



## **A Conference with the Taiwan Affairs Office of the PRC State Council by Rorry Daniels**

**June 2016**

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### **Introduction**

The National Committee on American Foreign Policy convened a Track 1.5 meeting on June 1-2, 2016 in New York City that included a group of officials and scholars from the Taiwan Affairs Office of the PRC State Council to discuss U.S.-China and cross-Taiwan Strait relations.

The Democratic Progressive Party's sweep of the January 2016 elections in Taiwan ushered in a DPP Administration led by President Tsai Ing-wen. In the four months since her election in January 2016 the Mainland has been focused on whether or not she would follow its strict directive that she accept the so-called 1992 Consensus and the One China principle as a baseline for continued relations across the Strait.

The Mainland's Taiwan Affairs Office (TAO) gave her an 'incomplete grade' on her May 20 inaugural speech and has also suspended official exchanges between the TAO and Taiwan's Mainland Affairs Council (MAC) as well as the Association of Relations Across the Taiwan Strait (ARATS) and the Straits Exchange Foundation (SEF).

The key question following these developments is whether we are at the beginning of a process in which constructive relations between the Mainland and the DPP can still be developed, or whether we are likely to see a vicious cycle of action and reaction that portends an end to the positive trend of the last eight years under KMT rule of Taiwan and a potential crisis in the future. The following report provides a summary of key discussion points followed by the meeting's major policy recommendations.

### **I. The Pessimistic Case**

The case for pessimism was laid out both by Mainland and American participants. An authoritative Mainland participant told the conference that Tsai did not recognize the 1992 Consensus and made no concrete proposal in her inaugural speech to ensure stability in cross-Strait relations. She had not done enough to respond to the Mainland's goodwill as reflected in such steps as the Mainland's willingness to have Taiwan continue as an observer at the World Health Assembly (WHA) under the name of "Chinese Taipei."

Tsai, the Mainland participant continued, sought to change the status quo while using the disguise of maintaining the status quo. Her version of maintaining the status quo is one country on each side of the strait. Tsai, he went on, played a central role in developing the state to state theory of former Taiwan leader Lee Teng-hui, and in Chen Shui-bian's Administration. She is not as rash as Chen but she continues to underestimate the potential dangers of Taiwan independence.

The 1992 Consensus and the One China principle, he continued, is "our bottom line." If Tsai can make a clear statement on the nature of cross-Strait relations, it would be possible to find common ground.

The Mainland cannot resume SEF-ARATS dialogue unless Tsai accepts the political foundation of cross-strait relations, i.e. the 1992 Consensus. In his view, it is Tsai and not the Mainland who has closed the door to communication.

An American conference participant continued the case for pessimism, while stressing that it is only one of two possible scenarios that may emerge in the coming months. Since Tsai Ing-wen is unwilling or politically unable to declare herself in support of the '92 Consensus, continued adherence of the Mainland to this narrowly defined policy goal is a recipe for increased tensions and potential conflict. Pressure applied by the Mainland to attempt to force her hand could face backlash among the people of Taiwan who may demand an active response to such measures. This could empower more radical elements of the DPP and other parties in favor of less engagement with the Mainland. The rise of public opinion against the Mainland could trigger more forceful responses from Beijing, thus leading to a vicious cycle in which each side becomes more and more entrenched against each other in words and actions.

In this context, the American continued, the shut-off of communications between officials on both sides was seen as particularly disturbing, a view shared by most American participants. One American participant noted that times of trouble were exactly when the U.S. has historically found value in talking directly to its adversaries, including with the Soviet Union during the Cold War and with China in the lead-up to the establishment of official relations with Beijing. Another American participant warned that incomplete information and assumptions made about U.S. adversaries had led the U.S. into conflicts that could have been minimized or avoided, including the war in Iraq that was based on false assumptions of Sadaam Hussien's supposed arsenal of WMD.

Other Mainland participants also expressed distrust of Madame Tsai and many thought she sought a way to bide her time while pushing for peaceful separation or "soft independence." They identified the DPP charter's independence plank as a key source of such mistrust, along with Tsai's earlier record of promoting a two-state theory under previous DPP administrations. One Chinese scholar believed that Tsai had learned from the Chen Shui-bian era that while independence was not possible, it was desirable to edge the island in that direction through socialization and by increasing "Taiwan identity" at the expense of Chinese identity. Recent polls conducted in Taiwan show that Taiwan people are increasingly identifying as separate from the Mainland. Americans questioned whether or not Tsai had control over these developments, which they read as a fundamental difference in political values rather than a direction developed

by political leadership of any party. Moreover, there is no commonly accepted definition of 'incremental' independence, so actions are open to subjective interpretation.

Chinese participants were concerned about the U.S. reaction to Madame Tsai's inaugural speech. That speech did not satisfy the Chinese side but was seen by many American scholars and analysts as moving in the right direction. Chinese participants warned the Americans to play a 'constructive role,' not to let 'the tail wag the dog,' and not to give false impressions to Tsai or others in Taiwan that she has done enough to maintain stability in cross-Strait relations.

The Americans were equally concerned that the Mainland was applying a double-standard to Tsai Ing-wen when compared to their treatment of Ma Ying-jeou. Mr. Ma's articulation of the '92 Consensus was 'one China, different interpretations.' Many Americans emphasized that Ma was a proud supporter of the Republic of China (ROC) and that Tsai's comments of governing based on the ROC constitutional order could be seen as analogous to Ma's interpretation of the One China principle. Ambiguity in this regard could be a helpful tool to allow each side to meet in the middle without losing face.

Chinese participants countered that ambiguity could only be applied to differences of interpretation and not to differences of principle. In other words, they could not accept ambiguity from Tsai on the basic principle that both sides of the Strait belong to One China. However, an ambiguous stance could be taken on the nature of the different interpretations in the spirit of seeking common ground. But even this flexibility needs a basis of mutual trust, which would be impossible to develop as long as the DPP's charter contains an independence plank.

Furthermore, they argued that Mainland should not be held responsible for the breakdown in cross-Strait relations, because Tsai Ing-wen had changed the status quo. The status quo, in their opinion, was peaceful development, which required both a basis for political interaction—the One China principle—as well as continued progress in or development of cross-Strait ties.

However, since continued progress or development can only be achieved through communication, the American participants questioned the Mainland's overall strategy toward Taiwan. American participants noted that a strategy in which the Mainland pressures Tsai in the hopes that she will fail and the KMT will come back to power would not only take years to develop over subsequent election cycles but also risk backlash in Taiwan.

The Chinese participants did not give specific answers to questions on what kinds of pressures might be applied if Tsai continues to follow a course that is unsatisfactory to Beijing. The Americans speculated that such pressure might include an end to the diplomatic truce in which Beijing has not pursued formal relations with Taiwan's remaining diplomatic partners, or further constriction of Taiwan's international space in terms of participation in global assemblies such as the WHA.

## II. The Potentially Less Pessimistic Case

The less pessimistic scenario that could be drawn from recent events is that we are at the start of a process which over time could see the development of somewhat more positive relations between the Mainland the DPP. Most of the conference participants agreed that the cross-Strait situation is not yet in a crisis even though the potential for such a crisis is clear.

One key indicator that positive development is still possible is the TAO's relatively subdued reaction to Tsai's speech. An 'incomplete' grade, although condescending to the American participants, means there is still more that can be done. In other words, it is not a failure.

Another such indicator is that the Chinese scholars at the conference generally characterized the current policy on the Mainland as one of 'wait and see.' The Mainland, they asserted, is waiting to see if Tsai's actions match her words about developing constructive relations. They also characterized the overall Mainland policy toward Taiwan as continuing peaceful development of cross-Strait relations.

An additional factor of importance is that Tsai Ing-wen, at least in the view of most Americans, is seeking to lay out a path on cross-Strait relations that would be acceptable to the Mainland. American participants pointed out that Tsai has moved her positions closer to the Mainland principles of the '92 Consensus and the One China principle without explicitly accepting either formulation. She has for months talked about seeking to maintain the status quo. And her inaugural speech made reference to respecting 'the historical fact' that in 1992, SEF and ARATS arrived at joint acknowledgements and understandings made in the spirit of mutual understanding and "seeking common ground while avoiding differences." Even more significantly, she vowed in the inaugural speech to conduct cross-Strait affairs "in accordance with the Republic of China Constitution, the Act Governing Relations Between the People of Taiwan Area and the Mainland Area, and other relevant legislation." Since the Republic of China Constitution is a one China Constitution, this amounts to an implicit if not explicit endorsement of the One China principle.

Tsai also seems to be seeking to reassure the Mainland that she is realistic and is not seeking independence. An American participant asked the Chinese side to consider carefully Tsai's statement in the inaugural speech that both sides need to set aside 'historical baggage.' His interpretation was that Tsai was referring to historical baggage that included the DPP's prior advocacy of independence, a course of action which most people of Taiwan now recognized was unrealistic.

A Chinese participant replied that this had been interpreted differently on the Mainland as meaning that the Mainland should give up its prior oppositional stance toward the DPP. Another Chinese participant also pointed out that there was a difference in the English translation of Tsai's statement on the 'Act' and that in the original Chinese, the word Mainland was not used, but instead the phrasing was 'both sides.' In response to how the Mainland side

should clarify these discrepancies, the Americans in the room immediately recommended direct communication with Tsai and her government.

Generally, while the Chinese side was adamant that Tsai needs to articulate a One China policy, there was relative flexibility on the exact wording or formulation of such a policy. If Tsai did not accept the '92 Consensus, she would be free to offer an alternative.

And it is significant that the Mainland remains open to watching Tsai's actions, which could at some point include a removal of the 1991 independence plank from the Party charter and progress in the Legislative Yuan's oversight bill that could lead to a completion of the trade in services agreement and other ECFA measures.

The fact that both sides are focused primarily on economic development is also a factor for relative optimism. Such economic development would be severely hampered by cross-Strait tension. Many participants on both sides agreed that Tsai's top policy priority was solving the economic problems of the people of Taiwan, including increased economic inequality and a rising standard of living. An understanding of this issue on the Mainland may soften attitudes toward Taiwan's push for diversification to markets in Southeast Asia. And similarly, the focus on economic reform on the Mainland may shift attention away from divisive issues in cross-Strait relations.

Another factor for the less pessimistic case is that the Mainland participants still believe that time is on their side as China's economy and overall national power continues to dwarf that of Taiwan and that the use of force is not likely to be necessary to bring about reunification.

### **III. US-China Relations**

A Chinese speaker summed up U.S.-China relations as the most important bilateral relationship in the world; while the two countries cannot solve every problem, the solutions to major global issues require bilateral cooperation. There are alarming regional issues, such as North Korea's nuclear program and territorial disputes in the East and South China Seas, as well as non-traditional security issues of environmental safety and cyber security that demand cooperation in the bilateral relationship. Overall, peace, stability and development are common denominators of the relationship.

The Taiwan issue, he argued, should be seen in this context. Taiwan remains a "core interest" of China and both the U.S. and China should respect each other's "core interests."

American participants were considerably more pessimistic about the future of U.S.-China relations. An American participant was particularly concerned about a trend of anti-Western crackdowns on the Mainland, including the harassing of foreigners opposed to Beijing's policies, restrictive visas for academics traveling both to and from China, and the new NGO law that threaten exchanges. Furthermore, other Americans pointed out that members of the U.S. business community, long proponents of continued engagement, are beginning to sour on investment in China due to concerns over intellectual property protection and other policies seen as unfair to foreign businesses. And differences over policy in the South China Sea are unlikely to be resolved in the short-term while risking escalation of accidents between regional forces.

There were lingering concerns that policy differences between the U.S. and China, such as maritime territorial issues in the South China Sea would be linked to the Taiwan issue, particularly during a U.S. election cycle. Participants from both sides cautioned against such issue linkage but were also wondering if delinking the issues would be possible given the temptation on both sides to leverage their respective interests.

Finally, there were questions as to whether or not Taiwan is on the forefront of the U.S. political landscape. Some Chinese participants thought that Congressional attention to the Taiwan issue had weakened over time. An American responded that the issue may pick up again, given the election cycle and the continued focus on shared values with Taiwan as a democratic and free system.

#### **IV. How to Move Forward – A 2016 Consensus?**

The way to move past a critical juncture and avoid a vicious cycle in the cross-Strait relationship was dubbed by an American participant as the 2016 Consensus. For the Mainland, this would mean accepting that Tsai has made some movement toward the One China principle on the basis of the ROC constitution. In fact, another American participant counseled Beijing to simply declare victory—that Tsai had, through her adherence to the ROC Constitution, already accepted the One China principle. For Tsai and Taiwan, it would mean finding a way to reassure the Mainland that independence is off the agenda.

Meanwhile, Tsai does need to deliver on promises to improve the lives of the people of Taiwan, which still conducts about 30 percent of its foreign trade with the Mainland, has developed an industry catering to Mainland tourists, and still exports over 40 percent of its goods to the Mainland. Economic diversification is a worthwhile goal, but it also takes time. The Mainland too is focused on economic development. So there are strong economic incentives on both sides to avoid a crisis and set aside differences in the short to medium term.

Doing so will require direct communication. The main policy recommendation from the American participants at this conference was to find a way to resume communications while both sides declared victory—in other words, to resolve the impasse over the '92 Consensus. This may necessitate a modicum of ambiguity, careful phrasing, and mutual respect. But it is in the best interests of the Mainland, Taiwan and the United States that such communication resume as quickly as possible to avoid miscalculations and misunderstandings that could spill over into other areas of the U.S.-China or U.S.-Taiwan relationship.

Recommendations also included divorcing emotion from the Taiwan issue. An American participant was particularly concerned to hear Chinese views that national unification was a strongly held emotional issue for the Mainland's general public, and that the Mainland would not consider itself a 'modern' nation until it was reunified. Because no one on either side believed that Tsai, or any other Taiwan leader, would declare independence, and that neither side would gain from the use of force, there is a strong imperative to treat this as a rational issue and not to allow public opinion to disrupt the even keel that has characterized the relationship for the past eight years.

Another recommendation was to support the continuance of unofficial dialogue at the Track 1.5 or Track II level. Particularly in the absence of direct communication, unofficial dialogue can bridge important gaps in mutual understanding.

A final recommendation was for each side to show respect to the other side. Beijing should acknowledge that Tsai has said and done much to make clear that she and her administration do not endorse formal Taiwan independence. And Beijing should interpret Tsai's words and actions more positively in a way that allows for the two sides to carry on a working relationship that avoids a vicious cycle and sustains a stable relationship. Tsai, in turn, should continue to be prudent by preventing surprises, using careful rhetoric to refer to cross-Strait relations and trying to take some actions that set the stage for a resumption of communications.

## **V. Conclusion**

There is still time for cross-Taiwan Strait relations to avoid a vicious cycle and potential crisis by each side taking incremental steps toward an improved Mainland-DPP relationship. The U.S. has a strong interest in seeing the optimistic scenario develop, but it is up to both sides of the Taiwan Strait to resolve issues through communication and without the threat of force or coercion. The coming months will be a test for leadership in the Mainland and Taiwan—one that would be made easier if the two sides can find a basis for continued dialogue. In the meantime, unofficial dialogue is imperative to prevent miscommunications or misunderstandings and to make small steps toward building mutual trust. The NCAFP plans to continue this effort by hosting a Track II U.S.-PRC-Taiwan trilateral dialogue at the end of June 2016.

THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY (NCAFP)  
*PRESENTS*

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NCAFP CONFERENCE ON U.S.-CHINA AND CROSS-STRAIT RELATIONS

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