

Cross-Taiwan Straits Relations: A Challenge for Beijing and Taipei

Kevin G. Cai

Renison University College, University of Waterloo, Canada

1. Introduction

The Taiwan issue is a major challenge that is facing decision makers on both Beijing and Taipei today. While cross-Taiwan Straits relations before 1979 were antagonistic, confrontational and rigid, decision making was relatively simplified for both Beijing and Taipei at the time. However, whereas relations across the Taiwan Straits in general have been gradually relaxed since 1979, the Taiwan issue has become growingly complex as a result of dramatic changes in both mainland China and Taiwan as well as in the broader global and regional setting. Consequently, decision making has become increasingly complicated for political leaders across the Straits, imposing a huge challenge in their policy making regarding cross-Straits relations. The complexity of cross-Straits relations and policy making has been even more evidenced since Taiwan's Ma Ying-jeou came in office on 20 May 2008.

2. The evolution of cross-Straits relations and policy adjustment since 1979

Cross-Taiwan Straits relations have been undergoing dramatic transformation since the end of the 1970s as a result of substantial policy adjustment on both sides of the Taiwan Straits. After decades of hostility and antagonism without any contact and exchanges across the Taiwan Straits, Beijing and Taipei started to relax their respective cross-Straits policies in the course of the end of the 1970s-1980s in response to domestic changes as well as changes in politics, security and economics in the East Asian region and beyond.

The post-Mao Chinese communist leadership in Beijing first started to modify its Taiwan policy in 1979, switching from its previous policy of “liberation of Taiwan” to a new policy of “peaceful reunification of the motherland.” Beijing’s Taiwan policy adjustment occurred in the context of the economic reform initiated by Deng Xiaoping and can be seen as part of the new orientation of the overall policy of the post-Mao Chinese communist leadership. As the new communist leaders identified modernization as the top priority of the nation, they moved away from Mao’s ideology- and revolution-oriented policy and began to adopt new pragmatic policy measures that would help achieve the nation’s primary objective of modernization. To pursue this objective, Beijing not only opened its economy to the outside world but also strived to create a stable and favorable global and regional environment for its economic development. Beijing’s adjustment of Taiwan policy therefore can be seen as being in support of this new overall policy in the post-Mao era. Politically, a more reconciliatory Taiwan policy would help stabilize cross-Taiwan Straits relations and create more stable regional environment. Economically, economic exchanges with Taiwan would be helpful in support of Beijing’s opening policy. In a further analysis, post-Mao pragmatic Chinese leaders also got to understand that the previous policy of “liberation of Taiwan” would no longer be in line with the reality of the time. It is also important to note that Washington’s switch of diplomatic recognition from Taipei to Beijing on 1 January 1979 also made Beijing more confident in dealing with Taiwan. Under such circumstances, it was logical that the post-Mao communist leaders began to adopt a range of reconciliatory policies to relax cross-Straits relations and put forward a series of flexible proposals to Taipei while at the same time continuing to exert political and military pressures on the island as deterrence against its possible move toward independence.

Beijing's adjustment of its Taiwan policy was later followed by Taipei, which began to relax the ban on commercial and cultural exchanges with mainland China in the mid-1980s, although it was required that these exchanges be conducted indirectly. In late 1987, Taipei lifted the ban for Taiwan's residents to visit their families and relatives on the mainland, while at the same time continuing to maintain the "three nos" policy, that is, no negotiation, no contact and no compromise with the mainland. On 1 May 1991, the KMT government officially ended its hostility toward mainland China by terminating its 40-year long martial law, Temporary Articles for the Period of Mobilization for the Suppression of the Communist Rebellion. Like that of Beijing, Taipei's mainland policy adjustment occurred in the context of fundamental changes in both the domestic and external settings. Domestically, by the second half of the 1980s, the economic success had been accompanied by a rising sense of Taiwanese identity and growing pressure for democracy on the island. In the meantime, with changed economic conditions on the island, particularly rising costs of labor and land, there was an urgent need for economic restructuring by moving upward into technologically more advanced and high-valued added industries and service sectors while relocating the declining labor-intensive and low-value-added industries offshore so as to continue to maintain the competitiveness of the Taiwanese economy in the global completion. Externally, the end of the Cold War led to the relaxed atmosphere in international and regional relations and rising importance in geo-economics. It was under such circumstances that the mainland's economic liberalization and opening to the outside world provided a particularly good opportunity for Taiwan to establish economic ties with the mainland not only to relax relations with the mainland but also help Taiwan to achieve its economic restructuring by relocating the declining industries from the island to the mainland.

As a consequence, policy adjustment on both sides of the Taiwan Straits led to rapid expansion of economic ties, movement of people and a range of other exchanges across the Straits, which could hardly be imagined before the 1980s. It is particularly significant that in order to handle economic, political, security and other issues derived from rising cross-Straits contact and exchanges, a semi-official liaison structure was established across the Straits with the Straits Exchange Foundation (SEF) founded in Taiwan on 21 November 1990, followed by the Association for Relations Across the Taiwan Straits (ARATS) formed on the mainland on 16 December 1991. As a result, both sides entered into a period of positive, although semi-official, tacit and difficult, interactions.

In the process of adjustment of its mainland policy, however, Taipei's attitude toward cross-Straits relations in general and the one-China concept in particular was gradually changing. In 1991, the KMT government under Lee Teng-hui, who came to office in 1988 after the death of Chiang Ching-kuo, adopted The Guidelines of Unification of the Nation (GUN), the most important document of the KMT's government regarding Taipei's mainland policy. The final objective of the GUN was the unification of China under the principles of freedom, democracy and equality in distribution of social wealth. While pursuing unification with mainland China as the objective, the GUN emphasized the use of peaceful means rather than force, respect for the rights of Taiwan people as the precondition of the unification, and unification as a staged process without a timetable. By 1994, however, Taipei formally dropped its long-time policy of competing with Beijing for the right of "representing China" in a policy document of the Mainland Affairs Council, Explanations Regarding Relations across the Taiwan Straits. As such, Taipei began to accept the concept of "two Chinas" or "one China one Taiwan" and "cross-recognition" of the ROC and the PRC.¹ On 8 April 1994, Lee Teng-hui publicised his six-point

statement, including (1) to pursue the unification of China on the basis of the reality that the country had been separated; (2) to promote cross-Straits exchanges on the basis of Chinese culture; (3) to promote economic exchanges and develop complementary economic relations; (4) to join international organizations jointly on the basis of equality; (5) to pursue unification through peaceful means by both sides; and (6) to jointly help maintain the prosperity of Hong Kong and Macao and promote democracy there by both sides. Finally, by 1999, Lee Teng-hui openly overturned the KMT's long-time one-China policy by claiming the ROC and the PRC as "special relations between two states."²

The election of the Democratic Progressive Party (DPP)'s Chen Shui-bian to presidency in 2000 changed Taipei's mainland policy further. Despite his promise of "four no's and one no" in his inauguration address,³ Chen Shui-bian openly declared in 2002 "one state on each side (of the Straits)." In the meantime, the Chen Shui-bian administration adopted a range of policy measures to delink Taiwan from China. Consequently, cross-Straits relations further deteriorated. Not only all semi-official contact between Beijing and Taipei through the ARATS and the SEF came to a complete halt, but there was also rising tension and hostility across the Taiwan Straits.

Facing such new challenges from Taiwan's pro-independence leaders, Beijing simply responded with escalating verbal criticism and warning of Taipei and increasing military pressure on Taiwan by strengthening military presence across the Straits. Particularly, Chen Shui-bian's series of provocative policies and consequent escalating tensions across the Straits eventually led to Beijing's introduction of the Anti-Secession Law on 14 March 2005, which formally legalized the use of non-peaceful means in case of Taiwan's independence. Such high profile policy in response to Taiwan's pro-independence leaders triggered a wide-spread resentment among the Taiwanese people against Beijing, which Chen Shui-bian quickly made

full use of to bring political gains for himself and for the DPP. Largely because of Chen Shui-bian's brinkmanship policy in pushing Taiwan toward independence, Beijing lost all trust of Chen Shui-bian. Consequently, even if in his late years of presidency, hoping to continue to manipulate domestic politics, Chen Shui-bian showed willingness to establish contact with Beijing, Beijing simply ignored it.

On the other hand, learning from its experience with Lee Teng-hui and Chen Shui-bian, Beijing seems to have gradually got more understanding of the complexity of the Taiwan issue as well as the strong sense of Taiwanese identity that had developed over time. This has forced Beijing to rethink of the Taiwan issue and continuously adjust its Taiwan policy. As early as 15 January 1997, Wang Daohan explicitly showed flexibility at several occasions regarding Beijing's one-China concept, indicating that one China did not refer to either the PRC or the POC, but rather a China that was divided and that was subject to eventual unification.⁴ Later, the one-China concept was further modified to mean that there was one China in the world, both the mainland and Taiwan belonged to one China and China's sovereignty and territorial integrity cannot be split.⁵ At the same time, Beijing also indicated that negotiations between Beijing and Taipei were of equal status and that everything could be put on the negotiation table under the one-China principle, including the issue of the formal ending of hostility across the Straits, Taiwan's international space, and the political status of Taiwan. After Hu Jintao came to office, Beijing moved to oppose "Taiwan independence" first and directly appealed to Taiwan people, adopting a series of favorable policies toward Taiwan.

It is important to note that despite the rising political tension between Beijing and Taipei after the mid-1990s, the economic ties and other nongovernmental exchanges across the Straits continued to expand beyond the control by the government, which were largely driven by the

market forces and the forces of globalization. Moreover, the expansion of economic, cultural and other nonpolitical exchanges was also deliberately used by Beijing as a strategic approach to tie the island to the mainland and pave the way for eventual national reunification across the Taiwan Straits.

It was against such a background of cross-Straits relations that in early 2008, the KMT won an overwhelming victory in Taiwan's both legislative and presidential elections, which largely explain, among other things, the desire of the majority of the Taiwanese people to establish and maintain stable relations with the mainland in the context of rising Chinese power and influence. Particularly, in the context of rising global competition, there was an urgent need to develop closer economic ties with a rising China so as to help the island to survive and improve its competitiveness in the world economy. With a clear mandate from the Taiwanese people to pursue a new course of policy for the island, Ma Ying-jeou acted swiftly in moving toward a more stable relationship with the mainland soon after taking office on 20 May 2008, pledging to ease military tensions and forge closer economic ties with mainland China. Consequently, the inauguration of Ma Ying-jeou on 20 May 2008 dramatically changed the political environment on the island and across the Taiwan Straits.

As the KMT has a very different perception of cross-Taiwan Straits relations as compared with that of the DPP, Ma's taking office has been bringing significant impact on cross-Taiwan Straits relations. Particularly, as Ma Ying-jeou openly acknowledged the one-China concept under the ROC's constitution after his inauguration, some basic political trust has therefore been reestablished between Beijing and Taipei. Both sides immediately adjusted their policies toward each other and started a process of rapprochement that could hardly be imagined before 20 May 2008 under the DPP administration. As a result, semi-official talks between the chiefs of the

ARATS and the SEF, Chen Yunlin and Chiang Pin-kung, were resumed on 12 June 2008 after a 9-year hiatus and a process of rapprochement started. The historic second round of Chen-Chiang talks in Taipei on 3-7 November 2008 was not only the first high-level talks held in Taiwan but also the first time ever that such a high-ranking Chinese official had visited Taiwan in 60 years, which led to the signing of four historical agreements, which paved the way for the establishment and expansion of true direct flights, shipping and postal service across the Straits. The third and fourth rounds of talks were respectively held on 26 April 2009 in Nanjing and Taichung on 21-25 December 2009. In less than two year after Ma Ying-jeou took office, there has been rapid improvement in cross-Straits relations with high profile achievements with four rounds of talks leading to the signing of twelve agreements and one consensus that helped establish three links (direct postal, transportation and trade links), food safety, finance, and other functional areas. After several rounds of negotiations, Beijing and Taipei finally signed the Economic Cooperation Framework Agreement (ECFA) on 29 June 2010.

3 Challenges in reconfiguration of cross-Straits relations

While cross-Straits relations have been substantially stabilized and improved as a result of the inauguration of the Ma Ying-jeou administration, the fundamental problems in cross-Straits relations remain unchanged. As such, the two sides will be facing huge challenges ahead when moving further in an attempt to establish a stable and institutionalized relationship in the coming years.

For Taiwan, despite Ma Ying-jeou's efforts to stabilize cross-Straits relations, the KMT government's mainland policy will be inevitably facing challenges from both inside the island as well as across the Straits. Internally, Taiwanese society is highly divided on the issue of cross-

Straits relations. While the pro-Taiwan independence Green Camp dominated by the DDP totally rejects the one-China concept that would link Taiwan with the mainland, the Blue Camp led by the KMT accepts the one-China concept under the ROC's constitution. As Taiwan's democracy is still young and far from mature, such conflicting views on the island's status and future have frequently evolved into hostile and violent confrontations between the politicians and supporters of the two camps, and become a most divisive issue in Taiwan's politics and society. Under such circumstances, any move that the KMT government takes to improve relations with the mainland could only bring violent responses from the opposition party, as is clearly illustrated by the violent protests organized by the DPP during the ARATS chief, Chen Yunlin's two landmark visits to Taiwan in 3-7 November 2008 and 21-25 December 2009.⁶ As such, cross-Straits relations are still subject to the changing political climate in Taiwan with the change of the government, which could bring substantial change in policy.

On the other hand, while the KMT government insists on the sovereignty of Taiwan under the ROC's constitution, Beijing still seems to be reluctant to officially recognize the existence of the Republic of China (ROC), for fear that this would be seen as the recognition of "two Chinas" or Taiwan's independence. As such, although it explicitly claims that Taipei and Beijing are of equal status in negotiations on cross-Straits relations, Beijing is still far from prepared to make concessions on what Taipei cares most about, including the recognition of Taiwan as a sovereign state, its international space, withdrawal of Chinese 1,500 missiles or so that are targeted at Taiwan across the Straits, and so forth. Without clear commitment from Beijing to the settlement of these crucial issues for Taiwan, it is unlikely that the KMT's government would be able to sell well its mainland China policy to the Taiwanese people.

In a further analysis, Taiwan's mainland policy, no matter which party is in office, would be inevitably constrained by both external and domestic conditions. On the one hand, the rising Chinese power and Beijing's zero tolerance of Taiwan's independence clearly set a limit that a Taiwan independence policy could move beyond, which is well explained by Chen Shui-bian's failed brinkmanship mainland China policy for the period 2000-08. On the other hand, however, a more reconciliatory policy toward the mainland that would possibly lead to closer relations or even the eventual unification with the mainland would obviously be constrained by the strong resistance of the pro-independence political parties, which artfully manipulate a rising sense of self-identity of the Taiwanese people. Under such circumstances, Taiwan's mainland policy will inevitably move between these two limits in the foreseeable future, that is, between the formal independence of the island on the one hand and the island's unification with the mainland on the other.

On the side of mainland China, while Chen Shui-bian's brinkmanship policy caused hostility and instability across the Taiwan Straits, it actually made Beijing's Taiwan policy simplified to solely focus on anti-Taiwan independence. On the other hand, however, while Ma Ying-jeou's new reconciliatory mainland policy is providing opportunities for Beijing to develop a more stable relationship with Taiwan under what Beijing insists on as the one-China principle, it has actually been bringing challenges for Beijing, if such a stable cross-Straits relationship is going to be based on equal status across the Straits as Beijing has promised. Beijing has to face the following three unavoidable issues regarding "respect, international space, and security" that are so crucial for Taiwan in the eyes of the Taiwanese.

Firstly, while Ma Ying-jeou acknowledges the one-China concept under the ROC's constitution, proposing that neither Beijing nor Taipei should at least reject the existence of the

other, then what does Beijing's one-China principle mean with respect to Taiwan's status, if Beijing continuously refuses to recognize the existence of the Republic of China? Obviously, while the 1992 Consensus of "one China with respective interpretations" is good enough for providing the minimum basis for starting talks across the Straits, the concept has to be clarified when negotiations on political relations between Beijing and Taipei should start. Beijing has to address the status of the ROC as least in some way sooner or later if a political settlement could finally be achieved.

Secondly, a related issue is how Beijing would allow Taiwan to have more "international space," as in such international organizations as the World Health Organization (WHO), the International Monetary fund (IMF), the United Nations (UN), and so forth, while the one-China principle is still upheld?

Thirdly, when will Beijing be prepared to withdraw its about 1,500 missiles that are targeted at the island from across the Straits, which put the Taiwanese under the constant sense of fear and being threatened?

It seems that there are policy debates going on within the decision-making body and think-tanks in mainland China on how to address the above issues and other related issues. While the policy adjustment is still under way, Beijing has already shown many signs of goodwill to the Ma Ying-jeou administration. For example, the ARATS chief Chen Yunlin's visit to Taipei in November 2008 and again in December 2009 was widely interpreted as Beijing's switch from "not recognizing" to "not negating" the existence of the ROC. It is also reported that in response to Ma Ying-jeou's call for diplomatic truce across the Straits, Beijing has politely rejected some Latin American countries that expressed interest in switching diplomatic recognition from Taipei to Beijing. This could hardly be imagined before Ma's taking office when Beijing had been

trying every means to lure those countries that maintained diplomatic relations with Taiwan to switch to establish diplomatic relations with Beijing. Another example is that Beijing agreed to let Lien Chan, KMT Honorary Chairman and Taiwan's former Vice President, to attend the APEC summit on behalf of Ma Ying-jeou for two consecutive years of 2008 and 2009, while in the past Beijing was strongly opposed to any representative with political background from Taiwan for such an occasion.

On the other hand, however, in showing its more reconciliatory posture toward the Ma Ying-jeou administration, Beijing clearly seems to be in a dilemma in the sense that it is still not sure of what might happen after Ma's presidency. What concerns Beijing most is that if it has made formal concessions on all these substantial and other issues to Ma Ying-jeou's government, they could hardly be taken back if a pro-independence DPP government comes back after Ma and pushes the island toward independence again. With such a fear, Beijing is currently still very cautious in making more concessions. Even if Beijing has to make some concessions after deliberation, it seems to prefer an informal arrangement rather than formal commitment so as to make it more flexible in case that the political environment is reversed in Taiwan after Ma Ying-jeou.

While cross-Straits relations have been stabilized since Ma Ying-jeou took office in May 2008, it is no easy job to find a prescription for the Taiwan issue, given the complexity of the issue and the conflicting interests involved on both sides of the Straits.

For Taiwan, starting with Japan's annexation of the island in 1895 and continuing with the separation of the island from the mainland as a result of the civil war in 1949, Taiwan has developed independently from the mainland for more than a century and has gradually evolved into a quite different society from that of the mainland. The result is the emergence and

development of a sense of Taiwanese identity among the majority of the island's population over time, although they continue to share the same cultural heritage with the Chinese on the mainland. Consequently, once politics became liberalized after 1986, there was a rising force on the island that promoted the Taiwanese identity and independence. The election of the pro-independence DPP leader Chen Shui-bian to the presidency in 2000 reflected such a rising sense of Taiwanese identity and decreasing enthusiasm for unification with the mainland.

But for Beijing, the Taiwan issue is regarded as representing China's core national interests, not only because it involves such important issues of state sovereignty and territorial integrity that Beijing still values so highly, but also because it touches the very nerve of the Chinese nation. With a continuing bitter memory of humiliation by Western and Japanese imperialist powers from the Opium War in the 19th century through the first half of the 20th century, the Taiwan issue has become an issue of national honor and pride for the Chinese people. Because of such a strong nationalist feeling and such a deep traditional sense of national unity, Beijing could hardly afford the loss of Taiwan in its hands. Rather, it has become one of the sources of the legitimacy of the Chinese government. As such, the Taiwan issue is always top on Beijing's national policy agenda and there is zero tolerance of Taiwan independence.

The conflict in perceived interests between the two sides aside, an equally insurmountable obstacle is the difference in political systems across the Straits, which further complicates cross-Straits relations with respect to the future direction. Probably because of this huge obstacle, Beijing has offered a so-called "one country two systems" formula for Taiwan, under which Taiwan would enjoy substantial autonomy in a unified China, including keeping its own military forces and political system, among other things. Moreover, Beijing has even hinted that if Taipei agrees to negotiate under the one-China principle, everything could be put on the table for

negotiation, including the official name of a unified China, national flag, national anthem, and so forth.⁷ However, Beijing's "one country two systems" formula has been rejected by Taiwan for fear that the island would be absorbed by the mainland under such unification and Taiwan would become a "region" of China like Hong Kong.

Probably because of the difficulty in compromising over the above key issues in cross-Straits relations, there seems to be a consensus between Beijing and Taipei that at the current stage they are focusing on dealing with less sensitive cross-Straits economic issues to establish and expand formal economic ties. Once the conditions are ready, they would move on to more sensitive political issues. The policy of peaceful development across the Straits that Beijing is currently pursuing also clearly follows this line of thinking. This approach seems to be in line with the ideas of integration theory, which was first constructed on the basis of the experience of European integration. According to integration theory, functional cooperation among regional players, without the final objective being first identified, would automatically bring spillover effects from one functional area after the other and eventually into politically sensitive areas.⁸

Should such an approach work, what would be essential is to make sure to have the Taiwanese people as well as political parties become true "stakeholders" and have a real voice in a potentially political arrangement that involves the mainland and the island. It is in this sense that the process of moving toward such a political arrangement across the Taiwan Straits would eventually be occurring alongside the process of democratization on the mainland with the two processes dynamically reinforcing each other along the way.

Obviously, a peaceful win-win solution to the complex Taiwan issue requires both the wisdom and imagination of the leaders and the people of both sides of the Taiwan Straits.

Notes

¹ See Shaw Chong-Hai, *Research into Cross-Strait Relations* (Taipei: Wu-nan Book Inc., 2006), pp.10, 97-8.

² Shaw, *Research into Cross-Strait Relations*, p.101.

³ By “four nots,” Chen Shui-bian promised not to declare Taiwan independence, not to change the national title from “the Republic of China” to “the Republic of Taiwan,” not to include the doctrine of special state-to-state relations in the Constitution of the Republic of China, and not to promote a referendum on reunification or independence; by “one no,” Chen expressed no intention to abolish the National Reunification Council or the National Reunification Guidelines.

⁴ Shaw, *Research into Cross-Strait Relations*, p.65.

⁵ This interpretation of the one-China concept can be found in Tang Jiaxun’s speech at the UN on 13 September 2002 and Jiang Zemin’s report at the CCP’s 16th Congress in November 2002.

⁶ BBC News, “Clashes mar Chinese Taiwan visit,” <http://news.bbc.co.uk/1/hi/world/asia-pacific/7716196.stm>.

⁷ *Xinhua Monthly*, no.6 (2000), pp.51-4; no.8 (2000), pp.139-40; no.10 (2000), p.150; and no.1 (2001), p.104.

⁸ For a discussion of integration theory, see Kevin G. Cai, *The Politics of Economic Regionalism: Explaining Regional Economic Integration in East Asia* (Basingstoke, Hampshire and New York: Palgrave Macmillan, 2010), pp.6-8.