



## Hiccups in Sino-US Relations over Arms Sales to Taiwan

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### ***Summary***

China seems to have over-reacted to Obama administration's approval of the arms sales to Taiwan. Under the Taiwan Relations Act of 1979, the US is obliged to provide arms of a defensive nature to Taiwan. The US may appear to be a declining power but China is not the logical successor, at least not in the near term. The reality is that both China and the US are co-dependent, through trade and debts but have an antagonistic relationship. The coming months of 2010 are likely to witness more protectionism as domestic pressure mounts in both the countries. The military dialogue seems likely to remain suspended over the arms sales issue; discord over Iran's nuclear issue may increase and more war of words may define the relationships between the two countries.

On 12 January 2010, China launched its anti-satellite weapon system, claiming that it has successfully tested a new technology designed to shoot down enemy missiles in mid-air, a strategic know-how possessed by only the US and Russia so far. The significance of this is not just a mere advance in technology development, but is far-reaching in re-defining power relations in Asia, in particular between China and the US on the one hand and China and Taiwan on the other.

The official *Xinhua* news agency reported thus: "China conducted a test on ground-based midcourse missile interception technology within its territory. The test has achieved the expected objective". It further said that the test is defensive in nature and is not targeted at any country. This announcement came after China had made half-dozen official statements warning the Obama administration against selling additional weapons to Taiwan. China has also warned that it might respond in several ways to the announced sales, including freezing of Sino-American military relations, by way of retaliation. The challenge before Obama is that his administration has to explain and convince Chinese policymakers that its commitment to Taiwan is not something that Beijing should use as a source of leverage over Washington.

It may be recalled that in January 2009 as President-elect Obama was to take office, the Chinese Ministry of Defense called on him to improve military relations. China also released its 2008 military budget by increasing 18 per cent its military spending. At that time, Defense ministry spokesperson Hu Changming urged Obama to "remove obstacles to exchanges" between the two countries, including a halt of weapons sales to Taiwan. The military policy paper "China's National Defense in 2008", however, did not announce new spending figures for China's 2.3 million-person armed forces, though it cited forces of independence in Taiwan, Tibet and Xinjiang as top security concerns for China.

China has opposed American sales of weapons to Taiwan and expects that the US must abide by three joint communiqués – particularly the principles of the communiqué to stop sale of weapons to Taiwan, which Beijing considers as part of its territory and has vowed to take the island back, by force if necessary. There is no change in Chinese view that the self-ruled island is a breakaway province, separated since the civil war of the 1940s, and sees arms sales as interference in an internal matter.

Indeed, defense sales to Taiwan have been a source of contention between the US and China since the countries established relations 30 years ago. In October 2008, China suspended senior-level visits and exchanges after the US refused to cancel a \$6.5 billion arms sale to Taiwan, including Patriot missiles and helicopters.

The latest "provocation" for Beijing came on 23 December 2009, when the US defense Department announced that Raytheon Corporation had been awarded a \$1.1 billion contract for the production of ground-based air and missile defense systems for Taiwan.

On 7 January 2010, the Pentagon also awarded a \$968 million contract to Lockheed Martin Corporation that includes the sale of 253 Patriot Advanced Capability-3 (PAC-3) air defense missiles to Taiwan. The strategy behind this sale was probably that these air and missile defense systems could partly negate the massive fleet of more than 1,000 short- and medium-range missiles that the Chinese military has stationed within range of Taiwan. It is believed that the Chinese military has been strengthening its arsenal by approximately 100 missiles every year.

Beijing's beefing up its defense capability much beyond its need is a matter of concern not only for Taiwan but for the entire Asian region, and the US. Beijing's accomplishment is proof of its advanced missile defense capabilities and shows that it now possesses sophisticated radar technology. In early 2007, China took the international community by surprise when it targeted and shot down one of its weather satellites with a missile, leading to worry in other countries that China might seek to remove the satellites of other nations as well. This anti-satellite system, which remains couched in secrecy, could

be adapted by China for a nationwide anti-ballistic-missile system. The Pentagon's annual report to Congress on China's military, released in Spring of 2009, made no mention of Beijing's development of missile defenses, despite providing details on an array of new Chinese weapons, including missiles, submarines, aircraft and cyber warfare capabilities.

The 2007 event was a much simpler feat than the test of 12 January as the satellite's flight course was known beforehand and because it had no protective capability. The missile interception of 12 January 2010 was more complicated as the incoming target's high velocity allowed only minutes for identification and targeting and for an interceptor to be fired.

Indeed, satellite interception is like shooting a beer bottle, whereas missile interception is like shooting ducks. China's latest acquisition of anti-satellite weapon system is a milestone in China's active defense strategy. Midcourse missile interception requires superior technology and equipment and China seems to have acquired that. At the moment it was not clear if the missile interception was simulated by computer and the US is examining this possibility. China, in fact, has been following and analyzing the US technology for more than a decade. Its three wings of defence – navy, armed forces and air force – possess a ballistic missile defense program. China is still not satisfied with this development of missile defense and plans further towards acquiring better and more powerful early warning satellites and wants to make the system's base in space, not on the ground.

What would be the likely implication of China's missile test for the region? It is feared that the test could lead other nations, including India, Japan and Russia, to pursue defenses



against ballistic missiles. It could also be cause for worry among some nations in the region that possess Inter-continental Ballistic Missiles (ICBMs).

### Assessing 'defensive' missile test

Though Chinese state-run *Xinhua* news agency only said the test was “defensive in nature and is not targeted at any country”, the very fact that China had in past criticized the US for doing so but has done it itself now meant a change in Chinese strategy and intention. Indeed, the announcement of the missile-defense test was unusual since China conducts missile tests on a weekly basis but rarely publicises them. This itself is a new trend and thereby China is announcing to the world its real intention.

As said, China has frequently criticized US missile-defense development and, along with Russia, has sought to restrict missile defenses in UN forums. In August 2009, Chinese Foreign Minister Yang Jiechi told the UN disarmament conference that “countries should neither develop missile-defense systems that undermine global strategic stability nor deploy weapons in outer space.”

Now, it seems, China has reversed its position. A recent published report by a senior Chinese military officer outlined China’s aerospace doctrine, according to which, the Chinese air force will be developing a missile-defense mission, a part of a military unit called Second Artillery Corps. According to Rick Fisher, a specialist on the Chinese military at the International Assessment and Strategy Center, China will deploy a substantial nationwide missile-defense system by the mid-2020s. If this happens, this will be a complete reversal of China’s earlier vocal opposition to US missile defenses in late 1990s and early this decade.

China has been investing resources for missile-defense technologies and ground-based space surveillance since the late 1980s. Though it remains unclear how sophisticated the test was or what was used as a target, it is possible that there exists a linkage between China’s anti-satellite and missile-defense interceptor programs because both use similar technology.



### Missile interceptor and arms sales to Taiwan

The Bush administration had submitted a package to the Congress in October 2008, which made provisions for selling Black Hawk helicopters, minesweepers, and diesel submarines, as well as newer-model F-16s to replace Taipei’s earlier versions of that fighter. The US-Taiwan Business Council (UTBC) has identified the issuing of a contract for the F-16 upgrades as its main defense sale priority for 2010. In fact, the UTBC has been urging the Obama administration not to promote Taiwan’s security to promote US ties with China.

The Council's board chairman, Paul Wolfowitz, a former World Bank President and former US deputy secretary of state of defense, has long advocated arms sales to Taiwan, including its wish to buy 66 advanced Lockheed Martin F-16C/D fighter jets to upgrade its F-16 fleet.

The Council represents scores of companies doing business in Taiwan, including Lockheed Martin, the Pentagon's No.1 supplier by sales, Boeing Co., and Raytheon Co. China strongly opposes all arms sales to Taiwan. There is a perception in some quarters in the US that suggest that the Obama administration views Taiwan as a barrier to US interests in Asia, overlooking the fact that Taiwan has improved its ties with China since the election of Ma Ying-jeou, of the China-friendly Nationalist Party, who took office in May 2008. The Council feels that Obama has slowed the submission of proposed Taiwan arms sales to Congress for fear of disrupting China-Taiwan rapprochement and to avoid angering Beijing. The United States is bound by the 1979 Taiwan Relations Act to provide Taiwan "defense articles and services" needed for its self-defense. The Council feels that if the Obama administration balks at providing replacement F-16 fighters to Taiwan, China will have won a major victory in the Taiwan Strait without firing a shot. The Council reasons that updating Taiwan's F-16 fleet was a "material response" to Beijing's own fighter modernization.

As was demonstrated in the Joint Statement issued at the end of Obama's visit to Beijing in November 2009, Obama administration has placed more importance on working with China, a veto-wielding UN Security Council member, including such matters as North Korea, Iran and global warming. Several arms deals in the works, including UH-60 Black Hawk tactical transport helicopters built by United Technologies Corps' Sikorsky Aircraft unit and Patriot Advanced Capability-3 missile batteries and missiles built by Lockheed and Raytheon, have been ready for notification to Congress for more than a year. The Council had expected that those sales will move forward after Obama's visit to China in November and a climate change conference in Copenhagen in December 2009.



As mentioned earlier, the Defence White Paper of China issued in January 2009 warned the incoming Obama administration that US military exports to Taiwan is a major roadblock in improving Sino-American defence relations. The text accused the US of stoking cross-Straits tensions by continuing "to sell arms to Taiwan in violation of the principles established in the three Sino-US joint communiqués, causing serious harm to Sino-US relations as well as peace and stability across the Taiwan Straits."

Sino-US relations worsened, leading to suspension of formal ties due to anger over the Bush administration's intended arms sales to Taiwan, until late February 2009 when

contacts resumed with a meeting in Beijing between US Deputy Assistant Secretary of defense David Sedney and Maj. Gen. Qian Lihua. Qian categorically observed that “China-US military relations remain in a difficult period. We expect the US side to take concrete measures for the resumption and development of our military ties.” China stuck to its position in successive meetings between senior officials of the two countries in June 2009 and again in late 2009.

The Joint Statement issued in November 2009 during Obama’s visit to China specified that the two governments “will actively implement various exchanges and cooperation programs agreed between the two militaries, including by increasing the level and frequency of exchanges. The goal of these efforts is to improve their capabilities for practical cooperation and foster greater understanding of each other’s intentions and of the international security environment.” If the arms sales to Taiwan takes place, China might respond immediately by imposing sanctions on Lockheed, Raytheon, and other American companies involved. This is because these American companies sell weapons not only to Taiwan but also market or sell aircraft and other goods to China.

Beijing might also once again announce suspension of discussions on various regional and international security issues, as it did following Bush’s October 2008 sales announcement. Though China is unlikely, however, to walk out or not cooperate in the Six-Party Talks over North Korea’s denuclearization because of its own security reasons, China might revisit its role in Afghanistan and Iran. In both these countries, China has developed major economic stakes and Chinese companies have heavily invested and secured economic deals. It is one reason why China has opposed further sanctions as such a move would hurt its own economic interests, though China openly may not admit this fact.

If the US arms sales to Taiwan go ahead as per the commitment made by Bush in October 2008, it is likely that Beijing might respond again constraining Sino-US military relations. In October 2008, the Bush administration had announced a \$6.5 billion arms package for Taiwan, which included 30 Apache attack helicopters and 330 Patriot missiles. It was the biggest arms sales to Taiwan since China and the US signed the 17 August communiqué.

On 8 January 2010, China’s Defence Ministry expressed strong indignation and firm opposition to the US arms sales to Taiwan, urging the US to respect China’s core interests and immediately withdraw related arms sales items. Its spokesperson Huang Xueping said that US weapons sales will “severely undermines the mutual trust between the two militaries” and warned that Beijing “reserves the right of taking further actions”.

This was the fourth official announcement made by a Chinese spokesperson in a week. Foreign Ministry spokesperson Jiang Yu had previously denounced the US move three times. Jiang warned of the severe consequences of US arms sales to Taiwan and urged the relevant US companies “to refrain from doing anything to harm China’s sovereignty and

security interests.” Jiang repeatedly urged the US to adhere to the three Sino-US communiqués, especially the principles established in the Joint Communiqué on 17th August 1982. The 17th August communiqué stated that the US would not seek to carry out a long term policy of arms sales to Taiwan, and intended to gradually reduce arms sales. However, China reasons, the US arms sales deal seems to run counter to such commitments. In the sixth official announcement made by China, Vice Foreign Minister He Yafei once again voiced China’s “resolute opposition” to the sales.

China alleges that the contract with Lockheed Martin Corp, though a part of the deal of October 2008, came after the issuance of the joint statement in November 2009, which pledged that the two countries would “take concrete steps” to advance “sustained and reliable” military-to-military relations. The US, however, has stated that it follows its one-China policy and abides by the principles of the three Sino-US joint communiqués. However, Yang Yi, a strategic expert with National Defense University of China says that “the US insistence to sell arms to Taiwan would undermine the overall interests of China-US relations”. The two militaries were expected to launch more exchanges after the thaw of 18 months was lifted in June 2009 in 2010, which include US Defense Secretary Robert Gates’ visit to China and mutual visits by warships. The latest US decision, analysts fear, could jeopardize the warming of military exchanges. The *China Daily* cited Jin Canrong, deputy dean of the International Studies School at Renmi University, who asserted that the Chinese government “is likely to freeze military exchanges. It will make the US very uncomfortable because, of all the world’s strategic military powers, the US is most eager to learn about the PLA.

What are the options before President Obama in such a situation? Obama is already being perceived to be giving in to Chinese pressure and this was demonstrated during his November 2009 visit to Beijing during which he could get no concession from China. If this time again he allows himself to be a hostage to the Chinese threat, his standing in the world would be further eroded. It seems, therefore, desirable that Obama administration be prepared to accept another temporary suspension of Sino-US military ties rather than demonstrate to the world of its weak presidency.

Viewed differently, China’s complaints about US missile defense sales to Taiwan are flawed as Beijing’s large-scale conventional ballistic missile build-up are targeted against Taiwan. More than 1,000 missiles are now deployed near Taiwan.



Though China claimed that its first land-based missile defense system was defensive in nature and not targeted at any country, there is no mistaking that the timing of the test, coming amid Beijing’s fury over American arms sales to Taiwan, was largely aimed at the White House.

## Future

Obama's assumption of office had heralded resumption of defense talks and a start of a new era in US-China military relations. That now seems to be derailed over arms sales to Taiwan issue. Contact between the two countries' military is a good thing. Each can appreciate each side's capabilities and reduce the prospects of miscalculation and conflict. The US military contact is governed by its law that aims at avoiding exposure to US military doctrine, technology and technique. On the other hand, China values its territorial claims far more than they value contact with the US military. If it comes to asserting its sovereignty, China would not bother about improved military relations.

It will be too costly for the US to ignore or offend China. There are several areas such as economics, nuclear proliferation etc, where both share common interests. There are doubts about China's behaviour as a responsible stakeholder. Sino-US relations are likely to face further turbulence when President Obama meets with Dalai Lama, the Tibetan spiritual leader whom China accuses of being a separatist. The relations are likely to further worsen when President Ma Ying-jeou of Taiwan makes a visit to the US as overseas visits by Taiwanese officials invariably irks Beijing. Probably China thought that its growing economic power and improving cross-strait relations fostered by Ma during his 20 months in office would persuade the US to put off any weapons deal.

Despite much saber-rattling over arms sales, official invectives and anti-missile demonstration, there could be another dimension to China's over-reaction, which is to satisfy the domestic audiences. Even though China is growing economically and militarily, it is still no match to the US military capability. China may be increasingly getting more confident but the government was clearly frustrated by its inability to influence the US on an issue that has remained a sour point in their bilateral relations. Knowing that it would not be able to make the White House to stop its committed arms sales to Taiwan, China preferred to make some noise to stress its point.

As China is sitting on sums worth \$2 trillion in reserves, riding three decades of near double-digit growth and emerged as the world's largest auto market, its arrogance has increased manifold. Even though Obama tried to engage China in an interconnected world during his November 2009 visit to Beijing, China was less polite and in two months' time snubbed Obama. China sentenced Liu Xiaobo, the principal author of a pro-democracy manifesto on 25 December 2009 to 11 years in prison ignoring Obama's plea to release him. Even when Obama tried to harness support of China in a united front on Iran's nuclear program, China said "sanctions themselves are not an end".

China seems to have over-reacted to Obama administration's approval of the arms sales to Taiwan. Under the Taiwan Relations Act of 1979, the US is obliged to provide arms of a defensive nature to Taiwan. The US may appear to be a declining power but China is not the logical successor, at least not in the near term. The reality is that both China and

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