

THE BROOKINGS INSTITUTION
CENTER FOR EAST ASIA POLICY STUDIES

and

THE ASSOCIATION OF FOREIGN RELATIONS

**RELATIONS ACROSS THE TAIWAN STRAIT:
CHALLENGES AND OPPORTUNITIES UNDER
NEW CONDITIONS**

**PANEL 1: OPPORTUNITIES AND CHALLENGES IN CROSS-
STRAIT RELATIONS**

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ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

Moderator:

DAVID BROWN
Adjunct Professor in China Studies, SAIS
Johns Hopkins University

Panelists:

DOUGLAS PAAL
Vice President for Studies
Carnegie Endowment for International Peace

JOHN FUH-SHENG HSIEH
Professor, Department of Political Science
University of South Carolina

ALAN ROMBERG
Distinguished Fellow and Director, East Asia Program
Stimson Center

KAO-CHENG WANG
Professor, Institute of International Affairs and Strategic Studies
Dean, College of International Studies, Tamkang University

QUANSHENG ZHAO
Professor, School of International Service
Director, Center for Asian Studies, American University

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PROCEEDINGS

RICHARD BUSH: Ladies and gentlemen, if I could have your attention. I think we should get started. Good morning. My name is Richard Bush. I'm a senior fellow at the Brookings Institution and director of its Center for East Asia Policy Studies and the holder of the Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies, which is a great honor. But it's my privilege this morning to welcome you to our event, "Taipei and Beijing: Opportunities and Challenges in Cross-Strait Relations under New Conditions." We're co-sponsoring this event very gladly with Taiwan's Association of Foreign Relations. We're very pleased that at some point my good friends, Ray Burghardt and Joe Donovan, will join us.

Our motivation for doing this conference was the obvious observation that the world is changing more rapidly than usual, so just in East Asia China has a relatively new leader and he has a policy agenda that is quite different from that of his predecessor. President Ma Ying-jeou has 20 months to run in his presidency and the focus of his attention is shifting to the future. There's a lot of discussion now and debate about the future trajectory of Chinese external policy and U.S. external policy and what that means for the rest of us. And so it seemed quite appropriate that we examine the implications for cross-Strait relations of these new trends and these new conditions.

Before we really begin, it's my obligation to acknowledge the efforts of a lot of people who made this event possible. We're grateful to all the speakers and moderators and commentators, my staff at the Center for East Asia Policy Studies who worked very hard to turn an idea into a reality. Next, the staff of the Association of Foreign Relations of Taiwan, they did the same, and in particular I need to acknowledge the efforts of Dr. Kwei-Bo Huang, who is the Secretary-General of the Association and a former Visiting Fellow at Brookings. I need to note that the ROC's Mainland Affairs Council facilitated the participation of the Taiwan delegation in this event. The Johns Hopkins School of Advanced International Studies provided this space; the competition for function rooms over across the street at Brookings is pretty intense this fall.

So now I would like to call on my good friend, Chien-min Chao, to say a few things and then we'll get started. Chien-min?

CHAO CHIEN-MIN: Dr. Bush, good friends, ladies and gentlemen, good morning. As a co-founder of the Taiwanese delegation, I'd like to extend my gratitude to the Center for East Asia Policy Studies, especially Dr. Bush, and to the Brookings Institution and the Association of Foreign Relations for co-hosting this conference to discuss opportunities and challenges in the Taiwan Strait area.

Relations between Taiwan and mainland China have made great strides in the past five or six years, but, as law of physics dictates, there is high tide and there is not too high tide.

The emphasis of the conference is new conditions. I think it is most opportune and timely. With the participation of scholars from around the world, I'm sure many of the findings will find their way out of the Washington, D.C., Beltway and generate a far greater impact.

Again, my thanks go to Dr. Bush and to Dr. Kwei-Bo Huang for their efforts to make this happen, and I wish the conference a great success. Thank you.

DR. BUSH: So if I could ask the participants in the first panel to come on up? And while they're doing so, I will give you the most important piece of information you will hear today and that is the location of the restrooms. They're downstairs. I think you go into the lobby and downstairs, but the people out there can help you. So I turn the chair over to my good friend, David Brown. David? Thank you.

DAVID BROWN: Good morning, everyone. As Richard said, my name is David Brown and I'm affiliated with SAIS. As such, I'm particularly happy to welcome this conference to our facilities and say how happy we are to make them available. This is a panel that will focus on the opportunities and challenges in cross-Strait relations, and I think the sponsors deserve a lot of credit for putting together a remarkable panel of distinguished scholars and practitioners and a panel that I think will present a diverse series of perspectives on this issue.

After I would say five years of relative success by President Ma Ying-jeou in implementing his new cross-Strait policy, for about the past year -- since the signing of the Services Trade Agreement -- new issues have arisen in Taiwan that have created challenges for Beijing and for Taipei in moving their shared agenda forward, and I hope this panel will shed some light on what those challenges are.

We have with us today Professor John Hsieh from South Carolina; Professor Wang from Tamkang College in Taiwan; Doug Paal to my left and Alan Romberg to my right from, respectively, the Carnegie Endowment for International Peace and the Stimson Center; and we have Professor Zhao from American University. Their bios are in your paperwork so I will not do more to introduce them. I think they are all well-known to people in the audience.

And I have a challenge, and that is that this is a panel with five eminent practitioners who I am going to have - I suspect - a little trouble disciplining. If we're going to have time at the end for an exchange with the audience, I'm going to have to ask each of them to try and keep their remarks to about 10 minutes or at most 12 in hopes that that will leave about a half an hour for discussion. And with that I would like to ask Professor Hsieh to begin by making his remarks.

JOHN FUH-SHENG HSIEH: Thank you, David. Ladies and gentlemen, it is indeed a great honor for me to come to this occasion. And before I start I would like to thank the Center for East Asia Policy Studies at Brookings and also the Association of Foreign Relations

for inviting me to this conference.

I see my job as essentially to try to delineate a very broad picture about the cross-Strait relations. And my own assessment of the cross-Strait relations is that in the past three decades or so it has been already stable. And one indication of the stability is that there has not been a very serious military confrontation, for instance. Of course, there was a missile crisis in 1994 and '96, but generally speaking it seems to be reasonably stable. And I think one very important reason for the stability is the pivotal role played by the United States. The United States actually laid down some groundwork for managing the relations between China and Taiwan. And I think the U.S. is very much concerned about there not being stability in the region and the U.S. policy can also be summarized actually quite simply. It's kind of on the one hand and the other. On the one hand, should the U.S. adopt the One-China policy to kind of placate China, and on the other hand the United States also warned China not to use force against Taiwan.

And with regard to Taiwan, the U.S. continued to provide military arms to Taiwan so that Taiwan would be able to defend itself against a possible Chinese attack. On the other hand, the U.S. also tried to discourage Taiwan from taking very drastic actions to provoke China. And the U.S. also maintains some kind of ambiguity and I describe to you it's a degree of involvement in a possible military conflict between China and Taiwan.

So these kinds of policies seem to be using some kind of bipartisan support in Washington, at least at a very broad level. So no matter what Republican administration or Democratic administration, they seem to adhere to that kind of policy stance.

So I think these are indeed laid down the kind of framework for the kind of relations that we see across the Taiwan Strait. And 20 or 30 years ago, of course, the U.S. was the preponderant superpower, and it still has a lot of leverage vis-à-vis the other two players in the triangular relations.

And now with the rise of China, of course, the leverage that the U.S. may have -- it's not only U.S., but also Taiwan as well -- and vis-à-vis China has somehow been diminishing. And I would argue that the basic structure remains quite similar and this particularly reflects the kind of preferences that each party may have vis-à-vis -- with regard to the relations across the Taiwan Strait. And so I think that at least probably in the next several years, I don't see that will change very drastically. So we can still see this same kind of picture may continue to be the case for a number of years.

And the stability also reflects the relative stability of the preferences for the Chinese leaders. And ever since Deng Xiaoping took over power, even in late 1970s or late 1980s and launched economic reform, he already set the tone for the Chinese foreign policy or the Chinese policy toward Taiwan in particular. And he mentioned very clearly that China needs

to try to achieve unification with Taiwan. But at the same time China also needs to modernize, meaning economic development, and he particularly emphasized that in order to achieve other goals China needs to develop its economy first. So as long as China develops its economy, then all the other problems can be accomplished. And that's basically what he was talking about. And he also tried to make sure that in order to develop China's economy, then it's paramount that China needs to seek a peaceful international environment, which means, of course, to cooperate, to work with the United States and not to make too much trouble as well in different parts of East Asia. And that's, of course, including their relations with Taiwan and so he already set the tone that the economy should take precedence over issues even like Taiwan, which is quite emotional. So that's become the kind of Chinese standard policy not even during the Deng era, but also for his successors as well. Even today, even though we see Xi Jinping seems to be more assertive in some ways, I think this general tone or this very overall goal that China tried to pursue as kind of national goals I think remains still quite valid. So all these provide some kind of stability to the cross-Strait relations.

I think when we see the kinds of ups and downs, at least the short-term fluctuations across the Taiwan Strait, it always has something to do with Taiwan basically. And I think this also reflects Taiwan's democracy now. And as a democracy there are many different kinds of voices, different kinds of attitudes in terms of relations with China in particular. So there are people who are in favor of Taiwan independence and to be separate from China for good. There are also people who want to unify with China. And there are also a lot of people who are somewhere in between and they support something called status quo, which means neither unification nor independence. And according to many polls, for instance, close to 50 percent of the population in Taiwan supports the status quo and about 25 or 30 percent, sometimes even more, are for Taiwan independence, and then about 15 or 20 percent are for unification and sometimes of course the figure would be even lower.

But this kind of distribution actually has been rather stable to some extent even though we see some gradual increase on the independence side and some decrease on the unification side. But the general picture has not really changed that much. And also in survey after survey we can find that this kind of division becomes really the most salient cleavage and opinion in party politics. So the DPP represents the independence side. The KMT represents the unification side. But I agree the most interesting is to read about the people who support the status quo and which party they turn to. And according to most surveys I have been doing and I don't know how many surveys I have done and also get involved, and quite interestingly about two-thirds, oftentimes two-thirds or more of the status quo supporters, they support the KMT. And this is quite obvious and also reasonable, understandable because the KMT represents the status quo and political meaning that the country is called the Republic of China. And the national flag is the same one that KMT brought to Taiwan and the same national anthem and the constitution and so on. All these were something that those people who support independence don't really like. So in Taiwan parts actually it's really a division between pro-independence and something not so pro-independence. And that's also why actually the KMT or the so-called blue

camp continues to be the larger of the two major camps in Taiwan politics.

But this is really the kind of basic dynamics, domestic dynamics, in Taiwan and this also, of course, has repercussions with regard to the cross-Strait relations. So it really depends on who controls the governing power. And if there's a KMT government, we can expect that the policy toward China probably will be more cordial or something. And then if the DPP actually comes to power -- and even though it also depends on which candidates will win the election, who actually will be in charge. Of course, this also makes some differences and some leaders are more pragmatic. But given the strong suspicion by the Chinese leaders toward the DPP certainly we can expect not necessarily tensions, but at least some kind of problems across the Taiwan Strait. So this is the kind of general picture that we can see.

So at least from a very broad picture, we see some kind of stability at the international level. But we do see some fluctuations resulting from the internal dynamics in Taiwan's politics. So, for instance, two years from now in 2016 there will be new elections. Who knows who's going to get elected? If the KMT continued to win the election -- and also very likely they're going to win the Legislative Yuan, that is the parliament, and then we'll see a unified government in Taiwan. That would be one scenario.

But it's also likely that the DPP candidates may win the election -- I will refrain from using gender terms here -- so a DPP person gets elected, say, in 2016. But generally speaking it is quite difficult for the DPP to control the Legislative Yuan. I don't have time to get into the detail about the different types of elections, how the various political parties will fare in different kinds of electoral contests. But generally speaking it's not that easy for the DPP to control the Legislative Yuan, so it's very likely that there will be some kind of divided government situation, just like what we see from 2000 to 2008. So this actually imposes some kind of constraints upon the DPP leader, if the DPP leader becomes the new president. But then also there's another level of direct cross-Strait relations in how a DPP administration would be able to deal with China. But anyway, there would be some kind of uncertainty over there.

And moving back a little bit to the more near-term, that is, there are still about 20 months, until May 2016, that President Ma will be in office and then what will happen? And I think this depends on many factors right now. And we see a lot of very serious stalemates in Taiwanese politics at this moment. I mean anyone in Washington, D.C., is familiar with stalemate, gridlock, between the U.S. Congress and the administration. It's also similar in the case of Taiwan, but it's kind of ironic because the KMT actually controls the majority of the seats in the parliament. But, unfortunately, the KMT is not very cohesive right now so there's a pro-Ma Ying-jeou faction, also the pro-Speaker Wang Jin-pyng faction. And so they don't really work that closely together on certain issues. So this is quite unfortunate for President Ma. He really wants to implement his policy, his pet project with regard to the cross-Strait relations.

Then there's also the problem with the general political atmosphere in Taiwan.

On the one hand, I think President Ma's approval rating has not been that great over the years for a lot of reasons. There are a lot of different kinds of factors contributing to that ranging from, for instance, disaster relief and to American beef, for instance, all kinds of problems. So his approval rating has not been very high. And also after the March-April Sunflower Student Movement, these further constrained the hands of the KMT MPs and also the KMT government in doing something about China. And then there is also going to be a very important local election in late November, and as expected the KMT will probably lose some seats and lose some races. But how serious that would be also would determine the kind of policy that President Ma would be able to push through. So this will affect -- there are a lot of important bills that still need to be passed through the legislative process and the KMT has not really been that cohesive so far. So I think if President Ma really wanted to achieve something, it's this one very important problem he needs to solve. And if, for instance, the KMT also didn't do well in elections, in the forthcoming local elections, of course this will further tie the hands of the KMT, not only Ma himself, but also many KMT MPs as well because they have to think about their own personal reelection bids. And so they have to be very careful about what kind of stand they're going to take, particularly for those people who are elected from the single-member district, not necessarily the people from the proportional representation portion of the election.

And then there's also another problem, which I think will bother this administration and also has become a kind of permanent thing in Taiwan; that is about the legislative process and legislative procedures and how the opposition will be able to boycott, for instance, to block many bills in Taiwan. And in most of the congresses or parliaments, of course, you're allowed the minority to have some room for maneuvering so that they will be able to do something, to delay or even to block sometimes certain kinds of bills they extremely dislike. And that's normal. That's not really a problem. But when this becomes really just constant and a constant scene, of course, just like when we see what happens on Capitol Hill in Washington, D.C. When this becomes truly kind of a permanent thing, then you have to really think about how to solve the problem here. How can you really get things going? But, of course, I don't think that President Ma will have enough time to solve this kind of problem. Also, given the kind of division that we see in the KMT itself, I think that any kind of reform of the legislative process will not be likely in the foreseeable future.

So these are the continual factors, which, of course, will affect what will happen during the remaining years of President Ma's term. But, of course, I can feel that President Ma is quite anxious to try to get something done in the cross-strait relations, but there are other factors that will affect his efforts. I'll stop here.

MR. BROWN: Professor Hsieh, thank you very much. Now I'd like to turn to Professor Wang to make his presentation.

WANG KAO-CHENG: Thank you, Mr. Chairman. It's my honor to attend this conference. I would like especially to express my thanks to the Center for East Asia Policy

Studies of the Brookings Institution and the Association of Foreign Relations of Taipei to give me this opportunity to come here. My topic, according to the tasks assigned by the host, will be focused on mainland China's policy toward Taiwan and the cross-Strait relations. I will use PowerPoint to highlight my viewpoint.

My talk will be divided into three sections; first, mainland China's policy toward Taiwan. I think that China's policy toward Taiwan from Hu Jintao's period to Xi Jinping's right now has contained the following important elements: First, China still insists on the One-China principle and is, therefore, accepting the so-called 1992 Consensus. But for Beijing, I think it has already made a more flexible definition of the One-China principle. Regarding the cross-Strait arena, right now China defines the One-China principle as both mainland and Taiwan belong to one China without clearly referring to who will represent that China. That makes more equal status across the Strait. Second, right now both sides also have a common ground on the so-called 1992 Consensus. But for Taiwan, the 1992 Consensus means one China with a different interpretation. Although Beijing actually did not really accept this definition, it still right now can tolerate it because at least Taiwan can accept partially the One-China principle.

Second, Beijing's policy toward Taiwan still insists on opposing any movement toward pursuing independence of Taiwan. Second, the cross-Strait policy of Beijing can be called the peaceful development of relations because Beijing knows it cannot achieve its final goal of reunification immediately. So far it would like to maintain peaceful and cooperative relations with Taiwan and make this a preparation for the future unification across the Strait.

Fourth, Beijing will do what it can to strengthen the economic and social ties across the Strait. The improvement of that are the 21 agreements that have already been signed with Taiwan, including the Economic Cooperation Framework Agreement.

Fifth, Beijing allowing some limited room for Taiwan's international participation without creating the consequence of two-China, or one-China and one-Taiwan. For example, since 2008 Taiwan has been able to participate in the WHA annually and as an observer since 2009. And last year Taiwan also can attend the ICAO congress as a guest. That's the two obvious results from this policy.

Sixth, although Beijing right mainly focuses on the economic and social relations of cross-Strait, it hasn't given up pushing the political relations across the Strait. Hu Jintao made a very important speech in the end of 2008 by proposing that the two sides start to discuss the creation of a peace agreement and CBMs across the Strait. After Xi Jinping took power, he still sticks to the position. He met a delegate last year from Taiwan saying that the political issue across the Strait should not be put off indefinitely.

Okay, that summarizes I think the basic policy of Beijing so far toward Taiwan, and how about the consequence on the current cross-Strait relations? I think that the cross-Strait

relations have progressed well since 2008 after President Ma became the president of ROC because the Ma Administration that I just mentioned can accept the 1992 Consensus and Beijing is glad to have Taiwan take that position. So the representatives of the institutions -- that is the Strait Exchange Foundation of Taiwan and the Association for Relations across the Taiwan Strait -- have resumed talks since 2008 and these two institutions have already negotiated and signed 21 agreements between the two sides and these agreements cover many areas for cooperation.

And to further upgrade the institutional and the political context, Beijing invited the Minister of Mainland Affairs Council, Wang Yu-chi, to visit mainland China this February and meet with his counterpart, the Minister of Taiwan Affairs Office, Zhang Zhijun, on February 19th this year.

And also according to the poll done by the MAC, the majority of Taiwanese were quite satisfied with the development of cross-Strait relations so far. A poll done in early March, before the occurrence of the so-called Sunflower Movement -- results of the poll showed that 44.8 percent of people feel that the pace of the cross-Strait relations is just fine. Actually there are 14.2 percent thought it moved too slow. Only 31.3 percent thought it moved too fast. So we can see that actually most of the people think that the pace was justified or can be moved faster. But, however, the occurrence of the so-called Sunflower Movement in Taiwan on March 18th I think has changed this course and stalemated the cross-Strait relations. I will not elaborate on the Sunflower Movement. I think most of you know that students occupied the Legislative Yuan and opposed the ratification by the LY to pass the Services Trade Agreement signed by the two sides. Because of this movement, I think there are four consequences that impede the further development of the cross-Strait relations.

First, it has stopped the ratification of the cross-Strait Services Trade Agreement, which is an important part of the ECFA. The students agreed to leave the Legislative Yuan only after the Speaker of the LY, Wang Jin-pyng, promised that he would not summon a meeting of all parties to discuss the passage of that agreement before a supervisory act on the cross-Strait agreement was passed. So right now that supervisory act hasn't been discussed and passed yet, so the cross-Strait Services Agreement cannot be ratified so far, although it has been signed already, 14 months already.

Second, the negotiation on the cross-Strait Goods Trade Agreement has also been deferred. This agreement is also a very important part, even more important than the Services Trade Agreement of the ECFA. But since the stalemate of this agreement, Beijing actually shows very little incentive to continue this kind of talk because Beijing thought even though it is completed, it cannot be passed in the Legislative Yuan. There is not much interest in pushing that negotiation. But, actually, although the talks on this agreement already resumed on September 10th in Taipei, still the progress is not very quick.

Thirdly, the cross-Strait agreement supervision act restrained the development of

cross-Strait relations in the future because the student group and the DPP require a more restrictive law on supervising or monitoring the negotiation and the signing of any cross-Strait agreement in the future. If that act was passed in the Legislative Yuan, we can see that even it's not unlikely, but it will be very difficult for the Ma Administration to negotiate a new agreement and have it be passed by the Legislative Yuan.

Fourth, the Sunflower Movement reveals that many people in Taiwan are still not very satisfied with the Ma Administration policy in the development of the cross-Strait Beijing in the last few years. Actually, in a poll done in July by the MAC regarding the path of cross-Strait, we have seen the difference already. Right now, only 36.4 percent of people thought the pace was just fine. But, actually, 36.8 percent of people thought that the pace move faster and surpassed those people who feel that the pace is just fine. We will see that is different from the poll done in March before the Sunflower Movement. So given this kind of social feedback, I think the Ma Administration also will feel pressure in dealing with China in moving the cross-Strait relations very quickly.

Another thing I think the two sides are still at odds with is regarding Ma's participation. I will not elaborate that issue.

For the remaining time I will talk a little about the prospect of cross-Strait relations. I think that the cross-Strait relations before the end of President Ma's second term in May 2016 will still remain stable because the two sides still have the common ground of the 1992 Consensus. And, actually, there are no signs to show that Beijing will change its current policy toward Taiwan so far. Zhang Zhijun actually visited Taipei in June of this year. So I think that before Ma finishes his term, the cross-Strait region will still remain stable. But I think the act of predicting uncertainty comes after, Taiwan's 2016 presidential election. If the KMT wins the election, I think the cross-Strait relations will still remain the same as the present. But if the DPP, which did not accept the 1992 Consensus, wins the presidential election and has no good agreement with Beijing on a political basis, we will see a new era of cross-Strait relations I think with volatility and conflict in the future. Thank you for your attention.

MR. BROWN: Thank you, Professor Wang, for being succinct and clear in your statements. I'd like now to turn to Doug Paal and ask him to make his remarks.

DOUGLAS PAAL: Thank you, David, and thank you to the organizers. I think this is the fourth year that the Mainland Affairs Commission has helped to sponsor these kinds of gatherings and I think they do a very valuable service of reminding us of the things that are happening below the headlines in cross-Strait relations.

My two predecessors, Professor Hsieh and Professor Wang, have laid the groundwork pretty well. So I thought maybe I would make some observations from a Washington vantage point, pertinent aspects of where we are today and going forward.

First, one question that always comes up is there still bipartisan support in Washington for a stable relationship between Taiwan and the mainland? I think it's fair to say that's probably true. It's difficult to test that. We've had a little bit of increase in congressional visits to Taiwan; just this week we had some legislators visit Washington, and I did not detect a particularly partisan or strong divisions on either side about the relationship between the United States and Taiwan and between Taiwan and the mainland.

I think more pertinent is you have a situation where you have bipartisan distraction where people are really focused on issues elsewhere. They're all in the headlines -- ISIS, the Ukraine. Even with the scratchy year we've had with PRC in the South China Sea and East China Sea with relations with our allies and friends in that area, this has remained well below the fold of headlines in the newspapers because of these very significant surprises in American policy in Ukraine and the Middle East.

We have a new phenomenon, which is going to affect how I think Congress and the general public deal with issues that may arise in cross-Strait relations, and that is this emergence of new stay-at-home Republicanism. We've had a very activist Republican Party for many decades. It's been part of the landscape and usually following one line, not too divided. But Republicans have in recent years become more divided about where foreign policy ought to go. And I think we're going to see as we go into this midterm and onto the presidential elections in 2016 here increased vocalization of a desire for America to return home and be less involved overseas. You see that in the current debate over ISIS where the president is really struggling to meet pressures to do something about a threat to the United States, but not commit us to a significant overseas presence in the process of doing that.

As I mentioned, the U.S.-China relationship has had a very rocky or scratchy year. It's surprising in a sense looking back because Obama did invite Xi Jinping to Palm Springs last June at the Sunnyslands Summit in an effort to early on in Xi Jinping's new term in office identify some cooperative lines of endeavor between the United States and China and to try to reduce the potential for conflict. Both sides emerged from that meeting with a negative consensus statement that both sought to avoid, the kinds of conflicts that have occurred between rising and established powers through history, and they were able to state that. But, unfortunately, within three months the U.S. and China were back into sort of more bickering than cooperation. Below the surface there's always cooperation, there's always more going on than people can see. But at the superficial level, the Chinese activities in the South China Sea and the East China Sea and the usual problems we have almost on a calendrical basis where every spring we talk about the past -- Tiananmen and the National People's Congress takes place in the spring and things happen around that. In the spring and summer you usually have a kind of noisy period anyway and then leaders start to meet in the fall. They're going to have three meetings this fall -- the East Asian Summit, the G-20, and APEC in Beijing. And so I think you're going to see more cooperation emphasized as the leaders actually get together rather than having their junior

officials standing far apart from each other for most of the year, throwing rhetorical stones at each other.

A big part of this past year's difficult relationship was the declaration by China of the Air Defense Identification Zone for Northeast Asia, to be followed six months later by China's very substantial civil fleet accompanying, and a maritime supervision fleet accompanying a drilling rig into the South China Sea in waters that China claims and Vietnam also claims. This has led to statement after statement where the U.S. has said this has been provocative, aggressive, assertive, and the Chinese respond with equal vituperation. This is not the best atmosphere for U.S.-China relations. And it certainly has historically been the case that when U.S.-China relations are not being well-managed, it gets a little harder to deal with cross-Strait relations. Inevitably toward the end of this administration, there will be another round of U.S. arms sales to Taiwan and Taiwan has many needs and the U.S. has a broad consensus that it should help to meet those needs. How the PRC will react will I think depend in great measure on the quality of the U.S.-China relationship that prevails at the time.

I should take a footnote here and point out that despite this rocky period, we've had a new high point reached in U.S.-China relations in military-to-military contacts and interaction. Just this week at Carnegie we hosted the Chief of Naval Operations, Admiral Greenert, to describe his recent four encounters I think this week. There's a fifth encounter with Admiral Wu Shengli, his counterpart head of the Chinese Navy. This was not going on in previous years, not since the 1980s. And to my mind this has been a very constructive element within this more strained atmosphere.

One of the things that I think has struck a lot of people is that Xi Jinping has become the personification of a much tougher attitude toward China's neighbors generally. It's peculiar that China would have a scratchy relationship or quite conflictual relationship with Japan and Vietnam, and the United States in some respects, all at the same time. This seems to have buried the concept of *taoguang yanghui* where sometime last year -- even though China was proclaiming a need for good neighborly relations, this will color the relationship going forward.

On Taiwan domestic politics, I've been struck at how the DPP has approached this lingering issue of not being able to formulate a policy on how to handle One-China. It was a source of some friction between the United States government and the DPP prior to the last presidential election. We were asked to trust that there would be a good outcome from the election, that the DPP would not do anything provocative toward the mainland, but it was not based on a convincing explanation of what its cross-Strait policy was going to be. This year there's been a little bit of experimentation by the DPP to see what that policy might be, but I believe that's been basically shut down until the 9-in-1 elections take place later this fall because it would be distracting from the election. But I'm getting signals from people in the DPP that next year they are going to try to wrestle with this issue and see if there's a policy stance

consistent with the DPP's longstanding principles, but also would be convincing to outside observers that the DPP is prepared to have a complicated and positive view toward the cross-Strait relationship.

And just finally on the Services Trade Agreement, I can understand the people's feelings in Taiwan. This is really -- if you travel the world broadly, Taiwan is no exception to the rest of the world. People are uncomfortable with globalization, uncomfortable with the reduced job opportunities for young people and living with lower levels of growth. But I would point out that Taiwan has actually had two very good quarters by international standards. This last month, exports boosted 18 percent. Very few places can make these kinds of claims. And the Services Trade Agreement is an opportunity for Taiwan to do even better. Taiwan is uniquely the beneficiary of a much more advanced services trade base in their own economy than the PRC has and a cross-Strait services base agreement is going to be more advantageous to Taiwan. So I hope the Taiwan authorities and the legislature can get to the point where they can bring this to fruition so that Taiwan can have the fruits of those additional elements of trade as well. Thank you.

MR. BROWN: Doug, thank you very much. And now I'd like to turn to Alan Romberg.

MR. ROMBERG: Thank you very much. Very quickly let me say thank you to the sponsors, if I want to stay within my 12 minutes and not get wrapped by Dave Brown.

In a way this topic -- and I've been asked to look at the opportunities and challenges under the new conditions from a PRC perspective -- and in a way that topic can be covered in about 2 minutes, not 12. That is, Beijing hopes to achieve more and is going to foster all sorts of progress if it can. But basically it doesn't believe there's much scope in Taiwan for big breakthroughs and so beyond garden tending, it's going to largely focus on two things: First, doing what it can within the existing framework to deepen exchanges and to win hearts and minds; and second, to pay a lot of attention to the upcoming elections, especially the 2016 election, and try to figure out how best to serve its long-term interests in ultimate reunification through short- and medium-term focus on peaceful development of cross-Strait relations.

In the process, however, it seems to me it's not likely, at least at this point, that Beijing believes that flexibility in implementation is necessarily in its interests in areas such as international space, be it economic or political. That may prove wrong overtime, and one can certainly hope so, but I wouldn't hold my breath.

If one looks back at PRC rhetoric last fall, it was full of robust statements about moving from peaceful development to peaceful reunification in the course of the great rejuvenation of the Chinese nation. And those themes are not totally absent today. Zhang Zhijun when he was here recently mentioned them again when he was in San Francisco, and one would

be foolish to think that they have disappeared. But the combination of political stalemate in the legislature, the LY, which means that the Services Trade Agreement as several people have said is currently going nowhere, and then the Sunflower Movement, which generated a lot of angst about cross-Strait relations in general as well as about the process of handling cross-Strait agreements, made it painfully clear to Beijing that there really was no domestic space in Taiwan for cross-Strait political dialogue and for progress on the agenda that the mainland had hoped to advance.

So instead what we see now is a refocus on cultivating a better image at the grassroots, which was a theme that had been talked about much a few years ago. Yes, they will continue to push for completion of the ECFA agenda, not only the Services Trade Agreement, but also the commodities agreement and also a dispute resolution agreement over the next couple of years. But while those other agreements, that is the commodities agreement and a dispute resolution agreement, are complicated themselves just as the Services Trade Agreement was and is, I think Beijing is rather befuddled by the whole issue of the oversight bill, which has been mentioned, and what that may require and how it may impinge or will impinge both on negotiations and on the ratification process. So as a result, in some recent weeks it dabbled a bit in high-pressure tactics to try to spur progress in Taiwan on the Services Trade Agreement. But when that didn't seem to work, it's now gone back to a position of saying that it will always make beneficial arrangements for Taiwan whatever other circumstances may obtain.

Now, I don't think they're insincere when they point out that their hope that a PRC-South Korea Free Trade Agreement can be concluded before the end of the year. They may be overly optimistic about that timetable, but they do want it and they are trying to make it happen. But now rather than saying to Taiwan, gee, you know, it would be a pity if you lost the opportunity to get in first. Instead they're saying, don't worry too much, that agreement will be implemented slowly and it won't present an overwhelming challenge to Taiwan's exports.

In any event as they look beyond the ECFA agenda, I would argue the mainland has dropped its notion of new agreements on exchanges in areas such as culture, education, science and technology, and it's going to focus mainly on maximizing what exchanges they can get without the umbrella agreements. There's a lot of talk, as you know, in Taiwan about breaking out financial services from the other items in the Services Trade Agreement so that perhaps with Beijing's acquiescence they could get something moving in that area, even if the overall agreement is still stuck in the LY. I haven't seen a response from the mainland to that idea, but I could well imagine they might be open to such an arrangement as it really would benefit both sides.

The issue of a Ma-Xi meeting, which has been raised here, of course, remains up in the air. But it does seem to me Beijing really would like such a meeting and has come up with some imaginative ideas about a possible venue besides Taiwan's preferred one at APEC, which seems not going to happen. But even if the venue issue can be resolved, that doesn't resolve

issues relating to the status of the two sides, the status of the two participants, the agenda, or the desired outcomes. So this is a complicated issue.

Meanwhile, Beijing agreed during Zhang Zhijun's visit to Taiwan to organize a joint study of the question of Taiwan's participation in regional economic activities. But if you look carefully at what's been said by the two sides, in fact, they don't really agree on the purpose of such a joint study nor as far as I can tell has the PRC side come up with any ideas about how to proceed.

Perhaps the most interesting and complex issue that the PRC faces over the coming year and a half of President Ma's remaining term is the question of what next? I don't think Beijing takes it as a given that -- current polling numbers in various municipal elections notwithstanding -- the DPP is going to win the presidency in 2016. But they certainly see that possibility and this poses some dilemmas for them. What if the DPP wins, but really has not moved away from its advocacy of Taiwan independence to embrace a One-China policy? I don't mean that Beijing expects the DPP will advance a policy of declaring independence or return to policies that Beijing saw as highly provocative under President Chen Shui-bian. I mean the issue for the mainland is how to handle the situation both in the campaign and afterward should the DPP win in which the party adheres through whatever formula to a position that Taiwan or the Republic of China is a sovereign independent state that has no connection to the mainland or to the PRC. That's a situation whether one sticks with the 1999 Kaohsiung Resolution on Taiwan's future, or to the notion that Taiwan is the ROC and the ROC is Taiwan, or certainly any of the more provocative formulations in other DPP planks and resolutions.

Now, we see the mainland as seeking to influence senior DPP people to move away from such notions and to accept -- and it's not necessarily a reunification, but at least a One-China framework in which the two sides are not viewed as separate from one another in the larger scheme of things.

If we look back at the 2012 campaign, I would contend the DPP may not have been seeking to reassure Beijing, but neither was it seeking to promote a declaration of independence. Indeed, though I'm prepared to be corrected, it's my impression the DPP wanted to set the whole issue of One-China aside, not to debate it, but to focus on a whole range of domestic issues in Taiwan where it had been critical of the Ma Administration. And, frankly, that's where I see it today. It may turn out that after the November elections, the DPP will actually take up the issue of a freeze of the 1991 Taiwan independence plank and despite the strong views to the contrary within the party by some, it might approve such a freeze to demonstrate its sincerity. The plank does not represent the party's policy even though such a freeze would have no effect on the sentiments of those in Taiwan who think the plank, in fact, reflects the important and longstanding goals that existed long before the DPP existed.

But in the wake of a number of statements and actions this spring, including as

Doug mentioned the party setting aside the freeze issue at the National Congress in late July and Chair Hsieh once interview statement about how the PRC would shift in the direction of the DPP if it wins big in November. Beijing has reiterated in even clearer form than before its longstanding position. That position includes not only a requirement that for party-to-party relations and, of course, for cross-Strait relations should the DPP win, that the DPP must adhere to a One-China framework and abandon Taiwan independence. But it included a flat-out statement by the Taiwan Affairs Office that relying on the 1999 Kaohsiung Resolution “will not work.” Now, maybe they’ve said that in so many words before, but it’s been rare if so. But the logic of making that statement is consistent and there’s nothing new in a fundamental sense. But the emphasis that Dr. Hsieh has put on the 1999 Resolution as not only a DPP consensus, but perhaps a Taiwan consensus, has led the mainland I think to seek to put that idea to rest. Moreover, they obviously felt constrained to rebut the notion that success in the November 29 election would cause Beijing to shift toward the DPP absent movement on the DPP’s part to move in the direction I just discussed.

Now, last time around as the election campaign wore on, Beijing became more and more outspoken about its views until at the very end it made it as clear as it could to the Taiwan business community that there would not be business as usual if the DPP won. It wasn’t a matter of a military crisis that might happen as it might have, for example, in 2008 had the U.N. resolution or referendum rather passed. But it was clear then as one has to wonder whether it would not be clear again this year that Beijing saw no basis for movement on a constructive cross-Strait agenda if the administration in Taipei did not adhere to the positions that Beijing has laid out.

Now, how explicit would the DPP have to be to overcome that problem? Frankly, I don’t know. And I’m sure that will be the subject of a lot of messaging that’s going to go back and forth through various channels over the coming months between the DPP and Beijing.

But what I’m trying to say in the context of the subject that I was asked to address here, which is the PRC perspective, is that at the same time Beijing is seeking to advance as much as possible -- cross-Strait trade, exchanges, and communication -- over the remaining months of President Ma’s term, it will also be positioning itself to deal with any possible outcome in 2016. What one has to understand is that does not mean Beijing will compromise on its fundamental positions in order to make things work smoothly no matter what happens, but I do think it means that they will likely be examining closely what the true positions of the DPP are and to what extent, should the DPP win, they can be shaped to make them most compatible with PRC core positions. Thanks, David.

MR. BROWN: Alan, thank you very much as always for thoughtful comments. And now I’d like to turn to Professor Zhao.

PROFESSOR ZHAO: Thank you. In 1981, 33 years ago, we had an Association

of Asian Studies annual meeting in San Francisco. There was a panel of the same title, Cross-Strait Relations and Future Prospects. Myself and Professor Chiu Hung-da from the University of Maryland, we just made separate presentations on ROC and the PRC perspectives and points. And then eight years later when I had a public lecture at American University, the U.S. foreign policy program director, who is now retired, a senior professor, asked me a question. "Why do you talk about cross-Strait relations as your case study for Chinese foreign policy? I think in five years or 10 years the issue will be solved. We will no longer talk about cross-Strait relations." So if you look at it now, we continue to discuss this issue decades by decades.

So I think the issue itself remains very important, not only the cross-Strait relations itself with mainland China and Taiwan, but also East Asia international relations, U.S.-China relations among others.

I have prepared a PowerPoint, but given the time constraints and many of the points already discussed earlier, what I'm going to concentrate on is my understanding of Beijing's perspectives and concerns. The PowerPoint itself is a historical review with a current status and with international factors and others and many of the issues already addressed. What I'm going to say in the next I hope 6 or 7 minutes would be the six concerns from Beijing's perspective and particularly in light of the recent development and Taipei's proposal for a Ma-Xi hui or Xi-Ma hui; that is, a Xi Jinping-Ma Ying-jeou meeting at APEC, use that as an example and to illuminate Beijing's concerns.

The first concern is I would use a term political trust. I think the political trust between the two sides still is not fully established. The question regarding whether to have such a meeting at APEC in about two months is what is Ma Ying-jeou's true intention? It seems like from my understanding that Ma Ying-jeou's number of public statements and concerns, so-called *qin mei, you ri, he lu*; that is, close to the United States, make friends with Japan, and also make good relations with mainland China. It's putting Ma Ying-jeou seems like in a neutral position, not necessarily that can be fully trusted. That is, we can hear General Luo Yuan when he made a public lecture at Peking University, he challenged -- what he said is whether Ma Ying-jeou is not *tai du*, but maybe *du tai*. What that means is it's not Taiwanese independence; however, it may not necessarily be pro-unification. So that kind of question -- I'm not saying that's mainstream, but I'm saying it's a speculation. So in other words the intention is not fully established.

And that comes to the second concern, the so-called principle. We all understand that the One-China principle is always there from Beijing's perspective and whether this kind of meeting would violate the principle and particularly international, so-called international conditions in such a meeting and [inaudible] in a domestic setting.

And the third concern is whether this kind of movement or kind of avenue at APEC would establish a norm. If that's a norm, so what should we do after 2016 if there is a regime change in Taipei? Earlier, many presenters already talked about the possible DPP return

to power and then that would make Beijing in a very awkward position. Even though, my understanding actually there is a lot of discussion and there is a table now between Taipei and Beijing. Even from Taipei's side one of the arguments is we can pledge that now that topic is the norm. But, however, it's not easy just to -- again, there is not enough political trust.

And a fourth concern is whether this is the right stage or the right time. One other argument is that if you look at any of this kind of so-called meeting from two sides, it must have already reached a certain stage and then the two sides can produce some helpful either documents or results for cross-Strait relations so that they either develop or consolidate the current and the future relationship. So that's another concern and a question.

And the fifth concern is economic integration where there's political development, so-called deep water; that is the political -- there is a lot of question if you really talk about mainland China scholars and policy circles and there is a reexamination about whether the economic policy really works. One of the schools of thought is if you promote economic relations like ECFA and others, then naturally political relations may follow and then can move into so-called deep water. But it's not work particularly if you look at Sunflower and other campaigns. It's making a lot of people now really have certain doubts about the utility of this kind of approach. But, again, what I'm saying is there is some debate or concern, not necessarily already said.

The last concern, sixth concern, I argue is security and international agenda, particularly related to territory disputes like Senkaku/Diaoyu dispute and the South China Sea. And this can be viewed as testing stone; that is whether the two sides can really have some kind of consensus or even cooperation, but that's a lot of questions, a lot of hesitation from Taipei's side. More importantly -- and I forgot who mentioned that, maybe Doug -- whenever U.S.-China relations lower, then there will be more concern or more troublesome cross-Strait relations. There is increasingly some voice from Washington saying that if you don't really cooperate in the South China Sea, for example, then we may touch your corner of interest, namely Taiwan issue among others; so in other words, a soft spot. So, again, Beijing might be concerned about whether the Taiwan issue will be used again in U.S.-China relations among others. So that's another view and a concern.

So I may have overemphasized some kind of questions or concerns; however, in my conclusion I do see there is huge progress with past, Ma Ying-jeou's past six years. It's a very different situation now. But at the same time, I also see enormous uncertainty and a policy or reexamination of cross-Strait, particularly facing the uncertainty of 2016 and there are many -- sometimes we can even use the term "redefining cross-Strait policy." Thank you.

MR. BROWN: I'd like to thank all of the panelists for very thoughtful remarks. I'm not quite sure how much time we have, but I'm going to assume that we have about half an hour for discussion. I think the panelists have put on the table issues that relate to both the

shorter term, which is the next year and a half or so, the remainder of Ma's term -- what can be, if anything, accomplished and how the various parties in Taiwan will approach that and Beijing will approach it. And then secondly, a longer term question. What are the implications of the 2016 presidential election, and particularly the focus has been on the implications if the DPP should come back in office; though I would say that we also don't know who the KMT candidate is and whoever that candidate is, it's almost certain that he will pursue or she will pursue policies that are different than those Ma has pursued. So there are uncertainties regardless of who wins.

I have some comments I would like to make, but if I keep talking it's just the panelists addressing the audience. So first I would like to open it up for questions. When you make a question, please identify yourself and be succinct. We're not interested in long comments, but in focused questions that will draw out the panelists' views on this.

Who would like to begin? I'll take this lady sitting in the front row here. Do we have a microphone?

QUESTION: Thank you. My name is Li Yung. I wonder if you can address the issues for the well-being of the general public in Taiwan. I think the way that Taiwan and mainland China or PRC -- I think historically they have a point is that now Taiwan is supported by U.S. U.S. is basically a capitalist and a capitalist has a history against Communist. And currently the world issue is that capitalist is in trouble because they present the profit over people. So that's why I wonder if you can address the issues how the DPP or KMT would address the issues of general public?

MR. BROWN: Thank you very much. I think we'll take a number of questions and then open up to the panelists. Can we have the gentleman in the far corner of the room?

QUESTION: Hi. My name is Tzu-Yao Lin. I'm a student in the University of Maryland. I think before we talked about what we can accomplish in the early future is that we need to see what does Taiwanese people think about this issue. The mainstream opinion in Taiwanese people is that over 60 percent -- based on the recent poll, over 60 percent of Taiwanese people are against the eventual reunification with China. And any of these political and economic arrangements that Taiwan wants to abandon independence is against Taiwanese people's will. And if China wanted to do that eventually, then certainly it has to interfere with the democratic system in Taiwan probably through the military forces or economic forces or through the Taiwanese businessmen doing business in China, which China can control their interests. So if that is the case, then it means that unification is anti-democratic and anti-Taiwanese people's will. So how do you comment on this situation?

MR. BROWN: Let's take a hand with a watch on it.

QUESTION: There are two questions I have, one for the American panelist.

Doug, you mentioned that you anticipate at some point there will be another arms sale to Taiwan during the Obama administration's period, and I'd like to ask you and Alan to put on your analyst's hat and tell us what the conditions are that you think would lead to that. In other words, approximately what timeframe we're looking at or what conditions would eventuate that would lead to that?

For our Taiwanese friends, I wonder if you could comment on the recent developments in Hong Kong and their impact inside Taiwan. How are the Taiwanese viewing Beijing's 2017 NPC Standing Committee decision?

MR. BROWN: Good questions. One more from somewhere over there, the gentleman with his –

QUESTION: Hi. My name's Rongfei and I'm a student of the Elliott School of International Affairs. My question is about Taiwanese society. So the Sunflower Movement is organized by the students, so as a Chinese I have the impression that Taiwanese society is somehow divided. So the younger generation for me seems to be more radical, it's more for independence. And for the older generation, since they have more ties with mainland China, so probably they are more for pro-One-China policy. Is this understanding correct in a way that somehow the Taiwanese society is divided into two groups, so this young generation versus the older generation?

MR. BROWN: Okay, that's a good question. I think that gives us something for our panelists to chew on. Who would like to try and address some of those issues, particularly the ones related to Taiwan society?

DR. HSIEH: Let me say a few words about the public opinion in Taiwan because it seems to be a concern for quite a few people here. Indeed I think Taiwanese society is kind of divided and sometimes it's not really easy to have people come together to agree on what kind of a future Taiwan should pursue and so on.

But then let me just give you some kind of opinions as seen in some of the opinion polls or surveys over the years. And generally speaking, I think Taiwan actually has been -- people's attitudes toward the national identity issue, meaning independence versus unification, has been reasonably stable at least since the mid-1990s. But, of course, the general trends -- I mean this a gradual increase in the number of people that support independence and somehow decrease on the other side, unification. But the people who support the status quo remain quite constant, close to 50 percent of people who support the status quo.

But, of course, it's all dependent on how you ask the question. For instance, in a lot of surveys in addition to just simply asking whether you support independence, unification, or status quo, when you say you support status quo then we ask whether you support status quo then

gradually moving toward independence, or gradually moving toward unification, or you want to have status quo forever? If you say it depends on the situation, then you decide what you want to do next.

And then we also ask a bunch of other questions. There's one question that asks the respondents if Taiwan declared independence -- it's kind of a confusing question -- if Taiwan declared independence and China would not attack Taiwan, then are you in favor of independence? And actually quite a few people -- and that's normal in most of the surveys -- that would be over 60 percent of the population in Taiwan said that they are in favor of independence if China will not attack Taiwan. And but then if we ask them, if China becomes democratic, prosperous, and so on and all kind of modifiers here, then are you in favor of unification with China? Then normally that number would be around 35 or 40 percent. So you can see the difference here. And also for a lot of people in the regular survey they answered they support the status quo, but that doesn't mean they sincerely believe in the status quo. So it's perhaps only the lesser evil or the second choice. And they are probably really in favor of independence or in favor of unification, but they feel that at this moment it's not feasible to achieve either so they end up with the status quo. For a lot of reasons that's kind of a rational choice for them.

Then I myself have tried several different ways to try to disaggregate the people who support status quo and then to see what are their really sincere attitudes towards the issue. And oftentimes after I divide them, there are slightly more for the independence and then a slightly smaller number for status quo and then followed by the people who support unification.

So this is kind of serious and it's difficult to change. And the recent trends -- and you can see in a lot of polls, particularly after 2012, it is something like a generational gap. Actually the youngest age cohort is say 20 to 29, and you do see a little kind of trend moving toward independence, but it's just gradual. It's not very drastic a change.

But then I also saw some polls just very recently, just a couple of months ago, and actually the situation, it moved back. So that means I actually -- the kind of distribution of the voters on this particular issue remains quite stable overtime. And I don't think this will be easily solved and this will be there and Taiwanese people just need to learn how to live with that. And this also underpinned the whole party structure and determined the dynamics in Taiwan's domestic politics. That's just a part of the life in Taiwan. And I think just like people in Northern Ireland, they're Protestant, they're Catholic. Of course, I think Taiwan's much more fortunate than that because at least in Taiwan there's something called status quo, in between. In Northern Ireland, either you are part of Irish Republic or you are part of Great Britain and it's hard to find a mid-point to compromise. But at least in the case of Taiwan, there's a compromise position. And that may not be my first choice, but at least I can live with that. So in that sense, I think Taiwan will be able to maintain some kind of stability like it has for a long time. It's actually quite stable despite this division in society.

MR. BROWN: Thank you. Would you like to say something, too, Dr. Wang?

DR. WANG: I would like to respond to Scott's questions. I think that most Taiwanese people they may necessarily pursue independence because I agree with Dr. Hsieh's comment. The survey shows the majority of people support to maintain the status quo, but few people support unification. The reason why they don't support unification is that they don't think mainland China is a democratic regime and also there's disparity of culture and economic conditions. So I think that the Hong Kong case only shows first that China has no willing to promote democracy either in mainland China or in Hong Kong.

Second, China used to repeatedly say one country, two systems to solve the Taiwan issues, but it seems to not work well. Even before this Hong Kong case, that message already few people accepted in Taiwan for the reason I just mentioned. But this case regarding Hong Kong, further to prove that it's not workable either in Hong Kong or in Taiwan. So I think Hong Kong's situation will further strengthen Taiwan's impression about China -- about one China, two systems -- and about their attitude toward unification. However, I want to also mention that that doesn't mean it will substantially or significantly change Taiwan's political attitude because I think, just as Dr. Hsieh Fuh-sheng said, the reason why Taiwanese people -- although they don't support unification, but they don't publically grasp the idea of political independence because that might put Taiwan in the risk of war with Beijing. So even with the case of Hong Kong, it doesn't mean suddenly all people will move to support independence because we have our own objective condition, which is to take care in thinking about this issue.

MR. BROWN: Thank you. Doug, you brought up the arms sales issue. Is there anything more you want to say on that?

DR. PAAL: Well, to try to answer Scott's question. The PRC continues to develop its military capabilities and it does not make an exception opposite Taiwan. So Taiwan has a changing military set of challenges and it has its own need to upgrade in various areas to match those challenges, not to keep a balance or to have an offensive capability, but simply the minimum necessary defensive capability.

The administration is under obligation through the Taiwan Relations Act to consider these factors and every administration has to face this, not just the Obama Administration. Most administrations also want to manage their relations with the mainland successfully, and so you get into a very difficult game of trying -- it's more than a game, a difficult choice -- how to meet the requirements that we have under law in the United States to help Taiwan defend itself and to do so in a way that doesn't push us in a direction of unnecessary friction or conflict in the West Pacific. And so each administration will have to make a decision. If I were in the administration, I would think 2015 is going to be a better year than 2016 to do something like this. But when and under what circumstances and with what material to be transferred will depend heavily on the lower level discussions about where the needs are. So I

think you should expect something before the end of this administration, but precisely when will be subject to the conditions I've just outlined.

MR. BROWN: Alan?

MR. ROMBERG: Just two comments, first on the arms sale issue. I agree with what Doug just said. I think there will be an arms sale. I don't know what it will be. I don't know when it will be. But it's I think pretty inevitable.

Second, on the issue of unification and the polls, actually -- and, obviously, Professor Hsieh looks at these polls very carefully. The ones that I look at have an even higher status quo adherence and the largest two categories are status quo indefinitely and status quo for a very long time and then we'll think about it, as opposed to status quo and then we'll go to independence or status quo and then we'll go to unification.

But the question that was asked initially was about 60 percent of the people oppose unification. It isn't that that they support it, it's that they oppose it. And I think that's an important point that Beijing has to have in mind. And I think it's a problem in that it's been pretty consistent over a long period of time.

So, yes, I think it would be undemocratic if it were imposed on the people of Taiwan. But I think the point that Professor Hsieh made, which is that people in Taiwan are quite rational and, therefore, they're not opting for choices that will provoke the PRC to think it must take action against Taiwan, is absolutely right. And I don't see a particular reason to expect a change either in Taiwan or in the mainland's approach to this. I don't see a reason to assume the mainland will get impatient with this and decide one morning, oh gee, we'd better go ahead and use force or something of that sort. I don't think that's a very likely approach given all the other problems that the PRC has to face.

MR. BROWN: Thank you. I've just been given a note that limits our time, so I am going to say a few words myself.

They relate to the fact that most of the panelists in one way or another refer to the uncertainties about the 2016 election, and particularly on certainties related to the possibility that the DPP may come back into office. There was uncertainty about the implications of a DPP victory in the 2012 election, particularly I would say here in Washington that had some implications for how American policy was shaped.

And as we look to the future, it seems to me that the DPP has some opportunities to alleviate those uncertainties if it wishes to take them. One set of opportunities relates to what Doug mentioned and that is that they could after the fall elections, local elections, in Taiwan come back to the question of the DPP's policy either concerning the freezing of the party plank

on independence or on the 1992 Consensus and try and come up with something that was pragmatic and possibly acceptable to the mainland as a basis for future cross-Strait contacts when they come back in office.

The other kinds of opportunities they have relate to the agenda of issues that was mentioned, and that is that there is the Services Trade Agreement, already negotiated, before the LY. There is the possibility that by next spring we may either have an agreement on the exchange of offices between SEF and ARATS, which would then have to go to the LY, or conceivably though less likely we may have an agreement on goods in trade. And both of those two agreements are ones which the DPP has said they are not opposed to and I think they could see benefit in. So if the DPP were to approach those issues domestically from a pragmatic point of view and Su Tseng-chang and Lai Ching-te, when they came to Washington, tried to convey that the DPP was going to be more pragmatic in the future. So if they address those kinds of issues not in the partisan way -- they are addressing the STA right now -- but in a more pragmatic fashion, that may tell people something about how they would manage relations if they would come back into power.

And so with that, I think I am instructed to say that we're going to take a short break and resume at 10:50, which is about 10 minutes from now in this room. So would you please join me in thanking the panelists?

(Recess)