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DETENTE NEEDS MUSCLE

Taiwan Modernization Underpins Chinese Dealings

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Early last month, several of Taiwan's Ministry of National Defense officials met with the Legislative Yuan's Foreign and National Defense Committee. During his testimony, Chang Liang-jen, vice minister of national defense, noted that Taiwan's defense procurement budget will be reduced as a result of the planned move to an all-volunteer force. He did not state whether that reduction is simply through the transition period or a long-term adjustment.

The move to an all-volunteer force is not the only pressure on Taiwan's defense budget. Taiwan's economy is expected to contract by 6 percent to 7 percent in 2009, and it is likely that defense spending will come under extensive budgetary pressures as the government of President Ma Ying-jeou seeks to allocate greater resources to social welfare and industrial development.

The contraction will allow Ma to claim that he is maintaining his commitment to spending 3 percent of GDP on defense. But as a practical matter, we would likely see a significant and real drop in defense spending.

Such a reduction in resources, and the slowing in Taiwan force modernization that comes with it, could seriously jeopardize the ability of the Ma government to place Taiwan's relations with China on firm and sustainable footing.

Ma enjoys high support for his country's policies toward China not as a goal unto itself, but as part of a broader strategy to improve Taiwan's international profile and operating space.

Yet China continues to hedge on its Taiwan policy. China is continuing its force modernization efforts, and the People's Liberation Army remains focused on ensuring its ability to coerce Taiwan while deterring U.S. intervention. The Chinese feel a need for options, including military ones.

Ma is therefore wholly beholden to the willingness of the Chinese to continue to provide Taiwan with greater international breathing room. If the Chinese balk or fail to make material concessions, domestic support for Ma's policies will erode. The prospect of a chastened Ma government and a China frustrated over another failed strategy is deeply troubling. This is a contingency that should not be overlooked.

Conversely, Taiwan's negotiating position is strengthened immeasurably by a robust U.S. security commitment; it underpins Ma's outreach and ensures a degree of Chinese respect for Taiwan's options. This is an essential component if Taiwan-China detente is to have legs and if Ma is to build enough momentum to ride out the rougher patches that are sure to come.

During his recent transit through Los Angeles, Ma again called for the United States to accept Taiwan's Letter of Request (LoR) for F-16C/Ds. He has certainly remained consistent in his public calls for a second tranche of fighters, but do his public calls match the private case his senior advisers are making directly to the U.S. government?



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If Ma's colleagues are quietly counseling a conservative approach, while the president's public rhetoric provides cover domestically, Ma is placing his China policies at further risk by undermining the credibility of his defense and security policy.

This is a critical question, particularly given how high a cost the United States contends it pays in its relationship with China when deciding to release weapons to Taiwan. Washington regrettably spends considerable time and effort gaming out the optimum time for Taiwan arms-sales notifications to Congress vis-à-vis its relationship with China. This strategy is inherently flawed, yet it will still no doubt drive consideration in 2009.

All these substantial economic and political pressures should play important roles as the Obama administration considers the outstanding congressional notifications of arms sales to Taiwan - Black Hawk helicopters and PAC-3 missiles - and decides whether it will finally accept Taiwan's LoR for F-16C/Ds.

The two principal reasons for the Obama administration to move decisively on Taiwan arms sales are resources and timing.

Taiwan has budgeted substantial resources for defense procurement in 2009, and every penny needs to be realized. There is simply no guarantee that resources will be available again in 2010, or in similar quantities. In addition, delay of another year pushes back other procurement priorities coming down the line. This is not beneficial in a budget environment where senior Taiwan officials have admitted that other priorities will eat into procurement spending.

It also makes sense for the Obama administration to take action soon on the pending notifications and on the LoR for F-16s. Every day the administration waits, the tougher the decision is to make. The Chinese are hugely vested in ensuring that Obama's visit to China in the second half of 2009 is successful, and notifications in July or August provide ample time for China to make its perfunctory fuss before rallying around a successful presidential visit. Any delay almost certainly pushes any movement to the end of the year or beyond.

Both Taiwan and the United States would gain much in moving this issue quickly to the National Security Council for review and ultimately to Obama's desk with the counsel to proceed with the sales this summer.

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