

THE PROMISE OF THE TAIWAN RELATIONS ACT

HEARING
BEFORE THE
COMMITTEE ON FOREIGN AFFAIRS
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CONTENTS

	Page
WITNESSES	
Mr. Kin Moy, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State	5
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
Mr. Kin Moy: Prepared statement	8
APPENDIX	
Hearing notice	32
Hearing minutes	33
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement	35
The Honorable Lois Frankel, a Representative in Congress from the State of Florida: Prepared statement	36

THE PROMISE OF THE TAIWAN RELATIONS ACT

FRIDAY, MARCH 14, 2014

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9:45 a.m., in room 2172, Rayburn House Office Building, Hon. Ed Royce (chairman of the committee) presiding.

Chairman ROYCE. This hearing will come to order. I am going to ask all members to take their seats.

This hearing is on the promise of the Taiwan Relations Act. Let me just say it has been 35 years, and for that period of time the Taiwan Relations Act has served as the legal framework governing the important relationship between the United States of America and the Republic of China (Taiwan). Since the act came into force in 1979, there have been few other pieces of foreign policy legislation as consequential as the TRA. Indeed, it is the steadfast support of the United States Congress that has helped Taiwan become what it is today: A thriving, modern society that strongly supports human rights, strongly supports the rule of law, free markets, and is democratic.

The purpose of today's hearing is to consider whether the administration is doing enough to fulfill the larger promise of the Taiwan Relations Act. America's support for Taiwan is now more important than ever, and it is vital that we speak with one voice when it comes to our support for Taiwan.

Strengthening the U.S. relationship with Taiwan is one of the committee's top legislative priorities. In fact, I have led two bipartisan delegations to Taipei in the last 13 months. Last year, our delegation trip included a visit to Taiwan's World War II-era submarines based near Kaohsiung. And just last month, a committee delegation of eight Members of Congress traveled to Tainan to see firsthand the fleet of fighter jets that serves as the backbone of the Taiwanese Air Force. The fact that the first batch of these jets entered into service in 1965 is a stark reminder that Taiwan needs continuous U.S. support in order to maintain a credible deterrence across the Taiwan Strait. On this front, I reluctantly submit that we are not doing enough to meet the spirit of the Taiwan Relations Act. We need to do more here in the United States.

And just as necessary as defense sales are to Taiwan, it is equally important that the U.S. actively support Taiwan's efforts to maintain and expand its diplomatic space. When it comes to mat-

ters of public safety or public health, the U.S. must do its utmost to ensure that Taiwan has a seat at the table. For this reason, I authored legislation that was signed into law to help Taiwan participate in the International Civil Aviation Organization last year. Taiwan's absence from ICAO prevents it from obtaining air safety information in realtime. The recent disappearance of the Malaysian aircraft highlights the importance of cooperation in the aviation field. As a result of my legislation, Taiwan has finally been able to have a seat at ICAO for the first time since 1976.

Taiwan's participation in the Trans-Pacific Partnership Free Trade Agreement is an important opportunity that we must not overlook. By working to include Taiwan in a high-quality multilateral trade agreement, the U.S. would be helping to preserve Taiwan's ability to do business internationally. The events unfolding in the Ukraine remind us of the strategic weakness of relying on one major trading partner.

I understand that the Government of Taiwan will soon announce its intention to seek membership in TPP. As chairman of this committee, I strongly urge the administration to support Taiwan's inclusion in TPP. American consumers and exporters would benefit.

The story of Taiwan is really a story about transformation. From the grinding poverty of the post-war era to a military dictatorship to a thriving multiparty democracy, the investment that the American people made in Taiwan has more than paid off. Today Taiwan is a beacon of democracy in a region of the world that still yearns for freedom. The good people of Taiwan have also been a part of America's own success story, with many Taiwanese Americans participating as leaders in business and government and in their own communities.

As we acknowledge the 35th anniversary of the Taiwan Relations Act, let us come together to support and strengthen the U.S.-Taiwan relationship. Our actions will directly impact the future of Taiwan and our strategic and economic standing in the critical Asia-Pacific region.

Let me turn to Mr. Eliot Engel of New York for his opening remarks, our ranking member of the committee.

Mr. ENGEL. Chairman Royce, thank you for calling this hearing on the Taiwan Relations Act. I am a big supporter of Taiwan and have traveled there many times, most recently with you last year on your first codel as chairman. I want to agree with everything you just said about Taiwan.

Next month marks the 35th anniversary of the Taiwan Relations Act. The act, passed in 1979, is the cornerstone of the relationship between our two nations. It has been instrumental in maintaining peace and security across the Taiwan Strait and in East Asia and serves as the official basis for friendship and cooperation between the United States and Taiwan. I am proud to be a lead sponsor with you, Mr. Chairman, on H. Res. 494, which reaffirms the importance and relevance of the Taiwan Relations Act 3 decades after its adoption.

Taiwan is a flourishing, multiparty democracy of over 20 million people with a vibrant free-market economy. It is a leading trade partner of the United States, alongside much bigger countries like Brazil and India. Over the past 60 years, the U.S.-Taiwan relation-

ship has undergone dramatic changes, but Taiwan's development into a robust and lively democracy underpins the strong U.S.-Taiwan friendship we enjoy today.

Our relationship with Taiwan was initially defined by a shared strategic purpose of stopping the spread of communism in Asia. With the end of the cold war, Taiwan's political evolution from authoritarianism to one of the strongest democratic systems in Asia has transformed the U.S.-Taiwan relationship from one based solely on shared interests to one based on shared values.

One of the main obligations of the United States under the Taiwan Relations Act is to make available to Taiwan defensive arms so that Taiwan is able to maintain a sufficient self-defense capability. Despite improvement on the political and economic ties between Taiwan and mainland China, Beijing's military buildup opposite Taiwan is continuing, and the balance of cross-strait military forces continues to shift in China's favor. I encourage the administration to work closely with Congress in meeting our obligations under the Taiwan Relations Act and to provide Taiwan with the defensive weapons it requires.

In that light, I am very concerned about the decision of the U.S. Air Force not to fund the so-called CAPES program in next year's budget that would have upgraded the avionics system of F-16 fighter jets, including about 150 of Taiwan's F-16s. The Taiwan Defense Ministry now faces a tough decision on how to move forward with the upgrade of its fighters at a reasonable cost, an upgrade that it desperately needs. I hope our witness will be able to shed some light on this issue and on the way forward for Taiwan and the United States.

Taiwan's political, economic, and social transformation over the past 60 years has demonstrated that a state can be modern, democratic, and thoroughly Chinese. Taiwan's example is an inspiration for other countries in Asia and throughout the world that linger under the control of one person or one party. The fact that Taiwan has now held five direct Presidential elections is a clear sign of the political maturity of the Taiwanese people and, frankly, a signal to Beijing that any change in relations between Taiwan and China cannot be imposed by the mainland.

For many years, I have been a staunch supporter of the people of Taiwan, and I will continue to lead efforts here in Congress to demonstrate continued U.S. support for Taiwan. I think it is a moral obligation for the United States to defend Taiwan and to be supportive of Taiwan and to stand with Taiwan. So I look forward to the testimony of our witness this morning and hearing his view on how to further strengthen ties between the United States and Taiwan.

Thank you, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Engel.

We will have two more opening statements: 2 minutes from Mr. Chabot of Ohio, chairman of the Asia Subcommittee, and then 2 minutes from Mr. Brad Sherman of California.

Mr. CHABOT. Thank you, Mr. Chairman, for calling this important hearing.

I was pleased to join you in traveling to Taiwan just a couple of weeks ago, and I think we had a productive trip and certainly had

the opportunity to meet with a host of top Taiwan officials, especially President Ma. I know my colleagues on the codel were very happy with our warm reception and the many courtesies extended to us by our hosts, so we appreciate that.

As one of the original founding co-chairs of the Congressional Taiwan Caucus, I am, of course, a strong supporter of a strong U.S.-Taiwan alliance. Taiwan is a democracy. It is a loyal friend and ally, and it deserves to be treated as such by the U.S. Government.

As we commemorate the 35th anniversary of the Taiwan Relations Act this year, it is only appropriate that we strive to move even closer to the policy objectives set out in that landmark piece of legislation, chief among which is the principle that our diplomatic relationship with the PRC, the People's Republic of China, is premised on the expectation that the future of Taiwan will be determined by peaceful means.

For over 3 decades, the Taiwan Relations Act has served as the cornerstone of U.S.-Taiwan relations. Along with President Reagan's six assurances in 1979, the Taiwan Relations Act has played an indispensable role in the maintenance of peace and security in the East Asia-Pacific region.

Taiwan has come a long way since 1979. It has conducted direct Presidential elections, something that would have been unthinkable back in 1979. These open and vigorously contested electoral campaigns testify to the values of pluralism, transparency, and the rule of law shared by our two nations and deeply rooted in Taiwanese society.

At the same time, the threat of military aggression posed by the PRC to Taiwan has grown exponentially over recent years. When I first came to Congress back in 1995, China had perhaps a couple of hundred missiles pointed at Taiwan. Since then, it grew to hundreds of them and is now at 1,600 short- and mid-range ballistic missiles.

I look forward to hearing from our witness this morning on the continued relationship between the United States and Taiwan, which is very important to both countries.

Thank you.

Chairman ROYCE. Mr. Sherman?

Mr. SHERMAN. Yes. I want to commend the chairman for putting together and leading an outstanding codel to Asia, particularly to Taiwan. I see Mr. Weber, Mr. Messer, and of course Mr. Chabot was on that codel.

And I remember Mr. Chabot leading us in our effort to seek the release on humanitarian parole of former President Chen. I don't think we can conclude one way or the other about the judicial determination there, but, certainly, given his poor health, given his service to the country, and given the unifying effect this would have, I would hope that we would continue to press for the humanitarian treatment and release of Mr. Chen.

I think that it is important that we provide Taiwan the tools to defend itself, but Taiwan needs to act, as well. Taiwan spends less than \$11 billion on its defense, less than one-fifth per capita what we in America do. And God blessed us with the Pacific Ocean separating us from China; Taiwan has only the Taiwan Strait. On a

percentage-of-GDP basis, Taiwan spends roughly half what we do. So we should be willing to sell them the tools, and they should be willing to spend the money to buy those tools. I am also concerned with the reduction in the reserve requirements imposed on young people in Taiwan for military service.

Finally, I do disagree, only slightly, with the chairman. I do want to see Taiwan involved in the trade negotiations so long as America is out of those negotiations until such time as we revamp our trade policy, which has given us the largest trade deficit in the history of life on the planet.

I yield back.

Chairman ROYCE. This morning, we are pleased to be joined by Mr. Kin Moy, Deputy Assistant Secretary for East Asian and Pacific Affairs.

A career member of the Senior Foreign Service, Mr. Moy previously served as Deputy Executive Secretary in the office of Secretary of State Clinton. He was director of the Executive Secretariat staff and Deputy Director of the Office of Maritime Southeast Asia.

We are going to ask him to summarize his prepared statement, if he would.

And we will remind members that you will all have 5 calendar days to submit statements or questions or any extraneous material you want to put into the record for this hearing.

And so, Mr. Moy, you have the floor.

**STATEMENT OF KIN MOY, DEPUTY ASSISTANT SECRETARY,
BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. MOY. Thank you so much, Mr. Chairman and members of the committee. I am grateful to appear today to share news about the strength, substance, and success of our unofficial U.S.-Taiwan relationship.

I wish to thank you, Mr. Chairman, for your leadership and strong interest in regional prosperity and stability. Your commitment was evidenced by the large congressional delegation you led last month to Taiwan, Japan, and South Korea.

As you noted earlier in your remarks, April 10th marks the 35th anniversary of the Taiwan Relations Act. The resilience and development of our robust relations with Taiwan over the past 35 years have been greatly fostered by the framework that Congress established in the TRA. The U.S.-Taiwan relationship is grounded in history, shared values, and our common commitment to democracy and human rights.

Maintaining and deepening our strong relations with Taiwan is an important part of the U.S. rebalance to the Asia-Pacific region. Through the American Institute in Taiwan, we work closely with Taiwan authorities on a wide range of issues. In security, maintenance of peace across the Taiwan Strait is crucial to stability and prosperity throughout the Asia-Pacific. The Obama administration has notified Congress of over \$12 billion worth of arms sales to Taiwan. This is a tangible sign of the seriousness with which we regard Taiwan's security.

We encourage Taiwan to adopt innovative approaches to maintain a credible self-defense capacity on an austere defense budget in order to effectively deter coercion or aggression. In a region that is experiencing tensions, the United States appreciates Taiwan's cooperative efforts to peacefully resolve disputes and share resources.

In the area of the economy and economic engagement, in 2013, Taiwan was the 16th-largest export market for U.S. goods and the 8th-largest export market for U.S. agriculture, fish, and forestry products. In 2012, direct investment from Taiwan to the United States stood at approximately \$7.9 billion.

Our commercial relationship with the people of Taiwan is vibrant and continues to grow. Last year, we were pleased to host two large delegations of Taiwan business leaders, first at the SelectUSA summit at the end of October and again in mid-November during a visit of Taiwan's CEOs, led by former Vice President Vincent Siew. The Siew delegation brought news of over \$2 billion in new or ongoing Taiwan manufacturing investments in the United States.

In March 2013, we restarted our engagement with Taiwan under our Trade and Investment Framework Agreement, otherwise known as TIFA, after a 6-year hiatus. We have taken note of Taiwan's intention to formulate new economic reforms to demonstrate its willingness and capability of joining in regional economic integration initiatives. The United States will continue to encourage Taiwan to further liberalize its trade and investment measures.

And, as you noted, Mr. Chairman, the area of concern also to us is Taiwan's international space. As a top-20 world economy and a full member of the WTO and APEC, Taiwan plays a constructive role in the Asia-Pacific region and worldwide. Taiwan participates in about 60 international organizations as well as hundreds of international nongovernment organizations.

The United States supports Taiwan's membership in international organizations that do not require statehood for membership, and we support Taiwan's meaningful participation in other international organizations. We are pleased that since 2009 Taiwan has participated every year in the World Health Assembly as an observer. We welcome Taiwan's participation at the International Civil Aviation Organization, otherwise known as ICAO—that ICAO assembly in Montreal in 2013 as guests of the ICAO Council president. And we support Taiwan's expanded participation in the future.

We also encourage the U.N., U.N. System agencies, and other international organizations to increase Taiwan participation in technical or expert meetings. Taiwan's role as a responsible player in the global community has been well-demonstrated by its disaster relief efforts in the region. Taiwan was a quick and generous donor of supplies and funding after the 2011 triple disaster in Japan and after last November's Typhoon Haiyan off the Philippines. In short, Taiwan, a stable and capable friend in the region, contributes to peace and security.

Finally, Mr. Chairman and members of the committee, I thank you again for the opportunity to appear today to highlight the strength and durability of ties between the people of the United

States and the people of Taiwan and to underscore the substance and success of our cooperative efforts within the context of unofficial relations.

Taiwan has earned a respected place in the world. Every society wishes dignity for itself, and people on Taiwan are no exception. Thanks to the Taiwan Relations Act, people of goodwill in the United States and on Taiwan have a firm foundation on which to strengthen, or further strengthen, our robust relationship.

With that, thank you so much, and I look forward to answering your questions.

Chairman ROYCE. Well, I thank you, Mr. Moy.

[The prepared statement of Mr. Moy follows.]

**Written Testimony by Bureau of East Asian and Pacific Affairs
Deputy Assistant Secretary of State Kin Moy at the
House Foreign Affairs Committee Hearing
“The Promise of the Taiwan Relations Act”
March 14, 2014**

Introduction

Thank you for inviting me to this special committee meeting to mark next month’s 35th anniversary of the Taiwan Relations Act (TRA). I wish to commend you, Mr. Chairman, for your leadership and strong interest on behalf of U.S.-Taiwan relations and their role in regional prosperity and stability, as evidenced by the large Congressional delegation you led last month to Taiwan, Japan, and South Korea.

The U.S.-Taiwan relationship, though unofficial, has never been stronger than it is today. I firmly believe strengthening our long-standing friendship with the people on Taiwan remains a key element of the U.S. strategic rebalance to the Asia-Pacific. Our enduring relationship under the Taiwan Relations Act represents a unique asset for the United States and is an important multiplier of our influence in the region. This friendship is grounded in history, shared values, and our common commitment to democracy, free markets, rule of law, and human rights.

Today we give credit to the Taiwan Relations Act (TRA) that played such a key part in protecting Taiwan’s freedom of action and U.S. interests the last 35 years in the Asia-Pacific area. Taiwan’s status today as a top 20 world economy leading regional development, conservation, and assistance efforts – as it confidently engages the People’s Republic of China – is a testimony to the diligence of the people on Taiwan and to the success of the TRA.

The U.S. Congress, by passage of the Taiwan Relations Act, established the American Institute in Taiwan to represent our interests locally, with offices in Taipei, Kaohsiung, and Virginia. AIT Taipei hosts an accomplished Chinese-language school that has trained hundreds of my colleagues. AIT maintains close cooperation with the Taipei American School, which serves both AIT families and the larger expatriate community in Taipei. We have also watched the Kaohsiung American School thrive since its founding 25 years ago. The Fulbright commission on Taiwan has existed for over 50 years, oversees efforts of dozens of scholars and English-language teachers annually, and occasionally hosts regional Fulbright meetings to share its best practices with others. The American Chamber of Commerce in Taipei, now more than 60 years old, has more than one thousand members and is an influential advocate for U.S. businesses. People-to-people relations are strong and multifaceted between Taiwan and the United States.

The United States has an abiding interest in peace and stability across the Strait, and supports improving cross-Strait relations at a pace acceptable to people on both sides.

Security Ties

Taiwan and the United States enjoy but strong economic, security, and cultural relations. Consistent with the Taiwan Relations Act and the United States' one China policy, the United States makes available to Taiwan defense articles and services necessary to enable Taiwan to maintain a sufficient self-defense capability. This long-standing policy contributes to the maintenance of peace and stability across the Taiwan Strait.

U.S.-Taiwan relations are founded upon mutual security, respect for democracy and human rights, and a growing economic partnership. The TRA declares that peace and stability in the Western Pacific area "are in the political, security, and economic interests of the United States, and are matters of international concern." It also asserts a U.S. policy to "maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."

As China's economy and military spending grow, and China continues its military deployments and exercises aimed at Taiwan, it is more important than ever for Taiwan to spend sufficient money on a professional military force that uses asymmetry, innovation, independent thinking, and every defensive advantage a Taiwan can muster to deter potential attempts at coercion or aggression. For its part, the Obama administration has notified over \$12 billion to Congress of sales of defensive equipment and materials to Taiwan.

Taiwan does not formally participate in international coalitions or exercises. However, Taiwan does utilize defensive materials and services provided by the United States, which increase not only Taiwan's deterrence capabilities, but also its humanitarian assistance capacity. Taiwan has played an increasingly significant role in disaster relief enterprises, such as relief to Palau and the Philippines after Typhoon Haiyan in November 2013.

Our support for Taiwan's democracy, human rights, and defensive needs has given Taiwan confidence in its engagements with mainland China, leading Taiwan to sign an unprecedented number of economic and cultural cross-Strait agreements. Soon there will be more than 800 direct flights a week between the island and the mainland, something unthinkable a decade ago. Taiwan's Mainland Affairs Office Director Wang Yu-chi recently traveled to the mainland for meetings with his PRC counterpart, Director Zhang Zhijun of the PRC's Taiwan Affairs Office. Such

developments lead many observers to remain optimistic about a continued easing of cross-Strait tensions. The United States continues to support such cross-Strait dialogues and remains committed to supporting Taiwan's ability to engage in such discourse free from coercion.

In a region experiencing tensions, the United States appreciates Taiwan's cooperative efforts to peacefully resolve disputes, share resources, and pragmatically approach territorial disputes. In 2012 Taiwan achieved a fishing agreement with Japan and in 2013 reached an understanding with the Philippines after a Taiwan fisherman was killed in coastal waters where the Taiwan and Philippines exclusive economic zones overlap.

Economic and Cultural Ties

Taiwan was the United States' 12th-largest trading partner in 2013, based on the value of two-way trade. In March 2013 we restarted our engagement with Taiwan under our Trade and Investment Framework Agreement (TIFA) after a six-year hiatus. Through the TIFA we have been able to address and resolve U.S. and Taiwan trade and investment concerns, including technical barriers to trade, affecting a broad range of sectors, such as agriculture, IPR, pharmaceuticals and medical devices, and investment. We have used the Investment Working Group as a forum to discuss a number of investment issues of concern to both sides, including Taiwan's interest in a Bilateral Investment Agreement. We also are engaging with Taiwan on the sets of economic liberalization initiatives spurred by President Ma's New Year Address, as Taiwan evaluates its readiness for and interest in the Trans-Pacific Partnership, or TPP.

In 2012, direct investment from Taiwan to the United States stood at approximately \$7.9 billion, making it a focus market for SelectUSA, the U.S. government program housed in Commerce to promote business investment in the United States. We encourage U.S. state and local governments to include Taiwan among the destinations for their business development missions. Among the factors that are luring corporate leaders in Taiwan to take a close look at the United States as a manufacturing hub or an export platform are the strong rule of law and protection for intellectual property rights that we enjoy in the United States; the research and development capabilities of U.S. companies, universities, and laboratories; and the increasingly attractive pricing and supply of natural gas in the United States.

In October 2013, Taiwan sent one of the largest delegations to the SelectUSA Summit hosted by the Department of Commerce. In November, Taiwan's former Vice President Vincent Siew led an impressive delegation of Taiwan CEOs to the United States, announcing over \$2 billion of new or ongoing

investments in the United States during the visit. We are now looking at how to regularize these kinds of business exchanges. We are considering Taiwan's interest in restarting exploratory talks for a Bilateral Investment Agreement, and we welcome Taiwan's interest in the TPP.

Taiwan remained the sixth largest source of international students in the United States through the 2012-2013 academic year. Given the small size of Taiwan's population – just 23 million – on a per capita basis, Taiwan sends more students to the United States than mainland China, India, or even Canada.

The United States remains by far the largest investor in Asia, as well as on Taiwan. The number of registered Americans living on Taiwan increased 2.7 percent in 2013 to 67,510 people. The United States remains one of Taiwan travelers' most popular tourist destinations, with the number of Taiwan travelers to the United States increasing by 29% during the first eight months of the Visa Waiver Program that was adopted in late 2012.

In 2013 the United States and Taiwan celebrated 20 years of environmental cooperation, during which time Taiwan made huge strides in reducing pollution and becoming a regional leader in environmental best practices.

International Space for Taiwan

As a top 20 world economy and a WTO and APEC member, Taiwan has a strong role to play in the Asia-Pacific region and worldwide. Taiwan participates in about 60 international organizations as well as hundreds of international NGOs.

We are pleased that since 2009, Taiwan has been invited each year to participate in the World Health Assembly (WHA) as an observer. We think Taiwan's status at the WHA also should allow for more meaningful participation in the work of the World Health Organization, through greater inclusion in technical and expert meetings – a privilege Taiwan often is denied. In September 2013, Taiwan was invited as a guest to the triennial International Civil Aviation Organization (ICAO) Assembly in Montreal, and we look forward to ICAO inviting Taiwan to participate in regional and technical meetings relating to Taiwan's status as a major air hub in the region. Through a Taiwan NGO, Taiwan also observes and participates in the United Nations (UN) Framework Convention on Climate Change. The State Department encourages the UN, its agencies, and other international organizations to increase Taiwan participation in technical and expert meetings.

Our policy is to support Taiwan membership in international organizations where statehood is not a requirement for membership and encourage Taiwan's meaningful participation, as appropriate, in organizations where its membership is not possible. U.S. goals for supporting Taiwan's participation include: enabling

the people on Taiwan to comply with international regulations and safety, addressing trans-border health issues, facilitating international travel, giving and receiving appropriate international assistance and advice, and assisting in capacity-building.

Taiwan regularly hosts annual international academic and NGO meetings, and performs international development, leadership, and humanitarian relief/disaster assistance missions. Recent examples include its relief efforts after the 2008 earthquake in China's Sichuan province; after the 2011 earthquake and tsunami in Japan; and after Typhoon Haiyan in November 2013 in the Philippines and in Palau.

Conclusion

Mr. Chairman and members of the Committee, I thank you again for the opportunity to appear today to highlight the strength and durability of ties between the people of the United States and the people on Taiwan, and to underscore the successes of our cooperative efforts within the context of unofficial relations.

Taiwan has earned a respected place in the world. Every society wishes dignity for itself, and people on Taiwan are no exception. Thanks to the Taiwan Relations Act, people of goodwill in the United States and on Taiwan have a firm foundation to further strengthen our robust relationship for the benefit of both our peoples.

Chairman ROYCE. I have to tell you, there is one really disappointing thing to me, and that is I frequently speak to Assistant Secretary Danny Russel on the phone about different issues, and I believe he intended to be here to testify. I believe I talked to him twice about it. But time after time—and this is something that the Subcommittee on Asia and the Pacific has talked to me about—for whatever reason, the administration pulls the witnesses.

And I know it isn't a lack of engagement on the part of Danny Russel because we have talked to him repeatedly about issues. But there is something about the relationship here with the State Department, when Eliot Engel and I make these requests, or Subcommittee Chairman Chabot on the Asia and the Pacific Subcommittee with Mr. Faleomavaega, for some reason the witnesses are always cancelled.

And what we want to talk about is Asia policy. And, as far as I know, Danny Russel and I are in concurrence on a lot of these issues, but I don't know about further up in the administration. I am going to ask you a question now, for example.

As I mentioned in my opening statement, I strongly believe that Taiwan should be included in the Trans-Pacific Partnership. Does the U.S. Government support Taiwan's inclusion in the TPP? That is my question for you. Can you speak, you know, on behalf of the administration here?

Mr. MOY. Thank you very much. I do appreciate your comments. And I did have a chance to speak to Danny Russel before coming up, and he wanted me to pass on his regrets and also his appreciation for your setting up this meeting.

I can say that, from our part, I don't think that there is anything preventing us from talking about Taiwan issues here—

Chairman ROYCE. Well, it is not just Taiwan. If Subcommittee Chairman Chabot wasn't equally concerned about this, equally disappointed, as he brought up with the Secretary of State here yesterday, I probably wouldn't bring it up. But it is just a pattern that, at this point. To us, the Asia-Pacific region is vitally important. We spend a lot of time on it, on this issue, and we want the administration to be equally engaged on this. And so, if you will carry that information back.

Mr. MOY. I will.

Chairman ROYCE. But, again, particularly given Taiwan's almost singular reliance on cross-Strait trade, does the U.S. Government support Taiwan's inclusion in the TPP?

Mr. MOY. Well, thank you. And I will relay those comments to my colleagues. It certainly isn't a statement about our commitment to very strong U.S.-Taiwan on official relations. In fact, I think that we have a very strong record, and I think we have a very good story to tell about that.

With regard to your question about TPP, we welcome Taiwan's interest in it. And we have heard from them very recently about their interest.

We also welcome—and I think that you met with President Ma Ying-jeou on your recent congressional delegation. But we welcome his steps to liberalize Taiwan's economy.

I think that as you know, we are in ongoing negotiations on TPP, and I think what I can say about this is that, you know, perhaps

it is best if we move toward conclusion on those negotiations before we discuss additional membership.

But I think that, you know, we are taking a step-by-step approach here. We have heard from Taiwan, as well as others, about interest in TPP, and we certainly, again, welcome that interest. And we are willing to definitely consider, along with some countries that have approached us most recently—we are willing to discuss TPP in the future.

Chairman ROYCE. Well, one of the most important aspects of TPP beyond the important trade-related benefits is that the grouping will help shape East Asia's multilateral political architecture by firmly anchoring nation-states in a binding legal agreement. I want to make certain that Taiwan is part of that agreement.

I think it is critical to Taiwan that it be included, not only because it is in one of the world's top-20 economies, but also because it is in our own strategic interest. And adding Taiwan to TPP will allow it greater access to other trade agreements, with Europe for example. It is going to serve as a strong symbol of American support, and that is why I strongly support this.

There was another issue I wanted to just briefly talk to you about, and that is the F-16 upgrades. Does the United States remain fully committed to Taiwan's F-16 upgrade program?

Mr. MOY. We do.

Just back on TPP, what we would encourage Taiwan to do—as you know, TPP is a consensus-type membership, and so we would encourage Taiwan to raise its interest in membership with all of the other parties, as well.

Now, absolutely. I know that Congressman Engel also raised his concerns about the issue of the CAPES program. So, as I understand, the U.S. Air Force funding for the CAPES program will continue through 2014.

The U.S. Air Force F-16 program office has determined that the lack of U.S. Air Force participation beyond Fiscal Year 2014 will not have a significant impact on the Taiwan program and that all funding can be covered in Taiwan's current letter of offer and acceptance. As a result, potential cuts in USAF, or U.S. Air Force, funding for the CAPES program will not negatively impact the Taiwan F-16 retrofit program.

Mr. Chairman, we certainly are committed to the F-16 retrofit program. I think that we have demonstrated that, and we have certainly had discussions with Taiwan in that regard.

Chairman ROYCE. It is discouraging to me and to others because, of course, many of us here, including myself, wrote you, talked to the administration, about the sale of new F-16s. So now we are talking about retrofitting. We want to make certain that this goes forward. I would suggest the sale of new F-16s would be an easy solution to this. I strongly support this.

But my time has expired. I had best go to Mr. Eliot Engel of New York.

Mr. ENGEL. Well, Mr. Chairman, thank you. Let me pick up where you left off.

And, of course, in my opening remarks, I talked about the F-16s and the CAPES program, and I am really very, very concerned about it.

And, you know, the Taiwan Defense Ministry now faces a tough decision on how to move forward with the upgrade of its fighters at a reasonable cost. And this is an upgrade that it desperately needs. So, you know, maybe they will continue with it, maybe they won't.

I am concerned about Taiwan being able to maintain its fleet of F-16s. And certainly the decision that we apparently made, the U.S. Air Force made, not to fund the CAPES program was a poor decision. It just makes no sense to me whatsoever.

And, you know, when it comes to Taiwan, there is this sort of undercurrent that we feel over time where, you know, we bend over backwards to try not to upset the sensitivities of the Beijing regime. And, frankly, it irks me. Not that I don't wish to have good relations with Beijing, because we should, but not at the expense of our relations with Taiwan or not at the expense of our friendship with Taiwan.

And so it really just irritates me that we make a decision like this, which has an adverse impact on our friend Taiwan and doesn't seem to be for any good policy purpose other than to placate Beijing.

So the chairman and I have said the same thing. We haven't even really discussed this. We have both independently come up with this because we are just very disturbed about it.

Mr. MOY. Well, thank you very much. I regret I am not able to speak for my colleagues in the Air Force on that. I do understand your concerns, and I will relay those to my colleagues.

But what I do want to do is to strongly emphasize that all our improvement in bilateral relations with the PRC does not come at the expense of our relationship with Taiwan. In fact, I think that our relationship with Taiwan right now is as strong as it ever has been. And we have oftentimes emphasized that point, that certainly we have an interest in strengthening relations with Beijing, but absolutely not at the expense of our very strong relationship with Taiwan and the people of Taiwan.

Mr. ENGEL. Well, I certainly hope that that continues to be the case, because sometimes it appears that that is not really the case. But I certainly take your word and, you know, want it duly noted that we on this committee feel very strongly about it.

Let me ask you this, Mr. Moy: What steps is the administration taking to ensure that Taiwan is accorded an appropriate level of participation in international organizations such as the World Health Organization and the International Civil Aviation Organization?

Mr. MOY. Yeah, thank you very much.

As I stated in my introductory remarks, it is an area that is of primary importance to us. It is a priority that the expertise from Taiwan is recognized. There is so much professional expertise there, so much knowledge in Taiwan, that it deserves to be recognized in the international organizations. This is not just a matter of knowledge, however. It is a matter of dignity, too. And we take it very seriously.

So we do review different opportunities to expand. I think just one that the chairman had noted, and you may have also as well earlier, was the International Civil Aviation Organization (ICAO).

And I think that, working together with a number of other countries, we have supported not just Taiwan's, sort of, guest participation, as they appeared as a guest last year at the assembly, but more frequent interaction with ICAO because there is a lot of technical expertise they can bring to those types of meetings.

But, as you noted, World Health Assembly; we also look at opportunities working on climate change issues. Various types of international organizations we often consult, because there oftentimes are issues where Taiwan has a unique ability to provide knowledge, recommendations, just imaginative ideas beyond just their technical expertise. And we want to take advantage of that, and we will continue to do that.

Mr. ENGEL. Thank you.

Let me ask you this final question. Is the administration providing Taiwan the defensive weapons it requires, as required by the Taiwan Relations Act? Are there defensive weapons systems that Taiwan has requested but we have decided not to provide? And if so, what are they?

Mr. MOY. I am not aware of such systems, but we are absolutely in compliance with the Taiwan Relations Act in making available to Taiwan defense articles and services that are necessary to enable Taiwan to maintain sufficient self-defense capability.

We will continue to be in compliance with that. We often review—"we" meaning the U.S. Government—often review their defensive capabilities, and I think that we have a very strong record in this administration of providing that.

Mr. ENGEL. Thank you.

Thank you, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Engel.

Ms. Ileana Ros-Lehtinen from Florida, our chairman emeritus.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. Thank you to you and to our ranking member for holding this important hearing, because relations between the U.S. and Taiwan are at a critical juncture.

I am concerned, as all of us are, about China's continued rise and aggression in the East and South China Seas and the feeble response by our State Department to North Korean missile launches, which are a clear violation of international sanctions. The people of Taiwan have every reason to fear developments in the West Pacific, to worry about the future of their land, and to question both the resolve and the commitment of the United States. How tragic.

And as we approach this 35th anniversary of the very important and essential Taiwan Relations Act anniversary, we remember that this crucial legislation forms the cornerstone of U.S.-Taiwan relations. It is the foundation of policy that has been and will be and will remain forevermore the anchor of peace and security in the West Pacific.

But as we reflect on the promise of the Taiwan Relations Act on this 35th anniversary, we must also gauge the fulfillment of its specific policies and reexamine the lack of strategic vision in this part of the world and talk about where we go from here.

As we watch China again increase its defense budget by double digits, begin construction on a second aircraft carrier, establish an air defense identification zone in the East China Sea, and continue

its aggression over the Senkaku Islands, there is no better time to reaffirm, to clarify, and to strengthen relations with our democratic ally and our strongest friend, Taiwan.

But instead of recommitting to Taiwan, we continue to hear our State Department speak in half-truths, invent a laundry list of items that hinder our relations with Taiwan and our Pacific allies, and do everything it can to not provoke China. And that, sadly, seems to be our policy with Taiwan: Don't antagonize China.

The Taiwan Policy Act, introduced by my colleagues, the chairs of the Taiwan Caucus, and me, passed out of this committee last August. The bill aims to rectify these problems by advancing the sale of essential defense articles. And I would like to point out that the new sales of F-16s is included in this bill. It encourages high-level visits between the U.S. and Taiwan officials. It promotes bilateral trade agreements.

What is the administration's policy on the Taiwan Policy Act?

Secondly, how does the administration plan to counterbalance China's power when we don't even commit to our democratic ally Taiwan and, by extension, any of our other regional allies?

And, thirdly, what is the administration going to do to develop Taiwan's economic bond with the United States, its independence, strengthen our economic bonds? What is the State Department's policy, the Obama administration's policy on Taiwan, other than don't make China mad?

Mr. MOY. Thank you very much.

I don't think that our Taiwan policy is founded on the principle of let's not make China mad. In fact, I think that if you look at the record, we have done an enormous amount to expand our relationship, strengthen it in all areas. It is not just the security aspects of it; it is the economic side. It is also the people-to-people side, as well.

As you may know, with the help of others, we granted to Taiwan—

Ms. ROS-LEHTINEN. If you—

Mr. MOY. I am sorry.

Ms. ROS-LEHTINEN. I apologize, but the time is so limited.

Mr. MOY. Oh, of course.

Ms. ROS-LEHTINEN. I only have 35 seconds.

Mr. MOY. Yeah, yeah, yeah.

Ms. ROS-LEHTINEN. Have you read the Taiwan Policy Act that we have filed? I would like to give that to you and have an administration policy on it. And how are we counterbalancing China's power in committing to Taiwan?

Mr. MOY. Thank you very much.

I am, of course, very pleased to take a look with my colleagues at the legislation, but I think, again, we have a very strong record of support for Taiwan through our unofficial relations and in accordance with the Taiwan Relations Act.

As I noted, the 35th anniversary is a reason to celebrate. It is a reason to also commemorate just how far we have come, what we need to do in the future. We can still, you know, refine, enhance—

Ms. ROS-LEHTINEN. Excuse me, I appreciate that.

And I know my time is up, Mr. Chairman.

But I don't believe that the people of Taiwan share those sentiments. I don't think that they see us as upholding the principles that are enshrined in the cornerstone of our U.S. Foreign policy related to Taiwan, which is the Taiwan Relations Act. It promises a lot, and I think that the people of Taiwan would think that we haven't really fulfilled those missions.

Do you think that we have?

Mr. MOY. I do believe—I mean, I haven't seen any recent polls, but I would imagine that the people on Taiwan regard the U.S. relationship, if not as the most important relationship for Taiwan, it has to be right up there.

They are good friends of ours. They think like we do. Their values we share. I would think that they are very supportive of the things that we have done.

Ms. ROS-LEHTINEN. Do you think that we need to do more?

Mr. MOY. We are always looking for ways to strengthen relations. Just as we are looking in the larger context in our rebalanced Asia, we want to strengthen our relationships with our allies. We want to strengthen our relationships—

Ms. ROS-LEHTINEN. And new sales of new F-16s and higher-technology planes for defensive needs of Taiwan?

Mr. MOY. Again, we have had a very strong record of providing defense articles to Taiwan. And, you know, no decision—

Ms. ROS-LEHTINEN. Thank you.

Thank you, Mr. Chairman.

Chairman ROYCE. Well, thank you.

We go now to Mr. Brad Sherman, California.

Mr. SHERMAN. Thank you.

One issue we brought up with President Ma was the incarceration of former President Chen. One of the red flags that a democracy isn't working real well is that the former President is in jail. That is true in just about any country.

What are we doing to seek either the humane treatment or the humanitarian parole of former President Chen?

Mr. MOY. Thanks.

As you know, the former President was convicted on corruption charges after his, you know, 2000 and 2008 Presidency, including the transfer of, you know, Presidential office funds to private Swiss bank accounts. We believe that his conviction was in a system that is fair, impartial, and transparent. Rule of law exists in Taiwan.

In regard to your specific question, though, certainly, you know, we have heard varying accounts of the status of his health, and certainly we would want Taiwan to, you know, review his health condition. I am not aware of any—or I don't have an update on—

Mr. SHERMAN. Let me go on to the next question.

Taiwan is spending only half as much per average GDP on defense as we are. I don't mind good to my district and saying, "Let's pay taxes," but Taiwan is on the front lines. Now, I am sure you have had discussions, and they say they can't afford to spend any more. And we are very concerned about the maintenance of their F-16 aircraft. The United States taxpayer may not be able to pay for that.

Taiwan has only a 5 percent value-added tax. Has the United States pushed Taiwan not just to spend more on its defense but,

if they say they don't have the money, to make its value-added tax or other taxes at the rate of our European allies, who also we push to pay for their own defense?

Mr. MOY. Well, certainly on the issue of spending more, we have encouraged Taiwan to fulfill what it has said in the past, that it will spend up to 3 percent of GDP on defense. And so—

Mr. SHERMAN. Well, why do we accept 3 percent for them and, including veterans' benefits, 5 percent for us?

Mr. MOY. Well, this is what President Ma has stated in the past, and so we do hope that—we do understand that it is a different—

Mr. SHERMAN. I think the best way to get the 3 percent is to start demanding 6 percent or insisting that a good ally that seeks our support, that a country that faces possible eradication or forced incorporation ought to be doing well more than the United States per capita. And I think if we start talking about 6 percent, we may someday see the 3 or 4 percent that would be a minimum.

Finally, what are we doing to push Taiwan to adopt better laws against peer-to-peer Web sites for piracy of movies?

Mr. MOY. Well, I think that this is part of our economic engagement with Taiwan. What we have said in the past is—and this is in terms of all of our dialogues—we would like to have a little bit more confidence, especially in areas of intellectual property protection—

Mr. SHERMAN. But are we specifically focusing on peer-to-peer Web sites, the lack of legislation in that area, and the pirating of our movies?

Mr. MOY. Yeah, I am not aware of that specific area, but definitely—

Mr. SHERMAN. Well, I hope that you would make that a specific issue.

Mr. MOY [continuing]. Intellectual property protection is a priority of ours, absolutely.

Mr. SHERMAN. A general statement about intellectual property protection won't have the specific effect, may have no effect, compared to the specificity. And I hope that you will specifically focus their attention on the peer-to-peer Web site piracy of our movies.

Finally, what steps is the administration taking to make sure that Taiwan has appropriate participation in international organizations, such as the World Health Organization, ICAO, and the climate control—UNFCCC?

Mr. MOY. Thanks very much.

As I noted earlier, international space is a priority of ours, and we are looking for opportunities for Taiwan, you know, experts, professionals to shine in their fields in international fora. We will continue to do that. It really does help those organizations, it really does help the global community when they are able to participate.

Mr. SHERMAN. Thank you.

Chairman ROYCE. Mr. Chris Smith of New Jersey.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Moy, thank you for your testimony.

Over the past few years and across two different administrations, we have witnessed alarming number of gushing statements by senior American officials on the U.S.'s "one China" policy. Last year,

PLA General Chen Bingde, during a visit to Washington, claimed that Secretary of State Hillary Clinton stated that U.S. policy maintains there is only one China in the world and that Taiwan is part of China. Not long after that, Admiral Mullen said that he shared the view of a “peaceful reunification of China.”

Well, let me ask you, Mr. Moy: The People’s Republic of China, as we all know, is a dictatorship. It is a gulag state. And would we have wished for reunification of West Germany into East Germany when Honecker was ruling as a cruel dictator in East Germany? I think not. So I think those kinds of statements are not helpful.

I do believe—and I want to ask your view on this, as to whether or not the time as come that the cold war relic—and I know all about the Shanghai Communique. I have read it. I actually had an argument with Li Peng once in China when we brought up human rights and he said the Shanghai Communique said nothing about human rights at all. And that is true, but he used that as a dodge and as a way of precluding any discussion on human rights.

But shouldn’t we have a “one China, one Taiwan” policy?

And, secondly, if you could, the Taiwan—the act, section 2, points out that the enactment of this act is necessary to help maintain peace, security, and stability in the Western Pacific.

What are the consequences for the U.S. security if Taiwan were to come under PRC control? And do we fully realize that such a shift would have devastating implications for U.S. longstanding security partners and allies in East Asia, including Japan and South Korea?

Mr. MOY. Thank you very much.

I think I might have been in that meeting with Li Peng that you speak of.

Mr. SMITH. With Frank Wolf and I, you might recall.

Mr. MOY. It was a few years ago.

Thank you very much for your comments.

I think what I would like to point to is most recently I think that you may have seen in the press that there has been more dialogue between the two sides of the Strait recently. The head of the Mainland Affairs Council from Taiwan, Wang Yu-chi, met with Zhang Zhijun, who is the head of their Taiwan Affairs Office. We have gone on record as saying that we support that kind of warming of ties.

And I think one of the reasons why there has been such a discussion is that we have been so supportive of Taiwan, giving them the confidence so they can have these kinds of dialogues. So I think that we do have a very strong record of that. We do support the increased dialogue between the two sides.

In terms of consequences, I wouldn’t want to get into any sort of hypothetical kinds of scenarios here. I don’t think that that is something that we view as very likely right now. And the——

Mr. SMITH. But have we anticipated what happens? I mean, we do have scenarios that we certainly consider at the Pentagon and at State.

Mr. MOY. Well, you know, it is not something that is, sort of, a normal feature of our discussions, these types of hypotheticals.

What I can say is that, you know, I heard your remarks about the “one China” policy, but this is a policy that has endured

through many administrations. And, again, I think what we have done—and much of this has to do with the Taiwan Relations Act, but it has given Taiwan a great deal of confidence over the last few years to increase the kind of, you know, intensity of discussions with the PRC. Knowing that the United States is always in support is, I think, greatly comforting to the Taiwan side.

Mr. SMITH. But, frankly, some of our diplomats, including our former Ambassador, Belici, has suggested that the ambiguity and the statements that have been made could send the wrong signal to the PRC, particularly as they build up militarily in and around or in proximity to Taiwan.

And, of course, with the saber-rattling that we see occurring in the South China Sea and an ever-expansive foreign policy, the ugliness toward Japan coming out of Beijing, you know, the useful diplomatic fiction—perhaps it was useful for a while—it seems to me could inadvertently lead to a miscalculation by Beijing about what happens if they take Taiwan.

Mr. MOY. I don't think that Beijing questions U.S. resolve on the Taiwan issue. We continue to be extremely supportive, and we continue to expand, you know, our unofficial relations. And that, I think, does a great deal to help strengthen and to allow for a more, sort of, peaceful and stable environment across the Strait.

Thank you so much, sir.

Chairman ROYCE. Mr. Lowenthal of California.

Mr. LOWENTHAL. Thank you, Mr. Chair.

I have one statement. I would like to, before I ask any questions, echo the chair's comments. I recently visited Taiwan and met with many government officials and found it very, very educational. And I, too, believe very strongly that the State Department and the government should understand the importance of Taiwan being part of the TPP. And I think that should be a message back, before I ask a question, that many of us, I think, really strongly believe in and that we should do whatever we can to encourage that development.

When I was there, I was very impressed with the cross-Strait dialogue that was going on between Taiwan and the People's Republic of China. And I would like to know, what is the State Department or our involvement in that dialogue between Taiwan? How can we be helpful in promoting engagement between Taiwan and China?

It seemed to me that President Ma was very proud of the agreements that already had been made, especially the trade agreements, the increased tourism that was going on, the increased flights that were going between mainland China. I would like to know what our involvement in that has been?

And the second question is, what is your perspective on the current and forthcoming political situation in Taiwan, including the 2016 Presidential election in which President Ma will be termed out? How will that affect cross-Strait relationships? And will that be one of the defining characteristics in terms of that election?

Mr. MOY. Thank you very much.

In terms of the cross-Strait dialogue, we don't play a direct role, of course. I mean, they have had direct talks. In fact, the dialogue that I was referring to between Wang Yu-chi and Zhang Zhijun

was really the first time in 60 years that they have had such a discussion.

What we have done, however, is I think we have given Taiwan a great deal of confidence through our policies, through our direct assistance, and that has enabled them to, I think, have more engagement across the Strait. And we believe that more engagement, especially if it is at a pace that is consistent with the aspirations of the people on Taiwan, the people on both sides of the Strait, we would very much support that, because we think that it creates a more stable and peaceful environment. But it does have to come at the pace that the people on Taiwan feel comfortable with.

In terms of the upcoming election, I mean, we don't really, sort of, speculate on how that is going to affect cross-Strait relations. But it is a good time to highlight how supportive we have been and still are of the thriving democracy that exists on Taiwan. It is really remarkable. I mean, just personally, the first time I went to Taiwan was in 1978. You just cannot imagine the change that has taken place there.

And, Mr. Chairman, when you go to Taiwan, it just highlights the kind of values they share with us. And you know very well that it is this very, kind of, energetic kind of democracy that exists there.

And so I won't speculate on—you know, we don't get involved in their, sort of, domestic politics and how that is going to play out in terms of their foreign policy in the future or their cross-Strait policy. But it is really a good time to celebrate what is a remarkable story in Asia, the democracy that exists in Taiwan.

Mr. LOWENTHAL. Thank you.

And I yield back my time.

Chairman ROYCE. Thank you.

We now go to Steve Chabot of Ohio, the chairman of the Asia Subcommittee.

Mr. CHABOT. Thank you very much, Mr. Chairman.

I would like to personally thank Mr. Sherman for raising the issue of President Chen, which he did strongly when we were on the codel recently in Taiwan.

And prior to that trip, I had been there about a year ago with another of my Democratic colleagues, the ranking member of the Asia and the Pacific Subcommittee, Eni Faleomavaega. And on that particular codel, Eni and I went down to the prison where President Chen is being held. And he has been there going on 5 years now.

And you are correct, there was a conviction for corruption charges. We understand that completely. There are a whole lot of aspects of that which we could discuss in great detail. For example, there is an argument that there was a judge that was more favorable to him who was replaced by a judge less favorable. There are all kinds of stories you hear, and I don't want to go into all the details about that.

But the fact is he has been in prison now for going on 5 years. And I have read the medical reports, I have talked to the doctors that have examined him, I have seen him with my own eyes. I met with him many times when he was President of Taiwan. He is the second democratically elected President and served for 8 years. And

I think Mr. Sherman is absolutely right when he says that there is something wrong when one administration comes in and, you know, a previous administration is imprisoned. Something is not right.

And, you know, I have seen, again, with my own eyes, the man has Parkinson's. He shakes, you know, almost constantly. He has cardiovascular problems, deep depression, a whole range of things. And we have talked to President Ma and others about it. And I believe that medical parole, as Mr. Sherman mentioned, is the logical conclusion here as to what ought to be done.

Does the administration have a position on granting President Chen medical parole? We are not saying that he would be free, but at least could go home to his family with whatever years he has left.

Mr. MOY. Sure. And thank you, Congressman, for raising that issue again.

As I noted earlier, we have confidence in the fairness, impartiality, and transparency of Taiwan's judicial system. And we have made clear to Taiwan our expectation that procedures governing the terms of Chen Shui-bian's imprisonment and access to health care will be transparent, fair, and impartial.

And so, you know, if there are occasions—and this is just, I think, a general statement from the U.S. Government—when there are cases when there are such health concerns, we would certainly, you know, make note of that to, in this case, the Taiwan authorities but to other governments, as well, when there may be some humanitarian considerations that could be made.

But, certainly, we believe that the original case was tried in—

Mr. CHABOT. Well, I am not talking about the original case. I am talking about now—and that was an excellent answer, but my question is, does the administration have a position on medical parole?

Mr. MOY. Well—

Mr. CHABOT. Is there a position? I mean, you have said that he ought to be treated humanely in prison. We are saying he shouldn't be in prison at this time. He has been in prison; he is there now. We are saying that medical parole at this point should be granted.

Mr. MOY. Yeah. What I think that what we have done and what we—

Mr. CHABOT. I am just asking, do you have a position on that? Should he be granted—if you don't have one, that is okay, but I just would like to know.

Mr. MOY. Yeah, I don't think that we take a position on that—

Mr. CHABOT. Okay. Thank you. That was my question. All right.

And I will ask you another position, if you have this. The President, the Vice President, the Defense Minister, and Foreign Minister can't come to Washington, DC. If we want to meet with them, we have to go to San Francisco or Baltimore or somewhere. They are not allowed to come to the capital of the United States, which I think is a travesty for an ally, close ally, of the United States.

We have introduced legislation innumerable times to dump that policy, which I think is unfair to Taiwan. Does the administration have a position on that?

Mr. MOY. Well, we continue to have our, you know, “one China” policy that is set forth in the three joint communiqués—

Mr. CHABOT. I am aware of that. Do you have a position on whether they should be able to come here—

Mr. MOY. Our position is, yeah, in terms of the travel of Taiwan authorities, that is consistent with those policies—our “one China” policy.

Mr. CHABOT. So you believe we should continue—the President, the Vice President, the Foreign Minister, and Defense Minister, they should not be allowed to come to Washington, DC?

Mr. MOY. I think our policy has been very consistent over a number of—

Mr. CHABOT. I am asking for a “yes” or “no,” really.

Mr. MOY [continuing]. Administrations, and I believe it will continue.

Mr. CHABOT. So you are saying that they should not be allowed to come here, continue with that policy. We are saying we should change that policy; you say stick with it.

Mr. MOY. I say that our policy has been consistent and, I believe, will be consistent in the future.

Mr. CHABOT. Thank you.

Chairman ROYCE. I am going to just announce to the committee here, we will go to a couple more speakers, but then we are going to recess for about 25 minutes for two votes and then come right back so that the junior members will then be able to ask their questions.

And with that said, let’s go to Mr. Gerry Connolly of Virginia.

Mr. CONNOLLY. Thank you, Mr. Chairman. And I look forward to the questions of the junior members of the committee.

I do want to compliment Mr. Engel for being sartorially correct today. He is resplendent in green and shamrocks. And as an Irish-American member of this committee, I deeply appreciate it.

Mr. Moy, briefly, what, in your opinion, or the administration’s opinion, does the Taiwan Relations Act commit the United States to do with respect to the military relationship with Taiwan?

Mr. MOY. Well, as I noted earlier, we are obligated to make available to Taiwan defense articles and defense services that are necessary to enable Taiwan to maintain a sufficient self-defense capability.

It is an obligation that we don’t shirk. These obligations are under—not the obligations are under constant review, but the needs of Taiwan are under constant review.

Mr. CONNOLLY. Okay. Good. I would agree with you.

Would you also agree that something Beijing does understand is that big stick of Teddy Roosevelt’s? We can talk softly, but they have to know we also carry a big stick, that we mean it, that we will keep our commitments, and that whatever happens ultimately in the Taiwan Strait will happen peacefully, it is not going to happen by military force, and the United States is prepared to make sure that it doesn’t happen by military force.

Do you think, especially in light of Chinese behavior in various and sundry islands throughout the Pacific Rim, that that message is maybe more important than ever from the United States with respect to Taiwan?

Mr. MOY. Well, I don't think—as I noted earlier, I don't think that the PRC doubts our resolve, our continued positive presence in the East Asia-Pacific region.

Mr. CONNOLLY. Really? With respect to Taiwan?

Mr. MOY. I think absolutely with respect to Taiwan.

Mr. CONNOLLY. Oh. All right. So, gee, the United States in 2001 tentatively agreed to sell diesel submarines to Taiwan. Thirteen years later, where are we in that submarine sale?

Mr. MOY. Well, I think as you know, we continue to review the defense needs, and we make decisions that are appropriate—

Mr. CONNOLLY. Mr. Moy, have we sold a single one of those diesel submarines to Taiwan 13 years later?

Mr. MOY. I am not aware of that, sir.

Mr. CONNOLLY. No. And did, by any chance, did Beijing object to that sale?

Mr. MOY. We don't discuss arms sales or defense—

Mr. CONNOLLY. Did they express themselves publicly or privately through any channels that you are aware of?

Mr. MOY. I am not aware of—

Mr. CONNOLLY. So what would be the hang-up? Why not sell the diesels, then?

Mr. MOY. Again, we make decisions not with the People's Republic of China in mind; we make those decisions based on what we feel are our needs.

Mr. CONNOLLY. Oh. So the decision tentatively to sell submarines to Taiwan in 2001 is still under consideration as to whether it really meets your definition of appropriate defense for Taiwan?

Mr. MOY. There are a range of systems, there are a range of different packages that we constantly—

Mr. CONNOLLY. What about F-16s? The Congress has repeatedly said the sale of 66 F-16s makes sense to us. Is that also under review for whether it is an appropriate part of the defense of Taiwan?

Mr. MOY. We made a determination that the F-16A/B retrofit was the most appropriate type of weapons system to sell to Taiwan, and we continue to believe that that is the case.

Mr. CONNOLLY. And what about military exercises? Any consideration to maybe including Taiwan, for example, in RIMPAC?

Mr. MOY. Well, we always, you know, consider—and this is our policy worldwide. We are always considering, you know, different participants. I am not aware of such consideration, but I think my colleagues in the Defense Department can better address that.

Mr. CONNOLLY. I just—you know, we don't want to ever be provocative, but we need to stand by our alliances. We want a good and productive relationship, it seems to me, with the People's Republic of China. But I also know from history that Beijing respects strength. Peace through strength.

And our commitment to Taiwan is an extraordinary test case, and it seems to me that we have to follow through on our commitments with respect to Taiwan. Beijing doesn't have to like it, but it will have to respect it.

With that, I yield back.

Chairman ROYCE. Thank you.

We are going to go to Mr. Randy Weber of Texas.

Mr. WEBER. Thank you.

Mr. Moy, I am going to follow up on some of Mr. Connolly's comments about actually selling or being concerned about Taiwan's defense capability, I guess.

You said earlier, I think with Chairman Chris Smith's questioning, that when you make decisions, you all don't consider Beijing in your decisions. And you just reaffirmed that with my colleague, Mr. Connolly.

I think Chris Smith raised the issue of a "one China" policy. Does it not bother you that that exists? That there are statements that people have made, high-level officials that have said they agree to a "one China" policy? Does the administration not view that as a problem?

Mr. MOY. Our "one China" policy is one that has existed for, you know, several decades now.

Mr. WEBER. Okay. Well, let me—

Mr. MOY. Several administrations—

Mr. WEBER. I take that as a "no." But let me follow up with what Gerry Connolly said. So you haven't sold submarines yet. You don't take Beijing into account. People around the world watch us; words and actions have consequences.

Would you agree that you all would be okay with a "one Russia" policy when it comes to Crimea and the Ukraine? Is that akin to the same kind of ideology?

Mr. MOY. Well, I can't speak to those issues. But, again, we are obligated to provide those defense materials and services to Taiwan. And we have been through several administrations, I think, very vigilant in terms of providing that.

Mr. WEBER. But in view of recent events, wouldn't you agree that the administration ought to be thinking about revamping its policy, that perhaps we would want to get in gear? And I forget the exact date of the sale of diesel submarines; I think Mr. Connolly said 2001. That is 13 years. Has the world changed in 13 years?

Mr. MOY. In what sense, sir?

Mr. WEBER. Well, how about in your view of the imminent danger of, perhaps, mainland China trying to, whatever you want to call it, take back over Taiwan?

I mean, we have said that they are our close friend and our ally. The fact that their officials cannot come to Washington, DC, is a problem. Events around the world should indicate that now, more than ever, we need a stronger relationship with Taiwan.

Does the administration understand the seriousness, especially in light of recent events—Russia, Ukraine, Crimea, I mean, you can go right down the list. Things aren't getting any better. So is there a possibility you all might step up the program to sell those defense weapons to Taiwan?

Mr. MOY. Right. I mean, those—

Mr. WEBER. I mean, maybe before the next 14, 13 years?

Mr. MOY. Thank you, sir.

Those—as I noted, they are under constant review.

I take your point about the world changing and having to adjust to those changes. Remarkably, as I noted earlier, there is more dialogue between Taipei and Beijing than there ever has been before.

Mr. WEBER. Okay. Well, let me ask you this.

Mr. MOY. There are agreements that have been——

Mr. WEBER. I am running out of time.

Mr. MOY. Yeah. Okay, please.

Mr. WEBER. So there are going to be some exercises over in Hawaii. Beijing was invited; Taiwan was not. Why?

Mr. MOY. I think that our policy in terms of, you know, strengthening military-to-military relations with Beijing are fairly apparent. I can, of course, defer to my colleagues in the Defense Department to comment on the status of those relations.

But, I think, as part of our, you know, rebalance, our consideration of making or of strengthening the stability and peace in East Asia, I think this is a good idea.

Mr. WEBER. Okay. Obviously, because they weren't invited.

But does it strike you as odd that Beijing is not near as concerned about what we are doing as it seems—and words and actions have consequences. Witness Russia's recent invasion of Crimea into the Ukraine, so to speak.

Does it not strike you as odd that we seem a lot more worried about Beijing than they do about us? Do you all take into that account?

Mr. MOY. I don't think that we balance our concerns about—we don't think about it——

Mr. WEBER. Well, that is obvious.

Mr. MOY. Yeah. But what I can tell you is that I think it is a very smart thing to expand our relations with all countries in East Asia. And I don't think that any of this comes at the expense of Taiwan. And I think that our relations with Taiwan have been extremely strong, and we continue to strengthen those relations.

Mr. WEBER. Mr. Chairman, I yield back.

Chairman ROYCE. Thank you, Mr. Weber.

Thank you, Mr. Moy.

Now we have just enough time to get to this vote. We stand in recess. We will reconvene in approximately 25 minutes.

Thank you, Mr. Moy.

[Recess.]

Chairman ROYCE. I am going to reconvene the committee at this time and again express my appreciation to Mr. Moy for his testimony here today.

And we are going to go to Mr. Scott Perry of Pennsylvania.

Mr. PERRY. Thank you, Mr. Chairman.

Mr. Moy, I appreciate your presence here.

I feel like I can't get a whole lot of straight answers, so I would like to go to some kind of yes-and-no format, if I could, because it seems to be a lot of time just kind of discussing the fact that the administration is interested in talking about or considering or whatever.

Regarding the force buildup, the PLA force buildup, U.S. Analysts assessed that the primary driver of the PLA's force buildup is preparation for conflict over Taiwan status, including contingencies for possible U.S. intervention. That is U.S. analysts.

So the question is, is this still the assessment of the executive branch? Briefly.

Mr. MOY. I am not a spokesperson for our colleagues in Defense——

Mr. PERRY. Well, but I am talking about the executive branch. I mean, is this your assessment? It is just “yes” or “no,” “I don’t know.” How about that?

Mr. MOY. Well, I mean, of course, we would stand by assessments that have been made. So, certainly——

Mr. PERRY. So the answer is essentially yes, essentially?

Mr. MOY. We stand by reports that we do.

Mr. PERRY. Okay. So do you know if Taiwan shares the same assessment?

Mr. MOY. You know, Taiwan certainly has taken many precautions in its, you know, defense posture. I think that it is best to ask them that question. But, certainly, there is discussion that goes on about this sort of thing, and I would imagine that——

Mr. PERRY. But you don’t really know. I mean——

Mr. MOY. Well, I can’t speak for Taiwan.

Mr. PERRY. I understand, but in the discussions that the administration has had, you don’t know what their position is. If that is how they are posturing their forces and their strategy based on that assessment, you don’t know.

Mr. MOY. Is your question whether Taiwan believes it or whether——

Mr. PERRY. Yes.

Mr. MOY [continuing]. The administration——

Mr. PERRY. Do they share the assessment? Do they share the United States’ assessment that that is the reason for the buildup?

Mr. MOY. Again, I think that you would have to ask them.

Mr. PERRY. Okay.

Regarding Taiwan membership in TPP, the administration’s position, for or against? It is important for us to know.

Mr. MOY. We welcome their interest. And I don’t think the conversations have gone so far as to be, you know, pro or con. We are a long way away from that. But we welcome their interest——

Mr. PERRY. I am sure we do. But so you are saying that the administration hasn’t decided yet. You are happy for their interest, but you don’t know.

Mr. MOY. No, the issue hasn’t come up to that point yet.

Mr. PERRY. The issue hasn’t been brought up? Or it isn’t to a point where you can decide “yes” or “no”?

Mr. MOY. It hasn’t come up to the point. Certainly, we know that Taiwan has expressed an interest, and, as I noted earlier, we are welcoming that interest.

But, you know, we are a long way away from discussing that. We have other discussions that we are having on Taiwan’s economic policies, and we are certainly engaged in those, and we want to continue warming our economic and trade relations with Taiwan.

Mr. PERRY. All right.

Regarding the PRC’s Air Defense Identification Zone, the ADIZ, what have been concerns in Taiwan’s response to the PRC’s ADIZ announced in November 2013?

Mr. MOY. I am sorry, what do you mean by “concerns”?

Mr. PERRY. The administration’s concerns. Do you have any? Are you in agreement?

Mr. MOY. Well, I think what is important here is President Ma has gone on record as expressing concern. What he has said in pub-

lic and what is encouraging is that he wants a peaceful, sort of, stable environment in the region, that if there are disagreements, they should be resolved through a dialogue and—

Mr. PERRY. Let me stop you there, if I could, because I just have a little bit of time left.

Do you know what our response would be if there were an Air Force or Navy intercept in the ADIZ? If the PLA had an intercept of Taiwanese aircraft or marine vessels in that area and there was some incursion, what would our response be?

Mr. MOY. Yeah, I am not going to get into any, sort of, speculation on, kind of, a hypothetical situation. But we have gone on record, in response to the announcement of this ADIZ, as not accepting it. And so, again, I don't want to speculate on any kind of—

Mr. PERRY. All right.

Thank you, Mr. Chairman.

Mr. MOY [continuing]. Possibilities in the future.

Chairman ROYCE. Thank you, Mr. Perry.

And thank you, Mr. Moy. Thanks for being here before our committee today.

And, as you can see, there is tremendous bipartisan support for Taiwan. It is my sincere hope that the administration will take a more proactive stance on Taiwan, including working with Taiwan so that it can join the Trans-Pacific Partnership.

The Asia-Pacific region is going to witness significant economic growth in the next 10 years. And positioning the United States—we are, after all, on the Pacific Rim—to take advantage of this opportunity is a task that we take very seriously on this committee. And as chairman of this committee, I have made the Asia-Pacific region a top priority. So I look forward to working closely with the administration on this and other issues.

And I thank you.

And the hearing is adjourned.

[Whereupon, at 11:31 a.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE RECORD

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

March 14, 2014

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Friday, March 14, 2014
TIME: 9:30 a.m.
SUBJECT: The Promise of the Taiwan Relations Act
WITNESS: Mr. Kin Moy
Deputy Assistant Secretary
Bureau of East Asian and Pacific Affairs
U.S. Department of State

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day Friday Date 03/14/14 Room 2172

Starting Time 9:45 A.M. Ending Time 11:31 A.M.

Recesses 1 (11:01 to 11:24) (to) (to) (to) (to) (to)

Presiding Member(s)

Edward R. Royce, Chairman

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

Electronically Recorded (taped)

Stenographic Record

TITLE OF HEARING:

The Promise of the Taiwan Relations Act

COMMITTEE MEMBERS PRESENT:

See Attendance Sheet.

NON-COMMITTEE MEMBERS PRESENT:

None.

HEARING WITNESSES: Same as meeting notice attached? Yes No

(If "no", please list below and include title, agency, department, or organization.)

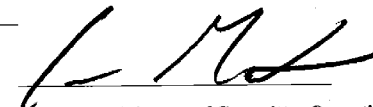
STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

SFR - Connolly

SFR - Frankel

TIME SCHEDULED TO RECONVENE _____

or
TIME ADJOURNED 11:31 A.M.



Jean Marter, Director of Committee Operations

HOUSE COMMITTEE ON FOREIGN AFFAIRS
FULL COMMITTEE HEARING

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Statement for the Record
Submitted by The Honorable Gerald Connolly

The House Committee on Foreign Affairs has played an important role in ensuring that the Taiwan Relations Act, which has been U.S. law for thirty-five years, is the lynchpin in U.S.-Taiwan relations. In fact this Committee, at both the sub and full committee levels, has repeatedly shown its support for policies that strengthen the relationship with Taiwan, including Rep. Ros-Lehtinen's Taiwan Policy Act, a bill which I have supported for years. The bill strengthens and clarifies the commercial, cultural, and other relations between the people of the United States and the people of Taiwan, as codified in the Taiwan Relations Act.

When examining the relationship between the United States and the Republic of China (Taiwan) there is significant context and history to consider. U.S. policy with regard to the defensive capabilities of Taiwan is clearly outlined in the Taiwan Relations Act (TRA) of 1979, which states that it is the policy of the U.S. "to provide Taiwan with arms of a defensive character." Moreover, the three joint communiqués between the U.S. and the People's Republic of China (PRC), and the "Six Assurances" to Taipei offered by President Reagan, add additional context to the U.S.-Taiwan relationship.¹

The defensive weapons provision in the thirty-five year old TRA has been an irritant in the relationship with Beijing, but this provision is necessary for Taiwan's defense. China's unilateral declaration of a restrictive Air Defense Identification Zone (ADIZ) over a set of disputed islands last fall increased tension in the region and was just the latest manifestation of a long-standing territorial dispute in the South and East China Seas, an issue that has implications for economic and security interests across the region. China's declaration of the ADIZ and subsequent provocative actions toward non-Chinese ships raise concerns about escalation and unintended consequences. This makes the security posture of friends like Taiwan even more precarious and necessitates a continuation of the defense relationship.

The ADIZ, coupled with the fact that China has an estimated 1,600 short-ranged ballistic missiles aimed at Taiwan, is all the more reason to maintain a robust pace of sales to Taiwan. The last notification of a major Foreign Military Financing program was in September 2011 when the Administration formally notified Congress of three programs to upgrade Taiwan's 145 F-16A/Bs (for \$5.3 billion), continue to train Taiwan's F-16 pilots at Luke Air Force Base, and to sell spare parts for aircraft. The lack of major notifications since then is troubling.

The TRA states that "Congress finds the enactment of this act is necessary... to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan." It is U.S. law to maintain strong ties to Taiwan. As the upcoming 35th anniversary of the TRA approaches, I look forward to working with the Administration and my colleagues on the Committee to ensure that we are upholding our end of the bargain when it comes to Taiwan.

¹ The Six Assurances are: (1) has not agreed to set a date for ending arms sales to Taiwan; (2) has not agreed to hold prior consultations with the People's Republic of China 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 People's Republic of China.

Statement for the Record

Submitted by the Honorable Lois Frankel

Next month we will mark 35 years since the signing of the *Taiwan Relations Act*, which serves as the cornerstone of our nation's close and enduring relationship with Taiwan.

The United States and Taiwan are united in common interests and a shared commitment to freedom and democracy. The Taiwanese people share a similar culture of respect for individual liberties, freedom of speech, adherence to the rule of law, and support for human rights. Taiwan is also a partner with the United States in our resolute efforts to combat global terrorism.

In addition to our close cultural, political, and security relationship, the United States and Taiwan also share a booming economic partnership. Bilateral trade between the United States and Taiwan surpassed \$63 billion last year, making Taiwan the United States' 11th largest trading partner. In my home state of Florida in particular, we exported nearly \$300 million worth of goods to Taiwan in 2012 alone.

Over the past decades, Taiwan's story of transformation has proven to be one of the great success stories in Asia. We look forward to supporting and strengthening our close cooperation and friendship for years to come.

Thank you and I yield back.