.

The carrier will be used to further assert Beijing's maritime claims, and will patrol the Taiwan Strait.

Beijing has bullied our Philippine allies in the South China Sea, threatened our Japanese ally in the East China Sea, and intimidated our South Korean ally in the Yellow Sea. In June, for the first time since 1999, Beijing also sent up aircraft that crossed into Taiwan airspace above the Taiwan Strait. Taiwan responded by sending two of its outdated F–16 fighters to intercept the Chinese aircraft which, fortunately, turned back.

But why must Taiwan depend on rickety old aircraft, provided almost 20 years ago by the George Herbert Walker Bush administration, to face state-of-the-art Chinese fighters? Taiwan has repeatedly asked this administration to provide it with the next generation of F–16 C/Ds. If the skies over the Taiwan Strait become contested, how is Taiwan to defend itself against Chinese state of the art fighter jets?

The 2011 Department of Defense's Annual Report to Congress on "Military and Security Developments Involving the People's Republic of China" noted that "The balance of cross-Strait military forces and capabilities continues to shift in the mainland's favor."

Randall Schriver, who appeared as a witness at the committee's last Taiwan hearing in June, wrote this summer in the Washington Times that "Out of our deference to China, and despite the rapid PLA buildup, the Obama administration to date has the worst record on Taiwan arms sales since the passage of the Taiwan Relations Act in 1979." A 2009 RAND study goes so far as to claim that the Chinese military "likely has, or will soon have, a credible ability to challenge the United States and Taiwan for air supremacy, perhaps opening a window for an invasion attempt."

Likewise, the administration's most recent China Military Power Report clearly shows the threats that Taiwan faces from an increasingly muscular and aggressive China. It is obvious, therefore, that Taiwan needs the next generation of F–16 fighters to protect her skies and she needs them now. And Taiwan equally needs die-

sel submarines to protect her territorial waters and she needs them now.

The upgrade of older model F–16s is a modest step in the right direction, but insufficient to meet Taiwan's increasingly urgent requirements for an effective air defense, including late model combat aircraft. This raises questions about the administration's commitment to ensure that Taiwan has the means to defend herself against mainland China, as mandated in the Taiwan Relations Act.

And more broadly, Taiwan needs an active American policy to promote deeper ties between our two nations. Such a reinvigorated policy should include high-level official visits, a free trade agreement and, as soon as all homeland security criteria are met, Taiwan's early admission to the

Visa Waiver Program once security requirements are finalized.

These proposals are included in the legislation that I introduced and that I mentioned at the beginning of my remarks. And now I turn to my friend, the ranking member Mr. Berman for his opening remarks.

Mr. BERMAN. Thank you, my friend, Madam Chairman. At the first hearing we had in June, I made an extensive opening statement on the critical importance of the U.S.-Taiwan relationship. Today, as we open part two of the hearing, I want to reiterate my strong support for Taiwan and for bolstering all aspects of our bilateral ties.

With an upcoming Presidential election in Taiwan next year, the people of Taiwan will once again exercise their democratic right to directly choose a President. I strongly support Taiwan's vibrant democracy. I want to assure the Taiwanese people that the United States will respect the choice they make in January and will continue to support them, no matter who is elected.

Despite a marked improvement in the economic and social ties between Taipei and Beijing, China still has not renounced the use of military force against Taiwan. On the contrary, Beijing has increased the number of missiles targeted at Taiwan. During the earlier hearing on Taiwan, members on both sides of the aisle expressed a strong commitment to maintaining Taiwan security in the face of the growing Chinese military threat.

To address this threat, the United States should continue to supply Taiwan with weapons so that it can defend itself. I welcome the Obama administration's recent decision to upgrade Taiwan's existing fleet of F–16 fighter jets and would note that this administration has sold more defense systems to Taiwan in a shorter time span than the previous administration.

However, I view the upgrades only as a first step. Taiwan's air force needs more advanced F–16s to adequately defend itself from China and it needs them soon. Projections of Taiwan's air force stocks indicate a significant decline from its current fleet of 377 fighter jets which includes F–16 A/Bs, Vietnam era F–5s, Taiwanese indigenous fighters and Mirage 2000s. A decrease from that number, 377 to fewer than 275 fighters by 2020.

Not only will Taiwan have fewer planes, but also less capability while the Chinese air force and missile squadrons deploy across the Taiwan Straits are growing at an exponential rate. As a result of the administration's decision, Taiwan will ultimately have 145 F–

16s that have been retrofitted to be equivalent to F–16 C/Ds through the sale of the upgrade kits. But if the administration had provided both the upgrade kits and the advanced fighters requested by Taipei, then Taiwan would have 211 F–16 C/D aircraft delivered in the same time period as the upgrade kits alone.

I look forward to the testimony of our witnesses today to hear their views of how Congress and the administration can work together to support Taiwan's democracy and security. And with that I yield back, Madam Chair.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Berman. I now would like to recognize members for 1-minute opening statements beginning with Mr. Smith of New Jersey, the chairman of the Subcommittee on Africa, Global Health, and Human Rights.

Mr. SMITH. Thank you very much, Madam Chair. Thank you for calling this very timely and important hearing. A welcome to Assistant Secretary Campbell and Deputy Assistant Secretary Schiffer.

Taiwan is a special place, as we all know, with very special people. Through adversity, struggle, and courage, the Taiwanese people have created a vibrant, free, and democratic society that is a beacon of hope and light in that part of the world. This strategic ally and economic powerhouse also serves as an example of a society where human rights are highly valued, promoted, and upheld. In Taiwan, the values of freedom of religion, freedom of expression, worker rights, and the rule of law are not just given lip service, but are core principles taught to each new generation.

But maintaining freedom comes with a price. Vigilance, preparedness, and a commitment to a strong national defense cannot be taken for granted, but must be pursued and maintained.

As the United States fought the battle of ideas and values with the former Soviet Union, Taiwan by its very existence fights the battle of ideas and values with those nations that seek to limit and repress their citizens, especially the PRC through institutional injustice, lack of freedom in residence and movement, and the horrific corrosion tactics which destroy families and communities. With that, I yield back.

Chairman ROS-LEHTINEN. Thank you, Mr. Smith. Thank you. Another gentleman from New Jersey, Mr. Sires is recognized.

Mr. SIRES. Madam Chairperson, I'll be very brief. I'm just happy to be here to listen to what you have to say and I am a supporter of the sale of the fighters to Taiwan and I'm very happy to see that they moved forward on democracy where they actually had a transfer of power. So I'm just supportive and thank you very much.

Chairman ROS-LEHTINEN. Thank you, Mr. Sires. Mr. Burton is recognized. He is the chairman on the Subcommittee on Europe and Eurasia.

Mr. BURTON. Thank you, Madam Chairwoman. Taiwan has been a great ally of ours for as far back as I can remember and I've always thought it was unseemly that we wouldn't allow their chief executive to visit the United States or even get off the plane. I just think it's terrible. And while China has 1600 missiles pointed at Taiwan, we continue to just piddle around and not give Taiwan the support that they need to defend itself. They have asked us personally, me personally, and others, for the upgraded F–16s and the

kits that will keep them in a positive situation. They've also asked for a diesel-powered submarine so that they can defend themselves.

And it just seems to me totally unacceptable that this administration and the Congress of the United States and the Government of the United States does not support Taiwan and sell them the needed equipment necessary to defend themselves. They're not going to attack China. They want to be able to defend themselves.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Burton. Mr. Royce is recognized. He's the chairman of the Subcommittee on Terrorism, Nonproliferation, and Trade.

Mr. ROYCE. Thank you, Madam Chair. In two generations, Taiwan has moved from poverty to prosperity, from autocracy to democracy. And unlike China, Taiwan is truly a responsible stakeholder in Asia. However, Taiwan faces several challenges. China's rapid military buildup, its continued aggressiveness in the South China Sea are big concerns and yes, I'm afraid we're falling short, giving China too much sway in our relations with Taipei. We should be moving on the advanced F–16 fighters, not just the upgrade kits.

Let me also say that we should move forward with our Trade and Investment Framework Agreement with Taiwan. And we should use this dialogue to increase the prospects of securing a U.S.-Taiwan free trade agreement in the future. Our trade relations with Taiwan have deteriorated over the last several years as American businesses continue to lose market share. The best way to bolster trade ties would be to initiate negotiations for a free trade agreement. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, Mr. Royce. Mr. Connolly of Virginia is recognized for 1-minute opening statement.

Mr. CONNOLLY. Thank you very much, Madam Chair. And thank you for having part two of this very important set of hearings. The U.S.-Taiwan relationship is a very important one. It's our ninth largest trading partner. We've invested a lot in the security of the Taiwan Strait. The ultimate outcome in the Taiwan Strait must be settled between the Chinese, but it must be settled peacefully. We have a statutory obligation under the Taiwan Relations Act to protect and to provide for the defense capability of Taiwan.

I certainly look forward to hearing why the administration decided to upgrade the F–16s that exist now in Taiwan rather than providing the order of new F–16 weapons requested and that I consider to be a reasonable request by the Government of Taiwan.

I thank the chair and look forward to talking to our witnesses.

Chairman ROS-LEHTINEN. Thank you, sir. Mr. Chabot is recognized. He's the—okay. Ms. Schmidt is recognized from Ohio.

Ms. SCHMIDT. Thank you, Madam Chairman, for holding this very important hearing. I just want to say a few things. The best defense is a good offense. For the Taiwanese, that means the F–16s, and we need to sell them to them and sell them to them immediately. China is rapidly building up its military, in addition to an almost 13 percent increase in their defense budget last year. They purchased their first aircraft carrier from Ukraine under the guise that it was going to be used as a floating casino. Taiwan needs to be able to protect itself and we have the ability to help them do that.

We also need to work on trade issues, including free trade agreements, the Visa Waiver Program, and finally, we need to honor the Taiwan Relations Act. I yield back my time.

Chairman ROS-LEHTINEN. Thank you so much. Another member from Ohio, Mr. Johnson is recognized.

Mr. JOHNSON. Thank you, Madam Chairman and I appreciate our important panel being here today to discuss the relevance of Taiwan to our national security and foreign affairs objectives. Over the past few months concerns abound surrounding China's military buildup and its implication for the Asia Pacific region. China has significantly surpassed Taiwan in military capability and as the sale of new F–16s fails to move forward in replacing Taiwan's F–5 fleet that disparity continues to mount.

Even with the sale of the new F–16s, Taiwan would still be far behind Chinese military capability.

In dealing with Taiwan, we must work to emphasize the shared values that induced us to become a defender and advocate for Taiwan in the first place: Human rights, democracy, strong market economies, and freedom. I'm glad that that's what this committee promotes and this Congress promotes and I look forward to hearing from the panel today.

Chairman ROS-LEHTINEN. Thank you so much. Mr. Marino is recognized for 1 minute. Thank you, sir. Mr. Gallegly is recognized for 1 minute for his opening statement.

Mr. GALLEGLY. Thank you, Madam Chairwoman. I think it's clear that my position on Taiwan is well documented and the support that I think we have from the entire Congress is one that we can be proud of. The sale of the F–16s is critical and vital to the national security.

I have so many things that I'd like to say and time won't allow me to do this, so I just ask unanimous consent that I may place a statement into the record.

Chairman ROS-LEHTINEN. Without objection.

Mr. GALLEGLY. Thank you.

Chairman ROS-LEHTINEN. Thank you so much. Ms. Bass is recognized for 1 minute opening statement and Mr. Cicilline passes as well. So now Mr. Manzullo, he'll have 3 minutes. He is the subcommittee chairman on Asia and the Pacific.

Mr. MANZULLO. Madam Chairman, thank you for holding this important hearing on the relationship between Taiwan and the United States. We're here today because Taiwan matters. Indeed, it is one of the few beacons of freedom and democracy in a very dangerous neighborhood and our support for Taiwan must remain strong and steadfast. And I welcome Dr. Kurt Campbell, my fellow earthquake survivor in New Zealand in February this past year, when we were down there for the Trans-Pacific Partnership. It's pretty good for both of us to be here in light of what happened down there. We welcome you today.

The administration's decision not to sell modern F–16s to Taiwan is in a sense truly disappointing. Instead, Taiwan was offered a glass that's half full, an option of updating its aging F–16 fleet which defense experts agree is not sufficient to defend against China's burgeoning arsenal. Denying Taiwan the critically needed weapons system only weakens that government's ability to defend

itself and may even embolden China and indeed sends the wrong message to Mainland China as to our relationship with Taiwan.

Thus, I'm glad the administration witnesses are here today to discuss the rationale behind the decision not to sell the upgraded fighters to Taiwan.

Maintaining a close relationship between the U.S. and Taiwan is beneficial for the American people. Just last week, the delegation of 17 people from Taiwan visited the 16th Congressional District of Illinois which I have the honor of representing to announce Taiwan's intention of purchasing approximately $5 billion worth of corn and beans. This was a significant gesture and re-affirmation by Taiwan that the relationship between our two countries remains a high priority. The fact that Taiwan's is America's 9th largest trading partner and 13th largest export market for agricultural products should not be forgotten.

Beyond defense cooperation and related matters, the U.S. must do more to grow the relationship with Taiwan. It is in America's interest to resume negotiations with Taiwan to include a Trade and Investment Framework Agreement in the near future. Furthermore, it is time to end the ridiculous policy of prohibiting high level Taiwanese Government officials from visiting Washington. It's astounding that the Foreign Minister of Burma is allowed to meet with senior State Department officials in Washington while high level visitors from Taiwan are turned away. This gives the awful impression that representatives of cruel and despotic regimes are given better treatment than representatives from the government committed to democracy and freedom. Surely, this is not what America is about.

Madam Chairman, Taiwan matters and we must do more to support this relationship.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Manzullo. And now we'd like to hear from the ranking member of that subcommittee, Mr. Faleomavaega. He's recognized for 3 minutes.

Mr. FALEOMAVAEGA. Thank you, Madam Chair, and I want to personally welcome my good friend, Assistant Secretary Campbell to appear before this committee and to give us a little status report on the latest in terms of the administration's efforts in dealing with Taiwan.

Madam Chair, Taiwan does matter. From a historical perspective, I believe Taiwan was one of the most crucial issues that took place when Kissinger was sent as a special envoy by President Nixon during the '70s, but even before that, Taiwan became a prize of war. When China was in the state of civil war, and we all know the history of what happened was that between Mao Zedong and Chiang Kai-shek. Chiang Kai-shek lost the war and he ended up in Taiwan. And with the fervent effort or hope that someday he will someday return to Mainland China to overcome Mao Zedong's Communist forces, etcetera, etcetera. Well, that never happened. That never happened. In fact, even the Korean War, it's my understanding that Mao Zedong was about to attack Taiwan.

President Truman sent the 7th Fleet to give indication to China that we are not going to do something like this. Mao Zedong backed off and in fact, this incident also occurred when a very crucial question came into being before the United Nations, whether or not

Chiang Kai-shek representing 23 million people was in a position to represent 1 billion people in Mainland China and it was such that President Carter made the decision that there had to be a change in terms of Taiwan no longer officially representing all of the Chinese people before the United Nations and as such this took place where the Peoples Republic of China then became the official representative, not only in the Security Council, but with the United Nations.

Taiwan matters because we also came very close in terms of the situation that happened during President Clinton's administration where he had to send two battle groups to the Taiwan Straits again to show strong indication to China that because of our commitment and because of the Taiwan Relations Act in terms of our commitment in making sure that the people of Taiwan are protected from what enemy forces that may be that will cause harm to them. I believe the terms and the provisions of the Taiwan Relations Act is pivotal for us to better understand and appreciate how the United States policy toward Taiwan and the Taiwan Strait should continue.

Taiwan matters because I think in terms of what we have, it's been a very consistent policy with all our Presidents, with President Obama, and that is basically that the people of Taiwan, the leaders of Taiwan are to negotiate and engage the peaceful dialogue with the Peoples Republic of China and whatever future that comes about in doing this that is to be done peacefully. I think we're very firm in that commitment. And then on the other hand, too, we are to make sure that Taiwan receives necessary military equipment that is needed to protect itself.

Chairman ROS-LEHTINEN. Thank you, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, sir. And now the Chair is pleased to welcome our witnesses. First I want to introduce Kurt Campbell, the Assistant Secretary of State for East Asian and Pacific Affairs. Mr. Campbell has had a distinguished career in Federal service including as Deputy Assistant Secretary of Defense for Asia and the Pacific during the 1996 Taiwan missile crisis and as Director on National Security Council staff also during the Clinton administration. Before assuming his current position in June 2009, Dr. Campbell was the CEO and co-founder of the Center for a New American Security, CNAS. He also served as the director of the Aspen Strategy Group and was the senior vice president at the Center for Strategic and International Studies. He received his B.A. from the University of California, San Diego, and his doctorate in international relations from Oxford University. We are pleased to have you here, Dr. Campbell.

And I'm also happy to welcome Mr. Peter Lavoy, the Principal Deputy Assistant Secretary of Defense for Asian and Pacific Security Affairs. Mr. Lavoy also serves concurrently as Acting Assisting Secretary of Defense. Previously, he served from 2007 to 2011 in the Office of the Director of National Intelligence (ODNI) where he was Director for Analysis from August 2010 through August 2011. Prior to joining ODNI, he directed the Center for Contemporary Conflict and taught in the National Security Affairs Department of

the Naval Post-Graduate School in Monterey, California. Welcome to both you.

I kindly remind our witnesses to keep your oral testimony to no more than 5 minutes and without objection your written statements will be inserted into the record.

Dr. Campbell, we will begin with you.

STATEMENT OF THE HONORABLE KURT CAMPBELL, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. CAMPBELL. Thank you very much, Chairwoman. We both very much appreciate the opportunity to come up and discuss and testify before Congress on this critical issue and we share many of the concerns that have already been raised in terms of the importance of our relationship with Taiwan. Let me also thank my colleague and friend, Congressman Berman for his leadership on Asia; my friend, Congressman Faleomavaega for all his work in the Pacific; and Congressman Smith, for his extraordinary work on issues associated with separated families and left-behind parents in Japan.

If you could also communicate to Mr. Manzullo, after the tragic earthquake in New Zealand, we worked with him and his staff. The United States is now the leading supporter of the rebuilding of the lovely town of Christchurch in New Zealand. We appreciate his leadership.

I ask and thank the chairwoman, you have my testimony, my full testimony put on the record and I will just quickly go over a few points if I could.

I want to just paint a general strategic picture of what I think our nation is involved in right now. A major pivot, a major rebalancing in terms of our foreign policy, national security priorities. We are in the process of responsibly moving from important consequential activities in the Middle East and South Asia to more focus on the Asia Pacific region. It is absolutely clear that we as a nation, the Executive Branch, the Congress, we need to step up our game in the Asian Pacific region across the board, trade, investment, security issues, institutions and political and strategic engagement across the board. Our allies, new friends and partners like India, Indonesia, building a strong partnership with China, all of the countries in the Asia Pacific region, look to the United States as the key player in terms of the provision of our security guarantees and the maintenance of peace and stability, not only across the Taiwan Strait, but across Asia as a whole. We are in the midst of this. This will take many years. It will be difficult. We have enduring, extraordinarily expensive difficult challenges in the Middle East, but Asia beckons.

Much of the history of the 21st century will be written in Asia. The United States has to play a significant role in that. A critical part of that over-arching strategy is building a comprehensive, durable, and unofficial relationship between the United States and Taiwan. It's essential. The bedrock of that relationship is our security relationship and that is founded on several principles and key understandings.

The Taiwan Relations Act stipulates, it's one of the most important acts of legislative leadership in foreign policy in our history. It stipulates that the United States must maintain the capabilities to resist coercion, to maintain peace and stability. We provide necessary defense articles to Taiwan and it also requires us to consult actively on Capitol Hill on all issues associated with Taiwan.

Taiwan Relations Act, plus the so-called Six Assurances and Three Communiqués, form the foundation of our overall approach, but our relationship is not simply a defense relationship. It is much broader. We seek to expand our economic and our trade relations. The trade relationship today between the United States and Taiwan is larger than the relationship between the United States and India. That's how significant it is. And we actually share the goals of moving forward on the TIFA Agreement.

One of the most important things that we hear from congressional friends is how critical issues like beef are in terms of how they are treated. And I must say in our discussions with Taiwan friends, we have been disappointed with their lack of progress on this matter, but we are committed to make progress on this and building a deeper relationship with Taiwan economically and commercially going forward.

Chairwoman, I also agree with you that on the people-to-people level, it's important to take critical steps, that the Visa Waiver Program is extraordinarily significant. We've made much progress in recent months and we are aiming toward the very goal that you are aspiring to as well. So we see a broad range, unofficial relationship as deeply in the interests of the United States going forward.

Some have suggested that there is an inconsistency with building a strong comprehensive partnership with China and maintaining a strong relationship with Taiwan. I think that's false. And I think if you look over the last several administrations, there have been an attempt to build a strong partnership with China and at the same time maintain a critical key relationship with Taiwan and I think that's exactly what we have done in the Obama administration and I think in terms of the consequences, the positive outcome of this you see also a strong improvement in relations across the Taiwan Strait between China and Taiwan in recent years. That's very much in U.S. interests.

Now we have also stated very clearly that we, too, are concerned by military buildup across the Taiwan Strait. We have communicated that directly, not just to China, but all of our allies and friends in the regions who share these concerns. We think that these steps are antithetical to China's own interest in building a better relationship with Taiwan.

Ultimately, it is in American interest to see democracy flourish in Taiwan. One of the things that bind us most closely is this democratic experience. In January, Taiwan will be conducting a major election both at the executive and the legislative levels. The United States supports that election. We don't play favorites. We don't choose candidates. We will work closely with any leader or leadership that emerges there. Thank you for this opportunity.

[The prepared statement of Mr. Campbell follows:]

Dr. Kurt M. Campbell
Assistant Secretary
Bureau of East Asian and Pacific Affairs
Department of State

Testimony Before the
House Foreign Affairs Committee October 4, 2011

Chairwoman Ros-Lehtinen, Ranking Member Berman, Members of the Committee, thank you for inviting me to appear before you today. I appreciate the opportunity to discuss recent economic, political, and military developments in our enduring and wide-ranging relationship with Taiwan, review changes in the cross-Strait relationship, and discuss the implications of those developments for the United States.

A major theme of American statecraft will be designing and promoting a set of policies that reflect Asia's increasing prominence in global politics and economics while simultaneously continuing to play an engaged role in other regions. Today, we are working to rebalance America's foreign policy toward Asia. As we do this, the choices we make will have lasting consequences for global security and prosperity.

As the long shadow of 9/11 recedes, we are witnessing the re-emergence of the Asia-Pacific as a key theater of global politics and economics. Home to China and India, the region boasts almost half of the world's population, is home to key drivers of the global economy, and is increasingly central to international efforts to address the most pressing global challenges, from climate change to nuclear nonproliferation. From the perspective of the United States, the region is a center of gravity for U.S. security and prosperity. Northeast Asia hosts over 50,000 U.S. military personnel and dozens of bases, and some of America's most reliable and dynamic partners and allies. Free markets in Asia also provide the United States with unprecedented opportunities for investment, trade, and access to cutting-edge technology. As Asia rises, so too must America's role in it.

An important part of this turn to Asia is maintaining a robust and multidimensional unofficial relationship with Taiwan and, consistent with this interest is the United States' strong and enduring commitment to the maintenance of peace and stability across the Taiwan Strait.

Despite the tremendous opportunities in Asia, the region faces both enduring and emerging challenges ranging from the South China Sea territorial disputes to North Korea's nuclear weapons program to transnational challenges like proliferation and natural disasters -- all of which could pose significant risks to our interests in the region. Despite the improvement in cross-Strait relations, the Taiwan Strait still poses a significant risk for instability and conflict in Asia. It is critical for the United States to work with our allies and partners in the region to address and meet these significant challenges, and to encourage efforts that defuse tension and increase confidence across the Taiwan Strait. The United States' role in Asia will be judged by how we address these challenges.

From day one of this Administration, we have employed a multifaceted strategy to articulate a vision and chart a pathway to realize the Asia pivot in American foreign policy. There are six key elements in this approach: 1) Strengthen our bilateral security alliances to maintain peace, security, and prosperity in Asia. Strong alliances complement the region's multilateral institutions and help create a context for regional security and prosperity. 2) Build enduring and results-oriented multilateral institutions, essential to addressing transnational challenges and creating more integrated rules of the road. 3) Work to develop deeper and more consequential relationships with emerging powers likes India, Indonesia, China, Vietnam, and Singapore. 4) Pursue a free, open, fair and transparent economic agenda in Asia. 5) Modernize our defense force posture in Asia to one that is more geographically distributed, politically sustainable and operationally resilient. And 6) Promote democratic values and human rights.

Ultimately, the success of our strategy of rebalancing U.S. foreign policy towards Asia requires advancing, maintaining and strengthening our policies and actions in each of these six areas.

An important component to realizing the goals in this strategy is our coherent approach to unofficial relations with Taiwan. Building a more robust and diversified relationship with Taiwan is reflective of our broader approach to the Asia-Pacific; this relationship also advances many of our economic and security interests in the region. In particular, our management of U.S.-Taiwan relations will have a great impact on the way our partners view us across the Asia-Pacific region.

For more than thirty years, the Taiwan Relations Act (TRA) and the three U.S.-China Joint Communiqués have served as the bipartisan foundation for our "one China" policy, which has guided our relations with Taiwan and the People's Republic of China (PRC). Our policy is based on a few simple principles. We insist that cross-Strait differences be resolved peacefully and according to the wishes of the people on both sides of the Strait. We do not support Taiwan independence. We are opposed to unilateral attempts by either side to change the status quo. We welcome efforts on both sides to engage in a dialogue that reduces tensions and increases contacts across the Strait. And we are committed to preserving the peace and stability in the Taiwan Strait that has prevailed in recent years.

As part of our commitments under the TRA, we continue to provide Taiwan defensive military systems based on its needs and following our longstanding policy -- dating back to the earliest days of the Taiwan Relations Act -- that we make decisions about arms sales without advance consultation with the PRC.

We have recently demonstrated our resolve to fully live up to that commitment by notifying a new package of $5.85 billion in arms, equipment and training for Taiwan. This is matched by the $6.4 billion in sales to Taiwan in 2010 that bring us to a total of over $12 billion in sales in a two-year period -- more than any comparable two-year period since the passage of the TRA.

Our policy, consistent across six different U.S. administrations, both Democratic and Republican, has helped foster Taiwan's prosperity and democratic development while also bolstering cross-Strait and regional stability. While contributing in important ways to the security of Taiwan, our approach has also allowed Taiwan to nurture constructive relations with the PRC in recent years. This approach has led to greater people-to-people exchanges, expanding cross-Strait trade and investment, and enhancing prospects for peaceful engagement across -the Taiwan Strait. A peaceful future for cross-Strait relations is central to the stability and prosperity of the entire region and is therefore of vital importance to the United States.

Although some have recently suggested that our effort to build a "positive, cooperative, and comprehensive" relationship would come at the expense of our relations with Taiwan, we categorically reject this assertion -- and our track record confirms this. Positive and constructive relations with China are not only consistent with our robust and diverse relationship with Taiwan, they are also mutually supporting. In fact, since the beginning of this Administration, we have not only improved relations with both China and Taiwan, but this approach has also contributed to historic levels of cross-Strait stability.

U.S.-Taiwan Relations

Although the U.S.-Taiwan relationship is, by definition, unofficial, it has multiple dimensions including political, economic, and security, as well as people-to-people ties. The expanding nature of each of these elements of our relationship is a testament to the bonds that we have built with the people of Taiwan over the last several decades. This relationship is bolstered by regular consultations at senior levels by both civilian and military representatives, and we are actively exploring ways to raise the level of our meetings with Taiwan. As an example, Deputy Secretary of State Thomas Nides met with Taiwan's Vice Foreign Minister on the margins of the recent Pacific Islands Forum in Auckland, New Zealand, and Assistant Secretary of Commerce Suresh Kumar visited Taiwan last month. As host of the Asia-Pacific Economic Cooperation (APEC), we will welcome a senior-level Taiwan delegation to Hawaii. We have been working closely with the Chinese Taipei delegation to APEC during the U.S. host year, including in planning for the private sector-led APEC CEO summit. We are also encouraged by Taiwan's efforts to expand ties with other key Asian partners, including Japan, India, Singapore and the Philippines.

The foundation of our political ties with Taiwan is our common values and shared belief in democracy, and Americans have been deeply impressed by Taiwan's open, exuberant democratic polity and society. This will be on display again as the voters on Taiwan go to the polls in January and exercise their right to determine the future course of their society. This will mark the fifth direct presidential election since 1996. We, as Americans, are excited about this process, because it highlights one of the key values that we share with the people on Taiwan. We do not believe any one party or leader on Taiwan has a monopoly on effective management of the relationship, and we do not take sides in the elections. We will work closely with whatever leadership emerges from Taiwan's free and fair elections to build on our enduring commitment to Taiwan's people, its prosperity, and peace.

Our commercial ties with Taiwan are especially strong because Taiwan today is one of our most important economic partners. The United States is the largest foreign investor in Taiwan, with cumulative stock of direct investments of over $21 billion. With the world's 19th-largest economy, Taiwan is our 9th-largest trading partner, larger than Italy or India, with trade amounting to nearly $62 billion last year. U.S. exports to Taiwan grew by 41 percent in 2010, and two-way trade grew by 32 percent. News of Taiwan signing letters of intent for $5 billion in U.S. wheat, corn and soybeans earlier this month is yet another indication of the importance of the U.S.-Taiwan trade relationship. Taiwan is our 6th largest export market for food and agricultural products and, on a per capita basis, is second only to Canada in the consumption of U.S. agricultural products.

The United States and Taiwan, through our counterpart representative organizations, signed a Trade and Investment Framework Agreement (TIFA) in 1994. The TIFA is our main channel for bilateral trade consultations, and through the TIFA we have been able to resolve many difficult trade issues and deepen our economic cooperation. We have had many successes, including our work together in the area of enforcement of intellectual property rights, where Taiwan has made great strides. Unfortunately, Taiwan has taken a series of actions in recent years on agricultural trade issues that have damaged its credibility as a reliable trading partner and have proved to be a serious impediment to the TIFA process. There are a number of issues, including and beyond agriculture, which if resolved, will support employment growth and greater prosperity in both economies. We look forward to reinvigorating the U.S.-Taiwan economic agenda, reducing trade barriers, and increasing U.S.-Taiwan trade and investment ties.

Our security ties with Taiwan are perhaps the most high-profile element of the U.S.-Taiwan relationship. I will leave a detailed discussion of our critical defense and security relationship to my colleagues from DOD, but will stress that, first and foremost, Taiwan must be confident that it has the capacity to resist intimidation and coercion as it continues to engage with the mainland. The United States has bolstered Taiwan's capacity with a supply of carefully selected defense articles and services, consistent with the Taiwan Relations Act and based on a prudent assessment of Taiwan's defensive needs.

We will continue to strongly stand by our commitment to provide Taiwan with those defense articles and defense services necessary to enable Taiwan to maintain a sufficient self-defense capability. Our decision to notify Congress in 2010 and again last month of the approval of arms sales to Taiwan totaling over $12 billion, on top of the 2008 notification of more than $6 billion in new defense articles, underscores our commitment to meet the obligations spelled out in the Taiwan Relations Act. For example, in the last two years we have notified to Congress:

- A retrofit package to provide improved combat capability, survivability, and reliability to Taiwan's 145 F-16A/B aircraft, including the advanced Active Electronically Scanned Array (AESA) radar, and other advanced technologies and weapons systems
- An extension of the F-16 Pilot Training Program
- Spare parts for F-5, C-130, and F-16A/B aircraft

- UH-60M Blackhawk Utility Helicopters (60)
- Patriot Advanced Capability-3 (PAC-III) Fire Units, Training Unit, and Missiles
- Multifunctional Information Distribution Systems technical support for Taiwan's command and control system
- *Osprey*-class minehunter ships (2)
- Harpoon Telemetry Training Missiles
- Hughes Air Defense Radar (Direct Commercial Sale)
- Indigenous Defense Fighter (IDF) Radar (Direct Commercial Sale)
- IDF Color Display (Direct Commercial Sale)
- Small Arms (Direct Commercial Sale)

In addition to arms sales, the United States has long had a strong and effective military relationship with Taiwan's defense forces that involves training and high-level meetings, as well as consultations on key security issues. Taiwan, with U.S. assistance, can ensure that it develops a well-trained, motivated, effectively equipped and modernized fighting force that will contribute to the maintenance of peace and to a durable deterrent. With this defensive capability, Taiwan will be able to resist intimidation and coercion and engage with the mainland with continued confidence.

While we continue to bolster Taiwan's confidence and capability on security issues, we have also expressed to the PRC our strong concern over the continued lack of transparency in its military modernization and its rapid build-up of military force across the Strait. It is in the national interest of the United States to build a stronger military relationship with the PRC, but doing so will not come at the expense of our relations with Taiwan; they are not mutually exclusive.

Of particular significance to the U.S.-Taiwan relationship are our strong people-to-people ties. Indeed, the Taiwan Relations Act emphasizes that "it is the policy of the United States…to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan." Because the U.S.-Taiwan relationship is unofficial, nongovernment contact has been an essential avenue for establishing closer connections. Nearly all of the states in the United States have sister-state relationships with Taiwan, and 17 state governments have representative offices in Taiwan to promote business and tourism. Immigration and overseas study have also made major contributions to the U.S.-Taiwan relationship. Hundreds of thousands of people from Taiwan have immigrated to the United States, and among these immigrants are Nobel Prize winners, high-tech pioneers and award-winning actors and directors.

One of the most important factors fostering mutual understanding between the United States and Taiwan is the large number of people from Taiwan who study in the United States. American institutions of higher education have been the first choice of Taiwan students. Taiwan is number one on a per capita basis in the number of students it sends to study in the United States and is the fifth-largest source of foreign students in the United States, with 27,000 students in 2010. As

a result of this long-standing education connection, a high percentage of Taiwan's elite have U.S. college and professional degrees, including both candidates in the presidential election scheduled for next January.

Important New Initiatives

As a further demonstration of our commitment to a strong relationship with Taiwan, over the past year we have made progress on a number of important initiatives.

Taiwan's joining the Visa Waiver Program (VWP) would be an important milestone in the overall relationship that will allow greater numbers of Taiwan travelers to visit the United States, deepen people-to-people ties, and create new business opportunities. Travel between the United States and Taiwan, for business, study, and tourism, has helped to strengthen the bilateral relationship. In 2009 alone, people from Taiwan made over 500,000 trips to the United States, and Americans made nearly 400,000 trips to Taiwan. For that reason, the possibility of Taiwan joining the VWP represents a key opportunity for enhancing travel and contacts. While several steps remain to be completed in the process, we applaud the Taiwan authorities for having undertaken serious and systematic changes so far to their homeland security and immigration systems to comply with the statutory requirements for membership in the VWP. Those reforms not only allow Taiwan to meet VWP requirements, but they also strengthen Taiwan's own border and homeland security.

Taiwan has markedly improved its non-proliferation and export controls in recent years. Working with experts from the U.S. government, Taiwan has enhanced its ability to stop exports of high-technology items to countries of proliferation concern. Through regular dialogue with U.S. officials, and training programs run through the Export Control and Related Border Security (EXBS) program, Taiwan is now taking more effective steps to combat proliferation of sensitive materials and will take additional steps to work more closely with us as a full partner on non-proliferation issues in the next few years. At the same time, Taiwan has consulted closely with the United States as it works to tighten its banking and finance regulations to prohibit transfers that could contribute to the spread of controlled technologies, and we hope to see a final implementation of this process in the near future.

We have worked with Taiwan on strengthening our law enforcement cooperation. To this end, we have been working with Taiwan since late 2010 on a possible agreement on the return of fugitives. This process will necessarily be a complex and lengthy one, but we are confident that we will have measurable progress towards that goal in the coming year.

We are also looking for opportunities to step up visits by more senior officials from the range of federal agencies, from trade and economic affairs to energy, environment and science cooperation to social development. Where we can effectively deploy our senior officials to reaffirm our cooperative interests, we will do so.

Taiwan's Role in the International Community

Through expanded trade and cultural ties with the mainland, the region, and traditional partners like the United States, as well as involvement in international and regional organizations, Taiwan demonstrates that it is an important and responsible member of the international community. The United States has long been a vocal supporter of Taiwan's meaningful participation in international organizations. We have increased both the number and scope of our informal consultations with Taiwan regarding its goals in the international organizations arena.

Additionally, we frequently make our views on this topic clear to all members of the international community, including the PRC. Partly because of U.S. efforts, Taiwan is a member and full participant in key bodies in which statehood is not a requirement for membership, such as the World Trade Organization, the Asian Development Bank, and the Asia-Pacific Economic Cooperation (APEC) forum. We believe that Taiwan should also be able to participate meaningfully in organizations where it cannot be a member, such as the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), the UN Framework Convention on Climate Change (UNFCCC), and other important international bodies, the activities of which have a direct effect on the people of Taiwan. Following more than a decade of efforts, we are gratified that Taiwan has participated in the World Health Assembly as an official observer for the past three years, and we hope that Taiwan will be able to participate in an increased number of relevant WHO technical-level bodies and in expert consultations.

While there has been some important progress on this front, we have also seen UN system agencies and other international organizations affiliated with the UN take further steps to limit Taiwan's participation based on the 1971 General Assembly resolution which expelled Taiwan from the UN. We have consistently objected to any and all administrative barriers that unilaterally determine the political status of Taiwan, and we will continue to do so if this issue arises in the future.

At the same time that Taiwan seeks to enhance its meaningful participation in international organizations, Taiwan has also increased its outreach to the global community through disaster relief and private giving. Following the devastating Haiti earthquake in 2009, Taiwan, with U.S. assistance, sent medical and military specialists and equipment to Haiti to help in the recovery effort. In the wake of the incredible damage caused to Japan in the March 14 earthquake and tsunami, Taiwan private citizens and the authorities donated more than $150 million to assist victims, along with official assistance in the form of search and rescue resources. Taiwan also worked closely with the American Institute in Taiwan to facilitate the rapid movement of U.S. government staff and their families stationed in Japan in the event that a larger evacuation was needed. Thankfully, it was not, but Taiwan provided flexible and valued assistance to more than 100 Americans, and stands ready to do so again should a similar disaster occur in the region.

Finally, Taiwan donated money to support recovery efforts right here in the United States following heavy flood and tornado damage this past spring. Taiwan's contribution helped

victims in more than ten states get back on with their lives. On behalf of the U.S. Government, I reiterate our deep gratitude for Taiwan's humanitarian assistance.

Recent Cross-Strait Developments

One of the dominant issues affecting peace and stability in the East Asia and Pacific region – especially between the United States and China – is the potential for conflict across the Taiwan Strait. Over the past three years, we have witnessed remarkable progress in cross-Strait relations. In his inaugural address, Taiwan President Ma called on the PRC "to seize this historic opportunity to achieve peace and co-prosperity." He pledged that there would be "no reunification, no independence, and no war" during his tenure. President Ma also proposed that talks with the PRC resume on the basis of the "1992 consensus," by which both sides agree that there is only one China, but essentially agree to disagree on what the term "one China" means. At the end of 2008, PRC President Hu responded with a speech in which he called for the conclusion of an agreement on economic cooperation, proposed that the two sides discuss "proper and reasonable" arrangements for Taiwan's participation in international organizations, and raised the prospect of a mechanism to enhance mutual military trust – or what we might call confidence-and security-building mechanisms. Following President Hu's speech, the PRC stopped blocking Taiwan's participation in the WHO's International Health Regulations, allowing the WHO to disseminate health-related information directly to Taiwan authorities instead of having to go though the PRC government. This culminated in the May 2009 decision to let Taiwan participate as an observer in the World Health Assembly.

These overall developments helped produce a generally positive atmosphere for the resumption of semi-official talks between Taiwan's Straits Exchange Foundation (SEF) and the PRC's Association for Relations Across the Taiwan Strait (ARATS). The two sides agreed in broad terms to address the easy, primarily economic issues first, reserving more difficult, political issues for later. SEF and ARATS delegations have met formally six times since 2008 and continue the complicated task of defining closer cooperation between the two sides.

As a result of these talks, the accomplishments have been significant. The two sides have established direct, scheduled flights between Taiwan and the mainland; provided for direct shipping and postal services; established a framework for financial cooperation; and agreed to increase tourism, educational exchanges, and law enforcement cooperation. In 2010, 1.6 million mainlanders visited Taiwan and over two million are expected to visit this year. The two sides are now linked by 558 direct flights per week. Beginning in September of this year, Taiwan accepted 1,000 degree candidates from China in 2011, a number that is expected to increase to 10,000 per year over the next five years. The PRC is now Taiwan's largest trading partner, with cross-Strait trade totaling close to $152 billion in 2010, according to Taiwan statistics. The two sides signed a landmark Economic Cooperation Framework Agreement (ECFA) in 2010, and talks are continuing under ECFA to further trade and investment liberalization. In fact, the negotiation of two new agreements on investment protection and increased information sharing on nuclear energy safety is in its final stages.

The Obama administration welcomes the increased stability in the Strait and the increase in Taiwan-PRC economic, cultural and people-to-people contacts. The many billions of dollars that Taiwan companies have invested in the mainland and the managerial talent they have provided have played an important role in the PRC's economic performance over the last two decades. Taiwan's trade, investment, and other economic ties with the PRC have also helped the island recover from the 2007-2009 economic downturn. Taiwan's economy grew by nearly 11 percent in 2010 and is expected to grow over 4.5 percent this year.

Despite closer cross-Strait engagement, strong concerns remain in Washington, Taipei and around the region about PRC military modernization and deployments, particularly because the PRC refuses to renounce the possible use of force against Taiwan. PRC leaders have stated explicitly that the PRC would take military action in the event Taiwan were to formally declare independence or to take steps that would irrevocably block unification. The PRC reserves for itself the right to define actions by Taiwan that it would consider grounds for military response. The PRC's unnecessary and counterproductive military build-up across the Strait continues unabated, with estimates of more than 1,400 missiles targeting Taiwan. Although immediate tensions have substantially abated, and there is no clear reason why Beijing should now use force against Taiwan, these and other deployments across from Taiwan contradict Beijing's stated commitment to the peaceful handling of cross-Strait relations. The two sides have now reached a stage of such sustained positive interactions in the cross-Strait relationship that China needs to carefully consider whether its vast military capabilities aimed at Taiwan serve its overarching objective of building greater confidence and trust across the Taiwan Strait.

The Future

The year 2012 promises to be a challenging year. With democratic elections in Taiwan and a leadership transition in Beijing, there will inevitably be a period of uncertainty. In my view, Taiwan's leaders have taken on a tremendous challenge – balancing relations with China and the United States in a way that benefits all parties. The current approach to cross-Strait relations that promotes stability and gradual reconciliation is what the people on Taiwan have come to expect from their elected leaders. Their expectations are mirrored in the international community, which hopes to see continued peace and prosperity across the region. We have always supported improved cross-Strait ties and will continue to do so as long as they meet the criteria that we have established over the past 30 years. Our long-standing, principled, and consistent policy toward Taiwan, matched by pragmatic and cautious management of the cross-Strait relationship, will help ensure that stability and peace are maintained across the Taiwan Strait. I would like to conclude with an important observation. Even as we welcome the recent progress in cross-Strait relations and the possibility of further steps, I have every confidence that Taiwan's future will always be based on a deep and abiding friendship with the American people and a close and strong partnership on all of the issues we have addressed here today.

Thank you for the opportunity to testify today on this important topic. I welcome your questions.

Chairman ROS-LEHTINEN. Thank you very much, Dr. Campbell. Dr. Lavoy.

STATEMENT OF PETER LAVOY, PH.D., PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE, ASIAN AND PACIFIC SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE

Mr. LAVOY. Madam Chairman, Ranking Member Berman, and members of the committee. I thank you for the opportunity to appear today to offer testimony on our policy toward Taiwan.

Stability in the Taiwan Strait is critically important to the Obama administration and has a strong bearing on our enduring interest in and commitments to peace and stability in the Asia Pacific region. I commend the committee's continued interest in this matter.

The Obama administration is firmly committed to our one China policy which is based on three joint U.S.-China communiqués and the Taiwan Relations Act. This policy has endured for over three decades and across eight administrations.

Today the United States has a deep security relationship with Taiwan as indicated by the administration's strong record on arms sales. Defense articles totaling over $12 billion have been approved for Taiwan in the last 2 years. We will continue to make available to Taiwan defense articles and services to enable it to maintain a sufficient self-defense capability. But our security relationship with Taiwan encompasses much more than arms transfers. The Department of Defense has the responsibility to monitor China's military developments and to deter aggression and conflict. Under the Taiwan Relations Act which has helped guarantee peace and stability in northeast Asia for over 30 years, we are charged with maintaining the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize security or the social or economic system of the people of Taiwan.

China's economic rise has enabled it to transform its armed forces from a mass army designed for wars of attrition on its own territory to one capable of fighting short duration, high-intensity conflict along its periphery against high-tech adversaries. Although we assess China's ability to sustain military power and the distance remains limited, its armed forces are developing and fielding advanced military technologies to support attacks in anti-access and aerial denial strategies.

The majority of the PLA's advanced equipment is deployed to the military regions opposite Taiwan. Beijing fields advanced surface combatants and submarines to increase its anti-surface and anti-warfare capabilities. Similarly, advanced fighter aircraft and integrated air defense systems deployed to bases and garrisons in the coastal regions increase Beijing's ability to gain and maintain air superiority over the Taiwan Strait.

These systems also enable Beijing to conduct offensive counter air and land attack missions against Taiwan forces and critical infrastructure. Beijing has deployed over 1,000 short-range missiles and land attack cruise missiles to garrisons opposite the island to enable highly accurate conventional strikes. China also has an expanded capability for asymmetric warfare including special oper-

ations forces, space and counter space systems and computer network operations.

In response to this growing threat, Taiwan authorities have undertaken a series of reports designed to improve the island's capacity to deter and defend against an attack by the mainland. These include important investments to harden infrastructure, build up war reserve stocks and improve the industrial base, joint operation capabilities, crisis response mechanisms and the officer and noncommissioned officer corps. These improvements on the whole have reinforced the natural advantages of island defense.

Taiwan's defense reforms today are important and necessary and further efforts are needed. We are working closely with Taiwan on such steps related to both planning and procurement. A key conclusion of the report to Congress on Taiwan's air defense force is that Taiwan's approach to defense cannot match the mainland one for one. For example, Taiwan defense spending cannot match the mainland's, nor can it develop the same type of military the mainland is developing. Taiwan needs to focus its planning and procurement efforts on nontraditional, innovative, and asymmetric approaches. There's no single solution.

Given this context, we believe the F–16 A/B upgrade made significant contributions to Taiwan's air power. The Taiwan Relations Act is a good law that makes for good policy, one that has created the conditions for the two sides to engage in peaceful dialogue. Our strong security commitment to Taiwan has provided them the confidence to intensify dialogue with the mainland and has resulted in improved cross-trade relations.

A Taiwan that is strong, confident, and free from threats or intimidation is best postured to discuss and adhere to whatever future arrangements the two sides of the Taiwan Strait may peacefully agree upon.

Madam Chairwoman, Ranking Member Berman, and members of the committee, I thank you for the opportunity to appear before you today and look forward to your questions.

[The prepared statement of Mr. Lavoy follows:]

Prepared Statement of

Dr. Peter Lavoy

Acting Assistant Secretary of Defense for Asian and Pacific Security Affairs

Testimony before House Foreign Affairs Committee

October 4, 2011

Madame Chairwoman, Ranking Member Berman, and Members of the Committee, I would like to thank you for the opportunity to appear before you today to offer testimony from the Administration on our perspectives and policies toward Taiwan, including our responsibilities under the Taiwan Relations Act, how these responsibilities support our one-China policy, military developments in the Taiwan Strait, and their implications for the United States. Balance in the Taiwan Strait is a critically important topic that has a strong bearing on our enduring interests in, and commitments to, peace and stability in the Asia-Pacific region, and I commend the Committee's continued interest in these matters.

The Obama Administration is firmly committed to our one-China policy, which is based on the three joint U.S.-China communiqués and the Taiwan Relations Act. This is a policy that has endured across eight Administrations, transcended political parties, and served as a central element of our approach to Asia for over three decades. The Administration's strong commitment to the TRA is evident in our actions, which included the September 21 notification to Congress of our intent to sell Taiwan $5.85B worth of new defense articles and services–including an upgrade package for Taiwan's 145 F-16 A/B fighters, spare parts for its F-16, F-5 and C-130 aircraft, and training for F-16 pilots at Luke Air Force Base in Arizona. This decision follows the January 29, 2010 decision to sell Taiwan $6.4B in defensive arms, including 60 UH-60M Blackhawk helicopters, Patriot PAC-III firing units and missiles (three firing units, one training unit, and 114 missiles), Harpoon missiles, two Osprey-class mine hunters, and follow-on support for command and control systems. In addition, in August 2011, the Obama Administration submitted a $310M direct commercial sales notification to Congress for the approval of export licenses in support of radar equipment for Taiwan Indigenous Defense Fighters and Hughes air defense radars. These collective sales of over $12.5 billion in arms to Taiwan are an important indication of our commitment to our obligations under the TRA and to Taiwan's defense.

Since becoming President of Taiwan in 2008, Ma Ying-jeou has launched a series of initiatives designed to improve cross-Strait trade and investment, people-to-people contacts, and cultural exchanges. We welcome these initiatives and the relaxation of tensions in the Taiwan Strait that has accompanied the improvement of cross-Strait relations. Through this process, our military-to-military relationship with Taiwan has strengthened, and we will continue to build on this relationship to ensure Taiwan has the ability to defend itself today, and in the future. This is an important element of our strategy, and indeed is an enabler of the cross-Strait warming trend we have witnessed in

recent years. Despite the progress both sides have made to reduce tensions and increase stability by improving the non-military elements of the cross-Strait relationship, we have yet to see any efforts on the part of the mainland to reduce the military threat that its forces pose to the people on Taiwan.

At the Department of Defense, we have a special responsibility to monitor China's military developments and to deter aggression and conflict. Under the Taiwan Relations Act, which has served our country and the region well and has helped guarantee peace and stability in Northeast Asia for over 30 years, we are charged with maintaining the capacity of the United States to take appropriate actions, as determined by the President and Congress in accordance with U.S. constitutional processes, in response to threats to the security or the social or economic system of the people on Taiwan. We work closely with our interagency partners to make available to Taiwan defense articles and services in such quantity to enable Taiwan to maintain a sufficient self-defense capability. This is consistent with our long-standing policy that has provided a basis for maintaining security and stability across the Taiwan Strait. We believe that the Taiwan Relations Act is a good law that makes for good policy.

We take seriously our responsibility as laid out in the Taiwan Relations Act. This policy helps to create the conditions under which the two sides can engage in peaceful dialogue. The fact that cross-Strait stability has progressed to the point that it has today underscores the positive effects of our approach to Taiwan. The preservation of stability in the Taiwan Strait is fundamental to our interests of promoting peace and prosperity in the Asia-Pacific writ large. A Taiwan that is strong, confident, and free from threats or intimidation, in our view, is best postured to discuss and adhere to whatever future arrangements the two sides of the Taiwan Strait may peaceably agree upon. In contrast, a Taiwan that is vulnerable, isolated, and under threat would not be in a position to discuss its future with the mainland and might invite the very aggression we would seek to deter, jeopardizing both our interests in regional peace and prosperity, and the interests of the people on Taiwan.

Assessing the Military Balance

The Secretary of Defense is required to report to Congress annually his assessment of military and security developments involving the People's Republic of China. An important part of this assessment involves our perspectives on Beijing's strategy toward Taiwan, the military capabilities China is deploying opposite the island, and any challenges to Taiwan's operational capabilities for deterrence. The Department provided its latest assessment in August, and I can report to you today that the military balance across the Strait continues to shift in the PRC's favor.

As we have noted before, China's economic rise has enabled it to pursue a long-term comprehensive transformation of its armed forces from a mass army designed for wars of attrition on its own territory to one capable of fighting and winning short duration, high-intensity conflict along its periphery against high-tech adversaries. In this respect, China's military buildup is natural and expected. However, the pace and scope of China's military developments have increased in recent years, and the transparency with

which Beijing is pursuing this build-up continues to lag. Although we assess that China's ability to sustain military power at a distance remains limited, its armed forces continue to develop and field ever-more advanced military technologies to support anti-access and area-denial strategies, as well as those for nuclear, space, and cyber warfare. These developments are changing regional military balances and have implications beyond the Asia-Pacific region.

As the modernization of the People's Liberation Army has progressed, the improved capabilities have given Beijing's military and civilian leaders increased confidence in their military forces' ability to support China's growing national interests – ranging from its need for resources and access to international markets, to support for PRC nationals overseas. However, even as the PLA explores new roles and missions that go beyond immediate territorial considerations, we believe that the primary focus of the PLA build-up remains preparing for contingencies in the Taiwan Strait.

It appears that Beijing's long-term strategy is to use political, diplomatic, economic, and cultural levers to pursue unification with Taiwan, while building a credible military capability to attack the island if it perceives events as moving in the wrong direction. Beijing appears prepared to defer the use of force for as long as it believes long-term unification remains possible. However, we assess that Beijing firmly believes that a credible threat of force is essential to maintain conditions for political progress, and in this regard, we continue to see the military balance shifting in Beijing's favor. As indicated, this military build-up continues despite the reductions in tensions that have accompanied Ma Ying-jeou's cross-Strait initiatives.

In assessing the cross-Strait military balance, it is important to consider Beijing's capabilities to conduct offensive operations and Taiwan's defensive military capability.

In terms of Beijing's capacity for offensive operations against Taiwan, we continue to see the majority of the PLA's advanced equipment being deployed to the military regions opposite Taiwan. In this context, Beijing continues to field advanced surface combatants and submarines to increase its capabilities for anti-surface and anti-air warfare in the waters surrounding Taiwan. Similarly, advanced fighter aircraft and integrated air defense systems deployed to bases and garrisons in the coastal regions increase Beijing's ability to gain and maintain air superiority over the Taiwan Strait. Additionally, these systems, as deployed, allow Beijing to conduct offensive counter-air and land attack missions against Taiwan forces and critical infrastructure. Beijing has also deployed over 1,000 short-range ballistic missiles and growing numbers of medium-range ballistic missiles and land attack cruise missiles to garrisons opposite the island to enable stand-off conventional attacks with precision or near-precision accuracy. These capabilities are being supplemented by a growing capability for asymmetric warfare, including special operations forces, space and counter-space systems, and computer network operations.

We have limited insights into Beijing's actual contingency planning for military operations in the Taiwan Strait, but based on observed capability investments, we believe that if the mainland were to use military force against Taiwan, the PLA would rapidly degrade Taiwan's ability to resist while simultaneously dealing with any third-party

intervention on Taiwan's behalf. As a part of this effort, the PLA is building the military capability to execute multiple courses of action, all of which we must consider:

Quarantine or Blockade. Traditional maritime quarantine or blockade operations would have the greatest effect on Taiwan, at least in the near-term. However, the PLA Navy would have great difficulty imposing a quarantine or blockade and, at present, probably could not enforce either in the face of resistance or outside intervention. In military academic literature, the PLA has discussed potential lower cost alternatives such as air blockades, missile attacks, and mining to obstruct harbors and approaches. Beijing could also declare exercise or missile closure areas in the approaches to ports which would achieve the same effects as would a formal blockade by diverting merchant traffic. In these cases, however, there is the risk that Beijing would underestimate the degree to which any attempt to limit maritime traffic to and from Taiwan would trigger countervailing international pressure and military escalation.

Limited Force or Coercive Options. Beijing may also consider a variety of disruptive, punitive, or limited military actions against Taiwan, likely in conjunction with overt and clandestine economic and political activities. Such a campaign could include computer network or limited kinetic attacks, including by special operations forces, against Taiwan's political, military, and economic infrastructure to induce fear and degrade public confidence in Taiwan's leadership.

Air and Missile Campaign. Beijing may also consider ballistic and cruise missile attacks against air defense systems, including air bases, radar sites, missiles, space assets, and communications facilities. These attacks could support a campaign to degrade Taiwan's defenses, neutralize Taiwan's military and political leadership, and possibly break the Taiwan people's will to fight.

Amphibious Invasion. The PLA today is capable of accomplishing various amphibious operations short of a full-scale invasion of Taiwan. With few overt military preparations beyond routine training, the PLA could launch an invasion of small Taiwan-held islands such as the Pratas, or Itu Aba. An invasion of a medium-sized, defended offshore island, such as Mazu or Jinmen is also within the PLA's capabilities. Such an invasion would demonstrate military capability and political resolve, and achieve tangible territorial gain, without the launch of a full-scale attack on the island of Taiwan. However, this kind of operation includes significant, and perhaps prohibitive, political risk because it could galvanize the Taiwan populace and generate international opposition.

In terms of a larger scale amphibious operation, the most prominent among the PLA's options is a Joint Island Landing Campaign, which envisions coordinated, interlocking campaigns for logistics, air and naval support, and electronic warfare. The objective would be to break through or circumvent shore defenses, establish or build a beachhead, transport personnel and material to designated landing sites in the north or south of Taiwan's western coastline, and launch attacks to split, seize, and occupy key targets and/or the entire island. Success would depend upon air and sea supremacy, rapid build-up and sustainment of supplies on shore, and uninterrupted support. An invasion of Taiwan would strain the untested PLA and almost certainly invite international

intervention. These stresses, combined with the attrition of military equipment and personnel and the complexity of urban warfare and counterinsurgency (assuming a successful landing and breakout), make amphibious invasion of Taiwan a significant political and military risk for China.

Taiwan's Defense Priorities

In response to these changing dynamics in the Taiwan Strait, the Taiwan authorities have undertaken a series of reforms designed to improve the island's capacity to deter and defend against an attack by the mainland. These include investments to harden infrastructure, build up war reserve stocks, and improve the industrial base, joint operations capabilities, crisis response mechanisms, and the officer and non-commissioned officer corps. These improvements, on the whole, have reinforced the natural advantages of island defense.

In 2009, Taiwan became the first military outside of the United States to publish a Quadrennial Defense Review (QDR). Taiwan's QDR, as well as Taiwan's Defense White Paper, outlines a road map of investments for the future, particularly in the areas of organizational reforms, force structure adjustments, transitioning to an all-volunteer force, and advancing joint operations across the spectrum of defensive operations. Taiwan's approach transcends traditional service rivalries to develop an integrated force that takes advantage of Taiwan's strengths and uses innovative approaches as force multipliers.

With respect to the personnel reforms, President Ma's commitment to transition to an all-volunteer force is a transformational initiative, involving organizational adjustments in personnel recruitment, troop training, logistics preparations, benefits and rights, mobilization mechanisms, and retirement plans. At the conclusion of this process, Taiwan envisions an elite, professional force capable of undertaking major readiness and combat missions.

Taiwan also has begun to implement a long range acquisition planning and management process designed to ensure an efficient procurement process that delivers real joint military capability. Through this process, Taiwan will be able to prioritize investments in its domestic defense industries and forecast a better plan for future acquisitions from external sources – which is particularly challenging for Taiwan given that its political international status yields few options for foreign sources of defense technologies and weapon systems.

Taiwan's defense reforms, to date, are important and necessary - and further efforts are needed. We are working closely with Taiwan on such steps, related to both planning and procurement. A key conclusion of the Report to Congress on Taiwan's Air Defense Force is that Taiwan's approach to defense cannot match the mainland one-for-one. For example, Taiwan defense spending cannot match the Mainland's, nor can it develop the same type of military the Mainland is developing. Taiwan needs to focus its planning and procurement efforts on non-traditional innovative and asymmetric approaches – there

is no single solution. Given this context, we believe the F-16 A/B upgrade make a significant contribution to Taiwan's airpower.

The increasing complexity and sophistication of the military threat to Taiwan posed by the forces arrayed across from it on the mainland demands a more holistic approach by Taiwan. Given the limits on its defense resources, Taiwan needs to think in a different way about its defense procurement plans and priorities. Lasting security cannot be achieved simply by purchasing limited numbers of advanced weapons systems. Taiwan must also devote greater attention to asymmetric concepts and technologies to maximize Taiwan's enduring strengths and advantages. For example, we see value in investing in maneuverable weapon systems to increase agility and survivability, taking full advantage of Taiwan's geographical advantages to better protect high-value assets and render mainland attacks more costly, and making greater use of camouflage, concealment, deception, and decoys to degrade PRC targeting.

Furthermore, increased hardening of Taiwan's defense and other critical infrastructure will improve Taiwan's ability to resist attacks and rapidly re-constitute in a crisis after an attack. These and other asymmetric approaches can serve to complicate the PRC decision calculus and enhance deterrence of conflict by enabling the Taiwan military to more effectively deny to the PRC its operational objectives in a Taiwan campaign. The Department of Defense has and will continue to work with Taiwan to assist its Ministry of National Defense with its transformation and to identify the right procurement priorities.

U.S. Defense Policy in Asia

As a resident Asia-Pacific power, the United States' has an unwavering commitment to Asia's continued growth, security, and stability. Growing U.S. military engagement and presence, modernization of our force posture, and focused investments in military capabilities relevant to preserving the security, sovereignty, and freedom of our allies and partners in the region demonstrates the depth of this commitment. In this context, U.S. policy with respect to Taiwan is a subset of our larger policy within the Asia-Pacific region, which is rooted in our network of alliances and partnerships combined with a force presence that is designed to enable effective responses to a variety of contingencies.

As stated at the beginning of this testimony, the United States is committed to fulfilling its obligations under the Taiwan Relations Act. In January 2010 and again in September of this year, the Obama Administration announced its intent to sell Taiwan defense articles and services totaling over $12 billion. These decisions were based solely on our judgment of Taiwan's defense needs and are conducive to stability in the Taiwan Strait:

<u>January 2010</u>

- 60 UH-60M Blackhawk Utility Helicopters. Utility helicopters fill an immediate need for Taiwan's military to respond to humanitarian assistance and disaster relief operations. In wartime, the UH-60 would provide essential mobility capabilities to move troops and equipment around the island.

- 2 PAC-3 firing units, one training unit, and 114 missiles. Delivering this system completes Taiwan's request for upgraded PAC-3 missile defense systems. These systems will be integrated into Taiwan's missile defense grid.

- Technical support for Taiwan's C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) System. This support will help Taiwan develop improved battlefield awareness through an integrated air, sea, and ground defense picture.

- 2 OSPREY-class mine-hunters. Mine-hunting vessels will enable Taiwan to keep key ports and shipping lanes open in the event of blockade by mining.

- 12 Harpoon telemetry missiles. These training missiles will improve Taiwan's ability to meet current and future threats of hostile surface ship operations.

September 2011

- Retrofit for 145 of Taiwan's F-16A/B fighter jets, including radars, weapons and structural upgrades.

- Five-year extension of F-16 pilot training at Luke Air Force Base.

- Aircraft spare parts for sustaining Taiwan's F-16's, F-5's, and C-130's.

The F-16 retrofit reflects a smart defense policy that provides real and immediate contributions to Taiwan's security. The retrofitted F-16 A/Bs will provide a more reliable, survivable, and capable aircraft–comparable to the F-16 C/D, but at a lower cost–and Taiwan will have 145 of them.

However, the extent of our obligation does not end with arms sales. As part of our defense and security assistance to Taiwan, we are constantly engaged in evaluating, assessing, and reviewing Taiwan's defense needs, and in this regard, we continue to work with our partners on Taiwan to advise and assist their modernization efforts. The range of our engagements is truly comprehensive. At the Office of the Secretary of Defense leads strategic discussions on defense modernization with the Taiwan Ministry of National Defense and senior civilian leaders. At the operational-level, the United States Pacific Command leads discussions with the Taiwan Ministry of National Defense, while the United States Pacific Fleet, Pacific Air Forces, and the U.S. Army Pacific each lead tactical-level discussions with their counterpart services to improve Taiwan's defensive capabilities.

Conclusion

Following the March 2008 elections on Taiwan, both Beijing and Taipei embarked on a program of cross-Strait exchanges intended to expand trade and other economic links, as well as people-to-people contacts. The United States welcomes these steps as they contribute to stability in the Strait. Despite these positive political and economic developments, the security situation in the Strait remains tenuous. Beijing's sustained investment in an increasingly capable armed force across from Taiwan continues to shift the military balance in its favor. In light of these dynamics, long-standing U.S. policy, as enshrined in the Taiwan Relations Act, continues to play an important role in maintaining stability and deterrence in the Taiwan Strait by demonstrating to Beijing that it cannot achieve its goal of unification by coercion and force.

The Department of Defense will continue to monitor military trends in the Taiwan Strait and is committed to working with the authorities on Taiwan as they pursue defense reform and modernization to improve the island's ability to defend against an attack from the mainland. Organizational reforms, joint operations, hardening, and long-term acquisition management are all significant steps that will enhance Taiwan's security. This Administration is committed to the Taiwan Relations Act and plans to consult with Congress as appropriate, if and when we move forward with additional support and assistance to Taiwan. Just as in the past, our consideration of any future arms sales will be based on our judgment of Taiwan's defense needs.

Madame Chairwoman, Ranking Member Berman, and Members of the Committee, I would like to thank you for the opportunity to appear before you today and look forward to your questions.

Chairman ROS-LEHTINEN. Excellent testimony. Thank you, gentlemen.

I'm going to ask about the Taiwan arms sales. There have been disturbing press reports indicating that the administration may have given Beijing pre-notification of our intent regarding Taiwan arms sales prior to informing Members of Congress. A Defense News reported that "the United States and China on July 29 held top-level talks on Taiwan with Washington working preemptively to avoid fallout as the decision nears on whether to sell fighter jets to Taiwan." Deputy Secretary of State Bill Burns held a closed-door session with his Chinese counterpart and during Vice President Biden's August trip to China, according to the Taipei Times, the Chinese Vice President reportedly raised a "deeply sensitive" issue of arms sales to Taiwan during their first meeting as well.

My question is can you unequivocally confirm that no administration official including Vice President Biden and Deputy Secretary of State Burns pre-consulted with their Chinese counterparts on the administration's decision regarding the F–16s or any other Taiwan arms sales? And related to that, you had mentioned the Six Assurances of Ronald Reagan and I mentioned it in my opening remarks.

Does this administration consider those assurances as an essential component of Taiwan policy, including Reagan's pledge to Taipei that the United States will not hold "prior consultations with the Peoples Republic of China on arms sales to Taiwan." And lastly, can you explain to the committee why a U.S. decision not to sell Taiwan new F–16 fighter jets shouldn't be seen by many U.S. allies in Asia as a sign of China's growing clout and America's relative strategic decline in the region. Won't other nations interpret that decision as a retreat and reduction of support for a long-time friend and key nation in the chain of islands bordering China in the western Pacific?

Dr. Campbell and Dr. Lavoy.

Mr. CAMPBELL. Thank you, Chairwoman. That's a lot of questions there, but let me try to take them one by one. I probably have been in hundreds of meetings between American officials and Chinese officials over a series of administrations, Republican and Democratic. I was in the meetings with Vice President Biden and I was with Bill Burns when he met with the Chinese counterparts. I have never, ever heard an American official ever talk to China and give advance notice about any arm sales. I categorically reassure you on that fact. And that is one of the most important aspects of our over-arching approach to Taiwan and also to China.

As I stated in my opening testimony, yes, we do abide by the so-called Six Assurances and among the most important is an assurance that we do not pre-brief China about what we will do with respect to Taiwan. But as importantly, Chairwoman, we also talk to Congress before we talk to our Taiwan friends. So we think that this over-arching understanding is one of the most important underpinnings of how this implementation of the Taiwan Relations Act has——

Chairman ROS-LEHTINEN. Actually, the last one was shouldn't that decision about the fighter jets not be interpreted as a weakening of our resolve.

Mr. CAMPBELL. Let me just say generally speaking, the larger context. First of all, overall, American arms sales to the Asian Pacific region and to our allies and friends is up substantially, Chairwoman. In addition, we are moving U.S. forces from Afghanistan, Iraq, and elsewhere to reinforce our overall positions in the Asian Pacific region.

And lastly, I would simply point out if you look at the decisions taken, and that's the issue, the decisions taken to provide defensive sales to Taiwan during the Obama administration, in 2010 and 2011, those 2 years, Chairwoman, they are greater than any other 2 comparable years in the history of the Taiwan Relations Act. So I would simply suggest to you and I work in the Asian Pacific region a lot, I think if you polled substantially, they would say that the United States over the last several years comprehensively has fundamentally stepped up our game in the Asian Pacific region.

Chairman ROS-LEHTINEN. Dr. Lavoy?

Mr. LAVOY. Thank you very much, Madam Chairwoman. I certainly agree with Assistant Secretary Campbell. Under no circumstances do we consult with China or any other foreign power about potential arms transfers to Taiwan. It's a decision the administration makes, based on the Taiwan Relations Act and we do consult Taiwanese defense authorities. We have very rigorous and effective defense consultations with them to determine the appropriate prioritized needs for their defense and we judged that this was useful.

Chairman ROS-LEHTINEN. Thank you, sir. Mr. Berman, the ranking member is recognized for 5 minutes for questions.

Mr. BERMAN. Thank you very much, Madam Chairman. I just would observe at the beginning that one perceives from a number of the countries in East Asia and in South Asia and Southeast Asia a desire for a closer relationship with the United States which undermines this notion that we are thought of in that area as a weaker and receding power. I think there's enough basis on the evidence in front of us that what has happened in the past couple of years and the significant closer, even military ties with these countries to indicate that they're investing a lot in America's continued presence in that region.

I want to get to the F–16s. There's a factual dispute here. The administration on two occasions has asserted that the upgraded F–16s, the kits, providing the kits will get greater capabilities, more rapidly in a larger number of airplanes into the field in a more decisive way than were a decision made to provide the planes right now. The manufacturer of the F–16s says that 66 new F–16 C/Ds could be provided 2 years earlier than a like number of the upgraded A/Bs. Do you—would you like to arbitrate this discrepancy between yourself and the manufacturer regarding the time?

Mr. LAVOY. Thank you very much. As I said earlier, the F–16 A and B decision makes the most sense for Taiwan at this time. It's a decision that was based on consultations with Taiwan.

Mr. BERMAN. My specific question is could they get the new F–16s, 66 new F–16s faster than they will get the modified A/Bs with the upgrade kits?

Mr. LAVOY. It's our conviction, again, based on discussions with Taiwan authorities that upgrading their existing fleet of F–16s A

and Bs is the immediate priority. And we will ensure that we work with the defense contractors to accelerate this upgrade so that they can maintain and upgrade capabilities for years and decades to come. And we will work with the defense contractors to ensure this happens.

Mr. BERMAN. Well, you've asserted your position, but you haven't shed light on why the upgraded F–16s will be available more rapidly than the new F–16s. Is there something you could add that would provide us—I understand what you've said, but is this an issue you have no more to add to at this point?

Mr. LAVOY. No, I don't, sir. We will work with the defense contractor to ensure that these are upgraded very quickly.

Mr. BERMAN. You've made a decision, at least at this time not to do both. Is it the administration's feeling that Taiwan's funds available for defense acquisition, there are better things they could do for their own security interests than both buy the upgrade kits and the new planes?

Mr. LAVOY. Thank you for that question, sir. We do look at Taiwan's defense needs from a holistic point of view. And of course, as I indicated, we have two major arms transfers that we've concluded in this administration and we're continuing to talk to them about a range of capabilities that they need to ensure their self defense for years to come. We judge that as an immediate priority, the F–16 A and B upgrade to take 145 existing aircraft that were becoming outdated, and upgrading them to make them comparable to any fourth generation aircraft we sold to other countries is an immediate priority. And we have not ruled out any future aircraft decisions. We understand Taiwan's interest in F–16 Cs and Ds and this is under consideration.

Mr. BERMAN. All right. I'll use my last 30 seconds, I won't get an answer, but on the underlining dispute I am still intrigued by the proposal—the Professor Ken Lieberthal, to what extent China and Taiwan could reach an interim understanding for that a set period of time 25 years, China commits to a force where any reliance on military means to settle this issue and Taiwan commits to resist any actions to seek independence during that period of time. And is that a reasonable approach to dealing with the underlying issue that has plagued us? And is that a role that the U.S. could facilitate? You don't have any time to answer that, but that's my fault.

Chairman ROS-LEHTINEN. Thank you, Mr. Berman. Mr. Smith is recognized for 5 minutes for questions.

Mr. SMITH. Thank you very much, Madam Chair. Again, I want to thank our two distinguished witnesses for their service to our country and for being here and for their testimony. It does shed light and it helps us make more informed decisions.

You know, as we all know there is only one potential aggressor and that is not Taipei, it is Beijing. Taipei's desire to procure F–16 C/D fighters is based on what I believe Taiwan's growing alarm as to the PRC's systematic deployment of more missiles, combat aircraft, and an order of battle that increasingly by the week, by the month, certainly by the year looks more ominous and more menacing to people across the Taiwan Strait.

My question is about deterrence. Obviously, Taiwan is not going to invade mainland China. It is all about defense. It's reminiscent of our strategy with regards to NATO, our war games with regards to NATO were always defensive. The Warsaw Pact and the Soviet Union always had offensive war games because we knew they would be the ones that would attack. Same is true, I believe, and I think we all agree with regards to Taiwan and the People's Republic of China.

So my question is about deterrence. Whether or not the upgrades buy sufficient deterrence, whether or not the F–16 C/Ds would truly provide the capabilities that Taiwan believes that it needs. I mean they have very savvy and very effective military planners who know what their capabilities are or lack.

And another question would be did Beijing object more, is it objecting more to F–16 C/D sales, rather than upgrades? Of course, they're going to object to everything. That's part of their game plan, object to everything. But in their heart of hearts and certainly our perception of what they are objecting to, is it more about the F–16 C/Ds and did that play any role in our not providing those aircraft?

Mr. LAVOY. Thank you very much for the question, Mr. Congressman. You've asked two or three very important questions actually. First on deterrence. Again, we work with Taiwan defense authorities to appreciate the threat. I've outlined what you've also described as a growing China military capability. As I've indicated in my oral and written testimony, much of this capability, in fact, the most advanced parts of the capability are located in and around Taiwan. So it is a threat that the Taiwan defense authorities take very seriously. We consult with them on this threat.

We are committed under the Taiwan Relations Act which is a very good foundation for our policy to ensure that Taiwan can maintain a robust, self-defense capability in the face of any number of threatening scenarios.

And we believe that a strong, secure Taiwan, based on survivable military capabilities provides the best deterrence.

The second question you asked is about Beijing's objections to this particular arms transfer and relative to any other potential arms transfer. Well, I can't answer that hypothetically. We don't know how they would respond to a different arms transfer. And they have expressed, PRC has expressed its concerns about this. We understand them. But we think that this still makes the best sense for our relations with Taiwan and Taiwan's defense capability.

Mr. CAMPBELL. Let me add just one other point if I could, Congressman. The issue of the maintenance of peace and stability which is really enshrined at the outset of the Taiwan Relations Act, a critical component of that is not only the provision of necessary defense articles as my colleague and friend Dr. Lavoy has indicated, but it is also the maintenance of a robust American presence in the Asian Pacific region. And we intend as have a series of American Presidents and I believe we'll continue this into the future to maintain a robust capability that provides the basis of reassurance, not just across the Taiwan Strait, but to Asia as a whole.

Mr. SMITH. If I could, what do we perceive the game plan to be on Beijing's part? I remember Wei Jingsheng and his father, as you know, was very high up in the military, the father of the Democracy Wall movement. When he got out of China and he actually sat where you sat and testified at a subcommittee hearing on human rights, he is a tremendous human rights advocate. But he said we don't realize that they are building to the point where they hope not to even fire a shot, because their capability will be so superior to that of Taiwan, but if necessary, they would. And the intentions of Beijing are not benign. And I know we know that, but it seems to me that providing the best capability on the part of Taiwan, notwithstanding the objections of Beijing, to deterring war, is the best way we should proceed.

Chairman ROS-LEHTINEN. Thank you, Mr. Smith.

Mr. CAMPBELL. Do you want me to answer the question?

Chairman ROS-LEHTINEN. Maybe in a later format. Mr. Sires, the gentleman from New Jersey, another gentleman from New Jersey.

Mr. SIRES. Thank you, Madam Chairwoman. I just need you to help me understand this relationship a little bit because on one end it seems to be very confrontational. And as I read, I understand that there are more economic and more cultural ties now than has been in a long time between Taiwan and China. You know, can you just help me understand a little bit of that? I know there are a number of flights that have been increased and there's some sort of family reunification. Is that correct?

Can you just—to me, that's—on one end, they've got 1600 missiles aimed at Taiwan and on the other end, there seems to be a lot of economic growth between the two nations. So can you just speak to that a little bit?

Mr. CAMPBELL. Thank you. It's an excellent question, Congressman, and it actually feeds in nicely to the previous question that was just asked. In truth, we generally don't answer hypotheticals and it's hard to predict, put your mind

—put yourself in the mind of any of your interlocutors, but it would be fair to say that what we've seen in recent years are developments that we welcome, very substantial people-to-people exchanges, economic interaction between Taiwan and China. I think there has been an improvement in dialogue and the economic relationship is stunning.

But at the same time, it is true we are concerned by a buildup of military capabilities that is aimed at Taiwan and we have communicated directly to Chinese interlocutors that increasingly it seems that in their desire to build these ties, these positive ties that the military component is inconsistent and actually might undermine the very efforts to try to build trust and confidence that they are involved with in terms of—between the people to people of Taiwan and China. We'd like to see more of those efforts continue and would like China to reconsider some of the steps that they have taken along the lines that Congressman Smith has laid out in terms of military buildups which frankly undermine the very peace and stability that all of Asia Pacific needs to thrive.

Mr. LAVOY. If I could add to that to my colleague, Assistant Secretary Campbell. We firmly believe that a strong and confident Taiwan is a Taiwan that's comfortable and engaging with the main-

land in improving the cross-trade relations. And we believe that our policy, the policy of the Obama administration, like the policy of seven previous administrations in enhancing Taiwan's self-defense capability has given it that confidence to improve cross-trade relations.

Mr. SIRES. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, Mr. Sires. You still have time.

Mr. SIRES. I was going to give the rest of my time to my colleague, Chris Smith, but he's——

Chairman ROS-LEHTINEN. Thank you. Thank you, Mr. Sires. Mr. Burton is recognized for 5 minutes.

Mr. BURTON. First of all, thank you for being here. We appreciate it. You've indicated, I think, that there are 1,000 missiles pointed at Taiwan and the information we have up here is that there were 1,000 about 2 years ago, but now it's closer to 1600. So when we get to the answers I would like for you to respond to that.

Taiwan, as my colleague has said, just purchased $5 billion in ag. products, so they're pretty good friend and trade partner. Right now in the U.S. Senate, the Senate is moving, trying to move legislation against China because they manipulate their currency to the detriment of the United States and other countries and so they don't have our best interest at heart all the time, just as a point of information.

I think you've said that there's more military sales than at any time in history and when we get to the answer part here which you can respond to, I'd like to know what they're buying, what they're getting because they want F–16s, new aircraft, as well as the upgrades. And it was just pointed out to me they have 145 F–16s, 20 of which are in the United States. That means they have 125 there. They have air frames that are 20 years old. The Mirages are really going to be gone pretty quick because they don't have the ability to upgrade those. The F–5s are going to have to be retired, and so they need 66 new aircraft.

So I'd like to ask you, the aircraft that they have that have 20-year-old frames that you're going to upgrade in your opinion, I'd like to know if you think those are as good as new ones that are going in.

Number two, don't you think that Taiwan deserves to have the ability as a very good friend and ally the ability to defend themselves in the event that there would be an attack and we hope that through negotiations that that will never occur. Nevertheless, they're our ally and our friend. China sometimes we think are our friends and sometimes as the Senate is talking about right now, they aren't. So don't you think that we ought to do everything in our power to make sure that Taiwan has all the technical and military equipment necessary to defend itself? And the new F–16s, which I've been led to believe would be of longer duration as far as their ability to be flown, would be the case. And the ones—you keep talking about upgrading, have a shorter lifespan and so at some point we're going to have to sell the new ones or let their whole military capability deteriorate anyhow.

So those are just a few of the comments that I'd like to make in questions. So if you could respond to those, I'd really appreciate it.

Mr. LAVOY. Thank you very much, Mr. Congressman. I think these are important questions and I'm happy to respond. First, you asked a question about the Chinese missile threat. It's my understanding that China has between 1,000 and 1,200 short-range ballistic missiles, but there are cruise missiles as well, and I think maybe the number that you're giving is the combined missile capability. But it's a growing capability and we take it very seriously.

Secondly, on the F–16s. Again, as I said, I want to emphasize that it's our understanding, our belief, that the F–16 retrofit provides the best bang for the buck at this time. It's been the higher immediate priority.

Mr. BURTON. I just want to follow up to make sure you answer the question fully. Do you believe that the 66 F–16s, the new ones that they want, would be a better quality and longer duration than the upgrades that you're going to give them?

Mr. LAVOY. Well, sir, I can state explicitly and we've taken a very close look at this issue, that the F–16 retrofit will provide Taiwan an advanced fighter whose detection capabilities, in other words, radar capabilities, and weapons engagement capabilities, its envelope, is comparable to any fourth-generation fighter available to the United States Air Force and available to our other—to our allies.

Mr. BURTON. I've been led to believe that they will not be as powerful as the new aircraft.

Mr. LAVOY. Well, sir, a contractor will be upgrading the enhancing structure of the aircraft. And as we've indicated in our congressional notification that we provided 2 weeks ago, we do have an analysis for a new engine in that aircraft, so it will be fully comparable to the F–16 Cs and Ds.

Mr. BURTON. I'm running out of time. Let me real quickly say you said there was more military equipment sold to Taiwan than at any time in history. Now that covers a whole bunch of things. They want the F–16s. They want the ability to defend themselves. What have we been selling them?

Mr. CAMPBELL. Congressman, I think the Department of Defense can provide you a very full list. It's quite expansive and what I said specifically was that the decisions taken in 2010 and 2011 are comparable or greater than any other 2-year period since the enactment of the Taiwan Relations Act.

Chairman ROS-LEHTINEN. Thank you.

Mr. CAMPBELL. I just want to underscore quite directly this has been a bipartisan commitment across administrations and we've had a consistent high-level commitment——

Chairman ROS-LEHTINEN. Thank you very much. Mr. Connolly is recognized.

Mr. CONNOLLY. Thank you, Madam Chairman. Dr. Campbell, Dr. Lavoy, briefly, what is your understanding of the U.S. commitment by statute in the Taiwan Relations Act with respect to the defense of Taiwan?

Mr. CAMPBELL. I think at the outset I could restate it if that would be helpful, but I went through and in my testimony I have gone through that carefully, Congressman. Would you like me to do that again here?

Mr. CONNOLLY. No, Dr. Campbell, I just want a concise—I mean we are committed by statute to the defense of Taiwan, are we not?

Mr. CAMPBELL. We are committed to the maintenance of peace and stability across the Taiwan Strait, yes, sir.

Mr. CONNOLLY. Does the act address the defense capability of Taiwan?

Mr. CAMPBELL. Yes, the act states clearly that the interest of the United States is the maintenance of peace and stability across the Taiwan Strait, that the United States maintain the capabilities to be able to respond to any coercion or disruption of that peace and stability and that we provide defensive, necessary defensive articles to Taiwan.

Mr. CONNOLLY. So it's not just peace and stability in the Straits, it is explicit in the statutory commitment to the defense capability of Taiwan?

Mr. CAMPBELL. Yes. I'm sorry. I thought I had stated that earlier, Congressman.

Mr. CONNOLLY. I was just trying to make sure we get that on the record.

Mr. CAMPBELL. Thank you.

Mr. CONNOLLY. Does the Taiwan Relations Act in any way, shape, or form allow for, encourage, or even address consultation with third parties in that statutory commitment?

Mr. CAMPBELL. Third parties, the fourth aspect that we think is extremely important in the Taiwan Relations Act is the insistence on consultation between the Executive Branch and the Legislative bodies——

Mr. CONNOLLY. I'm referring to sovereign nations.

Mr. CAMPBELL. No. In fact, there's nothing in the Taiwan Relations Act about that, but as the chairwoman has underscored, that soon thereafter there were a series of assurance, the so-called Six Assurances. And part of that was that the United States would not consult with other nations——

Mr. CONNOLLY. And is it your testimony, Dr. Campbell, I'm interrupting not to be rude, but I'm worried about my time.

Mr. CAMPBELL. Fine.

Mr. CONNOLLY. And the chair is very strict about it. Is it your testimony here today that therefore no formal or informal consultations or signals were sent to any sovereign third party with respect to the decision of the administration to upgrade the F–16s?

Mr. CAMPBELL. Absolutely not. There were no consultations of any kind in terms of specific weapons.

Mr. CONNOLLY. Did the State Department receive, nonetheless, representations from any third party sovereign nation with respect to the F–16, the pending F–16 decision?

Mr. CAMPBELL. I think as Dr. Lavoy has indicated, in a number of interactions with Chinese interlocutors, they regularly stress their unhappiness with American arms sales to Taiwan.

Mr. CONNOLLY. But that played no factor whatsoever in your decision?

Mr. CAMPBELL. It did not.

Mr. CONNOLLY. You just said to Mr. Rohrabacher, I mean to Mr. Burton, that essentially the upgrades you're looking at in the exist-

ing F–16s, even though they're aging, will actually make them comparable in capability to new F–16 C/Ds. That's what you just said?

Mr. CAMPBELL. I think that's what——

Mr. CONNOLLY. Dr. Lavoy.

Mr. LAVOY. That is correct, sir.

Mr. CONNOLLY. If that's the case, why not just sell them F–16 C/Ds? Why are we quibbling?

Mr. LAVOY. Well, sir, again, we're working with Taiwan defense authorities to prioritize the upgrade, the retrofit of their existing 145 aircraft. Many more aircraft that might be contemplated in the C and D new replacement——

Mr. CONNOLLY. But Dr. Lavoy, why not just give them the 66 we were talking about and then you can upgrade the rest? I was just in Taiwan. I didn't meet a single defense official, from the President on down, who said no, no, no. We're happy with an upgrade as opposed to our original request of C/Ds. I mean they may live with the upgrade, but their clear preference is for F–16 Cs and Ds.

Mr. LAVOY. Well, sir, these are two separate issues. They were very pleased with the upgrade of the As and Bs. It does make sense. We believe that it makes sense for the security and they believe so. And we are considering—we know their interests in the Cs and Ds and we are considering that request.

Mr. CONNOLLY. You are still considering the request for——

Mr. CAMPBELL. I think what he means, Congressman, is that we rule nothing out. We continuously evaluate the situation across the Taiwan Strait. We believe at the current stage that the decision on the upgrade was the appropriate step. It is part of a strong and consistent determination of the United States to maintain strong defensive capabilities of Taiwan.

Mr. CONNOLLY. And final point since my time is running out, Dr. Campbell, you said that the Taiwan Relations Act does require Executive and Legislative Branch consultation. This committee, I think, unanimously adopted the Connolly-Berman Amendment that called on the administration, in fact, to honor the request of Taiwan. Somehow that factored in your decision making?

Mr. CAMPBELL. Let me say that we believe that the consultative dimension of the Taiwan Relations Act between the Executive and Legislative——

Chairman ROS-LEHTINEN. Thank you. Mr. Royce——

Mr. CONNOLLY. We'll leave it a mystery, Madam Chairman.

Chairman ROS-LEHTINEN. Subcommittee on Terrorism, Nonproliferation, and Trade.

Mr. ROYCE. Thank you. Let me ask Secretary Campbell a question here. I've long been an enthusiast for increasing trade and investment, increasing that relationship with Taiwan. Taiwan is based on the rule of law and you see the consequences of it unlocking a lot of entrepreneurial talent in terms of the Taiwanese people. And for far too long, I think, we've drawn this process out.

Now, the Obama administration sent the KORUS Agreement to Congress for a vote yesterday. My question is, now that KORUS has been submitted to Congress, what can we do to move forward with our Trade and Investment Framework Agreement agenda with Taiwan? What can we do to advance that and how can we use

this dialogue to increase the prospect of securing a U.S.-Taiwan free trade agreement?

Mr. CAMPBELL. Thank you very much and I very much appreciate the question. I will say that I am very grateful for the fact that we've been able to move ahead on the free trade agreements. It sends a powerful message to Asia that we are committed to an optimistic role in the burgeoning economies that is really the cockpit of the global trade and economic performance currently.

I think that will help us subsequently, Congressman Royce, in terms of TPP and also our overall efforts in APEC.

I would actually like to ask you to assist us in this matter. One of the things that you all have talked about is your conversation with Taiwan interlocutors. I would simple suggest the next time you meet with your Taiwan interlocutors as we do, underscore to them how important it is that they take the necessary steps on beef that will allow us to go forward. Remember that the primary considerations on beef-related issues and agriculture and ranch products are underscored for us in all of our communications with Capitol Hill. They provide the foundation for our engagement not just with Taiwan, but with a variety of other countries, South Korea, Japan, and others.

We have, frankly, been disappointed with the lack of progress on these issues. We've had a series of consultations and we've made it very clear to Taiwan that we want to make progress on this, but we need to see them to take the necessary steps on beef moving forward.

Mr. ROYCE. We can figure out beef, I think, but we've also got to have the political will to make it happen and part of your role is to initiate those negotiations. And I would just point out in the meantime, we had a witness at our last hearing who explained how U.S. businesses were losing market share in Taiwan, that that situation has deteriorated over the last few years in terms of the trade relationship. And he laid out an argument to us that the best way to bolster trade would be to initiate negotiations for a free trade agreement. That's probably the best way to get to a solution in terms of the beef issue and other issues that are of concern.

But here's my concern. You have Asian countries that have cut all kinds of bilateral trade agreements, over 170 agreements and the United States is only a party to two of them, Singapore and Australia. We have a tremendous opportunity, I think. Taiwan has been in kind of a tough situation with pressure from China, but Taiwan and Japan signed the first investment accord recently. I think that paves the way possibly for other free trade agreements that they're looking at.

What else could we do to help push an agreement between Taiwan and the United States forward and make sure that the U.S. is not left out in terms of the trade agreements that are proliferating in Asia?

Mr. CAMPBELL. Thank you. I would say, Congressman Royce, I do believe that the effort that the United States has engaged in now, the so-called Trans-Pacific Partnership, has the potential to be the highest quality, most sophisticated trade deal of the 21st century. And we are in the process of moving toward a very consequential period in those interactions. And frankly, they've drawn

attention and interest from a whole host of other countries in the Asian Pacific region.

I think that step will help potentially encourage other countries like Taiwan, other places like Taiwan, to take the necessary steps to enable the United States to engage intensively.

Mr. ROYCE. I agree, but that will take years. We need to push this agreement with Taiwan now in my opinion.

Chairman ROS-LEHTINEN. Thank you very much. Mr. Deutch.

Mr. DEUTCH. Thank you, Madam Chair. I want to switch gears a little bit. Gentlemen, Taiwan's military schedule to shift from mandatory service to voluntary by the end of 2014, Dr. Lavoy, are you concerned about the effect that this might have on military cooperation and security issues?

Mr. LAVOY. No, we think it's a good measure, like a number of defense reforms that Taiwan is undertaking to modernize its capability and make it more robust and confident in its self defense.

Mr. DEUTCH. Thank you, and Secretary Campbell, your testimony—in your testimony, you discuss the importance of Taiwan joining the Visa Waiver Program. How would you assess Taiwan's progress with respect to meeting the eligibility of the Visa Waiver Program and what are the next steps that need to be taken?

Mr. CAMPBELL. Thank you on that. The Congresswoman referred to this at the outset. Frankly, they've made enormous progress. We've worked very hard on this. I've been very impressed by the activities they've taken in terms of passport refusals. There's a variety of technical steps that Taiwan has taken in terms of how you go about applying for passports and we've been very impressed with the determination that they have shown in this manner.

There is a complex review process that has been established working in consultation with Capitol Hill since 9/11 in terms of countries needing to qualify on a whole range of issues. The next steps are a series of determinations that take place inside the U.S. Government, not just with the Department of State, but with other agencies, the Department of Homeland Security. But I will say very clearly that we have been very impressed by the progress taken and I think we shared the ultimate goals and ambitions that have been laid out in some of the statements we've heard thus far.

Mr. DEUTCH. I understand that there are some technical steps. I understand that within our Government there needs to be some further evaluation. Can you tell us here whether there are specific significant steps that need to be taken that we would benefit from discussing here at this hearing?

Mr. CAMPBELL. To be quite honest, Congressman Deutch, we're actually quite close. We've made substantial progress. And we are now in a process of evaluation. It is not simply Taiwan. There are other countries that are involved in this. You have to look at a whole series of factors. But I think there has been a determination at the highest levels that this would be an extraordinarily important contribution to improving the people to people, the kind of business steps that Congressman Royce has indicated and the other kinds of exchanges between our two, between the United States and Taiwan in a way that will serve our interests.

So I am—I am trying to be careful here, but we've made enormous progress and I think we'll try to make sure we work toward the finish line.

Mr. DEUTCH. I'm sure that you will, Secretary Campbell. I, like a lot of my colleagues here, share your view that this would be a very important step for a whole host of reasons. Can you give us some sense of at least if you're not—if you choose not to talk about specific steps or specific items that need to be evaluated, can you at least give us a time line for completing that evaluation?

Mr. CAMPBELL. I think we can realistically expect to see progress in the very near term.

Mr. DEUTCH. Okay.

Mr. CAMPBELL. Congressman Deutch, part of the reason I am being careful here is that this is not the exclusive purview of the Department of State. There are other key agencies that are involved. I would like not to be in a situation where I'm prejudging those outcomes, but I will simply say we have been charged at the highest level to make progress. We have made substantial progress. I do not believe we would have taken all of these steps if we were not determined to take this over the finish line and do it in the near term.

Mr. DEUTCH. Madam Chair, I will accept moving us toward the finish line in the very near term and I will yield back.

Chairman ROS-LEHTINEN. Thank you very much to my colleague from Florida. Mr. Chabot is recognized, the chairman of the Middle East Subcommittee.

Mr. CHABOT. Thank you very much, Madam Chair, and I want to thank you for holding this important hearing and I know that you've been trying to pull this together for some time. We appreciate your efforts on that and as one of the founders of the Congressional Taiwanese Caucus I can say with certainty that you are much admired in Taiwan for your friendship and your tireless support of democracy in the region and around the world and we thank you for that. And we thank our distinguished panel here.

Over the years, I've often brought up the issues of high-level visits and how the restrictions on diplomatic visits by high-level Taiwanese officials to the United States are in my mind both counterproductive and in fact, insulting to the Taiwanese people.

Some of us on this committee can remember flying up to New York City after votes one night to meet with then Taiwanese President Chen Shui-Bian, a very good friend to the United States. I would also note, I'd be remiss if I didn't say still incarcerated, and as a long time friend of Taiwan, let me just say that this to me smacks of Third Worldism and it amounts to the criminalization of politics. I wish it would be dealt with sooner rather than later.

Anyway, because of travel restrictions, he could not come, the President could not come here to Washington to meet with us. I remember hosting a Taiwanese legislator here in my Washington office and only a few weeks later I had to travel to Baltimore to meet with him. Why? Well, he had since become Foreign Minister and he was barred from traveling to our capital. That's ridiculous. And as I said before, it's insulting to the Taiwanese people and that ought to be changed.

And on the issue of high-level visits, I also want to raise the issue of high-level U.S. Government official visits to Taiwan. Since the United States began its one China policy, few U.S. cabinet officials have visited Taiwan. Secretary Clinton, during her confirmation hearings, and she said at that time that she would promote visits to Taiwan by U.S. cabinet secretaries. Well, that was almost 3 years ago and no such visits to our democratic ally have occurred. That needs to be dealt with.

So I'm hoping our witnesses can respond to those concerns, especially in light of the fact that high-level visits between Washington and Beijing are commonplace. And when the latest Communist dictator from the PRC comes calling, the red carpet always goes out.

I also want to add my hope that the Obama administration and this has been dealt with already, but I'm going to say it again, would reconsider its decision not to allow the sale of the F–16 C/D fighter jet to Taiwan. The Taiwan Relations Act, in my view, clearly states the commitment of the United States to ensuring that Taiwan is able to defend itself against its often-hostile neighbor, Communist China. An aging Taiwanese fighter fleet does not reflect that commitment, upgraded or not, in my view. This argument that our evaluation is on-going I don't buy it. As far as I'm concerned this administration just doesn't want to upset China. That's the real issue here I'm afraid.

I can remember going to Taiwan for the first time in the mid-'90s. At that time, China had a number of missiles pointed at Taiwan. My recollection is it was about 600 at that time. Every year since then the number of offensive PRC missiles has increased. Now it's estimated that more than 1600 Chinese short and medium-range missiles are pointed at Taiwan, our democratic friend and ally.

And before I yield to either of our witnesses, who would care to comment on these issues, I want to make clear that this is not a partisan matter with me. I've been very critical of our Taiwan policy under both Republican and Democratic administrations, so it's not politics. Bad policy is bad policy no matter who is in charge. And just one final point. This committee has consistently requested on-going substantive discussions with the administration regarding security issues impacting Taiwan. On all but one occasion those requests have been rebuffed. Indeed, the administration has violated reporting requirements relating to the Taiwan arms sales under the Taiwan Relations Act. How can you say that the administration takes seriously its obligation to consult Congress regarding the defense of Taiwan as mandated by the Taiwan Relations Act? And you've got 36 second to answer all those questions.

Mr. CAMPBELL. Thank you, Congressman. I'm not sure exactly where to begin. I would simply say that we have an unofficial relationship as you know, between the United States and Taiwan. Nevertheless, we have broad and deep consultations as we speak today. One of my deputies in the State Department responsible for APEC is in Taipei. Our deputy secretary of State met a few weeks ago in Auckland with his counterpart to discuss cooperation in the Asian Pacific region.

In the larger context, my own sense is that Taiwan is a flourishing democracy, largely because of the support of the United

States. It has a strong, enduring relationship with the United States that will continue and has been bipartisan.

Chairman ROS-LEHTINEN. Thank you, sir. Thank you. Ms. Bass is recognized.

Ms. BASS. Thank you, Madam Chair. Deputy Assistant Secretary of State David Shear stated in March 2010 that the United States is a strong and consistent supporter of Taiwan's meaningful participation in the international organizations. He also noted that Taiwan has been a full member of the Asian Pacific Economic Cooperation forum. For the second time since initiating APEC's summits in Seattle in 1993, the United States will host an APEC summit in Honolulu in November.

I wanted to know from the witnesses, if you feel that Taiwan's President should attend for the first time? And you also had said in your testimony that we do—that the Six Assurances is still a part of U.S. policy and I wanted to know if you could reiterate those Six Assurances.

Mr. CAMPBELL. Thank you very much, Congresswoman. I think I stated a few times already now on the importance of the Six Assurances and I will do so again. As I indicated, our APEC Ambassador is currently in Taipei to assist in preparations. Taiwan will be represented by a vice minister that is the practice at APEC and we think that that is the appropriate way to participate.

We are in close consultation with Taiwan on a range of the issues that we are involved with in terms of the APEC agenda and we look forward to their active support and engagement on many of the issues that will be discussed in Hawaii when the President convenes the group in less than a month.

You had one other question, I'm sorry?

Ms. BASS. I knew you had said several times that the Six Assurances were a part of U.S. policy. As a new member, I was just asking if you could reiterate what the Six Assurances are.

Mr. CAMPBELL. They are primarily associated with no prior consultations about arms sales.

Ms. BASS. Oh, I see.

Mr. CAMPBELL. And there are some other variants of those and I would be more than pleased to make sure that in a private consultation come up and provide you greater clarity on those issues.

Mr. CAMPBELL. Okay, thank you. And one other question. As Taiwan seeks greater international participation, what are U.S. concerns that Taiwan has questioned the safety of U.S. beef, even though Taiwan is a member of the World Organization for Animal Health?

Mr. CAMPBELL. Yes, and this gets back to the point that we were raising with Congressman Royce. We want these assessments to be signed space and evidentiary based, not on unfounded claims. We believe that the steps that Taiwan needs to take on beef have not yet been taken and that they are an impediment to the kind of broader economic engagement that I think the entire committee shares and believes is important going forward.

Chairman ROS-LEHTINEN. Thank you very much, Ms. Bass. Mr. Johnson of Ohio is recognized.

Mr. JOHNSON. Thank you, Madam Chairman. Dr. Campbell, in May, a Chinese Communist official urged Taiwan's voters to choose

the right person in the upcoming Presidential election. Then last month, according to an article in The Financial Times, a senior United States official, after meeting with the visiting opposition Presidential candidate from Taiwan, Ms. Tsai, said that she left us with the distinct doubts about whether she is both willing and able to continue the stability and cross-Strait relations the region has enjoyed in recent years.

Since when does the United States Government choose sides in the internal elections of a democratic country?

Mr. CAMPBELL. Thanks. And thank you very much, Congressman. I stated very clearly in my testimony at the outset and restated in my oral presentation as well, that one of the most important things that ties the United States with Taiwan is the vibrancy and the engagement of our two democracies.

Taiwan is coming up on an extraordinarily important election in January. The United States will not interfere in any way with that electoral process. We do not pick candidates. We do not take sides. And we will be committed to work closely and cooperatively with whoever is elected out of that free and fair election going forward.

I would simply say also that the visitor that you referred to, Madam Tsai, when she came to Washington was greeted and engaged with very respectfully, both up here in Capitol Hill and with key officials in the United States Government as well.

Mr. JOHNSON. Well, I don't know how we can say we're not picking sides when we make public statements like that.

Mr. CAMPBELL. I would simply say, Congressman, with respect, that was an unsourced, blind quote in a newspaper. Immediately thereafter, the United States Government issued a very clear statement which has been reiterated again and again and I will say so again here now. The United States does not take sides. We support the strong democracy in Taiwan. We will work closely with whatever candidate emerges from this election and we believe that it this is an essential feature of Taiwan, more than anything else, that keeps the United States and Taiwan close together.

Mr. JOHNSON. I certainly hope we stick to that because it appears that, you know, we're leaning toward becoming so eager to please China that we're now taking our talking points from Beijing in regards to Taiwan's political future.

Also, Mr. Campbell, China's threats following arms sales to Taiwan are not new. The U.S. faced a similar situation in January when China suspended military exchanges following the announcement of a $6.4 billion arms package to Taiwan. In addition, China froze military cooperation for the remainder of the Bush administration after the White House notified Congress in October 2008 of its plan to sell Taiwan $6.5 billion in defense equipment.

In your view, does China actually have more to gain from these military exchanges than we do? And if so, how serious are their interests and how long would a cutoff in military ties exist?

Mr. CAMPBELL. I'll start with this and then I think my colleague, Dr. Lavoy, might have something to suggest as well.

First of all, the military-to-military relationship, the communication between the United States and China is in the interest of both parties. It's in the interest of China and the United States. We

don't do this as a favor to China and they don't do it as a favor or should not see it as a favor toward the United States.

China is a growing military power, as they expand their forces, as they deploy more abroad in the oceans and air offshore China. They will come and they have come in contact more with American forces. We are concerned, frankly, about the potential for miscalculation and accident. We think establishing rules of the road, understandings, predictability about how we operate is one of the most important contributions to the maintenance of peace and stability.

You remember back in 2001 at the beginning, at the outset of the Bush administration, the accident that took place between the Chinese fighter and the EP–3 American aircraft. Such actions have the potential to disrupt and roil relations in a way that is not in our interest and not in China's interest. So it is our strong determination to see these ties and communications go forward, but as a matter to try to improve understanding between our two sides.

Mr. JOHNSON. I think I'm out of time, Madam Chairman.

Chairman ROS-LEHTINEN. Thank you very much. Mr. Faleomavaega is recognized.

Mr. FALEOMAVAEGA. Thank you, Madam Chair. There is a perception that has been given to the extent that it seems that we are not giving enough military assistance to Taiwan. And I am glad just to hear that your statement, Dr. Campbell, that in actuality during this administration that there has been more assistance given in this regard with Taiwan's need for military equipment to defend itself.

Can you provide that for the record and make that as a comparative analysis with other times of administration, because this is very, very important to me to know that in actuality this administration is very, very firm in its commitment to the defense of Taiwan.

Mr. CAMPBELL. I must say thank you, Congressman. I would simply that I do not believe that this is a partisan issue. In fact, I believe that, generally speaking, over a range of administrations you have seen close ties between the United States and Taiwan. In fact, the areas that we've had the greatest tension, frankly, were in the previous administration when there were some difficulties between the two sides.

However, we have stood by our commitments——

Mr. FALEOMAVAEGA. I appreciate that, Dr. Campbell, but please provide that for the record, just to make sure.

Dr. Lavoy, I think it's been said that there are 1600 missiles pointed toward Taiwan and I assume it's the latest state-of-the-art capability that the Peoples Republic of China, as far as militarily, with its capacity to shoot these missiles. How long will it take for these missiles to land in Taipei or any important cities in Taiwan, minutes, an hour?

Mr. LAVOY. Certainly, less than an hour, certainly minutes, sir.

Mr. FALEOMAVAEGA. Will that give Taiwan with its current capability militarily to respond in terms of defending itself with 1600 missiles coming from everywhere?

Mr. LAVOY. Sir, we do look at Taiwan's defense needs in a holistic way. There are a number of threats. There's some missile

threat, but I also talked about the air capability that China is developing. Its naval undersea capability.

Mr. FALEOMAVAEGA. Here's my concern and I'm lacking time. I'm sorry, Dr. Lavoy. It seems that it's more symbolic in terms of our real commitment in helping defend Taiwan rather than saying does it have the capability of withstanding any military attack or aggression coming from the Peoples Republic of China. That's my concern. And I would appreciate a more clear definition in terms of what you think that we're capable of doing.

Dr. Campbell, it's been known over years, despite all the rhetoric that Taiwan and Peoples Republic of China have always been confrontational, but in a public forum. And yet, they conduct over $100 billion unofficial trade. This is one of the ironies about dealing with Taiwan and its relationship with the Peoples Republic of China, unofficial trade of over $100 billion. Can we add that to the actual amount of investments that Taiwan currently makes in the Procurement Center Representative, just like Japan, just like Hong Kong and other major companies? Do we have an approximate estimate of the total amount of investments that Taiwan has made in China?

Mr. CAMPBELL. Thank you, Congressman. I don't want to misstate here, so I want to make sure I get that into the record, but I think your general point is absolutely clear. The level of economic and commercial interaction is increasing dramatically between Taiwan and China. There are places that you can visit in China that are just filled with huge numbers of Taiwan businessmen. They have little communities where they have invested and they are engaged.

I think that that's the complexity of this issue, that there are the enduring threats that this committee has focused on, but there is also a picture of growing economic engagement, commercial ties——

Mr. FALEOMAVAEGA. I'm sorry, Dr. Campbell, I don't mean to interrupt because I know my time is up. The chairlady is very important to this.

I make this observation. I've been to Taiwan several times, having the opportunity to have met with both President Chen and also President Ma and there is no question that the people and the voters of Taiwan are in this threshold in terms of making decision in their democracy in terms of what basic democracy—I mean what future they have in terms of dealing—and correct me if I'm wrong.

President Chen advocated the idea, even going to the United Nations. They want Taiwan to be independent, which is a very major decision with the people in contrast voted in favor of President Ma who doesn't want to be under China, but economically, culturally, educationally which is exactly what's happening now and it seems that Beijing seems to be okay with it. And my time is up.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Faleomavaega.

Mr. Ted Poe, the vice chair on the Subcommittee on Oversight and Investigations is recognized.

Mr. POE. I thank the chair for the time and thank you, gentlemen, for being here and your expertise in this area.

Here's the way I see the situation. The Chinese dragon is snorting the fire of intimidation against our ally, Taiwan. And to defend itself from the Chinese dragon's evil intentions, Taiwan defends itself with what I think are rusty swords, the old outdated F–16s. And it appears that by intimidation the U.S. has become somewhat timid under the Chinese dragon. The Beijing Government doesn't want us to sell them new F–16 C/Ds which happen to be built in Fort Worth, Texas, by the way.

It is in our national interest to help Taiwan and it's not in our national interest to play Chamberlain and appease the Chinese dragon. That's the way it comes across to me. Chinese intentions of mischief are not limited to Taiwan. In the South China Sea, the Beijing dragon has initiated confrontation with the Philippine nation, the Japanese, Korea, and even Vietnam. China is expanding its claims of the South China Sea in areas that are international waters or actually belong to some other nation.

So with this occurring and the expansion of the Chinese dragon, what message are we sending not only to Taiwan, but to Japan, other nations in the China Sea by failure to send the best aircraft we have, the F–16 C/Ds to them? So I would just like to hear from you that message that we're sending to all of the above.

Mr. CAMPBELL. Let me, if I can, Congressman, thank you very much for your question. In a larger context, U.S.-Japan relations have been extraordinarily important to this administration. The United States by orders of magnitude provided the most support to Japan after their tragic earthquake and nuclear crisis. Japan understands that our relationship is at the core of everything that we seek to do in the Asian Pacific region.

If you look back to 2010, the important South China Sea initiative that Secretary Clinton took at the ASEAN Regional Forum. It made, no doubt, it made very clear that the United States had a strategic interest in the maintenance of peace and stability, the international use of sea lines of communications, I think a very important and well-regarded contribution to Asian Pacific security.

We've taken steps to strengthen all of our alliances and as I suggested earlier, we're in the process of rebalancing substantial commitments in the Middle East and South Asia, more toward the Asia Pacific region. I would simply say as you look at Taiwan, what you see is first of all, a flourishing democracy that has achieved that status with the long-standing support of the United States, a very strong relationship with the United States, trade and economic engagement greater than that of India. We'd like to do more, I think has been underscored, but also at its bedrock an extraordinarily robust military relationship. And we've underscored clearly the steps that we have taken, not just in the provision of hardware, but broad-based engagement that we call software.

Mr. POE. Let me reclaim my time, Dr. Campbell. I only have a little bit of time. Let me center in on the expansion of the Chinese influence in the South China Sea with its confrontations recently with Vietnam and their oil exploration. Some of the folks that I've talked to when I was in the area said that China claims the whole area because it is named the South China Sea. Can you help us out a little bit about what you see the intentions of China in that area?

Mr. CAMPBELL. I'm cognizant of the gavel of the chairwoman. I'll never get this through this in 40 seconds. I will simply say that the United States has a strategic interest in all issues be handled peacefully. We believe that issues associated with sovereignty and boundaries should flow from the provisions laid out in the law of the sea. We support negotiations. We reject coercion and we have been in close consultation with all of our allies and friends in the region about the critical issue in the South China Sea. And I do agree with you that's it's an important issue that requires American leadership going forward.

Mr. POE. Thank you. I'll yield back the 2 seconds, Madam Chairman.

Chairman ROS-LEHTINEN. Thank you. Now Judge Poe was a very tough Judge in Texas and I'm a tough chairman. So we have that in common.

Mr. Rivera, my Florida colleague, is recognized.

Mr. RIVERA. Thank you very much and we greatly appreciate that toughness. It's important. I share the concerns expressed earlier by many of my colleagues with respect to the signals or messages that are being sent by this latest decision not to support our greatest ally in the region, Taiwan, with respect to the F–16s. We have no greater ally than Taiwan, certainly in Asia, just as we have no greater ally in the Middle East than Israel. And we should always do everything possible to avert sending any type of mixed message or disturbing message that perhaps we are turning our backs on our allies in an effort to appease our enemies. I know some folks like to sugar coat the terms in describing China as a rival or competitor. But the fact is Communist China is an enemy of democracy. Communist China is an enemy of freedom. Communist China is an enemy of human rights and civil liberties. So we can spend a lot of time talking about how Taiwan is a flourishing democracy and I certainly agree and our great ally in that region, but we also need to say it like it is with respect to Communist China.

So with that as a background as to my perspective, I have just one question for Secretary Campbell, one question for Secretary Lavoy and I'll start with Secretary Lavoy. Other than upgrading the old F–16s, what can this administration do to enhance Taiwan's air defense capability considering the threat that Communist China poses?

Mr. LAVOY. Thank you very much for that question. Let me just make three very quick points in light of the diminishing time. First of all, this administration is committed to the defense of Taiwan and we have the strongest possible commitment to Taiwan. Taiwan does matter.

Secondly, this arms package that was just announced to Congress 2 weeks ago does make sense. The core of Taiwan's air defense or air force is 145 F–16s. This extension, this retrofit——

Mr. RIVERA. Is there anything else we can do?

Mr. LAVOY. We can do other things and we are doing other things. That was my third point. We are consulting with Taiwan on a full range of capabilities so that they're aware of the threat and they can undertake the defensive preparations. This might involve future arms transfers by this administration——

Mr. RIVERA. Future arms transfers such as?

Mr. LAVOY. Well, I don't want to speculate on future ones. This is something that we're consulting with Taiwan authorities on and we are considering it actively.

Mr. RIVERA. For Secretary Campbell, in that same vein, what can this administration do to enhance Taiwan's diplomatic standing in the world, in encouraging and developing multi-lateral efforts? What can we do to help our greatest friend in the region?

Mr. CAMPBELL. Thanks. It's a good question. I think it is the consistent policy of the United States to encourage Taiwan to play an appropriate role in a variety of international organizations. They've most recently been playing a role in the World Health Organization, given the potential for an outbreak of disease that could be devastating in Asia. We've seen certain flus in the past. Taiwan has some unique capabilities to bring to bear and I think that cooperation has been significant.

The region has also been struck by a lot of very severe weather patterns and also earthquakes. Greater preparedness opportunities for Taiwan to participate in this regard I think is important. It is also the case that frankly simply the example of Taiwan, 25 years ago, Taiwan was a very brutal, authoritarian regime. It's now one of the most flourishing, exciting democracies in Asia. I think that example, also the example of a country, a place that's growing at nearly 8 percent a year, tremendous vitality, lots of interchanges between Taiwan and China and with the United States and other countries in the region. It's actually flourishing and it's flourishing largely because of a strong relationship that we have sustained with Taiwan over decades and that we will continue to sustain going forward.

Mr. RIVERA. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you. Thank you, Mr. Rivera, and another wonderful Florida colleague, Mr. Bilirakis, a/k/a Ray.

Mr. BILIRAKIS. Thank you, Madam Chair, I appreciate that. One of these days, we'll explain that.

There's a consensus among military analysts that the Taiwan Strait remains one of the most dangerous geo-political flashpoints in the world today. I'm therefore baffled at the President's appointee for the Director of American Institute in Taiwan who after all functions as a de facto U.S. Ambassador of Taipei need not pass through the Senate confirmation process as all other diplomatic appointees do. Why are the qualifications and perspectives of our Ambassadors to Grenada and Barbados subjected to more congressional scrutiny than our main representative to a key democratic ally with whom we share a broad, economic, and strategic interest? It is clearly in the U.S. interest, in my opinion, to have an AIT director confirmed by the Senate just like any other Ambassador.

Wouldn't it be prudent to start the process of putting into law that the AIT director in Taipei be confirmed by the Senate, for the panel, please?

Mr. CAMPBELL. Frankly, it's not for me, Congressman, for me to comment on that. The practice is, as you know, we have an unofficial relationship with Taiwan. The representative is chosen very carefully. We have a long, distinguished record of people who have served in that capacity, often with extensive experience in Asia,

deep language capabilities, and strong commitment to maintaining that relationship between the United States and Taiwan.

Our current AIT chairman, Bill Stanton, one of the most effective American diplomats for decades, has done a great job building the relationship between the United States and Taiwan. There have been many who have preceded him and there will be many that follow him. The issues associated with Senate confirmations really resides in some other capacity, not mine.

Mr. BILIRAKIS. Sir.

Mr. LAVOY. I'm from the Department of Defense and I would certainly defer to the State Department on that issue.

Mr. BILIRAKIS. Thank you very much. I yield back, Madam Chair.

Chairman ROS-LEHTINEN. Thank you very much. Thank you to all of our members, thank you to the audience, and most especially to an excellent set of panelists this morning. We appreciate your willingness to appear before us and the conclusion is that Taiwan matters a great deal, I know to you and most especially here to the Members of Congress and our committee. And with that, our committee is adjourned. Thank you, gentlemen.

[Whereupon at 11:55 a.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

September 30, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Tuesday, October 4, 2011.

TIME: 10:00 a.m.

SUBJECT: Why Taiwan Matters, Part II

WITNESSES: The Honorable Kurt Campbell
Assistant Secretary of State for East Asian and Pacific Affairs
U.S. Department of State

Peter Lavoy, Ph.D.
Principal Deputy Assistant Secretary of Defense
Asian and Pacific Security Affairs
U.S. Department of Defense

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Tuesday* **Date** *10/4/11* **Room** *2172 RHOB*

Starting Time *10:03 a.m* **Ending Time** *11:55 a.m.*

Recesses [ ] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Why Taiwan Matters, Part II

COMMITTEE MEMBERS PRESENT:

Attendance attached.

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Gallegly & Rep. Connolly
QFR - Rep. Faleomavega

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *11:34 a.m.*

Jean Carroll, Director of Committee Operations

Hearing/Briefing Title: Why Taiwan Matters, Part II

Date: 10/4/11

Present	Member
X	Ileana Ros-Lehtinen, FL
X	Christopher Smith, NJ
X	Dan Burton, IN
	Elton Gallegly, CA
	Dana Rohrabacher, CA
X	Donald Manzullo, IL
X	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
	Joe Wilson, SC
	Connie Mack, FL
	Jeff Fortenberry, NE
	Michael McCaul, TX
X	Ted Poe, TX
X	Gus M. Bilirakis, FL
X	Jean Schmidt, OH
X	Bill Johnson, OH
X	David Rivera, FL
	Mike Kelly, PA
	Tim Griffin, AK
X	Tom Marino, PA
	Jeff Duncan, SC
	Ann Marie Buerkle, NY
	Renee Ellmers, NC
	Robert Turner, NY

Present	Member
X	Howard L. Berman, CA
	Gary L. Ackerman, NY
X	Eni F.H. Faleomavaega, AS
	Donald M. Payne, NJ
	Brad Sherman, CA
	Eliot Engel, NY
	Gregory Meeks, NY
	Russ Carnahan, MO
X	Albio Sires, NJ
X	Gerry Connolly, VA
X	Ted Deutch, FL
	Dennis Cardoza, CA
	Ben Chandler, KY
X	Brian Higgins, NY
	Allyson Schwartz, PA
	Chris Murphy, CT
	Frederica Wilson, FL
X	Karen Bass, CA
	William Keating, MA
X	David Cicilline, RI

Rep. Gallegly Statement for Foreign Affairs Hearing 10/4/11
"Why Taiwan Matters – Part 2"

I am a strong supporter of close U.S.-Taiwan relations, including close ties between our respective armed forces. I am also supportive of Chairman Ros-Lehtinen's efforts to further solidify our close ties with Taiwan in her legislation, the Taiwan Policy Act of 2011.

Taiwan needs our help, and the Chairman's legislation would give Taiwan the help they need in the form of new F-16's, along with other defensive sales aimed to bolster the island's security. I believe this legislation would reverse the pattern of neglect and inattention to Taiwan.

However, as the Chairman of the Immigration Policy and Enforcement Subcommittee, I must note that there is one section in the Chairman's legislation that I believe we must reexamine, and that is expanding the visa waiver program.

While Taiwan has made great strides in lowering their visa refusal rate, I believe that any decision on including Taiwan in this program should be based solely on the objective criteria set forth in the statute governing the visa waiver program. This section of the legislation must receive a thorough review by the Judiciary Committee, which has principal jurisdiction over the visa waiver program.

Taiwan and the United States share a close friendship. However, policies that can lead to increased illegal immigration to our country or impact our national security should be carefully scrutinized by Congress.

Again, I remain supportive of the Chairman's legislation and its goal of strengthening the U.S.-Taiwan relationship.

I look forward to working with the Chairman on the visa waiver provision before this legislation moves forward.

The Honorable Gerald E. Connolly (VA-11)

HCFA Full Committee Hearing: Why Taiwan Matters, Part II
Tuesday, Oct. 4, 2011
10am

On August 1st, 181 Members of the House of Representatives, including 28 members of this Committee, sent a letter to the Administration citing the "critical" need for the United States "to sell the government of Taiwan all the F-16 C/D [aircraft] it requires." The letter urged the Administration to "move quickly" on this matter and cited the statutory basis for such a sale—the Taiwan Relations Act of 1979 (TRA). So it was no surprise that the Administration's recent announcement to sell only a retrofit package for Taiwan's older fighter jets disappointed Taiwan's supporters. After all, U.S. policy with regard to the defensive capabilities of Taiwan is clearly outlined in the TRA, which states it is the policy of the U.S. "to provide Taiwan with arms of a defensive character." Moreover, three joint communiqués between the U.S. and the People's Republic of China (PRC), and the "Six Assurances"[1] to Taipei offered by President Reagan, add additional context to the U.S.-Taiwan relationship.

Chinese officials have expressed discontent with the retrofit deal by postponing a series of military-to-military engagements with the United States, and Chinese Foreign Minister Yang Jiechi informed Secretary Clinton that there would be consequences to the U.S-China relationship because of the F-16 A/B upgrade. The defensive weapons provision in the TRA has been an irritant in the relationship with Beijing, but this provision is necessary for Taiwan's defense. Despite improving ties between Beijing and Taipei, last year "China [had] over 1,100 conventionally armed short-range ballistic missiles deployed opposite Taiwan."[2] Taiwanese experts estimate the current number of missiles aimed at Taiwan is over 1,600, and will likely reach 1,800 by next year.[3] Last year, consistent with the TRA, the Obama Administration released a $6.4 billion arms package to Taiwan that included Patriot missiles, Black Hawk helicopters, mine hunters and military communications equipment.

It would be inaccurate to characterize the cross-strait relationship as hostile and rigid, since it would not do justice to the multi-faceted and deep nature of the relationship. Just last December, the Mainland Affairs Council (MAC) issued a poll where the results spoke to the variety of opinions. For example, 63% of respondents said they supported the status quo indefinitely with a decision later on unification or independence; 18% favor the status quo now with independence later; 7 favor the status quo now with unification later; 6% favor independence as soon as possible; and 1% favor unification with the mainland as soon as

[1] President Reagan's six assurances to Taiwan on July 14, 1982 were outlined in the third Joint Communiqué with the PRC. These six assurances state that the U.S.: has not agreed to set a date for ending arms sales to Taiwan, has not agreed to hold prior consultations with the PRC on arms sales to Taiwan, will not play any mediation role between Taipei and Beijing, has not agreed to revise the Taiwan Relations Act, has not altered its position regarding sovereignty over Taiwan, will not exert pressure on Taiwan to negotiate with the PRC.
[2] 2010 Report to Congress of the U.S.-China Economic & Security Review Commission, (November 2010) p. 149.
[3] "China To Target 1,800 Missiles at Taiwan In 2012," *Agence France-Presse* (May 20 2011).

The Honorable Gerald E. Connolly (VA-11)

possible.[4] In other words, the vast majority of Taiwanese prefer the status quo with no drastic change.

Moreover there are the close economic ties between the PRC and Taiwan. Taiwan has 70,000 companies that have invested more than $100 billion in the PRC; moreover, Taiwan has worked with the PRC to facilitate direct flights between the two locations and has welcomed large tour groups in Taiwan.[5] And Taiwan is reportedly seeking to increase direct flights from 370 to 500 per week.[6] These ties between Beijing and Taipei are welcome but should not mask their differences. Taiwan's respect for democratic values and its robust multiparty elections are important assets not yet emulated by the mainland. Our economic ties are also of great importance; in 2010 total U.S. trade with Taiwan was $61.9 billion, making it the 9th largest U.S. trading partner.[7]

In addition to the economic relationship, the U.S. and Taiwan have deep defensive ties. It should be no surprise that advocates for Taipei's defensive needs continue to push for the sale of the 66 F-16 C/D planes. One such legislative initiative is the recently introduced Taiwan Airpower Modernization Act of 2011 (H.R. 2992), a bill which I have cosponsored. There is also the Chairman's bill—The Taiwan Policy Act of 2011—which requires the Administration to accept Taiwan's letter of request (LOR) "for price and availability data or for a formal sales offer with respect to the F–16C/D Fighting Falcon multirole fighter aircraft." Regarding the short-term, there are concerns that the upgrades will temporarily reduce Taiwan's airpower, since planes will have to be taken offline to receive upgrades. The urgency regarding the F-16 C/D aircraft remains, as the production line will eventually close.

It is important that U.S. obligations to provide for Taiwan's defenses—codified in and by the TRA—be dictated by our assessments of Taiwan's needs and not by the threat, implied or otherwise, of Taiwan's big neighbor. I look forward to exploring this and other issues, including the possibility of Taiwan joining the International Civil Aviation Organization (ICAO) as an observer.[8] And with that, I welcome our witnesses. Thank you, Madam Chairman.

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[4] Cited in a CRS Memorandum to the House Foreign Affairs Committee, "U.S. Policy Toward Taiwan," (June 14, 2011) p. 2.
[5] Both facts are from Ibid., p. 4.
[6] Ibid., 4.
[7] Ibid., 7.
[8] On 9/21/11, the Senate passed S. Con. Res. 17: A concurrent resolution expressing the sense of Congress that Taiwan should be accorded observer status in the International Civil Aviation Organization (ICAO). During the 111th Congress (on 7/29/10), the House passed H. Con. Res. 226: Expressing the sense of Congress that Taiwan should be accorded observer status in the International Civil Aviation Organization (ICAO).

WRITTEN RESPONSES FROM THE HONORABLE KURT CAMPBELL TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ENI F.H. FALEOMAVAEGA, A REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

October 4, 2011
Kurt Campbell

Mr. Faleomavega: I am glad just to hear your statement, Dr. Campbell, that in actuality during this administration that there has been more assistance given in this regard with Taiwan's need for military equipment to defend itself. Can you provide that for the record, and make that as a comparative analysis with other times in the administration?

Mr. Campbell: An analysis of U.S. support for Taiwan's defense needs is best illustrated by comparing arms sales packages notified to Congress since 1990. These packages are major arms purchases that the President determined were in the United States' foreign policy interest and for which congressional notification was required under the FMS process under Section 36(b) of the Arms Export Control Act (AECA), P.L. 90-629. The list includes internal executive branch approvals of foreign requests for arms or sales that are not necessarily completed under the same administration, but the decision to go ahead with an arms sale is made prior to a notification to Congress. Information about these packages is part of the public record and is the best indicator of U.S. support for Taiwan.

The following is the yearly amount of FMS arms sales to Taiwan approved by the President and notified to Congress:

1990 – $153 million

1991 – $372 million

1992 – $7,706 million

1993 – $2,184 million

1994 – $171 million

1995 – $267 million

1996 – $1,034 million

1997 – $2,494 million

1998 – $1,296 million

1999 – $637 million

2000 – $1,866 million

2001 – $1,082 million

2002 – $1,521 million

2003 – $775 million

2004 – $1,776 million

2005 – $280 million

2007 – $3,717 million

2008 – $6,463 million

2009 – 0

2010 – $6,394 million

2011 – $5,850 million

As the list demonstrates, arms sales notified in 2010 and 2011 totaling nearly $12 billion in direct FMS sales to Taiwan is unmatched by any two-year period since 1990. The second highest two-year total of FMS notifications to Congress is the 2007-2008 period, totaling $10.1 billion.

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