

## Tsai Asserts Civilian and Party Control over Intelligence Agency

Russell Hsiao

## Guyana Gambit Reveals Taiwan's Potential Strategic Role in South America

I-wei Jennifer Chang

## Preliminary Reflections on Taiwan Policy Trends in the Biden Era

Lt. Gen. (Ret.) Wallace 'Chip' Gregson

## US-Taiwan Bilateral Trade Agreement Advances Economic and Security Interests for Post-COVID Recovery

Ian Murphy

## Evaluating the Factors in President Tsai's Public Approval Ratings in 2020

Timothy S. Rich and Madelynn Einhorn

## Tsai Asserts Civilian and Party Control over Intelligence Agency

By: Russell Hsiao

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In the first major reshuffling of the three major agencies in charge of Taiwan's national security during Tsai Ing-wen's (蔡英文) second term, the administration has announced significant changes to the leadership of the Mainland Affairs Council (MAC, 大陸委員會), Ministry of National Defense (MND, 中華民國國防部), and National Security Bureau (NSB, 國家安全局). On February 19, the Presidential Office [revealed](#) that Yen Teh-fa (嚴德發), who has served as minister of national defense since February 2018, was being transferred to the National Security Council advisory committee and replaced by Chiu Kuo-cheng (邱國正), who has been director-general of the NSB since July 2019. Notably, the minister of the MAC, [Chen Ming-tong](#) (陳明通), has been transferred to head the NSB, while Minister of Justice Chiu Tai-san (邱太三) will take over as head of the MAC. Chen's appointment as head of Taiwan's premier intelligence agency marks the first time that a rank and file member of the Democratic Progressive Party (DPP, 民進黨) sits at its helm. This is also the second time that a civilian was selected as head of the NSB, with the vast majority of previous bureau chiefs coming from a military background.

A [widely acknowledged](#) "China hand" (中國通) that rose up through the ranks of the DPP, Chen previously served as the deputy minister of the MAC from 2000-2004 when Tsai Ing-wen headed the agency. Subsequently, he [served](#) as its chief from 2007-2008, during the second term of Chen Shui-bian (陳水扁) from 2007-2008. A China scholar for over 30 years, Chen has frequently travelled to China in the past for academic research. Reportedly, he has developed extensive contacts with academics and officials there over the years, earning him the reputation as one of the DPP's leading China experts. When Chen Shui-bian ran for president in 2000, Chen [authored the "China Policy White Paper"](#) (中國政策白皮書) for the campaign, which was the DPP's first China policy report.

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Chen's appointment as NSB director-general is noteworthy from an organizational perspective, since it marks the first time that the intelligence agency has had both a director-general and a deputy who rose up through the political ranks of the DPP. Since the agency's establishment in 1955, it has been headed by [military officers](#) who were cultivated by the Nationalist Party's (Kuomintang, 國民黨) civil-military system and who—for the most part—were seen as sympathetic, if not loyal to the Party. Chen joins [Ke Cheng-hen](#) (柯承亨)—one of the current deputy director-generals at the NSB—who has been in the position since 2016. Ke, who also hails from the ranks of the DPP, previously served as deputy secretary-general of the National Security Council under Chen Shui-bian, in addition to stints as the deputy defense minister, the deputy chairman of the Straits Exchange Foundation (SEF, 海峽交流基金會), and several other political posts.

Moreover, Chen's appointment marks only the second time that the NSB is headed by a non-military person and the first time that a scholar will be in charge of the country's intelligence efforts. As noted previously, the position of NSB chief had for decades been the fiefdom of military officers and non-native Taiwanese. These features were the result of the martial law period (戒嚴時期) and the Nationalist Party's civil-military system, which dominated the government-military bureaucracy until the lifting of martial law in the 1980s. These practices only began to see signs of change beginning in the 2000s, when the DPP first gained political power following the country's first democratic transfer of power. In a significant departure from the past, then-President Chen Shui-bian promoted [Tsai Chao-ming](#) (蔡朝明) to be the first non-Mainlander to hold the country's top intelligence post. Then, in 2007, [Hsu Hui-you](#) (許惠佑), a former director-general of the Coast Guard Administration (CGA, 海洋委員會海巡署) and at the time a deputy director-general of the NSB, became the first civilian non-military NSB director-general.

To be sure, the unprecedented nature of the most recent appointments reflects the longstanding state of tension between the DPP and the country's intelligence agencies. These strained relations were in part the result of Taiwan's contemporary political history following the establishment of the Republic of China

(ROC) in Taiwan post-1949. During the period of White Terror (白色恐怖) and martial law, the military and intelligence agencies were tasked with monitoring and liquidating communist insurgents; as well as democracy activists, including the forebears of the modern DPP. The Chen administration, following its victory in 2000, promoted more officers from within the military, ostensibly to gain their support. Indeed, [Lieutenant General Peng Sheng-chu](#) (彭勝竹) is one of the military officers that was promoted up the ranks during that period. His ascendance to the top of the NSB from 2016-2019 represented a slow but gradual balance of influence for the DPP over the military and national security apparatuses.

President Tsai's decision to appoint Chen—a trusted and lifelong “China hand” and member of the DPP rank and file—as chief of the NSB appears to signal that some changes at the agency may be in the offing. Given Chen's area of expertise, the intelligence firepower of the NSB will naturally be directed towards collection work on China. Recently, Chen [reportedly stated](#) that he saw the main threat to Taiwan's national security as coming from the other side of the Taiwan Strait. Additionally, according to a [Presidential Office spokesperson](#), President Tsai hopes to rely on Chen's rigorous academic and practical experiences, ostensibly to strengthen the the agency's intelligence analysis of the cross-Strait situation. Moreover, the appointment of an intelligence outsider appears to reflect the desire of the Tsai administration for new and innovative thinking to assist the president and the ruling administration with accurate assessments and informed policy judgments concerning cross-Strait relations and regional issues. According to the [spokesperson for the Presidential Office](#), Tsai expects that Chen will continue the professionalization of the intelligence system, as well as strengthening the governance and innovation of the intelligence agencies in the era of democratization.

With Chen Ming-tong at the helm and Ke in the deputy position, the NSB is—for the first time in its history—firmly in civilian control and under the leadership of DPP members. Nevertheless, the two other deputy positions remain held by intelligence professionals: Lt. Gen. (ret.) Vincent Chen (陳文凡) and former New Taipei City Police Commissioner Hu Mu-yuan (胡木源). Additionally, the secretary-general of the organization,

Lt. Gen. [Chen Chin-kuang](#) (陳進廣), is an active duty military official. With growing concerns over the possibility of a military conflict in the Taiwan Strait, this is a critical period for Taiwan's national security. At such a volatile time, the intelligence system will be essential for ensuring that the president of Taiwan—as well as the country's security partners—have the unvarnished intelligence necessary to coordinate more effectively, easily share information, and make the most informed calculations and decisions to contend with the growing threat. Yet, Tsai will also need to make sure her appointees can avoid the appearance of the politicization of intelligence that has plagued many intelligence agencies in other democracies.

**The main point:** The appointment of Chen Ming-tong as head of Taiwan's National Security Bureau marks the first time that a rank and file member of the Democratic Progressive Party (DPP) sits at the helm of the premier intelligence agency. This is also the second time that a civilian was selected as head of the NSB.

*(The author would like to thank Isabel Eliassen for her research assistance.)*

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## Guyana Gambit Reveals Taiwan's Potential Strategic Role in South America

By: I-wei Jennifer Chang

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In less than 24 hours following Taipei's announcement of the opening of a "[Taiwan Office](#)" (台灣辦公室) in the South American country of Guyana on February 4, [Georgetown](#) announced that it was rescinding plans for the new representative office, reportedly due to [pressure from China](#). [Guyana's Ministry of Foreign Affairs and International Cooperation](#) released a press release stating: "The Government of Guyana wishes to clarify that it continues to adhere to the One China policy and its diplomatic relations remain intact with the People's Republic of China. The Government has not established any diplomatic ties or relations with Taiwan and as a result of the miscommunication of the agreement signed, this agreement has since been terminated." Georgetown's decision to scrap the agree-

ment with Taipei following a stern reaction from [Beijing](#) and a [meeting](#) between Guyana's Foreign Minister Hugh Todd and China's Chargé d'Affaires in Guyana Chen Xilai (陳錫來) on February 4 underscore the challenges to enhancing Taiwan's international space. Despite the setback over the Guyana gambit, Taipei has nevertheless emerged as a key partner in supporting US policy priorities in South America.

### **Chinese Pressure Shuts Down Taiwan Office**

Had it not been for Beijing's intervention, Taiwan's representative office in Guyana would have become its [second](#) overseas "Taiwan Office," following the opening of the [Taiwan Representative Office in Somaliland](#) in August 2020. While Somaliland does not have official relations with either [Beijing](#) or [Taipei](#), Guyana recognizes the [People's Republic of China](#) (PRC) and not the Republic of China (ROC), which made the initial announcement about the establishment of a "Taiwan Office" all the more surprising. Typically, Taiwan's representative offices are called "[Taipei Economic and Cultural Representative Offices](#)" in countries such as the United States that do not officially recognize the ROC.

After a new government came into power in Guyana in August 2020 following the presidential election of [Mohamed Irfaan Ali](#) of the opposition People's Progressive Party, Georgetown and Taipei actively engaged in discussions and [held talks over five months](#). On January 11, 2021, the two sides [signed an agreement](#) to establish the representative office—and the Taiwan Office began its [initial operations](#) four days later. However, Taipei did not formally announce the opening until [February 4](#), nearly three weeks later. Taipei also welcomed Guyana to set up a counterpart [representative office in Taiwan](#) in the future.

Following Taipei's February 4 announcement and the agreement's subsequent cancellation by Georgetown, the Guyanese foreign minister, Hugh Todd, explained that the original idea was to enable Taiwan to set up an office to [promote trade and investment](#). [Todd](#) argued that the establishment of the Taiwan Office did not mean that the two sides had established formal diplomatic relations. He said his country's "[One-China Policy](#)" remained unchanged. Meanwhile, Permanent Secretary of the Foreign Affairs Ministry [Elisabeth Harper](#) maintained that China was aware of the Taiwan-relat-



ed decisions made by Guyana in January and sought to dispel the notion that the United States was involved in Guyana's decision-making process.

In the wake of the office's cancellation, China was suspected of using [COVID-19 vaccine delivery](#) to put pressure on Guyana. A fateful [meeting](#) between Foreign Minister Todd and Chinese Chargé d'Affaires Chen Xilai following Taipei's announcement seemed to have put a halt to the opening of the Taiwan Office. The Guyana government's Facebook post stated that during his meeting with Todd, [Chen](#) confirmed that "the 20,000 vaccines earmarked for Guyana have been approved." A [statement](#) from Georgetown called the donation "another tangible demonstration of the importance of the bilateral relationship between Guyana and China" since the establishment of official relations in [1972](#). Guyana is slated to receive its first vaccine shipments from China's state-owned Sinopharm (中國醫藥集團) as early as [March 2021](#).

### ***Guyana's Economic Prospects and Strategic Potential***

As a former British colony that gained its independence in [1966](#), Guyana is the only [English-speaking country](#) in South America. It is located in the [strategic northeast corner](#) of the South American continent, bordering Venezuela and the Atlantic Ocean, and has strong historical and cultural links to [the Caribbean](#). The country also boasts [rich natural resources](#), including gold, diamonds, bauxite, rare metals, and forest resources. Following [Exxon Mobil's discovery](#) of crude oil reserves off Guyana's coast in 2015, observers have predicted that Guyana's newfound oil resources will dramatically transform the [poor nation](#) into a [global oil producer](#), if not one of the [largest regional oil producers](#).

The short-lived Taiwan Office was intended to initially focus on [economic, trade, and investment opportunities](#) for Taiwanese businesses. There are reportedly only [eight Taiwanese businesses](#) currently in Guyana. However, Taiwan could tap into the [ethnic Chinese communities](#) in Guyana and neighboring Suriname to expand its commercial opportunities in the region. As noted by Taiwanese media, Guyana's first president after independence, [Arthur Raymond Chung](#) (鍾亞瑟), who was in office from [1970 to 1980](#), was an ethnic Chinese Hakka from [Guangdong Province](#).

Guyana also provides a strategic opening to [the Ca-](#)

[ribbean](#), a major diplomatic center for Taipei. [Five](#) of the ROC's remaining 15 diplomatic allies—Belize, Haiti, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines—are member states of the [Caribbean Community](#) (CARICOM), whose [Secretariat](#) is headquartered in Georgetown. Guyana is also a member of the [Association of Caribbean States](#) (ACS), which aims to promote [intra-regional cooperation](#). If Taiwan is later able to reopen its representative office in Guyana, it could become a conduit for [enhancing Taipei's ties in the Caribbean](#).

After Taipei closed its representative office in [Venezuela](#) in 2009 over instability concerns, its interests and matters relating to the South American country were transferred to its offices in [Columbia and Ecuador](#). Thus, there was a need for the [Taiwan Office in Guyana](#) to help expand commercial and other ties—particularly in northeastern South America—and to enhance Taiwan's relations in the region.

### ***Chinese Investment Projects in Guyana***

In July 2018, Guyana's then-Foreign Minister Carl Greenidge and then-PRC Ambassador to Guyana Cui Jianchun (崔建春) signed an [agreement](#) that drafted the South American country into China's Belt and Road Initiative (BRI, formerly known as "One Belt, One Road," 一帶一路). Major Chinese infrastructure projects include a [deep-water port project](#) along Guyana's northern coast, as well as a [road project](#) linking Guyana to China's most important economic partner in the region, [Brazil](#). The Guyana road project would help cut transport time to [northern Brazil](#) and would likely boost China's overall trade relations with the region.

As with many other BRI investments around the world, the Chinese projects in Guyana have not lacked political controversy. In 2018, [then-President David Granger](#) dismissed the notion that his country would fall into a Chinese debt trap and argued that Guyana was approaching Chinese investments with its "eyes wide open." Despite its oil boom, the country still lacked sufficient funding for [infrastructure construction](#), which made Chinese investments an attractive option. "We cannot develop without infrastructure and we just do not have the capital to do it on our own. So, whether it comes from America, China, or Britain we have to have it, and of course we have to look for the best

deal,” [Granger](#) said. However, there have been [accusations](#) that Chinese-funded infrastructure projects have failed to hire local workers and have not transferred technical skills to Guyana’s labor force, which could have benefited the country’s economic development.

### **Taiwan’s Potential Strategic Role in US Efforts in South America**

The United States is worried about deepening [Chinese economic and political influence](#) in its traditional backyard. Beijing has supported [Venezuelan President Nicolás Maduro](#), whom the Donald Trump administration had called to [step down](#). In September 2020, then-Secretary of State [Mike Pompeo](#) visited Guyana, marking the first trip by a US Secretary of State to the country. His trip was primarily aimed at addressing US and regional efforts in war-torn [Venezuela](#), while a secondary concern was to counter [China’s growing visibility](#) in the region. During the trip, Pompeo and President Ali signed a [framework agreement](#) to enhance energy and infrastructure finance and market cooperation under the Growth in Americas Initiative. [Pompeo](#) underscored that the United States would provide resources to develop Guyana’s infrastructure. In a veiled reference to China, [Pompeo](#) stated that Washington does not “operate the way other regimes do who might show up with money and then demand political retribution, or worse yet, engage in activity that is corrupt.”

Viewed from the broader US-China competition in the US’ backyard, Taiwan’s ill-fated representative office could have played a role in supporting US objectives in the region. According to Tamkang University Professor [Alexander Huang](#) (黃介正), Guyana is a point of contention within the US-China competition, and Taiwan is playing a role in helping to bolster the US side. From Washington’s perspective, countries such as Guyana that form closer ties with Taiwan would also help to [“advance security, democratic values, and prosperity in the region.”](#) Following the announcement of the office in Guyana, the American Institute in Taiwan (AIT, 美國在台協會) issued a [press release](#) urging that “all countries should be free to pursue closer ties and greater cooperation with Taiwan, a leading democracy, major economy, and a force for good in the world.”

Around the same time that Pompeo and Ali signed a framework agreement, Taiwan and the United States

also concluded the [“Framework to Strengthen Infrastructure Finance and Market Building Cooperation”](#) (美台基礎建設融資及市場建立合作架構) aimed at raising private sector funds to provide greater transparency for infrastructure projects, as a counter to China’s BRI. Under the Trump administration, Taipei and Washington partnered together on [infrastructure investment](#) to promote Taiwan’s soft power in the Indo-Pacific and Latin America, as well as to contain China’s growing influence. The US elevated Taiwan as a [beacon of democracy](#) and trustworthy partner in the region, a move that served to benefit both Washington and Taipei.

Therefore, the establishment of the [Taiwan Office in Guyana](#) could have provided an additional avenue for further cooperation between Taiwan and the United States on regional affairs. Indeed, the Taiwan Office could have enabled Taipei to not only buttress US policy objectives against the China challenge, but also raise its own diplomatic profile in the region. It remains to be seen how the Joseph Biden administration will approach [Latin America](#) and South America. Although the short-lived Taiwan Office was a diplomatic setback for Taipei, sustained US-Taiwan efforts to elevate the island’s international profile could create new opportunities for continuing infrastructure investment and other collaboration in the Caribbean and South America. Despite the setback, Taipei could still play a strategically important role in bolstering US policy objectives *vis-à-vis* China.

**The main point:** The short-lived opening of Taiwan’s representative office in Guyana reveals how Taipei may be playing a strategic role in buttressing the US agenda in South America.

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## **Preliminary Reflections on Taiwan Policy in the Biden Era**

By: Lt. Gen. (Ret.) Wallace ‘Chip’ Gregson

*Lt. Gen. (Ret.) Wallace ‘Chip’ Gregson is the former Assistant Secretary of Defense, Asian and Pacific Security Affairs from 2009 until 2011 and a member of the Global Taiwan Institute’s Advisory Board.*

Any new American administration is zealously watched

for signs of leadership and policy changes. Our most recent and contentious change—with wide differences between outgoing and incoming presidents—has drawn even greater scrutiny at home and abroad. In Asia, Taiwan and our treaty allies are especially sensitive to signs of policy change. Appointments, nominations, testimonies, and comments—both public and private—are mined for hidden meaning and dissected in detail. The end of the Trump presidency freed up much of the news cycle from constant Twitter drama, allowing news agencies to cover more substantive issues, including prospects for both foreign and domestic policy. In this regard, there is much to cover. What is in store for Taiwan? Everyone has his or her favorite indicators. My favorites are who is staffing what billets in our departments and agencies, and what changes are happening in security and defense, including some developing long before the 2020 election.

China is now the declared main driver of our defense policies, strategies, and capability development. This is not our first such shift. We have long been fascinated with our changing visions of China. Our traders, businessmen, and missionaries were attracted from the earliest days of our nation. The *Empress of China* sailed for China from New York Harbor in 1784 to open trade. Pearl S. Buck's *The Good Earth*, published in 1931, provided a view of the Chinese people under the last emperor. The fall of our World War II ally to Mao Zedong's (毛澤東) communists in 1949 was a shock that reverberated through our own government for years as we looked to assign blame. Conversely, Deng Xiaoping's (鄧小平) charisma and market reforms gave us optimism. We believed that as China became more successful, it would become more liberal. We also believed that the end of the Cold War established liberal democracy as the world's inevitable governing system. With that settled and democracy ascendant, there was nobody left to fight.

It did not quite work out that way. Xi Jinping (習近平) became the [“core leader” in 2016](#), moving sharply away from collective leadership. As part of his “great rejuvenation” of the Chinese nation, we have seen China pursue extensive extra-territorial claims to the entirety of the South China Sea. China militarized—despite promises to the contrary—[artificial features in the Spratly Islands](#) made from coral and rock dredged

from the sea. Minorities in Xinjiang Province and Tibet are under increasing pressure amid a campaign described as a “cultural genocide.” We have seen increasing pressure on the territorial waters and air space of Japan and Taiwan, theft of intellectual property and technology, the trashing of treaty obligations on Hong Kong's autonomy, and a massive expansion of China's military and paramilitary forces, as well as their use in coercion and intimidation supporting massive political warfare campaigns. These and other actions have served to convince us that our vital interests are at risk.

Action necessarily follows this conclusion. A more structured approach looks likely from the new US administration. One small sign with a loud voice was the [formal invitation](#) to Hsiao Bi-khim (蕭美琴), Taiwan's representative to the US, to attend the inauguration. Another is the State Department's warning about Chinese overflights of Taiwan and simulated attacks on a US aircraft carrier. The confirmation hearings for the inbound Secretaries of State and Defense brought forth strong statements indicating that the “soft on China” era is over. Secretary Blinken's hearing in particular brought forth a welcome affirmation of our deep and abiding commitment to universal human rights.

Many important officials do not require Senate confirmation. In particular, the National Security Council staff is shifting the center of gravity of its staffers from the Middle East to Asia and the Pacific with Kurt Campbell as the Asia coordinator under National Security Advisor Jake Sullivan. We may assume that we know their policy direction, as they made it public in their article [“Competition Without Catastrophe,”](#) published in the September/October edition of *Foreign Affairs*.

The last administration's National Security Strategy and National Defense Strategy announced our new vision. Government documents rarely become best sellers, but defense committees in Congress acted. Thanks to our friends at the American Enterprise Institute, we know that the [FY 2021 National Defense Authorization Act](#) (NDAA) includes no less than 43 Asia-related provisions in its 4,517 pages.

One of the most significant provisions in the NDAA is the creation of the Pacific Deterrence Initiative, or PDI. This long-sought initiative mirrors the [European Deterrence Initiative](#) that began life as the European Reas-

insurance Initiative in 2014. This Pacific version comes with USD \$2.2 billion in funding and establishes clear visibility for Congress to account for funds against programs and priorities. Its published [Fact Sheet](#) states that its intent is to “identify the specific resources required to enhance US deterrence of China in the Indo-Pacific region.”

The key words here are “enhance US deterrence.” Credible deterrence requires an undoubted capability to prevail. The PDI and conventional deterrence are not the end of strategy and policy, but they are a necessary and critical component.

The United States became comfortable—perhaps even complacent—with our unchallenged air and sea superiority after the end of the Cold War. When we returned forces to Asia in the early 50s, China and North Korea had no ability to project power seaward. Conditions are different now, primarily due to China’s military expansion and advances in technology. China projects power daily in campaigns designed to intimidate Taiwan, Japan, and other nations. We must act quickly to restore conventional deterrence. The PDI provides the tools to use across the government in support of reinforcing our conventional deterrence.

The importance and the potential of the PDI may be gleaned from the Congressionally mandated National Defense Strategy Commission’s report “[Providing for the Common Defense](#).” It identifies our challenge and offers a clear road ahead:

*America’s rivals are mounting comprehensive challenges using military means and consequential economic, diplomatic, political, and informational tools. Absent a more integrated, whole-of-government strategy than has been evident to date, the United States is unlikely to reverse its rivals’ momentum across an evolving, complex spectrum of competition. [...]*

*The United States needs more than just new capabilities; it urgently requires new operational concepts that expand U.S. options and constrain those of China, Russia, and other actors. Operational concepts constitute an essential link between strategic objectives and the capability and budgetary priorities needed to advance them.*

Now that Congress is concerned and supportive, the administration must act. News reports indicate they will. President Biden and Vice President Harris visited the Pentagon the 10<sup>th</sup> of February. [There the President announced a review of how the military is postured to deter China in the Pacific Region](#). Specifically slated for review are the department’s strategy; operational concepts; technology and force structure; force posture and force management; intelligence; alliances and partnerships; and military relations with China.

The review will be a “sprint” with product delivery in four months, aided by the lack of any requirement to provide a public-facing document. The review will be conducted by roughly 15 civilian and military officials, led by Ely Ratner, a Special Assistant to Secretary Austin and an experienced government official.

His choice was no accident. Personnel is policy, as the saying goes. Mr. Ratner previously led the Center for a New American Security as Executive Vice President and Director of Studies. The Center published [Rising to the China Challenge – Renewing American Competitiveness in the Indo-Pacific](#) in December 2019. The report is bold, comprehensive, and “makes no small plans” to use a Churchillian phrase. It provides a thorough, and sobering, look at our challenges across all elements of our national power. It details specific actions to enhance deterrence and ensure strong support for the liberal democratic order in the region and beyond.

The report recognizes that defense and the restoration of undoubted deterrent capabilities must be founded on a base of strong US technology development, healthy industry, economic strength, and skilled diplomacy. Specific defense recommendations and required actions necessary to sustain, or regain, conventional military deterrence through development of a new American way of war, harnessing America’s innovation base, and strengthening and networking US allies and partners are likely to emerge from this review. The legendary inertia within our doctrinal development, acquisition processes and defense industrial base will and should be seriously challenged. Now is no time to be comfortable with the status quo. These and others require comprehensive national strength. Taiwan, our treaty allies, and our security partners should be reassured with the emphasis on our friends and the injunctions to see to their own capability development likely



in this review.

2021 may be the new 1948. In those earlier days we realized that Stalin's USSR was not going to fulfil President Roosevelt's vision for responsible global stakeholders and policemen. We produced NSC 68 to define and clarify our security policies and strategies in an era of rapid technological change, political turmoil, and emerging global competition. Perhaps with this review commissioned by the President we can develop another set of policies and strategies for this new and challenging era.

Taiwan is already headed down this road with its continuing work on the [Overall Defense Concept](#), the [revitalization of the reserve component](#) of Taiwan's forces, increasing commercial power as [firms relocate from the mainland to Taiwan](#), and [deepening industrial ties](#) with the United States and other democracies. A long journey lies ahead, but trends are promising.

**The main point:** Despite a contentious presidential transition in the US and growing Chinese aggression, recent signs suggest that the US commitment to Taiwan's defense remains strong.

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## US-Taiwan Bilateral Trade Agreement Advances Economic and National Security Interests for Post-COVID Recovery

By: Ian Murphy

*Ian Murphy is currently an MA candidate for National Security Studies at American Military University. He was an intern at GTI in the fall of 2020.*

President Joseph Biden just wrapped up the first 30 days of his presidency and the new administration is rapidly setting out its foreign policy agenda. While the Biden administration has expressed that it will not negotiate any [new trade deals](#) before focusing on other domestic priorities like addressing the COVID-19 pandemic, there are compelling reasons why President Biden should make an exception and begin negotiating one with Taiwan. Support in Washington for a bilateral trade agreement (BTA) has significantly grown since August 2020 after Taiwan President [Tsai Ing-wen](#) (蔡英文) announced an end to restrictions on importing

certain US beef and pork. Global conditions should pull the United States closer to negotiating a BTA with Taiwan as national security concerns and a post-COVID economic recovery take precedence. A US-Taiwan BTA would contribute to national security priorities while increasing investment, export opportunities, and meaningful employment for the United States. For the aforementioned reasons, the post-COVID economic recovery is the best time for Washington to begin trade negotiations with Taipei.

### US National Security

Tensions in the South China Sea—and more broadly with China—underscore the security imperative for a US-Taiwan bilateral trade agreement. A top US national security goal is to maintain a [Free and Open Indo-Pacific](#). A key part of this strategy is to counter China's use of unfair trading practices and economic leverage to coerce nations and to prevent China from wielding outsized economic and political influence around the world. A bilateral trade agreement with Taiwan would help to build a network of like-minded governments and signal to the world that [Taiwan is a viable trading partner](#) without rejecting the United States' "One-China Policy."

A formal economic relationship with Taiwan would advance US national security interests as Washington competes with Beijing in the region. The US-China trade war and the COVID-19 pandemic revealed the dangers of overreliance on one economic partner and the ease by which China can influence global supply chains. During the [pandemic](#), Taiwan has remained a stable hub for manufacturing and provided critical products for the United States. Along with personal protective equipment (PPE), Taiwan is a [producer of intermediate goods](#) such as semiconductors, which are critical for US defense products, telecommunications equipment, and consumer goods. Unlike many of those in China, Taiwan's telecom companies are all [designated as clean providers](#) of 5G technology. This designation is significant, as unverified suppliers can put digital backdoors into their software and hardware to violate the privacy and integrity of the product.

A BTA would facilitate the sale of safe 5G technology to the US and allies. Establishing a BTA with Taiwan would also be the most economical and stable way of



securing the supply chain of intermediate goods coming to the United States, reducing regional economic dependence on China and maintaining a free and open Indo-Pacific. Furthermore, signing a bilateral trade agreement with Taiwan would create a formal cooperation framework between Washington and Taipei. Codifying a BTA into United States law would upgrade Taiwan's status as a high priority security and economic partner.

### **US Economy**

A bilateral trade agreement with Taiwan would help the US economy's post-COVID recovery. A US-Taiwan BTA could [lower tariffs on US agricultural products, raw materials, and manufactured goods](#), as well as [expand market access for the US energy, finance, and telecommunications industries](#). Taiwan was the United States' 10<sup>th</sup> largest trading partner in 2018, with [USD \\$103.9 billion](#) in goods and services exchanged. The US Department of Commerce estimates that US exports to Taiwan supported [208,000 US jobs](#) in 2015. Taiwan's foreign direct investment (FDI) in the US accounted for [USD \\$11.1 billion](#) in 2019 primarily in the manufacturing, depository institutions, and wholesale trade sectors. One such investment project—[TSMC's plan](#) to build a 5-nanometer semiconductor wafer fabrication in Arizona—will represent an investment of approximately USD \$12 billion between 2021-2029, and will directly create 1,600 high-tech professional jobs and thousands of indirect jobs. In addition to attracting inward FDI, Taiwan's [Taipei Economic and Cultural Representative Offices](#) (TECRO) help Taiwanese vendors become part of the US domestic supply chain.

Indo-Pacific and East Asian nations are encouraging companies to [reshore their operations](#) amid the US-China trade war and COVID-19 pandemic. The pandemic has only exacerbated supply chain diversification and further encouraged Taiwan's companies to relocate out of China. Taiwan was the United States' [15<sup>th</sup> largest foreign investor](#) in 2019, with high-tech leaders [Foxconn and Pegatron](#) pledging to invest in US manufacturing in late 2019. A US-Taiwan BTA would further improve and stimulate the [bilateral investment environment](#) while creating high-skilled jobs for both signatories. Making it easier for Taiwanese production to relocate to the US will put unemployed Americans back to work and create lasting employment oppor-

tunities in the manufacturing sector. Taiwan has proven itself to be a willing and stable trading partner. If a BTA is signed, the United States would gain a trading partner with a sound legal system, strong intellectual property rights, social stability, an educated talent pool, high-tech manufacturing experience, and shared democratic values, according to the [American Chamber of Commerce in Taipei](#) (AmCham). AmCham also reported in its [2020 White Paper](#) that Taiwan's government agencies have been diligent in seeking solutions to issues outlined in previous White Papers. This close collaboration has already led to a [record 11](#) issues resolved from [AmCham's 2020 White Paper](#) to 2021. President Tsai's [announcement](#) lifting the ban on US beef and pork imports displayed Taiwan's commitment to reducing trade barriers in anticipation of negotiating a BTA with the United States.

These factors led 50 US Senators to co-author their October 1 [letter to US Trade Representative Lighthizer](#), urging him to prioritize a comprehensive trade agreement with Taiwan. In their letter, the Senators recognized Taiwan's status as a valued trading partner dedicated to fair competition and open markets free from government manipulation. While the United States has yet to reach an agreement with Taiwan on agricultural standards, the Senators expressed their confidence that progress can be made on removing remaining trade barriers.

The benefits of a US-Taiwan BTA are also recognizable on the state level. For instance, Georgia—[one of the US's top 30 beef and pork producers](#)—will now be able to increase meat exports to a more open Taiwanese market. Taiwan is currently Georgia's [19<sup>th</sup> largest export market](#). A BTA would lead to meaningful information and technology collaboration, with [strong economic gains](#) expected for Georgia's energy, advanced manufacturing, and tourism industries. Georgia Senator David Perdue's endorsement of the Senate's letter to Lighthizer shows that he has clearly recognizes the benefits of a US-Taiwan BTA for the State of Georgia.

### **Conclusion**

A bilateral trade agreement between the US and Taiwan would expand an already [extensive trade, business, and commercial relationship](#). In addition to a bolstered economic relationship, a BTA would deepen US-Taiwan

[security cooperation in the Indo-Pacific](#). Taiwan has proven its commitment to a stable economic partnership with the United States, and recently demonstrated the importance of further economic collaboration with the United States by lifting a major hurdle to a bilateral trade agreement—import restrictions on US beef and pork—in September. Support for a US-Taiwan BTA in the US is at a high point, with the [US House of Representatives](#), the [Senate](#), [think tanks](#), and [US business associations](#) calling on the US Trade Representative to begin negotiations. Despite silence on the issue from the USTR, Congress now has the [TAIPEI Act of 2019](#) to serve as precedent to initiate a comprehensive economic dialogue with Taiwan. A timely negotiation would deepen US-Taiwan economic prosperity and security during the global post-COVID recovery.

**The main point:** 2021 is the best time for the US to negotiate a bilateral trade agreement with Taiwan. It is widely recognized in Washington that a US-Taiwan BTA will support economic development on the state level and support US national security interests. The Office of the United States Trade Representative should negotiate a bilateral trade agreement as part of the US’s post-COVID economic recovery.

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## Evaluating the Factors in President Tsai’s Public Approval Ratings in 2020

By: Timothy S. Rich and Madelynn Einhorn

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A year ago, Tsai Ing-wen (蔡英文) entered 2020 with strong public approval ratings, ultimately besting Han Kuo-yu (韓國瑜) by nearly 20 percent in the January presidential election, with an approval rate that reached [68.5 percent in February](#) 2020. While most polls continued to show Tsai with majority support throughout the year (see [here](#) and [here](#)), this analysis seeks to unpack the factors that most influence views of Tsai’s leadership a year into her successful reelec-

tion as president. For example, international attention to Tsai this year remains largely favorable, as she was named one of [Time Magazine’s](#) 100 Most Influential People of 2020 and was selected for the [Financial Times’ list of influential women](#), in large part due to her administration’s handling of [COVID-19](#) and its lessons for other countries. To what extent this recognition influences domestic perceptions or trumps traditional factors influencing presidential approval is less clear.

We would expect public perceptions to be shaped both by partisan lenses and by specific policy areas. Decades of research has demonstrated that those who voted for or identified with electoral winners evaluated the policies and personal character of those politicians more favorably. Moreover, supporters of electoral losers are more likely to evaluate policies and the system as a whole less favorably, even showing decreased [satisfaction with democracy](#). Given that Tsai [decisively won the popular vote](#) in the 2020 election, it makes sense that the majority of Taiwanese citizens view her favorably, while supporters of the Kuomintang (KMT, 國民黨) and other “blue” parties would view her less favorably.

Tsai’s main domestic and international policy challenges are well-documented. The deterioration of cross-Strait relations since 2016 is unlikely to be reversed as [China demands adherence to the so-called “1992 Consensus”](#) (九二共識) a position that has little support among Tsai’s base. The potential loss of additional formal diplomatic partners since the end of the diplomatic truce, a period where neither China nor Taiwan attempted to poach diplomatic partners recognizing the other side, further incentivizes diplomatic efforts to maintain and expand both formal and informal diplomatic partnerships. Tsai must also contend with China’s growing military assertiveness in the Taiwan Strait and South China Sea (see [here](#) and [here](#)), as well as concerns about Taiwan’s defensive capabilities (see [here](#) and [here](#)). Finally, domestic concerns about economic growth and restructuring, in addition to broader livelihood issues such as social welfare programs, remain key challenges despite efforts in Tsai’s first term.

In addition, concerns over the import of US pork have divided the public. In [August of 2020](#), Tsai announced a policy change [starting January 1](#), which would allow the import of US pork containing the additive ractopa-

mine, a drug used to [grow leaner and larger](#) animals that is [banned in the European Union](#) and elsewhere over safety concerns. Public opinion surveys in Taiwan find most people have generally unfavorable views of US pork imports, with a KMT-affiliated think tank finding that [63.4 percent of Taiwanese citizens](#) believed the government would be unable to effectively test ractopamine levels. Proponents see the change as a means to improve US-Taiwan relations and potentially lead to a much-desired US-Taiwan free trade agreement, as the import ban was repeatedly [brought up in discussions](#) between US and Taiwanese negotiators. Meanwhile, KMT legislators protested the decision by throwing [buckets of pig guts](#), blowing whistles, and sounding air horns in the Legislative Yuan, which ended in a physical brawl between legislators. Many Taiwanese citizens, particularly those [living in the south](#) where domestic pork is produced, were outraged by the decision, with divisions erupting even among families. Subsequently, the [Taiwanese Council of Agriculture](#) allowed businesses to label their pork “Taiwanese Pork” as a means to differentiate, yet [mislabeled foreign pork](#) has already generated controversy.

To address perceptions of Tsai, we analyzed newly released individual-level survey data from National Chengchi University’s [Taiwan’s Election and Democratization Study](#) (TEDS2020\_PA09), which involved a sample of 1,214 Taiwanese respondents surveyed in September 2020. We analyzed overall satisfaction with Tsai’s performance since her 2020 inauguration, as well as with her performance in several traditional policy areas: cross-Strait relations, diplomacy, national defense, economic development, and livelihood issues. The figure below shows the percentage of respondents who stated they were satisfied or very satisfied in each area, with separate breakdowns for supporters of the Tsai’s Democratic Progressive Party (DPP, 民進黨) and the main opposition KMT.

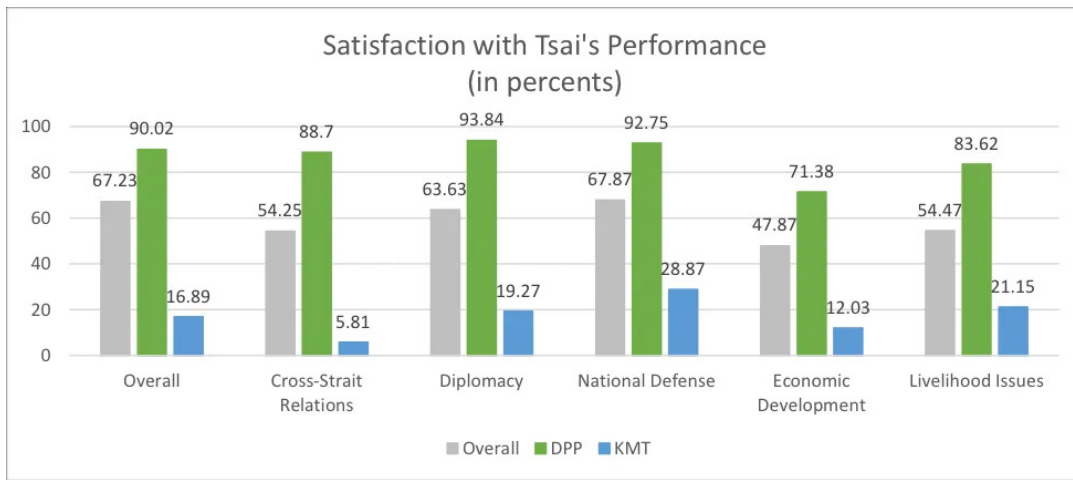
Several patterns emerge. First, a majority of respondents were satisfied with Tsai’s overall performance (67.23 percent) and in all specific areas other than economic development, in which 47.87 percent expressed satisfaction. Secondly, as expected, we saw the influence of party identification on evaluation of Tsai, with DPP supporters far more satisfied than KMT supporters. The largest divergence could be found on

cross-Strait relations, an area where 54.25 percent of respondents overall were satisfied, but where 88.7 percent of DPP supporters and only 5.81 percent of KMT supporters shared such sentiment. Meanwhile, we found the smallest divergence on economic development, though a considerable gap remained (71.38 percent vs. 12.03 percent, respectively). The survey also identified that 26.31 percent of respondents believed that cross-Strait relations should be Tsai’s top priority—other than COVID—with only economic development mentioned more (36.09 percent). Perhaps unsurprisingly, those who identified cross-Strait relations as the biggest issue were largely dissatisfied with Tsai’s performance (60.70 percent), and those focusing on economic development were similarly dissatisfied (59.02 percent).

Previous studies on evaluations of Tsai’s performance employing these same metrics during her first term in 2017 found steep partisan divisions as well (see [here](#) and [here](#)). However, a few differences clearly stand out. First, among DPP supporters, overall satisfaction and satisfaction in particular policy areas all showed increases, with overall satisfaction up from the 70s in 2017. Second, among KMT supporters, rates are still relatively consistent, although satisfaction noticeably increased in national defense, economic development, and livelihood issues. Third, we consistently see that Tsai’s lowest evaluations are on economic development, both overall and among DPP supporters. Among KMT supporters, only her approach to cross-Strait relations resulted in lower rates of satisfaction. Evidently, Tsai’s [economic development strategies](#), including establishing goals to position Taiwan as a technological leader and focus on resource distribution have failed to win over the public. However, whether this is due to disagreement with the policy itself, the follow through, or a broader expectations gap remains unclear.

Moving to evaluations of Tsai’s response to COVID-19, we found overwhelming satisfaction with government performance, with 90.95 percent satisfied or very satisfied. Yet, even here we see a clear partisan divergence, with 98.09 percent of DPP supporters satisfied, compared to 79.12 percent KMT supporters. Despite the partisan gap, the results clearly indicate that the majority of Taiwanese view the government’s COVID-19 strategy as successful. In turn, this may in part be a





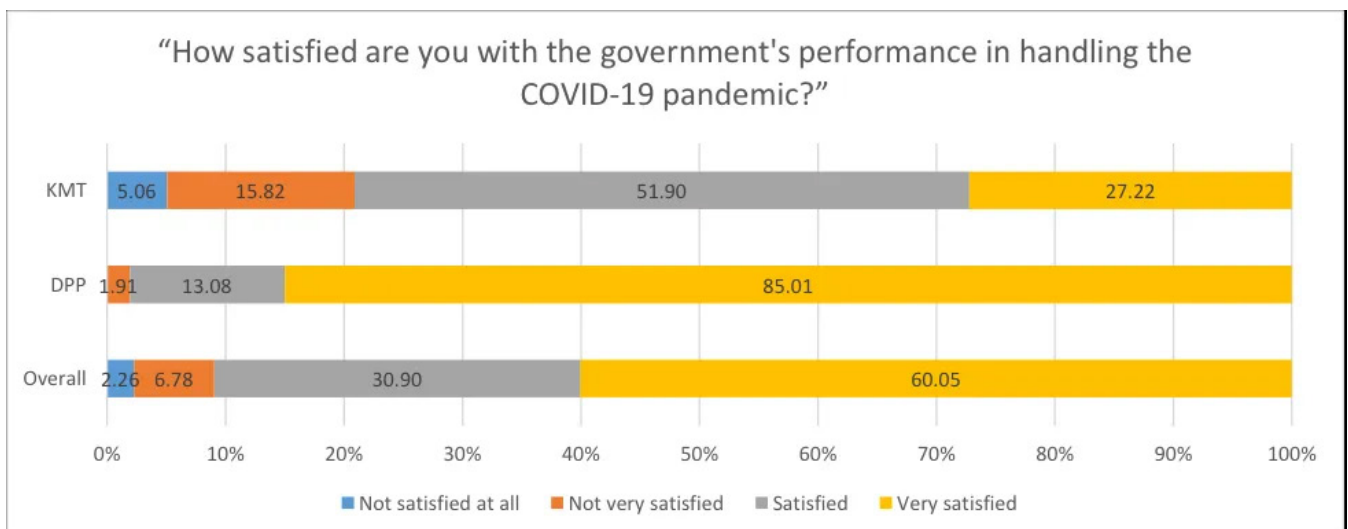
Source: [Taiwan's Election and Democratization Study 2020](#) (TEDS2020\_PA09)

function of respondents not only enjoying a relatively normal life during a pandemic, but also being aware of [the praise Taiwan has garnered](#) from the international community. A cursory analysis also suggests that those who were more supportive of the government's response to the pandemic evaluated Tsai's performance on traditional policy areas more favorably, even after controlling for demographic and partisan factors. In other words, Tsai appears to have received a slight boost even in policy areas disconnected to COVID due to her handling of the pandemic.

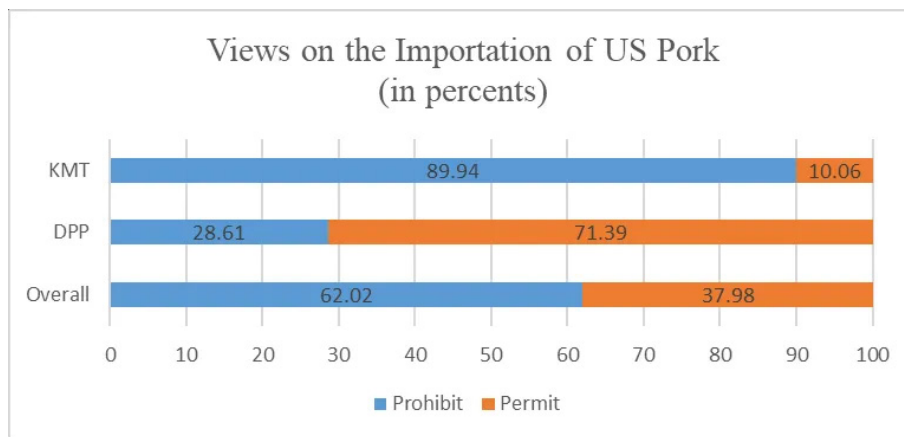
Finally, the TEDS survey asked respondents to choose which option on pork imports best matched their position: "permitting these imports since promoting Taiwan-US relations should be the top priority" or "prohibiting them since ensuring food safety should be the top priority." We found that only 37.98 percent of respondents were supportive of permitting US pork imports. Meanwhile, clear differences emerged by party identi-

fication, with 71.39 percent of DPP supporters favoring importation, while 49.94 percent of KMT supporters opposed. Surprisingly, additional analysis found no substantive difference in support between areas with versus without significant domestic pork production, suggesting the issue's broader salience. However, due to the wording of the questions, we should be cautious in interpreting these findings, as respondents may be reacting more to views of US-Taiwan relations or food security rather than the specifics of US pork imports.

Based on these preliminary findings, we wanted to see which factors—the traditional policy areas or the two challenges of 2020, COVID and pork imports—most influenced views of Tsai's overall performance. To this end, regression analysis provided additional insight. We used overall satisfaction as our dependent variable and the specific policies as independent variables to identify whether certain policies influenced overall evaluations more than others. We found that satisfac-



Source: [Taiwan's Election and Democratization Study 2020](#) (TEDS2020\_PA09)



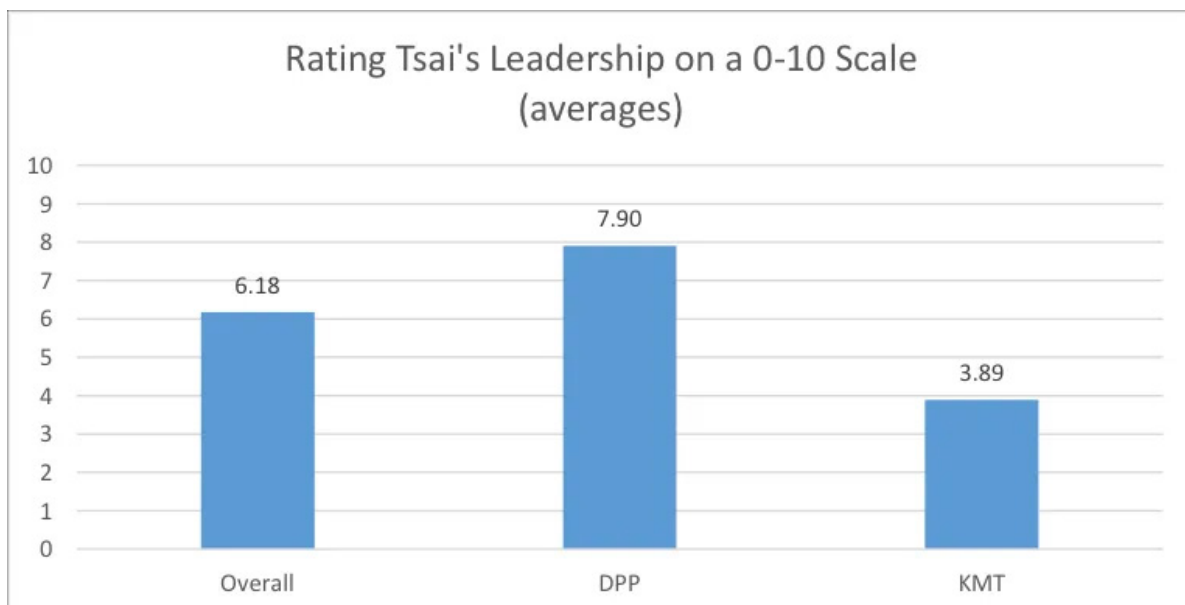
Source: [Taiwan's Election and Democratization Study 2020](#) (TEDS2020\_PA09)

tion with each policy and supporting imports positively correspond with evaluations of Tsai, but that views on cross-strait relations, defense, and livelihood issues had the largest substantive boost in evaluations. This pattern endured even after controlling for demographic factors (age, gender, education) and partisan identification.

The TEDS survey also asked respondents to evaluate Tsai in terms of overall leadership on a 0-10 scale. Overall, we found that Tsai was given an overall positive evaluation, with an average rating of 6.18, with a clear divergence between DPP supporters (7.90) and KMT supporters (3.89). We ran similar regressions on this measure to see which policies influenced Tsai's score. Here, we again found that satisfaction with the traditional policies and with COVID policies lead to a statistically significant boost in Tsai's score. We also found that the issue with the largest substantive effect was satisfaction regarding livelihood issues as well as

Taiwan's COVID policy. However, position on pork imports failed to reach statistical significance, even after controlling for demographic and partisan factors.

Overall, the results of the survey suggest that perceptions of Tsai remain highly variable based on party affiliation, which is consistent with public opinion data on democratic leaders around the world. It also suggests that despite the unique challenges of 2020, traditional policy areas remain salient. These partisan divisions on traditional policy areas may not matter all that much electorally, not only due to term limits but also due to [demographic shifts](#) that have favored the DPP and other "green" parties. Even the pork import issue may have limited long-term saliency on its own, as many Taiwanese prefer [fresh pork](#) and thus may have little interest in US pork imports anyway. However, our results also highlight issue areas that could become more problematic for Tsai and the DPP in the future, namely cross-strait relations, livelihood issues, and



Source: [Taiwan's Election and Democratization Study 2020](#) (TEDS2020\_PA09)

economic development. This will be especially true if opposition parties can connect contemporary issues to these broader concerns. For example, the KMT's interest in a [referendum on pork imports](#) is consistent with their previous success in tapping into opposition to same-sex marriage, and the success of tying the party to non-binding anti-LGBT referenda in [local elections in 2018](#). Polling data directly linking Tsai's approval rates and pork imports remain scarce, with recent polls finding slightly lower approval rates (e.g., [48 percent](#), [52.8 percent](#), and [48.4 percent](#)), yet still outperforming her predecessors in their second term. Nevertheless, our analysis finds generally favorable evaluations of Tsai's policies across multiple policy dimensions, which likely explains her continued overall approval.

**The main point:** Despite the profound challenges of 2020, recent polling data suggest that a majority of Taiwanese citizens are satisfied with President Tsai Ing-wen's overall performance, most notably her handling of the COVID-19 pandemic. However, persistent partisan division and growing concern over her removal of restrictions on US pork imports could threaten this approval in the future.