

THE BROOKINGS INSTITUTION

WEBINAR

U.S.-TAIWAN POLICY IN 2021 AND BEYOND

Washington, D.C.

Thursday, November 12, 2020

PARTICIPANTS:

RYAN HASS, Moderator
Fellow, Michael H. Armacost Chair, and Interim
Chen-Fu and Cecilia Yen Koo Chair in Taiwan
Studies, Center for East Asia Policy Studies
The Brookings Institution

RICHARD C. BUSH
Nonresident Senior Fellow, Center for East Asia
Policy Studies
The Brookings Institution

BONNIE S. GLASER
Senior Advisor for Asia
Director, China Power Project
Center for Strategic and International Studies

SYARU SHIRLEY LIN
Nonresident Senior Fellow, Center for East
Asia Policy Studies, The Brookings
Institution
Compton Visiting Professor in World Politics,
Miller Center of Public Affairs, University
of Virginia

ERIC SAYERS
Adjunct Senior Fellow, Asia-Pacific Security
Program, Center for a New American Security
Vice President, Beacon Global Strategies

* * * * *

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

P R O C E E D I N G S

MS. SOLIS: Welcome everyone. I am Mireya Solis, director of the Center for East Asia Policy Studies at the Brookings Institution. Thank you very much for joining us for today's webinar, U.S.-Taiwan policy in 2021 and beyond.

Last week, Americans voted in record numbers and Joe Biden won the election. Today, our panelists will discuss what the incoming Biden administration will mean for the future of U.S.-Taiwan policy. Taiwan is an issue that has grown in public prominence in the United States. There have been growing questions about Taiwan's security and America's role in ensuring it. Our panelists have been at the heart of those discussions and will be able to put them in context for our audience.

Our panelists will also discuss how the next administration will work with Taiwan to manage the different challenges that Taiwan faces, including its political situation, its international space, and security, economic, and technological issues. This conversation will be moderated by Ryan Hass, the Armacost chair and interim Koo chair in Taiwan Studies in the Foreign Policy program at Brookings. Ryan, over to you.

MR. HASS: Thank you, Mireya, for kicking off our event. I'm delighted to welcome an all-star panel of experts to help us take stock of where U.S. policies for Taiwan stands now and how it might evolve following the U.S. presidential inauguration on January 20. But before we dive into our discussion, I do want to introduce our four speakers. I'm going to be brutally efficient in my introductions in order to preserve time for our discussion. But their full biographies with all their accomplishments can be found online.

Richard Bush is one of America's foremost experts on Taiwan. After a distinguished career in government and at Brookings, he presently is a nonresident senior fellow at Brookings. He has a book coming out in the spring of 2021 that I encourage everyone to purchase titled *Difficult Choices: Taiwan's Quest for Security and the Good Life*.

Bonnie Glaser also has deep expertise and is recognized as one of America's foremost experts on Taiwan and cross-Strait issues. She along with Richard and Mike Green co-chaired a recent

task force on the future of U.S. policy toward Taiwan. The task force report is available at CSIS's website. I encourage everyone to take a look. Bonnie is the director of the China Power Project and a senior advisor for Asia at the Center for Strategic and International Studies

Shirley Lin is a leading voice on issues relating to economics and innovation in Asia. After a successful career in private equity and venture capital working at the front lines of many of these issues, Shirley has taken up scholarly pursuits. She is a nonresident senior fellow at Brookings and also has a book project in the works.

Eric Sayers is an expert on security issues relating to Taiwan. Formerly an advisor to the PACOM commander and a professional staff member of the Senate Armed Services Committee under John McCain, Eric is now a vice president at Beacon Global Strategies, and an adjunct senior fellow at CNAS.

So now, turning to our conversation, I plan to focus on six major baskets of issues over the next hour. The first will be setting the scene. Where are we right now? Then, we will turn to an examination of Taiwan's political situation. We will look at Taiwan's international space, discuss security issues, economic issues, as well as technology issues before we open the floor to questions and comments from our audience.

So now, setting the scene. I want to ask our expert panel: how would you describe the current state of the U.S.-Taiwan relationship and of cross-Strait relations in this current moment? What will the next administration's inheritance be when it takes office in January? Bonnie, if we could start with you?

MS. GLASER: Well, thank you Ryan. And good to be with you for this discussion today. You know the U.S. Taiwan relationship, I think, is quite strong for several reasons. First, we are in a period of significant convergence between U.S. and Taiwan interests, and President Tsai has attached priority to the U.S.-Taiwan relationship. She assumed the course of prudent, moderate policies toward mainland China and this has helped to strengthen the relationship.

Second, Taiwan is under growing pressure from China at a time when the United States

is increasingly concerned about Chinese policies and ambitions around the world. And third, I think Taiwan increasingly has shown a willingness to provide public goods and to strengthen democracy and freedom around the world, and, of course, it's exemplary performance not only at home, but also in helping the world at a time when COVID-19, I think, is one example.

And I think both sides have worked to strengthen the relationship. So, we've seen progress in the area of defense and security and diplomatic coordination. The weakest area, of course, is the economic and trade pillar of the relationship and it will be, of course, this week that we will actually formally begin an economic dialogue with Taiwan. But that will focus on protecting supply chains, energy, 5G. It will be held by the State Department, not by the U.S. Trade Representative office, so there have been no trade talks in the years of the Trump administration. And President Tsai, of course, has lifted restrictions now on beef and pork and there has not been a positive response in starting trade talks.

And then, very briefly, I would say on cross-Strait relations, they gradually deteriorated over the last four years. Beijing refuses to deal directly with the democratically elected government in Taipei. Official communications were cut early when Tsai Ing-wen was elected. But really, more recently, we've seen ties frayed between Beijing and the leading opposition party, the KMT. And the Chinese are relying now, I think, more on sticks than on carrots increasingly when dealing with Taiwan. It's poached eight of Taiwan's diplomatic allies since 2016.

And now, we have PLA aircraft, of course, crossing the centerline beginning in March 2019 for the first time in 20 years. And also, of course, now regularly going into the air defense identification zone. And this is all, you know, intimidation.

President Tsai, of course, has continued to call for cross-trade dialogue. Most recently in her October 10th speech, and she called for the two sides to live in peace and said Taiwan was committed to upholding cross-Strait stability, but this is not something Taiwan can shoulder alone. It is, of course, she said the joint responsibility of both sides. And Beijing, of course, has shown no interest in taking up her offer.

So back to you, Ryan.

MR. HASS: Thank you, Bonnie. I think you've done a great job sort of laying the table for us.

And now, I'd like to turn to Richard. Richard, you've witnessed multiple presidential transitions, and so I have two questions for you about the transition process. The first, what should we expect in terms of how long it will take for the next administration's policy team and policy on Taiwan to come into focus? And in the interim period, what should we be looking for? What are likely signals of the likely direction that the Biden administration's policy approach towards Taiwan will take?

MR. BUSH: Thank you, Ryan. And hello to everyone in Zoom land.

My brief answer, Ryan, to your question is months, not weeks, and perhaps several months. And we should consider the Biden team's immediate priorities first, get transition teams into various agencies, to find out what those agencies have been doing for the last four years. Two, re-create the traditional inter-agency process that Donald Trump set aside. Third, fill the many, many policymaking positions across the government. So, the next few months will be devoted more to policy process than policy substance.

Now, on substance, there's been a lot of speculation about the Biden administration's policies on an array of issues. This speculation is based on limited and often outdated data. The predictions are either premature or wrong. On any issue, real policy formulation starts now. Keep in mind that the broader context here is both important and terrible. We are a country in crisis, the pandemic, the economic downturn, the divisions and rancor in our society, and the divisions and potential gridlock within the U.S. government.

President Biden, I think, will have to spend the bulk of his time on these domestic crises. This is not a bad thing. I think the United States that strengthens itself domestically where it is weak, and corrects the mistakes of the last four years, will be better able to act internationally. So, for those who want to know today what Biden's Taiwan policy will be, my advice is please be patient.

On the question of what to look for I think we will get some clues about Taiwan policy in the weeks and months ahead. President Biden's inaugural address will provide a general indication of his

foreign and security policy. What will he say, for example, about respect for democracy around the world?

Next, the confirmation process for senior officials will provide some insights into future policy. I'll be curious, for example, how the nominee to be the U.S. trade representative responds to a question about a bilateral trade agreement with Taiwan. And there may be events that occur in the early months that are revelatory. It is important to recall that Taiwan policy will be embedded in the broader Asia policy, including policy towards China. That does not mean Taiwan policy will be a function of, or a derivative of, China policy, whatever that will be. But it will be part of the larger whole.

Still, please keep in mind president-elect Biden voted for the Taiwan relations act. As Bonnie said, U.S. and Taiwan interests have been converging and they have been converging since 2008. Neither President Biden, nor his advisers are in any way naïve about China's ambitions, including for Taiwan. President Biden himself, and his senior advisors place a lot of importance on democracy and have respect for democratic systems like Taiwan.

So, although friends and Taiwan need to be patient, they can also be confident. Thanks.

MR. HASS: Thank you, Richard. I think that that provides a really strong sort of a foundation for the rest of this discussion that will take place over the next hour.

If I could, I'd like to turn to Eric next. Eric, I want to tap into your experience on Capitol Hill. Richard was just talking about partisan divisions and rancor in the United States. But Taiwan has been an area that has escaped that dynamic. There's been very strong bipartisan support on Capitol Hill for Taiwan. To what extent does that legacy lock in the new administration on sustaining the current course of American policy towards Taiwan? And in what areas do you think there may be some room for adjustments?

MR. SAYERS: Of course, thanks Ryan. And great to be on, thanks to Brookings for inviting me today. No, I think we can really expect Congress to continue to play a unique role in the relationship, as they have since the Taiwan Relations Act of 1979. You know the interest level on the Hill for Taiwan, for China issues, you know the Asia Pacific and the Indo Pacific more broadly, it's never been

higher. You know, when I – I wish I could've had this level of interest when I was a staffer five or six years ago.

Now, in recent weeks with the election we've lost some key members, like Cory Gardner, who had played a strong role in his first six years, his first term in the Senate. But as we've seen in the last decade or so is, as a number of the strong foreign policy minded Asia focused members have left the Senate, you know, there's no – there's a long line of smart, younger members who are interested in the region and are ready to step up.

Now, looking forward, and I also believe China and support for Taiwan as Richard mentioned this is going to be a litmus test during the confirmation process this winter. In the past, you may have gotten a few questions here and there on trade in certain committees, and on, you know, the South China Sea and other committees. But I think senators in a bipartisan fashion are kind of thinking and plotting now all the questions that they're going to ask across a range of committees, not just a future secretary of state and secretary of defense on Taiwan, but the commerce nominee, the nominee for the Treasury Department and USTR as well.

You know, and I will also say just yesterday I had an hour-long conversation with a senator who is focused on foreign policy, but hasn't focused as much on Taiwan. And that person just wanted to talk about Taiwan for an hour and hear what's the latest? What can we be doing, and what are the new ideas and where is the new energy?

Now, you know, the Biden team, to your second part of your question, the Biden team has a tough task ahead. You know, they face concerns on the Hill, as well as in Taipei. You know the Trump administration's commitment was a high-water mark of sorts for the relationship and Washington may now revert back to maybe a previous form and previous administrations where there was a concern sometimes that Taiwan was more of a subset of the U.S.-China relations.

What can we expect to be different? You know, I would expect that there is going to be less high-level focus just naturally. You know the visits, the State Department tweets on a weekly basis, the assistant secretary is giving speeches at the Brookings and other think tanks in Washington on a

monthly basis. This has become a very natural pattern, we've all appreciated it in the last month, and that's something I don't think we'll see quite the same pace and rigor of. You know, will still see some of it as we have in the past.

And we also might see potentially fewer arms sales. Not for political reasons, but I think because Taiwan has made such a large financial commitment to purchases over the next five and six years across a range of issues. So just to conclude, this gives, you know, I think the Biden team an opportunity to look at a number of areas where they can try to answer this call and maintain strong momentum in the relationship.

As was mentioned, they could focus on a trade agreement as part of a more narrow Biden trade agenda for the region. And we can certainly expect Congress to continue to push hard in a bipartisan fashion on that issue. They could work to elevate Taiwan as a global model for public health cooperation and for bringing attention to Taipei's successful response to COVID-19 and doing things like supporting more participation in the World Health Organization.

And finally, they could also make China the explicit priority in their national defense strategy. It was always China and Russia in this recent NDS, even though the Department would like to say China's the first priority it wasn't ever explicitly that. So if we have a Michèle Flournoy as secretary of defense or someone in that model who's written very favorably on this topic and the need for prioritization for cross-Strait deterrence, I think an NDS could make it explicit and the cross-Strait deterrence could be a principal planning objective for the department in this new era.

So that's just kind of three ideas on where the Biden administration might look to try to continue the momentum and the relationship. And I'll finish there. Thanks, Ryan.

MR. HASS: Perfect. Thank you, Eric.

So, Shirley, we've sort of set the table of how things look from Washington's perspective. If I could ask you to provide an insight into how things look from Taiwan's perspective? Broadly speaking, it seems that President Trump's Taiwan policy was not seen favorably in Taiwan, so what lesson should the incoming team take from that fact and relatedly, where do you anticipate that the Taiwan authorities

may encourage adjustments or improvements to the strategy approach from the United States that we've seen in recent years?

MS. LIN: Thank you, Ryan. I agree with all three panelists on their description that, of course, we're in the process of not knowing what's going to happen, yet. And, I be the only person in Taipei today, I should be – I think I faithfully report how I feel because I've been talking extensively to different political parties, to younger folks. I'm teaching a class at National Chengchi University and being here during the American election is really exciting.

Everybody wants to talk about the election, as if they are voting. And it's really because, of course, they don't get to decide the election, but they care. They think that it really determines Taiwan's future in many ways. But a lot of people are very supportive of Trump's foreign policy simply because they're so eager for Taiwan to have respect and dignity, which since Taiwan became democratic really was a goal that was not in sight.

Now Trump was really welcomed, not because people didn't know the cost and benefit of Trump's policy but because his administration was much more forthcoming. In arms sales, seemingly to expand Taiwan's international space, high level official contact and simply there is a lot of reason to think that this is the high-water mark, as Eric said. But there's also grumbling that Tsai has given in too much. Bought too much, too costly, these arms packages, were they well designed, well thought out? These are problems that have been going on for years. But also, in allowing American beef and pork recently to come in, this is tonight's front page -- basically today's front page – news, and prime time television.

But others simply believe that Taiwan is focusing too much on the U.S. hoping for this partner to continue. Is the U.S. policy sustainable? Will Biden continue? Will it backtrack from Trump administration's policy towards Taiwan and China? And of course, most importantly, most people know that Trump administration's policy, of course, could be just using Taiwan as a pawn.

And has Bonnie had said, is it really looking at Taiwan as a democracy that could do a lot with other regional partners? And that, would U.S. just trade Taiwan away, when it wants to complete a trade deal where Taiwan is inconvenient? And I think memories, although not for the young people, but

the historical memory of being abandoned since the Civil War and then later rapprochement and normalization still is very important to a lot of people. And so the anxiety for people to move into a possible new era that is completely different than the last four years is causing anxiety at such a high level that this is, I think, what most people don't realize in terms of the support for what has been happening so far.

MR. HASS: Fascinating. Thank you.

Richard, I think Shirley has provided the perfect segue for us to move into a discussion of Taiwan's political situation. You have spoken and written extensively about Taiwan's need to forge a strong domestic consensus on its future based on a realistic assessment of its strategic environment. But forging such a consensus is difficult, in any democratic society. It's made even more difficult by competing domestic demands inside Taiwan, and the fact that China is geographically 90 miles away from Taiwan.

So, on balance, how would you grade Taiwan's progress to date in forging a strong domestic consensus about its future? And what role, if any, is there for the United States in supporting the people of Taiwan in this effort?

I think you're on mute.

MR. BUSH: Sorry. This is a really important question. I think it's telling that both President Ma Ying-jeou and President Tsai Ing-wen, after having to grapple with the challenge of leading Taiwan for several years, each stressed the need for greater unity across the board. And we know of credible assertions that China itself had sought to sow divisions within Taiwan, and it certainly benefits from divisions.

There is a paradox here. That is, we will – we all can appreciate why Taiwan will be more effective in meeting the challenge from China if there is a broad consensus on how to do so. But democracy as a system encourages division and competition over policy and resources. And Taiwan is no exception. It is worth noting that there are some important areas of agreement across the island. Polling indicates that there is strong unanimity concerning social values. People believe, in principle, that

democracy is the best system of government. The significant majority wants to continue the status quo rather than run the risks associated either with unification or independence.

Around 90% of those surveyed say they are either exclusively Taiwanese, or both Chinese and Taiwanese. By the way, those terms are defined so it's not clear what the finding meetings. On the other hand, there are a lot of issues on which there's significant disagreement. Economic policy, balancing the needs of young people, working people, and the elderly, the government budget both revenue and expenditures, energy security, transitional justice, and so on.

None of these issues are easy. So, it shouldn't surprise us that politicians and people disagree. Some issues are never resolved.

MR. HASS: You've laid out a variety of issues where there's contestation in the Taiwan political system. What do you view as the most significant or sharpest areas of policy difference between the competing political actors in Taiwan?

MR. BUSH: Well, far and away, the biggest and most divisive challenge is how to cope with China. Political leaders and the public disagree over whether Beijing is an economic opportunity or a political and security threat. Over what strategy the island should adopt in response and the U.S. place in that strategy; over how much to accommodate Beijing to best protect Taiwan's interest. And how to mobilize resources and sustain public support.

The Ma administration was more accommodating than the Tsai administration. The KMT is currently trying to figure out how to both accommodate Beijing and win elections. So, it's not easy. Yet whatever the degree of accommodation, and despite the anti-unification consensus of the Taiwan public, we need to recall that Beijing's ultimate objective, which is to incorporate Taiwan within the PRC system under the one-country, two systems formula, it hasn't changed. And it's unlikely to change.

I think Taiwan has gained a better sense of the constraints under which it operates, but meeting the challenge from China is still very hard. The stakes are high, and the cost of failure are profound. Resolving the pressing policy dilemmas through a democratic system is not easy. Taiwan is no exception. Polls suggest that the public is ambivalent about Taiwan's democracy and doesn't have

much respect for legislators or political parties.

Taiwan operates under a majoritarian system for electing legislators, which means that the winning party is overrepresented in the Legislative Yuan. The losing party becomes very frustrated that it has a limited role in policy making. Civil society groups don't appear to have a lot of confidence in representative government, which has fostered a protest culture. Yet these movements and the minority party are much more successful in blocking what they oppose than in achieving what they seek.

MR. HASS: So, given these dynamics, what's your forecast for the future of Taiwan politics? Are you optimistic about Taiwan's ability to forge consensus on the way forward?

MR. BUSH: I have an acquaintance in Taiwan whom I've found to be a shrewd observer of Taiwan politics. She spent a decade in the United States going to graduate school and then working. She returned to Taiwan a couple of years ago and I had a chance to get her impression of her own society after she'd been home for a while. What struck her most was the intensity of the conflict between the blue and green camps. And the zero-sum character of politics, *ni si wo huo* (you die, I live). She was deeply disturbed that each camp saw each other as the enemy when, in her view the true adversary was about 90 miles across the Taiwan Strait.

Clearly, other democracies suffer from this sort of polarization and gridlock, just look at the United States. But I do believe that Taiwan would do a better job of meeting its various policy challenges, particularly the one from China, if there were better cooperation and convergence of view between the two major parties. Deep division regarding the degree to which China is a threat and what to do about it only weakens Taiwan and gives the advantage to Beijing.

Now, that's easy for me to say. It's very hard to do. I don't think it should be impossible. After World War II Democrats and Republicans came to an agreement that the challenge from the Soviet Union was so dire that the United States needed a bipartisan Soviet policy if it was to be secure.

Taiwan itself demonstrated remarkable unity in coping with coronavirus, in part because there was a shared understanding of the threat it posed. So, because the stakes are high, I hope the political leaders can work together for the good of the entire society in facing its many challenges. I

suspect that such cooperation will have to start at the top. I'm fairly certain that the stakes are too high risk of failure because of continued division and gridlock.

I rather doubt that there's much that the United States, in the throes of its own dysfunction, has much to offer to Taiwan in the way of assistance, and this really is something that Taiwan has to do for its self, if it has the will to do so. So, I can leave you with a warning attributed to Benjamin Franklin at the time that he signed the Declaration of Independence. He said, "We must, indeed, all hang together or most assuredly we shall all hang separately." Thanks.

MS. LIN: Maybe could I, Richard, respond to your observation?

MR. BUSH: Please.

MS. LIN: Yeah, I think the last two years, and I'm looking forward to buying your book and reading what's in it, but I think you're addressing this question, of course, with your entire book.

And what I wanted to say was I think the last two years there's been some dramatic change. And I feel it very strongly this year. I've come into Taiwan three times this year, going out, coming back, and I think both the KMT and the DPP would say that there is no doubt the biggest problem for each of their party is China. And so, it's really changed in the last two years Xi Jinping decided to equate reunification with one country, two system, which neither party really could accept, because their voters are not accepting it.

So, what has really happened is in the last two years, most importantly, I wanted to respond to your thought about top down, I think really to create a consensus in Taiwan there needs to be bottom-up and top-down meeting of the mind. And right now, there's something missing in that in both parties. That there's a lot of top-down going on, but bottom up, actually, the younger generation are very uniform. Very few people I've met who are young want to volunteer to go to China, even though – even three years ago that was different. With all the preferential treatment that China was offering the Taiwanese were going to China to work thinking that they could have their cake and eat it too.

Today that's a very different. And this year, it's really strengthened. Partially because of COVID. Also because of the decoupling. For many reason, you just can't go to China, let's say go to

undergraduate and then go to the United States for grad school and then come back to work for a technology company, let's say.

So I think all of this actually means that the United States have a very important role in enhancing economic cooperation with Taiwan so that Taiwan is not continuing to rely on low cost manufacturing in China to bring in money and to send out talent in a brain-drain form. But to really work on cooperating with the United States and other like-minded country to create more jobs and innovation so that the economy can be elevated.

And so I guess I just wanted to add, I think the U.S. has a very important role, and what the Trump administration has done is put away with the old order but did not erect anything new for us to hang our hat on. And therefore, it's really important to see what goes -- what is going to happen going forward in terms of having real, perhaps, investment treaty or some kind of a trade agreement.

MR. BUSH: Thanks, Shirley, those are really great points.

MR. HASS: Yeah. And we will get to a deeper economic discussion in a moment. But before we do so, I want to take a moment to talk about international space. Because Shirley was just talking about the squeeze that Beijing was putting on Taiwan. One of the areas where this was felt most acutely is on international space issues. Now, it's long been a policy priority of the United States to create opportunities for Taiwan to make contributions to the international system. And through those contributions to earn the dignity and respect they deserve on the world stage.

So, with that, Bonnie, where do you see room for growth in the United States efforts to expand Taiwan's international space in the coming years?

MS. GLASER: Well, I'd start by saying that there has long been bipartisan support. And we've seen in the democratic and the republican administration's efforts to expand Taiwan's participation in the international community. Probably the mechanism that so far has been most effective and particularly creative was the establishment of the global cooperation framework under the Obama administration. And that essentially started workshops.

It was a U.S.-Taiwan joint effort to bring together representatives from countries, mostly

around Taiwan, to engage in these workshops and get training from Taiwan. Enable experts in Taiwan to share their expertise in areas that relate to health, or media literacy, a whole range of issues. And that was picked up by the Trump administration and expanded very effectively. Of course, making it more multilateral. Japan is now a copartner. We've seen Australia cohost; Sweden cohost some workshops. And there's still a lot of potential in that mechanism.

So, I think going forward we will see that continue, perhaps more resources put to it by the United States. Maybe also, by Taiwan and other countries. It can -- workshops are now being held virtually, of course, but when the vaccine is deployed and is safe to hold in other countries, I think we're going to see this really go global and there will be, for example, some workshops that in Latin America one is already taking place virtually in Guatemala.

So, we have not seen Europe, other than Sweden, join and I think that's where the great potential is to expand it. And then, of course, there's no doubt that trying to restore Taiwan's observer status in the World Health Assembly, the decision-making body in the World Health Organization, provides the best opportunity. And not only is it an opportunity, but it's also, I think, urgent. I think Taiwan's, again, exemplary performance during the pandemic and controlling the spread provides obvious compelling reasons for Taiwan to be at the table. And many countries that are reluctant to have maybe high-level cooperation with Taiwan or reluctant to have maybe some kind of trade agreement with Taiwan are nevertheless very supportive of strengthening Taiwan's participation in the World Health Organization.

With the election of president elect, now, Biden the United States is not going to withdraw from the World Health Organization, and if we had, then our ability to strengthen Taiwan's role certainly would have been circumscribed. So, this is a good development not only for the U.S., but also for Taiwan.

And specifically in the task force report that mentioned, which thank you, Ryan, and also Eric Sayers for participating in the effort, we did endorse not only Taiwan's -- the restoration of its observer status but we call specifically for G7 Countries to issue a joint statement endorsing Taiwan's

return to the World Health Assembly, and frankly to support Taiwan's meaningful participation in many other UN agencies and multilateral organizations.

And I do think we have a moment now where there are more and more countries that are willing to support Taiwan, whether or not they will be able to be successful remains to be seen. But I will cite, just briefly, one small example which makes me a little bit hopeful, and that is that the UN development -- the group of countries developing the vaccine under COVAX has included Taiwan as a participant and China did not block that. And I think that shows that Beijing recognizes that this is not a moment that they can stand up and try and snuff out Taiwan and prevent it from participating. And maybe that shows that if there is sufficient support from other countries around the world that we can successfully push to have Taiwan return as an observer to the World Health Assembly.

MR. HASS: Thank you, Bonnie, you've really laid out a roadmap for the way forward. If I could just ask one very brief follow-up question. AIT, the American Institute in Taiwan has played a useful intermediation role between U.S. authorities and Taiwan authorities, given the unofficial nature of the relationship. Taiwan also does not have direct connectivity with the United Nations system. Do you think that there is any space for a model built around for the AIT to provide intermediation between Taiwan authorities and the UN system?

MS. GLASER: Well, I do think we should be more creative because so far we have not been sufficiently effective. We've really seen ever since President Tsai was elected and there had been some very small progress, of course, during the Ma Ying-jeou era, not as extensive as I think many had hoped, including President Ma. We didn't see Taiwan get into Interpol and we didn't see Taiwan actually get any sustainable status in the international civil aviation organization. You know it was able to send a delegation once as a guest of the, I think, the president of the ICAO. So, we should think about more creative ways. I don't know if an AIT like organization in and of itself would do enough. Because as I mentioned I think what we really need is the support, and very active support, of a large number of countries in the international community. If this is primarily a U.S. effort, I just don't think that we will be able to be successful. We really have to build support in the UN and in the UN General Assembly

probably overall.

But you know, it's worth noting that one of the big problems is the General Assembly Resolution 2758 that expelled Taiwan from the UN and its functional agencies. But it wasn't clear, nor was it final, on the participation by Taiwan in UN activities in forms other than membership. It didn't recognize Taiwan as part of the PRC. So, we really do need, I think, to try and combat that narrative that is coming from China, that UN Resolution 2758 already resolved this issue and Taiwan has no right to have any voice in the UN.

So, we need to come up with ways to protect the interest of the more than 23 million citizens in Taiwan but also to allow Taiwan to contribute its expertise to addressing regional and global problems. And the UN is still very important in that battle. So, we should be thinking more creatively along with our like-minded allies and partners on how to do that going forward.

MR. HASS: Thank you. There's so much that you've put on the table to discuss, but we have the tyranny of time, so I'm going to move us forward into a discussion about security issues.

And I'd like to turn to you, Eric, to help walk us through this. You mentioned in your comments a moment ago that Taiwan has made significant arms purchases in recent years and there have been defense reforms inside Taiwan that have been notable. Yet, in spite of these efforts there is a perception that the threat continues to grow from the mainland as the mainland's military capabilities expand. So given this reality, what would your recommendation be? Where should we encourage Taiwan to concentrate its resources to strengthen its defenses and where should the United States be focusing its efforts to strengthen deterrence?

MR. SAYERS: Of course. Thanks, Ryan. Great questions.

So, the positive thing is that most items on my list of what Taiwan needs to invest in, you know, if you ask me to write this list a few years ago -- you know they've started to be addressed in recent years. I guess ideally, we can work to move some of these delivery timelines for different systems to the left. You know, the recent -- we're not going to call it a package. The recent series of items that were noticed, you know many of those are four, five, six years away, and the same with some of the fighters

and other systems for that. And that's not just an industrial-based capacity issue. It's a prioritization issue in FMS with other countries. And so, there are ways that we can consider -- the Biden administration can consider to try to move Taiwan up in the line, and a priority. So, moving it to the left I think would be the first thing.

And continuing to focus on increasing the number of anti-ship and anti-air weapons in the ROC arsenal. You know, again, in recent weeks these different sales really speaks to an emphasis on the areas that Washington has been emphasizing for years now, and we should all see that as a positive thing, and there are still steps to take further in that direction. But we still have this challenge, you know, like in our own military investment portfolio here in the United States, we have to continue to think critically as partners about Taiwan's investments.

You know, for instance, I continue to be skeptical when I see the Navy, for instance, investing in large amphibious ships at a high readiness cost when the Navy really needs to be investing it's more limited resources in areas that enhance its anti-surface posture, for example. From the U.S. side and just sort of being brief with this, the U.S. has to do more when it comes to training. I might be a broken record on this but building operability by sending trainers to Taipei, like we do now when we sell different systems, that's good, but that's just -- that falls short. That's not enough.

If cross-Strait stability is such a grave concern and a top priority for the national defense strategy then we need a rigorous exercise program that includes service level, and even joint training with ROC military. Nowhere else do we prescribe so much importance to a country's security, you know, for American interests and do so little to ensure it at the same time. Congress should also ask of all the training exercises that happen each year. I think that we need to expand the definition of Washington's commitment to Taipei beyond just the dollar figure of arms sales.

And these exercises that are -- sorry, these training regimens that are already occurring, and those that I am suggesting on top of that, it wouldn't be too difficult, and it would be effective legislatively to ask just for an annual report on what's being done so that members of Congress and other Taiwan watchers can have a broader appreciation for that commitment.

And I'll just finish by saying one other idea. If this is the serious challenge we all agree it is, and it's becoming in recent years and in recent months really, we need to consider other bold proposals. One would be redirecting some of the resources that we have chosen as a nation to send to countries like Pakistan for the last 20 years but recently cut off to Taiwan. Similar to what we do with Israel.

This is somewhere in the neighborhood of a billion dollars per year. This could be a stick and carrot agreement. You know, as part of it Taipei could commit to a specific plan for bringing its spending on defense to 3% of GDP, or somewhere in that range by a certain time. It could be used for professionalizing its military and training. It can be used to explicitly purchase American military systems like our agreements with Israel. There are risks and challenges associated with this idea, but if we see Taiwan as – in the future as a grave threat to our security interests, and again our American interests in the region, there's ideas like this that I think are going to have to be on the table, that in the previous decade or two just weren't in the cards for consideration.

MR. HASS: Thank you, Eric. That's a very helpful orientation on the way forward. I want, before we move on to economic issues, I want to make sure that Shirley, Richard, or Bonnie have a chance to weigh in on security issues because it's something that's been in front of mind for many of them. Is there anything that anyone would like to add to -- or amend?

MS. LIN: I guess, Ryan, I would add for the -- for Taiwanese, of course with limited resources the tradeoff of spending more on defense is an issue that has long been troubling. But right now, I think there is really a lot of support for defining and designing a cost-effective deterrent and defense policy that is going to last.

And that some people in Taiwan are also talking about, for example, if the Biden administration will be more multilateral, therefore, add Taiwan to the card to basically move beyond a bilateral relationship. And move Taiwan into, as Bonnie says, international space and in many more creative ways. And defense, I think, is at the heart of this discussion of moving from bilateral to multilateral.

MS. GLASER: I would just say really quickly, Ryan, that the U.S. has talked, and President Tsai herself, of course, has publicly talked about bolstering Taiwan's reserves. And we haven't come up with a real good way to do that. Maybe we should create some mechanism to help them learn from our national guard, but we may not be the best model for Taiwan.

This is often a problem that we have the closest defense ties with Taiwan. Most other countries don't, and yet they are often better models for Taiwan. They shouldn't necessarily look to us. But maybe, we can help facilitate some interaction with other countries that are better models for Taiwan. Israel and Singapore are often mentioned as useful models to build a sort of whole of society effort, which is, I think, what's really missing in Taiwan.

For a long time, the military has not been highly regarded in society by the public. So, people have not necessarily wanted to serve, and with them shifting to an all-volunteer force, this is going to be essential going forward. So there really needs to be more of a focus in Taiwan on understanding and appreciating the threat throughout the entire society, in a way that they just have not done for many, many years.

MR. HASS: Thank you.

Shirley, if it's possible, I'd like to turn to you next. You've been writing about, talking about, thinking about a term called the high income trap, and how Taiwan is working through it. Can you help us understand what does that term mean and how is Taiwan doing?

MS. LIN: In some ways I have to explain a bit more. When I started the project two years ago, by now there is a lot more sympathy to what used to be called Taiwan's China dilemma. Now, basically, if you look at it Taiwan's bigger problem is the high income trap, like the United States. It needs more jobs, just as technological progress is moving towards maybe taking jobs away from working class, middle -- the middle class. And so, Taiwan has this issue that of course, with declining growth as it becomes a wealthy society that there needs to be more competitiveness, more innovation. And so that's what basically the United States needs. Make America great again. And in many ways, it's similar to what Taiwan is trying to do, diversify trade and investment away from China. But at the same time, China

was Taiwan's only economic hope many people contend. So that really gives you a sense of the dilemma.

But in the last year and a half, after much has happened in Hong Kong, I think many people are saying this is not the way to go. Diversifying is the right strategy. Bonnie has written about "go south policy," diversifying into Southeast Asia where the growth is very high, and there are more like-minded democracies, is really now accepted. Except the implementation of it is very difficult.

And I think in this regard there is a few things that will be quite important, and that is, of course, how companies can remain competitive in this – when the global supply chain decouples. As we go into different spheres of technological standards, what will happen to the companies that are most competitive in Taiwan? Will there be innovation?

And I think that what Bonnie has just talked about in terms of GCTF, I think it's very important. The problem is in the past, of course, when Taiwanese students and graduates going to China was easy and natural. The same language, the same – similar culture, and low cost manufacturing was drawing people in. As people now realize they don't want to go there, and there is some choices to be made.

What is, of course, interesting is Taiwan, also relying on the United States, has stepped up to, for example -- last April I moderated something on women's empowerment with 15 countries. Bringing like-minded countries together so that talent can circulate is also something you had asked about. AIT is doing quite a bit on talent circulation, upgrading talent's work force and working with advanced economies to make everyone -- all the economies more competitive. This is very important for the United States and for Taiwan. So, I think the realizing some kind of economic ties is right now urgent, and important for the next stage.

MR. HASS: And so, what would your advice be to an incoming Biden administration? If you accept that economic security is the foundation of national security and that it is in America's interest for Taiwan to be economically competitive, what, from a policy perspective, how would you encourage an incoming team to be thinking about ways to support Taiwan's economic competitiveness?

MS. LIN: I think first of all, to put Taiwan in a multilateral framework, being part of, for

example, a CPTPP could possibly back to TPP when Taiwan doesn't have a chance to be an RCEP led by China. I think it's important so it's not bilateral. And second, to make it more sustainable. So, like I said, Trump really hadn't made the noise, but nothing really within Trump foreign policy was there dependability, if you will, reliability. And I think within that – the third part of course is to have much more public-private engagement so that the tech companies we're talking about that really -- Taiwan was just ranked as the fifth most -- what did Bloomberg call it? Highest potential for innovation just this week.

But what does this really mean in terms of benefitting a large number of people in a democracy to give a legitimacy to the government to be effective in carrying out foreign policy. I think all of this is very important so that everyone can benefit from the change and the upgrade of relationship. So those are the things I would focus on.

And I just want to say, lastly, I just went to Yo-yo Ma's concert yesterday in Taipei with 4,000 people. I think Taiwan's success in dealing with COVID-19 and leading to one of the probably best economic growth prospect in 2021, better than most Asian neighbors is really phenomenal and should be something to show the world that a democracy can balance basically freedom and fighting the virus with economic growth.

MR. HASS: Fascinating. If I could, a related topic is technology. On the technology front it appears that Taiwan's leading firms increasingly are having to navigate between sort of competing pressures from the United States and China. How do you see these dynamics playing out in the coming years, and what role do you see for the United States policy in supporting Taiwan's tech sector remaining at the sort of leading edge of innovation?

I'd love to start with you Shirley, but Eric, I know you've been thinking about this too, so I'd welcome you to jump in too.

MS. LIN: Yeah, I'd love to hear what Eric would say. But briefly, I think that examples of, for example, Foxconn going to Wisconsin and TSMC going to Arizona are examples of you wonder is it really rewarding for them to go and onshore, you know, in the United States, help create investments there? I think the issue is that private companies need to really think about where they will be most

competitive in this sort of basically now where going to two separate systems.

And many of them feel like unintended victims. And I think in large part the policy in both Taiwan and the U.S. isn't really with wide consultation with these companies. And that has been troubling because the companies really need to take a lead at how this goes forward. But more importantly, the United States policy in terms of trying to change the technology policy; is it trying to make China part of the standards that the United States would like to see, or trying to really decouple in order to punish China? And I think these are the questions that need to be answered before everyone else can comply and work together.

MR. SAYERS: Yeah, thanks. I -- look Taiwan is caught in the middle of these U.S.-China technology tensions not because it did anything wrong, right. But because companies like TSMC and MediaTek and Foxconn and others they've become so central. TSMC especially when it comes to the global semiconductor industry. So, we should use these technology linkages as an opportunity for expanding the scope of the U.S.-Taiwan economic and national security relationship.

I would expect the Biden administration to continue, in many ways, to deploy some of the same tools the Trump commerce department has when it comes to export controls. I don't see a Trump administration likely to take or come to different conclusions on Huawei and there aren't Washington's concerns about Huawei for instance. You know, and there may be an effort even to go further and focus on multilateral controls with Taiwan and Japan and others.

I think those are going to be difficult conversations. Conversations with Taipei, and Tokyo, and Seoul, and others don't necessarily want to have, but the Biden administration and the Biden campaign was very clear that no, they didn't necessarily agree -- disagree with the ends that we were seeking, they were just disagreed with the means and they felt we could go about it in a more multilateral way. So, this will inevitably mean no more difficulty for companies like TSMC and MediaTek in the semiconductor realm.

But just to conclude and maybe bring it back to Congress at the beginning, you know, I also expect, especially if we have a Republican Senate here in Washington that limits the Biden

administration's domestic spending agenda. You know, that Biden will look to support existing bipartisan pieces of legislation in Congress, like the semiconductor manufacturing bipartisan legislation that was originally two bills and has come together into one.

I expect this is going to be included in the NDAA and signed out and passed by the end of the year. This is really an effort to enhance some of the funding for not just the TSMC plant facility in Arizona but competitively for other American companies that look to expand their own semiconductor manufacturing base here in the United States. That will still be a fight next year when it comes to the appropriations, and where it is going.

But I think this really reflects a broader agenda where we've seen Congress and the administration in the last two or three years focus so much on the defense side, the restrictions, and how we control what the investments and restrictions on technology to a more balanced agenda where you see this offence piece do and how do we invest in our complete advantages vis-à-vis China. And you know, you see leading Republican and Democrat senators and members of Congress taking a role on that. Thanks.

MR. HASS: Great. Now, we have a stream of questions coming in from around the world from our audience to all of you. Unfortunately, we have limited time so I will be able to get to all of them, but I did want to pose several of them.

The first question is about the New Southbound Policy and how an incoming Biden administration should support or approach Taiwan's New Southbound Policy. I know, Bonnie, you've been thinking a lot about that so I'll give you the right to – first refusal on responding to that.

Second, there is a question about FTA negotiations. What is the panel's handicapping of the likelihood of progress in a Biden administration on launching and advancing U.S.-Taiwan FTA negotiations? And then the third question for the group is from Tina Chung who is a reporter at Voice of America, who asks -- she notes that the Biden administration is expected will maintain America strong support for Taiwan; what does the panel think will be the areas the new administration will differ the most in terms of approach with the current Trump administration on Taiwan issues?

So those are three questions for you guys to approach however you see fit. We have about four minutes left so will be rather efficient.

Bonnie, can we start with you?

MS. GLASER: Sure. I will be brief. I want to note that President elect Biden did speak yesterday with the leaders of Japan and Australia and South Korea. And in all three of those conversations in the readout there was a phrase that was used: secure and prosperous Indo-Pacific. This is an objective that we share with our allies. This is also an objective we certainly share with Taiwan.

And the Trump administration has been rather explicit about Taiwan and what has been called free and open Indo Pacific. Now, if we're going to call it the "secure and prosperous Indo-Pacific," I certainly hope that there will be a way to include Taiwan in that.

My expectation is that a Biden administration will be somewhat less public, visible, and in your face with Beijing about what it is doing with Taiwan. But that doesn't necessarily mean that it will do things differently, particularly, in the defense area where we are concerned about the erosion of deterrence in the Taiwan Strait. And I think there is going to be a commitment to not only bolstering our own ability to credibly intervene in a cross-Strait conflict, but also to help Taiwan defend itself. So, I think that's one area of difference.

And on FTA I'll let others comment but my view is that's the one area where there's been -- it's been very difficult to judge what the Biden administration will do; his overall trade policy. So, if we start out, out of the gate, putting a priority on China, then Taiwan could get caught up in that again, and I certainly hope that it does not. I think that there are -- there is a good argument to make for why we should begin trade negotiations with Taiwan.

MR. HASS: Thank you, Bonnie.

Why don't we go to Shirley next, and then we'll have Eric and Richard close us out.

MS. LIN: Okay. I guess on New Southbound Policy, I agree with what Bonnie said and I just emphasize. I think New Southbound Policy is an example of the limitation that Taiwan could do something bilaterally. The New Southbound Policy is what we call the -- basically the 1.0 -- with more

effort Taiwan could keep trying to do more with each of these countries.

But unless there is a GCTF, unless there's some kind of multilateral next step I think all the problems that a Biden administration could present to Taiwan is well understood here. But the opportunity is also very, very, I think, immense. And I wrote an op-ed in Chinese in the leading newspaper here on Monday to say, basically, the multilateral focus can mean we'll move on from bilateral to more multilateral engagement and only in that way can Taiwan really enhance what it's been trying to do.

So, I will also leave the FTA question to the next two panelists.

MR. HASS: All right. Eric, over to you.

MR. SAYERS: Yeah. Not too much more to add, and Bonnie covered this well. But I really just – I think a lot of things will remain the same, as we talked about. But as I also said, you know, the pitch of the diplomatic language of speeches and e-diplomacy, and the repetition of that, that will just be a bit softer. That doesn't necessarily mean the commitment has diminished and I think that in many ways, you know, there may be new opportunities, like the Free Trade Agreement, but you know, the Trump administration clearly did not take an interest in pursuing when they had that opportunity or that opening. Now, that may be an opportunity or place for a Biden administration to place its emphasis in the first year or two. But it could set itself apart and build on what's occurred in the last four years.

MR. HASS: Thank you.

Richard, final word to you. I think you're on --

MR. BUSH: One thing that I think will be different is that we will have a regular inter-agency process which I think is good for Taiwan, rather than having a sort of divided U.S. government. I hope that at some point we can move to a BTA with Taiwan. But I agree that the Democratic party has to sort out its approach to trade first.

I concur with Eric's view that we will not necessarily be so public in what we do towards Taiwan. I think this is a good thing because if we look back over the last four years, what happened when the U.S. took public initiatives towards Taiwan it was not the United States that was punished. It was

Taiwan that was punished. And Taiwan doesn't need that kind of punishment.

Thanks a lot.

MR. HASS: Well thank you all for tremendous contributions to a really rich conversation.

I also want to thank Adrien Chorn, Suzanna Schaffer, and our AV team at Brookings for making this all happen behind the scenes. Thank you all and see you soon.

MR. BUSH: Thanks, Ryan.

MS. GLASER: Thank you, Ryan.

MR. SAYERS: Thank you.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2020

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190