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Session III: Cross-Strait Relations under President Ma

### **Cross-Taiwan Strait Relations after President Ma's Inauguration**

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*“In one year, we have transformed the Strait from a dangerous flashpoint to a conduit of peace and prosperity.”*

*– President Ma Ying-jeou –*

## **Introduction**

The decisive victories of the Kuomintang (KMT) in the two major elections in early 2008 were clear indications of Taiwan electorate’s expectations for a change of its China policy. The confrontation policy adopted by the previous Democratic Progressive Party (DPP) had not only caused deadlocks in the cross-Taiwan Strait relations but also frustrated the United States, the staunchest supporter of Taiwan. The general perception about the DPP government’s dealing with the two great powers taken by Taiwan people and the outside world was that Taiwan was undermining region’s security and peace, and at the same time, hurting its own economic interests and international standing.

For its part, China conveniently suspended all official talks between the two sides and took the advantage of its own rising power to marginalize Taiwan’s space internationally. The growing mistrust between Taipei and Beijing had caused the bilateral relations to develop a pattern of “zero-sum game” in which each tried to maximize its own interests at the expense of the other’s, and as a result, the Americans had to manage the security environment across the Strait effectively while engaging itself in conflicts in other regions.

President Ma Ying-jeou and his party were elected to fix the problems Taiwan had had with both its key ally and its potential rival. The expectations were high and the tasks handed over to the President were extremely challenging. The Ma administration had to resume the U.S. friendship with Taiwan and to seek rapprochement with China at the same time. President Ma first extended an olive branch with Beijing by initiating the peace process soon after his election. He has also tried to convince the Americans that his “surprise-free” policy would be in the best interests of the US. While making efforts in soothing relations with Beijing, Taipei has also reiterated the strategic importance of its relations and friendship with Washington.

In retrospect, the new approach of the Ma administration since its inauguration has received welcoming response from the Chinese and the Americans alike. Stewed up with the heightened tensions, China has responded to President Ma's reconciliatory policy with positive engagements, particularly in economic cooperation, and to a lesser extent, Taiwan's international space. Likewise, Washington has praised President Ma's leadership in Taiwan's new policy towards the Mainland that has largely reduced region's tensions. The U.S. has also welcomed the KMT's assurance of its continuing determination of defending its own security. With these and other achievements, the immediate future looks optimistic for Taiwan.

Yet, the long-term goals of the Ma administration require further efforts and patience of both Taiwan and the Mainland. To obtain a sustainable peace across the Taiwan Strait is a daunting task and any misjudgment and wrong decision may sabotage the vulnerable foundation of the mutual confidence that has been built up incrementally. Besides, there are some key domestic, bilateral, and international factors coexisting that both present opportunities for and pose threats to the Taiwan-Mainland relations. Therefore, there are still many challenges and obstacles ahead for President Ma to overcome before a firm foundation for perpetual peace between the two sides can be well established and a regional security safeguarded.

## **Short-Term Achievements**

The lack of mutual confidence and the deep-rooted confrontational interaction in the past have made any attempt to change extremely difficult. To start with, the Ma government has taken cautious but determined steps to improve the sour bilateral relations and to enhance exchange and cooperation. There were some short-term goals expected by Taiwan people for the government to achieve. Though there have already been some progresses in a rather short period of time, they are by no means easy to maintain.

### *Immediate Relief of Tensions*

The immediate problem the Ma administration had to solve after taking office was the chronic animosity between the sides of the Taiwan Strait. The stalemate of cross-Strait relations was not only present in the eight years under the DPP administration, but had actually existed in the past six decades. The long-standing deadlock could possibly be broken only after Ma Ying-jeou's inauguration.

President Ma first reiterated the "1992 Consensus" as the basis for further development of the bilateral relations with an aim at putting aside disputes that would stand in the way towards reconciliation. The KMT has long adhered to its own definition of the Consensus by emphasizing the *different* interpretations of the "one China principle", which is a major controversy not only between Taiwan and the Mainland but also within Taiwan, but Beijing has instead focused on both sides' agreement to the principle itself. With these disputes, the Consensus became a prerequisite for the resumption of the bilateral talks only because the denial of its existence by the previous DPP government had broken off the negotiations. The departure of the Chen administration, followed by the pragmatic approach taken by both sides to leave their differences aside, could have made the renewed talks likely.<sup>1</sup>

The value of the "1992 Consensus", only seriously appreciated after President Ma's inauguration, is that both the KMT and the CCP has taken advantage of its abstract concept for substantial issues. Both sides have been careful to avoid any obstacles standing in the way towards reconciliation. Soon after the 2008 presidential election in Taiwan, Chinese President Hu Jintao phoned his American counterpart highlighting the possibilities of renewing bilateral talks between Taipei and Beijing on the basis of the "1992 Consensus". Since then, the Chinese side has avoided to press Taiwan to clarify the definition of the concept through the negotiation process. For China, it may acquiesce in the current situation as long as its tolerance would not be interpreted as acceptance of "two Chinas" or "one China and one Taiwan". Further elaboration of the consensus would only bring the bilateral relations back to impasse and the opportunities of making real peace would be missed for many years to come.

Based upon the mutual understanding of seeking common ground while reserving difference, both sides have been able to conduct exchange of high-level visits and resume

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<sup>1</sup> Steven M. Goldstein, "China and Taiwan: Signs of Change in Cross-Strait Relations," *China Security*, Vol. 5, No. 1 (Winter 2009), pp. 65-70.

the dialogues on substantive issues. Their practical interactions have left plenty of room for creative ambiguity that may lay constructive foundations for future relations across the Strait. Only a year after President Ma's inauguration, the extended tensions across the Taiwan Strait have been largely reduced.

### *"Normal" Economic Relations*

In addition to the improving environment in the Taiwan Strait, the KMT government also has to convince the people that it is a capable player to handle the cross-Strait relations by bringing substantial benefits to Taiwan. Two aspects of interactions would be most conspicuous and their achievements would be seen as early signs of improving relations for the general public: One is economic ties and the other is early steps to Taiwan's international space, such as its participation in the World Health Assembly (WHA).

Economic slowdown in the past years was a key concern for Taiwan's voters to choose someone who was assumed to be more capable of leading the country to handle its economic problems. Though Taiwan had still enjoyed relatively mild economic growth during the DPP's government, Taiwan's electorate expressed widespread discontent with its economic performance which was chiefly attributed to the ignorance of China's rising economic power, and as a result, the lost opportunity for Taiwan to benefit from its geographical and cultural proximity to China. Therefore, the top priority of the Ma administration after the inauguration has been Taiwan's economic relations with the Mainland. President Ma has reiterated the importance of an incremental resumption of cross-Strait negotiations over the issues that would have broad cross-section implications for Taiwan's economy.

In terms of its economic relations, the bilateral talks have resumed, starting from transportation, tourism and mail. Taiwan has so far reached nine agreements with the other side, concerning trade enhancement, direct shipping and flights, postal, finance, crime control, and food safety that will greatly boost trade, investments, travel, tourism, and cultural exchange between Taiwan and the Mainland. There have been some substantial signs as a result of the improving bilateral relations. With the opening of the direct transportations and the lift of ban on tourism, the flow of Chinese tourists to visit Taiwan may increase to 3-4 million a year. What is equally important is that the bilateral

talks have involved Taiwanese and Chinese officials from a wide range of government departments and their counterparts in business and academic circles that have created networking relations, possibly making consultation and cooperation a pattern of behavior and providing “spillover effects” for other fields of policy.

The next step of negotiations over mutual economic relations will be the signing of the Economic Cooperation Framework Agreement (ECFA), a special version of free trade agreement (FTA) between the two sides of the Taiwan Strait.<sup>2</sup> Taiwan is cautious about the possible impact the regional economic cooperation, like the ASEAN+ framework, would have had on Taiwan’s competitiveness internationally. Taiwan would be a missing piece of the jigsaw puzzle in the regional cooperation in the form of a free trade area that would include all of the countries stretching from Australia and New Zealand through the ASEAN to India in matter of a few years. The KMT government is also enthusiastic about the signing of FTAs with its major trading partners, namely the US, Japan, Singapore and the European Union. The ECFA between Taipei and Beijing might facilitate and widen Taiwan’s participations in further bilateral and multilateral economic platforms. The Ma government actually sees the ECFA as a way to break out of its economic isolation and a part of its overall global economic strategy.<sup>3</sup>

China’s reaction to Taiwan’s aspiration for closer economic cooperation has been positive. In his six-point speech in the 2009 New Year Eve, President Hu Jintao indicated that the future economic relations between the two sides of the Strait may be linked with some economic cooperation mechanisms in the Asia-Pacific region, in response to Taiwan’s aspiration for its participation in regional economic organizations. The two sides have agreed to start the talks on the ECFA and hopefully may sign it soon, aiming at slashing remaining tariffs and other trade barriers, as well as furthering economic cooperation.

Along with the bilateral negotiations, China has also taken some unilateral move in order to appeal to the Taiwan people. Beijing has dispatched a series of “purchasing

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<sup>2</sup> ECFA was renamed by the government from Comprehensive Economic Cooperation Agreement (CECA) because the opposition criticized its similarity to Hong Kong and Macau’s Closer Economic Partnership Agreement (CEPA). Taiwan is extremely concerned about any reference of it to Hong Kong and Macau as the latter two are local governments of China.

<sup>3</sup> Rupert Hammond-Chambers, “Taiwan and China Make Strides: Can America Respond?” *Brookings Northeast Asia Commentary*, No. 27, See <[http://www.brookings.edu/openions/2009/03\\_taiwan\\_china\\_hammondchambers.aspx?p=1](http://www.brookings.edu/openions/2009/03_taiwan_china_hammondchambers.aspx?p=1)>.

missions” to Taiwan that could spend up to \$68 billion on the procurements of Taiwanese products. China has also considered how to make Taiwan benefit from its massive 4 trillion yuan (nearly \$600 billion) economic stimulus pack, particularly on infrastructure and social welfare. Moreover, China’s Taiwan Affairs Office (TAO) minister Wang Yi promised a package of ten measures to aid Taiwanese business, including 130 billion yuan in loans for Taiwan invested enterprises and the purchase of \$2 billion of flat panel displays from Taiwan manufactures. Also, Taiwan’s large infrastructure package under the title *i-Taiwan* 12 projects, valued US\$117 billion over eight years, requires tremendous amount of expertise and resources from abroad. The Mainland has expressed its interests in joining some of the projects. Chinese President Hu Jintao has publicly encouraged Chinese enterprises to invest in Taiwan. To pave the way for two-way investment, Taiwan lifted the ban on China’s direct investment in 100 sectors on the island in June 2009. This move was a major step forward for improved ties between the two sides. The Taiwan government is also aimed at attracting foreign investments due to the relieved cross-Strait relations.

From Beijing’s perspective, the global economic crisis presents an opportunity for China to win over Taiwan people’s goodwill.<sup>4</sup> Overall, economic cooperation between the two sides of the Strait not only offers a platform for prosperity both can share but also presents a great opportunity to reduce mutual tensions.

### *“Modus Vivendi” – Taiwan’s International Space*

Competition for diplomatic recognition has been a severe battlefield between the two sides of the Taiwan Strait to claim their exclusive representation. One of the most convenient tools to do this is the “check-book diplomacy” that is easily taken advantage of by some leaders of their diplomatic allies who blackmailed them for large amount of foreign aids that actually might end up with getting into personal pockets. Some countries were “shopping around” between Taipei and Beijing for financial aids in exchange of diplomatic recognition. For the sake of diplomatic relations, both sides of the Strait would yield themselves to the financial requests made by these leaders, and as a result, they failed to supervise how their international aid had been spent and how their international assistance projects had been implemented. There have been some reports of

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<sup>4</sup> David G. Brown, “China-Taiwan Relations: More Progress, Stronger Headwinds,” *Comparative Connections*, see <[http://www.csis.org/media/csis/pubs/0804qchina\\_taiwan.pdf](http://www.csis.org/media/csis/pubs/0804qchina_taiwan.pdf)>.

corruption and graft cases against these leaders.

Such accusations would particularly deal a blow to democracies like Taiwan humiliatingly. Not only had Taiwan taxpayers' money been wasted, but Taiwan's international image and dignity as a whole had also been tarnished. As a result, the "check-book diplomacy" did very little to broaden Taiwan's international space; on the contrary, it seriously compromised Taiwan's national interest. China played the same game as it had attempted to marginalize Taiwan's representation in international society. The relentless competition for a small number of diplomatic allies would have further destroyed any possibility to resume mutual trust between Taipei and Beijing.

Well aware of the fact that meaningless competition for diplomatic recognition could lead Taiwan nowhere, Ma Ying-jeou proposed the idea of "diplomatic truce" even before the presidential election campaign began. To avoid the "check-book diplomacy" to be repeated, he publicly stated that Taiwan's future international assistance, particularly to its diplomatic allies, under its leadership should have legitimate purposes, should be conducted through legal process, and should be implemented effectively. He also drew up five strategies concerning foreign aid, including eliminating extreme poverty and famine, enhancing development of human resources, defeating contagious diseases, promoting development of environmental sustainability, and reinforcing global development partnership.

President Ma's pragmatic approach to diplomacy has borne some fruit. There have been cases where some Latin American countries recognizing Taiwan have approached China for the possibilities of switching recognition, but only met with negative response. Reciprocally, Taiwan does not restrict its diplomatic allies to extend ties, other than formal relations, with Beijing in the hope that these countries could enjoy substantial benefits from this new approach while maintaining official ties with Taipei. This new diplomatic pragmatism is aimed at bringing all sides back to normal diplomatic track. Each side of the Taiwan Strait can continue its international assistance programs with the countries in need in order to enhance people's wellbeing, but not the politicians'. At the same time, each also has to tolerate the other's economic, trade and cultural cooperation with its diplomatic allies.<sup>5</sup>

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<sup>5</sup> *China Times*, Commentary, p. A25, 5 June 2009.



The reason why the diplomatic truce has been well observed, at least for the time being, is the tacit consent that both Taipei and Beijing would confine themselves from taking any move to shatter the unstable foundation of mutual trust, including winning over the other's diplomatic allies. The two sides have realized that the "zero-sum" diplomatic game should be averted and those candidate countries involving diplomatic switch may have to adapt their cross-Strait policies.

In addition to diplomatic recognitions, Taiwan's international participation has also seen some achievements. A few weeks after Taiwan's presidential election, the vice-president elect, Vincent Siew, met the Chinese president at an international occasion on the Chinese island of Hainan. Some months later, Taiwan's former vice-president, Lien Chan, was invited by Asia-Pacific Economic Cooperation (APEC) to attend its informal summit in Lima, Peru, and had a meeting with Hu Jintao. These bilateral meetings in the international context and new participations were seen by Taiwan as breakthroughs in its international space. In November 2008, Taiwan joined the Agency for International Trade Information and Cooperation (AITIC), an inter-governmental organization, as a "special customs territory" in its commonly accepted name "Chinese Taipei". In December the same year, Taipei adhered to the Government Procurement Agreement (GPA) under the World Trade Organization (WTO).

Yet, a serious test, seen by Taiwan and the international society, for China's sincerity to see Taiwan's wider international space was Taiwan's observer status in the World Health Assembly (WHA). A lack of progress in WHA participation might not only have caused disillusionment of the Taiwan people about China's intentions, but would also have dealt a serious blow to President Ma's governance. Therefore, the inclusion of Taiwan in the International Health Regulations (IHR), and more important, the invitation extended to Taiwan into the WHA have been successful cases of China's goodwill to Taiwan's aspiration for wider international participation, particularly at a time of the global alert of the communicable H1N1 influenza. The way Beijing has confined itself from publicizing the event by making it public known that Taiwan was only able to participate because of Beijing's consent was a clear indication that China was careful about Taiwan public's response to its benevolent gesture.

The Ma administration has seen China's positive response to its new diplomacy a necessity for further bilateral relations. It has been President Ma's rationale that once the

Taiwan side voluntarily initiated the reconciliatory approach by adhering to “1992 Consensus”, China has to show its readiness to be flexible on Taiwan’s demands for wider international space. President Hu Jintao talks about the “fair and reasonable” arrangements concerning Taiwan’s international participations based on pragmatic consultation between Taipei and Beijing. Concerning future arrangements of Taiwan’s international participation, both sides of the Strait have to be cautious in not putting them in a difficult situation where any talks over Taiwan’s international space would damage their bilateral relations. Beijing should sincerely understand and respect Taiwan people’s demands for international participation. Meanwhile, Taipei should refrain itself from publicizing any international organizations it intends to join before consulting and reaching consensus with all sides.

## **Long-term Goals**

Taiwan’s new reconciliatory and pragmatic approach towards the Mainland should be aimed not only at making short-term achievements that would appeal to the electorate but also at fulfilling its historic responsibilities in the long run.

### *Confidence-Building Measures (CBMs)*

The most important long-term goal of better relations across the Taiwan Strait is the pursuit of a sustainable peace. The first and foremost step towards peace is the reduction of mutual misunderstanding and fear by building up mutual confidence in a step-by-step way. Taiwan people would not consent to a situation where both sides enjoy a high degree of economic and cultural cooperation while Taiwan would be under constant military threat from the Mainland. To be sure, the overall likelihood of a military clash in the Taiwan Strait involving the Chinese, the Taiwanese, and the Americans may be greatly diminished, due to Taiwan’s reconciliatory policy towards the Mainland and the ameliorated bilateral ties between the two. However, Beijing has not yet removed its missile threat against Taiwan from its costal area. President Ma has repeatedly pointed to the reduction or even the eradication of China’s massive short- and medium-range ballistic missiles posed to Taiwan as the pre-condition for a perpetual solution to the security problem in the Taiwan Strait. During his election campaign and after his

inauguration, President Ma has reiterated that Taiwan is ready to negotiate a peace accord with Beijing only when Taiwan's security is not threatened by a possible missile attack from the other side.<sup>6</sup> Since Taiwan's new policy towards the Mainland has largely reduced the possibility of military conflict, China must respond reciprocally.

Yet, some observers like Admiral Timothy Keating, commander of the U.S. Pacific Command, have indicated that no big changes in terms of China's military deployments threatening Taiwan have occurred so far.<sup>7</sup> According to recent reports, there has been no sign indeed that China is ready to make any compromise in terms of military preparations, as China's deployment of missiles against Taiwan has steadily increased. However, based on the past painful experiences, Beijing must have perfectly realized that a heavy-handed exercise of its power is likely to be counter-productive. Its leadership should rebuff any internal call for such a coercive course to achieve its own objectives.<sup>8</sup>

To enhance the stability and security in the Taiwan Strait and actually to build a firm foundation for the amicable cross-Strait relations, both Taiwan and China should make further efforts in creating an environment that allows them to coexist without mutual fear and proposing declaratory reassurance that they do not intend to challenge fundamental interests and security of the other.<sup>9</sup> Both sides should pledge no use of force vis-à-vis each other and furthermore the establishment of confidence-building measures (CBMs) can lay the foundation for mutual trust and understanding. A "start-up" measure of the mutual trust building mechanism would be the establishment of reliable communications channels and joint rescue exercises.<sup>10</sup> The involvement of front-line military leadership between the two sides to meet and the establishment of a system of notification of military exercises may also be an important step. Extensive and direct participations by both militaries are essential for the confidence building. Transparency of defense budget, military strategy and doctrines, and military exercises and troop movements is also the

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<sup>6</sup> "Taiwan's Leader Outlines His Policy Toward China," *The New York Times*, June 19, 2009, see <<http://www.nytimes.com/2008/06/19/world/asia/19taiwan.html>>.

<sup>7</sup> *Asia Times*, 24 December 2008, see <<http://www.atimes.com/atimes/China/JL24Ad01.html>>.

<sup>8</sup> Richard C. Bush III and Alan Romberg, "Cross-Strait Moderation and the United States: A Response to Robert Sutter," *PacNet*, No. 17A, March 12, 2009, see <<http://csis.org/files/media/isis/pubs/pac0917a.pdf>>.

<sup>9</sup> Richard C. Bush III, "The Balancing Act across the Taiwan Strait: Reflections on the First Chiang-Chen Meeting," *Taipei Times*, June 19, 2008, see <<http://www.taipeitimes.com/News/editorials/archives/2008/06/19/2003415067>>.

<sup>10</sup> In fact, a joint search and rescue exercise in the waters between Xiamen and Jinmen was conducted in October 2008.

basis for further military cooperation. The importance of CBMs is that it serves as a foundation for the comprehensive peace process that would gradually have implications for other areas.

### *Peace Accord*

To obtain a perpetual peace across the Taiwan Strait requires the construction of a framework in which Taiwan and the Mainland could solve their problems with peaceful solutions while making military means entirely obsolete. A “peace accord” to be negotiated and decided by both parties could achieve such a goal. A peace accord should be designed to be a framework where all issues could be addressed and all problems discussed. However, the accord itself should not be seen as an ultimate solution to Taiwan’s status, like “peaceful re-unification”, because any ambition to discuss the final status of Taiwan, at least for the foreseeable future, will not be accepted by Taiwan’s public opinion.

Both Taipei and Beijing should respect the *status quo* and behave accordingly. China must observe the will of Taiwan people and cannot continue to turn a blind eye to the elected institutions of power in Taiwan. The democratization of Taiwan has been seen by the international community as a good example for emerging democracies. China should not ignore the legitimacy of Taiwan’s democracy and should therefore honor Taiwan people’s decision for their governance. Likewise, Taiwan needs to take care of China’s concerns about Taiwan’s moves towards *de jure* independence. Taiwan should also avoid taking any measures that would be treated by its allies and the Mainland as suspicion. Important steps towards the process of constructing the peace accord would include some public declarations. China could play down the military means as a resort to the solution of Taiwan issue and Taiwan could denounce *de jure* independence as a goal of political resolution to Taiwan’s final status.

The future peace accord between Taiwan and the Mainland should cover all the important fields of policy which are essential to the bilateral relations and which are highly interlinked. Also, this security framework should serve as platforms for these fields including a framework agreement on trade and economic cooperation, the status of both sides in the international community and confidence-building measures.

However, it remains to be seen how a future framework, if any, dealing with the political status of ties between the Mainland and Taiwan, such as “one China principle”, would be defined and actually be mutually accepted by both sides once all the “easy and concrete” issues have been resolved and political issues will be brought to the negotiating table. The Chinese leadership, whoever he or she would be, may face internal struggle if any political settlements, short of the goal of re-unification, will be proposed. However, any democratically-elected leadership in Taiwan will not be able to submit to China’s pressure for any proposal that would lead to eventual unification, without the prior consent of the Taiwan people. Therefore, Beijing has to be pragmatic to contemplate the consequences before taking any concrete steps towards the political settlements and to avoid touching upon disputed sovereignty, unless and until the conditions across the Taiwan Strait have entirely altered. As a matter of fact, President Hu Jintao has shown his pragmatic stance in his six points proposed in his speech of 31 December 2008 when he suggested both sides to conduct practical, exploratory discussions regarding the political relationship in the special circumstances *before* unification.

The prospect of a future peace accord seems to be on a rise since President Ma has decided to take over the chairmanship of the KMT, a move that has been seen by some observers as an attempt to further grasp over the party’s Mainland policy. The KMT-CCP dialogue has been institutionalized since its first meeting in 2005 between the leaderships of the two and continued to serve as a platform for the two sides to formulate and to influence decision-making after the inauguration of the Ma administration. However, in view of the closer ties between the two parties, there has been skepticism that the democratically-elected government may have been bypassed by the political party if the president is not directly involved in the party’s dealing with the Mainland. President Ma’s strengthened leadership within the KMT will enhance the party’s legitimacy in communicating with the Chinese and may also increase the effectiveness of the government’s handling of its China policy. As a result, those sensitive issues like the CBMs and the peace accord can now proceed in a more delicate and perhaps effective way.

### *Implications of Taiwan’s Democracy for China*

The most powerful weapon for Taiwan to deter China’s intention to solve Taiwan’s ultimate status in a unilateral way is its democratic system. Any attempt to change

Taiwan's legal status requires the vast majority of Taiwan people's consent which is extremely difficult to obtain. If China aspires to achieve the unification with the island, as it always does, it needs much more creative and innovative ways to convince people in Taiwan that unification deserves their considerations. Those coercive and involuntary methods used by Beijing would only alienate Taiwan people who truly believe in democracy. From this particularly perspective, Taiwan's democracy can not only build up its own consensus to deal with Beijing but also strengthen its defense vis-à-vis China.

On the other hand, Taiwan should not underestimate its capability in influencing people in the Mainland. When China is enjoying the unprecedented economic growth and global status, the Chinese people will start to contemplate seriously what would be the next step China should take, such as political reform. Taiwan's experiences in democratization, whether joyful or painful, can be shared with the Chinese as people in both sides share common culture, language, and history. There are no other places like Taiwan who can play a constructive role to provide Chinese with lessons on issues related to human rights, good governance, and democracy. Taiwan has successfully turned itself into a mature and stable democracy and a solid two-party political system by passing the ultimate test, seeing the second peaceful transfer of power as a result of the 2008 presidential election.<sup>11</sup> As a young and dynamic democracy, Taiwan's achievements of making itself as the most democratic place in the Chinese-speaking societies can offer China valuable experiences in combining democratic reforms with Chinese traditions and culture. As President Ma Ying-jeou states, Taiwan has the responsibility to make unparalleled contributions to the democratic development of all ethnic Chinese societies.<sup>12</sup> China's gradual steps towards democracy would be the best guarantee for the peace in the Taiwan Strait. A democratic and responsible China should therefore be a long-term strategy for the region where Taiwan can be a contributor.

## **Factors: Opportunities and Challenges Ahead**

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<sup>11</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991), pp. 266-267; and Kerry Brown, "Options for a Democratic Taiwan," Chatham House Briefing Paper, see <[http://www.chathamhouse.org.uk/files/13586\\_bp0309taiwan.pdf](http://www.chathamhouse.org.uk/files/13586_bp0309taiwan.pdf)>.

<sup>12</sup> President Ma Ying-jeou's inauguration speech, 20 May 2008. See <<http://www.mac.gov.tw/english/english/macpolicy/ma970520e.htm>>.

Whether the Ma administration could achieve its long-term goals depends upon various factors involving Taiwan's domestic situations, cross-Strait encounter, and international response. These factors can both present opportunities for and pose threats to the security in the Taiwan Strait and beyond.

### *China's Uncertainties in Taiwan Policy*

Chinese President Hu Jintao's six-point speech reflects the flexible stance the leadership in Beijing attempts to demonstrate not only to the outside world but actually to his own party.<sup>13</sup> Hu broadened the possibilities in the bilateral relationship by proposing the promotion of economic ties between the two and considering Taiwan's "reasonable" participation in international organizations through negotiations. Chinese leadership now seems to come to realize what actions they take could appeal to or alienate Taiwan people as democratization and demographic changes have reconstituted their preference in Taiwan's relations with the Mainland.

Some minor, though important, steps taken by the Chinese sides can also demonstrate China's flexibility towards Taiwan. After Taiwan's general public showed their anger over the Chinese tainted milk scandal in 2008, the Association for Relations across the Taiwan Strait (ARATS) sent its Taiwanese counterpart, Straits Exchange Foundation (SEF), a letter apologizing for the impacts of the scandal on Taiwan, while acknowledging that its government did not make a similar apology to its own people. In a following ARATS-SEF meeting, the Chinese side strikingly yielded to Taiwan's pressure to reach a deal on cooperation of food safety which actually had not been included in the negotiating list proposed before the talk.

On the other hand, China may be concerned about the possibilities that further concessions conceded to Taiwan may be followed by more requests for wider memberships that China is not prepared to give in. Also, a future DPP government can be China's headache if it would take advantage of Taiwan's enhanced participation and status in international arena to promote its own independence agenda. However, any of China's setbacks from flexibility and adaptability would only serve to enlarge the gap

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<sup>13</sup> According to my interview with a scholar at a Beijing think tank, the Chinese leader's thinking towards Taiwan is 'well ahead of' many people in the party who still believe that Beijing has to be cautious before giving any concession to Taiwan. As a result, people in the party have to learn what their leader has said about Taiwan.

between the two sides by inviting resentment of the Taiwan people. President Ma has offered an olive branch to China in the first place, but it would be unrealistic to count on Taiwan to act alone to rebuild mutual trust between the two sides. China should make more concessions concerning cross-Strait relations, a necessary move for revival of political dialogue between the two.

### *China's Military Modernization*

China's formidable military modernization and its focus on Taiwan are serious obstacles towards security and peace across the Taiwan Strait. It has not yet slowed down the military modernization project, nor has it reduced the growth of its defense spending. One of the key reasons why China has implemented its military modernization projects in the past decade or so was to deter any of Taiwan's preparations for a permanent separation from the Mainland and any possibility that the U.S. would come to the rescue of Taiwan. Over time, China's military modernization has been aimed not only at the increase of its military capability vis-à-vis Taiwan's alone, but also at reinforcing its political weight internationally in order to obtain recognition for its great power status and to be treated as such. With its relentless efforts in the military modernization, China has been able to shift the military balance across the Taiwan Strait in its favor. To make things worse, the American effort to assist Taiwan in the event of a crisis might be defeated by the Chinese.<sup>14</sup> With China's increasingly formidable military threat at the doorstep, the Taiwan public will not be relaxed from the improved relations and a long-term security still looks remote. The stark contrast between mutual economic developments across the Strait on the one hand and China's military preparations on the other would discourage Taiwan people from believing Beijing's sincerity in rapprochement. Beijing now has to show its appreciation for Taiwan's reconciliatory Mainland policy by adjusting its military modernization in one way or the other. The question remains whether China would be willing to reach out with Taiwan by leveling down its military threat.

As a matter of fact, China's modernization program has moved its military capability far beyond the Taiwan issue. The Mainland has already gained capability of

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<sup>14</sup> Roger Cliff and David Shlapak, "US-China Relations after Resolution of Taiwan's Status," RAND Project Air Force, 2007, see <[http://www.rand.org/pubs/monographs/2007/RAND\\_MG567.pdf](http://www.rand.org/pubs/monographs/2007/RAND_MG567.pdf)>.



sustained operations at great distances into some denied areas.<sup>15</sup> While it is widely believed that China is not going to stop its military modernization at a time of its rapid rise to prominence, a more difficult question is whether China would be able to draw a clear line between continuing military modernization which Beijing believes fits into its rising global role and reducing military threat to Taiwan which is a cornerstone for region's security and peace. The People's Liberation Army (PLA) has acquired military systems that have multiple uses, including surface ships, submarines, fourth-generation aircraft, and cyber-warfare.<sup>16</sup> What has drawn more attention from the outside world is China's determination to build its indigenous aircraft carriers as soon as in the next few years. The question is why China bothers in implementing such grand projects that need astronomical sums of money and time. From Beijing's perspective, aircraft carriers are highly symbolic when China is rising to its global preeminence. China has argued that no other major powers in the world have no aircraft carriers.

China is also troubled in territorial disputes, particularly in the South China Sea, with its neighboring countries. China has built a strategic nuclear submarines base in Hainan Island and the future aircraft carriers may be important for China's claim over the disputed waters and its assertive power far beyond. China is highly concerned about the protection of the sea lanes from the South China Sea through the Strait of Malacca and up to the Indian Ocean.<sup>17</sup> China's recent deployment of a group of warships, armed with special forces, missiles, and helicopters, off to Somalia was its first active naval operation outside the country's territorial waters since the 15th century. China's move to become a capable maritime power has caused many countries around and beyond to be wary about the possible impacts on their own security.

Nevertheless, the introduction of China's aircraft carriers may not significantly affect the military balance across the Taiwan Strait. On the contrary, China's carriers to be used against Taiwan would easily be a target for the U.S. forces as they are vulnerable to precision guided missiles, submarines, and mines. To make the U.S. intervention less attainable, the access denial strategy vis-à-vis Taiwan currently employed by the PLA is much more useful. Moreover, the reinforcement of Taiwan's deployment of submarines

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<sup>15</sup> "Quadrennial Defense Review Report," 6 February 2006, see <<http://www.defenselink.mil/qdr/report/Report20060203.pdf>>.

<sup>16</sup> Richard C. Bush III, "Cross-Strait Relations Improve: China Still Deploys Missiles," *China Times*, June 27, 2009, see <[http://www.brookings.edu/opinions/2009/0627\\_cross\\_strait\\_relations\\_bush.aspx](http://www.brookings.edu/opinions/2009/0627_cross_strait_relations_bush.aspx)>.

<sup>17</sup> Tetsuo Kotani, "Chinese Aircraft Carriers? Let Them Have Them," *PacNet*, No. 32, May 4, 2009, see <<http://csis.org/files/media/isis/pubs/pac0932.pdf>>.

can provide an effective deterrent capability against China's aircraft carriers in the event of such attacks.

In addition to the reduction of its threat to Taiwan while developing modern military capabilities, China has another mission to fulfill. Beijing has to convince the outside world that its military modernization would not pose any threat to others and would be in the interest of all. One way to demonstrate China's benignity in its military projects is its expanding role in multilateral security arrangements like peacekeeping missions.<sup>18</sup> Beijing has increased its presence in these missions in the past decade or so. China has dramatically multiplied its role in peacekeeping by providing more troops, police, and observers than three other permanent members of the UN Security Council – the U.S., the UK, and Russia and is now the world's 14th largest contributor to UN-led operations. China's active role in world's peacekeeping is aimed at convincing others that it works very hard to be a responsible and peaceful great power.

Yet, its increasingly important role as a peacekeeper is facing some constraints given its insistence on the intolerable principles of sovereignty and non-intervention. China has to compromise its stance on these principles in order to further expand its role in non-conventional missions. What China should do more is to make greater contribution to non-combat military operations, such as disaster response, humanitarian relief, crisis management, and counter-piracy, in a way to reform its military doctrine and culture in accordance with what modern military actually means.

### *The U.S. Factor*

The U.S. has long been the chief stabilizer in security in East Asia. Its continuing predominance is the key to peace across the Taiwan Strait. The Ma administration has taken Taiwan's relations with the U.S. very seriously. President Ma has reiterated the importance of improving the bilateral ties which had soured terribly since the previous government's external relations were seen as irresponsible. What the current government attempts to do is to avoid repeated erratic behavior of constantly surprising and eventually alienating Washington. Moreover, President Ma has emphasized the necessity of enhancing communications between Taiwan and the U.S. Taipei has also assured

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<sup>18</sup> Bates Gill and Chin-Hao Huang, "China's Expanding Role in Peacekeeping," *PacNet*, No. 7, February 2, 2009, see <<http://csis.org/files/media/isis/pubs/pac0907.pdf>>.

Washington that its rapprochement with Beijing will not sacrifice the U.S.-Taiwan strategic relationship. The KMT government has strived to make the U.S. resume confidence on Taiwan by improving its relations with the Mainland.

To assure Washington his determination to Taiwan's defense, President Ma has vowed that the KMT government would continue the country's defense investment with reasonable arms procurements. He states that "while our minds are focused on working for peace, we cannot believe ignorantly that this is a planet free from war." He also pledges that his government will strengthen Taiwan's defense capability by setting the gradual increase of the defense budget to 3% of its gross domestic product (GDP) in the future.<sup>19</sup> Taiwan's security has long been dependent upon the U.S. continuing and strenuous support. The U.S. military cooperation with Taiwan and its arms sales have guaranteed the stability and security of the Taiwan Strait.

Now the U.S. can at least expect nothing surprising from Ma Ying-jeou, given his repeated statements on cross-strait rapprochement and his avowed goal to rebuild mutual trust with Washington.<sup>20</sup> Since the current administration of Taiwan has presented itself as a responsible player in the region, the U.S. should continue to help Taiwan develop credible deterrent capabilities to prevent any irresponsible outside aggression. For its part, Taiwan should consult with Washington on managing the bilateral relations across the Strait in order to secure the U.S. backing of its dealings with Beijing.

From Beijing's perspective, however, the continuing U.S. engagement with Taiwan by providing it with advanced weaponry systems remain the most serious obstacle in U.S.-China bilateral relations as the U.S. arms sales have been seen as a threat to undermine China's sovereignty and national interests. Beijing suspended high-level and working-level military contacts with Washington in October 2008 in protest to the U.S. arms sales package to Taiwan valued at \$6.5 billion.<sup>21</sup> The PLA charged the U.S. for endangering China's national security, obstructing military exchanges, and sabotaging the

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<sup>19</sup> President Ma Ying-jeou's speech at the 50th anniversary of the Kinmen crisis, 24 August 2008. See <[http://www.president.gov.tw/php-bin/prez/shownews.php4?\\_section=3&\\_recNo=29](http://www.president.gov.tw/php-bin/prez/shownews.php4?_section=3&_recNo=29)>.

<sup>20</sup> Robert G. Sutter, "Cross-Strait Moderation and the United States: Policy Adjustments Needed," PacNet No. 17, Pacific Forum CSIS, 5 March 2009. See <<http://www.csis.org/media/csis/pubs/pac0917.pdf>>.

<sup>21</sup> The arms package included *Patriot PAC-III* anti-ballistic missiles, a retrofit for *E-2T* anti-submarine aircraft, *Apache* helicopters, *Harpoon* anti-ship missiles, *Javelin* anti-vehicle missiles, and spare parts for *F-5* and *F-16* aircraft. Yet, funds for design work for diesel submarines, *Blackhawk* helicopters, and additional *Patriot PAC-III* missiles were omitted.

bilateral relations. The Chinese have therefore constantly urged the U.S. to stop upgrading substantive military cooperation with Taiwan, particularly the arms sales.

However, China has to realize that the arms procurement issue is a problem created by China itself when the potential military conformation is actually caused by the continuing China's military modernization and its threat to Taiwan. Beijing should recognize that the U.S. military cooperation with Taiwan, including the arms sales, meet Taiwan's security needs and guarantee the stability of the Taiwan Strait, as long as Taiwan continues to stick to its defensive position.

More importantly, Beijing has to be pragmatic about American role in Taiwan-China relations, and actually in Taiwan's position vis-à-vis China. The U.S. factor will not be eliminated from the peace process of the two sides of the Taiwan Strait, particularly from Taiwan's perspective. The U.S. firm support for Taiwan's democratization and security is an indispensable factor of President Ma's confidence in making progress with China. With continued U.S. assistance, President Ma's move to an integrated and modern military structure, including an all volunteer force, will help strengthen, not weaken, Taiwan's position in its negotiations with China. On the other hand, the U.S. presumably will not intervene in the bilateral talks between Taipei and Beijing, but whenever the developments of the cross-Strait relations are posed to threaten American interests, such as its dominant position in regional security, the U.S. will be not hesitant to step in. During the negotiations with the Chinese Mainland, Taiwan should take American interests and concerns into seriously consideration.

A positive and cooperative US-China relationship is crucial for world's peace and interests and is in Taiwan's interest. Taiwan looks forward to the shared responsibilities by the two great powers at a time when the region and the world as a whole are facing fierce economic, security and other forms of challenges, including global warming and pandemic diseases. The U.S. and China were upbeat about their bilateral ties when an initially difficult relationship had largely improved over the Bush administration. They conducted extensive dialogue on strategic and economic issues, increased cooperation on regional security, and broadened the mutual contacts at wide-range levels. The strengthened bilateral relations between the two great powers during the Bush administration had paved the way for a constructive environment for his successor.<sup>22</sup> The

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<sup>22</sup> Bonnie Glaser, "U.S.-China Relations: Ties Solid for Transition, but Challenges Lurk," *Comparative*

Obama administration has constantly pointed to the U.S.-China relations as its priority of foreign policy. For instance, on the sidelines of the G20 meeting in London early April 2009, President Obama pledged to build a constructive strategic partnership with China.

The U.S. Secretary of State Hillary Clinton also stated in a speech before her first official visit to Beijing that the U.S. and China are in the same boat while the whole world is facing a storm.<sup>23</sup> A new high-level dialogue mechanism called “U.S.-China Strategic and Economic Dialogue” has been created and cooperation in a wide range of policies has been strengthened in recognition of China’s increasingly important position regionally and globally. Washington has not only called upon Beijing to share more responsibilities in solutions to the global financial crisis, it has actually sought for closer cooperation of China on North Korea’s nuclear and missile tests, instabilities in Afghanistan and Pakistan, Iran’s nuclear program, international terrorism, arms control and disarmament, and proliferation of weapons of mass destruction.<sup>24</sup> Obama government’s pragmatic and comprehensive engagement policy with China can well equip the U.S. with powerful leverage to influence the Chinese leadership to behave responsibly in a rapidly changing international order.

However, uncertainties remain in the bilateral relations between the U.S. and China. Though the current American administration is reconciliatory and pragmatic, Washington is still highly skeptical about China’s intention of developing its military. The U.S. has particularly been concerned about the lack of transparency in China’s military programs. Pentagon’s annual reports on Chinese military power have constantly pointed out that China’s emergence as a global military power poses serious threat to U.S. interest and predominance. The Department of Defense has been alerted by China’s investment in “disruptive” military technologies designed for nuclear, space, and cyber warfare that would have serious impacts on military balances in the region and beyond. Washington has also noted that the long-range projection capabilities developed by the PLA has reinforced China’s claims to disputed territories.<sup>25</sup>

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*Connections*, Vol. 10, No. 4, January 15, 2009, see <  
[http://csis.org/files/media/isis/pubs/0804qus\\_china.pdf](http://csis.org/files/media/isis/pubs/0804qus_china.pdf) >.

<sup>23</sup> Secretary of State Hillary Clinton, Speech at the Asia Society, “U.S.-Asia Relations: Indispensable to Our Future,” 13 February 2009, see <<http://www.state.gov/secretary/rm/2009a/02/117333.htm> >.

<sup>24</sup> Bonnie Glaser, “U.S.-China Relations: A Good Beginning is Half Way to Success,” *Comparative Connections*, see <[http://csis.org/files/media/isis/pubs/0901qus\\_china.pdf](http://csis.org/files/media/isis/pubs/0901qus_china.pdf)>.

<sup>25</sup> The U.S. Department of Defense, “Military Power of the People’s Republic of China 2009,” March 25, 2009, see <[http://www.defenselink.mil/pubs/pdfs/China\\_Military\\_Power\\_Report\\_2009.pdf](http://www.defenselink.mil/pubs/pdfs/China_Military_Power_Report_2009.pdf)>.

The recent naval confrontations involving the U.S. and Chinese vessels serve a reminder of the strategic mistrust between the two great powers. In March 2009, some Chinese warships aggressively maneuvered in close proximity to an ocean surveillance ship, according to the American side. Other incidents involved Chinese coastguard vessels and maritime aircraft scrutinizing U.S. military activities in very dangerously proximity. Beijing accused the U.S. for the violations of international law by conducting surveillance activities and intelligence collection in China's waters.

Strategic mutual mistrust has been a main obstacle towards further cooperation between the U.S. and China. The reconciliatory and pragmatic foreign policy taken by the Obama administration has changed the U.S. image around the globe and also offered a good opportunity to reformulate the U.S.-China relations. However, the efforts in enhancing mutual trust still needs further thrust from both sides in order to adapt China's rise in the context of U.S. predominance in the region which serves the best interest for all sides.

### *Taiwan's Multiple Public Opinions*

The Ma administration has not only faced complicated factors in its China policy from without, but domestic situation has also had serious impacts. Although the main opposition DPP has only a weak minority in the Legislative Yuan, but this does not prevent the party from looking for ways to make its voice heard. For instance, the visit of ARATS chairman Chen Yunlin in November 2008, supposed to be a historic event as he was the highest-level official visiting Taiwan in the last 60 years,<sup>26</sup> actually sparked widespread protests organized by the DPP who was concerned about the sovereign implications derived from closer cross-Strait ties. Another incident occurred when one ARATS vice chairman Zhang Mingqing, while visiting southern Taiwan in late October 2008, was confronted and roughed up by DPP's activists.

However, the conflict has existed not only between the two major political parties, but also within the DPP itself. A visit of Chen Chu, Kaohsiung mayor and a leading stalwart of pro-independence movement, to China has caused fierce debates among key

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<sup>26</sup> A similar visit was arranged in 1999 when former ARATS chairman Wang Daohan planned a visit to Taipei but Beijing canceled it because of Lee Teng-hui's statement of "state-to-state special relationship" between the two sides of the Taiwan Strait.

DPP politicians about the party's policy towards the rising economic and political global power of China and about Taiwan's relations with it. Kaohsiung is the host city for the World Games, an alternative to the Olympics, in July 2009 and Mayor Chen has hoped that the event could lead to tourism growth when the city has been hit hard by the global economic downturn. Tourists from China will be crucial for this sporting event in Kaohsiung as the Chinese government has actively encouraged its citizens to visit Taiwan in a large number since both sides have reconciled their differences. The fact that prominent pro-independence political figures, like Chen Chu and others, within the DPP call for pragmatic approach towards China shows that the DPP needs a full revision of its hard-line China policy.

What the Ma administration has strived to do is to minimize the negative public opinion about Taiwan's policy towards the Mainland and to avoid China's attempt to take the advantage of mutual economic cooperation to compromise Taiwan's sovereignty. The great divide between the two rival political camps in Taiwan has actually posed a major obstacle towards any sensible policy in dealing with China. The DPP's harsh stance against the PRC is shared by some people in Taiwan who worry that the KMT may make unnecessary concessions to China in a way that would erode Taiwan's *de facto* independence. Ma Ying-jeou has pledged that his administration will not negotiate with Beijing on issues that will lead to future unification. What the government can do more to boost the government's legitimacy in negotiating with China is to reach across domestic party lines in forming a broad consensus in Taiwan. The search for domestic unity is an indispensable duty for the new administration. There is a need for political rapport between the two domestic rival parties as much as rapport between the two sides of the Taiwan Strait.

## Conclusion

The two sides of the Taiwan Strait are off to a good start after President Ma's inauguration and the world is witnessing a dramatic change in the Strait, transforming itself from a troubled water to a highly interactive and interdependent place. Peoples on both sides have seen some initial progresses in their relations resulting from the intensive, though gradual, dialogue on substantive issues. The long-standing heightened tensions

across the Strait have therefore been relaxed and foundations for mutual trust have been accumulated.

Yet, the process towards a perpetual peace is complicated and uncertain and needs high degree of mutual cooperation and patience. Taiwan and the Mainland have long been in conflict, and as a result, the peace process should be based on incremental engagement, expanding from the economic field through international space to security and political arenas, in order to build mutual trust between them. The long-term goals should be aimed at a sustainable peace and shared prosperity from which all players concerned can benefit. The confidence-building measures will be essential for the dramatic reduction of strategic mistrust and serve as the foundation for a permanent framework in which military means would be excluded and both sides could solve their problems in a peaceful and rational manner. Meanwhile, Taiwan people should not shy away from sharing with their counterparts in the Mainland their experiences and achievements of democratization, human rights, good governance, and civil society that would help China reform itself and become a modern, benign, and democratic great power.

Before obtaining any success of the long-term goals, the Ma administration has to face various challenges in highly dynamic domestic and international environments. The government should bridge the gap in terms of Taiwan's polarized public opinion towards the Mainland and try strenuously to reach the internal common ground. Regular elections may serve to present the mainstream public opinion at the time, but an elected government is also constantly required to answer the concerns expressed by the oppositions. In addition to its own problem, Taiwan also has to realistically pay attention to China's domestic situations. The Chinese leadership will face tremendous problems, such as political transition, social unrests, economic slowdown, poor human rights records, and separatist movements. China will encounter serious challenges and uncertainties on its way to becoming a genuine great power.

Yet, the most crucial factor for a sustainable peace is the continuing U.S. dominance in East Asia, economically, politically, and militarily. While removing obstacles towards peace by itself, Taiwan needs U.S. support for its security, wider international participation, and cross-Strait relations. A democratic and prosperous Taiwan is highly dependent upon American engagement in the area in preventing crisis, promoting peace,



and containing others from threatening U.S. superiority. It will be equally important that China and the U.S. should avoid a volcanic power struggle and cooperate closely and constructively in an emerging G2 international order. A rise of assertive and nationalistic China is a serious threat to Taiwan's security and U.S. dominance.<sup>27</sup> A responsible China embedded in a civil society-centred, open, integrated, and rule-based international order will contribute to region's peace and prosperity.<sup>28</sup> The Ma administration has to fulfil the obligations Taiwan is entitled to bear and the U.S. should continue its indispensable mandate of regional and global leadership.

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<sup>27</sup> For a comprehensive analysis of China's nationalism and its implications for Taiwan, see Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington, DC: Brookings Institution Press, 2005), pp. 142-148.

<sup>28</sup> G. John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?" *Foreign Affairs*, Vol. 87, No. 1 (January/February 2008), pp. 23-37.