



U.S.-Taiwan Relationship: Overview of Policy Issues

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Summary

The purpose and scope of this CRS Report is to provide a succinct overview with analysis of the issues in the U.S.-Taiwan relationship. This report will be updated as warranted. Taiwan today calls itself the sovereign Republic of China (ROC), tracing its political lineage to the ROC set up in 1911 on mainland China and commemorating in 2011 the 100th anniversary of its founding. The ROC government retreated to Taipei in 1949. The United States recognized the ROC until the end of 1978 and has maintained an official, non-diplomatic relationship with Taiwan after recognition of the People's Republic of China (PRC) in Beijing in 1979. The State Department claims an "unofficial" U.S. relationship with Taiwan, despite official contacts that include arms sales. The Taiwan Relations Act (TRA) of 1979, P.L. 96-8, has governed policy in the absence of a diplomatic relationship or a defense treaty. Other key statements that guide policy are the three U.S.-PRC Joint Communiqués of 1972, 1979, and 1982; as well as the "Six Assurances" of 1982. (See also CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei.*)

For decades, Taiwan has been of significant security, economic, and political interest to the United States. While the United States does not diplomatically recognize Taiwan, it is a significant autonomous actor in the world. Today, 23 countries including the Vatican have diplomatic relations with Taiwan as the ROC. Taiwan's 23 million people enjoy self-governance with free elections. After Taiwan's presidential election in 2008, the United States congratulated Taiwan as a "beacon of democracy." Taiwan donates official foreign aid, including \$3.5 million to Japan after its catastrophes in March 2011. Taiwan's economy is the 17th largest in the world. Taiwan is the 9th-largest U.S. trading partner, including the 6th-largest market for U.S. agricultural exports. U.S. cumulative investment in Taiwan totaled \$21 billion. Taiwan is a major innovator of information technology (IT) products. Ties or tension across the Taiwan Strait affect global peace and stability, the U.S.-Taiwan relationship, and U.S.-PRC engagement. Taiwan's democracy has allowed its people a greater say in their status, given competing party politics about Taiwan's sovereignty and priorities. The next presidential election is scheduled for January 14, 2012, two months earlier than in previous electoral cycles.

Particularly since Taiwan and the PRC resumed the cross-strait dialogue in 2008, one view has stressed concerns that the U.S.-Taiwan relationship has not strengthened. Another approach has seen closer cross-strait engagement as allowing U.S. attention to shift to expand cooperation from a rising China, which opposes U.S. arms sales and other dealings with Taiwan. In any case, Washington and Taipei have put more efforts into their respective relations with Beijing.

Taiwan's President Ma Ying-jeou has sought U.S. support for his policies, prioritizing U.S. arms sales and Taiwan's inclusion in the U.S. Visa Waiver Program (VWP). Taiwan also has asked for an extradition treaty. Another issue has concerned whether to resume Cabinet-level visits. The United States and Taiwan have sought to resume trade talks under the Trade and Investment Framework Agreement (TIFA), but there have been U.S. concerns about Taiwan's restrictions on U.S. beef. Taiwan seeks support for participation in international organizations.

Legislation in the 112th Congress includes **H.Con.Res. 39** (Andrews), **S.Con.Res. 17** (Menendez), and **H.R. 2583** (Ros-Lehtinen). The House Foreign Affairs Committee held a hearing on "Why Taiwan Matters" on June 16, 2011. Other congressional actions have focused on arms sales to Taiwan. See CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990.*

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Overview: Policy Interests and Issues

The purpose and scope of this CRS Report is to provide a succinct overview with analysis of the issues in the U.S.-Taiwan relationship. See cited CRS Reports for discussions in greater depth and detail. For decades, Taiwan has been of significant security, economic, and political interest to the United States. Although the United States does not diplomatically recognize Taiwan, it is a de facto, significant autonomous actor in the world. Today, 23 countries including the Vatican have diplomatic relations with Taiwan as the Republic of China (ROC). In a model democracy, Taiwan's 23 million people enjoy self-governance with free elections. It donates official foreign aid, including \$3.5 million to Japan after its catastrophes in March. Taiwan's economy is the 17th-largest in the world. Taiwan is the 9th-largest U.S. trading partner, including the 6th-largest market for U.S. agricultural exports. U.S. cumulative investment in Taiwan totaled \$21 billion. Taiwan is a major innovator of information technology (IT) products in the world.

With active congressional involvement, the United States has played critical roles in Taiwan's economic development, political liberalization from an authoritarian dictatorship to a dynamic democracy, self-defense against the People's Republic of China (PRC's) military threats, and preservation of international space. Overall, U.S. policy seeks to support security, political, and economic interests in peace and stability as well as the status quo in the Taiwan Strait, Taiwan's efforts to maintain international space, democracy and human rights in Taiwan, and U.S. businesses in Taiwan. As a critical concern, the United States has interests in the ties or tension across the Taiwan Strait, which affect global peace and stability, the U.S.-Taiwan relationship, and U.S.-PRC engagement. The cross-strait relationship has grown closer since the 1980s. When James Lilley arrived as the U.S. envoy in Taipei in 1982, he was one of the first officials to encourage cross-strait economic ties to lead to the trend of greater peace and stability.¹ Indeed, closer cross-strait economic engagement has increased regular contacts and reduced tension.

U.S. support for Taiwan has posed challenges to U.S. engagement with the PRC in Beijing. Overall, as the United States has engaged with both Taipei and Beijing, long-standing issues for policy have considered the weight in the balance of U.S. relations with Taiwan and with the PRC, and also the balance in pursuing the relationship with Taipei in its own right as opposed to approaching Taiwan as part of the relationship with Beijing. Taipei has concerns about whether Beijing's cooperation with Washington has occurred at the expense of Taiwan's interests (or "abandoning" Taiwan). U.S. policy seeks a cooperative relationship with a rising PRC, which opposes U.S. arms sales and other official dealings with Taiwan as "interference" in its "internal affairs" in "unifying" Taiwan as a "province" of China. In a contradiction, Beijing also seeks its preferred U.S. policies to influence Taiwan. However, Taiwan considers itself a sovereign country. As Taiwan transitioned from an authoritarian political system, U.S. policy also has been mindful of respecting Taiwan's democracy and elections.

After the Kuomintang (KMT) Party's Ma Ying-jeou became president in Taiwan in May 2008, he promptly resumed the dialogue across the Taiwan Strait after suspension for a decade. The PRC had accused his predecessor, the Democratic Progressive Party (DPP)'s Chen Shui-bian, of pushing for de jure independence of Taiwan. The resumption of the cross-strait dialogue resulted in even closer economic engagement between Taiwan and the PRC as well as a reduction of tension, which was welcomed by the United States. This situation afforded U.S. policy

¹ James Lilley with Jeffrey Lilley, *China Hands* (New York: Public Affairs, 2004).

opportunities to strengthen the U.S.-Taiwan relationship and/or shift attention to seek greater cooperation from Beijing. President Ma Ying-jeou has sought U.S. support, including arms sales, for Taiwan's stronger position to sustain cross-strait talks. One view has stressed concerns that United States has not strengthened the relationship with Taiwan to pursue some U.S. interests. Another approach has stressed that the new era of cross-strait engagement allows for improved U.S. ties with a rising China and that Taiwan has pursued its own interests in engaging with the PRC. In any case, Washington and Taipei have put more efforts into their respective relations with Beijing.

Overall, some salient issues for policy include

- How should Congress exercise its roles in U.S. policy or engage with Taiwan?
- Should the United States sell more weapons and which ones, as requested by Taiwan for its self-defense?
- Should the United States resume visits by Cabinet-level officials to Taiwan?
- Should the United States allow Taiwan to join the Visa Waiver Program (VWP)?
- Should the United States conclude an extradition treaty with Taiwan, and what would be the congressional role in concluding such a treaty or agreement?
- Should the United States also favor Taiwan's observership (if not membership) in supporting Taiwan's participation in international organizations, such as the World Health Organization (WHO), International Civil Aviation Organization (ICAO), and U.N. Framework Conventional on Climate Change (UNFCCC)?
- Should the United States include Taiwan's president at the 2nd U.S.-hosted Asian-Pacific Economic Cooperation (APEC) summit in Honolulu in November 2011?
- Should U.S. policy allow more senior officials from Taiwan to visit and encourage expanded communication with Taiwan's president during transits?
- Should policy allow U.S. flag and general military officers to visit Taiwan?
- How should the United States support transparent, fair, and impartial rule of law, elections, and freedoms in Taiwan, while respecting Taiwan's democracy?
- Should the United States press Taiwan for more cooperation to support weapons nonproliferation, counterterrorism, and U.S. and allied war efforts?
- What is Taiwan's role in the U.S. security strategy for the Asian-Pacific region?
- Should decisionmakers review policy on Taiwan, with the last review in 1994?
- How should U.S. policy press Taiwan to relax import restrictions on U.S. beef?
- Should the United States press Taiwan to notify the cross-strait Economic Cooperation Framework Agreement (ECFA) of 2010 to the World Trade Organization (WTO) and explain any benefits for U.S. companies?
- How should the United States advance economic interests in Taiwan, including a resumption of the Trade and Investment Framework Agreement (TIFA) talks?
- Should the United States negotiate a free trade agreement (FTA) with Taiwan or support Taiwan's inclusion in multilateral trade negotiations?

Historical Background

Taiwan formally calls itself the Republic of China (ROC), tracing its political lineage to the ROC set up in 1911 in mainland China and commemorating in 2011 the 100th anniversary of its founding. The ROC does not recognize the PRC founded in Beijing by the Communist Party of China (CPC) in 1949. The PRC claims that the ROC ceased to exist in 1949 and that Taiwan is a province of “one China.” The PRC and ROC do not recognize each other or two Chinas. The ROC refers to the other side of the strait as the “mainland” and calls for “mutual non-denial.” Taiwan has stated an intention to set aside the dispute over sovereignty. In any case, since 1949, the ROC has governed Taiwan, and the PRC based in Beijing has ruled mainland China.

The people of Taiwan, previously called Formosa, never have been ruled by the CPC or as a part of the PRC, and until 1945, had never been ruled by the ROC. In Taiwan after World War II, October 25, 1945, or “Retrosession Day,” marked the ROC’s claim of “recovering” Formosa from Japan. However, upon Japan’s surrender, that was the first time that the ROC’s military forces had occupied the island of Formosa. When the Qing Empire ceded in perpetuity Formosa to Japan under the Treaty of Shimonoseki of 1895, the ROC was not yet in existence. Moreover, the colony’s people did not have a say in self-determination of their status. The Kuomintang (KMT), or Nationalist Party of China, has contended that the ROC claimed Formosa at Japan’s surrender in August 1945, with no country challenging the island’s status. The ROC under KMT forces led by Chiang Kai-shek retreated to Taiwan in 1949, when the Communist forces led by Mao Zedong took over mainland China. There has been a social, linguistic, and political issue of identifying with Taiwan or China, with two major groups of local “Taiwanese” people and “mainlanders” (folks who retreated to Taiwan with the KMT forces and their descendents). The KMT’s imposed authoritarian rule and martial law on Taiwan, including a massacre called the “228 Incident” of February 28, 1947, exacerbated difficulties between the groups.

U.S. “One China” Policy

The United States has its own position on Taiwan’s status. Not recognizing the PRC’s claim over Taiwan nor Taiwan as a sovereign state, U.S. policy has considered Taiwan’s status as unsettled. Since a declaration by President Truman on June 27, 1950, during the Korean War, the United States has supported a future determination of the island’s status in a peaceful manner. The United States did not explicitly state the sovereign status of Taiwan in the three U.S.-PRC Joint Communiqués of 1972, 1979, and 1982. The United States “acknowledged” the “one China” position of both sides of the Taiwan Strait. Washington has not promised to end arms sales to Taiwan for its self-defense, although the Mutual Defense Treaty of 1954 terminated on December 31, 1979. U.S. policy does not support or oppose Taiwan’s independence; U.S. policy takes a neutral position of “non-support” for Taiwan’s independence. U.S. policy leaves the Taiwan question to be resolved by the people on both sides of the strait: a “peaceful resolution,” with the assent of Taiwan’s people in a democratic manner, and without unilateral changes. In short, U.S. policy focuses on the process of resolution of the Taiwan question, not any set outcome.

One of the first powers to support reforms and a new republic in early 20th century China, the United States recognized the ROC government from 1913 until the end of 1978 and has maintained an official, non-diplomatic relationship with Taiwan after recognition of the PRC in 1979. The State Department claims an “unofficial” U.S. relationship with Taiwan, despite official contacts that include arms sales. Congress passed a law that did not describe the relationship as official or unofficial. The Taiwan Relations Act (TRA) of 1979, P.L. 96-8, has governed policy in

the absence of a diplomatic relationship or a defense treaty. The TRA stipulates the expectation that the future of Taiwan “will be determined” by peaceful means. The TRA specifies that it is policy, *inter alia*, to consider any non-peaceful means to determine Taiwan’s future “a threat” to the peace and security of the Western Pacific and of “grave concern” to the United States; “to provide Taiwan with arms of a defensive character”; and “to maintain the capacity of the United States to resist any resort to force or other forms of coercion” jeopardizing the security, or social or economic system of Taiwan’s people. The TRA provides a congressional role in determining security assistance “necessary to enable Taiwan to maintain a sufficient self-defense capability.” The TRA set up the American Institute in Taiwan (AIT) to replace the U.S. Embassy.

In addition to the three Joint communiqués and the TRA, there is a fifth key statement that guides U.S. policy on Taiwan. President Reagan offered “Six Assurances” to Taipei on July 14, 1982, that in negotiating the third Joint Communiqué with the PRC, the United States: (1) has not agreed to set a date for ending arms sales to Taiwan; (2) has not agreed to hold prior consultations with the PRC on arms sales to Taiwan; (3) will not play any mediation role between Taipei and Beijing; (4) has not agreed to revise the Taiwan Relations Act; (5) has not altered its position regarding sovereignty over Taiwan; and (6) will not exert pressure on Taiwan to negotiate with the PRC. (Also see CRS Report RL30341, *China/Taiwan: Evolution of the “One China” Policy—Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan.)

Democratic Politics

The United States has supported Taiwan’s political liberalization from an authoritarian dictatorship to a dynamic democracy. Democracy has given Taiwan’s people a greater say in their status and future. According to a poll issued by Taiwan’s governmental Mainland Affairs Council (MAC) in December 2010, 63% of Taiwan’s people support the status quo indefinitely or with a decision later on unification or independence; 18% favor the status quo now with independence later; 7% favor the status quo now with unification later; 6% favor independence as soon as possible; and 1% favor unification with the mainland as soon as possible.

At times, the PRC has reacted unfavorably to Taiwan’s democratic politics and implications for sovereignty, particularly since its first direct presidential election in March 1996. The People’s Liberation Army (PLA) fired missiles close to Taiwan and provoked the Taiwan Strait Crisis of 1995-1996. President Clinton deployed two aircraft carrier battle groups near Taiwan in March 1996. The PRC threatened Taiwan after President Lee Teng-hui characterized the cross-strait relationship as “special state-to-state ties” on July 9, 1999. On March 18, 2000, Chen Shui-bian of the Democratic Progressive Party (DPP) won the presidential election. The DPP has leaned toward favoring Taiwan’s independence. Chen’s DPP administration brought Taiwan’s first democratic transfer of power from one party to another, after 55 years of KMT rule. Cross-strait tension rose again when the PRC accused DPP President Chen (2000-2008) of promoting Taiwan’s *de jure* independence, including with a referendum on membership in the U.N. for Taiwan during its presidential election on March 22, 2008. While opposing such referendums, President Bush positioned two aircraft carriers near Taiwan, whose largely symbolic referendums were still targets of the PRC’s belligerent condemnation. The referendums failed to be valid, and the KMT’s Ma Ying-jeou won as president, ushering in Taiwan’s second democratic transfer of power from one party to another. President Bush congratulated Taiwan as a “beacon of democracy.” Some have stressed Taiwan as a model democracy in a Chinese cultural context. (Also see CRS Report R41263, *Democratic Reforms in Taiwan: Issues for Congress*, and CRS

Report RL34441, *Security Implications of Taiwan's Presidential Election of March 2008*, by Shirley Kan.)

The KMT's March 2008 presidential victory was preceded on January 12, 2008, by a sweeping victory in which it swamped the DPP in elections for the Legislative Yuan (LY). Having won the presidency as well in March, the KMT assumed solid control of the government in May 2008. The 2008 legislative elections were the first held under new electoral rules adopted in 2005 under an amendment to Taiwan's constitution. The rules cut in half the size of the LY to 113 members from its former size of 225 and increased the term of office from three years to four years. The rules also instituted a new single-member district system employing two ballots for voters, similar to systems used in Germany and Japan: one to be cast for a candidate and one to be cast for a political party. As demonstrated by the electoral results, the new system favored larger, well-organized parties and put smaller parties at a disadvantage. Two key small political parties have been the People's First Party (PFP), allied with the KMT as "Blue" parties, and the Taiwan Solidarity Union (TSU), allied with the DPP as "Green" parties. Compared to the KMT and PFP, the DPP and TSU have been more Taiwan-centric in their perspectives and wary of the PRC.

Major Developments in Cross-Strait Engagement

Ties or tension across the Taiwan Strait affect global peace and stability, the U.S.-Taiwan relationship, and U.S.-PRC engagement. Congressional oversight has been concerned with support for U.S. interests, particularly respect for Taiwan's democracy. Since their first direct talks in 1992, Taiwan and the PRC have negotiated through quasi-official organizations: the Strait Exchange Foundation (SEF) in Taipei and the Association for Relations Across the Taiwan Strait (ARATS) in Beijing. The two sides agreed to disagree with the verbal formula of "One China, Different Interpretations," namely, "PRC" in Beijing and "ROC" in Taipei. However, years later, the CPC in Beijing and KMT in Taipei have argued that they reached a "1992 Consensus" and oppose Taiwan's independence. The DPP has disputed that there was a consensus.

Resumed Dialogue and Reduced Tension

In the two months between his election and his inauguration on May 20, 2008, President Ma spoke of his intentions to begin normalizing cross-strait ties in a "cross-strait common market," to establish direct air links with the PRC, and to ease other restrictions on cross-strait contacts. In his inaugural address, President Ma announced his "Three Noes": "no unification, no independence, and no use of force" to maintain the "status quo" and set aside the sovereignty dispute. He called for a "diplomatic truce" with the PRC and pledged to stop using "dollar diplomacy" in a zero-sum game to win or preserve diplomatic recognition around the world.² After his inauguration, President Ma moved to improve cross-strait engagement, building on foundations laid by the

² "Dollar diplomacy" (or "checkbook diplomacy") refers to both Taiwan and the PRC competing for diplomatic relations by promising to and investing huge sums in countries that may be wavering in their diplomatic allegiances.

previous President Chen.³ KMT Chairman Wu Poh-hsiung met with CPC General Secretary Hu Jintao on May 28, 2008, the highest-level encounter between the two governments after 1949.⁴

Economic Agreements and ECFA

In June 2008, KMT President Ma Ying-jeou and the PRC leadership resumed the cross-strait dialogue (after a decade), beyond seeking détente. As many as 2 million of Taiwan's citizens already were working and living on the mainland.⁵ Taiwan has 70,000 companies that have invested over \$100 billion in mainland China. Since then, Taiwan has announced the conclusion of 15 cross-strait economic agreements including a domestically controversial Economic Cooperation Framework Agreement (ECFA) signed in June 2010 to lower tariffs. A range of government officials and their counterparts have contact across the strait, including through direct phone calls. Two of the most dramatic changes cited by Taiwan's people and foreign businesspeople have been direct flights across the strait and groups of tourists from the mainland. In 2010, about 1.4 million PRC tourists visited Taiwan. In June 2011 Taiwan announced new agreements to allow tourism by individual mainlanders and increased direct flights from 370 to 560 a week.

Remaining Challenges

The United States has welcomed the reduction in tension brought by economic and people-to-people engagement across the Taiwan Strait. Aside from increased stability and direct flights, however, it has been less clear how the agreements, especially ECFA, have benefitted U.S. and other foreign firms. Deputy Assistant Secretary of State David Shear said in July 2010 that "if ECFA is to be a truly successful arrangement, firms from the United States and other countries must also be able to benefit." Taiwan announced that ECFA entered into force on September 12, 2010. However, the United States has concerns that Taiwan has not notified ECFA to the WTO as required of its members. Taiwan has tried to use ECFA as a springboard to negotiate free trade agreements (FTAs) with other countries, starting with talks with Singapore in August 2010. Taiwan continued to face challenges in other international trade negotiations, although it has the option of unilateral liberalization of trade and investment rules. Taiwan also seeks cross-strait agreements on investment protection, dispute resolution, and safety of nuclear power plants.

The DPP has been more wary of increasing the PRC's influence and risks to Taiwan's security. Still, in 2011, Chairwoman Tsai said that the DPP could not, on its own, nullify the signed ECFA. Questions also have arisen about Taiwan's procedures for reviewing technology transfers to the PRC and any national security implications of increasing PRC investments in Taiwan, including how Taiwan's security review of PRC investments compare with the U.S. security review by the Committee on Foreign Investment in the United States (CFIUS).

³ Among other initiatives during the Chen Administration, in January 2005, Taiwan and the PRC launched the first non-stop holiday direct charter flights flown in 55 years across the strait. These were expanded in 2006 with an agreement to allow up to 168 direct annual round-trip charter passenger flights between the PRC and Taiwan.

⁴ On April 29, 2005, when the KMT was out of power, KMT Chairman Lien Chan met with CPC General Secretary Hu Jintao, the first time the leaders of the KMT and CPC had met since World War II.

⁵ Kathrin Hille, "Straitened Times," *Financial Times*, March 26, 2008.

Since 2005, the CPC and KMT have proposed a potential “peace agreement” and confidence building measures (CBMs). However, the PLA has built up missiles and other forces, and has opposed U.S. arms sales for Taiwan’s self-defense. The Defense Secretary’s annual report to Congress submitted in August 2010 estimated that the People’s Liberation Army (PLA) deployed 1,050-1,150 short-range ballistic missiles (SRBMs) opposite Taiwan by the end of 2009. The PLA also is believed to have increased deployments of land attack cruise missiles (LACMs) that could be used against Taiwan or others. Indeed, at a hearing of the Senate Appropriations Subcommittee on Defense on June 16, 2010, Senator Feinstein asked Defense Secretary Robert Gates about any changes in China’s military posture against Taiwan, and he testified that there continued to be an “extraordinary” deployment by the PLA of cruise as well as ballistic missiles opposite Taiwan, despite closer cross-strait engagement since 2008.

Issues in U.S. Policy Toward Taiwan

There has been consideration in the Administration and Congress of various options to pursue in the relationship with Taiwan. One issue has been whether to resume Cabinet-level visits, perhaps by the Secretaries of Veteran Affairs, Commerce, or Energy, or the U.S. Trade Representative (USTR). Cabinet-level officials visited Taiwan in 1992, 1994, 1996, 1998, and 2000. The United States and Taiwan also have sought to resume trade talks under the Trade and Investment Framework Agreement (TIFA), last held in July 2007. Salient issues include the following.

International Security

The United States has obtained counterterrorism cooperation at ports through Taiwan’s agreements (in 2005 and 2006 during the DPP’s Chen Administration) to participate in the Container Security Initiative (CSI) and Megaports Initiative (to detect nuclear and other radioactive materials in cargo). The United States also has sought Taiwan’s cooperation in nuclear and missile non-proliferation in Iran and North Korea. For example, in March 2009, the Shanghai-based Roc-Master Manufacture and Supply Company reportedly ordered 108 pressure gauges that could be used in centrifuges to enrich uranium for transfer to Iran from an agent in Taiwan (Heli-Ocean Technology Company) for Inficon Holding, the manufacturer in Switzerland. Taiwan reportedly raided in July 2010 Ho Li Enterprises which received orders since March 2007 from Dandong Fang Lian Trading Company in Dandong, PRC, with an alleged association with North Korea’s military, for two dual-use, high-technology machine tools that ended up in North Korea earlier in 2010. After enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA) of 2010 (P.L. 111-195) on July 1, 2010, which followed U.N. Security Council Resolution 1929 of June against Iran’s nuclear program, Taiwan has not announced its own unilateral sanctions against dealings with Iran’s oil and gas industry. In 2010, Taiwan imported \$1.7 billion worth of oil from Iran, the 5th-largest source of Taiwan’s oil imports.

Another bilateral matter involved a U.S. Navy ship and the death of the captain (Wu Lai-yu) of one of Taiwan’s fishing boats in a NATO anti-piracy operation off Somalia on May 10, 2011. On July 23, the U.S. government, through AIT, provided a report from the U.S. Fifth Fleet of the Naval Forces Central Command based in Bahrain on the frigate USS *Stephen W. Groves*’ (SWG) interdiction of the Taiwan-flagged fishing boat that had been hijacked in March 2010 and then used as a pirate mother-ship along with pirate skiffs to attack other ships for more than a year off the Horn of Africa. The U.S. Navy operated under the NATO-led Combined Task Force 508 to conduct an operation on May 10 against the mother-ship to disrupt further attacks. After

compelling the pirates to surrender and boarding the ship, the Navy's crew found Wu deceased in his cabin. An investigation found that ammunition fired from the U.S. naval ship during the operation "inadvertently" killed him and three pirates. The naval crew then buried the captain at sea, laid to rest in his ship, which was sunk to prevent it from becoming a hazard to other ships. The United States expressed "regret" that the ship and its captain were lost in the protection of shipping against piracy and condolences to Wu's family. The U.S. Navy maintained that it conducted the counter-piracy operation "in accordance with existing rules of engagement and in compliance with international law." However, Taiwan persisted in protests, including a call from Foreign Minister Timothy Yang for U.S. compensation to Wu's family, which demanded \$3 million. Taiwan's government could have been trying to deflect political criticism and demands for compensation from Wu's family, since the government apparently took few if any steps to rescue the boat's captives while they were held for over a year.

International Organizations

Taipei is a full member in some international organizations to which the PRC also belongs, such as the Asian Development Bank (ADB) and the WTO. Taiwan also has been a full member of the Asian-Pacific Economic Cooperation (APEC) forum. For the second time since the United States initiated APEC summits in Seattle in 1993, it will be the U.S. turn to host again an APEC summit in November 2011 (in Honolulu). Taiwan's president has not been able to attend past APEC summits, sending a lower-level envoy to represent Taiwan.

The Clinton Administration's 1994 Taiwan Policy Review promised to support Taiwan's membership in organizations where statehood is not a prerequisite and to support opportunities for Taiwan's voice to be heard in organizations where its membership is not possible. The focus of Congressional action for many years was on Taiwan's international participation at the World Health Organization (WHO) and the annual meetings in Geneva of its governing body, the World Health Assembly (WHA). On April 21 and May 6, 2004, the House and Senate passed H.R. 4019 and S. 2092 in support of Taiwan's efforts to gain observer status in the WHO and to make it an annual requirement to have an unclassified report from the Secretary of State on the U.S. plan to help obtain that status for Taiwan. The implication of this legislative change was the end of annual congressional statements and votes on this issue. In signing S. 2092 into law (P.L. 108-235) on June 14, 2004, President Bush stated that the United States fully supported the participation of Taiwan in the work of the WHO, including observer status.

Only after Ma Ying-jeou was inaugurated as President in May 2008 did the WHO in January 2009 include Taiwan in the International Health Regulations (IHR). At the WHA in May 2009, Taiwan's Minister of Health participated, as an observer, for the first time since the ROC lost membership in the United Nations (U.N.) in 1971. However, some were concerned that the invitation had required the PRC's approval, came through a WHO-PRC memorandum of understanding (MOU), and was ad hoc (not every year or only for a KMT President). Indeed, in its required report submitted to Congress in April 2010, the State Department reported that the WHO invited Taiwan to attend the 2009 WHA after the PRC "agreed to Taiwan's participation." Moreover, in May 2011, a secret WHO Memorandum dated September 14, 2010, came to light in Taiwan, showing that the WHO had an "arrangement with China" to implement the IHR for the "Taiwan Province of China." At the WHA that month, Secretary of Health and Human Services Kathleen Sebelius protested to the WHO, saying that no U.N. organization has a right to determine unilaterally the status of Taiwan.

President Ma decided to be more flexible than his DPP predecessor concerning Taiwan's annual bid for rejoining the U.N. On August 14, 2008, Taiwan submitted a proposal to the U.N. Secretariat via some countries with which Taiwan maintains diplomatic relations, asking the U.N. to allow Taiwan to have "meaningful participation" in U.N. specialized organizations.⁶

Deputy Assistant Secretary of State David Shear stated in March 2010 that "the United States is a strong, consistent supporter of Taiwan's meaningful participation in international organizations." He also stated that "Taiwan should be able to participate in organizations where it cannot be a member, such as the World Health Organization, the International Civil Aviation Organization, and other important international bodies whose activities have a direct impact on the people of Taiwan." Taiwan has sought status as an "observer" in the International Civil Aviation Organization (ICAO) and U.N. Framework Convention on Climate Change (UNFCCC). Taiwan's challenges include justifying the practical gains and gaining PRC support. While the State Department stopped short of supporting Taiwan's observership in ICAO, Congress has supported this stance in legislation. In July 2010, the House passed (by voice vote) H.Con.Res. 266 (Berkley) to express the sense of Congress that Taiwan should be accorded observer status in ICAO. In July 2011, the Senate Foreign Relations Committee reported favorably S.Con.Res. 17 (Menendez) with the same sense of Congress.

U.S. Arms Sales to Taiwan

The Defense Department has reported to Congress in annual reports on the PLA that the balance of forces across the Taiwan Strait has continued to shift to the PRC's favor. Moreover, the Secretary's report of March 2009 told Congress that it was no longer the case that Taiwan's Air Force enjoyed dominance of the airspace over the strait. Since 2001, Taiwan has discussed the acquisition of diesel-electric submarines. Since 2006, Taiwan has been unsuccessful in trying to submit a formal request to procure new F-16C/D fighters. In 2009, Taiwan also requested upgrades to its existing F-16A/B fighters. Taiwan and some Members in Congress have been concerned about suspected delays in consideration of Taiwan's defense needs by President Obama, particularly out of concern about the military and overall relationship with the PRC. President Obama last notified Congress on January 29, 2010, of major arms sales to Taiwan: five programs with a total value of \$6.4 billion. Taiwan has asked for continued U.S. security assistance, in accordance with the TRA and the Six Assurances. However, Taiwan under President Ma has cut its defense budget and has failed to reach the promised defense spending at 3% of GDP. While the PRC has not warned Taiwan of consequences in seeking U.S. weapons, the PRC claimed to "suspend" many military-to-military meetings with the United States in 2010. (See CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*, by Shirley A. Kan.)

Visa Waiver Program (VWP)

As one of its top priorities, Taiwan has sought inclusion in the U.S. Visa Waiver Program (VWP), which eliminates some visa requirements for qualified countries, allowing their citizens to make temporary U.S. visits without first obtaining a valid visa. VWP countries must meet certain criteria, such as offering reciprocal privileges to U.S. citizens, having machine-readable

⁶ According to *The China Post* of August 16, 2008, the resolution was titled "The Need to Examine the Fundamental Rights of the 23 Million People of the Republic of China (Taiwan) to Participate Meaningfully in the Activities of the U.N. Specialized Agencies."

passports, and having a low non-immigrant refusal rate. The Ma Administration has stressed visa waiver status as a benefit for Taiwan's travelers, a symbol of support for his policies, and a step to support Taiwan's international stature. Mariko Silver, Acting Assistant Secretary of Homeland Security for International Policy, visited Taiwan in April 2010 and welcomed Taiwan's adoption of e-passports and looked to Taiwan's resolution of technical security and a new requirement for in-person applications for passports to prevent fraud. The refusal rate for Taiwanese applicants of U.S. visas was at 2.2% in 2010, better than the 3% standard for the VWP. In late 2010, Taiwan announced that it sought to conclude three relevant agreements with the United States to exchange information on stolen or counterfeit passports, on terrorists, and on combating crime. Even without U.S. leadership in waiving visas for Taiwan's travelers, President Ma announced in late June 2011 that Taiwan had secured offers from 116 countries and territories to grant its citizens visa-free or landing visa travel privileges. To prevent fraud, Taiwan did not start until July 1, 2011, the new system to require first-time applicants for passports to apply in person. If Taiwan were granted visa waiver status, revenue would be lost to the State Department, while it could reduce personnel. (Also see CRS Report RL32221, *Visa Waiver Program*, by Alison Siskin.)

Extradition Treaty

Taiwan has asked for an extradition treaty, and negotiations started in 2010, involving the Departments of Justice and State. Taiwan has sought about 70 fugitives suspected of being in the United States. Taiwan had proposed an extradition treaty with the United States as early as 1979. In December 1992, the Senate Governmental Affairs Subcommittee on Investigations recommended negotiation of an extradition agreement with Taiwan as soon as possible. A precedent for congressional consideration could be the U.S.-Hong Kong extradition agreement.⁷ Aside from an extradition treaty, another option could be authorizing statute passed by Congress. (Also see CRS Report 98-958, *Extradition To and From the United States: Overview of the Law and Recent Treaties*, by Michael John Garcia and Charles Doyle.)

Human Rights and Rule of Law

President Ma Ying-jeou has contended that he has valued democracy, freedoms, and human rights. At a news conference on November 12, 2008, that coincided with the day that ex-president Chen Shui-bian was first detained on charges of corruption, AIT Director Stephen Young expressed the U.S. expectation that Taiwan's judicial process be "transparent, fair, and impartial." However, critics say that Taiwan under the KMT has not done enough to promote those values in the PRC or judicial reforms in Taiwan. Some have questioned whether the KMT Administration has downplayed democracy promotion by the Taiwan Foundation for Democracy (TFD) and has been less welcoming to the exiled Tibetan leader Dalai Lama and exiled Uighur leader Rebiya Kadeer, both criticized by Beijing. A number of U.S. and foreign former officials, activists, and academics have written "open letters" to President Ma to express concerns. A letter of April 11, 2011, in the *Taipei Times* asked whether legal charges against 17 former DPP officials of the Chen Administration for allegedly failing to return about 36,000 documents were "politically

⁷ Senate Governmental Affairs Subcommittee on Investigations, a report on "The New International Criminal and Asian Organized Crime," S. Prt. 102-129, December 1992; Senate Foreign Relations Committee, report on the "U.S.-Hong Kong Extradition Treaty," Exec. Rept. 105-2, August 19, 1997; Senate Foreign Relations Committee, report on the "Agreement with Hong Kong on the Transfer of Sentenced Persons," Exec. Rept. 105-24, October 14, 1998.

motivated” in coming out three years after the transition in 2008 and during electoral campaigns. On June 30, 2011, prosecutors indicted Lee Teng-hui, who was president from 1988 to 2000, for allegedly diverting \$7.8 million in diplomatic funds for the establishment of the Taiwan Research Institute in the 1990s. Some asked whether the legal action was timed to Lee’s support for the opposition DPP in the next elections in January 2012.

Democratic Elections

Taiwan’s presidential elections have implications for U.S. interests in democracy and stability. The next presidential election is scheduled for January 14, 2012, two months earlier than in previous electoral cycles. Taiwan decided to hold the presidential election in January, instead of March, and to combine the presidential and legislative elections on one day. There is concern in Washington about Beijing’s actions before and after the elections, with Beijing favoring the incumbent KMT President Ma Ying-jeou. The CPC also faces a leadership transition, expected in the fall of 2012, which could reduce room for flexibility. Both the CPC and KMT oppose Taiwan’s independence and agree on what they call today the “1992 Consensus.” If the opposition DPP Chairwoman Tsai Ing-wen wins in January 2012, another transfer of power from the KMT to the DPP would then extend over four months of lame duck status for President Ma until the inauguration in May. Beijing could pressure the outgoing KMT president for concessions and take a strident stance toward the DPP. Beijing knows Tsai as an official under DPP President Chen, including as the Chairwoman of Taiwan’s MAC and a Vice Premier. Tsai could clarify her own stance on how she would engage with the PRC, including cross-strait economic agreements. Though uncertainty is rising, many analysts expect more continuity than change in any outcome of the election. Tsai is considered a more moderate leader than former President Chen. Compared to the KMT, the DPP tends to be more Taiwan-centric and more wary of ties with the PRC, which has increased its leverage in Taiwan. The DPP tends to stress relations with the United States and other democracies (like Japan) over ties with mainland China. In any case, closer cross-strait economic integration seems irreversible.

President Ma has sought with more urgency signs of U.S. support, especially U.S. arms sales and visa waiver status. U.S. policy might need to be prepared for any outcome. The polls show a potentially close contest, with a significant share of independent voters. While people seem to have supported President Ma’s policies, many are said to question whether he has shown strong leadership in governance at home and asserted Taiwan’s sovereignty abroad. According to the survey in mid-July 2011 from the more respected polls by Global Views, both the KMT’s Ma and DPP’s Tsai received support at 37%. Of those surveyed, 26% did not express their preferences.

A long-standing issue for congressional oversight has been whether the Administration has maintained with words and actions U.S. neutrality in and respect for a fellow democracy. Visiting Taiwan in June 2011, AIT Chairman Ray Burghardt said that he met with President Ma and DPP Chairwoman Tsai Ing-wen (both presidential candidates), and he added that the United States respects Taiwan’s “real democracy” and remains “neutral” in Taiwan’s elections.⁸

Tsai plans to visit Washington in September, to engage with Congress and the Administration. Congress could play roles in observing Taiwan’s elections in January 2012 and representing the

⁸ Quoted in *Taipei Times*, June 28, 2011.

United States at the next presidential inauguration in May 2012. (Representative James Leach represented the United States at the presidential inauguration in May 2004 in Taipei.)

Meanwhile, Taiwan's political polarization and campaigns have constrained U.S. influence on some priorities, particularly to open Taiwan's market to U.S. beef. In April 2009, President Ma gave a speech directed at the Obama Administration, including a promise to open Taiwan's market to U.S. agricultural exports, alluding to the U.S. request conveyed to him since his inauguration day in May 2008 that Taiwan lift restrictions on U.S. beef. In October 2009, President Ma agreed to conclude two years of negotiations on an agreement to relax Taiwan's restrictions on imports of U.S. beef over Taiwan's concern about mad cow disease, or bovine spongiform encephalopathy (BSE). The United States maintains that U.S. beef is safe. Under the U.S.-Taiwan agreement signed on October 22, 2009, Taiwan would allow bone-in beef, ground beef, and cow parts under 30 months of age without specified risk materials (skulls, spines, brains, etc.). However, both the ruling KMT and opposition DPP have complained. In what the Ma Administration admitted as a "crisis," Taiwan raised tension with the Obama Administration and Congress over beef. Taiwan's Legislative Yuan passed in January 2010 a bill to ban ground beef, parts, and risky materials from areas with mad cow disease in the past 10 years. The USTR and others have concerns about Taiwan's political, unscientific restrictions and questions of safety concerning U.S. beef, unilateral abrogation of an agreement, and violations of key principles in international trade that harmed U.S. agricultural exports. However, the broader U.S. business community has questioned the freezing of TIFA talks because of one category of exports, and some observers have pointed out that the United States continues trade talks with the PRC in spite of many disputes. Taiwan has been a key market for U.S. beef exports, increasing from \$42 million in 2005 to \$216 million in 2010. Right before the resumption of TIFA talks expected in late January 2011, on January 15 Taiwan ordered the removal from sale of U.S. beef with a drug to promote leanness called ractopamine, although the United States maintains that the additive is safe. On February 17, the Chairmen and Ranking Members of the Senate Finance Committee and House Ways and Means Committee (Senators Max Baucus and Orrin Hatch, and Representatives Dave Camp and Sander Levin) wrote a letter to President Ma to express concern that U.S. beef exports to Taiwan have stopped effectively, to urge a correction, and to seek confidence to resume the TIFA talks. On July 13, 2011, AIT expressed disappointment in Taiwan's apparently "political" decision to keep the ban by citing the lack of agreement at an international commission on acceptable, maximum residue limits (MRLs) for ractopamine.

Economic Relations⁹

Taiwan is a major innovator and producer of information technology (IT), broadly defined as computer hardware and software; telecommunications; and other knowledge-based industries. According to Taiwan, in 2009, Taiwan was the world's second-largest producer of ICT goods.¹⁰ Numerous surveys have identified Taiwan as a major leader in global technology. For example:

- A *BusinessWeek* survey of the 100 best performing global IT companies in 2009 listed 10 Taiwanese firms, 4 of which were among the world's top 10 IT firms.

⁹ Written by Wayne Morrison, Specialist in Asian Trade and Finance.

¹⁰ *The Republic of China Yearbook 2010*, p. 104.

- According to the World Bank's *Knowledge Economy Index* (KEI), which attempts to measure and rank a country's ability to generate, adopt, and diffuse knowledge, Taiwan ranked 18th out of 145 economies in 2009.
- The World Economic Forum's *Global Information Technology Report* for 2010-2011 ranked Taiwan 11th out of 133 economies in terms of preparedness to leverage ICT advances for increased competitiveness and development.

Taiwan's economy is highly dependent on trade. In 2010, Taiwan's exports of goods and services were equal to 74% of gross domestic product (GDP). Since 2005, Taiwan's net exports (exports minus imports) have generally been the largest contributor to annual GDP growth. Taiwan's 2010 merchandise exports and imports were \$262 billion and \$251 billion, respectively. The global economic crisis sharply decreased Taiwan's trade in 2009. Exports and imports fell by 20.3% and 27.3%, respectively, and real GDP declined by 1.9%. However, global economic recovery, especially in China, boosted Taiwan's exports and imports by 35.1% and 44.3%, respectively, in 2010, and real GDP grew by 10.8%.

Cross-Strait Economic Ties

The importance of the PRC as a trading partner for Taiwan has increased significantly, especially since 2001.¹¹ Taiwan's total trade with China grew from \$31.5 billion in 2001 to \$120.8 billion in 2010 (an increase of 283.5%). China is currently Taiwan's largest trading partner (followed by Japan and the United States¹²), its largest export market, and its second largest source of imports (after Japan).¹³ According to Taiwan's MAC, the share of Taiwan's exports to China rose from 3.2% in 1985 to 30.9% in 2010, while the share of its imports from China rose from 0.6% to 14.3%.¹⁴ Taiwan has enjoyed large annual trade surpluses with China over the past several years, which totaled \$48.8 billion in 2010.¹⁵

Many of Taiwan's officials contend that projections that China will continue to experience rapid economic growth over the next few decades, along with recent efforts by the PRC government to boost domestic consumption, will make China an even more important trade and investment partner for Taiwan in the years ahead.¹⁶ As a result, the Ma administration has sought to liberalize cross-strait trade and investment barriers, including the lifting of restrictions on direct trade, transportation, and postal links.¹⁷ The ECFA, signed in June 2010, is expected over time to significantly liberalize trade and investment barriers, hasten the pace of cross-strait economic

¹¹ In 2001, Taiwan decided to relax restrictions on Taiwanese investment in the PRC and to sharply reduce the number of PRC products subject to import bans in order to boost Taiwan's economy (which was in recession), as well as to take advantage of new economic opportunities that were expected to occur following the PRC's accession to the World Trade Organization (WTO) in December 2001. Taiwan joined the WTO in January 2002.

¹² In 2010, the United States was Taiwan's second largest export market and third largest source of imports. The United States is the largest source of cumulative foreign direct investment (FDI) in Taiwan, estimated at \$21 billion.

¹³ China replaced the United States as Taiwan's largest export market in 2002 and has remained so through 2010.

¹⁴ Taiwan's exports to, and imports from, China in 2010 were \$84.8 billion and \$36.0 billion, respectively.

¹⁵ Chinese trade data indicate that its trade deficit with Taiwan was the largest incurred with any of its trading partners.

¹⁶ For example, *Global Insight* projects that China's real GDP growth will average 8.8% over the next five years, and by 6.6% from 2016 to 2041.

¹⁷ Until recently, most trade, transportation, and postal links with China occurred indirectly, mainly via Hong Kong. These constituted significant added time and money costs to cross-strait economic ties.

integration, and boost economic growth on both sides.¹⁸ Taiwan's willingness to sign the ECFA was in part motivated by a need to avoid being "marginalized" by the proliferation of FTAs that have been negotiated in recent years around the world, especially among Taiwan's major trading partners and competitors in Asia.¹⁹ Up to now, China has sought to prevent Taiwan from being able to negotiate FTAs by putting pressure on Taiwan's trading partners. Taiwan's officials hope that the ECFA with mainland China will induce it to end its opposition to such FTAs, especially those to which China is already a party.²⁰

U.S.-Taiwan Trade and Investment

U.S. trade data appear to indicate that the relative importance of Taiwan as a U.S. trading partner has declined over the past 20 or so years, especially when compared with U.S. trade with China. For example:

- Total U.S. trade with Taiwan in 2010 was \$61.9 billion, making Taiwan the 9th largest U.S. trading partner—down from 6th in 1989.
- U.S. imports from Taiwan were \$35.9 billion, making Taiwan the 9th largest source of U.S. imports—down from 5th in 1989.
- U.S. exports to Taiwan were \$26.0 billion, making Taiwan the 13th largest U.S. export market—down from 9th in 1989.
- Conversely, the importance of China as a U.S. trading partner has risen significantly between 1989 and 2010: from 10th to 2nd for total trade, from 15th to 3rd for exports, and from 9th to 1st for imports.

However, the trade data may not explain the whole picture. Taiwan's manufacturers and traders report data on the amount of export orders they receive from various countries. These data indicate that annual orders for products from U.S. buyers are much larger than the reported level of annual U.S. imports from Taiwan.²¹ For example, according to the Taiwan Ministry of Economic Affairs, export orders originating from the United States for the entire year in 2010 totaled \$86.6 billion, while Taiwan's official exports to the United States were at \$31.5 billion. The disparity between the data on Taiwan's export orders and U.S. import data largely is explained by the fact that a significant level of products designed and sold by Taiwan's firms are actually built elsewhere, especially in mainland China, and then shipped globally, including to the United States. For example, from 2001 to 2008, the value of Taiwanese IT hardware (such as computers) production increased from \$42.8 billion to \$100.0 billion. However, the share of that production in Taiwan during this time declined from 47.1% to 1.3%, while the share in China increased from 36.9% to 90.6%. A significant level of Taiwan's IT hardware products manufactured in China are exported. U.S. trade data indicate that computer products and parts are the single largest category of U.S. imports from China. Thus, it is likely that a large share of U.S. imports of computers and computer parts from China originate from Taiwan-invested firms in

¹⁸ Taiwan estimates the ECFA will boost Taiwan's GDP by 1.7%, exports by 5.0%, and employment by 263,000.

¹⁹ Taiwan has FTAs with Panama, Nicaragua, El Salvador, Guatemala, and Honduras, but these together account for only a minor share of Taiwan's total trade.

²⁰ PRC officials have argued that only "sovereign nations" can enter into FTAs, which, they claim, Taiwan is not because it is "part of China." However, WTO rules allow its members to negotiate FTAs. Taiwan is a member of the WTO under the title: "the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei)."

²¹ The United States is the second largest source of Taiwan's export orders after China.

China. In many cases, U.S. IT firms place orders for products with Taiwan's firms, which manufacture the products in China, then ship them to the United States, where U.S. firms sell the products under their own brand name. For example, Apple Inc.'s iPhone and iPod, which were developed and engineered in the United States, are produced by Taiwanese firms in China (using imported parts), many of which are shipped to the United States and sold in Apple's stores.²²

Bilateral economic relations between the United States and Taiwan have generally been positive, although there are a few issues that have proved contentious. On the positive side, Taiwan has greatly improved its protection of intellectual property rights (IPR). Such improvements led the USTR in January 2009 to remove Taiwan from its annual "Special 301" list of countries whose IPR policies were of the greatest concern to the United States. In July 2009, Taiwan joined the WTO's government procurement agreement (GPA), which gives U.S. firms access to a procurement market estimated at \$6 billion. The United States has raised concerns over Taiwan's barriers on certain agricultural products (such as rice), pharmaceuticals and medical devices, and various services. Taiwan's use of sanitary and phyto-sanitary (SPS) measures to block U.S. beef sales to Taiwan are of particular concern to U.S. officials.²³ U.S. officials charge that a bilateral protocol that provided for expanded market access for U.S. beef and beef products in Taiwan (signed in October 2009) has been significantly undermined by action taken by Taiwan's Legislative Yuan in January 2010 as well as other recent administrative measures.²⁴ Many observers saw Taiwan's restriction on U.S. beef as the main obstacle to the resumption of talks under the TIFA, the main forum used by Taiwan and the United States since 1994 to discuss major economic issues. The last TIFA talks were held in 2007.

Legislation in the 112th Congress

H.Con.Res. 39 (Andrews), Expressing the sense of Congress regarding the freedom, security, and stability of Taiwan; referred to the House Foreign Affairs Subcommittee on Asia and the Pacific on May 13, 2011.

S.Con.Res. 17 (Menendez), concurrent resolution expressing the sense of Congress that Taiwan should be accorded observer status in the International Civil Aviation Organization (ICAO); the Senate Committee on Foreign Relations reported without amendment on July 27, 2011.

H.R. 2583 (Ros-Lehtinen), Foreign Relations Authorization Act for FY2012; the House Committee on Foreign Affairs completed mark-up and ordered to be reported (Amended) by the Yeas and Nays: 23-20, on July 21, 2011.

²² Businessweek, *Apple's Chinese Supply Lines*, January 8, 2007.

²³ Taiwan banned beef imports from the United States in 2003 because of concerns over mad cow disease, but resumed certain types of beef imports in 2006. The United States contends that U.S. beef exports are safe, regardless of age, and that Taiwanese SPS restrictions are not scientifically-based.

²⁴ A joint statement issued by the USTR and the Department of Agriculture in January 2010 stated that the Legislative Yuan's actions to impose restrictions on certain beef products would "undermine Taiwan's credibility as a responsible trading partner and will make it more challenging for us to conclude future agreements to expand and strengthen bilateral trade and economic ties."

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