US Policy Action towards Taiwan amidst US-China Trade War

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ABSTRACT
The U.S. commits to One-China Policy that recognizes that Taiwan is a part of China. However, they are also informally bound by the 1979 Taiwan Relations Act, that requires them to come to Taiwan's aid. In the light of economic and political tensions arising from US-China trade war and the re-election of Taiwan's President, it is essential to explore U.S.' actions that can have a sizeable impact on economies around the world. Given US' fundamental democratic values, commitment to the protection of East Asia and desire to maintain a strategic military position, the U.S. needs to intervene if China takes forceful military action against Taiwan. However, to not aggravate China and worsen their economic relations, the intervention should only be passive that facilitates dialogue between China and Taiwan.

KEYWORDS: United States, People's Republic of China, Taiwan, US-China trade war, One-China Policy, Taiwan Relations Act, East Asia, Foreign policy

INTRODUCTION
The United States (U.S.) has a formal commitment to 'One China Policy', which compels it to recognize that Taiwan is a part of the People's Republic of China (P.R.C.) (Embassy of the People's Republic of China in the Kingdom of Norway, 2004). At the same time, under their 1979 Taiwan Relations Act (T.R.A.), the U.S. has unofficially committed to coming to Taiwan's defence, if needed (American Institute in Taiwan, 1979). With the recent re-election of President Tsai Ing-Wen in Taiwan, leader of the Democratic Progressive Party (D.C.P.) that supports Taiwan's sovereignty, it is necessary to determine the U.S.' obligations, especially concerning the ongoing US-China trade war and its foreign policy on fostering democracy (Bush, 2020).

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U.S. – CHINA TRADE WAR

China is currently the U.S.' largest goods trading partner totalling $659.8 billion during the year 2018 (Office of the United States Trade Representative, 2020a). Citing national security as the reason, on April 4 2018, the U.S. imposed 25% tariffs on Chinese goods worth US$50 billion (Council on Foreign Relations, 2020). China responded by imposing reciprocal tariffs. Since then, the two countries have been at a trade war that has had repercussions throughout the world. In January 2020, the tensions between the two countries eased as the countries committed to relax tariffs and purchase more goods.

Taiwan also plays an important role, currently being the 11th largest goods trading partner totalling US$78 billion (Office of the United States Trade Representative, 2020b). It is a critical player in global supply chains of computers and telecommunication component technology. Most of the electronic products imported into the U.S., such as products from Apple Inc., are assembled by Taiwanese-owned businesses (Morrison, 2019). Maintaining the stability and viability of Taiwan's economy is vital to the health of the U.S. and global economies.

With China and Taiwan currently being at odds, the U.S. can either leverage its relations with Taiwan, especially its trade agreements, to negotiate a favourable deal with China or China might unify with Taiwan, strengthening China's economic position. Either case would have a significant impact on the economies all around the world.

U.S.’ FOREIGN POLICY TO PROMOTE DEMOCRACY

One of the key objectives of U.S. foreign policy is promoting democratic institutions, processes, and values (Lawson & Epstein, 2019). Over the past decade, the U.S. has allocated more than $2 billion annually from foreign assistance funds to promote democracy. Taiwan is a model of an emerging democracy, having evolved from a one-party authoritarian state to multiparty democracy and an open society. The U.S. passed the Taiwan Allies International Protection and Enhancement Initiative (TAIPEI) Act on March 4, 2020, which strengthened the U.S.' resolve to protect Taiwan's national recognition (Zhou, 2020). However, the TAIPEI legislation has attracted criticism from the Foreign Ministry of China. If the U.S. intervenes, then they would be in direct violation of their official 'One China policy', attracting reproach from China and consequential economic loss.

On the other hand, the U.S.' commitment to Taiwan's security and peaceful resolution of its relationship with the Mainland remains essential for its credibility in the global order. The U.S. has other allies in East Asia such as Japan, South Korea, Philippines, who rely on the U.S. for their security and maintaining peace and stability in the region (Breer, 2010). Although East Asia fears US-China military conflict over Taiwan, the U.S.'s abstention would question its regional commitment against China and compel the allies to fear U.S.' abandonment of their interests as well.

Besides, Taiwan's central location in the South China Sea has served a variety of strategic purposes for regional powers since World War II, both offensive and defensive (Bosco, 2015). While China's reaction and hostility are valid concerns, the U.S.' non-intervention would be compromising its foreign policy values, international commitments, and strategic defence and offence in East Asia. Further, it would give China the platform to demonstrate the power of authoritarianism to the world, which would not be preferred by the U.S.
POLICY RECOMMENDATIONS FOR THE U.S.: PASSIVE INTERVENTIONS

Active intervention in Taiwan might escalate U.S.’ economic tensions with China. However, complete abstention would compromise their democratic values. The optimal policy action for the U.S. should be a passive intervention. First, the U.S. should provide a platform to facilitate dialogue between Taiwan and China to ensure that there are no unilateral changes in the status quo and no provocation from either China or Taiwan. Second, according to the P.R.C.’s 2005 Anti-Secession Law, it can employ non-peaceful means to achieve national reunification with Taiwan (Chinawaledu, 2012). In this unlikely case, if China’s actions threaten regional stability and cross-strait security, the U.S. should intervene and deploy reasonable military force. Third, in the implementation of the TAIPEI Act, instead of asking international agencies to recognize Taiwan, the U.S. should support Taiwan’s informal engagement in global space. Taiwan should be allowed to participate in international meetings and conferences as an observer instead of a formal participant. Several creative ways to share information, resources or policies with Taiwan can be employed without giving Taiwan any decision-making power. This would help promote human rights, global health, and S.D.G.s in Taiwan without aggravating China.

POLITICAL FEASIBILITY

To implement the policies, the U.S. needs to get China on board. The U.S. has to promise not to take any military action unless their national security or security of East Asia is threatened. The U.S. needs to negotiate with China to determine the extent of Taiwan’s engagement in international space. While Taiwan might wish for more active intervention from the U.S., it has no reason to object to the proposed policy actions.

To facilitate dialogue between China and Taiwan, the U.S. can employ its existing organizations in the two regions, the U.S. Embassy and Consulates in China and American Institute in Taiwan. Since the regional institutions' have more familiarity with domestic issues and policies, they can provide a peaceful and efficient communication platform between China and Taiwan.

Given the U.S.’ current status and power in international organizations (I.O.s), implementing the TAIPEI Act would be feasible and encouraged (Hillard & Shendruk, 2019). The U.S. is one of the five permanent members on the U.N. Security Council, and also the largest donor to the U.N., contributing roughly one-fifth of the body’s collective budget. It also maintains a similar amount of contribution and membership in other I.O.s such as APEC, ASEAN, and so on.

FINANCIAL FEASIBILITY

There are two main costs for the U.S. First; the proposed actions would require increasing monetary donation to the I.O.s to enhance its power and control. However, even if the current administration does not increase the contributions or if it decreases the pertinent budget, the U.S.’ current status in the organizations still makes the recommendations feasible. Second, the policies would also require increasing the U.S. Department of Defense’s budget on overseas contingency operations, if military intervention is undertaken. As per the department’s 2020-21 budget, 10% is allocated to overseas contingency operations (U.S. Department of Defense, 2020). Based on the U.S.’ past military interventions for safeguarding national security and geographical importance of Taiwan, it is very likely that the U.S. would be willing to fund operations for maintaining cross-strait stability (Bergsten, Freeman, Lardy & Mitchell, 2009).
The passive intervention would have the benefits of decreasing potential friction with China and avoid both trade war and military conflict. Discouraging China’s intimidation and military threats to Taiwan would also promote a democratic political system in Taiwan. Further, the increase of Taiwan’s engagement in I.O.s would also improve the strength of democracy to the world.

CONCLUSION
The proposed policy actions would ensure economic stability and national security for both the U.S. government and the citizens of China and Taiwan. It would maintain peaceful and stable cross-strait relations. However, if any of the three regions dissent from the agreed-upon policies, the U.S., China, and Taiwan would all suffer from economic loss, escalated trade war, and military conflicts.

REFERENCES