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“U.S. Policy Toward Taiwan”

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*Transcript By
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Caleb Diamond: Well, good morning, everyone. I think we can go ahead and get started. I'm Caleb Diamond on the External Relations team here at the Center for Strategic and International Studies. Thank you for joining us today. All participants at this time are in listen-only mode. And I ask that you stay that – please remain that way into the question and answer session. I also do recommend you go on speaker view, just to get a better view of the panelists speaking here today.

As you all know, U.S.-Taiwan relations have been all over the news recently and have been a fixture on Capitol Hill and in the executive branch as well. So we're fortunate today to be joined by two of the sharpest Asia hands out there. They're here to discuss these issues as well as their – you know, their recent research they have coming out later today. And I will let you two expand on that some more. They'll each give brief opening remarks and then we'll move into a question and answer session.

And before going to that, I do want to, you know, run you through how the question and answer session will work. You know, if you want to ask a question feel free to – we want to see a conversation, so feel free to shoot me chat directly. There's also a form on the event page that you can ask a question. I'll be moderating that throughout the event. I'll also send that Google form to the chat, so that you all have easy access to it. And depending on time, we also can open it up to a broader open discussion.

So without further ado I'd like to introduce our two speakers today. Starting us off will be Bonnie Glaser. She's a senior adviser for Asia and director of the CSIS China Power Project. And she'll be followed by Michael Green. He's the senior vice president for Asia at CSIS, and our Japan chair as well. And with that, I'll turn it over to Bonnie.

Bonnie S. Glaser: Well, thank you, Caleb. And thanks to all of you for joining the call today. I want to start with just a couple of points about the context of the taskforce report that we will be releasing today. In the past decades there's obviously been some very critical changes in the security environment around Taiwan that have implications for U.S. interests. The cross-strait military balance has shifted in favor of the PRC decisively. The PLA has made steady progress in its buildup of capabilities against Taiwan and its development of anti-access/area denial capabilities that are aimed at increasing the cost for the U.S. of intervening to defend Taiwan in a crisis. And both of these trends have led to an erosion of deterrence across the Taiwan Strait.

Earlier this year, of course, China imposed national security legislation on Hong Kong, denying its people of the freedoms that they were guaranteed under the Sino-British arrangements. And there's growing concern that Taiwan could be Beijing's next target. Taiwan is also facing very serious gray zone challenges of hybrid threats from China. And these include frequent air and naval operations by the PLA in close proximity to Taiwan, including flights across the center line and circumnavigating the island. There's poaching of Taiwan's diplomatic allies, denying Taiwan any form of participation in the international community. Disinformation has become a very big problem. Cyberattacks are constant. And there's warnings by the PRC to other countries to limit their interaction with Taiwan. So real efforts at isolating Taiwan.

There's also, of course, been a crucial – and I would say likely enduring – shift in U.S. strategy. Strategic competition with China has become a central focus of U.S. strategy.

And I believe this will continue to be the central focus regardless of the outcome of the election. And that's something my colleague Mike Green will talk more about. And finally, American attitudes toward China have become increasingly negative, and attitudes towards Taiwan are becoming more positive. There's been some really interesting polling data that has come out lately from Chicago Council on Global Affairs and Pew. But we at CSIS have also conducted a poll which we rolled out a week ago. We found that 54 percent of Americans seen China as the country that poses the greatest challenge to the U.S. And Russia was a distant second, at only 22 percent.

So against this background, we decided that it as timely to assess the efficacy of longstanding U.S. policy and the policy framework toward Taiwan. So last January, CSIS established a taskforce with the goal of discussing various components of the U.S. bilateral relationship with Taiwan, and our policy approach toward Taiwan, and considering what changes might be made going forward. Our bipartisan taskforce has 16 members, includes senior officials from previous administrations, as well as experts on business, trade, technology, law, national security, and human rights. And my colleague Mike Green and I, along with Richard Bush from the Brookings Institution, are the co-chairs. We will be making that report public today.

A core premise of our taskforce was that American interests require that Taiwan remains a secure, stable, healthy, resilient, prosperous, and innovative democratic society that is free from predation and coercion. And it's also, of course, in U.S. interests that Taiwan remains integrated into the global economy and the international community and continues to serve as a provider of global public goods.

Our report is divided into several chapters. It examines the different components of U.S. policy. It looks at economics and technology, defense and security, bilateral and multilateral diplomacy, international organizations and Congress. And each of these sections assesses trends as well as problems and opportunities.

The report contains numerous actionable policy recommendations in each of these categories, and they're designed to be targeted and specific so that the incoming administration can make immediate use of them. And I'm just going to talk briefly about a few of those recommendations.

We endorse negotiating a free trade agreement with Taiwan. And in doing so, we are joining a chorus of experts and a majority of U.S. senators who recently wrote a letter to USTR Bob Lighthizer. Taiwan's economic wellbeing is inseparable from its security. The Trump administration has provided strong support for Taiwan in a number of areas, but there hasn't been a single bilateral meeting to discuss negotiating trade agreements.

President Tsai Ing-wen has taken a politically courageous step, expanding – expanding, excuse me – precious political capital in announcing a unilateral lifting of restrictions on the import of U.S. beef and pork. A U.S. response is warranted, and we believe that we should negotiate a free trade agreement.

Second, Taiwan plays a critical role in global supply chains, especially information and communications technology. We advocate bringing Taiwan into plurilateral discussions on export controls, cybersecurity, and IT supply chains that the United States is already holding with other like-minded partners like Australia and Japan.

Third, regarding Taiwan's role in international organizations, the U.S. should strengthen coalitions with some of these like-minded countries and take joint actions aimed at expanding Taiwan's participation in key international organizations. We recommend that the G-7 issue a joint statement supporting Taiwan's reinstatement as an observer to the World Health Assembly. Taiwan's performance in controlling the spread of COVID-19 is exemplary. There have been 543 cases and seven deaths to date. Taiwan has earned a seat at the table in the World Health Assembly.

In the security realm, the next administration should undertake a high-level interagency comprehensive review of Taiwan's security. And this includes PRC intentions and capabilities. And based on that review, along with Taiwan, we should develop a new set of tools to strengthen deterrence and better shape the policy of PRC leaders. This includes, of course, upgrading U.S. military capabilities and improving diplomatic and military channels to communicate U.S. intentions in a crisis to PRC leaders.

We also propose that the U.S. launch a Pacific defense – excuse me – a Pacific deterrence initiative. This would be an analog to the European defense deterrence initiative to fund a set of responses to address the eroding military balance in the region.

There are many more actionable policy recommendations that we make in the report. I've just mentioned a few. I'm going to turn the floor over to my colleague Mike Green, who is going to talk a bit about how a second Trump administration or a Biden administration might respond to these recommendations.

Michael J. Green: Thank you, Bonnie, and thank you all for joining us.

You know, when think tanks put out a task-force report like this, often the temptation is to go for a moonshot, some big headline like sign a security treaty with India or pull out of NATO. That's not where U.S.-Taiwan cooperation is these days or where the politics of Taiwan are.

This is a task-force report put together by a group, bipartisan group, that has worked on Asia policy, Taiwan policy, trade and defense policy, for 30-40 years. And it's really more of a blueprint, and we think a blueprint that either a Biden or a second Trump administration would find itself quite comfortable implementing.

And the reason we're in that moment now with Taiwan is because there is this bipartisan consensus that has emerged. I was the senior director and special assistant to President Bush for Asia in the 2003/4/5 time period, and we had enormous polarization over Taiwan policy in the U.S. And in the '90s – late '90s I worked in the Pentagon and there were huge divisions within the Clinton administration, between the Clinton administration and Congress over Taiwan. You could pretty much pick out in think tanks, you know, who was pro-Taiwan and who was pro-China. Those days are largely behind us.

The support for Taiwan in the Congress is very broad and very bipartisan. As you can see from the makeup of our task force, this is a range of experts across different ideological parts of the spectrum, different functional areas from trade to defense to

diplomacy and law. And there's a broad consensus this group that reflects the consensus, I think, in the country that we have a stake in Taiwan's success.

And Bonnie referenced the survey we did at CSIS that we published last week. It's a very large survey in Europe, Asia, and the United States of experts and the general public. We asked thought leaders in the United States – about 450 leaders in education, national security, human rights, labor, business, ag – we asked – we asked, how much risk should the United States be willing to take to defend allies if they're threatened by China? And 10 – on a scale of one to 10, 10 was the highest level of risk. The mean for our security-treaty allies – Japan, Korea, Australia – was about nine; but for Taiwan it was eight, which is very high. And I think this – and across all sectors, by the way: agriculture, labor, Republicans, Democrats. And I think this shows you that certainly thought leaders, and I think the public probably as well, realizes what's at stake with Taiwan.

And we touched on it in the report, but I think to put a finer point on it, I think Congress – thought leaders in industry, and think tanks, and the private sector, the Congress have seen a couple of things that are really quite striking this past year.

The Hong Kong national security act and the crackdown in Hong Kong happened as Taiwan was having an open, free, and fair election, and an election where the evidence is very compelling that China tried to do the kind of interference attacks on social media that the Russians did to us. The Chinese are experimenting on the most aggressive forms of election interference in Taiwan. And so Taiwan, you know, is in the frontlines of democracy, which is clearly a theme for President Biden's campaign and clearly something in our polls that Americans care about.

Then we saw Taiwan's performance on COVID-19. As Beijing was covering up what happened in Wuhan and then very aggressively with wolf warrior diplomacy demanding praise around the world for its efforts, Taiwan pretty quietly did an outstanding job on COVID.

And then the other factor is Tsai Ing-wen herself. President Tsai, though she comes from the DPP, which is a party that has traditionally supported independence from China – which if, of course, very, very controversial – she has been extremely careful and extremely consistent in her cross-straits policy, in her relations with the U.S. to make sure she is not the source of problems; that she is a source of reliability/stability. And this has had an effect. This report would have been very hard to write and achieve this level of consensus in this blueprint for action with Taiwan 10 years ago or 15 years ago, either under a Ma Ying-jeou or a Chen Shui-bian government. Those governments polarized the U.S. debate in different ways. President Tsai's government has made a compelling case the Americans – that Americans support Taiwan across 90 percent of people who watch Taiwan, very broad. And so this was a report and a blueprint that was possible because, I think, of Tsai Ing-wen's leadership right now.

The recommendations are actionable. The bilateral investment treaty is probably the biggest lift for the next administration, but a bilateral investment treaty is not – it's not TPP. It doesn't require the kind of tariff-lowering that creates problems politically on the Hill these days with some members of Congress from some districts. And while quite a few members of Congress would oppose a bilateral investment treaty with China because they don't want China's investment in the U.S. and they

don't want U.S. offshoring to China, Taiwan is different. Taiwan manufacturing is welcome in the U.S. And Taiwan is a safe rule of law destination for American investment. So a BIT I think is doable.

Other aspects of our recommendations will come more naturally with a Biden administration than Trump administration, but one thing that we think is critical is to capitalize on the growing support for Taiwan outside of the U.S. and Japan – two countries that have traditionally had very, very warm ties with Taipei. You can see this in Europe. And you can see this in Australia and in India. You can see how China's coercion, 360 degrees, is increasing sympathy and support for Taiwan. And so that's a transatlantic dialogue. That's something a Trump II administration, if it's serious about Taiwan, will have to bring to relations with Europe.

Europe is not irrelevant to our China problem. And the complete state of disrepair in U.S.-NATO and U.S.-transatlantic relations right now is a problem for our China policy and for Taiwan. But a Biden administration also, while I'm quite confident would be uniformly supportive of Taiwan, has to be a little bit conscious of some of the history of the Democratic Party. In our CSIS survey we asked around the world which candidate would be better at dealing with China. And Joe Biden won by a wide margin everywhere, especially Europe.

Indian and Vietnamese experts said Donald Trump would be better. Taiwan chose Biden – experts chose Biden, but it was very close. So I think a Biden administration also needs to be conscious of some of the history of the Democratic Party in earlier periods of U.S.-China relations. But that's mostly impression. I think in fact the support for Taiwan is so strong and so bipartisan that there's no substantive problem. But impressions do matter a bit.

And finally, I'll end with this issue, which we didn't take a firm position on. We left it open for further discussion and debate. And that's the question Richard Haass of Council on Foreign Relations has raised when he proposes that the U.S. should end strategic ambiguity, that we should say clearly that the U.S. will defend Taiwan. I think Bonnie and I, and pretty much everyone on our panel, thought that is a bridge too far. The problem with strategic clarity is, number one, you don't know – it's fine with Tsai Ing-wen. You don't know who's coming in the future – (laughs) – in Taiwan politics, who might take advantage of that in ways that are not helpful.

But I would argue even more to the point if we want to dissuade China from coercion against Taiwan, we need to not only demonstrate that the U.S. will support Taiwan militarily, we need to demonstrate there will be costs to China in its relations with Europe, and Japan, and other countries. And if the U.S. takes a strategic clarity position, we make it harder to build that multinational support for Taiwan. But I do think – and we do recommend in our report – we look at ways to ramp up our declaratory support for Taiwan, to make it clear that Chinese coercion, which is more and more evident in the Himalayan Mountains, and the South China Sea, and the East China Sea with Japan, in Hong Kong – we make it – we need to make it more evident that there will be consequences.

And so in the Bush administration we stated that we opposed unilateral efforts to change the status quo by either side – Taipei or Beijing. It seems to me, in my view, that's the basis for a new statement – that we will actively oppose efforts to unilaterally change the status quo. And right now those are coming primarily in the

form of coercion from China. But this is something that really has to come from the mouth of the secretary of state, national security advisor, somebody senior in the next administration. And we can script it, but we left open a debate about that and described the parameters and the pros and cons of different approaches.

So we think it's an actionable set of recommendations. And I suspect you'll see a lot of these things happening. And it will be good for Taiwan. It will be good for Asia. And it will be good for the world. So I'll end with that. And Bonnie and I welcome your questions. Thank you.

Caleb Diamond: Thank you, all. And I think at this point we can move into the question and answer session.

(Gives queuing instructions.)

And while people are queuing up, I do see there are two – a few questions while our speakers were delivering their opening remarks. So let me turn to those first.

So I guess the first question received is: In the present situation, if China invades Taiwan, will the United States – you know, is there enough political support for Taiwan on Capitol Hill that the U.S. will be really able to provide direct support to Taiwan? And does the Department of Defense have the capabilities to protect Taiwan in a – you know, in the instance of a Chinese invasion?

Bonnie S. Glaser: Well, maybe I'll start by saying that there is more support today for Taiwan on Capitol Hill than we've ever seen, and there's always been for decades significant support for Taiwan. But today that has – that has reached a new high. And part of it is concern about China and China's actions that are undermining democracies worldwide, but certainly also its pressure on Taiwan. So I think that congressional support would definitely be there.

And as Mike has talked about, I think American support would be there as well. It always matters what the contingencies are, but as Mike already discussed we don't see any scenario in which in the near future Taiwan is going to be taking an action that will be seen as somehow reasonably provocative toward Beijing. So this is – if it were to happen, it would likely be instigated by China.

There's been a lot of discussion recently about how the United States needs to bolster its capabilities. This was one of my arguments in my rebuttal, which I published in Foreign Affairs, to Richard Haass' paper. And I think Mike Mazarr was another one who addressed this issue in his rebuttal. There needs to be, certainly, a bolstering of U.S. capabilities to intervene. That doesn't mean that the U.S. is going to be intimidated and deterred from intervening if that fight were to – were to happen tomorrow, but the Chinese have made significant progress in their capabilities to impose costs on the U.S. should it – should it choose to intervene.

Now, I'd, finally, say that we need to appreciate how difficult it is for the PLA to seize and hold Taiwan. First, it's a matter of actually landing on the beach, and then potentially the – a PLA force could be involved in a – in an insurgency in Taiwan. We shouldn't rule out the fact that the people of Taiwan, like the people of Hong Kong that protested – millions on the street – would actually stand up and fight to defend their democracy and their country. So the PLA is still building amphibious landing

capabilities. It has a large number of missiles that – the Chinese could destroy Taiwan, but I don't think that that is their objective.

So I, myself, think that the Chinese are focused on preventing Taiwan from becoming a de jure independent state; that reunification is actually not a near-term goal for Xi Jinping. That is a long-term effort that the Chinese Communist Party is engaged in. For now, China has prevented Taiwan from going independent. And I think that Xi Jinping is actually focused much more on his domestic challenges, including ensuring that Taiwan – that China doesn't end up in the middle-income trap. So I think that unification is just not the first thing that Xi Jinping thinks about when he wakes up every morning.

Michael J. Green: So on the question of an invasion and whether the U.S. would respond, historical analogies are always problematic, but in 1941 America was far more isolationist than it is today, and the U.S. Navy in the Pacific was weaker than the Imperial Japanese Navy, and the Japanese Cabinet of Prime Minister Tojo was convinced the U.S. would not fight. And of course, we did.

In June 1950, Stalin, Mao, and Kim Il-sung were convinced the U.S. wouldn't fight, and we did. And the mood in the United States before June 1950 and the official U.S. policy was that we were getting out of Korea, but we still fought.

So I think – and there are other examples. I think the recurring pattern in Asia is when a rival hegemonic power strikes a blow to try to assert its hegemony over the region, the U.S. has always fought. The problem is the adversary has always failed to recognize that, which is why this debate about strategic clarity is interesting and important. How do we demonstrate deterrence? I think our survey helps to show that with a very high risk tolerance of American thought leaders and the American public to defend Taiwan.

But, you know, an invasion, I think, is extremely unlikely. And remember, all-out war could end up with regime change, not in Taipei but in Beijing. It's an extremely risky proposition for any Chinese government. I think the more likely scenario is some escalation in gray-zone coercion through cyberattacks or things like that.

And, you know, strategic clarity is not so helpful in that context, because the attack is not so clear. And so our strategy really has to be looking at ways to impose costs on Beijing, not only to deter them from attack, but costs for gray-zone coercion in cyberspace or in international space for Taiwan's presence in international associations and organizations.

And that gray zone requires not just military tools. It requires diplomatic tools. It requires – and it's not just a U.S. problem or a U.S.-Japan problem. It's a global and regional problem. And that's where this U.S.-Taiwan policy needs to go, not the on-off switch of attack, defend, but how do we deal with the creeping increase in gray-zone coercion on Taiwan. And we have a lot of tools, including trade and support for democracy and our alliances to do that, I think.

Caleb Diamond: And our next question actually builds pretty well off the first two. And it's: What is the view in the two U.S. political parties about Taiwan's own effort to strengthen its conventional defenses against China? And how is that view shaping broader

willingness to help defend Taiwan? Or I guess you were talking about unconventional capabilities as well.

Michael J. Green: I'll lead off on that one, Caleb.

I think, with the growing concern in both – among Republicans, Democrats and independents who follow defense and foreign policy, along with that growing concern with the danger of Chinese coercion against Taiwan, is a focus on Taiwan's own capability to defend itself. And over the last two or three years we've seen a growing number of articles in, you know, places like War on the Rocks, Foreign Affairs, Foreign Policy, think-tank reports, all saying the same thing. Taiwan has got to better prepare to defend itself.

And if you listen to how President Tsai or the Taiwan defense establishment talks these days, it's clear that they know it and that they are girding their loins and are doing more to be prepared, because if there's a sense in Washington that Taiwan's not willing to defend itself, then the U.S. is – you know, the political establishment is not going to risk American lives.

But I think the signal from Taipei is quite – it's really quite interesting. I mean, I think Tsai Ing-wen is really signaling quite strongly that Taiwan will defend its democracy. And she has public support for that. So now the question is what kind of capabilities? And Taipei is moving towards what it calls an asymmetrical strategy where it develops ways to hurt China if China tries to invade or blockade. And it's moving in that direction.

But I think most experts in the U.S. would argue more needs to be done to have survivability if Taiwan comes under missile attack, to have sustainability so that there's enough ammunition and missiles to keep fighting. These are the kind of issues we're now talking about. And we address these in our report.

The report is primarily, you know, aimed at U.S. policy. But the premise is that Taiwan also has to do its part. And I think it signals that Taiwan is stepping up. But there's more to be done.

I'll let Bonnie pick up if she'd like to.

Bonnie S. Glaser: I'll just add that we have, I think, a really good section on defense and security in our report and some important recommendations. Taiwan, as Mike has just said – particularly President Tsai Ing-wen, I think, has recognized that Taiwan needs to invest more in its defense. She's reversed the trend of declining defense budgets. She is spending time visiting forces, making public speeches. In her recent October 10 speech she once again underscored the need for Taiwan to develop more modern, effective, asymmetric defense capabilities.

We are about to hear the notifications – some of them have already been reported that have gone to Congress. And some of those items, I think, are exactly what Taiwan needs to make itself more resilient and defensible and survivable, and the coastal defense cruise missiles are an example of that. And then there are things like sea mines that Taiwan is actually manufacturing itself, not buying from the United States because, apparently, we don't manufacture them.

So not all the reporting, I think, has been correct in that regard. But this is a clear trend in Taiwan. The overall defense concept is the right idea. The other day the national security advisor, Robert O'Brien, once again referred to Taiwan needing to make itself a porcupine.

You know, the first time I think that idea of a porcupine strategy was created was in 2008 by an expert called Bill Murray, who was at the Naval War College, and he wrote about Taiwan needing to adopt the porcupine strategy.

So here we are 12 years later. We're still talking about the same concept. But I would say that Taiwan is making progress toward developing these kind of asymmetric capabilities. There's more to be done, absolutely.

Caleb Diamond: Well, the next question I received sort of switches gears toward trade. It's a two-part question. So if Trump is elected, should we expect to see a negotiation for a U.S.-China phase-two deal? And if that happens, will there be room for a U.S.-Taiwan bilateral trade agreement? And the flip side of that, if Biden wins, how would Joe Biden deal with U.S.-China trade? And, you know, as well as that, how would he deal with a U.S.-Taiwan bilateral trade deal?

Michael J. Green: Well, we talk in the report about the technology sector as an important focus, and the Trump administration pulled out of TPP, has, you know, been hostile to the World Trade Organization, has really thrown out, you know, seven decades of American support for the Bretton Woods system and international trade. It's really quite shocking to our allies and partners and the U.S. business community.

And the president said, well, he prefers bilateral negotiations because that's how he did business. So we've had some bilateral negotiations that are instructive for what trade relations with Taiwan could look like, and, in particular, the U.S.-Canada-Mexico negotiation, which was NAFTA 2.0 – as some economists call it, NAFTA 0.7 because it really reduced free trade. But there was a chapter on digital trade that was quite important. And then in the U.S.-Japan case, because Japan and the U.S. were beginning to have a tariff war, the Trump administration wasn't going to rejoin TPP but it did need to get some agreement with Japan for our agricultural exports, and so smart negotiators put into that U.S.-Japan agreement also a chapter on digital trade.

So if we think about digital trade, data reciprocity, protection of our domestic markets from predatory behavior by Huawei or other Chinese firms and that kind of thing, you know, the leading manufacturers of semiconductors in the world are the U.S., Japan, Korea, and Taiwan. And so, you know, I can imagine a Trump or a Biden administration seeing the value in building – Bonnie called it a plurilateral agreement, a smaller agreement.

Europe is harder because of data privacy issues that divide us with Europe. That's for later. But starting off with a smaller Asia-Pacific grouping, maybe including Canada and Australia and others with Taiwan in it, would make a lot of sense because TSMC, Taiwan's semiconductor company, is right in the front lines of decoupling.

Will they invest in the U.S.? Will they manage supply chains to keep China from leapfrogging, you know, Huawei's big gap, and Chinese 5G – the Achilles' heel for China's 5G is semiconductor fabrication, and Taiwan's world class. And so a trade agreement that locks in some rules around that makes a lot of sense.

You know, a bilateral investment treaty with Taiwan, as I said, could also make sense. I don't think a Biden or a Trump administration is going to have the political instincts or wherewithal to embrace a broad agreement like CPTPP in the first year or two. So this kind of digital trade or data reciprocity agreement, which the Japanese are pushing among others, is a good start and some of the most important rulemaking. And Taiwan would have a really important role to play by virtue of the technological advantages that they bring.

Bonnie S. Glaser: I certainly hope that a Biden administration or second Trump administration will make trade agreements with Taiwan a priority, and particularly a free trade agreement. The first six months of this year Taiwan was our ninth-largest trading partner. And Mike has talked about the importance of Taiwan in supply chains and technology protection. It's uncertain whether either administration would make this a priority, but I would just add that as a member of the World Trade Organization, Taiwan has every right to sign trade agreements with countries around the world. It doesn't use the name Taiwan, but Republic of China. But those agreements have been negotiated before.

During the Ma Ying-jeou era, Taiwan signed free trade agreements with Singapore and with New Zealand. And at the time, those were sanctioned, supported by Beijing, because they had a better relationship with Taiwan. But that should not be a precondition for signing trade agreements with Taiwan. So as I said earlier, I think it's very much in U.S. national interests, and perhaps if we go forward with negotiating trade agreements with Taiwan, then other countries will do so as well. And I would particularly cite Japan and Australia as having very important trade relationships with Taiwan.

Michael J. Green: I think – if I could just follow up on that – Bonnie makes a very important point. I'm not optimistic that either a Trump or a Biden administration will enter into, you know, free trade agreements in the WTO context, meaning substantially all liberalization. That's why I focused on a sectoral, digital trade agreement. But I wouldn't rule out a free trade agreement with Taiwan. I think there's a logic to it. Most of the U.S. free trade agreements at the beginning of administrations are primarily pursued for strategic reasons. I was in the Bush White House when we began the U.S.-Singapore, U.S.-Australia, and U.S.-Korea free trade agreements.

And the motivation was, in large part, strategic, with key allies, key partners. And I could – and the reality is, we were – a number of us were preparing for a possible Taiwan free trade agreement in the Bush administration. And we could not do it. And the reason was, to be very candid, because there was no confidence that Chen Shui-bian would manage the politics well, that he might seize that as a political tool, and not doing the hard work required for a free trade agreement. So there was even some momentum in the Bush administration for this. So I wouldn't rule out that a Biden, or even a Trump administration, might consider as one tool to support Taiwan for strategic and economic reasons both, you know, a free trade agreement. I wouldn't bet on it, but I wouldn't rule it out. I think Bonnie makes a good case.

Caleb Diamond: Next question is about the China Taskforce Act that was introduced yesterday, which combines legislative recommendations, including several that are pro-Taiwan. So the question is: How might this act change U.S.-Taiwan and U.S.-China relations?

Michael J. Green: Bonnie is your silence a request for me to go first? (Laughter.)

Bonnie S. Glaser: I have just skimmed the act. There's seven components. But I have not yet looked into the details. Do you want to – want to take this, Mike?

Michael J. Green: Sure. I mean, I think – look, there are over – our colleague Scott Kennedy is tracking legislation on China. There are over 200 pieces of legislation this year on China. And until yesterday 12 had passed, now 13, relating to China, Hong Kong, Xinjiang, trade. They're all tough. None of them are popular in Beijing. This is one more. I think congressional legislation that solidifies our support for Taiwan is helpful. The legislation always allows some waiver for the president to, you know, exert his own – or, her own – judgement about how to apply the law.

But I think Congress showing bipartisan support, not only for Taiwan but for human rights in Xinjiang, and Tibet, for Hong Kong's autonomy, and so forth is very, very helpful. And it's not partisan. I mean, in the past, these kinds of bills on China were very partisan. They're not now. And so I think it's a good thing. One of the things we say in our report is that Beijing needs to recognize that the feelings on Taiwan about China are the reflections of a Democratic society, of people who are afraid of the one-country, two-systems model because of what's happening in Hong Kong. And for the same reason, I think it's helpful for the administrative branch to demonstrate that the feelings about Hong Kong in the Congress reflect a bipartisan and broad consensus among the American people so it gives leverage to the administration.

But that raises the question how does the administration use it, which I think is another discussion, and it has to be used carefully. We're not – in our report we make it very clear things that provoke China just for the sake of provoking China are not necessarily helpful, but things that strengthen support for Taiwan in a sustainable way – not a symbolic way – are. So how this is applied by the administration is really a critical piece of the answer, and we'll have to wait for, you know, 20 days to find out.

Caleb Diamond: Our next question is: So it was reported in Japanese media that President Trump was considering a sudden visit to Taiwan. Do you think, you know, that that's a possibility or just a rumor? And then: What can we expect in the Taiwan Strait in the next three months?

Bonnie S. Glaser: Well, I think everybody on this call knows about the anecdote in John Bolton's book about President Trump comparing Taiwan to the nib of a Sharpie pen and China to the Resolute desk, and we know that he got burned very early on – even before being sworn in as president – when he had the phone call with President Tsai and was – provoked a strong reaction from Beijing. Subsequently, I don't think we have seen much said by President Trump about Taiwan, and there have been many reports that he's been concerned about some actions that might be taken to strengthen ties with Taiwan because they might undermine trade negotiations between the United States and China.

Now, to some extent this is an unpredictable president, but I myself don't think we're going to wake up tomorrow morning or any morning in the – in the next few months and see President Trump landing in Taipei. But maybe Japanese media may be good at creating those kind of rumors, and Mike could talk about Japanese media. But I don't – I don't think that's going to happen. But will there be other actions taken over the next few months, whether President Trump is reelected or not? I do expect to see

more steps taken to deal with challenges from China and perhaps to strengthen ties with Taiwan. And the announcement of more arms sales is just one example of that. But I don't think that we're going to see anything that is really surprising, like a visit by President Trump to Taiwan.

Michael J. Green: Nobody would be happier to have Donald Trump, when he's 11 points down in the polls, spend three days out of the country this close to an election than Joe Biden, so I'm sure Joe Biden is fully in favor of Donald Trump going anywhere outside of the United States for three days. I think it's extremely unrealistic.

But it is – it is interesting because, as Bonnie knows, prominent Chinese scholars in the mainland are stating that there will be an October surprise where Donald Trump will take some military action or provocation in the Taiwan Strait. And that is ludicrous also, but dangerous that not just, you know, sensational outlets like the Global Times but serious Chinese scholars are saying this. And it's worrisome because what it shows you is Taipei and Beijing don't really know what Donald Trump really thinks about Taiwan and what he would really do.

And if you're North Korea, being unpredictable is an asset. But if you're the United States of America, it's a liability. And it's one reason why in our report we really emphasize the importance of continuity, predictability, steadiness because you don't want China to think you'd just sell out Taiwan, but you also don't want Beijing to think you would deliberately provoke a conflict using Taiwan as a pawn. And the fact that Taipei, Tokyo, Beijing have these wild theories about what President Trump will do – all of which are potentially really inflammatory in the Taiwan Strait – that's not good. That's not good. And you've never seen a presidential campaign before, including even Ronald Reagan's, where the press in Asia thought the president of the United States would do something so – such a wrecking ball, take such a wrecking ball to stability in Asia. That really is why, you know, continuity, steadiness, predictability are so important for the United States of America in this delicate equation in the Taiwan Strait.

Caleb Diamond: So our next question is about – and I believe – is about what happened in Fiji a few days ago. There was a conflict, a confrontation between Taiwanese and Chinese diplomats. And so the question – it's a two-part question. And the first part is: What can the U.S. and Taiwan do – or actually, combined, it's one question. What can the U.S. and Taiwan do to combat sort of these wolf-warrior diplomats? And how can the U.S. and other countries in the international community ease tensions between China and Taiwan and other third countries, mostly the Pacific islands, as Beijing seems to be more aggressive in pushing the one-China principle?

Michael J. Green: You know, the PLA and the Chinese Ministry of Foreign Affairs have been extremely aggressive in the South Pacific. And Chinese ambassadors in these small island states have gone on social media in English and posted things, saying Australia is your worst nightmare. Australia is not your friend or New Zealand is not your friend. China is your friend. I mean, they have, not just in private but publicly, attacked Australia and New Zealand, two countries for which these islands are incredibly important strategically.

And the reason of that is that in Japan and in Australia and New Zealand, for the first time in a long time, people are – governments are talking about actively working with Taiwan in those Pacific-island nations where Taiwan has diplomatic recognition,

including an agreement between the Japan Bank for Intellectual Cooperation and Taiwan, to do infrastructure development. And I think, because of this wolf-warrior diplomacy, you'll see more support for Taiwan playing a role to support infrastructure and democracy development.

Historically, Taiwan has played the diplomatic-recognition game against China the same way China has – big bags of cash; you know, building sports stadiums. And Australia, New Zealand, the U.S., Japan to some extent, France, which is a major player in the Pacific, has been talking to Taipei about Taiwan using its soft power and its support for democratic norms and its COVID diplomacy and infrastructure support, aligning efforts more with the U.S., Japan, Australia, New Zealand and France. And I think the Tsai government is quite open to that, and it will be helpful.

The challenge, of course, is that there are parts of the Pacific where China has diplomatic relations and it's harder for Taiwan to play. And it's pretty clear that the Chinese side engages in what experts call elite capture, which means bribing people. But that's all the more reason to shine a light of transparency and accountability and help these countries with their civil society and governance and democracy, so that their leaders aren't bribed.

So it's game on, and it's complicated. But I think Taiwan is going to have more of a role. And I think other countries for the first time are really starting to appreciate that.

Bonnie S. Glaser: I would just add that this is a problem because China's foreign-ministry officials are probably getting awarded for engaging in these kind of actions in places like Fiji. There have always been incentives given to Chinese foreign-ministry officials who put pressure on Taiwan and who enable these building of greater support among Taiwan's diplomatic partners for China. So this has been going on for decades. And there is now – obviously, this has just been increased, you know, a hundred-fold around the world.

I don't know whether Xi Jinping is very aware of the costs of doing so around the world, but certainly there's support for this domestically in China. So what we need to do is to increase the costs to China and, as Mike said, to shine a light on what the Chinese are doing. Other governments, including the United States, should be speaking out publicly and criticizing this kind of behavior.

We should say so publicly that it is unacceptable, and we should communicate our concerns to the Chinese government privately. But unless we do so in ways that really increase the costs and get that message up to Xi Jinping, it's going to be very difficult, I think, to really convince China to change this kind of behavior. So we need to do more to work with Taiwan as well, as Mike talked about, in infrastructure building and enhancing their presence and giving them an opportunity to convey public goods and participate in these – in various countries. And the South Pacific is one of the toughest places.

Caleb Diamond: So we have – at least, I have two more questions. And we are running low on time. So I ask that we keep these answers short. So the first question is: What is the reason we do not have any response from USTR on the topic of the trade agreement with Taiwan? Is it issues of bandwidth, or personal preference, or what else?

Michael J. Green: Well, I think we have at USTR right now one of the best tacticians in the history of that office. Ambassador Lighthizer knows – as a former USTR official and lawyer for steel companies – he knows exactly how antidumping rules, trade rules, Section 232 can be used aggressively to – well, from his perspective – to keep jobs in places like Pennsylvania and Ohio. And that is overwhelmingly the priority.

Previous U.S. trade reps have focused like a laser on American jobs and competitiveness, but they've also seen as part of their mandate the U.S. national interest and advancing key strategic relationships, and playing a leading role in rulemaking the shaping the external environment – not just trying to, you know, keep a couple jobs here and there in the U.S., which is important but there's a much broader mandate most U.S. trade reps take on.

So a Taiwan free trade agreement is – you know, it's a strategic concept about rulemaking, about future of technology competition. Not steel but, you know, 5G, AI, and the Internet of Things. It's just not the way this USTR tends to think about their job. And we'll see who comes into that job next, but I think there is a compelling case – Bonnie just made it – for examining an FTA with Taiwan.

Bonnie S. Glaser: So I would just add one sentence, and that is that Ambassador Lighthizer answers to President Trump. And the two of them have been most concerned and attached priority to our negotiations with China, and the phase one agreement with China, and making sure that China makes the purchases of American products that I committed to make. And I think that that is by far the most important reason in preventing a USTR from taking up the issue of negotiations of a free trade agreement with Taiwan.

Caleb Diamond: Thanks to both of you. And so the last question is: Secretary Pompeo is visiting Sri Lanka this month. Is there any possibility that he'll visit Taiwan while he's in Asia?

Bonnie S. Glaser: In my conversations with State Department officials, I have been told that there is no consideration being given to having Secretary of State Pompeo drop in in Taipei, but of course everything is within the realm of the possible. But I think these rumors are being generated around – maybe even in Beijing, just as the narrative is being created that the United States is going to come up with an October surprise and maybe even start a war in the South China Sea or the – or the Taiwan Strait. I think in some ways these narratives are being created to serve China's interest in making the United States look like it is unpredictable and that it is the source of instability in the region. So I just don't pay much attention to them.

Michael J. Green: It's also possible that people within the administration are floating this. You know, there's been a pattern in the last year or so where unnamed officials have leaked – often to us, often to think tanks – that a major announcement's coming out from Secretary Pompeo on things like strategic clarity or clarifying our support for claimants in the South China Sea or other things like that. And when the actual announcement comes out, it's usually someone at a lower level and it's usually a more modest adjustment to U.S. policy. So this is not the first time – if the sources for this rumor are the State Department, it wouldn't actually surprise me, and it would not be the first time that we were promised some, you know, huge announcement and game changer for American policy in Asia, and at the end of the day it was a fairly modest thing.

But I will tell you that of any secretary of state in the last 30, 40 years, if somebody's going to go to Taipei right before an election, it's Mike Pompeo. But I wouldn't bet on it.

Caleb Diamond: Well, this – we ran right at 11, so you know, perfect timing. And to any of those whose questions we didn't get to, please, please don't hesitate to reach out to me. I would be happy to set up an interview with Bonnie or Mike. You know, we'd be happy to accommodate that.

So I just want to thank all of you for joining us today. We'll have a transcript out shortly, within two hours at the most, and we'll send it out so you can refer to that. And again, please don't hesitate to reach out to us if you'd like an interview. And as Bonnie mentioned and Mike mentioned, the report will be coming out later today. So I just want to again thank you and thank both of our panelists for joining today. Thank you.

Michael J. Green: Thank you all. Thanks, Caleb.

Bonnie S. Glaser: Thank you. Thanks, Caleb.

(END)