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China Faces the Future

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Keynote Address

The Current Stage of Cross-Strait Relations and the ROC Government's Mainland China Policy

Remarks as prepared for delivery

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Director Bush, Dr. Cheng, Distinguished Participants, Ladies and Gentlemen:

I am greatly honored to be invited to attend today's 38th Taiwan-US Conference on Contemporary China, jointly hosted by the Center for Northeast Asian Policy Studies of the Brookings Institution and the Institute of International Relations of National Chengchi University.

This past year has brought unprecedented change in cross-strait relations. This change has profound and far-reaching implications for Taiwan and mainland China, as well as for the Asia-Pacific region. It also imbues this conference with special significance. My talks today address the current state of cross-strait relations and the ROC government's cross-strait policy, a subject that is of high concern to many of you.

The Significance of Taiwan Values for Cross-Strait Relations

In his speech at AIT-hosted banquet to celebrate the 200th anniversary of Abraham Lincoln's birth in February this year, President Ma Ying-jeou remarked that America's arduous defense of freedom and democracy amidst division and strife in the history has enormously inspired a newly established democracy like the Republic of China on Taiwan. He emphasized that, as America's experience has shown, we must seek consensus and build institutions in a spirit of tolerance and conciliation, as the only true way to establish a national identity. While praising President Lincoln's contribution to America's tradition of freedom and democracy, President Ma also expressed the fullest of his pride and confidence in the successful establishment of Taiwan's democratic system.

The Republic of China is a very young democracy. Taiwanese people enjoy an atmosphere of freedom that is unfettered by politics. Political parties with different stances can compete under the same set of rules to decide who is to be in charge of the political power. In less than a decade, Taiwan has experienced two peaceful transitions of power. Our experience serves as a successful model of democratization in Asia, which is a testament to the values of freedom and democracy.

In the "*Freedom in the World*" report issued by New York-based Freedom House in 2009, Taiwan is given a top-notch rating for the state of its democratization. Former President Bush has also praised Taiwan as a beacon of democracy to Asia and the world. Taiwan's democratic achievements reflect the core values of international league of democracies. Moreover, in the process of improving cross-strait relations, it enables the mainland to gain a deeper understanding of Taiwan's democratic pluralism, thereby may help catalyze the mainland's potential democratic development. I personally believe that a mainland China gradually coming to recognize the values of freedom and democracy will generate more active and positive driving force for elevating peace and well-being both regionally and globally.

New Thinking on Cross-Strait Relations under New Conditions

It goes without saying that cross-strait relations are the lifeline of Taiwan's survival and development. They are also vitally connected to prosperity and stability in the Asia-Pacific region. During the DPP administration, the conflict and hostility in cross-strait relations not only imperiled Taiwan's economy with marginalization, but also posed a major threat to the collective security of the Asia-Pacific region.

The outcome of the presidential election in March last year, was a vote by Taiwanese people for a second transfer of political power, and also fundamentally changed the cross-strait situation. In his inaugural address, President Ma expressed the hope that the two sides of the Taiwan Strait would be able to grasp the present historic opportunity to open a new chapter of peace and co-prosperity in cross-strait relations. He emphasized that the principle of "facing reality, pioneering a new future, shelving controversies, and pursuing a win-win solution," would be the key to seek a balance point in the common interests of the two sides.

On this basis, over the past year, Taiwan has taken up a brand-new approach, vigorously pursuing improvement and breakthroughs in cross-strait relations under a globalization framework:

- In the international community, particularly in the protection of regional collective security, Taiwan has taken up a constructive role as "peacemaker" and "responsible stakeholder," and is no longer a "troublemaker."
- In cross-strait relations, Taiwan adheres to advocacy of "no unification, no independence, and no use of force," to maintaining the cross-strait status quo, and thereby to preserving peace in the Taiwan Strait and stabilizing cross-strait relations.
- In the foreign relations sphere, the new administration has unveiled a strategy of "flexible diplomacy" and adopted a "diplomatic truce," as means to substantially alleviate malignant competition and senseless internal friction between the two sides of the Strait in the diplomatic arena, and instead allow Taiwan to concentrate on strengthening ties with friendly countries and expanding participation in international organizations, so that it can play a greater role in the international community.

Strategy and Steps toward Building a Win-Win Cross-Strait Relationship

Pursuing cross-strait peace and development is Taiwan's forward-looking and pragmatic strategy for facing up to mainland China's rise and creating a win-win situation for both sides. A peaceful external environment will enable Taiwan to secure its free and democratic political system, and optimize its beacon effect to catalyze the mainland's

potential democratic development. At the same time, Taiwan can also take advantage of the mainland's economic rise, to create an environment favorable to the global deployment of business enterprise, to raise our international competitiveness and achieve our goal of national sustainable development.

We believe that the opening of cross-strait consultation and dialogue is the key to our objectives. The past impasse in cross-strait relations was mainly due to each side's preoccupation with the sovereignty dispute. Because of this, we maintain insistence on the ROC's status and Taiwan's dignity in domestic and international contexts, and seek to make this the basis for pursuing cross-strait reconciliation. In our handling of cross-strait relations, we are strongly advocating that both sides put aside political controversies, and pursue cross-strait negotiations on the basis of mutual non-denial. This will enable us to step up exchanges in the economic, cultural and social spheres, to pragmatically handle and solve the various problems emanating from cross-strait contacts, and to gradually build up mutual trust. In our estimation, this is the right and best approach for promoting benign cross-strait interaction and advancing the normalization of cross-strait relations.

“Putting Taiwan First for the Benefit of the People” in Cross-Strait Talks

From start to finish, the ROC government's engagement in cross-strait talks adheres to the highest principle of “putting Taiwan first for the benefit of the people.” We have never made any concession in our insistence that all talks be conducted on a basis of equality and with due respect for our national dignity.

As to the sequencing of the cross-strait negotiation agenda, we are adopting the three-prioritizations strategy of addressing the easy ahead of the difficult, the urgent ahead of the non-urgent, and the economic ahead of the political, with the normalization of cross-strait economic and trade relations and the maintenance of law and order in cross-strait contacts as our primary considerations in the prioritization of issues.

After the new administration took office, the SEF-ARATS channel for institutionalized cross-strait talks was speedily restored and secured, and three rounds of “Chiang-Chen talks” successfully staged within a year. The three rounds of talks, involving all-out endeavor aimed mainly at advancing the normalization of cross-strait economic and trade relations, resulted in the signing of nine agreements with the mainland – on mainland tourists visiting Taiwan, weekend charter flights, cross-strait air and sea transport, postal services, food safety, scheduling of regular flights, financial services, and joint crime-fighting and judicial mutual assistance – as well as the achievement of an important consensus on mainland investment in Taiwan. These significant achievements have laid firm foundations for advancing the normalization of cross-strait economic and trade relations and establishing a sound state of law and order in cross-strait contacts.

Subsequent Negotiations will be Targeted at Normalizing Cross-Strait Economic and Trade Relations across the Board

Economic and trade relations are the most important facet of cross-strait relations. They also encompass the issues of cross-strait interaction that have the greatest bearing on our people's interests and the smallest element of controversy. Therefore, for the foreseeable future, cross-strait talks will continue to center on economic and trade issues, with sights set on bringing about the comprehensive normalization of cross-strait economic and trade relations.

At the third round of Chiang-Chen talks, the two sides reached preliminary consensus on the shaping of the agenda for the next round of talks. The issues at the top of the list include cooperation in fishery labor affairs, agricultural product inspection and quarantine, cooperation on industry standards testing and certification, avoidance of double taxation, and – with particular importance for our businesses operating in the mainland – an investment protection agreement, IPR protection, a mechanism for resolving economic and trade disputes, and facilitation of merchandise customs clearance.

Furthermore, in preparation for a step that has drawn a lot of attention in Taiwan and internationally – the negotiation and signing of an Economic Cooperation Framework Agreement, or ECFA – the two sides have also come to concurrence that each will first undertake pertinent studies and preparatory work, to facilitate communication on the technical side, so that once the two sides have established a certain consensus on the content of the agreement, it can be formally incorporated into the cross-strait negotiating agenda.

Taiwan's intent to negotiate and sign an ECFA with the mainland is due to the current trend of fast-moving East Asian economic integration, and is based on the need to ensure a fair footing to compete in export markets and avoid being economically marginalized. An ECFA is not at all like an ordinary FTA, and will not solve every problem at one stroke; but it will furnish the means for gradually building a set of rules for normalizing cross-strait economic and trade relations, and can be spoken of as a roadmap for the normalization of cross-strait economy and trade.

Here, also, I would like to especially emphasize that the ECFA is purely concerned with matters of cross-strait economic and trade activity. It does not touch on sovereignty or political issues. Nor will it make Taiwan's economy more dependent on markets in mainland China. On the contrary, Taiwan's signing of an ECFA with the mainland should prompt the governments of many of our trade partners to actively consider negotiating FTAs with Taiwan. It will enable Taiwan to participate in regional economic integration, and strengthen our alignment with global markets.

I believe that the ECFA is a key step for Taiwan's return to the world economic stage, and will be supported by the majority of Taiwan's people and the countries that are friendly to us.

No Timetable for Cross-Strait Political Talks

Despite the recent big improvement in cross-strait relations, mainland China's military deployment targeting Taiwan is still the biggest obstacle to the development of cross-strait relations, and needs to be removed. Although studies on the issues of cross-strait military confidence building measures and cross-strait peace agreement are being conducted, the conditions are not yet ripe for addressing these highly political issues.

Here I must emphasize that maintaining sound defensive capabilities is essential for enabling Taiwan to pursue the peaceful and stable cross-strait relations free from worry for its own security. As the two sides of the Strait proceed with reconciliation and closer interaction, Taiwan is willing to express bona fide intention not to provoke dispute and to act as a guardian of peace in the Taiwan Strait; but at the same time, Taiwan still needs to maintain its military modernization and armaments procurement, to demonstrate its commitment to defending itself, and to lay a more durable basis for cross-strait reconciliation and co-existence. We hope, too, that the United States will give its utmost support and assistance to Taiwan's efforts to bolster its own security and to maintain stability in the Taiwan Strait.

In an important speech on foreign policy, delivered to the Chicago Council on Foreign Relations during his campaign for the leadership of the US, President Obama called for the United States and its allies in the Asia-Pacific region to build a new cooperative relationship for protecting regional security, to respond to the opportunities and challenges of China's rise in the 21st century. We deeply concur with this idea, and also take the view that the state of reconciliation in cross-strait relations can become a positive force for promoting regional peace and stability. At the same time, from the viewpoints of democratic values and geopolitical strategy alike, we also hope that Taiwan can play a more positive and constructive role in a mechanism for the joint promotion of regional security.

We advocate that the two sides of the Taiwan Strait should, by taking a pragmatic approach and deepening our contacts, use our institutionalized talks to build the foundations of mutual trust, to pave the way for discussion of more complex and difficult issues. We take the view that highly political cross-strait issues, such as establishing a cross-strait military confidence building measures and hammering out a cross-strait peace agreement, need to wait until we have built up greater firmness of mutual confidence. As things stand at present, we do not have any timetable for the discussion of highly political issues. We are still at the stage of expanding cross-strait economic and cultural contacts, and deepening cross-strait cooperation, to strengthen the basis of our mutual trust.

Taiwan Needs More Space to Participate in International Affairs

Even though there is still no timetable for cross-strait political talks, the issue of Taiwan's space for participation in international affairs is one that we cannot allow to be sidestepped.

Since May last year, both sides of the Taiwan Strait have displayed goodwill and sincerity to surmount one hurdle after another. Former Vice President Lien's participation in the APEC Economic Leaders' Meeting in Peru opened new horizons unseen in many years. The World Health Organization approved for Taiwan to use the International Health Regulations and invited Taiwan to attend a World Health Assembly meeting this year for the first time since the republic of China left the United Nations 38 years ago.

But here I must reiterate that Taiwan's 23 million people have a right to participate in international organizations. The international community should act more fairly in giving Taiwan space to participate in international affairs. We should be able to gain readmission to the international fold in more meaningful and substantive ways. I am personally gratified that, over the last year and more, Taiwan has established firm and unshakable bonds of mutual confidence with the United States, which will also be a key factor for Taiwan's return to the international fold.

In respect of cross-strait interaction, we also need to step up our endeavor. When I met with ARATS chairman Chen Yunlin in Taipei last November, and when SEF chairman P.K. Chiang met with Wang Yi, the director of the mainland's Taiwan Affairs Office, in Nanjing this May, we both explicitly expressed the hope that the mainland authorities respect the right and ardent desire of the Taiwanese people to participate substantively in international activities. This would enable the two sides of the Strait to support each other and cooperate in the international community, and is also an essential prerequisite for the continued positive development of cross-strait relations in the future.

Taiwan's Public Opinion and Internal Challenges

All of the public opinion polls conducted or commissioned by the Mainland Affairs Council this year show that the majority of the public have faith in the government's ability to maintain cross-strait peace and stability. On average, more than 70 percent of the people support the institutionalized cross-strait negotiation mechanism; and 60-plus to 80-plus percent feel satisfied with the nine agreements signed at the Chiang-Chen talks. The overall results of the surveys show that the majority of the people in Taiwan are confident of the government maintaining cross-strait peace, and are optimistic about the future development of cross-strait relations. From this it can be seen that the current stage of cross-strait policy has indubitably received the support and approval of Taiwan's mainstream public opinion.

Taiwan is a pluralistic democratic society, in which cross-strait policy basically remains a highly sensitive issue. The people may hold differing views as to what the future holds for Taiwan, and the government must accord respect to all shades of belief and political opinion. How to continue to strengthen communication with holders of disparate viewpoints in Taiwan, including opposition parties, to reduce domestic differences of view on mainland policy, and gain approval for our policy from a greater proportion of the people, is one of the current main focuses of our new administration.

I also hope that, through the mechanisms of democracy, we can, with tolerance and reconciliation, seek out the greatest consensus on cross-strait policy, and establish identification with shared values, to serve as a solid buttress for attaining the strategic goal of peaceful development across the Taiwan Strait.

The Future Outlook

Maintaining the status quo in the Taiwan Strait and promoting peace in the Taiwan Strait are both in accord with the common interests of the two sides of the Strait, the United States, and the Asia-Pacific region. Although the intertwining problems between Taiwan and mainland China cannot possibly be resolved within the short term, the government of the Republic of China will take a positive and steady attitude toward gradually creating conditions for cross-strait peace and prosperity. Our government's aims for the future are first to build a foundation of consensus within our domestic society, and with effective risk management and full commitment to safeguarding our country's interests and the welfare of all of our countrymen, to continue cautiously and actively developing cross-strait relations.

Over recent decades, the Republic of China has developed in tune with the core values of Western countries, gaining recognition from the international community for its protection of human rights and the high level of its democratization. Over the past year, the endeavors of the ROC government to improve cross-strait relations and promote peace and stability in the Taiwan Strait and the region, have also earned unanimous approval from the United States and other members of the international community. We will hold fast to this policy direction, continuing with our endeavors to create win-win conditions for the long-term peaceful development of cross-strait relations, and with our sights set on the ultimate goal of assuring permanent peace in the Taiwan Strait.