

SECTION 2: TAIWAN

“... the United States-China Economic and Security Review Commission ... shall investigate and report exclusively on—

...

“REGIONAL ECONOMIC AND SECURITY IMPACTS—The triangular economic and security relationship among the United States, Taipei and the People’s Republic of China (including the military modernization and force deployments of the People’s Republic of China aimed at Taipei), the national budget of the People’s Republic of China, and the fiscal strength of the People’s Republic of China in relation to internal instability in the People’s Republic of China and the likelihood of the externalization of problems arising from such internal instability. ...”

Introduction

Since Ma Ying-jeou was inaugurated as president of Taiwan in May 2008, many developments have occurred in the relationship between Taiwan and the People’s Republic of China (PRC). Almost immediately after President Ma took office, official meetings between Taiwan and the mainland began, including high-level interactions. During these meetings, the two sides signed several agreements—primarily economic in nature—and made progress toward a free trade agreement. These political and economic improvements in the relationship were summed up in a speech President Ma gave on January 1, 2009:

In the past year, cross-Strait relations also underwent a historic transition. Upon coming into office, my administration not only swiftly reactivated the mechanism for institutionalized talks between [Taiwan] and [China], but we also entered an era of comprehensive, normalized economic relations.¹³⁹

However, despite the apparent progress in cross-Strait relations on some fronts, the PRC has shown no signs of abating its buildup of military capacities vis-à-vis Taiwan, increasing the disparity between China and Taiwan’s respective military capabilities.

This section of the Commission’s Annual Report will address developments in the cross-Strait relationship since President Ma’s inauguration. It will look at recent meetings the two sides have held and agreements they have signed. In addition, it will provide an overview of changes in the cross-Strait military balance.

Developments in the Cross-Strait Relationship

Official Signs of Warming from Beijing

Since President Ma's May 2008 inauguration, Beijing has repeatedly signaled that it is willing to work with the Ma Administration in an attempt to promote cross-Strait relations. Beijing's signaling has come in three official government forms: statements, documents, and actions.

Over the past year, Chinese government officials have made several statements professing a willingness to work with Taiwan on some issues. For example, on December 31, 2008, China's President Hu Jintao gave a major address on the issue of cross-Strait relations. During this speech, President Hu laid out six proposals for how the mainland envisioned making progress on cross-Strait reconciliation. Hu proposed that both sides adhere firmly to the "One China" principle; strengthen commercial ties, including negotiating an economic cooperation agreement; promote personnel exchanges; stress common cultural links between the two sides; allow Taiwan's "reasonable" participation in global organizations; and negotiate a peace agreement.¹⁴⁰ In addition to these six proposals, President Hu also floated the idea of military exchanges as a confidence-building measure. In December 2008, President Hu said, "The two sides can engage in ... contacts and communications on military issues when appropriate, and discussions on building a trust mechanism for military safety."¹⁴¹ A few months later, Premier Wen Jiabao reiterated President Hu's statements during his March 2009 address to the PRC's National People's Congress, saying, "[w]e are also ready to hold talks on cross-Straits political and military issues and create conditions for ending the state of hostility and concluding a peace agreement between the two sides of the Taiwan Straits."¹⁴²

Official Chinese government documents released recently further signify Beijing's desire to improve relations with Taiwan. For example, the PRC's 2008 defense white paper (released in January 2009) presented a significantly less bellicose assessment of the cross-Strait scenario than the 2006 version.* According to the 2008 version:

The attempts of the separatist forces for 'Taiwan independence' to seek 'de jure Taiwan independence' have been thwarted, and the situation across the Taiwan Straits has taken a significantly positive turn. The two sides have resumed and made progress in consultations on the common political basis of the '1992 Consensus,' and consequently cross-Straits relations have improved.¹⁴³

This view of the relationship contrasts sharply with the view that the 2006 version presented:

The struggle to oppose and contain the separatist forces for 'Taiwan independence' and their activities remains a hard one. By pursuing a radical policy for 'Taiwan independence,' the Taiwan authorities aim at creating 'de jure Taiwan independence' through 'constitutional reform,' thus

* Chinese defense white papers are authoritative documents published every two years since 1998 and should be taken to represent the official views of the Chinese government.

*still posing a grave threat to China's sovereignty and territorial integrity, as well as to peace and stability across the Taiwan Straits and in the Asia-Pacific region as a whole.*¹⁴⁴

Finally, Beijing has also made several symbolic gestures toward Taiwan as actions to improve the relationship. In what President Ma called a “goodwill gesture,” Beijing acquiesced to Taiwan participating in the World Health Organization’s (WHO) ruling body, the World Health Assembly, in April 2009—albeit under the name of “Chinese Taipei.” Although officially only an observer without voting rights, Taiwan has made its first appearance at the WHO since 1971, when it lost its seat to the PRC.¹⁴⁵ More recently, during the Dalai Lama’s August 2009 visit to Taiwan, Beijing’s official response was much more low key than during previous visits, suggesting that the mainland wanted to prevent the event from derailing recent progress on cross-Strait relations. Rather than rebuking President Ma or jeopardizing recently signed agreements with Taiwan, Beijing directed its criticism toward the Democratic Progressive Party, characterizing the visit as a political ploy by the party to detract from warming ties with Beijing. In addition, China only retaliated symbolically by canceling or postponing several low-level events.¹⁴⁶

Cross-Strait Meetings

Since President Ma’s inauguration, numerous high-level meetings between the PRC and Taiwan have occurred. Some of the more important meetings are discussed here, while a more complete list is presented in the table below. After a 10-year hiatus, Taiwan accepted a PRC invitation to resume quasi-official, cross-Strait dialogues between Taiwan’s Straits Exchange Forum and China’s Association for Relations Across the Taiwan Strait in May 2008.* Since then, these two organizations have met three times, with a fourth meeting tentatively planned for late 2009.¹⁴⁷ Another high-level meeting occurred in November 2008, when former Taiwanese Vice President and Premier Lien Chan met with PRC President Hu Jintao during an Asia-Pacific Economic Cooperation meeting in Peru—the “highest-level meeting between the two sides in an international forum since 1949.”¹⁴⁸ In May 2009, Wu Pohsiung, then chairman of Taiwan’s ruling Chinese Nationalist Party, met with President Hu to discuss cross-Strait economic issues.¹⁴⁹ To support these various initiatives, on July 27, 2009, President Hu sent a telegram congratulating President Ma on his election as chairman of the Chinese Nationalist Party, the first time the leaders of the PRC and Taiwan had directly communicated with each other since the founding of the PRC in 1949.¹⁵⁰ Some analysts have speculated that this direct contact could facilitate the eventual meeting between the two individual leaders, os-

*It is worth noting that, technically, Taipei and Beijing do not negotiate directly. According to Kerry Dumbaugh, a specialist in Asian affairs at the Congressional Research Service, Taiwan’s Straits Exchange Foundation is not an official government entity but rather “a nominally non-government organization authorized to handle [cross-Strait] exchanges.” China’s Association for Relations Across the Taiwan Strait, however, is subordinate to the Taiwan Affairs Office of the State Council. Kerry Dumbaugh, *Taiwan-U.S. Relations: Developments and Policy Implications* (Washington, D.C.: Congressional Research Service, August 2009), p. 24; and Web site of the Taiwan Affairs Office of the State Council. <http://www.gwytb.gov.cn: 8088/>.

tensibly as head of their respective parties.¹⁵¹ Meetings with Chinese officials were not limited just to Chinese Nationalist Party members. In May 2009, Chen Chu, Democratic Progressive Party member and mayor of Kaoshiung, Taiwan, visited mainland China to lobby for PRC promotion of the July 2009 World Games, which her district was hosting.¹⁵²

Figure 1: Cross-Strait Actions since May 2008*

Date	Taiwan Individual/ Organization	PRC Individual/ Organization	Location/Event
May 2008	Wu Poh-hsiung, Chinese Nationalist Party chairman	CCP General Secretary Hu Jintao	Beijing, China: highest-level cross-Strait meeting
June 2008	Straits Exchange Foundation	Association for Relations Across the Taiwan Strait	First round of cross-Strait talks in a decade
Nov. 2008	Lien Chan, former vice president and premier	PRC President Hu Jintao	Asia-Pacific Economic Cooperation meeting, Lima, Peru
Nov. 2008	Straits Exchange Foundation	Association for Relations Across the Taiwan Strait	Second round of cross-Strait talks
Dec. 2008	Wu Poh-hsiung, Chinese Nationalist Party chairman; and Lien Chan, former vice president and premier	Jia Qinglin, chairman of the National Committee of the Chinese People's Political Consultative Conference	Fourth Cross-Straits Economic, Trade and Cultural Forum
Jan. 2009	Chiang Pin-kung, chairman of Straits Exchange Foundation	Various	Tour of four mainland cities
Apr. 2009	Fredrick Chien, Control Yuan president	Premier Wen Jiaobao	2009 Boao Forum for Asia meeting, Hainan Island, PRC
Apr. 2009	Straits Exchange Foundation	Association for Relations Across the Taiwan Strait	Third round of cross-Strait talks
May 2009	Chen Chu, mayor of Kaohsiung	Taiwan Affairs Office, State Council	Beijing and Shanghai, China
May 2009	Wu Poh-hsiung, Chinese Nationalist Party chairman	CCP General Secretary Hu Jintao	Beijing, China
June 2009	Hsu Tain-tsair, Tainan City mayor	Various	Xiamen, China
July 2009	Wu Poh-hsiung, KMT chairman; Hsu Jung-shu then DPP legislator; Fan Chen-tung, former minister of agriculture	Jia Qinglin, chairman of the National Committee of the Chinese People's Political Consultative Conference	The fifth Cross-Straits Economic, Trade and Cultural Forum, Changsha, China.

*This list begins with May 2008, since this is the date of President Ma's inauguration.

Date	Taiwan Individual/ Organization	PRC Individual/ Organization	Location/Event
July 2009	Taiwanese journalists, academics, and media executives	Chinese journalists, academics, and media executives, led by the director of the Information Department, Taiwan Affairs Office, Yang Yi	Taiwan
July 2009	President Ma Ying-jeou	President Hu Jintao	Direct telegram from President Hu to President Ma
Late 2009 (tentative)	Straits Exchange Foundation	Association for Relations Across the Taiwan Strait	Fourth round of talks

Source: U.S.-China Economic and Security Review Commission staff based upon various sources.

Cross-Strait Agreements

As a result of many of these actions, Beijing and Taipei have proposed or signed several agreements, including the following:

- *The “Three Direct Links”*—A major milestone in recent cross-strait relations are the various agreements to resume direct shipping, commercial airline flights, and mail service across the Taiwan Strait, officially banned by Taiwan since 1949. Direct transportation between the mainland and Taiwan officially resumed on December 15, 2008, after a series of steps over the past decade.¹⁵³ In 2000, for example, China and Taiwan agreed to allow trade and passenger traffic between the Taiwanese islands of Quemoy and Matsu and the mainland, referred to as the “Three Mini-Links.”¹⁵⁴ With the 2008 resumption of direct links, Taiwan opened 11 seaports for direct shipping—including its two largest, Kaohsiung and Keelung*—while the PRC opened up 63.[†] Using previous steps such as the 2005 resumption of direct flights during holidays and the July 2008 agreement for weekend direct charter flights, a limited number of daily direct charter flights began in December 2008.¹⁵⁵ Originally capped at 108 direct flights a week, the number increased to 270 in August 2009 (see *Supplementary Agreement on Cross-Strait Air Transport* below). In addition to the daily chartered flights, regularly scheduled cargo flights across the Taiwan Strait also began in August 2009.¹⁵⁶ The final direct link is postal service, allowing mail and cargo to travel directly from the mainland to Taiwan.

The resumption of direct links between Taiwan and the mainland could benefit Taiwan’s economy. Flight and maritime shipping costs could be reduced by \$90 million a year, and

*The other nine ports are Wuchi, Hualien, Putai, and Mailiao, as well as several ports on the Taiwanese islands of Penghu, Jimen, and Matsu. *China Post*, “Direct Cross-Strait Links in Place,” December 15, 2008. <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2008/12/15/187643/Direct-across-strait.htm>.

†A sampling of these ports includes Dairen, Fuzhou, Guangzhou, Nanjing, Qingdao, Quanzhou, Shanghai, Shantou, Tianjin, Wuhan, and Xiamen.

postage costs could shrink by a third.¹⁵⁷ In addition, as the Commission learned on a May 2009 trip to Xiamen, China, the closest point opposite Taiwan, a greater number of people are traveling, and more containers are being shipped directly between Taiwan and the mainland. The deputy director of Xiamen City's Taiwan Affairs Office said that the number of passengers traveling by ferry between the mainland and Taiwan had grown from 677,000 in 2007 to 910,000 in 2008 and had already surpassed 400,000 at the time of the Commission's trip.¹⁵⁸ The Taiwanese Minister of Transportation and Communications, Mao Chih-kuo, substantiated this, stating that the number of mainland visits to Taiwan in the first six months of the year had increased 260 percent from the same period in 2008. By the end of 2009, the total number of visits to the island could reach 900,000, with revenues from these visits possibly reaching \$1 billion.¹⁵⁹

- *The Financial Cooperation Agreement*—Signed during the third round of the Straits Exchange Foundation-Association for Relations Across the Taiwan Strait cross-Strait dialogue in April 2009, the Financial Cooperation Agreement established a cooperative financial regulatory mechanism to evaluate whether the banking, securities, futures, and insurance sectors on both sides would be conducive to further financial cooperation. This cooperation could include currency management and exchanges of commercial banking branches.¹⁶⁰ Under this financial cooperation agreement, regulators on both sides will evaluate the cross-Strait financial sector in order to help Chinese and Taiwanese commercial and financial institutions establish agencies across the Taiwan Strait and to begin currency exchanges.¹⁶¹ After the agreement was signed, the Bank of China applied to be the first mainland bank to set up a branch in Taiwan after financial regulators finish pending their initial evaluation.¹⁶²
- *The Cross-Strait Food Safety Agreement*—Partially driven by poisonings from melamine-tainted milk powder the mainland sold to Taiwan, the Straits Exchange Foundation and the Association for Relations Across the Taiwan Strait signed an agreement concerning food safety on November 4, 2008. According to Taiwan's official entity responsible for handling cross-Strait affairs, the Mainland Affairs Council,* the main content of the cross-Strait Food Safety Agreement involves the prompt notification of major incidents concerning trade food safety, the establishment of a coordination mechanism to handle major food safety incidents, and the creation of a system of institutionalized meetings and visits of experts from both sides.¹⁶³ This agreement went into effect in mid-November 2008.¹⁶⁴
- *The Agreement on Joint Cross-Strait Crime-fighting and Mutual Judicial Assistance*—Signed during the third Straits Exchange Foundation-Association for Relations Across the Tai-

*The Mainland Affairs Council was established in 1991 to deal with burgeoning Cross-Strait relations and is the "authorized agency directly under the Executive Yuan responsible for handling China affairs." Mainland Affairs Council, "Mainland Affairs Council—An Introduction," August 2005. <http://www.mac.gov.tw/english/english/orafunc/ora01.pdf>.

wan Strait meeting in April 2009, this agreement established “an institutionalized cooperation platform for joint cross-Strait crime prevention” to exchange information and cooperate on crime prevention activities.¹⁶⁵ This was the first formal agreement on law enforcement cooperation between Taipei and Beijing.¹⁶⁶

- *The Supplementary Agreement on Cross-Strait Air Transport*—Also signed during the third Straits Exchange Foundation-Association for Relations Across the Taiwan Strait meeting (April 2009), this agreement significantly expanded cross-Strait air travel options. In particular, both sides agreed to the addition of two new flight routes, an increase in the number of airports involved in direct flights on both sides of the Strait, an expansion in the number of weekly chartered flights from 108 to 270, and a doubling of the weekly cargo flights from 14 to 28.¹⁶⁷ The effects of direct air travel are beginning to show—according to Taiwan’s Mainland Affairs Council, the number of mainland visitors to Taiwan in the month of June 2009 increased 218 percent over June 2008.¹⁶⁸
- *The Tourism Promotion Agreement*—In July 2009, representatives from the Taiwan Strait Tourism Association and the mainland’s Cross-Strait Tourism Exchange Association agreed to set up offices on both sides of the Taiwan Strait.¹⁶⁹ The offices are aimed at promoting tourism through the distribution of information and services. However, they are separate from the official offices that handle cross-Strait tourism links and visa distribution.¹⁷⁰

Growing Cross-Strait Informal Ties

During the Commission’s May 2009 trip to China, the Commission learned about the growing informal ties between Taiwan and China.¹⁷¹ In a meeting with the Commission, the deputy director of Xiamen City’s Taiwan Affairs Office described how Taiwan and China were increasingly linked by more than just official agreements. For example:

- Taiwan investment into Xiamen has surpassed \$9 billion.
- Xiamen-Taiwan two-way trade totals \$3.8 billion.
- There are more than 3,000 Taiwanese businesses in Xiamen City.
- Roughly 80,000 Taiwanese live or conduct business in Xiamen City.
- 10,000 Taiwanese own apartments in the area.
- 1,300 Taiwanese children attend school in Xiamen City.
- Frequent municipality-sponsored conventions and expos occur with participants from both sides of the Taiwan Strait.
- Reciprocal visits occur between mainland and Taiwanese think tanks.

In addition to the above agreements, progress also has been made toward a cross-Strait free trade agreement. In February 2009, the Ma Administration first raised the idea of a free trade

agreement for economic cooperation between Taiwan and the mainland, entitled the Economic Cooperation Framework Agreement. Originally the administration called it the Comprehensive Economic Cooperation Agreement but changed it for political reasons.* If finalized, it will allow for “the free flow of goods, services and capital across the Taiwan Strait.”¹⁷² Specific issues contained within the proposal include tariffs, nontariff measures, investment protection, intellectual property rights, and a mechanism for dispute mediation.¹⁷³ According to President Ma, the intention of the proposal is to prevent the marginalization of Taiwan’s regional economic ties, promote normalization of cross-Strait economic relations, and increase Taiwan’s international economic relations.¹⁷⁴ The proposal enjoys only mixed support within Taiwan.

Proponents, spearheaded by the Ma Administration and major industry associations, argue that signing this proposal with China represents Taiwan’s best near-term option for revitalizing its economy after the effects of the global economic crisis.¹⁷⁵ Because of its reliance on exports, Taiwan has been hit particularly hard during the global financial crisis. According to official Taiwan government calculations, Taiwan’s economy is projected to shrink 3.75 percent in 2009, primarily as a result of the drop in exports. Taiwan’s first and second quarter 2009 exports declined by 36.7 and 32 percent, respectively (year on year).¹⁷⁶ In addition, unemployment on the island rose to a record 6 percent in August 2009.¹⁷⁷ In a study commissioned by the Taiwanese Ministry of Economic Affairs to assess the economic impact of this financial agreement, the Chung-Hua Institution for Economic Research predicted that the agreement could increase Taiwan’s gross domestic product (GDP) by 1.65–1.72 percent; raise mainland foreign direct investment into Taiwan by \$8.9 billion over seven years; create more than 230,000 jobs in Taiwan; and benefit domestic industries, such as plastics, petrochemicals, petroleum, textiles, coal, and steel.¹⁷⁸

There is widespread opposition to the plan on Taiwan, however. Some opponents of the plan, led by the Democratic Progressive Party, charge that a free trade agreement would “sell out” Taiwan. Skeptics also maintain that it would be tantamount to a “one-China market” and, eventually, political reunification with the mainland.¹⁷⁹ Tsai Ing-wen, Democratic Progressive Party chairperson, said that the Economic Cooperation Framework Agreement was not just an economic issue but rather “a security issue that involved the cross-Strait political agenda and economic interaction.”¹⁸⁰ Other commentators maintain that signing the agreement with China would harm Taiwan’s economy by “hollowing out”

*The name was changed by the Ma Administration because its acronym (CECA) sounded too similar to the acronyms of the economic cooperation agreements signed between the mainland and the Hong Kong and Macao Special Administrative Regions, the Closer Economic Partnership Arrangement, or CEPA. According to the Macao CEPA, these agreements are “an FTA [free trade agreement]-like arrangement concluded between two separate customs territories of a single sovereign state.” To avoid invoking the notion of China and Taiwan as one state, the name was changed to its current Economic Cooperation Framework Agreement. Terry Cooke, “Cross-Strait Matrix: The Economic Cooperation Framework Agreement,” *China Brief* 9:11 (May 2009); Rupert Hammond-Chambers, “Taiwan and China Make Strides: Can America Respond?” (Washington, DC: The Brookings Institution, March 2009). http://www.brookings.edu/opinions/2009/03_taiwan_china_hammondchambers.aspx; and Economic Services Bureau, “Mainland and Macao Closer Economic Partnership Arrangement (CEPA)” (Macao SAR [Special Administrative Region]: October 2003). http://www.economia.gov.mo/web/DSE/public?_nfpb=true&_page_Label=Pg_ETR_CEPA_S&locale=en_US.

its manufacturing and electronics industries; crowding out trade with the United States, Japan, the European Union, and the Association of Southeast Asian Nations (ASEAN); and increasing Taiwan's economic dependency on China.¹⁸¹

President Ma also faces opposition over this proposal within his own party. Taiwan's Chinese Nationalist Party-controlled Legislative Yuan has expressed its concern that it has been left out of these cross-Strait economic negotiations. In February 2009, Legislative Speaker and Chinese Nationalist Party member Wang Jin-Pyng called for a legislative review of the proposal before it is signed into effect.¹⁸² In addition, on September 17, 2009, Taiwan's Legislative Yuan collectively released a report noting that it should be allowed to play a part in policy formation with regard to the Economic Cooperation Framework Agreement.¹⁸³ Further fueling uncertainty on Taiwan is the belief among many Taiwanese that they have had insufficient information about the proposal—according to one poll, upwards of 90 percent of those surveyed do not know what the proposal actually entails.¹⁸⁴ Although the Ma Administration originally intended to have a completed agreement by late 2009, domestic opposition to the plan has slowed the administration's timeline, and a date for signing the proposal has yet to be announced.¹⁸⁵

Currently, the United States officially supports these attempts to improve cross-Strait relations. According to then director of the American Institute in Taiwan Stephen A. Young, Washington “fully supports and applauds Taiwan's efforts to enhance cooperation and lower tension in the cross-strait region.”¹⁸⁶ Four months later, he again mentioned U.S. support for attempts to improve Taiwan-mainland relations, stating that strong U.S.-Taiwan ties are not incompatible with the “recently warming links between Taiwan and China.”¹⁸⁷

As part of a new diplomatic strategy, President Ma has signaled that Taiwan is taking a moderated approach to its international space. For example, Taiwan's Ministry of Foreign Affairs stated in June 2009 that rather than seeking direct participation in the United Nations (UN) as it has in the past, it would take a more pragmatic stance by seeking entry to UN-affiliated activities and specialized agencies, as it did successfully with the World Health Assembly, mentioned above.¹⁸⁸

Cross-Strait Military Balance Tilts Further in Beijing's Direction

Despite the above-mentioned improvements in the cross-Strait relationship, there has been no progress on the military side. In March 2009, then Deputy Assistant Secretary of Defense for East Asia David S. Sedney testified to the Commission that there is no evidence of the People's Liberation Army (PLA) reducing its military posture or capabilities across the Taiwan Strait.¹⁸⁹ According to the Department of Defense, “China's military build-up and the deployment of advanced capabilities opposite the island have not eased.”¹⁹⁰ A report that the Science Applications International Corporation completed for the Commission on the cross-Strait military balance found that China's military had become a “clear and

present threat” to Taiwan’s autonomy due to significant improvements in its missile, air, and naval capabilities.¹⁹¹ China’s continued buildup of military capabilities opposite Taiwan “despite a thaw in the once-strained relations across the Taiwan Strait over the past year” led President Ma in September 2009 to call on Taiwanese defense forces to improve their combat capabilities.¹⁹² The remainder of this section will discuss China’s growing capabilities in these three areas as they relate to Taiwan.

Missile Capabilities

In the event of a military conflict between China and Taiwan, one possible option that the PLA could employ is a missile saturation campaign in order to soften the island’s defenses.¹⁹³ The table below demonstrates that the PLA has a large inventory of ballistic and cruise missiles, as well as antiradiation attack drones—used to knock out radar installations—at its disposal for such a campaign. China’s 1,100+ short-range ballistic missiles targeting Taiwan are sufficiently accurate to pose a serious threat to a wide range of immobile targets on the island, such as command and control facilities, air defense nodes, air bases, naval bases, and political targets.¹⁹⁴ According to a 2009 RAND Corporation study, China’s arsenal is more than sufficient to seriously affect Taiwan’s defenses; depending on missile accuracy, the PLA would only need between 90 and 240 short-range ballistic missiles to “cut every runway at Taiwan’s half-dozen main fighter bases and destroy essentially all of the aircraft parked on ramps in the open at those installations.”¹⁹⁵

Figure 2: PRC Missiles Targeting Taiwan

Name	Type	Quantity
DF 11 (CSS-7)	Short-range ballistic missile	700–750
DF-15 (CSS-6)	Short-range ballistic missile	350–400
DH-10	Cruise missile	150–300
C-602	Cruise missile	unknown
As-17 (Kh-31)	Antiradiation cruise missile	unknown
Harpy	Antiradiation drone	unknown

Source: Eric C. Anderson and Jeffrey G. Engstrom, *Capabilities of the Chinese People’s Liberation Army to Carry Out Military Action in the Event of a Regional Military Conflict* (McLean, VA: Science Applications International Corporation, May 2009), p. 37.

The PLA would likely conduct missile saturation attacks along with land-attack cruise missiles and antiradiation attack drones.¹⁹⁶ The PLA’s growing arsenal of land-attack cruise missiles (both ground and air launched) would target immobile, hard-to-strike, high-value assets and would pose a serious challenge to Taiwanese defenders. Antiradiation attack drones, such as China’s Israeli-produced Harpy, would target hidden air defense radars. In the event of a successful attack, these drones could severely weaken Taiwan’s air defense capabilities. The PLA also could use domestically produced cruise missiles, such as the air-launched AS-17 antiradiation cruise missile, to augment its Harpy drone attacks.¹⁹⁷

Complicating matters for Taiwan are its limited missile defenses. Currently, Taiwan's missile defense arsenal has only 330 missiles, consisting of the Patriot (PAC-2), Hawk, and Skybow/Tien Kung surface-to-air missile batteries.¹⁹⁸ In the event of a PLA missile saturation attack, these limited amounts would be incapable of providing sustained protection and would likely be exhausted quickly.¹⁹⁹

Taipei does, however, have a limited missile counterattack capability. Taiwanese cruise missiles could be used to strike mainland missile repositories, command and control facilities, and possibly even air bases or ports. In addition, Taiwanese aircraft are capable of attacking the mainland. However, the Taiwanese military is likely to conserve these for air defense purposes instead.²⁰⁰

Taiwan's 2009 Quadrennial Defense Review

In March 2009, Taiwan's Ministry of National Defense released its first-ever Quadrennial Defense Review in order to "describe the prospects and reform directions of [Taiwan's] Armed Forces in the face of challenges in an evolving strategic environment." Based on the central theme of "building a professional armed force and maintaining peace in the Taiwan Strait," the Quadrennial Defense Review is broken into four chapters:

- *Core Defense Challenges*—focuses primarily on PRC challenges to Taiwan's international space, the growing cross-Strait military imbalance, the influence of defense transformation, and the necessity for defense reform.
- *National Defense Strategic Guidance*—focuses on describing the "Hard ROC" [Republic of China] defense policy and how Taiwan's defense and military strategy conforms to this policy.*
- *Defense Transformation Planning*—focuses on transforming and modernizing Taiwan's military, to include organization, personnel, planning, command, and fiscal reforms. In addition, this section discusses Taiwan's goal of achieving an all-volunteer force by 2014.
- *Guidance for Joint Warfighting Capability Development*—focuses on the need to develop various capabilities required for joint operations.²⁰¹

Air Capabilities

After initial attacks, the PLA could be expected to launch a campaign to seize air superiority.²⁰² The success of seizing air superiority is critical in determining the outcome of any large-scale use of force against Taiwan.²⁰³ Over the years, Taiwan's air capabili-

*According to the Taiwanese Ministry of Defense, the Hard ROC defense policy centers around three aspects: ensuring the survivability of Taiwan's warfighting capability and infrastructure, making maximum use of joint operations to destroy the enemy at sea or in the air (prior to landing on Taiwan), and improving defense mobilization activities. Ministry of National Defense, *Quadrennial Defense Review 2009* (Taipei: March, 2009), p. 65.

ties relative to China's have begun to shrink.²⁰⁴ The table below shows a comparison between current PLA and Taiwanese aircraft.

Figure 3: Total Taiwan and PLA Fighters and Airborne Early Warning and Control (AEW&C) Aircraft*

Taiwan			PLA		
Name	Type	QTY	Name	Type	QTY
Mirage 2000	Fighter-Interceptor	57	Su-30MKK	Fighter-Multirole	127
F-16 A/B	Fighter-Multirole	144	Su-27SK/J-11B	Fighter-Multirole	132
F-CK-1 A/B	Fighter-Multirole	125	J-10	Fighter-Multirole	80
F-5E	Fighter-Multirole	50	J-8	Fighter-Interceptor	390
E-2T	AEW&C	6	J-7	Fighter-Multirole	579
			Q-5	Fighter-Ground Attack	235
			JH-7A	Fighter-Ground Attack	70
			KJ-2000	AEW&C	5
			Y-8J	AEW&C	2

Source: Eric C. Anderson and Jeffrey G. Engstrom,, *Capabilities of the Chinese People's Liberation Army to Carry Out Military Action in the Event of a Regional Military Conflict* (McLean, VA: Science Applications International Corporation, May 2009), p. 41.

In recent years, the PLA has taken three steps to improve its air capabilities. First, it is increasing the number of its advanced combat aircraft through domestic production or foreign acquisition. For example, the RAND Corporation projects that by 2013 there will be a significant increase in the number of all of the PLA Air Force's advanced combat aircraft—already significantly larger than Taiwan's.²⁰⁵ Second, the PLA is improving its older aircraft, such as the J-8, by equipping them with updated avionics to enhance missile-launching capabilities.²⁰⁶ Third, Beijing is strengthening its ability to coordinate air strikes by acquiring improved airborne early warning and control aircraft, such as the KJ-2000 and the Y-8J.²⁰⁷

In contrast to the growing size and quality of the PLA's fighter force, Taiwan has not substantially upgraded its fighter force in the past decade and may not do so in the near future.²⁰⁸ Although Taiwan requested the sale of 66 F-16 C/D fighters from the United States, these aircraft were not part of the Bush Administration's October 2008 notification to Congress of U.S. arms sales to Taiwan. Although these fighters are still desired by Taiwan, it is unclear whether the Obama Administration will agree to sell these, or other, modern aircraft to Taiwan.²⁰⁹

Naval Capabilities

As discussed in chapter 2, section 2, of this Report, Beijing expects the PLA Navy to prevent Taiwan's secession. The key focus of this mission is to seize maritime superiority around Taiwan, thus enabling an amphibious invasion or blockade of the island.²¹⁰ According to the Science Applications International Corporation's

*This table represents the total number of aircraft available for each military. It does not account for the number of aircraft that would be held in reserve due to other missions, such as defending Beijing or providing border defense in other parts of China or held in reserve for later use.

report, China holds “nearly a 29:1 advantage in attack submarines, a 7:1 advantage in destroyers, and an approximate 2:1 advantage in frigates and fast [attack] craft.”²¹¹ Furthermore, if China did achieve air superiority over the Strait, PLA air and surface attacks would likely overwhelm Taiwan’s naval forces, rendering its anti-submarine assets unusable.²¹² Although discussion of U.S. support for a Taiwanese indigenous submarine program has occurred for several years, a submarine design program was not included in the 2008 arms deal.²¹³ The table below demonstrates the naval advantage China currently enjoys over Taiwan.

Figure 4: Comparison of PLA and Taiwan Naval Surface and Subsurface Fleets

Taiwan			PLA		
Name	Type	QTY	Name	Type	QTY
<i>Keelung</i>	Destroyer	4	<i>Luyang I, II</i>	Destroyer	4
			<i>Luzhou</i>	Destroyer	2
			<i>Sovremenny</i>	Destroyer	4
			<i>Luhu</i>	Destroyer	2
			<i>Luda I, II</i>	Destroyer	14
			<i>Luhai</i>	Destroyer	1
<i>Cheng Kung</i>	Frigate	8	<i>Jiangkai I</i>	Frigate	3
<i>Kang Ding</i>	Frigate	6	<i>Jianghu I-V</i>	Frigate	31
<i>Knox</i>	Frigate	8	<i>Jiangwei I, II</i>	Frigate	14
<i>Hai Lung</i>	Attack Submarine	2	<i>Han</i>	Attack Submarine	4
			<i>Shang</i>	Attack Submarine	1
			<i>Yuan</i>	Attack Submarine	1
			<i>Song</i>	Attack Submarine	13
			<i>Kilo</i>	Attack Submarine	12
			<i>Ming</i>	Attack Submarine	19
			<i>Romeo</i>	Attack Submarine	7
N/A	Fast Attack Craft	50	N/A	Fast Attack Craft	77

Source: Eric C. Anderson and Jeffrey G. Engstrom,, *Capabilities of the Chinese People’s Liberation Army to Carry Out Military Action in the Event of a Regional Military Conflict* (McLean, VA: Science Applications International Corporation, May 2009), p. 45.

Conclusions

- Since the May 2008 inauguration of President Ma Ying-jeou, cross-Strait relations between China and Taiwan have improved on some fronts. Although noticeable political and economic improvements in the relationship have occurred, these improvements are not matched in the military arena. Instead, the PLA’s capabilities continue to grow, increasing the military threat confronting Taiwan.
- One area of improvement entails the resumption of semiregular, high-level meetings between the two sides. In particular, the cross-Strait dialogue between Taiwan’s Straits Exchange Foundation and mainland China’s Association for Relations Across the Taiwan Strait has occurred three times, with a fourth tentatively scheduled for late in 2009.

- As a result of improving cross-Strait relations, a growing number of agreements have been signed between Taiwan and China since May 2008. These agreements include the resumption of the Three Direct Links, the signing of a financial cooperation agreement, the commencement of cooperation on combating cross-Strait crime, and the establishment of a food safety agreement. In addition, there has been substantial progress toward the establishment of a free trade agreement.