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TAIWAN'S PRESIDENTIAL AND LEGISLATIVE ELECTIONS:
IMPLICATIONS FOR TAIWAN, THE UNITED STATES, AND CROSS-STRAIT RELATIONS

Panel Three:
Implications for the United States and Cross-Strait Relations

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Introduction:

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Panelists:

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Moderator:

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Luncheon Keynote Address:

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Panel 3: Implications for the United States and Cross-Strait Relations

Moderator:

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P R O C E E D I N G S

CYNTHIA WATSON: It's great to see so many people still here. One of our panelists was worried that as you were convening over coffee, what you were really doing was heading for the exit. So it's a good thing that this individual won't be disappointed.

I'm Cynthia Watson from the National War College. And I'm delighted to be able to chair this panel this afternoon. You've heard about the history. You've heard about the raw facts. You've heard one extremely prominent and well-respected analyst give you his views of where we're going—and maybe a little hedging on where we might not be going.

But on this panel, we'll try to get a real range on what the individual speaker finds to be the most telling and pressing issue that he or she thinks we need to look into for the future.

This is a concluding panel, so I will ask everyone to try to leave some time, adequate time, for questions and answers. But I want to make sure that all of the perspectives represented on the panel have the opportunity to give us their views.

I'm going to ask that we start with Dr. Chu, who is -- you have the biographies, but coming to us from Tsinghua University. Then I will follow with Dr. Lai, so that we move from the mainland over to Taiwan. Then Alexander Huang -- Dr. Huang will be our third speaker. And then concluding will be Bonnie Glaser.

Dr. Chu.

CHU SHULONG: Thank you, Chair. I'm grateful for Bonnie Glaser and Richard Bush giving me the opportunity to talk my view about the Taiwan election and the impact on the cross-Taiwan Strait relations for next four years.

First, I though, I feel that, as we all know, that I agree with Douglas Paal's two terms to define mainland reaction to Taiwan election a few days ago, that it was quiet, calm. And I read, so far, two statements from Taiwan Affairs Office Sunday about the election, and the Xinhua News Agency commentary about elections. I think, so far, those are two only the official reaction I have seen from mainland China.

And, basically, two points. First, to welcome the election. Second, and believing and hope, that across the Taiwan Strait, relations can continue to be stable and peace and the development. And yes, I agree with the previous assessment that the mainland feel relaxed about the election.

The reason for the relaxed attitude is that the mainland also wants to see stability over the cross-Taiwan Strait relations. It is quite an agreeable thing, attitude, with the people inside Taiwan, and here in this country -- the stability. That is the central theme that President Hu Jintao produced before, and at the 17th Party Congress in 2007, about the central theme of mainland on cross-Taiwan Strait relations, and peace and develop. Peace and stability are the same meaning, same word.

And, yes, mainland worried about the DPP position, especially if DPP won. Because if the DPP won, the stability will become a question -- peace and stability. And the mainland does not want to see that unstable producing in next four years.

And the reason for mainland to welcome and wants the peace and stability of cross-Taiwan Strait relations is because mainland in next four years has a full agenda in domestic issues, that Beijing leadership will be fully occupied by the internal issues—economic continued growth, inflation, social inequity issues, corruption, and the public anger on something, and socio-political stability. So it would like to see the cross-Taiwan Strait relations will be no trouble, now and in the future.

So, working in the national affairs, my understanding of Beijing's attitude is the leadership are fully occupied in domestic issues, does not care about others—including United States—if you do not bring us trouble, including from Taiwan. So I see that is the general trend. And there is reason why the mainland like to see stability. Because the priority is internal. And so I see that's basically reaction, attitude, that the mainland see toward election.

And the second, talking about the impact, I see the election's outcome will bring about another positive impact on cross-Taiwan Strait relations in the future for years. That will continue to have stability and more progress in socio-economic issues, like they call the social issues. Social issue is basically a socio-economic issues. There have been 16 agreements in the past four years. I think in the future, there will be some in following up and implement issues, like investment protection agreement, law enforcement, and education and cultural exchange in the future. So there are still some work to be done, like the previous speakers were talking about.

So, I see that the result of the election in Taiwan will give the opportunity for two sides to continue their efforts from the past four years to improve their socio-economic contacts, ties. That is general trend. So that seems to be clear, the impact.

Another impact that we have talked a lot is not clear. That is the impact on political security relations between two sides across Taiwan Strait in the future. And we had a lot of debate this morning about the political security talks. Here, should I say, that most mainland Chinese would want to see that in future four years the two sides can start political talks, and make agreements on the political issues. There can be a peace accord, or others.

This is very much a general public opinion inside China which, in the *Washington Post* yesterday, reported like the Taiwan public opinion poll, 96 percent of Taiwanese prefer status quo; a very small number prefer reunification or something. Yes, they say, but this has been long time that the poll, I think the mainland people understand. That is the public opinion there.

But on mainland China, we also have a public opinion. And the public opinion is quite a consensus. Probably it is 90 percent of people, and it's quite strong for national reunification, for some movement towards national reunification. So I would like to be clear

myself that this is a strong opinion that the leadership in Beijing understands, and have to address it.

But that does not mean that it's the government position. I think that the politicians come and understand both public opinion demands, and the difficulty in reality. Politicians, government. So in my study, I see governments, politicians, everywhere in the world, their job is to work between something they want, something their people want, and something they can do in the real world. Again, this is same thing true to Ma Ying-jeou; same thing true to Hu Jintao, Xi Jinping; and the same thing true to President Obama here.

So what does that mean in the future years? Depending on their judgment, their position, like they understand the public opinion and the reality.

The general trend I see in the last couple years, I see mainland, and leadership, government, has become very much realistic and practical in cross-Taiwan Strait relations. And peace and development is a reflection of that. So I think later they will continue to be the general trend in the future.

But by saying that, I think if we cannot have political talks in the future, and that means there will be a greater limitation for how two sides can improve their relations. Because, as we already said, the socio-economic measures are mostly exhausted. So how many of those issues, how much work the two sides can do in the next four years, on socio-economic issues? Yes, they can implement them, they can follow-up on some things. But, basically, they have reached the agreements that are possible or should be reached on socio-economic issues.

And then what should we do in the next four years? And even we don't have a political talks and press on it, I think it will be very much limitation for other specific issues, like international space, CBMs, security issues—because then we do not have a framework or general principle.

And the last point: even if there is a political talks, I myself do not know what are those political talks will be, or what is political talks? Talk of what?

I have not heard that my government, from my limited information, that my government, that they will clear a talk. Because political talks, peace accord, used to be first initiative raised by Taiwan side in the 1990s. It's not a mainland side initiative. And the end, later, mainland side talk about it.

But now, I don't know what does that mean, "political talks?" What is the content of political talks, if the two sides started it?

Okay, I think my time is up. Thank you. (Applause.)

DR. WATSON: Dr. Lai, I neglected to say, is from Taiwan Thinktank.

LAI I-CHUNG: Thank you, Richard and Bonnie, for inviting me here. And among these very prominent speakers. My name is I-chung Lai, and I've not been to the United States -- well, the D.C., for about five years. So I'm very glad to be back here again. Although this is in the circumstances, I wish it could be in a better position. But, well, the reality is like this. And so I thank you for this invitation.

And, of course, we all know from this morning about the election result. And the reality is that, yes, Ma win the election but, in comparison with what he got in the year 2008, the difference between him and the opposition down from around 2.2 million to 800,000. So it's about 1.4 million votes lost.

And also, his legislative majority, also down from 81 seats to 64 seats. So it's a decrease of 17 seats in Legislative Yuan.

On the other hand, DPP, although it did not win as anticipated, or it expected, still was in a better -- is in a better position now than it was four years ago. It has increased its vote share, and also increased its legislative seats about 13 seats.

So, looking at this, if you believe, or anybody including President Ma Ying-jeou believe this, this is the mandate that the people, particularly on the '92 Consensus, the Taiwanese people already given to him, I have to say that probably this will be a much reduced mandate, if it is a mandate. Then, otherwise, how could you explain about the losing support rather than the increase of support, about the maintenance of support, about his '92 Consensus and other policies.

And also, in terms of the political operational point of view, right now we are looking at the Ma Ying-jeou still commands a majority in the Legislative Yuan. However, not only the DPP has 40 seats, but also a party that openly declare they want to rollback the ECFA, and also the party, at the same wanted to have a very open platform for Taiwan independence—the Taiwan Solidarity Union—has three seats in the Legislative Yuan. And three seats is sort of a magic number that they are able to form a party caucus and enter—just like Chu Yun-han said this morning—about the legislation, piece of the policy legislation, party-to-party, inter-party negotiation. And if they wanted it, they can put on hold about a certain policy, or a certain piece of legislation for about a month, or even three months.

So, that's actually, I think President Ma Ying-Jeou and his party is facing a stronger opposition and more constraint, if he wanted to push forward certain other things that he wants to do from now on.

And also, basically, in terms of the cross-Strait policy, and many of the so-called cross-Strait mechanisms, that has the following impact. First of all, when we talk about the '92 Consensus, associated with it is the "'92 Mechanism." The '92 Mechanism, which means that Taiwan established a Strait Exchange Foundation in negotiation with another, its counterpart from China, the ARATS.

But the Strait Exchange Foundation, during that time, was only authorized to talk about the functional issues, no political issues. But then if you look at the past 16 agreements, some of them actually have crossed over to the political issues, or the political content about an issue has political implications.

And they're able to go over and sort of pass through, it is precisely because the KMT, at that time, with an overwhelming majority in Legislative Yuan, what they are able to do is to put those agreements—the agreements that the ARATS and SEF have signed—then put into the legislative process. But then, you still have a majority to prevent it from any discussion.

And then it is because of the time they send to Yuan, they have this bylaw that any piece of legislation put into the process and if after, like, it's 45 days or three months, without any discussion, that means that there is no disagreement, and you automatically pass. All 16 of them—all 16 agreements of them—have been passed in this way. So that basically, with the exception of ECFA, what we have is passed 16 agreements between ARATS and SEF, what they had signed, are not under -- or a proper, in my view, the Legislative Yuan debates or discussions.

And I think that situation will be changed from now on, with the DPP having 40 seats, and particularly with Taiwan Solidarity Union and that three seats. I'm not saying that they are the spoiler, but this is a stronger legislative oppositions. And if they, if Ma Ying-jeou President wanted to push forward like it did in the past, then it will be facing much, much stronger opposition. And I doubt if they're able to do that in this way.

Another thing about the future development, probably something that is related with the U.S.-Taiwan-China relation is that the U.S. and China, and also, of course, with Korea and Russia to a certain extent, you see that all are in the process of whether they have an election or leadership transition. And the transition process requires or demanded every government to want to have just stabilities, not have any other complexities in the future development.

And for China, I think, that will basically put into the issue whether they are in a choice that, for Hu Jintao—I look at this election as the relief so I can safely step down, since now it will not be deteriorated when I step out of the office, or this will increase the hawks within China, demanding that Ma Ying-jeou should pay back because all the goodies we have been giving to him in the previous four years. So it will be the debate between those two thinkings.

And if that's something that's going to happen, I believe that window for this will be sometime before August. But after August, any major breakthrough in terms of political negotiation—you know, dialogue and other things—probably won't be able to happen due to the requirement for the sailing through safely in the future environment.

And another thing is, that also has been related with what Dr. Chu Shulong said in terms of the future negotiations, because as Wang Yi, the Taiwan Affairs Office director, once said that in the future negotiations will be *yizhong you nan, jingzhong you zheng*—that is, there will be difficult issues within the easy issues, and there will be the political dimension within the

economic negotiation. One of the clear examples is about the investment agreement treaty that the Ma Ying-jeou government desperately wanted to sign with China before this presidential election—but he did not, all right?

And so I think that if issues like those will come in, it is not about a direct political negotiation, but the political contents heavy issues within the economic, or whatever other cultural and social agreement they wanted to sign, that will start to occupy the agenda. And I think that will be a real test about how much of the so-called '92 Consensus can carry through.

So it is not about the '92 Consensus. With it, we're able to negotiate. Without it, we won't be able to go forward.

It is under this Ma Ying-jeou government, and with Hu Jintao, facing those difficult issues, the already existing, the '92 Consensus, would not be able to carry the very heavy burden for things meaningfully going forward. If it is not—for example, if there's a delayed or another very less than wanted the result, in terms of investment protection agreement between Taiwan and China—how would that reflect to the people in Taiwan? How would that make the people in Taiwan feel about the cross-Strait relationship will be going?

So, actually, we are going to enter the very uncharted water in the future.

No, finally, about the global economic recession, probably some people would like to say coming from the European debt crisis, Ma's government, during the election process, during the campaign process, one portrayed that that it is precisely because of European problem that we need China as a cushion for Taiwan's economic development. But we all know that the Chinese are relying on exportation, particularly to the United States and Europe. So the Europe problem will become China's problem. And when China faces this problem, how it will react to Taiwan? Particularly, the goodies that Ma Ying-jeou promised to Taiwan in terms of ECFA in the future negotiations, that we will be able to extract more goodies from China. Will China be able to deliver that? And if China won't be able to deliver that due to its domestic considerations, how would Ma Ying-jeou be able to say to the local Taiwanese community that the cross-Strait negotiations -- or at least something that will be able to come forward?

Because, probably we are going to see is complicated issues have political heavy contents, and the progress—whether that's with Ma Ying-jeou or without Ma Ying-jeou—will be stalled, or it will be slowed significantly due to a lot of other factors.

And I think also, with the already existing, the so-called '92 Mechanism, where the SEF was not authorized to talk about political issues, and when we enter this politically-heavy negotiations, the already existing '92 Mechanism that we have for the SEF, will that be able to carry through?

And Taiwan at that time will be facing a very serious challenge that we probably need to reform the whole – *liangan renmin guanxi tiaoli*, that is the treaty article for the cross-Strait people interchange. That is the article within Taiwan. How would that cope with today's reality? If that is the case, then, with the stronger opposition in the Legislative Yuan, and with

the discussion like those opened, probably we're going to face a very new and you can say "prosperous," but also “fireworks” about this.

In reality, we are twenty years past 1992, and we're still talking about '92 Consensus. To a certain extent this is -- we are in the year 2012. So, I think some improvement, or at least some reform to reflect what is today, that is needed. But with Ma Ying-jeou's electoral victory, and what he faces right, and also the international situation at this moment, probably that will be complicated. If it can be muddled through, that will be a very pleasant outcome.

Thank you. (Applause.)

DR. WATSON: Dr. Huang, of Tamkang University.

ALEXANDER HUANG: Well, thank you. Thank you for the invitation, Richard and Bonnie. This is a little bit before lunar new year, and I'm very happy to be back in Washington, D.C.—you know why.

[Click here to view Alexander Huang’s PowerPoint presentation.]

Richard, you remember, four years ago, three days after the election, I presented this slide. Four years ago. And I said, "It won't be MaMa, HuHu." Yeah -- maintain a high altitude, not to be disrupted by small events. Pursue a peaceful environment. And I checked the list.

And I think, pretty much, you know, excluding the economic -- excluding the political and other sensitive security issues pretty much in the past four years, those things have been carried out. Not by Taiwan itself, but together between mainland China and Taiwan.

And now, let's go back to check. Ray, I promise that your picture is on. (Laughter.)

Let's look at the first term of Ma Ying-Jeou. Actually, there was some misunderstanding of Taiwan's relations, or Taiwan's rapprochement with China. Actually, Ma Ying-jeou's guideline was “*qinmei, hezhong, youri*.” And “*qin*” does not equal to “*he*,” okay? And I specifically put on the picture, not only showing you how happy Ray was, but also to remind you that Ma Ying-jeou, when meeting with Ray, had put a pin on the jacket that's the flag of my country and the United States.

And that shows that, sincerely, that Taiwan, when engaging dialogues, negotiations, with Beijing did not put aside of the United States interests.

And so was Ma too close to China? “Hu” knows? Only Hu Jintao can answer that. And I'm sure his answer would be different from a lot of people.

And Ma's second-term China policy, we spend a lot of time debating and talk about '92 Consensus, but we all agree that Taiwan voters in this election decided to maintain the stability, to keep policy consistency in their mind.

And if we look at the future agenda in the next four years, I would say that "*xianjing, houzheng*" -- or "economy first and politics, or political issues, later," will remain the dominating guideline in the next four years. Not only because we have more than two dozens of potential agreements, or proposed negotiations already at the plate between Strait Exchange Foundation and the ARATS on the other side, connecting to the ECFA framework agreement, our negotiation agenda is full, and probably cannot be completed in the four years.

But also, as Professor Lai mentioned, Ma Ying-jeou is now facing a stronger opposition in the parliament. So he needs to be more careful, more sensitive to the Taiwan public opinion.

How about the political or military negotiations? It's unlikely. Because the political agenda is full—not only in Beijing, as Professor Chu reminded us, that Beijing will be distracted by domestic issues—but also Taiwan is a small state. We need to manage our relationship with two nuclear powers. So, before the agenda in Beijing and in the United States are settled, that we need to be more cautious, at least this year.

So, if I may use this time line to make my point, starting from yesterday, we will have four months of transitional cabinet. We may have two full cabinet resignations between February and May. So, in Taiwan itself -- as we all know, we are all in a capital city, when a government is in transition, there are a lot of restrictions, in terms of policy decisions. And then we have to wait until the agenda in Beijing and the U.S. election to be settled.

And looking into the future, the 2014 -- as many of my friends from DPP suggested, that the rotation of government will be a normal practice in Taiwan, because we are a democracy. And the major challenge to KMT rule is 2014, the mayoral elections. If DPP is not in the central government, they will have full time, and they will have two full years to get themselves ready to challenge, right now, three-to-two very thin margin majority of KMT in the mayoral seats.

And also, after 2014, Ma Ying-jeou has to be very sensitive to his possible successors, and their possible campaign platform, and their probability of victory. So, when engaging in China, Ma cannot put full strength, or his personal agenda or willingness ahead, but keep the KMT, or the party interests, or national interests in his mind.

Beyond that, also, Ma also needs to keep in mind is the strategic re-engagement of the United States. I characterize as a trident. It's a multiple -- multilateral diplomacy, plus trade, and a new concept of air-sea battle. So it's political-diplomatic, economic, and military.

And so Ma Ying-jeou's second term, in terms of U.S. policy, I would say it will focus more on bilateral relations. We talk about the beef, visa waiver program, TIFA, arms sales.

They are all very, very issues. But I think Ma Ying-jeou and his cabinet will spend more energy and time in dealing with this bilateral relations with the United States.

Not only that, Ma Ying-jeou has to position his U.S. policy with American Asian strategy in mind. So how to expand the functions and utilities of ECFA, and working for bilateral or mutual commercial and economic interests between Taiwan and the United States is at stake.

Earlier, we also mentioned a little bit about Taiwan's defense transformation. Ma Ying-jeou, with his campaign pledge, we will soon instate an all-volunteer force program, with almost no hope for increase of defense budget. With the United States re-engaging and redeployment of U.S. forces in the region, and keeping the problems in Northeast Asia, the Korean peninsula, and South China Sea in mind. So these are all very daunting challenges to the United States.

Lastly, I want to throw an idea. It's what I call “mini-S&ED.” Don't be distracted by the term. I'm in no way to suggest that Taiwan will copy the Strategic and Economic Dialogue with the United States. But I think the experience that we got, we accumulated in the past four years, between Washington and Taipei, was that we allowed us to be distracted, or confused, or conflicted in different agencies, on different issues.

So it would be nice, or wise, that if we can have an inter-agency, you know, cabinet-to-cabinet—at an appropriate level, a full cabinet dialogue—in a quiet, sensible, substantial way, to increase and promote the bilateral relations between Washington and Taipei.

So, to conclude my remarks, I would say that in the next four years Taiwan's relations with China will go slow, and Taiwan's relations with the United States will get better.

Thank you. (Applause.)

DR. WATSON: Our concluding speaker is Ms. Glaser.

BONNIE GLASER: Thank you, Cynthia. And thanks to all of you for coming, to Richard for collaboration in this conference today. And, especially, to the staffs of both CNAPS and the Freeman Chair, without whom this event would not be possible today.

So, first, what are the implications of this election for the United States? This was Taiwan's fifth direct presidential election. The campaigns and election day itself were, well, normal. Some observers said that there was less excitement than in prior elections, and that the process was fairly ordinary and mundane. After all, there were no bullets, and there was no firing of PRC missiles.

The normalcy of this election marks a maturing of Taiwan's democracy, and that is most important—not who was the winner. It was an orderly process, in which the presidential candidates presented their views to Taiwan voters, who made up their minds about whom to support. Taiwan has demonstrated the strength and vitality of its democracy.

A healthy democracy requires a strong opposition, and keen electoral competition. And Dr. Tsai Ing-wen brought her party from its nadir after Chen Shui-bian's presidency, won 46 percent of the vote, and 40 seats in the Legislative Yuan. She raised important issues, such as the widening gap between rich and poor. And she conceded defeat gracefully.

Opposition parties play a critically important role in democratic societies. They keep the ruling party honest, and help to bring better governance. The DPP will continue to play that critically important role in Ma's second term.

When Ma won in 2008, President Bush called Taiwan a "beacon of democracy to Asia and the world." Although that language was not repeated by the Obama administration in its congratulatory message, it nevertheless remains true today. Taiwan especially represents a model for the people of mainland China to aspire to.

Mainland Chinese tourists and students in Taiwan witnessed the campaign firsthand. Even larger numbers watched the presidential debates and the election results live via satellite TV. The election was the subject of postings in internet forums and on Chinese blogs.

In years past, many mainlanders described Taiwan's as "chaotic" and "violent," and viewed Taiwan's democracy as "false," or a negative model for China. This election has altered those views fundamentally. Many PRC citizens observed this election with respect and envy. One blogger wrote, and I quote, "This is a first step in civil rights. This is a way we can learn how national leadership should be elected. Only when state leaders are elected via a democratic process can China become a democracy. Leaders produced via other methods are only dictators under a fake skin of democracy."

Ma's reelection for a second term will ensure continued stability and predictability in cross-Strait relations, which is critical for American interests. Ma has pledged to continue his "three-no's policy"—no unification, no independence, no use of force. And therefore, the United States will not have to worry about the re-emergence of cross-Strait tensions, or the implications of reunification.

The U.S. will continue to support Ma's pragmatic approach to dealing with Beijing. There will not likely be pressure on Ma to move more slowly or more quickly in promoting better cross-Strait relations. The U.S. will leave it up to Taiwan to decide. Washington will expect to be consulted as a friend and quasi-ally with important interests at stake.

U.S. policy toward Taiwan will likely continue to be guided by the view that only a secure and confident Taiwan will negotiate with Beijing. U.S. ties with Taiwan must, therefore, remain strong.

In Ma's second term, whether President Obama remains in office or is replaced by a Republican, it is likely that U.S. arms sales to Taiwan will continue. The question is, what will be sold? The Obama administration has approved $13 billion in weapons sales so far, but has yet to sell new weapons systems that were not previously approved by the Bush administration. President Ma's request to purchase F-16C/Ds remains a front-burner issue.

Hopefully, TIFA talks will resume, and the U.S.-Taiwan economic relationship will be strengthened. The U.S. will be disadvantaged if it does not negotiate an FTA with Taiwan. Taipei is now in trade talks with Singapore, and New Zealand, India, Japan, Australia, and the European Union have all signaled a willingness to open bilateral trade negotiations.

Let me turn to the implications of the election for U.S.-China relations and cross-Strait relations. In the past few months, Beijing has not loudly opposed the many measures that the Obama administration took to bolster ties with Taiwan, including visits to the island by several senior U.S. officials. Undoubtedly, China's reserved response was due to its belief that such steps would help Ma to get reelected, which was Beijing's preferred outcome.

Now that the elections are over and Ma has won, China is likely to resume pressure on the U.S. to curtail weapons sales to Taiwan. China's hopes of achieving this goal have been buoyed by discussions in the U.S. to rethink U.S. policy toward Taiwan. Taiwan will therefore remain an area of friction in U.S.-China relations. How much friction will depend on U.S. policy decisions, and China's reaction to them.

Ma's reelection presents opportunities for further progress in cross-Strait relations—but problems are inevitable, and should be anticipated. The mainland may be satisfied with the current agenda until after the 18th Party Congress but, subsequently, greater impatience can be expected. Some on the mainland say that Ma's first term was weighted in favor of concessions by Beijing to Taipei, and call for second term to be payback time, in which more benefits are accrued by the mainland. Whether this sentiment is translated into the mainland's policy approach to Taiwan remains to be seen, but it is worth watching.

Beijing will conclude from Ma's victory that its policy of peaceful development has been a success. Discussion of the potential negative impact on Hu's legacy of a DPP win, and resulting pressure on Chinese leaders to adopt a tougher policy toward Taiwan will no cease. With Ma winning by a bigger margin than expected, Beijing will become more confident in its efforts to win hearts and minds in Taiwan by means of economic favors.

At the same time, however, the strong comeback by the DPP will ensure that mainland China will not be overconfident. Beijing will wisely not rule out a DPP victory in 2016. And, hopefully, over the course of the next four years, dialogue between the DPP and the mainland will expand.

In the economic sphere, the easy things have been done between Taiwan and the mainland, and the more difficult things are yet to be addressed. Further trade liberalization under ECFA will be hard. Negotiation of a bilateral investment protection treaty will also be challenging.

In the political realm there is a possibility that Beijing will pressure Ma to adopt a definition of "one China" that is closer to the one-China principle that is espoused by the mainland. China may also seek to persuade Ma to open talks on a peace accord, and this could

become a major source of disagreement. The negative response of Taiwan's citizens to Ma's raising this issue during the campaign has likely made the president more cautious.

Ma will undoubtedly continue to press Beijing to enable Taiwan to expand its international space and sign FTA-type agreements with other countries. He will also continue to call for a reduction in the military threat to Taiwan. In recent years there has been little, if any, discussion on the mainland about adjusting its military deployments. I'm personally doubtful that mainland China will make any moves to do so—in part, because the Chinese remain wary of the return to power by the DPP, now possibly in 2016.

Military CBMs could be negotiated between the two sides of the Strait. CBMs that reduce the possibility of a surprise attack, increase predictability, and reduce the chance of accidents would serve Taiwan's interests.

A potential meeting between Ma and China's next top leader, Xi Jinping, could take place if Beijing supports Ma's attendance at APEC. It is not likely, in my view, that Ma will visit the mainland, because Beijing would not agree to host him as the ROC's president.

In sum, the U.S.-China-Taiwan triangular relationship can be expected to remain basically stable. Problems will invariably arise in all three sets of relationships, but are likely to be manageable.

Thank you very much (Applause.)

DR. WATSON: I'd like to thank each of the panelists for remaining true to the time.

And I'd like to open up -- we have 25 minutes, roughly, for questions. Please give your identification, and be as succinct as possible. Chris?

QUESTION: Chris Nelson, the Nelson Report. Thank you so much, all of you, for talking about the economic component so much, because it's the other thing I try to write about—especially on TPP.

I'd like to ask all the participants, and perhaps even Ray Burghardt, who's trying very carefully not to look at me, is it realistic to talk about Taiwan and TPP from a number of vantage points?

China, at the moment, at least, seems to see TPP as yet another sort of element of what it sees as a U.S. containment policy. Does that, in itself, make TPP sort of a hot thing to even talk about? That they're going to see that as a problem?

Or would it be unrealistic to say, no, actually, to get the U.S. and Taiwan talking about how Taiwan might get into TPP could help show the Chinese, given ECFA, that TPP is not aimed at China or against China, but it's something that China could also look at?

And then, from, you know, the either-or possibility, again—and maybe this is where Ray can help us out—what does need to be done so that it would be realistic to talk about Taiwan joining into TPP? Or is that just one of those things that, you know, we'd all like to talk about but, no way. Thank you.

MS. GLASER: I'll just comment very briefly. Chris, I think that perhaps we need to make a distinction in this case between how scholars on mainland China view TPP, and how the Chinese government views this—particularly regarding the intentions of U.S. policy.

I think that U.S. officials at the White House have made perfectly clear that TPP is not intended to exclude anybody, that it is open to all countries and, I believe, to all economies. I think that is a signal to Taiwan, as well.

I believe it was Michael Froman at the White House who made the statement that TPP is not something that you get invited to. It is something that you aspire to join. And I believe that, in private discussions, this is likely to be reinforced in messages to China.

It would undoubtedly be beneficial to the United States, to Taiwan, to the rest of the region, if China actually were to join TPP and conform to all of the high standards that are involved in this, that will be included in the FTA agreement eventually. Having China not be part of the TPP, in the long run, I really don't think would be beneficial.

So I agree with you that there might be some scholars who see it that way, but I don't think that that's the way the Chinese government sees it. Thank you.

DR. HUANG: Quick response, Chris. I think from the standpoint of Taiwan, you know, Taiwan has long feared that it will be marginalized economically. And ECFA was one approach, or one solution.

But joining the TPP is a long-term goal. As President Ma Ying-jeou in his press statement said, that in the next 10 years, we will try to work hard to meet the high criteria that TPP requires.

But all these efforts, point number one, is to put Taiwan, or help Taiwan to escape from this possible economic marginalization.

Number two, I think the biggest obstacle, if we sit in Taipei, the biggest obstacle is not Beijing, it's our domestic support. You know, the leadership, or President Ma Ying-jeou, in the next several years would have to, you know, engage in conversation and discussions, not only with oppositions, but also with different sectors—the agricultural, the service industry, the manufacturers.

It's a daunting obstacle for Taiwan to meet the criteria before we think of whether we wanted to join something that opposed China or antagonized China.

DR. CHU: I agree with Bonnie, that there are different views in China about the TPP. Yes, if you read the *Global Times* or some scholars, they tend to interpret everything U.S. does in Asia to contain China—including TPP.

But officials and the mainstream scholars take a view—and including my view—basically see TPP as competition that the U.S. has with China, not a containment. Competition for interests, for influence, for ties in the Pacific.

I think that so far, most Chinese do not worry too much about TPP. First, it's going to be a long-term process for negotiation. Second, as Dr. Huang said, the criteria is too high even for Japan to meet. Third, I think most Chinese tend to have confidence that nothing is going to likely to replace that we are largest trading partner in the market for most Asian economies—whether there is a TPP or not in the future.

DR. LAI: Yes, since everybody is responding, so I have to do the work. (Laughter.)

Basically, adding to Alexander's point, I think Taiwan signed the ECFA with China. If China rejected Taiwan to participate in TPP negotiation, showing any sign like this, that will be demonstrating to Taiwan that China only allowed Taiwan to be an economic partner of China, but not to let Taiwan engage with the rest of the world economy. And that would be not good—not only to the people in Taiwan, but also it would reduce the support for Ma Ying-jeou in terms of his popularity in Taiwan.

Another point about the complexity, or the difficult in the TPP negotiation, you look at Taiwan's economic negotiation with New Zealand, with Singapore—well, that probably will be a little bit easier. But, with India, that's going to be a difficult one. Because India specifically raised that it is not just about the goods, but also the moving of people and it had to be comprehensive.

So, the TPP negotiations, Taiwan encounter difficulty, we also be the one that encounter difficulty in negotiation with India and other countries. And I think that is not whether Taiwan is ready or not, but it's political will and if Taiwan will really like to push over. And particularly that the DPP already bring its support for the TPP.

So I do not think that, in this issue, the difficulty is really that big. Because that is one that really has enjoyed the so-called Taiwan Consensus. Thank you.

DR. WATSON: Ray Burghardt, would you like to comment?

AMBASSADOR BURGHARDT: I don't want Chris to think I'm ducking it, so, yes. People have said it all. TPP is a serious, broad, deep trade agreement, very unlike the kind of trade agreements that have been signed recently within Asia—particularly very unlike the China-ASEAN agreement. Also very unlike ECFA. It's not one of these sort of -- in other words, it's not one of these half-baked, early-harvest kind of trade agreements. It's a serious agreement that gets into service areas, the whole broad range.

The Taiwan economy -- Taiwan has been fairly protectionist. It remains very protectionist. Taiwan officials have made clear publicly and privately that Taiwan is not ready for a TPP kind of agreement.

But for Taiwan to aspire to it, and to move in that direction would be certainly very welcome by the United States. And the same thing can be said about China.

One of the clear things about TPP—it was very much emphasized during the APEC meetings in November—is that one of the aims of TPP, at least from the United States' point of view, is to have a trade agreement which does not give state-owned enterprises special rights, and which basically forces state-owned enterprises to compete on equal terms with private companies.

That's going to be very tough for Vietnam, in terms of TPP negotiations. It would be really tough for China. Almost unimaginable, frankly, at this point.

QUESTION: Eric McVadon, Institute for Foreign Policy Analysis. Alex, I liked your "strategic trident," for all sorts of reasons. But you mentioned TPP when you said the multilateral diplomacy. What countries were you primarily talking about in "multilateral" there? And I missed the third prong of the trident. So remind me of that.

Dr. Lai, was the residual tension over the Chen Shui-bian era, for the DPP and the U.S., considered a significant factor in this election? And is the DPP going to continue to do things to try to build a better relationship with the U.S. government while it's not in power?

MR. HUANG: Very shortly, when I made the case of strategic trident basically I look at the three elements that in the past two or three years, that the United States has been done.

The "multilateral diplomacy" means the more proactive participation of the United States in Asia-Pacific regional fora -- you know, from Secretary Clinton's efforts, from APEC, from ARF, and East Asia Summit, all the way to even initiative to the Pacific Islands. I mean, I categorize those as "multilateral diplomacy."

And the third element was "air-sea battle concept." So it's a combination of diplomatic, economic, and military re-engagement of the United States in the region.

MR. LAI: Actually, I don't quite understand this question—that is the tension between DPP and the U.S. government during Chen Shui-bian era, how DPP will be able to re-address that, particularly right now?

And I think if look at Tsai Ing-wen, her leadership during those four years, that she, particularly, does not want to put the so-called identity issue and the unification versus the independence issue up front. And I think it is important to note that from the campaign—I mean, this is way before, when she entered the primary within DPP, all the way until today, I

believe—that in the campaign process, she refused to call China by name. She never made any bad statements referring to China. It's always something that we can discuss, and she even offered that we are willing to talk about anything with no precondition. With no precondition, which means that Taiwan would not attach any condition China has to abide by.

And if I'm going to be more specific, China does not even have to withdraw its missiles. China does not have to renounce its so-called “one China principle.” And China does not have to do anything. We are willing to talk —any time, any place, anywhere. So that is what Tsai Ing-wen actually pledged.

And if you look at the 10-year platform that is still in the DPP's -- part of Tsai Ing-wen's process. One of the 10-year platform in the so-called "core idea," in which that is an article about how to reach the social consensus within a democracy. And if you look at that, there are distinct—in terms of language—differences with what the Taiwan future resolution is.

Because the Resolution on Taiwan's Future in 1999, which talks about Taiwan's current name—the current name is Republic of China—but in Tsai Ing-wen words, that is Taiwan is Republic of China. So that's one, first difference.

And second difference is that the name changes in the Taiwan resolution, or any other change of the status quo, has to be confronted with referendum process. But in this 10-year platform, particularly in that part, that particularly uses the language that "democratic process." So it dropped the word about referendum. And using "democratic process" instead.

So all those are just signify the kind of changes, and also sensitivity that she had, in terms of lowering down the possible tension across the Strait.

But, unfortunately, when Tsai mentioned those things, and when Tsai made those gestures, she was met by the—particularly later on—the Chinese officials calling her by name, and taking her position that the ROC's -- Taiwan is ROC, as a disguised Taiwan independence strategy. Or calling Tsai Ing-wen by name, that she is actually trying to prevent the three links by adopting a so-called mini-three links -- which, I think, that's unfortunate.

Because the transformation process within DPP also that has been symbolized by Tsai during this time, is that if you have positive gestures, whether by the United States or by China, then the kind of transformation within DPP will be much easier.

So that's -- and then we are left with this, that when Tsai is about to resign from leadership, how the 10-year platform, would that just cease to exist because she resigned from the leadership, or that will continue to stay there? So that's going to be another question. Thank you.

DR. WATSON: The gentleman at the third table back on the left -- on my left.

QUESTION: Hi. My name is Raymond, and I'm from the Carnegie Endowment. It seems to me that the mid-term prognosis seems to be cautiously optimistic. But a lot of that is obviously contingent on Ma having won the election.

I was just wondering if we could explore a little more the possibility of not so much a DPP victory, but necessarily a DPP communication with the Communist Party or the Chinese government. Specifically, it seems that from the perspective of a lot of DPP folks—including the perspective we just heard—that DPP has gone through a very intense process of transformation and it's moderated itself. But still, China is deeply suspicious, from its perspective, of what the DPP's actual goals are and what its agenda is.

So, in that light, do you see it necessary for the DPP to go through an even more significant and painful process of renewal? To moderate its demands to come closer to a different understanding of sovereignty? What is the likelihood of that actually happening?

And if that process were to fail, what would the implications for Taiwan's democracy, for cross-Strait rapprochement be? Thanks.

DR. LAI: The DPP-CCP dialogue -- I think that has happened, particularly in the last year, later half of last year -- that has gone to several degrees of intensity.

That is, we know that the DPP New Frontier Foundation, one of the deputy directors for the international affairs, he went over to Shanghai in November, along with another person, for some discussions. I'm not going to reveal what the content of the discussion because I don't know. But I, myself, also engaged in several contacts with not just scholars, but also with officials.

But unfortunately, some of the reports that we reported back and in Chinese public statements are demonstrating two very different things. That the possibility about the '92 Consensus, in which, when we look at it, the DPP's position has moderated to a certain degree, that even the DPP position on '92 Consensus that '92 really happened something, so we are willing to talk based on what the result in '92 negotiation.

But the second facts about the '92 Consensus is that the Chinese position, one-China principle is not publicly endorsed by the KMT. But also, KMT position about one-China different interpretation is also not accepted by China.

And the third point is that, about the facts, the '92 Consensus, from 1993 all the way to 1998, that despite the Chinese repeated refusal, and the denial, about the one-China different interpretation -- in 1998, both sides are still able to get going for the second Koo-Wang negotiation, the Koo-Wang Talks. And from the year 2000, all the way to the year 2008, with a pragmatism there, this under DPP's rule, that both are able to finalize the three links—first the mini-three links, and then to the air transportation links on the festivity charter flight and all those things.

So the issue is that on DPP's position, is that the non-acceptance about the so-called '92 Consensus is based on what is actually there. But the DPP was believing, when DPP was looking at the Hu Jintao's three opinions regarding the '92 Consensus, they found tremendous amount of similarity they actually can engage upon.

So those are the issues. Because I'm just taking this occasion to talk about one part of the examples about how the difference between both sides, in terms of the '92 Consensus.

But I think DPP, to a certain extent, misjudged about how the '92 Consensus -- and all those, particularly signify to Hu Jintao, himself. Because it seems that Hu Jintao, he is the one that personally takes these things as—and take the political risk within his party—to really going forward in order to -- in his management about the Taiwan issue. And rejecting this, sort of like put a public slap in his face, that Hu Jintao will never accept.

And I think that kind of the underestimate about how this personally means to Hu Jintao is somewhat a lesson that DPP needs to learn. But how would that mean to Xi Jinping and others? I think –

MS. WATSON: Dr. Lai –

MR. LAI: -- that would be the open things.

MS. WATSON: Thank you.

QUESTION: Thank you. Dong Huiyu, with China Review News Agency. My question is for Mr. Chu Shulong. And I remember you wrote an article in *Global Times* a couple years ago arguing that China doesn't need to focus too much on the U.S.-China relations, or take U.S.-China relations too seriously. And how would you view the U.S. factor in the further cross-Strait negotiations regarding the political and security issues?

And this question also for Ms. Bonnie. And you mentioned that the U.S. won't push developments of cross-Strait relations faster or slower. Do you think the U.S. would be really happy to see a closer cross-Strait tie? And also, what is the possibility of reaching a peace accord although the opportunity will be very small? What role the U.S. would play in this process? Thank you.

DR. CHU: My argument from then until today is, basically, you look at the national grand strategic plan will China argue, China become much more internal-oriented. I think that's the general trend in whole China. And that trend will be continued. I think that trend is good for Chinese foreign policy, foreign relations. But that does not mean U.S. relation is no longer important to China -- including Taiwan situation.

And should I say, in the past more than 10 years, including Bush, eight years, Obama near four years, U.S. has played a very, very positive, stabilizing role in cross-Taiwan Strait relations. I think the relative peace, stability, of cross-Taiwan Strait relations in recent years has a lot of contribution from the U.S. side.

MS. GLASER: Will the United States be happy to see improved cross-Strait relations? Absolutely. I think that has been quite clearly stated by this administration, and also by the George W. Bush administration.

Many people in China seem to not want to believe this. (Laughter.) I was listening to a CCTV interview with a Chinese scholar the other day, after the elections, and he predicted the United States is going to ensure that it slows down the progress in cross-Strait relations. I really think this is nonsense.

The United States has repeatedly said that what we care about is the process. We want differences solved peacefully, and without any coercion or an undue pressure by the mainland on Taiwan. It is the people on Taiwan that should have a say in the outcome.

I see absolutely no concerns that the U.S. has about improved cross-Strait relations. I don't think, privately or publicly, that we have conveyed any concerns to Ma Ying-jeou about his policies. But if anybody here from the U.S. government—there are several of you—want to disagree with that, feel free.

What is the U.S. role in a peace accord? I would say none, unless Taiwan and mainland China want the United States to play some role. I don't believe that you will see any active effort by the administration to encourage or discourage such talks. If that's something that Taiwan and the mainland agree that they want to talk about, I think we will certainly be supportive.

But I think that Taiwan probably would like the United States to play some role, for example, in a -- I've talked with people in Taiwan about confidence-building measures in the military sphere. And many people have said they would like the U.S. to play a role of guarantor.

Again, unless it's something that the mainland wants, I think that the United States would not do that—though it might be important for a third country, or several countries, to play that role. Thank you.

DR. WATSON: We have reached the end of our appointed time. I'd like to ask you to join me in giving this panel a round of applause. (Applause.) And let us turn it over to our conveners for any final comments.

MS. GLASER: Well, I just want to thank you all for coming. Very much appreciate the interest, and your questions, and your engagement on this issue. And we will continue to hold events in the future, and publish in the future.

We will have this event on our respective websites—both Brookings and CSIS—and we will also be posting, with the agreement of the speakers today, either the text of their presentations or the PowerPoints. Thank you very much.

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