



CONFERENCE ON PROSPECTS FOR RELATIONS ACROSS THE TAIWAN STRAIT

**A TRILATERAL CONFERENCE SPONSORED BY THE NATIONAL COMMITTEE ON AMERICAN
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The NCAFP hosted a trilateral conference on U.S.-China-Taiwan relations with influential analysts, officials and former officials from the three sides on July 8-9, 2010.

A list of participants and the agenda is attached in the appendix.

1. There was a general agreement that the ECFA (Economic Cooperation Framework Agreement) signed on June 29, 2010 is a major watershed in cross-strait relations, what some saw as the pinnacle of Taiwan President Ma Ying-jeou's cross-strait policy during his first term in office. For the next year and a half leading up to the Presidential elections in Taiwan in 2012, there will be a period of consolidation.
2. The Ma government in Taiwan, while intent on consolidating and institutionalizing cross-strait economic and cultural relations and communication (including tourism and educational exchange), will remain reluctant – at least in the near future – to move towards the more sensitive political and security issues.
3. The polarization in Taiwan domestic politics continues, with the KMT and DPP in continuing harsh dispute over the overall Ma reconciliation policy toward the mainland, including ECFA. There was general agreement that the state of the economy will be the dominant political factor in the near term and, although the DPP will not bring forth any surprising new approaches to the mainland, that the sharp debate over ECFA will be a part of this domestic competition.
4. There seems to be a common understanding that Taiwan will now be able to negotiate Free Trade Agreements (FTAs) with other nations – a goal that President Ma has long had in mind as a key to overcoming Taiwan's isolation and to ensuring Taiwan's prosperity and security – so long as the "one China" principle and nomenclature issues are properly managed. The Chinese side seems to recognize the major political as well as economic impact of this issue on Ma's chances for reelection.

5. There remain a number of challenges for cross-strait relations in the next two years. First, it will be necessary to get ECFA passed in Taiwan's divided Legislative Yuan which includes the opposition Democratic Progressive Party (DPP). The DPP strongly opposes ECFA both because of what it sees as the agreement's potential to subordinate the Taiwan economy to the mainland and because of its potential harm to domestic economic interests in Taiwan. The DPP also objects to what it considers the non-transparent way in which ECFA was negotiated and the undemocratic way it is being rammed through the LY. Second, negotiations will continue on the second and third phases of ECFA, including important agreements to fill in the gaps in the framework. Third, the actual implementation of ECFA will face many difficulties. Fourth, Taiwan's attention will be riveted on the five major city elections later this year because of their implications for the presidential election in 2012. Fifth, there is the question of how the U.S. will deal with the sale of F-16 C/D fighter aircraft to Taiwan next year. Sixth, there will be the issue of Taiwan's efforts to gain more "international space" by joining two UN bodies – the ICAO (International Civil Aviation Organization) and the UNFCCC (UN Framework Convention on Climate Change). Seventh, there will be the challenge of the 2012 Presidential elections and the potential for a return to power of the DPP.

In the period leading up to the election in Taiwan and the US and succession in China in 2012, the question arises whether there will be sufficient momentum to keep the cross-strait relations generally positive during a period of consolidation and postponement of more sensitive issues.

Over the longer term, there will be the challenge of how the PRC carries out and defines its cross-strait strategy of "peaceful development." Although the PRC talks much less these days about unification and more about peaceful development of cross-strait relations, this does not mean that it has given up its long-range goal of unification. The question is how long China's patience on reunification will last.

6. There was much interesting discussion from mainlanders on the status of the ROC (Republic of China). One PRC participant said that the PRC and ROC governments should accept each other as "two equal level governments" within the "one China" framework. Another PRC participant said that – with the upcoming 100th anniversary of the 1911 revolution in China – the PRC should acknowledge the "historical importance" of the past ROC. The solution to the one China problem, he said, should be "one China with two administrative entities." On the whole, it seems as if some in Beijing are slowly moving to cope with the reality of the ROC rather than simply denying its existence, what Ma has called "mutual non-denial." At the same time, one mainland participant observed that facing the "ROC" in the future requires that the conditions and opportunities be created in the process of peaceful development of cross-strait relations, including the development of a common sense of kinship and values. If one talks about the ROC too early, he said, this will not solve problems, but only destroy progress in cross-strait relations.

7. According to Taiwan participants from the KMT, Ma's strategy over the next two years will be to consolidate the status quo. This means:

- the existence of the ROC government and its Constitution
- the "92 Consensus" (avoiding emphasizing the Taiwan definition of this as "one China, respective interpretations" as long as the PRC refrains from insisting on the "one China principle.")
- the three No's (no independence, no reunification, no use of force)
- no surprises—for the U.S., the mainland, or other diplomatic allies.

According to Taiwan participants from the DPP, the DPP will be focused on moving to the middle ground in order to win upcoming elections, but it is clear that it will strongly oppose the substance and the approval process of ECFA, as well as Ma's overall posture toward the mainland.

8. PRC participants offered mixed messages.

On the positive side:

- There is a huge potential for cross-Strait trade.
- ECFA's political aim is to make Taiwan independence more difficult, but it is also economically beneficial for everyone.
- In reaching its ultimate goal of peaceful reunification, the PRC must recognize that haste will not guarantee success. China must win the "hearts and minds" of the Taiwan people.
- Peaceful unification cannot be achieved through force.
- Although Taiwan is an internal Chinese affair, the U.S. plays an indispensable role and China must respect the "legitimate concerns" of both the U.S. and Japan.
- According to some Chinese, the key obstacle to unification is not the U.S. or the DPP but the mainland itself. The mainland needs "more time" to develop steadily with a "wise policy" and an increase not only in military power but also "soft power," including political reform.

On the harsher side:

- The DPP needs to know that independence is a dead end. For the mainland, independence means war, "which no one wants."

- Beijing understands Taiwan’s desires regarding “international space,” but it is always sensitive about this question because it sees the DPP using all international contacts to push for independence; further concessions might blur the international consensus on “one China.”
- China is concerned that U.S. “unofficial” relations with Taiwan are gradually turning into “official” relations. The U.S. should know that the present cross-strait status quo cannot be maintained indefinitely.
- U.S. arms sales to Taiwan, especially F-16s, constitute a “red line” for China. There was a constant drumbeat on this issue, although the implications of the “red line” were never defined.
- Although the PRC hears many “fine words” from the U.S. about its positive attitude towards improved cross-strait relations, many on the mainland have doubts and are concerned that the U.S. is untrustworthy—“especially arms sales seem to show the true US intentions.”
- Several Chinese complained that the U.S. is not respecting China’s “core interests.” This creates some disillusionment with the S&ED.
- The Chinese have added the South China Sea as a “core interest,” raising concern in the U.S. and ASEAN and Japan. (There was some disagreement within the mainland group about whether, in fact, the South China Sea has actually been adopted by the leadership as a “core interest” or whether that question has not been decided.)

9. U.S. participants also had mixed messages.

On the positive side:

- The U.S. continues to find the PRC approach on Taiwan to be measured and was generally encouraged by the PRC’s apparent willingness to let Taiwan’s FTAs with other countries go forward.
- The U.S. is pleased with the progress in cross-strait relations and hopes these relations expand. In the face of some Chinese skepticism the U.S. side strongly reiterated that it can live with any peaceful, uncoerced outcome reflecting the will of the people.
- U.S.-Taiwan relations are good and open. There is hope for progress on issue like trade, visas etc.
- The U.S. believes the recent S&ED (Strategic and Economic Dialogue) with China seemed to go well but is concerned with implementation on key issues.

- Some Americans suggested that an emphasis on “safety” rather than “confidence-building” might be more descriptive of what is envisaged for cross-Strait CBMs in the short run, and also more acceptable.

On the harsher side:

- Chinese officials at the S&ED said that so long as the TRA (Taiwan Relations Act) remains on the books in the U.S., this will cast a “shadow” on U.S.-China relations. The U.S. side finds this troubling.
- Chinese officials at the S&ED said that military-to-military relations between the two countries cannot resume until the arms sales issue is addressed, e.g., how to implement the 1982 communiqué. From the American perspective, there is a need for military dialogue at least to prevent incidents and to head off strategic misunderstandings.
- Beijing seems to feel that now is the time to push once and for all for a change, or at least discussion of phasing out, of U.S. arms sales to Taiwan. The U.S. has rejected such discussions. The U.S. believes that such arms sales are essential to boosting Taiwan’s confidence in negotiating with the mainland. Moreover they cannot possibly threaten the growing military superiority of the PRC. At most they help Taiwan buy time until the U.S. can intervene.
- Any China effort to cripple arms sales and overall U.S.-Taiwan relations would cast a shadow over U.S.-PRC relations. Also it would undercut Ma and lead to a slowdown or halt in the current trend in cross-strait relations, which is not in China’s interest.
- Although the S&ED approach of expanding bilateral cooperation on regional and global issues is sound, the U.S. side finds Chinese performance lacking, e.g., on Korea, Iran and climate change.
- Several Americans said that China was in recent years moving backwards on political reform and clamping down on dissent and the internet.