

A Parliamentary Dialogue: US-Taiwan-Japan Trilateral Relations

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Bi-khim Hsiao

Thank you, Dan. Thanks for this opportunity to share some views on the security situation from a Taiwanese perspective. Legislator Lin Yu-Fang and I just rushed over from the vote of no-confidence this morning. I urged him to forget the vote entirely. But anyway, this kind of reflects the political impasse, the difficulty and challenge that we are facing here in Taiwan, just as we see in the news that many Americans are facing in the States. Of course, the issues that affect us are quite different. But nevertheless, we face these similar challenges at the moment. And of course, this also affects, in the long run, general security from a political, economic, as well as military security dimension. The trilateral relationship between Taiwan, US, and Japan covers so many issues—and maybe experts later will also highlight these matters from a professional security standpoint. But since we are sitting here also as politicians, I think what I will do is to, given a limitation in time, just highlight a few issues that are security oriented but with a domestic political focus right now.

First of all, it's the issue of the cost of defense—our fiscal vulnerability—that is a result of the difficult financial and economic situation in Taiwan. The proportion of our national budget that we can devote to defense has actually decreased, despite the fact that all the political party leaders during campaigns usually declare goals of increasing the defense budget to at least 3 percent. But in reality, the current economic circumstances compel the government to place priority in other areas, like social welfare in times of economic difficulties, unemployment benefits, pensions, etc. Added to that is the heightened personnel costs of the military. That is, our country is going through a transition from a partial volunteer military force to an all-volunteer military force. And of course, that also would imply an increase in personnel cost.

And another challenge that we are facing in all of this is that we are really underperforming in recruitment expectations. That is, we are only recruiting about a quarter of the personnel that we have set out as a goal. So, what will this mean for us, to have an active and well-qualified overall defense force? We can forecast Taiwan's threats, but we will have fewer and fewer young people available and willing to join the military. And in the longer term, what will our military defense structure look like? We will have an urgent obligation to modernize our defense force to lower the number of personnel necessary, and if we can replace traditional tasks, the kind of manpower-requiring tasks, with modern technology, perhaps that will help ease the reliance on a larger defense force. However, that will also be more costly. So we are in a dilemma right now, and this is a serious challenge that all the politicians in Taiwan will have to face as we look at our future defense policy.

Second is the challenge of maritime disputes. Especially over the past years, we had some earlier disputes with Japan over the Diaoyutai islands in the East China Sea, and then even more seriously with the Philippines over the unfortunate tragedy of the shooting of a fisherman. These disputes, at times, if not managed properly, escalate into unnecessary tension. And after all, the real threat to Taiwan is actually coming from China, but these disputes sometimes sidetrack public attention away from Taiwan's real security threat. Recently, we heard a lot of over-blown language almost to the extent of calling for going into battle or war with the Philippines, a neighbor that should be our friend. So really when unfortunate disputes like this or tragedies are overblown, I think it also affects our broader security perspective. Therefore, we welcome the fact that the Japanese government has signed a fishing agreement with Taiwan. I think this is a very positive step that helps to ease a lot of the unnecessary tension, and we can focus on fishing disputes, putting aside some other longer-term disputes. And we also hope that we can make some progress with the Philippines, so that again our attention on Taiwan's real threat doesn't get sidetracked to other politicized regional tensions.

A third area where I think more political attention is needed is in the area of cyberwarfare. Within our defense ministry and in other governmental branches, of course, we are trying to enhance our capacity to deal with cyberwarfare. But I think this is really an area where we need more international cooperation. And I noticed that this has been brought up in the US and Japan security discussions. It's also an important topic in US-China security and political talks as well. It's clearly prioritized on a number of international occasions. However, Taiwan tends to be marginalized in various international efforts, and I believe a greater level of integration in dealing with cyberattacks and in elevating the importance that the matter plays in our security dialogue is also important. Of course, it also raises some other issues that we need to look at, because from a political perspective, it also raises a question that we need to deal with, the question on the conflict of privacy and intervention, and what extent we need to legislate to authorize government and security branches to do more in cybersecurity while not infringing on the privacy and rights of our citizens. I think particularly in light of the domestic political crisis at the moment, involving illegal wiretapping of phone conversations, the government wire-tapping of all the legislators' phones, though it's just a level of wiretapping, this could evolve into a kind of cybersecurity intrusion. The controversy lies in how to on the one hand empower our government to do more in this area, but on the other hand to ensure that the basic rights of our people are not infringed upon. I think this is a dilemma or a debate that many other countries are also facing. And so we are very interested in

looking at legislation and proposals, how the US and Japan and other countries are dealing with this issue on a policy basis, as we move ahead in the relevant legislative process.

The fourth area I want to point out is the crisis of Taiwan's economic marginalization. This is, of course, also associated with the magnetic pull of Taiwan into the orbit of Chinese economic influence. Of course, all the major economies in the world have to have certain levels of economic interaction with China, based on global free market principles. However, the overdependence of Taiwan on the Chinese economy and its pull would also affect our political leverage. That is, China's economic intention towards Taiwan is not just in making money. China's economic relations with some other countries may involve more economic motivations, but with Taiwan, there's a political dimension. China utilizes economic leverage to infiltrate all walks of life, gradually affecting our society. Some recent debates over, for example, the trade in services agreement with China, highlights some of the concerns that we have over overdependence on the Chinese economy, as well as an overpresence of China's economic influence in our society.

This week in our committee, Legislator Lin and I will be reviewing the free trade agreement with New Zealand. And I expect it to be ratified without any problem. We support this agreement; it has bipartisan support. And we hope that soon we will also ratify the FTA with Singapore, as soon as it is signed. ASTEP, that's what it is called. It will also be smoothly ratified, and despite all the other disagreements we have in the Legislative Yuan, we can agree on these trade arrangements. But I think what concerns us is that, for example, with the New Zealand agreement, the negotiation started in the year 2002. Now it has taken over 10 years and three presidential elections for us to sign an agreement with New Zealand, a country whose economy is relatively complementary to our economy, even in the more sensitive agricultural areas.

And so, we are really left behind. The rest of our neighbors are moving ahead in TPP negotiations, in regional trade agreements, and in other various combinations of bilateral trade agreements. Right now, most of our governmental efforts are focused on the trade agreements with China, which is not problematic in itself if we could balance that economic relationship with stronger ties with other major economies around the world. And so I think that with the lack of balance and the gradual marginalization, if we do not speed up the pace of being better integrated with the TPP, with other major economies, we will be sucked into the orbit of Chinese influence.

The pace of this happening will certainly be hastened, and it really concerns and worries us. So a more balanced approach to our overall economic relationship, I think, is quite necessary, but this cannot be done by Taiwan unilaterally. Of course, it requires response from our friends, from the Japanese, from the Americans, and from other potential TPP negotiating partners as well.

So I think this a challenging area. Unlike the relatively less controversial New Zealand and Singapore agreements, as we move ahead we run into the political realm, in the sensitive areas of agriculture and other industries that could potentially be negatively affected. But nevertheless, we need to have a quality public policy debate on this. For I do fear that the continuing marginalization of Taiwan, as the world moves ahead in liberalization in the long term, affects our comprehensive national strength, which will also in turn affect our security position and political leverage in the region. I will stop there, and I am happy to engage in further discussions later.

Akihisa Nagashima

Thank you, Dan. Good morning. My name is Aki Nagashima, the fourth member of the Japanese National Diet with the Democratic Party of Japan. I'm so glad to see so many familiar names and faces in this room. Let me congratulate CAPS, AEI, and Tokyo Foundation for creating this opportunity of trilateral security dialogue in a very timely manner.

Actually today, the extraordinary session of the Japanese Diet is convened— no wonder I chose to come here because Japanese politics these days is not so complicated, compared to the United States and Taiwan. It's half joking. I chose to come here because this dialogue is much more critical, not only for Japan, but also for the Asia-Pacific region as a whole. As I look around the Asia-Pacific or more precisely Indo-Pacific region, today, I see a range of opportunities as well as challenges. There is historical opportunity led by the dynamic development and integration of regional economies, as a powerful engine for sustainable economic growth in the world. There are also security challenges ranging from the nuclear and missile development by North Korea to rapid and aggressive maritime expansion of China to such nontraditional security concerns as terrorism, piracy, and natural disasters.

And since this is a trilateral dialogue for Japan, Taiwan, and the United States, along with strategic and economic issues, let me focus on the issue of maritime security. That must be the foundation for enduring peace and stability in the region. Japan, the

United States, Taiwan, and China all enjoy prosperity from the trade and commerce in the East and South China Seas, and Indian Ocean, through the key strategic chokepoints of the Taiwan Strait and Strait of Malacca, which we can call “the Arc of Prosperity.” In order to maintain the Arc of Prosperity, it is important to have stable sea lines of communication and the security of maritime freedom. It is effective for countries concerned to respectively engage in ensuring peace and stability and work together in bilateral, trilateral, or multilateral framework.

On the other hand, China seems to have a different set of values from Japan, the United States, and Taiwan. Only China is behaving unilaterally and coercively in the South China Sea and areas surrounding the Senkaku Islands, and it’s threatening regional stability. Especially, China refers to the line connecting Japan’s southwestern islands, Taiwan, and the Philippines that is the Arc of Prosperity, as their “first island chain” and seemingly trying to dominate those areas as their military sphere of influence.

These coercive unilateral actions by China to change status quo by force should not be accepted. We have to restrain China’s behaviors that would undermine Arc of Prosperity and stable navigation of sea lanes and prevent territorial disputes from occurring. We should seek to solve problems by rule of law, not by control with forceful measures. In addition to rule of law, Japan, the United States, and Taiwan share common values, such as democracy and free trade, and we need to follow up together into the future.

The Senkaku Islands and Taiwan Strait are geographically in close vicinity. Therefore, disputes in either place have deep impact on the other. In this regard, Japan and Taiwan share vital security interests. There’s no doubt that Senkaku Islands are an inherent part of territory of Japan, in light of historical facts and based upon international law. Indeed, the Senkaku Islands are under effective control of Japan and Japan is committed to protect its territory. The United States has repeatedly conveyed to China that the Japan-US security treaty applies to the Senkaku Islands and that the United States is opposed to any unilateral coercive actions that try to change the status quo by force.

Also, the United States is more committed to stability of the Taiwan Strait by its Taiwan Relations Act of 1979. The recent US policy to shift its strategic balance to the Asia-Pacific region, so-called “pivot” or “rebalancing policy,” strengthens this commitment. Currently, the Japanese government is prepared to launch its national

security council and to draft a first-ever national security strategy as well as studying its interpretation of exercising right of collective self-defense.

Also the GOJ (Government of Japan) will finish the revision of national defense program guidelines by the end of this year, increase the defense budget, and expand its security role as well as defense capabilities. The Japan-US security consultative meeting, the so-called 2+2 Meeting, was held in Tokyo early this month. The ministers delivered a strong message in a joint statement titled “Toward the Robust Alliance and Broader Shared Responsibilities.” Both parties will deepen their cooperation to ensure stability in the region, based on the enhancement of Japan’s roles and capabilities. In this sense, as a former vice minister of defense, I’d like to emphasize that the 2+2 Meeting this time has historical significance, especially that the ministers decided to revise and update the guidelines of Japan-US defense cooperation. For the first time since 1997, the revised guidelines would demonstrate to enhance the posture of bilateral defense cooperation to deal not only with the Korean Peninsula, but also with southwestern islands of Japan and Taiwan Strait and beyond.

Moreover, in the joint statement, Japan expresses its commitment to further empower the capacity of maritime law enforcement of the countries surrounding the South China Sea, by foreseeing regional security environment in 10 to 20 years ahead. In addition, the ministers confirmed destabilizing actions by force at sea and distractive activities in space and cyberspace pose serious threats to peace and security as well as challenges to the international norm. When Japan changes its interpretation to exercise its right of collective self-defense, it would greatly enhance not only joint ISR [intelligence, surveillance, and reconnaissance] operations, but also overall flexible deterrent capabilities, and thus contribute to ensuring the Arc of Prosperity and the stability of the sea lines of communication.

Of course, together with these efforts in the security area, efforts to further promote regional prosperity are also necessary to build a stable, rule-based order in the region. Japan is participating in Trans-Pacific Partnership (TPP) negotiation and aiming to come up with the agreement by the end of this year, hopefully. In addition to these developments, a series of free trade agreements is spreading across Asia-Pacific region. In this respect, FTA of Japan and Taiwan has huge potential. When the ties among this region becomes closer with further positive movement in economic front, tensions and pressures to the security front would decrease. To this end, it is important for countries such as Japan, Taiwan, and the United States, which share common

values, to deepen cooperation in security and economic domains. As a politician in this region, I am determined to work for this purpose to enhance political ties among three countries and to engage and encourage China to follow international norms. I'll stop there and look forward to discussion and your comments. Thank you very much.

Lin Yu-fang

Chairman, ladies, and gentlemen: A good thing to speak after Bi-khim is I do not have to talk too much because we share with each other so many views. I have two points to emphasize. First of all, the title of this seminar and this occasion remind me of the trilateral commission established in 1973. That commission has been so influential in the formulation and implementation of respective foreign policies in Western Europe, the United States, and Japan. So my suggestion is: why don't we consider the possibility of creating a similar committee or commission which will be able to bring together scholars and politicians from Japan, the United States, and Taiwan? We can get together to exchange views more often and more openly.

Secondly, since Ma Ying-jeou was first elected five years ago, the relationship between Taiwan and the Mainland has greatly improved. It's a good thing. The improvement of the relationship between both sides of the Taiwan Strait is in the interest of Taiwan, Mainland China, and all neighboring countries, including Japan and the United States—perhaps I should say, especially Japan and the United States. We support President Ma's policy because we have blessing and support from the United States and Japan, and we are also confident politically and militarily in dealing with the PRC. However, with successful economic modernization, the PRC has enormous resources in conducting military modernization now. It has purchased weapon systems from Russia and other countries and has been able to develop its indigenous weapon systems.

We would like to continue the current policy of promoting relationships with Mainland China. However, we don't want to deal with the PRC out of fear. We want to do it out of strength. The expanding gap of military capabilities between Taiwan and the PRC has greatly worried so many friends who are concerned about Taiwan's security. As chairman of the US-Taiwan Parliamentary Amity Association, in the past four years, I have led delegations to visit Washington, DC, to exchange views with Defense Department and State Department officials, members of US Congress, as well as many scholars. Each time, I have been challenged by many American friends—why don't you increase your defense budget? And my answer has always been the same—why should we? Washington has not fulfilled the Bush

administration's promise, public promise, to provide Taiwan with eight diesel-engine submarines.

If the Defense Department is able to have more money, what will it be for? If we are able to buy more advanced weapon systems from the United States, all members of all the parties in the Legislative Yuan will definitely support the increase of budget for our Defense Department. We have been so humble. Singapore is a very small country, and no obvious enemy is threatening the security of that island nation. Many years ago, however, Singapore already acquired F-16 C/Ds from the United States. And three years ago, it began receiving F-15s from the United States. We have kept begging the US government to offer Taiwan F-16 C/Ds only. We have no intention to create trouble for the US government by asking for F-15s. I really want to make the best use of this occasion to ask our American friends to try to persuade your government to keep its promise.

Taiwan is surrounded by the vast Pacific Ocean; without submarines, it will become very difficult for Taiwan to counter amphibious attacks from the other side of the Taiwan Strait. Besides, the F-16 C/D is urgently needed. Thank you.