



## NCAFP Conference with China's Taiwan Affairs Office

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**June 5-6 2012**

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The NCAFP hosted a delegation of officials from the People's Republic of China's Taiwan Affairs Office and Chinese scholars in New York on June 5-6, 2012. The NCAFP has been meeting with the TAO twice a year, once in Beijing and once in New York, for the past decade. The list of participants is in the appendix. The author wishes to express his appreciation to Ambassador Winston Lord and former Principal Deputy Assistant Secretary of State Evans Revere for their valuable inputs to this report.

### **Summary**

There was cautious optimism on both sides on the state of U.S.-China relations. Bilateral relations, although marked by serious differences and frequent challenges over the years, have proved resilient. The latest example is the deft handling of the Chen Guangcheng case. The leadership on both sides was determined not to let this incident jeopardize the overall relationship.

The relationship between China and Taiwan is stable but brittle. The two sides have reached 16 agreements, including an Economic Cooperation Framework; trade and investment relations are growing; tourism is increasing; a truce has halted competition for diplomatic recognition between Beijing and Taipei; and the two sides have institutionalized talks on a variety of issues. But the relationship remains fragile because of differences over sovereignty, a growing "Taiwan identity" on the island, and a rising fear of "peaceful separation" on the mainland. Also, the PRC objects to U.S. arms sales to Taiwan and the U.S. is determined to continue such arms sales. Still the prospects seem good for continued incremental progress on cross-Strait economic and cultural ties during the next four years. And both sides now describe cross-Strait relations as entering a period of "consolidation."

## PRC VIEWS ON CROSS-STRAIT RELATIONS

### ***One Chinese official made the following observations:***

#### **1. China will continue to be patient**

Although national reunification remains China's national goal and highest priority, the PRC recognizes the existence of enormous obstacles to reunification and will "have enough patience and confidence." Peaceful development of cross-strait relations will continue to be PRC policy after the 18<sup>th</sup> Party Congress. (An American participant observed that Wang Yi, head of the Taiwan Affairs Office, had recently written in a Chinese journal, "we will ensure peaceful development of cross-strait relations before striving for peaceful reunification." Such a formula implies that the current stage of "peaceful development" will last a long time before the potential for reunification becomes mature.)

#### **2. Cross-strait relations are now entering a period of "consolidation"**

Cross-strait relations are now entering a phase of "consolidation." The PRC recognizes that although many economic agreements have been signed between the two sides, notably the Economic Cooperation Framework Agreement, the conditions for political and military talks are still "not mature." China hopes to create the conditions for such talks but the process is "very difficult."

#### **3. More discussion is needed on Ma's "one China, two areas" formula**

With regard to formulas for political talks on the basis of President Ma's "one country, two areas" idea, as stated in his Inaugural Address, there is a consensus on "one country" but the "two areas" idea "needs more discussion." With regard to Ma's idea of mutual non-denial of each other's jurisdiction, "we can't accept it but do not say so publicly."

#### **4. The PRC Door to the DPP is Open**

With regard to PRC talks with the opposition Democratic Progressive Party (DPP) in Taiwan, China cannot have official party-to-party talks so long as the independence clause remains in the DPP charter but its "door is open" to individuals from the DPP visiting China. For example, the mayor of Kaohsiung had recently visited Beijing. Moreover, the PRC remains confident that "over the long run, more and more people in Taiwan will give up the idea of independence."

#### **5. The PRC is flexible on "international space" for Taiwan**

On the subject of Taiwan's "international space," the mainland has been quite flexible. Taiwan is an observer at the World Health Assembly (WHA), has signed economic agreements with Singapore and New Zealand, and participates in the annual Asia-Pacific Economic Cooperation (APEC) meetings.

## **6. The U.S. should “handle the Taiwan issue properly”**

The United States “should handle the Taiwan issue properly.” The sale of “large amounts of arms” is not compatible with the 1982 Joint Communiqué. The United States should also support political and security talks between the two sides and it should also support the educational and cultural agreement now under discussion.

## **7. The U.S. should take “more concrete measures”**

The PRC appreciates that the United States supports the peaceful development of cross-strait relations and maintains a “one China” policy. The peaceful development of cross-strait relations is in U.S. interests. But the PRC would like to see the United States take “more concrete measures” to support the peaceful development of cross-strait relations.

### ***Other PRC participants made the following points:***

#### **1. The PRC should lower its expectations of Ma in the second term**

The PRC needs to lower its expectations of President Ma during his second and final term. Political talks between the two sides are “not urgent” and if entered into prematurely could “end the honeymoon.” The main task over the next four years will be to follow up the ECFA agreement with an “early harvest” investment protection agreement and to reach agreement on cultural and educational exchanges.

#### **2. The U.S. should take account of the PRC’s domestic politics**

The United States should take into account domestic politics on the PRC side. Any “smell of Taiwan separation” is “politically suicidal” on the mainland. Many Mainland Chinese are already critical of current PRC policies on cross-strait relations as being too soft and “leading to peaceful separation.”

#### **3. Cross-strait relations are stable but fragile**

One Chinese participant said that cross-strait relations are now stable but fragile. They are stable because of the consensus on “one China.” But they are fragile because of the differing definitions of “one China.” The mainland emphasizes “one China” and Taiwan emphasizes “different interpretations” of what “one China” means. Also, Taiwan’s commitment to the “one China” consensus is fragile. Ma finds it difficult to say that he is Chinese and the DPP does not accept the “1992 consensus” on one China. Moreover, domestic politics in China and Taiwan create difficulties. In Taiwan, public opinion polls show that there has in recent years been an increase in Taiwan identity – i.e. those who consider themselves Taiwanese and not Chinese. On the mainland, some say that time is not on the mainland’s side and that the mainland should change its tactics and adopt a harder line. As China continues to become stronger, why should it continue to exercise such restraint?

#### **4. Cautious optimism about next few years**

Despite these caveats, the same Chinese participant concluded that he was “cautiously optimistic” about the next few years because he expected an incremental improvement of cross-Strait ties and because “China has to wait. There are too many problems at home.”

#### **5. The PRC will be more relaxed about exchanges with the DPP after the 18<sup>th</sup> Party Congress**

Another Chinese participant said that after the 18<sup>th</sup> Party Congress this coming fall, the PRC would be more relaxed about DPP visitors to the mainland and will invite a number of DPP mayors to China.

#### **6. China should take a long-range perspective on the cross-Straits issue**

Another Chinese participant said that China should not expect much progress towards unification in Ma's second term. The political basis for such progress does not exist in Taiwan. In the future, China will have to deal with leaders of Taiwan who have been born in Taiwan. Perhaps it will be more feasible to negotiate with such “hardliners.” This comment was made in response to the comments of an American participant who recalled that the Northern Ireland peace process, which the NCAFP was heavily engaged in, made a breakthrough only after Irish “hardliners” began to negotiate with the British.

#### **7. China should improve its record on democracy, human rights and rule of law and give more space to “civil society” in China**

The same Chinese participant said that the PRC leaders understand that the way out of “the dynastic succession cycle” that modern China has inherited is through democratization and the rule of law. China, he said, had issued a lot of laws but the implementation of such laws is poor. The rulers themselves must abide by the law and the problem is that officials often violate the laws they make. In the United States and other democracies, he said, disputes are settled by the legal process. In China, the historical record shows that disputes have often been settled by force. China therefore needs to make much progress in resolving disputes through the rule of law. And although progress in this area is still too slow, China has made a lot of progress. In 1979 there were 200 lawyers in China; today there are 200,000. Moreover, there is an increasing acceptance of law. The Chen Guangcheng case was atypical.

## U.S. VIEWS ON CROSS-STRAIT RELATIONS

### ***One American expert made the following points:***

#### **1. The U.S. shares China's desire for peaceful development of cross-Strait relations**

The United States shares the Chinese desire to see the peaceful development of cross-Strait relations and welcomes the statement that peaceful development will continue to be China's policy after the 18<sup>th</sup> Party Congress. The United States supports the progress in cross-Strait relations seen during the past four years and agrees that peaceful development of cross-Strait relations is in the U.S. interest.

#### **2. Both the PRC and Taiwan agree that cross-Strait relations are entering a period of "consolidation"**

The U.S. notes that the Chinese side has stressed that cross-Strait relations are entering a phase of "consolidation." President Ma uses the same words to describe the current situation.

#### **3. The U.S. and the PRC do not coordinate cross-Strait policy**

The United States and China regularly discuss cross-Strait relations both at top-level meetings and in other forums. But we distinguish between "discussion" and "coordination" of policy. It is important for China and the United States to understand each other's policy but we do not coordinate our policies.

#### **4. Only Taiwan can determine how to move forward**

As to whether the United States can take "concrete steps" to promote the peaceful development of cross-Strait relations, only the leaders in Taiwan can decide on how to move forward.

#### **5. The U.S. and the PRC will disagree on U.S. arms sales to Taiwan**

On U.S. arms sales to Taiwan, we will disagree because we see the issue differently. China defines the issue as foreign interference in China's internal affairs. The U.S. defines the issue as Taiwan's need to maintain a deterrent capability. Taiwan sees an offensive mainland military posture across the strait and the anti-secession law as the legal basis for such an offensive posture. That is why Taiwan wants to maintain a deterrent capability. The mainland now has open channels of communication with Taiwan and if it can change the minds of the leaders and people on Taiwan, it should do so. Meanwhile the United States will live up to its obligations.

**Other American participants made the following points:**

**1. One reason for U.S. arms sales to Taiwan is that in order for Ma to negotiate with the mainland, he needs to assure Taiwanese people that he protects Taiwan's security**

With regard to American arms sales to Taiwan, neither Ma nor any other Taiwan leader can make progress in negotiating with China on cross-Strait relations without assuring the Taiwanese people that the leadership on Taiwan is protecting Taiwan's security. There are many in Taiwan who fear that Ma has already gone too far to accommodate China. Ma's ability to say that he is protecting Taiwan's security is therefore an essential precondition for negotiating with the mainland.

**2. It would be very helpful if China could be more flexible on "international space" for Taiwan**

The same participant asked whether China could be more flexible on "international space" for Taiwan in the coming four years. There will, he said, probably be a steady development of cross-Strait relations over the next four years but the most important variable will be China's policy and especially whether China can be more flexible on "international space" for Taiwan.

**3. The DPP recognizes that independence is no longer a realistic goal**

Another American participant said that the DPP recognizes that independence is no longer a realistic goal but it is reluctant to remove the independence clause from its charter. The new DPP leader, Su Cheng-chang, is a realist and he recognizes the need to deal with China. But he is skeptical that he can do much.

**4. There has been remarkable progress on cross-Strait relations**

Yet another U.S. participant concluded that all three sides need to have a clear understanding of the remarkable progress that has been made on cross-Strait relations during the past four years thanks to the wisdom and pragmatic policies on all sides. Taiwan is no longer at the top of the list of regional flash points and there has been an enormous reduction in cross-Strait tensions. There has been a fundamental shift in cross-Strait dynamics towards institutionalized dialogue and cooperation. Habits of cooperation are developing and there has been a significant increase in transparency. Moreover, the independence idea in Taiwan is receding.

**5. China's political system lacks appeal in Taiwan**

In thinking about reunification, this participant continued, China needs to reflect on the appeal of its political system. For the majority of the people on Taiwan, the PRC's system has no appeal. Can China do anything by the way of political reform in order to increase the appeal of its system to the people on Taiwan?

## CHINESE VIEWS ON U.S.-PRC RELATIONS

### ***Chinese participants made the following observations:***

#### **1. “Handling the Taiwan issue properly” could become the basis for a sound development of U.S.-China relations**

If the U.S. handles the issue properly, strategic trust between the two countries will be enhanced.

#### **2. If the U.S. could take some “concrete steps” on cross-Strait relations, this would have “big political significance.”**

The 40<sup>th</sup> anniversary of the establishment of U.S.-China relations is this year and such U.S. steps would be especially welcome.

#### **3. China and the U.S. need to focus on their common interests**

The goal of both sides, said one Chinese participant, should be to make the differences over issues such as Taiwan less central in the relationship while stressing our common interests. He went on to add that the two great powers should seek to work out a partnership on regional security issues.

#### **4. There are three myths about U.S.-China relations**

Another Chinese participant said there were three myths about U.S.-China relations – that the established power and the rising power are bound for confrontation; that the two countries have diametrically opposed values; and that there is inadequate communication between the two. The two powers are not inevitably headed for confrontation, he said. They are mutually interdependent; they gain a lot from cooperation; and they have many common interests along with differences. As to values, China begins to share some basic values with the U.S., including free market principles and the rule of law. And it is not true that they lack communication. The top leaders meet frequently and there are many mechanisms for communication. In sum, concluded the Chinese participant, U.S.-China relations demand cooperation and both sides need to overcome mutual strategic mistrust.

#### **5. The U.S. and China need to learn how to live harmoniously**

Another Chinese participant said that the two powers live on the same planet and need to learn how to live together. Both need to cherish the current situation of peace and development in the Asia-Pacific region. The Pacific Ocean is big enough to accommodate both powers. Both countries should settle disputes through peaceful and legal means and rule out the use of force.

## U.S. VIEWS OF U.S.-CHINA RELATIONS

*A former high ranking U.S. official made the following observations:*

### **1. U.S.-China relations are a glass half-full**

The story of U.S.-China relations is remarkable. Two countries with enormous domestic challenges and complex relations are trying very hard to build a cooperative relationship. Since President Obama took office, the United States has reached out to China. There have been numerous meetings between President Obama and President Hu Jintao. A new Strategic and Economic Dialogue has begun. The U.S. and China are not destined to be adversaries. There are many areas of disagreement but it is important for the leaders to put these differences into a broader perspective. The biggest challenge for the U.S. is to manage China's growing power wisely. The biggest challenge for China is to pursue its legitimate interests in ways that do not threaten the security of its neighbors.

### **2. U.S.-China relations have a floor and a ceiling**

Another former high-ranking official said that U.S.-China relations have a floor and a ceiling. The floor consists of interdependent economies, growing exchanges, and the many regional and global issues on which the two countries have common interests. The ceiling exists because of different values, different political systems and structural factors such as differences between an established and a rising power. These sensitive issues will not disappear. But the sophisticated handling of the Chen Guangcheng case on both sides shows the maturity and resilience of the relationship.



## CONCLUSIONS

### *Cross-Strait Relations*

1. Both the PRC and Taiwan's President Ma now use the same term to describe the present stage of cross-strait relations – “consolidation.” This term implies that there will be no major breakthroughs on the key political issues during Ma's second term but that we can expect continued incremental progress on economic and cultural issues. But the term also implies that there will be continued peace and stability in cross-strait relations while the two sides explore their differences on sensitive political and security issues that continue to divide them, especially the issue of sovereignty.
2. Nevertheless, there is a glimmer of progress on the more sensitive issues. On the one hand, the mainland is slowly coming to grip with the fact that unification is a very long term process given the fact that the DPP still commands the support of some 45% of the Taiwan electorate, that Taiwanese (as opposed to Chinese) identity is rising in Taiwan, and that the PRC system of government lacks appeal in Taiwan. At the same time, the DPP is slowly coming to realize the fact that *de jure* independence is not a realistic option for Taiwan, and several factions within the DPP are seeking to develop a more realistic policy towards the PRC.
3. Given the above, the two sides may be coming closer to a *de facto* understanding on the basis of Ma's “three no's” – no independence, no unification and no use of force.
4. Of course, much could still go wrong in cross-strait relations. Still, many of the trends are moving in a positive direction.
5. One important test of the mainland's policy on cross-strait relations will be how it handles the vexing issue of “international space” for Taiwan. Many in Taiwan are frustrated with the slow pace of progress in this area. The PRC says it is being flexible and proceeds on a case-by-case basis. But the mainland is clearly concerned that too much flexibility has the potential to create “two Chinas” or “one China, one Taiwan,” if the DPP returns to power.

### *U.S.-China Relations*

1. U.S.-China relations, although marked by serious differences and frequent challenges over the years, have proved resilient. The latest example is the deft handling of the Chen Guangchen case, which had the potential to roil U.S.-China ties. In the end, the leadership on both sides skillfully prevented this incident from jeopardizing the overall relationship.

2. Still, both sides agreed that they are destined for a mixed relationship – marked by cooperation and contention. The United States says it welcomes China as a rising power and China says it welcomes the U.S. remaining a Pacific power. But neither side fully trusts the other and each is hedging its options. The only way to build confidence and trust is to work together on specific issues and to try to build trust issue by issue while managing differences.
3. Although the Taiwan issue has now receded as a potential flashpoint in the relationship, maritime issues in the South and East China Sea are now increasingly troublesome. Neither side wants a confrontation over maritime and territorial issues but they could stumble into one. Clear rules of the road are needed.
4. Another potential flash point is the volatile situation in North Korea. Continued North Korean provocations could lead to a new conflict on the Korean peninsula. And, in the future, a North Korean collapse could lead to miscalculations on both sides. There is a clear need for enhanced consultation between Washington and Beijing to avoid such misunderstanding and to deal effectively with future contingencies.
5. The two powers lack a strategic framework for dealing on a more systematic basis with the military buildup being undertaken by both sides. China feels the need to defend its territory and spheres of influence while the United States needs to reassure its allies with its presence and patrols. A systematic effort by the two states to reach an agreement regarding longer-range military plans and measures for reciprocal reassurance is a necessary component of any longer term U.S.-Chinese partnership. (See Zbigniew Brzezinski, *Strategic Vision*, especially p. 177 ff)