Reassessing the “Quality” and “Quantity” of Taiwan’s Defense Needs

By: Russell Hsiao

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When President Ronald Reagan agreed to the Third Communiqué of 1982 with the People’s Republic of China (PRC), advisers around him observed that Reagan was seriously concerned about its potentially deleterious impact on Taiwan’s security. Therefore, while allowing the August 17 communiqué to go forward, Reagan placed a secret memorandum in the National Security Council files, which read:

“The U.S. willingness to reduce its arms sales to Taiwan is conditioned absolutely upon the continued commitment of China to the peaceful solution of Taiwan-PRC differences. It should be clearly understood that the linkage between these two matters is a permanent imperative of U.S. foreign policy. In addition, it is essential that the quantity and quality of the arms provided Taiwan be conditioned entirely on the threat posed by the PRC. Both in quantitative and qualitative terms, Taiwan’s defense capability relative to that of the PRC will be maintained. [emphasis mine]”

The staying power of Reagan’s foresight cannot be overstated. There are at least three critical elements of Reagan’s personal directive on US policy towards Taiwan that are highly relevant to US-Taiwan relations today. First, that China remain committed to a peaceful solution; second, that the threat posed by the PRC remain the sole condition for the quantity and quality of arms provided to Taiwan; and three, maintenance of Taiwan’s quantitative and qualitative edge over the PRC. After more than 35 years, the verdict on all three counts regarding whether the directive’s criteria governing reduced arms sales to Taiwan have been faithfully met and maintained by successive administrations is inconclusive at best. As China-scholar David Shambaugh noted in 2000: “While it makes sense to calculate Taiwan’s needs based on the dynamic and evolving capabilities of the PLA, this measure has not traditionally been the standard criteria for making such decisions.”

Indeed, despite Reagan’s directives, there has been a creeping adjustment in how Washington has fulfilled its defense commitments to Taiwan over time as spelled out under the Taiwan Relations Act, which states: “the United States will make available to Taiwan such defense articles and defense
services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.” Indeed, arms packages were seemingly “bundled” to minimize friction with the PRC and armaments that Taiwan’s armed forces determined that it needed for self-defense were denied by the United States because it would presumably be seen by Beijing as being too provocative.

Shambaugh further observed, as far back as in 2000, that “China is closing the gap in several key areas and Taiwan’s ‘window of invulnerability’ is gradually closing. If current trends continue, sometime in the second half of this decade the conventional force balance between the two will tip in China’s favor—unless the United States transfers massive amounts of high-tech weaponry to the island’s armed forces.

In 2002, the Department of Defense (DoD) began issuing the Annual Reports to Congress on China’s Military Power mandated by the National Defense Authorization Act of 2000. In the 2002 report, DoD noted that “China’s force modernization, weaponry, pilot training, tactics, and command and control are beginning to erode Taiwan’s qualitative edge.” In 2004, the DoD explicitly and affirmatively stated that “After close to 20 years of spectacular economic growth in China, Beijing’s diplomatic successes, and steady improvement in the PLA’s military capabilities, the cross-Strait balance of power is steadily shifting in China’s favor.” In the most recent report (2017), the DoD concluded that Taiwan’s defensive advantages are declining.

With clear warnings of a tilting military balance already evident nearly 20 years ago, why have the quantitative and qualitative terms of Taiwan’s defense capability relative to that of the PRC been allowed to erode as it did? To be sure, the formula for a cross-Strait military balance of power is not a one-sided equation. The military balance cannot be assessed on the capabilities of only one actor. While how much Taiwan spends on its defense is certainly a key factor that may be contributing to the imbalance, how much it spends must also depend on what the United States has been willing to sell to Taiwan for its defense.

In this special issue of the Global Taiwan Brief, we asked four noted defense experts with extensive experience in government at the Department of Defense, State Department, and industry to weigh in and reassess several critical decisions on arms sales and defense policy towards Taiwan that have contributed to the military imbalance that exists today. What were the circumstances and considerations that factored into those decisions? What were the consequences and do those decisions serve US interests now? Perhaps most importantly, what lessons may we learn from those consequential decisions so that we may avoid future mistakes and begin to restore the quantitative and qualitative terms, Taiwan’s defense capability relative to that of the PRC?

The United States faced a very different competitor during the Cold War against the Soviet Union. Under the specter of that existential threat, China was seen as the lesser of two evils and as leverage in the détente against the Soviet Union. To be sure, it would be difficult to fault analysts for not having foreseen the threat that would emerge from the People’s Republic of China’s rapid economic and military growth. Yet, the reality of the current challenge could not be more evident. As Chairman of the Joint Chief General John Dunford predicted in September 2017: “I think China probably poses the greatest threat to our nation by about 2025.” Reagan’s directives are more significant now than ever.

The main point: Despite Reagan’s clear directives in the NSC memo, there has been a gradual and creeping erosion in how Washington maintained Taiwan’s quantitative and qualitative edge over the PRC. As Chairman of the Joint Chief General John Dunford predicted in September 2017: “I think China probably poses the greatest threat to our nation by about 2025.” Reagan’s directives are more significant now than ever.

Why No Submarines? Reassessing US and Taiwan Historical Decision Making Regarding Cooperation on Diesel-Electric Submarines

By: David An

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On June 28, 2017, the US Senate Armed Services Committee (SASC) added text to an early draft of the US National Defense Authorization Act of 2018 (NDAA) which: “directs the Department [of Defense] to implement a program of technical assistance to support Taiwanese efforts to develop indigenous undersea warfare capabilities, including vehicles and sea mines.” The reference to indigenous undersea warfare capabilities and vehicles harkens to diesel-electric submarines, or possibly even mini-subs or unmanned underwater vehicles. This wording, directing the US Department of Defense to help Taiwan
develop undersea warfare capabilities and vehicles, remained in the NDAA 2018 up until the conference report was filed on November 9. However, it did was ultimately removed and did not appear in the November 30 final version, which President Trump signed into law on December 12. One can only speculate what insider political wranglings led to the early inclusion of this text, and then to its removal. While SASC’s support of Taiwan is commendable, it was yet another chapter in the now decades-long story of US-Taiwan cooperation in the pursuit of much needed diesel-electric submarines for Taiwan.

Usually when one side expresses an interest in buying a defense item, and the other side expresses willingness to sell it or assist with acquiring it, then the transaction is all but complete. However, this has not been the case with the agreement that the United States made in 2001 to assist Taiwan with submarines. Taiwan first requested submarines from the United States in 1995, half a decade earlier. After all, submarines are essential for Taiwan’s survival, credible deterrence, and asymmetrical advantages. They help maintain open sea lines of communications, and allow Taiwan to burden share alongside the United States in maintaining freedom of navigation in the West Pacific region. Then in April 2001, the George W. Bush Administration agreed to assist Taiwan with submarines—possibly for the US to manufacture them, help Taiwan buy submarines from others, or some other variation. The agreement was in line with the Taiwan Relations Act (TRA), in which the United States committed to making available defense articles and defense services in such quantity as necessary to enable Taiwan to maintain a sufficient self-defense capability.

Most importantly, new diesel-electric submarines in Taiwan’s hands would be a conventional deterrent against aggression and amphibious invasion by a potential adversary. As I wrote in a previous GTB article, unlike aircraft or land vehicles, submarines operate below the water surface and are therefore difficult for an adversary to detect, making them an invisible deterrent. Yet, despite US agreement to assist Taiwan with new submarines, Taiwan has not acquired new submarines since the 1980s, so the results of US commitments have yet to be seen.

Yet, many other defense articles that Taiwan has requested have been approved by the United States and transferred to Taiwan, from Patriot PAC-III missiles, sophisticated Raytheon radars, F-16 A/B aircraft and upgrades, to Black Hawk UH-60M helicopters, etc. Diesel-electric submarines are a rare exception, and worth examining closely, in order to learn from the past and plan for the future. Taiwan’s diesel-electric submarine predicament has a long history, with hold-ups and political complexities on both sides that have led to today. It is fitting that this special issue of the Global Taiwan Brief with its focus on reassessing the history of US and Taiwan decision making should reassess the history of diesel-electric submarines as well.

**The regional (im)balance**

The key factor in explaining why it is hard for other countries and their companies to work with Taiwan on submarines—or any arms sales, for that matter—is that China “strongly protests” against Taiwan developing its own indigenous submarines, and especially against any countries that help Taiwan in this effort.”[1] When Taiwan purchased two diesel-electric submarines from the Netherlands in 1981, China retaliated by downgrading diplomatic relations with the Netherlands. The Dutch relented by 1984 and signed a communiqué in which the government promised not to sell any more weapons to Taiwan. Germany has a similar policy in effect.

Yet for all of its protests against Taiwan acquiring eight or less diesel-electric submarines, China itself operates over 60 submarines. These include five nuclear-powered attack submarines, four nuclear-powered ballistic missile submarines, and over 50 diesel-electric attack submarines. The Office of Naval Intelligence estimates that China’s submarine fleet will eventually expand to 75 vessels.

By seeking to acquire new diesel-electric submarines, Taiwan is actually restoring the regional balance in military capabilities. History has created a growing regional imbalance. Over the past four to eight decades, Taiwan’s submarines have stood still while the world moved forward. Taiwan currently possesses two US-manufactured Guppy class submarines from the World War II era, which were cutting edge at the time—80 years ago—but far outdated today. It also possesses two Dutch Zwaardvis-class submarines manufactured in the 1980s, which are now four decades old and long past their operational cycles. Meanwhile, Japan operates a fleet of 16 submarines, South Korea operates 15 submarines, and even the city-state of Singapore operates six submarines. All of these are diesel-electric—similar to what Taiwan seeks to acquire—and none of them are nuclear-powered. This is the current regional context as we look more closely into the key factors in the history of Taiwan and US decision making on submarine cooperation.

**Key aspects in the history US decision making**

A political crisis between the United States and China in 2001 provided the political cover for the United States to approve a decision to assist Taiwan with submarines. The April 24, 2001, US
Taiwan’s submarine decision was preceded by the Hainan EP-3 incident on April 1 when China downed a US reconnaissance aircraft east of China, spurring the submarine decision amid the “furor over the spy plane.” At the time, the George W Bush Administration needed to show it was not caving into China, and US officials increasingly discussed the need for an important arms decision for Taiwan, so they decided on approving assistance for Taiwan’s submarine program. However, the official White House explanation by spokesperson Ari Fleischer was that President Bush approved submarines assistance due to “the threat that is posed to Taiwan by China.”

Other political considerations made the United States briefly hesitate on helping Taiwan with submarines. Global Taiwan Institute advisor Shirley Kan lays out the most authoritative account of US decision making on submarines, since she was previously a specialist at the Congressional Research Service (CRS) and author of the CRS report: “Taiwan: Major US Arms Sales Since 1990.” She explains how US concerns included that the US no longer manufactures diesel-electric submarines, since the US submarine fleet is all nuclear-powered, and that military technology may leak from Taiwan to China involving US military secrets. Notwithstanding such concerns, by November 2001, Northrop Grumman with its Ingalls Shipbuilding shipyard, General Dynamics with its Electric Boat, along with other companies in Germany, Netherlands, France and Spain all submitted bids and concept papers to the US Navy. Despite political concerns from the US side, the US Navy discussed options with Taiwan’s Navy in July 2002 and planned to select the manufacturers to design and build the submarines in late 2003. As a reflection of its seriousness, the US Navy opened an office dedicated managing Taiwan’s submarine program, which was funded by Taiwan.

With the US government fully behind the political decision to assist Taiwan with submarines, the main problem at this point was how the US Department of Defense would receive adequate funding for the required work. In December 2007, Taiwan’s legislature ultimately approved only US $65 million for the first phase of submarine design, though Taiwan’s defense ministry requested US $169 million from the legislature for the first phase, out of a total of US $360 million for the entire design phase. The private sector estimated that the total cost of manufacturing eight diesel-electric submarines would perhaps run around US $6 billion, but the US Navy increased that number to US $10.5 billion to account for costs and risks. For Taiwan to struggle to provide US $65 million in the context of costs as high as $10.5 billion or more throughout the six years since the 2001 US decision to assist Taiwan was far from adequate to ensure the US government would move forward.

Key aspects in the history of Taiwan’s decision making

Taiwan’s delays in submarine procurement stem from Taiwan’s domestic political stalemate over the past two decades. Kan also writes the most authoritative account of Taiwan’s decision making regarding diesel-electric submarines for Taiwan. After the George W Bush Administration agreed to assist Taiwan in acquiring diesel-electric submarines in 2001, the Kuomintang party (KMT) in Taiwan’s legislature blocked efforts and cut funding as they opposed the Democratic Progressive Party’s (DPP) president from 2000 to 2008. As a further complication, Taiwan’s legislatures demanded that several of the submarines be built in Taiwan, which would add $2.5 billion on top of the $10.5 billion for eight submarines. This is because licensed production overseas is typically more costly than when US companies use their own assembly lines. In addition, in 2003 the Bush Administration inquired of Italy about buying eight decommissioned Sauro-class diesel-electric submarines for an estimated cost of $2 billion with delivery starting in 2006, but Taiwan’s military instead opted for new submarines. Re-transferring submarines from Italy to Taiwan would have solved the problems of cost, design, and manufacturing time. However, after the Bush Administration, the principals in the Obama Administration decided not to proceed with the submarine sale and Taiwan lost a valuable window of opportunity.

The major discrepancy between Taiwan’s willingness to pay versus US cost estimates arose out of Taiwan’s fractious politics. The previous section on US decision making regarding costs of assisting Taiwan with submarines illustrated the impasse between what the US Navy estimated as the cost of the program versus what Taiwan was willing to spend. Even by April 2003, just two years after the US decision to assist Taiwan with submarines, the US Navy urged Taiwan to officially start the program, but the US side estimated that the cost of starting up the $10.5 billion program would be $333 million, to which Taiwan offered $28.5 million. These discrepancies are separated by orders of magnitude, and incredibly difficult to overcome.

Conclusion and way forward

The United States and Taiwan have been unable to work closely and directly on Taiwan’s submarine program over the past decade and a half due to domestic politics on both the US and Taiwan sides, in addition to Taiwan’ desire to manufacture submarines within Taiwan, and Taiwan’s much lower budget than US Navy estimates. As of 2014, Taiwan has officially begun
the design phase of its indigenous defense submarine (IDS) with production in Taiwan, along the lines of how it produced its own indigenous defense fighter aircraft (IDF), indigenous *Hsiung Feng* missiles, and other weapons systems it had trouble procuring from abroad. Hopefully, Taiwan will be able to produce its own submarines to fit its budget following this decision to take the lead on the entire process. However, it will still rely on the US and other partners to provide cutting edge equipment to integrate onto the indigenously-produced submarine hull. In this way, the United States and others can help Taiwan develop the most modern, technologically advanced, and capable submarines by approving Taiwan’s equipment and technology transfer requests.

**The main point:** A reassessment of US and Taiwan historical decision-making reveals how the Bush Administration’s 2001 decision to assist Taiwan with diesel electric submarines has been stalled for over a decade. Taiwan is now determined to produce submarines indigenously but US components and technology transfer approvals are critical to help Taiwan develop the most modern, technologically advanced, and capable submarines.

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**Reassessing the Mutual Defense Treaty: Three Communiqués, Three Erosions of Taiwan’s Interests**

By: Joseph Bosco

Joseph Bosco served as China country director in the office of the secretary of defense from 2005-2006.

Henry Kissinger has said of the Korean War, “The United States did not expect the invasion; China did not expect the reaction.”[1] The results of that mutual miscalculation were three years of war, 38,000 Americans and over a million Koreans and Chinese killed, and the border between North and South Korea unchanged from what it was when the war started in June 1950. The principal cause of that miscalculation may be found in the National Press Club speech made by Secretary of State Dean Acheson that January, in which he described the vital strategic interests in Asia that America would fight to defend. South Korea and Taiwan were not included within that defensive perimeter. In the immediate aftermath of the Korean War, the United States and the Republic of China on Taiwan signed the Sino-American Mutual Defense Treaty in 1954.

How did Washington, Pyongyang, Beijing, and Moscow all get it so wrong and blunder into a costly and futile conflict? Why was the United States surprised when North Korean forces poured across the 38th Parallel? Why was Mao Zedong, who had approved the attack, surprised when Washington led a United Nations coalition to resist it?

For Pyongyang, which had wanted to rule the entire Korean Peninsula ever since it was divided by US and Soviet diplomats at the end of World War II, the Acheson speech (and similar statements by General Douglas MacArthur and President Harry Truman) constituted a green light to launch its attack. Similarly, Mao, who had seized the mainland of China from Chiang Kai-shek’s Nationalists the year before, had openly stated his intention to take the island of Taiwan where Chiang’s forces had retreated. He now prepared to make his move as well. Truman realized his administration’s colossal mistake in conveying a lack of interest in the security of South Korea and Taiwan despite Communist expansionism in Asia. In addition to belatedly rallying to the defense of South Korea, he rushed the Seventh Fleet to the Taiwan Strait to keep Mao and Chiang from reigniting China’s civil war.

After the Korean War, President Dwight Eisenhower ensured that there would be no future misunderstandings of US intent in the region by executing nearly identical Mutual Defense Treaties with both the Republic of Korea and the Republic of China on Taiwan. (He also deployed tactical nuclear weapons to South Korea to bolster America’s deterrent message.) Aside from a couple of limited Taiwan Strait crises involving Chinese shelling of Taiwan’s offshore islands, the US defense commitment to Taiwan and South Korea restrained significant aggression against those states over the ensuing decades. The Communist powers instead focused their efforts on Indochina.

Then came President Richard Nixon’s opening to China and the security dynamic began to change again. In another US strategic misjudgment of the Cold War, Nixon and Kissinger, his national security advisor, devised what they considered a master stroke of *realpolitik*. To offset the Soviet Union’s global challenge to the international order, Nixon played “the China card,” providing a security guarantee to Beijing in its own rivalry with Moscow. In return, China would help Washington extricate itself from the Vietnam War. Both China and the Soviets were supporting Ho Chi Minh’s regime in Hanoi in its goal of conquering South Vietnam—the third Asian Communist unification struggle.
The sticking-point in the Sino-US negotiations over a presidential visit to China had been the future status of Taiwan. Nixon and Kissinger quickly made clear their willingness to make concessions on Taiwan “to remove an irritant” to China. They considered “the withdrawal of American forces from Taiwan and the Taiwan Strait—by far the least contentious issue” as compared to “the reversion of Taiwan.”[2] In October, 1969, Washington withdrew the Seventh Fleet’s permanent patrol from the Taiwan Strait (though Kissinger said that other Indochina-related Navy transits would supposedly continue).[3] They also readily conceded that US forces would be removed as soon as tensions over Vietnam (not Taiwan itself) eased. Demonstrating the priority of Indochina over Taiwan in US maneuvering with China, Nixon played the Taiwan card in May 1970 after Mao condemned the US invasion of Cambodia. “[H]e ordered every element of the Seventh Fleet not needed for Vietnam moved into the Taiwan Strait: ‘Stuff that will look belligerent. I want them to know we are not playing this chicken game.’”[4] Kissinger prevailed upon the president to reconsider and as a result, “Nixon thought better of new deployments in the Taiwan Strait.”[5]

The Shanghai Communiqué of 1972 laid the groundwork for further weakening of Taiwan’s position by articulating the “One-China” concept. Beijing claimed total political authority over the island as an integral part of China. Washington “acknowledged” that the “Chinese” entities on both sides of the Strait claimed that sovereign unity, differing only on which regime should rule the whole nation. It was understood that in Nixon’s second term the diplomatic abandonment of Taiwan would be completed.[6]

The deal accomplished the part of its geostrategic purpose that favored Beijing by keeping Moscow at bay vis-a-vis China, but it did nothing to mitigate the Soviet global threat against the West. Moreover, Beijing reneged on its agreement to help the US manage an honorable withdrawal from Vietnam. Nixon’s Watergate crisis and resignation from office precluded consummation of his administration’s derecognition of Taiwan in favor of China. But President Jimmy Carter, who defeated Nixon’s interim successor, Gerald Ford, was more than eager to pick up the China baton that had fallen from Nixon’s hands. With Zbigniew Brzezinski, his national security advisor, he announced in January 1979 that the US was switching its diplomatic recognition from the Republic of China to the People’s Republic of China and would immediately terminate the Mutual Defense Treaty with Taiwan.

As Brzezinski later wrote, Carter considered the China-Taiwan switch as a virtual fait accompli that just required implementation: “The United States conceded already under President Nixon its acceptance of the principle shared by both China and Taiwan that there is only one China.”[7] Brzezinski misstates the history. In fact, even Nixon and Kissinger, much as they wanted to accommodate Mao and Zhou En-lai, and whatever they may have conceded privately, merely acknowledged publicly but did not explicitly accept Beijing’s “One-China” principle that Taiwan is part of one China or its proclaimed “right” to use force to “reunite” the two. Thus began the quasi-official blurring of America’s “One-China” policy, which states that Taiwan’s future status is yet to be determined and must be done peacefully and with the consent of the Taiwanese people.

Fortunately for the people of Taiwan, and for US strategic interests in Asia, the Carter-Brzezinski verdict on Taiwan’s fate was not America’s last word on the subject. The US Congress was incensed that the man who told the American people he “would never lie” to them and otherwise disdained Nixon and all his works had pulled the rug out from Taiwan in a very secretive and stealthy Nixonian way. Congress quickly passed the Taiwan Relations Act (TRA) which restored almost all the attributes of statehood to Taiwan in its relations with Washington and committed the United States to a permanent interest in Taiwan’s security through the sale of defensive weapons.

The TRA took US relations with Taiwan, and, inevitably, with China, in an entirely different direction from what Nixon, Kissinger, Carter, and Brzezinski had intended or expected. When Mao told Kissinger in their 1971 meeting anticipating Nixon’s visit that China could wait 100 years before using force to absorb Taiwan, Kissinger joked that he was surprised it would take so long.[8] The TRA, which passed the House and Senate with overwhelming, veto-proof margins, was essentially a Congressional rebuttal to both Nixon’s 1972 Shanghai Communiqué and Carter’s 1979 Joint Communiqué shifting official US recognition from Taiwan to China. As such, it deeply rankled Beijing, particularly in providing defensive arms to Taiwan to deter an attack from China. The Chinese lobbied long and hard to roll back, or at least weaken, the American security commitment to Taiwan.

When Ronald Reagan defeated Carter for the presidency, China assiduously cultivated relations with Alexander Haig, yet another national security advisor who believed that foreign policy “realism” justified sacrificing Taiwan’s interests in the larger cause of improving US-China relations. In 1982, having failed to persuade Reagan to accept an early and complete end to arms sales, Haig masterminded his agreement to the Third Communiqué, which committed Washington to gradually
reduce its weapons sales to Taiwan until they were eliminated at some undetermined date.

Reagan, irritated at the diplomatic trap Haig led him into, decided to mollify critics and state his own personal commitment to Taiwan. In August of 1982, he issued a statement of Six Assurances which pledged that Washington would not:

- Set a date for ending arms sales to the Republic of China;
- Hold prior consultations with the PRC regarding arms sales to the Republic of China;
- Play a mediation role between the PRC and the Republic of China;
- Revise the Taiwan Relations Act;
- Alter its position regarding sovereignty over Taiwan;
- Exert pressure on the Republic of China to enter into negotiations with the PRC.

Generally, the US has honored those commitments, though it has blocked or slow-walked arms sales it knows Beijing would protest most vehemently, e.g., advanced fighter aircraft and diesel submarines. Also, though Washington doesn’t explicitly pressure Taipei to negotiate with Beijing, it makes clear in more subtle ways that it favors increased cross-Strait dialogue. Sometimes pressure can be exerted by former US officials who may or may not be carrying a message from Washington, as when Kissinger warned Taiwan at the Asia Society in 2007 that it should come to terms with Beijing because “China will not wait forever.”

Of the four architects of the shift in US policy on China and Taiwan, the only one who ever expressed second thoughts was the creator of the opening, Nixon himself, who said in 1994, “We may have created a Frankenstein[’s monster].”

Nixon also adjusted his views to the changing reality on Taiwan, saying “The situation has changed dramatically ... The separation is permanent politically, but they are in bed together economically.” Kissinger, on the other hand, never wavered in his adherence to the bargain he and Nixon had struck with Mao and Zhou En-lai. On the question of Taiwan, which Kissinger has avoided visiting despite his scores of shuttle trips to China, he sometimes seemed more Catholic than the Pope.

Kissinger has proudly proclaimed that the China initiative “marked America’s return to the world of Realpolitik.”[9] By that cramped understanding of political “realism,” abandoning Taiwan for a historic rapprochement with China may have seemed advantageous at the time. But, given China’s now-clear regional and global ambitions and Taiwan’s geostrategic position in the first island chain, a serious reassessment is in order. Moreover, the writings of both Kissinger and Nixon reflect their apparent understanding of Taiwan’s strategic importance in any conflict in the region. General MacArthur once called the island, from which Imperial Japan launched its attack on the Philippines on December 7, 1941, “an unsinkable aircraft carrier” that should never again be allowed to fall into an enemy’s hands. Aside from the moral and political imperatives of America’s commitment to Taiwan, that realpolitik consideration should weigh heavily with US policymakers.

Kissinger is now advising his ninth president on what to do about China and Taiwan but it is not yet known what he is whispering into the president’s ear. Hopefully, like Nixon and unlike Carter and Brzezinski, he has come to recognize that trading Taiwan’s interests for better relations with Communist China was not the wisest exercise of realpolitik. As Nixon warned about China if it were not welcomed into the international community: “We simply cannot afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates and threaten its neighbors.[10]

After “the week that shook the world” when President Richard Nixon made a surprise visit to China in February 1972, and four decades of generous Western engagement, the Communist China we face today looks disturbingly similar to Nixon’s nightmare scenario, except infinitely more powerful.

The main point: The principal cause of the miscalculation leading to the Korean War may be found in the lack of clarity over US vital strategic interests in Asia. History will judge Nixon’s opening to China, and the decades of Western engagement that followed, as a valiant but flawed effort to turn world events in a positive strategic direction. Greater clarity may forestall future conflicts.

[2] Ibid., 233
Reassessing the Decision to Withhold Sale of the F-20 Fighter to Taiwan

By: Richard D. Fisher, Jr.

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On January 11, 1982, the State Department announced the conclusion of a highly contested Taiwan arms sales policy battle. The Reagan Administration decided that it would not sell Taiwan advanced Northrop F-5G/F-20 fighters, stating, “no sale of advanced fighter aircraft to Taiwan is required because no military need for such aircraft exists.” This rejection marked a low point, a culmination of Washington’s constriction of its military relations with Taipei started by the 1972 Nixon-Kissinger opening to China, as it provided enduring inspiration to Beijing that it can compel Washington into disarming Taiwan.

Yet, thanks in no small part to a course correction by Ronald Reagan, a decade later Taiwan would start taking delivery of an “indigenous” fighter with about the same size and performance as the F-20. At about the same time, for both balance of power and domestic political reasons the George H.W. Bush Administration would approve the sale of 150 Lockheed Martin F-16 fighters, judged as even more threatening to Beijing by the Carter and Reagan Administrations.

But what if the F-20 sale to Taiwan had proceeded? Washington would have established much earlier in their rapprochement that Beijing could not dictate US arms sales to Taiwan, as it would have strengthened US credibility in Taipei during the painful transition to derecognition. Taiwan would have received an “F-20” performance level fighter a decade earlier and at much-reduced expense. Just as important, it would have received the high performance General Electric F404 turbofan, which could have enabled a new single or twin-engine fighter perhaps in the early 2000s, approaching the performance of a new indigenous fighter that the Tsai Administration may be seeking to build in the 2020s. In addition, an early sale to Taiwan would have ensured the success of the F-20, allowing the US to compete today in the light/inexpensive fighter market now dominated by China.

Taiwan and the Northrop F-5G Fighter

By the mid-1970s Taiwan’s air defenses rested mainly on a growing number of co-produced 11.2 ton, light-weight 2nd generation Northrop F-5E/F “Tiger” fighters and a declining number of 2nd generation Lockheed Martin F-104 and North American F-100 fighters. The advent of new US high performance and highly maneuverable 4th generation fighters, the single-engine Lockheed Martin F-16A “Falcon” and the twin-engine McDonnell Douglas/Boeing F/A-18 “Hornet,” plus the need to confront about 1,800 still-capable 2nd generation F-6/MiG-19 fighters, likely prompted the Taiwan Air Force to consider a successor to the short-range air-to-air missile (AAM) armed F-5E. A key Taiwanese requirement was the ability to employ Beyond Visual Range (BVR) AAMs to engage larger numbers of Chinese fighters.

Market analysis, spurred by Taiwan’s requirement, plus the emergence of the General Electric F404 turbofan engine, led Northrop to use it as the basis of a significantly redesigned and upgraded F-5 version with most attributes of a 4th generation fighter. With 60 percent more thrust, this new jet featured a rate of climb nearly double that of the F-5E,[2] a rate of turn slightly less than the F-16A, fly-by-wire controls like the F-16A, plus a head-up display (HUD) and multi-function displays in the cockpit. It was also equipped with the 80-mile range General Electric AN/APG-67 radar, derived from the radar also used by the F-16A, which could track ten targets and guided BVR AAMs against two targets.
**Northrop F-20: An Enduring Light-Fighter Performance Sweet Spot**

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<td>50,000 ft/min</td>
<td>34,450 ft/min</td>
<td>39,000 ft/min</td>
</tr>
</tbody>
</table>

In a bow to the increasing controversy attached to arms sales to Taiwan due to Beijing’s pressure on Washington that it ceases major arms sales to Taipei, Northrop designated its essentially new fighter the F-5G, informally called “Tigershark.” This allowed its marketing as an upgrade to the F-5E instead of as a new fighter, an attempt to diminish opposition for a sale to Taiwan. Taiwan initially considered acquiring 160 F-5Gs.

However, by early 1978 the Carter Administration was emphasizing “normalization” with Beijing over arms sales and thus sought to limit “new arms sales, ensuring that they were defensive.” Carter was also limiting US conventional arms sales to discourage regional arms races. On this basis the Carter Administration rejected sale of the McDonnell Douglas F-4 Phantom, F-16 and F/A-18 to Taiwan. By mid-year it approved the sale to Taipei of Israel’s new Israeli Aircraft Industries “Kfir” (Lion) fighter, a French Mirage-5 also powered by a US General Electric J-79 turbojet, but Taipei lost interest as it was not a US system.

Apparently by the later part of 1978, both the State Department and the Pentagon had approved the sale of the F-5G to Taiwan. But by October, President Carter himself rejected its sale after having become convinced that this would be too provocative to Beijing, and because it was not in US service. By early 1980 Carter would reverse himself, allowing a less capable J-79 turbojet powered F-16 and the F-5G—fighters the Pentagon was not prepared to buy—to be marketed under its “FX” or Fighter Experimental Program.

**Reagan’s Tigershark Rejection**

While Northrop had good reason to hope that Reagan’s sympathy for Taiwan might revive the prospects for an F-5G sale to Taiwan, its sale was immediately controversial and his administration would go full circle in its decision concerning the advanced fighter sale. By November 1981 it appeared that Taiwan fighter sales supporters had advanced the possibility of selling the F-5G after the sale of more F-5Es. But Reagan’s desire to build anti-Soviet cooperation with China had also empowered Taiwan arms sales opponents like Secretary of State Al Haig, who would use the threat of Beijing downgrading relations to help Reagan to decide against the F-5G sale. In his memoir, China Hands, the late Ambassador Jim Lilley relayed that a key factor weighing against a sale, even for those who were sympathetic like Lilly, was a Defense Intelligence Agency assessment he requested, concluding that China’s military threat did not justify the sale that would “needlessly complicate” relations with China.[3]

**Political Impact of the F-20’s Rejection**

Though an administration’s policy decisions are often couched in broad terms, their specificity and extent can be further defined by battles, like the F-5G sales decision. Reagan’s ultimate decision to reject the F-5G sale essentially affirmed the Carter Administration’s policy of prioritizing rapprochement and strategic cooperation-building with China over meeting Taiwan’s requests for new military capabilities. Indeed, Reagan backed-up his determination to enlist Chinese cooperation against the Soviet Union with significant military technology sales to the former.

But the Carter Administration’s refusal of the F-5G sale, then affirmed by Reagan, likely also signaled to Beijing that it could compel Washington to go further
and meet its demands for the eventual curtailment of all arms sales to Taiwan.\[4\] Such pressures likely spurred Haig to advance China’s goal of seeking a specific date for ending arms sales to Taiwan, which was rejected by Reagan,\[5\] resulting in the unspecific US commitment to reduce the “quantity and quality” of arms sales in the August 1982 US-China Communiqué. But this experience would come to trouble Reagan, who in July 1982 would have his famous Six Assurances delivered to Taiwan, effectively undermining the intent of the August Communiqué. It also led to the August 17, 1982 National Security Council (NSC) memorandum interpreting the August Communiqué which stated, “… it is essential that the quantity and quality of the arms provided to Taiwan be conditioned entirely on the threat posed by the PRC.”\[6\]

**Military Impact of the F-20’s Rejection**

Having sought to “fix” the August Communiqué, Reagan was also determined that Taiwan should receive a new fighter, but was willing to settle for the compromise that it not be a US-made system. By late 1983 or early 1984, over State Department opposition that it violated the August Communiqué, the Reagan Administration decided to move ahead with a Taiwanese initiative from around 1980 to develop an “indigenous” fighter. This would become the Aerospace Industrial Development Corporation (AIDC) of Taiwan F-CK-1 “Ching Kuo,” or Indigenous Defense Fighter (IDF).\[7\] While assisted by F-16 designer General Dynamics, the IDF would be a unique fighter platform but also utilize components of the F-5G, like its radar; it would feature a cockpit inspired by the F-16, but would also use a unique turbofan to achieve a performance almost the same as the F-5G. It would be armed with the self-guided TC-2 medium range AAM similar to the Raytheon AIM-120 AMRAAM. But instead of the $10-15 million apiece price tag for the F-5G, Taiwan would pay $25-$30 million for the IDF and it would not start delivery to the Taiwan Air Force until 1992.

In rejecting the F-5G sale, Washington also handicapped Taiwan’s future fighter development prospects. Had this sale proceeded, it is likely that sale of its General Electric F404 engine might have helped justify sale of the increased 22,000 lbs thrust F414 turbofan. This engine could have formed the basis for a new single or twin engine stealthy indigenous fighter by the early 2000s, to counter China’s new Russian-made Sukhoi fighters and new Russian technology-assisted fighters like the Shenyang J-11B and the Chengdu Aircraft Corporation J-10.

Finally, the rejection of the F-5G for Taiwan sealed the fate of this efficient and economical fighter. Redesignated “F-20” in 1982 to emphasize that it was a “new” fighter, it was not purchased by the US military or any other air force and after a $1.2 billion corporate investment Northrop cancelled the program in 1986. Consequently, for about 30 years the United States has been unable to compete in the market for light-weight and low-cost supersonic fighters. This market is now dominated by China, which can offer three modern supersonic fighters like the Chengdu FC-1/JF-17, costing about $35 million, to the Guizhou FTC-2000G likely costing less than $15 million.

**Looking Forward**

Long gone is the era of the 1970s and 1980s, when US strategic superiority and well-tailored Taiwanese local military superiority could allow Washington the luxury of limiting Taiwan’s military options in order to pursue strategic cooperation with Communist China. Yet, an enduring legacy of the F-5G/F-20 controversy is that Beijing continues to believe that it can successfully bully Washington over Taiwan arms sales. Today there is little incentive for Washington to concede. China barely conceals its ambition to challenge US primacy and its desire begin restraining universal values more forcefully from undermining its Communist Party dictatorship. China’s quite visible preparations to conquer democratic Taiwan, with growing prospects for success into the 2020s, also puts to rest the old policy consensus based on the expectation that China will “resolve peacefully” its differences with Taiwan. For that matter, China’s duplicity resulting in its enabling North Korea’s nuclear missile threat makes problematic prioritizing “cooperation” with China over defending from its growing and varied threats.

In this period, when China is beginning to constrict Taiwan’s military freedom with increasing air and naval exercises around its island, it is time to make sure that Ronald Reagan’s August 1982 NSC memorandum takes policy priority over the August Communiqué concerning arms sales to Taiwan. Today, Taiwan requires a 5th generation fighter and has informally expressed its desire for the Lockheed-Martin F-35B. But not being able to afford a large number these, plans to initiate development of a new indigenous fighter in the 2020s. Perhaps it is necessary now to enable this program by selling Taiwan the required design assistance plus engine and sub system technology. For example, selling Taiwan the 26,000 lbs thrust GE F414PE engine might enable two generations of manned and unmanned combat aircraft development. Furthermore, Washington should abandon the pretense that some non-US system will somehow mollify Beijing and should allow US combat aircraft concerns to offer U.S. designs for co-development and co-production, which these firms potentially could then offer to meet future US and
The main point: If the United States had sold Taiwan the Northrop F-5G/F-20 in the early 1980s, Washington would have established much earlier in their rapprochement that Beijing could not dictate US arms sales to Taiwan. It would also have strengthened US credibility in Taipei during the painful transition to derecognition. The major policy lesson contained here is: let Taiwan arms sales be determined mainly by China’s threat.

[5] Ibid.

Reassessing Taiwan’s Pursuit of a Deep-Interdiction Capability

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Facing an ever-growing military threat from the People’s Liberation Army (PLA), Taiwan’s armed forces have been preparing to fight with one hand tied. The politically-isolated island’s pursuit of a credible deep-interdiction strike capability represents a case in point. The rationale for deep-strike capability is principally driven by the operational requirement to neutralize priority military target sets within the PLA’s Eastern Theater Command/ETC (formerly Nanjing Military Region), particularly airfields, radar stations, command & control (C2) sites, invasion force assembly areas, as well as mobile missile launchers, logistics facilities, and transportation nodes. Sensitive to Beijing’s reactions to Taiwan arms sales, however, Washington has been extremely restrictive in terms of the types and nature of weapons and technologies it provides Taipei.

Context for Deep-Interdiction Capability

Steady modernization of PLA air defenses convinced Taiwan planners that unmanned strike delivery systems are essential; computer simulations during annual Han Kuang exercises (漢光演習) have shown that manned strike packages would fail to achieve mission objectives even with heavy losses. Deep-interdiction systems are seen as “enablers”, capable of effectively attacking heavily-defended targets or degrading the air defenses protecting them, to allow follow-on strike packages to reach their targets at acceptable attrition levels.

It is important to note that Taiwan envisions employing deep-interdiction weapons in a tactical/counter-force (NOT strategic/counter-value) capacity and only in response to a Chinese first strike, rather than attacking preemptively. Taiwan’s operational concepts do not call for attacking civilian or political leadership targets. Nor could Taiwan realistically field sufficient assets to impose unacceptable damage on value targets in a country as expansive as China. This adds context to the nature of deep-interdiction capabilities that Taiwan has been seeking.

Taiwan realizes a relatively small number of precision-strike weapons would have only limited impact on China’s overall war-making capacity, but leadership also believes that even a moderate capability for attacking key ETC military targets would be valuable, since it could disrupt the PLA’s operational tempo, delaying achievement of Beijing’s political-military objectives. This would buy time for Taiwan to recover from initial Chinese strikes and for potential allies to evaluate/implement intervention options. Deep-interdiction capability may not win a war for Taiwan, but by increasing the uncertainty and cost of a PRC offensive, it could enhance deterrence.

Despite its thorny nature, Taipei did quietly discuss its “counter-strike” capabilities with Washington during the past decade, agreeing to a number of general principles, including using only conventionally-armed weapons and only using them against military targets in response to a PRC first strike, after proper (Taiwan presidential) authorization. That Taiwan officially refers to its LACM as the “Tactical Shore-based Missile for Fire Suppression” (TSMFS) testifies to this understanding.

US Restrictions and Indigenous Solutions

Capabilities the US readily provides to allies and partners worldwide are often denied Taiwan for many years, sometimes
The important military targets in the PLA Eastern Theater Command have yet to be approved. These, with tactical ranges of 270-370 km, could afford Taiwan a measure of capability for suppressing Chinese air defenses from standoff distances and/or engaging high-value, time-critical targets. Yet, these merely represent tactical attack weapons, rather than true deep-interdiction systems, such as the Tomahawk cruise missile. The lack of US support for Taiwan acquiring such capability, in addition to the usual China concerns, has been further compounded by MTCR (Missile Technology Control Regime) proliferation issues. Therefore, Taipei has never even approached Washington for the Tomahawk, even though a robust deep-interdiction capability is militarily justified by the overwhelming threat of PLA theater missiles. Instead, Taiwan has had to rely on its own resources.

The National Chung Shan Institute of Science & Technology (NCSIST), Taiwan’s armaments development authority, has been working on at least three major land-attack missile projects: a subsonic land-attack cruise missile (LACM), a tactical ballistic missile (TBM), and an air-launched cruise missile/munitions dispenser (ALCM). Also in protracted development is a hybrid supersonic land-attack cruise missile (SLACM).

**Subsonic LACM**

Development work began in the 1990s on a long-range, LACM that eventually became known as HF-2E. A larger design than the HF-2 anti-ship missile with different powerplant, guidance and warhead, HF-2E is powered by an indigenous turbofan engine called Kun Peng (鯤鵬), which has performance at least similar to the Microturbo 078 turbojet (a derivative of TRI-60, with 900-1,000 lbf thrust) used by earlier HF-2.

The HF-2E Block I has a range of 600 km, with cruise speed of about Mach 0.8. HF-2E was described by a senior LY member as having dimensions between an HF-2 (c.700 kg) and an HF-3 (c.1500 kg) and is equipped with a warhead in the 200+ kg class. If true, this would make HF-2E a somewhat smaller missile than the Tomahawk (1,600 kg launch weight, with 450-kg warhead).

With its 600-km range, the HF-2E Block I could reach many important military targets in the PLA Eastern Theater Command opposite Taiwan, as well as a number of cities (e.g. Fuzhou, Hangzhou, Ningbo) in southeastern China. However, most of the more important Chinese economic centers remain beyond the missile’s tactical footprint.

The NCSIST tested an improved HF-2E Block I in early-2008 and has since continued working on phased improvements. The main focus has been on increasing the missile’s range. Engine modifications and miniaturization of the missile’s guidance control elements (to free up internal volume/weight for additional fuel), have reportedly extended the missile’s range to 1,000km. While the NCSIST continues development of an ultimate version with 2,000-km range, options are now said to be available for the Tsai Administration to upgrade existing HF-2Es to the 1,000-km range configuration.

**Tactical Ballistic Missile**

Taiwan attempted to develop a medium-range ballistic missile back in the 1980s, concurrent with a then nascent nuclear weapons program. However, both of these projects were terminated by the late-1980s due to US pressure. In particular, the nuclear research infrastructure was so completely dismantled that Taiwan can no longer restart such a serious effort without attracting major international attention and severe intervention.

Taiwan did modify several dozen TK-2 SAMs for a surface-to-surface role in the wake of the 1995-96 crisis. Deployed in fixed silos, these are credited with c.300-km range and a 90kg high-explosive warhead, thus representing only a very limited strike capability.

Since then, NCSIST has continued research and low-key development of ballistic missile technology, partly through its participation in Taiwan’s national scientific research sounding rockets program. The ultimate goal is to develop a medium-range ballistic missile (1,000+ km range) with conventional payload. Even though media reports in 2014 claimed that the NCSIST already possessed capacity to produce solid rocket motors of up to 2-meter diameter, Taiwan is still years away from a viable MRBM. However, the MND recently announced directives to develop a battlefield support missile capability similar to that of MGM-140 ATACMS (Army TACtical Missile System), which has a 300km range and a 500-lb warhead, performance levels that fall within MTCR (Category I) thresholds.

**SLACM**

Taiwan has reportedly invested over US $267 million (NT $8 billion) over the last decade to develop a supersonic land-
attack cruise missile, known as *Yun Feng* (“Cloud Peak”; 雲 峰). Conceptually similar to the US CIM-10 Bomarc SAM of the 1950s (albeit in a surface-to-surface role), it is boosted into the stratosphere by strap-on solid rocket motors and then sustained by liquid-fueled ramjets, cruising at supersonic speed towards the target. In theory, the missile’s high cruising altitude (upwards of 70,000 ft.) and speed (Mach 3+) could aid penetration of enemy air defenses. However, unlike a TBM, with much higher typical terminal velocities (Mach 6 for DF-15, Mach 10 for DF-21), a SLACM is likely more vulnerable to interception. *Yun Feng* was reportedly ready for production by 2014, although the Ma Administration and, so far, also the Tsai Administration, have both shelved it, bowing to US pressure. Further development work appears to be continuing, however.

**Air-Launched Cruise Missile**

In addition to surface-to-surface missiles, Taiwan has also successfully produced an air-launched cruise missile, in the form of the *Wan Chien* (“Myriad Swords”; 萬劍) standoff runway-attack weapon. This is a submunitions dispenser powered by turbofan engine and employing a combination of GPS/INS/TRN and terminal seeker guidance. Launch weight is under 2,000 lbs, with cruise speed of Mach 0.8+ and maximum range of 200+km. The *Wan Chien* entered production in 2015 and is now in service on upgraded F-CK-1A/B MLU fighters. This affords a useful capability against Chinese airfields, but also has the potential to be further developed into a longer-range, air-launched cruise missile for use against other types of (point or hardened) targets.

**The Political Dimensions**

On balance, deep-interdiction capability has significant bipartisan support in Taiwan. Despite political differences, the majority of Taiwan’s two major political coalitions (DPP/KMT) seem to recognize the requirement for such capability as legitimate and desirable. Moreover, there appears to be a tacit understanding across the aisle that counter-strike capabilities could be a valuable bargaining chip in any future cross-Strait political dialogue.

Some Taiwan politicians occasionally voice views that deep-interdiction weapons should be a means for counter-value retaliations to somehow intimidate China. However, such sentiments are clearly in the minority and no more provocative than open threats made by senior Chinese officials. Many in Taiwan, however, have identified a US double-standard on the matter, in that Washington has done little to stem Beijing’s growing missile threat or constant intimidation of the island, while Taipei is unfairly discouraged and obstructed from acquiring a viable counter-deterrent.

Indeed, the US has probably done far more to hinder than help Taiwan in the latter’s pursuit of a viable deep-interdiction capability. Not only has Washington tightly restricted arms sales to the island, but has also frequently impaired the technological assistance Taiwan critically needed for its indigenous deep-interdiction weapons programs, from other countries as well as from the US.

The degree of success of further development of any Taiwanese deep-interdiction capability will, therefore, depend to a considerable extent on US support—both political and technological. As demonstrated in past Taiwan Strait crises, neutralization of certain PRC-based military targets would be necessary in any high-intensity military conflagration. If the US policy objective is to minimize risk of direct conflict with China, then logically it would be preferable if these targets could be attacked by Taiwanese rather than US assets. Moreover, with China increasingly asserting its military influence in the Indo-Pacific region against U.S. strategic interests, helping allies build capacity to help check such challenges is clearly in line with US grand strategy.

It may, therefore, serve American national interests to reassess Taiwan’s pursuit of a limited deep-interdiction capability for such counter-force operations.

**The main point:** Taiwan’s deep-interdiction requirements are legitimate in the face of the PLA’s growing military threat. It may be time Washington reevaluates its restrictive position against the island developing limited but credible strike capability.