

China-Taiwan Relations : A New Paradigm in 21st Century East Asia Relations

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Introduction

A key factor in maintaining the peace and security of Northeast Asia is the stability of the China-Taiwan relationship. At this point in time relations between Mainland China and Taiwan have become relatively cordial. This rapprochement between the two sides of the Taiwan Straits is a welcome development in the United States and the other nations in the region. There is the fact that China has been continuing to modernize its People's Liberation Army in order to enhance its power-projection capabilities and a rehearsal for a possible invasion of Taiwan if it were to declare formal or de jure independence from Mainland China. Nevertheless, although the two sides are vastly different societies in terms of political structure, trade, investment, and people-to-people exchanges have been expanding at a steady pace since the easing of tensions in the 1980s with Taiwan lifting martial law in 1987. As well, the current leadership in Taiwan is committed to improving relations with Mainland China while maintaining Taiwan's democratic principles. This new era of rapprochement can only be viewed as a positive step in the right direction for regional peace and prosperity.

The Status of Taiwan: Historical Background

The first inhabitants of Taiwan were people believed to be of Malay-Polynesian origin. They came before the 1600s and referred to present day Taiwan as *Pakan*. In the 17th Century, around 1590, a Dutch navigator on a

Portuguese ship, Jan Huygen van Linschoten, called Taiwan, "*Ilha Formosa*" in Portuguese for "Beautiful Island," reflecting the natural environment that he saw while exploring the area. The Dutch established a post in the southwestern area of the island and named it "Zeelandia." The area where they established this fortress was called *Tayouan*, which means terrace bay, and later was to be the name for the whole island before being called by its present name, Taiwan. The Dutch were eventually driven off Taiwan in 1662 by a Chinese pirate, Cheng Cheng-kung (Koxinga). From the 1660s through the 1680s, the Manchus from China defeated the Koxingans and took control of the western part of the island in 1683. This region was then annexed to the Chinese Empire.¹ In August of 1884, under the command of Admiral Coubert, French naval forces invaded and occupied northern Taiwan, but were unsuccessful in acquiring the whole island. Just as the British had set up an enclave in Hong Kong, Coubert wanted to turn the Pescadores (Penghu Islands) into a similar type of trading colony. He died of a tropical disease in June 1885, and subsequently French ambitions in Taiwan came to an end. On April 17, 1895, the Sino-Japanese War ended and Taiwan was ceded to Japan with the signing of the Shimonoseki Treaty by Li Hung-chang from China and his Japanese counterpart, Ito Hirobumi.

The people in Taiwan established the Formosan Republic in order to resist Japanese colonial rule on May 25, 1895. These founders of the Republic were ultimately unsuccessful as the Japanese did not leave the island until they were expelled after Japan's defeat in World War II in August 1945. Upon being returned back to China's Nationalist Forces, Taiwan experienced an economic slowdown and high unemployment. The corruption and heavy handedness of the early Nationalist regime lead to the "2-28 Incident" on February 28, 1947. This occurred when authorities from the Monopoly Bureau assaulted a woman whom they believed to be selling cigarettes illegally. A man was shot trying to aid the woman and unrest ensued until

the Nationalist forces under Chiang Kai-shek brutally put down the revolt resulting in over 20,000 innocent people being killed.²

In December 1949, upon being defeated by Mao Zedong's communist forces on Mainland China, Chiang Kai-shek and over one million of his Nationalist compatriots fled to Taiwan, hoping to return one day and "recover" the Mainland. After this occurrence, the United States and the United Nations refused to give the PRC diplomatic recognition and still recognized the ROC as the legitimate government of China. However, U.S. aid to Taiwan was cut until a change in U.S. policy towards the island after the communists in North Korea launched a full-scale invasion of South Korea on June 25, 1950. Fearing an attack from Mainland China, President Truman sent the U.S. Navy's Seventh Fleet into the Straits of Formosa to protect Taiwan. This prevented China from trying to invade Taiwan, and consequently also hindered the Nationalists from trying to re-take the Mainland. Tensions in cross-strait relations continued unabated. Taiwan's offshore islands of Quemoy and Matsu came under heavy artillery bombardment from the People's Liberation Army on September 3, 1951. The U.S. got further involved in the area when President Dwight Eisenhower promulgated the Mutual Defense Treaty with the ROC on December 2, 1954.

On September 15, 1971, U.S. Secretary of State Henry Kissinger made a trip to the PRC. This trip signified a start in the thawing of frosty relations between the PRC and the United States and led to official diplomatic relations between the two countries with the agreements signed during the Shanghai Communiqué in February 1972 by U.S. President Richard Nixon and China's Chairman Mao Zedong. Following this, Taiwan witnessed its diplomatic relations being severed throughout the 1970s, as most countries around the world derecognized it and switched diplomatic relations to Beijing. Taiwan lost its seat in the UN as it was then awarded to China.

The U.S. formally severed official diplomatic relations on January 1, 1979. In March of that year the U.S. closed its embassy in Taipei, however it still maintained its' economic and other ties to the island through the establishment of the American Institute in Taiwan (AIT).³

In the 1980s and 1990s, Taiwan went through a major phase of democratization. One of the first steps in this process was the establishment of an opposition party, the Democratic Progressive Party (DPP), on September 28, 1986.⁴ Another significant move by the government was the termination of martial law on July 15, 1987.⁵ Lifting martial law allowed the people of Taiwan to enjoy new freedoms of speech, assembly, and publishing, among others. With the sudden death of President Chiang Ching-kuo, Lee Teng-hui became the first president of the ROC who was actually born in Taiwan. Under Lee, Taiwan's political democratization moved further still when direct elections for president and vice president were held for the first time on March 23, 1996. This induced a quick response by the PRC. It initiated missile exercises close to Taiwan in an attempt to intimidate the people of the island not to move towards a formal declaration of independence. The U.S. responded to the PRC's military exercises by sending the largest naval force to be deployed in Asia since the Vietnam War. Fortunately, this crisis ended without incident.

Further acting as a wedge between the two sides on the Taiwan Straits, at least as far as Beijing is concerned, was the enactment of the Taiwan Security Enhancement Act on February 2, 1999 by the U.S. House of Representatives. This legislation provides guidelines for increased contact and training between Taiwanese and U.S. forces. Obviously, this move only further agitated China. As one response to this bill, China released a White Paper on cross-strait relations and warned Taiwan that declaring *de jure* independence or continuing to delay reunification would cause China to take

action against the island in what the PRC states as “drastic measures.”

Cross-strait relations hit another low point when President Lee said that China and Taiwan should handle relations with one another on a "state-to-state" basis during an interview with the German radio station *Deutsche Welle* in July 1999. This was met with harsh reactions by the authorities in Beijing. Perhaps one of the most significant events to take place in the political history of Taiwan was when the Democratic Progressive Party led by incumbent Chen Shui-bian replaced the Nationalist Party on December 1, 2001.⁶ The Nationalist Party had been the ruling party of government since it arrived in Taiwan in 1949. This was a peaceful transition of power by popular vote. This extension of Taiwan's democracy was a real concern to Beijing, as it would most likely be the major obstacle for reunification with China. At least until significant reforms change the social, economic and political structure of China, enticing the people in Taiwan to rejoin the Mainland will most likely prove to be difficult.

Taiwan's Foreign Relations

Taiwan's relations with most countries around the world are unique in the sense that it is not a member of the United Nations and is thus a non-recognized state by most countries in the international community. Since October 1912, the ROC has been an independent state which has never been under the control of the People's Republic of China (PRC), which was not founded until after the Chinese Civil War on the Mainland in October 1949. Further, the ROC has its own flag, national anthem, and military. Nevertheless, Taiwan's primary concern centers on relations with Mainland China. Taiwan feels that China is constantly working at obstructing it from participating on the international stage. China does this by threatening to cut or downgrade relations with any nation that engages Taiwan in an

official capacity. The PRC considers Taiwan to be a "renegade province" and has made many attempts to obstruct what Taiwan feels is its rightful place in international organizations. The Mainland authorities want the people of Taiwan to accept and come under their rule. While many Taiwanese also hope to one day reunite with the Mainland, for the time being the majority of Taiwanese seem content with the status quo.

Despite the PRC's efforts to exclude it from international bodies, Taiwan does have membership in such organizations as the Asian Development Bank (ADB), the International Cotton Advisory Committee (ICAC), the Asian Productivity Organization (APO), the Afro-Asian Rural Reconstruction Organization (AARRO), and the Central American Bank for Economic Integration (CABEI). In total, Taiwan currently holds membership in approximately 972 international non-governmental organizations in various fields such as science and technology, medicine, business, finance, economics, education, and other types of organizations.⁷ The ROC was one of the many member nations which signed the UN Charter on June 26, 1945 in San Francisco. For over 20 years after the Charter was signed, the ROC was a permanent member of the Security Council. During this time the United Nations tried to resolve the dispute as to which side of the Taiwan Straits would get a seat for China. Finally, with the passing of Resolution 2758 on October 25, 1971 by the United Nations General Assembly, the seat was awarded to the People's Republic of China. Despite no longer having a seat at the UN, however, the ROC still maintains friendly relations with over 150 countries today.⁸

Since 1993, Taiwan has tried to gather support to participate in the UN. At the 53rd session of the UN General Assembly, twenty-five nations voiced their support for the ROC to rejoin the UN. Unfortunately for Taiwan, its bid did not receive approval. As well, its plan to join the World Health

Organization (WHO) in 1997 was turned down. On the other hand, where the ROC does enjoy international status is in economic organizations. Despite losing its membership in the General Agreement on Tariffs and Trade (GATT) after the end of the Chinese Civil War to the PRC, it gained observer status in its new form, the World Trade Organization (WTO) on January 31, 1995. On November 11, 2001, Taiwan was finally awarded membership into the WTO. This was just one day after the PRC joined the organization. The ROC is also a member of the Pacific Economic Cooperation Council (PECC), the Pacific Basin Economic Council (PBEC), and is a full and active member of the Asia Pacific Economic Cooperation (APEC) organization as "Chinese Taipei." Taiwan has also made a significant contribution to the international community in the form of humanitarian aid. It was quick to respond to the Central American countries after they were hit by Hurricane Mitch in October 1998 by giving over U.S. \$50 million in cash and supplies to Honduras, Nicaragua, El Salvador, and Guatemala.⁹

The Republic of China on Taiwan currently has official diplomatic relations with 22 countries. However, none of these nations are major powers and most receive considerable economic incentives from Taiwan to maintain relations. With many other nations, including many OECD countries, Taiwan has 93 representative offices using the name "Taipei Economic and Cultural Office" or "Taipei Representative Office" which act as de facto embassies in lieu of having official diplomatic relations. The ROC enjoys vibrant trade relations with such nations as Australia, Japan, Malaysia, New Zealand, The Philippines and the U.S. to name a few. Taiwan's total trade value saw an increase by 2.15 percent year-on-year to U.S. \$587.72 billion in 2014. Exports experienced an increase of 2.70 percent U.S. to \$313.70 billion, and imports increased by 1.53 percent to U.S. \$274.03 billion. Taiwan ended 2014 with a trade surplus of U.S. \$39.67 billion providing it with foreign exchange reserves of U.S. \$418.98 billion, ranked at the fifth

largest in the world. Mainland China was Taiwan's largest trading partner with 39.74 percent of exports going to China and imports from the PRC accounting for 18.15 percent.¹⁰

The Taiwan Relations Act

The relationship between the United States and the ROC is indeed quite intimate. Being a promoter of democracy and human rights in the world, the United States has been a strong supporter of the ROC from early on. During the Second World War, the U.S. provided the ROC with much needed logistical support. When the Nationalists were driven off the Mainland to Taiwan in 1949, the U.S. continued to be a key supporter in the struggle against communism. U.S. resolve in this struggle can be highlighted by the strong-worded speech made by Dean Rusk, former assistant secretary of state for Far Eastern affairs on May 18, 1951 at the China Institute in New York:

It is not my purpose, in these few moments this evening, to go into the specific elements of our own national policy in the present situation. But we can tell our friends in China that the United States will not acquiesce in the degradation which is being forced upon them. We do not recognize the authorities in Peiping for what they pretend to be. The Peiping regime may be a colonial Russian government—a Slavic-Manchukuo on a larger scale. It is not the Government of China. It does not pass the first test. It is not Chinese. It is not entitled to speak for China in the community of nations.¹¹

In particular, the outbreak of the Korean War in June 1950 and the subsequent involvement of Communist China's armed forces in the fall

of that year created much tension between the U.S. and the PRC. This persisted right up until the Shanghai Communiqué in February 1972 which formed the basis for relations between the two powers. During this meeting, the U.S. recognized that there is only one China and Taiwan is an integral part of it. However, this did not prevent the ROC and the U.S. from maintaining close ties. In keeping to conventions stated in the Shanghai Communiqué, the U.S. pulled out its remaining forces from Taiwan and abrogated the ROC-U.S. Mutual Defense Treaty of 1954. Nevertheless, the U.S. provided [and still provides] Taiwan with military equipment "necessary to defend Taiwan," and does not specify dollar amounts that are to be sold or limit the types of conventional weapons. Strategically located in the center of East Asia, Taiwan's importance to the U.S. implied that it could not leave it without some form of protection or aid. In place of the former Mutual Defense Treaty between the U.S. and the ROC, the Taiwan Relations Act was promulgated in 1979. In their book, *America and Island China: A Documentary History*, Stephen P. Gilbert and William M. Carpenter, describe the enactment of the Taiwan Relations Act as a "unique experiment in American diplomatic history" due to the fact this was the first time the U.S. had entered into such an agreement with a non-recognized nation and was thus an experiment in foreign policy for the U.S..¹²

The Taiwan Relations Act (TRA), also known as the Public Law 96-8, which was enacted on April 10, 1979, starts with a six-point statement describing the U.S.'s chief policy and relations with Taiwan:

1. To preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan.
2. To regard peace and stability in the area as in the political, security, and economic interests of the United States, and as

matters of international concern.

3. That the establishment of diplomatic relations with Beijing rests on the expectation that the future of the ROC will be determined solely by peaceful means.

4. That any attempt to determine that future by other than peaceful means, including use of boycott or embargo, would be regarded as a threat to the peace and security of the Western Pacific and a matter of grave concern to the United States.

5. To continue to provide defensive arms to the ROC, but without consultation with the PRC.

6. To maintain a capacity to resist any form of coercion exerted against the security social or economic system of the ROC.¹³

Would the U.S. come to Taiwan's aid in the event of an emergency in the Taiwan Straits despite not having official diplomatic relations with the island? The answer to this question was clearly answered when the U.S. dispatched two aircraft carrier groups into the region after China conducted live-fire missile exercises dangerously close to Taiwan during its presidential elections in March 1996.¹⁴

Since the Truman era, each and every administration in the White House is committed to seeing the situation between both sides of the Taiwan Straits resolved peacefully. Nonetheless, in an interview with the Associated Press, President Bush stated that using U.S. military might was "certainly an option" should the Chinese Mainland launch an attack on Taiwan.¹⁵ Furthermore, at a press conference in Washington D.C. on March 16, 2003, U.S. National Security Advisor Condoleezza Rice stated: "Our policy is very, very clear: We have a 'one China' policy. We believe that there should be no unilateral change of the status quo." This was in response to whether the U.S. would give any concessions to Beijing in support for a U.S. lead campaign

against Iraq. During the conference it was made clear that no changes with relations between the U.S. and China or alterations in the TRA would be made.¹⁶ This does not appear to signify any policy change on Taiwan and is in full adherence to the Taiwan Relations Act passed in 1979.

Taiwan's Strategic Significance

The author first went to Taiwan in March 1997, exactly a year after the Chinese military conducted missile exercises off Taiwan's coast during its first direct election for president and vice president. News of the missile exercises through which the Mainland tried to use to intimidate the Taiwanese populace had received international attention and therefore it was felt that a visit to the island nation would prove to be an informative experience. Taiwan appeared to be one of East Asia's most dynamic and vibrant societies. Nevertheless, reunifying Taiwan remains the corner stone of China's foreign policy. China fears that if Taiwan were to declare de jure independence, then other restless regions such as Tibet and Xinjiang would follow suit setting off a chain reaction that could very easily undermine the legitimacy of the Beijing authorities.

The first European explorers to discover Taiwan, the Portuguese, referred to Taiwan as "*Ilha Formosa*" or "Beautiful Isle" reflecting the beautiful and natural environment which Taiwan is blessed with. Aside from Taiwan being a wealthy jewel in the Chinese world, it also offers a special strategic position from a military point of view. In his book, *Kaiyou Kokka Nihon no Kousou: Sekai Chitsujou to Chiiki Chitsujou* (Maritime Nation Japan's Conceptions: The World Order and Regional Order), Itou Kenichi points out that because the waters of the East China Sea are too shallow for the Chinese Navy's submarines to submerge, they are quickly detected, and thus

do not pose a threat. Submarines that leave port from Shanghai and Tianjin cannot quickly submerge for fear of hitting the sea bottom. However, if Taiwan were to become a part of China the situation would change dramatically. To the east of Taiwan is the deepest ocean in the world.¹⁷ If submarines left port from Taiwan, they could quickly submerge into the ocean's depths and would likely be undetected. This would provide China with the first step in having a blue-water navy and thus move beyond just being a regional power. Therefore, militarily, the strategic importance of Taiwan cannot be underestimated.

During his term in office, President Lee Teng-hui was instrumental in ushering a new era of politics in Taiwan. He initiated not only many wide-reaching economic reforms, but was also responsible for the expansion of democracy. In particular, under his administration the National Assembly commenced direct elections for mayor of Taiwan's two largest cities, Taipei and Kaohsiung, and of course introduced direct election by popular vote for president and vice president. Perhaps what Lee is most famous for is his announcement that China and Taiwan are involved in a "special state-to-state relationship" when he was interviewed by the German radio station *Deutsche Welle* on July 9, 1999.¹⁸ His aim in doing this was to remind the world of Taiwan's precarious position in the international community. This was also done in order to clarify the position that Taiwan is a separate political entity from Mainland China and to gain sympathy from around the world. His words of course set off a wave of protests from the authorities in Beijing. To add to Lee's statement, Chinese Premier Zhu Rongji made a slip of the tongue in a speech at the annual National People's Congress in Beijing on March 6, 2003 when he referred to Mainland China and Taiwan as "two countries." He immediately attempted to correct himself by saying that they were "two sides".¹⁹ This may be a reflection of what Taiwan is, a separate political entity from the Mainland. In spite of this, Lee Teng-hui's actions

and speech were a catalyst for the democratic and liberalization process and enhancing Taiwan's status on the international stage. Lee played an important role in the "Taiwan Experience" whereby the island not only went through a remarkable transformation known as the "economic miracle," but also a "political miracle" due to its peaceful transition from being a garrison state under martial law in the past to the multi-party democratic society that it is today.

Article 23: Beijing's Anti-Subversion Law for Hong Kong

Undoubtedly, whatever the future holds for Taiwan, it will not be decided without the participation of its people. Political democratization on the island has made it all the more difficult and less appealing for the populace to hand over physical control to the authorities on the Chinese Mainland. The people of Taiwan have no incentive to relinquish the popular sovereignty they have worked so hard to attain. News about the new anti-subversion law that was to come into effect in Hong Kong in mid-2003 can only cause alarm to the people in Taiwan. Before Hong Kong was handed over to China, there was a stipulation that the laws that govern the former British colony would remain intact for 50 years after the handover. This is arguably an attempt to circumvent this explicit promise; the law is vaguely worded enough to be open to interpretation on what amounts to "subversion" and moreover gives the PRC authorities the power to imprison dissidents for life. In an interview with *The Asian Wall Street Journal* in mid-February, 2003, Mak Yin-ting, chairwoman of the Hong Kong Journalist's Association said this about the anti-subversion bill: "It'll still be considered an offense to publish, sell, distribute, display, print, import and export seditious publications. If this is the case, how can media work freely? If you give some publication to your friends, it may be a crime."²⁰ The Hong Kong authorities claimed that this legislation was targeted at terrorists or groups that will try to

undermine the Chinese authorities. However, it did appear to be a step in limiting freedom of speech and expression in Hong Kong just six years after its handover to China. Therefore, it would seem that the Taiwanese may not be interested in the "Hong-Kongizing" of Taiwan.

The future of Taiwan will also be dependent on one major geopolitical factor, U.S.-China relations. So long as the disputes between both sides of the Straits are resolved peacefully, the United States will keep a distance from becoming involved in China-Taiwan affairs. There are three possible future scenarios facing Taiwan according to Andrew J. Nathan. The first possibility is that there is heightened tension between the two sides of the Taiwan Straits. This could come about by Taiwan acquiring nuclear weapons, if there was a coup or social unrest, if the independence forces took control of Taiwanese politics, or if the Mainland sought to blockade Taiwan or seriously threatened the island or outright attacked it. Hopefully, none of these scenarios will occur. Another possibility is that the two sides come to some sort of agreement where Taiwan's de facto independence would become de jure whereby Taiwan proclaims that there is only one China, but Taiwan promises to never to come under the influence of a foreign power whether it be friendly or hostile to the Mainland. In this case, China would renounce the use of force against the island as a way to solve disputes. This option, however, would never please the Mainland as de jure independence of Taiwan would never be acceptable. The third scenario is maintaining the status quo of Taiwan.²¹ This seems to remain the case as the Mainland authorities refuse to renounce the use of force, and at every turn attempt to cramp Taiwan's living space in the international community. Taiwan does, however, continue to enjoy economic and cultural relations with many nations in the world and most people on the island are content to live the way they do. At the same time, they are able to travel far more freely than their Mainland counterparts. As well, this seems to be the most

feasible situation as a formal declaration of independence by Taiwan would surely give the People's Republic a *casus belli* to invade Taiwan even after considering the kind of negative international response it may face, let alone the possibility of some form of direct or indirect military intervention by the United States.

Cross-Strait Relations

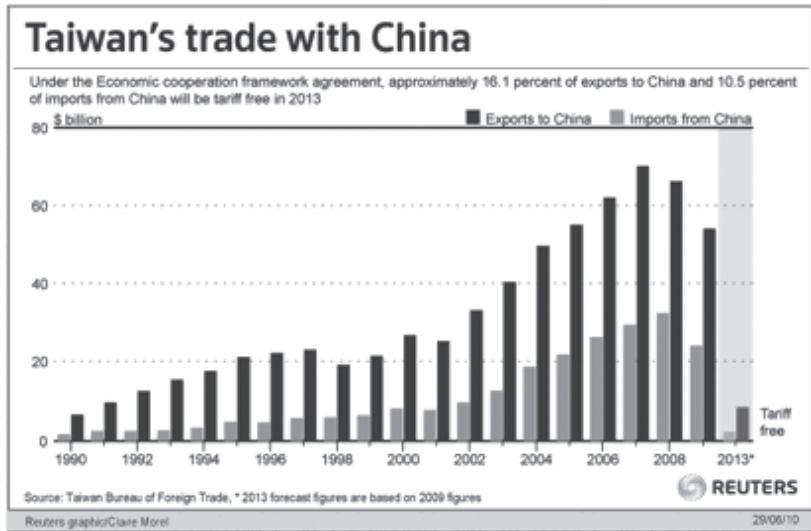
The relationship between Taiwan and Mainland China is a delicate one. Peace between the two sides is imperative for the peace and stability of the Asia-Pacific Region in particular and for the world as a whole. The Republic of China, established in 1912 after the fall of the Qing Dynasty, was the sole ruling government over the Chinese nation until it was driven off the Mainland to Taiwan in 1949. The Chinese Civil War which started in 1927 still has not been completely resolved to this day. A comparison could be made with the divided Korean Peninsula. However, both North and South Korea enjoy official diplomatic relations with many nations in the world and both nations have memberships in the UN and other international organizations. The same cannot be said for Taiwan, which feels isolated in the international community.

The ROC and the PRC both have different economic, social, and political systems which have evolved over the past 80 some years. Hostilities between the Chinese Mainland and Taiwan continued long after the Nationalists moved to Taiwan. The People's Liberation Army (PLA) launched a series of provocations against Taiwan in the 1950s, culminating in the heavy artillery bombardment of Kinmen (Quemoy) in 1958 in which tens of thousands of shells hit the island. When the PRC established diplomatic relations with the United States in 1979, it changed its approach to Taiwan to a "peaceful reunification strategy" replacing its former policy of "liberating"

Taiwan.²²

Although the ROC has renounced the use of force against the Chinese Mainland with the termination of the Period of National Mobilization for the Suppression of the Communist Rebellion announced by President Lee Teng-hui on May 1, 1991, the PRC has not returned in kind. In spite of this fact, since Taiwan ended martial law in July 1987, people-to-people exchanges across the Straits have been flourishing and two-way trade has expanded significantly. In 1999, cross-strait trade amounted to U.S. \$25.84 billion, up from the U.S. \$23.97 billion in 1998. Approximately 1.85 million Taiwanese visited the Mainland, and 106,699 people from China went to Taiwan in 1999. This was an 11.98% and 17.74% respective increase from the year before. In addition, Taiwanese businesses invested a total of U.S. \$1.25 billion in the Mainland in 1999.²³ Economic ties have expanded exponentially since then. From the period January-September 2015 Mainland-Taiwan trade amounted to U.S. \$137.71 billion, with the Mainland exporting U.S. \$33.55 billion to Taiwan and China importing from Taiwan a total of U.S. \$104.16 billion.²⁴ Figure 1 shows the rapid growth in recent China-Taiwan trade since 1990.

Figure 1



Source: Taiwan Bureau of Foreign Trade

Organizations which Conduct Affairs across the Taiwan Straits

There are currently three organizational structures which handle affairs with the Chinese Mainland. In September 1990, the National Unification Council (NUC) was established as an organization to discuss matters pertaining to the possibility of reunification with the Mainland. This body is lead by the President of the ROC. In January 1991, Taiwan established the Mainland Affairs Council (MAC) to handle issues regarding formulating and implementing policy towards the Mainland. It is headed by a chairman and three vice chairmen. The third organization, which was formed in February 1991, is the Straits Exchange Foundation (SEF). It too has a chairman at its head, however as a private organization authorized by the ROC government, it cannot deal with China in an official capacity and mostly

handles business matters between the two sides.²⁵ The existence of these three organizations is a reflection of the fact that for Taiwan, it is important to maintain a stable and peaceful relationship with its neighbor across the Taiwan Straits in Mainland China. The leader of the MAC met with his Chinese counterpart to discuss issues and confidence building measures in the so-called Koo-Wang Talks in Singapore in 1993 for the first time.²⁶ The PRC deals with Taiwan through its Association for Relations Across the Taiwan Straits (ARATS), founded on December 16, 1991. Sharing a similar cultural and historical background, both sides of the Straits are bound in a close relationship which Taiwan cannot ignore.

Source of Contention for the PRC: New Passport for Taiwan and New Constitution

In the past decade under the Chen administration, one development in Taiwan saw the populace being issued with new passports with the word 'Taiwan' written on the cover commencing in September 2003. This, of course did not please China. The Foreign Ministry of China spokesman, Kong Quan, warned Taiwan of its "Gradual independence" ploy, stating that, "Such an interpretation is unacceptable."²⁷ Chinese government officials were quick to react to this issuing of new passports as a violation of the "one-China" principle. Going a step much further, was the proposition to the Taiwanese people by President Chen Shui-bian to vote for a new constitution. He signaled the 17th anniversary of the Democratic Progressive Party by announcing to create "together with Taiwan's 23 million people the birth of a new Taiwan Constitution" by 2006.²⁸ This step, once taken, would allow for referendums to be called on anything from Taiwan's name to outright independence. These moves caused a low point in China-Taiwan relations during the mid-2000s. Once again, it was called into question whether Taiwan's future remains with the *Qing Tian Bai Ri* or if it will be

reunified with Mainland China under the *Wu Xing Hong Qi*.²⁹

Improved Relations Since 2008

With the March 22, 2008 presidential victory achieved by the KMT party, relations have improved substantially. On April 12, 2008, Hu Jintao held a meeting with the ROC's then vice-president elect Vincent Siew as chairman of the Cross-Straits Common Market Foundation during the Boao Forum for Asia. Hu met with KMT chairman, Wu Po-hsiung, on May 2008. This was the first meeting between the heads of the CCP and the KMT as ruling parties since 1949. They agreed to recognize the dialogue established under the 1992 consensus. Wu was committal on the KMT being against "Taiwanese independence" and stressed the fact that a "Taiwanese identity" did not mean "Taiwanese independence."³⁰ Ma Ying-jeou has been an advocate of improving cross-strait relations and has made the appeal that relations between China and Taiwan should refocus from "mutual non-recognition" to "mutual non-denial."³¹ His stance has not since changed. This has been a major source of the easing of tensions between the two sides.

Establishment of the Economic Cooperation Framework Agreement (ECFA)

One major stride was made in improving cross-strait relations with the establishment of the Economic Cooperation Framework Agreement (ECFA) on June 29, 2010. Upon becoming Taiwan's president, Ma Ying-jeou has pledged a Mainland policy based on "no-independence, no unification, and no use of force."³² Ma took steps to reverse the militant policies of former Presidents Lee Tung-hui and Chen Shui-bian. The KMT president promised to reengage with China under the concept of "one China, different interpretations," also known as the above mentioned "1992 consensus."

Indeed, cross-strait tensions have subsided. In response to Taipei's conciliatory actions, President Hu Jintao also coined a 16-character guideline to welcome this positive development. He stated that both Beijing and Taipei should "build mutual trust, lay aside differences, seek consensus while shelving differences, and create a win-win situation."³³

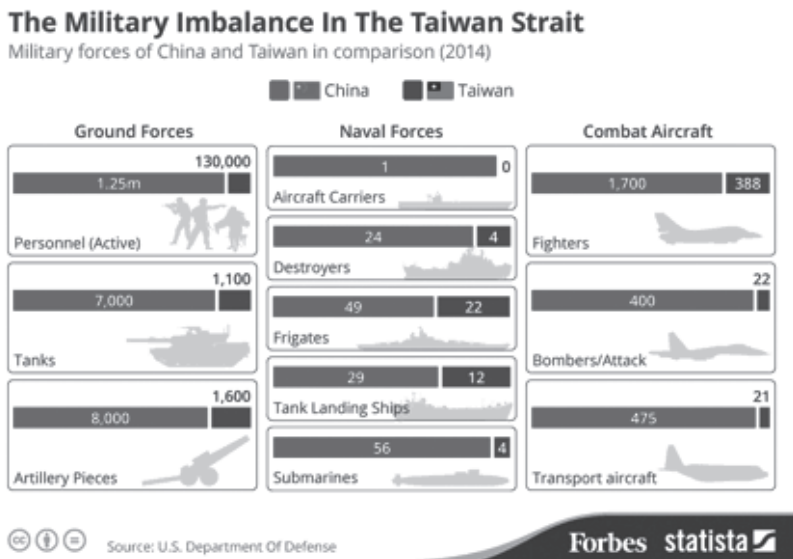
The authorities in Beijing responded in kind and eased its longstanding policy of isolating Taiwan from the international community. Since May 2009, Beijing went as far as allowing Taiwan to participate as an observer, in the annual World Health Assembly, the executive arm of the World Health Organization (WHO). As of October 2011, Taiwan joined 7 other international organizations as either a full member or an observer and 2 nongovernmental organizations (NGOs).³⁴ China also agreed to Ma's "mutual non-denial" formulation, meaning that each side does not repudiate the jurisdiction of the other.³⁵ Both sides of the Taiwan Strait had achieved a tacit diplomatic truce in order so that each side would stop the efforts to win diplomatic recognition from countries at the expense of the other.³⁶ Since Ma Ying-jeou became president, only one state that had formal diplomatic ties with Taipei defected to Beijing. As a matter of fact, China even went as far as rejecting requests from Panama and Paraguay to establish official diplomatic relations in a rare moment of good will between the two sides of the Taiwan Strait.³⁷

Against the Backdrop of Easing Tensions: China's Military Buildup

Although tensions have eased between the two sides of the Taiwan Strait, China has continued its military buildup unabated. China has not renounced the use of force to reunify Taiwan with the Chinese Motherland.³⁸ President Ma Ying-jeou has called on Beijing to reduce its military forces focused on Taiwan.³⁹ The PLA has 1200+ short and medium range ballistic missiles

targeting Taiwan. This highlights the need for Taiwan to maintain a certain level of defense procurement for its own security. Figure 2 illustrates how the military imbalance is vastly in China's favor.

Figure 2



Source: U.S. Department of Defense

On Transportation Links: Direct Flights Established

The following section is based heavily upon Cheng (2003).⁴⁰ There was a small, but significant breakthrough in cross-strait relations in January 2003, when a Boeing 747-400 from Taiwan's China Airlines flew to Shanghai from Taipei on January 26, 2003. The flight still had to travel via Hong Kong. However, the passengers were spared the headache of disembarking there. The flight was 90 minutes from Taipei to Hong Kong, then another two and a half hours to Shanghai. Usually the change in Hong Kong requires a

wait in what can sometimes be long visa line-ups that can take an hour or even longer. This flight was the first of its kind, without visa line-ups, in 54 years. Even without deplaning in Hong Kong, the trip takes a considerable amount of time. A direct flight from Taipei to Shanghai would only take one hour. This would cut close to three hours in travel time, not to mention the savings that would accrue to businesses.

Direct transportation, trade and communication links between the Chinese Mainland and Taiwan were severed in 1949 after the civil war between Chiang Kai-shek's Nationalists and the Communists led by Mao Zedong. This was mainly due to the fact that Taiwan feared for its security and is the major reason why the ban was put in place. The major concern if direct transportation links were initiated is that the PLA's Air Force could use the links to start an attack against the island. It only takes seven minutes for a Chinese fighter jet to reach Taiwanese airspace, and if there were regular flights between the Mainland and Taiwan, then the first area of defense could more easily be infiltrated.⁴¹

Philip Yang, a political scientist from National Taiwan University said, "This is not a government-to-government or military-to-military issue. This is people-to-people, economy-to-economy."⁴² Taiwanese businesses have invested more than U.S. \$66.8 billion in China according to the Central Bank of Taiwan. Thirty percent of Taiwan's exports went to China in December 2002. This was greater than exports that went to the U.S., making China Taiwan's largest market for the first time.⁴³ Finally, by July 2008, regularly scheduled direct flights between China and Taiwan were started. This could not have come at a better time when considering that the number of Taiwanese living on the Mainland doing business and studying is estimated to be as many as 1,000,000 people.⁴⁴ Direct flights have further increased cross-strait economic and cultural exchange. By 2010, the PRC sent 1.63

million tourists to Taiwan, more than any other country, overtaking Japan to claim the top spot for the first time. This figure rose to 1.78 million in 2011 and 2.59 million in 2012 when Taiwan decided to admit individual tourists from China.⁴⁵

January 2016 Election in Taiwan: Implications for Cross-Strait Relations

On January 16, 2016, the voters of Taiwan elected the Democratic Progressive Party (DPP) leader, Tsai Ing-wen, in a landslide victory in both the legislative and presidential elections. This is the first time the DPP had secured full governing power as the ruling party since it was established in 1986. The election victory was a result of the Taiwanese people's dissatisfaction with slow GDP and wage growth. Also called into question was Taiwan's over-reliance on trade with China, where 40% of the islands exports, consisting of 70% of GDP, are sent.⁴⁶ The new administration is focused on diversifying sources of economic growth by seeking a wider array of trade and investment partners. Part of this goal may be reached if Taiwan is allowed to participate in the Trans-Pacific Partnership (TPP) trade agreement. Inclusion in these trade talks will hinge upon Taiwan receiving endorsement from TPP members and the maintaining of a steady relationship with China. The policy of the displaced Kuomintang (KMT) towards Mainland China had been conciliatory in the fact that it recognizes the "1992 consensus," meaning that both China and Taiwan are in agreement that there is only one China.⁴⁷ Tsai does not accept this current political framework for China-Taiwan relations. How the Taiwanese leadership and the authorities in Beijing work towards finding an amicable compromise to this situation will be one of the most crucial elements of maintaining calm in East Asia.

Conclusion

While relations with China are improving, the future of Taiwan, whatever it may be, should be arrived at peacefully. The prospect of the Taiwanese populace accepting Beijing's "one country, two systems" concept does not bode well considering the anti-subversion law that China attempted introducing to Hong Kong. This blatant violation of the 1984 Sino-British Joint Declaration on Hong Kong which promised to leave the territory's social, economic, and political system intact for 50 years is alarming for the people of Hong Kong. Moreover, the people of Taiwan do not like the prospects that are in store for them if they were to come under the physical control of China. However, the fact remains that if Taiwan were to declare *de jure* independence, the possibility of Beijing taking military action is highly likely. The implications of this would be felt far beyond the realm of East Asia. What actions other nations would take may not be clear, but for certain the international reaction to China crossing the Straits of Formosa would be grave.

Nevertheless, during the past decade, Taiwan, under the leadership of President Ma Ying-jeou, has vastly improved relations with China. Trade, investment and people-to-people exchange have all been significantly expanded. The political elites on both sides of the Taiwan Straits at the present time agree to a situation of peace and mutual exchange. Hopefully, this new trend will continue now and into the future regardless of the party in power in either Taiwan or China.

Notes

- 1 See "Taiwan's 400 years of history: Important milestones from the early 1600s to

- the present," Available at <http://taiwandc.org/hst-1624.htm>.
- 2 Ibid.
 - 3 Ibid.
 - 4 See Alexander Ya Li Lu, "Political Development of the Democratic Progressive Political Party," in *Political Change in Taiwan*, Boulder, CO: Lynne-Reinner Publishers, Inc., 1992, p. 121.
 - 5 See "History of Taiwan," Available at https://en.wikipedia.org/wiki/History_of_Taiwan.
 - 6 See "Timeline: Taiwan; Key events in Taiwanese history from World War II to the present," Available at <http://www.infoplease.com/spot/taiwantime1.html>.
 - 7 See Government Information Office, *The Republic of China Yearbook-Taiwan 2001*, 2001, p. 137.
 - 8 See Government Information Office, *The Republic of China Yearbook-Taiwan 2000*, 2000, pp. 136-141.
 - 9 Ibid.
 - 10 See the Executive Yuan, *The Republic of China Yearbook-Taiwan 2015*, 2015, p. 73, & 130-132, Available at <http://yearbook.multimedia.ey.gov.tw/enebook/2015yearbook/index.html>.
 - 11 Peiping is the old name for China's capital, meaning "northern peace." It was changed to Peking, "northern capital." Then it was later changed again to its present form, Beijing. Raymond Myers H., *A Unique Relationship: The United States and the Republic of China Under the Taiwan Relations Act*, California: Hoover Institution Press, 1989, p. 11.
 - 12 See Stephen Gilbert and William Carpenter, *America and Island China*, Lanham, MD: University Press of America, Inc. MC, 1989, pp. 1-2.
 - 13 See Raymond Myers H., *A Unique Relationship: The United States and the Republic of China Under the Taiwan Relations Act*, California: Hoover Institution Press, 1989, p. 28.
 - 14 Lin Cheng-Yi, "The United States Security Strategy for the East Asia-Region," *The US Role in Taiwan-China Military Relations*, Department of Defense, November 1998, p. 6, Available at <http://www.taipei.org/tra/sinicia/sinicia-04.htm>.
 - 15 See David Stout, "Bush Says Use of Force Is 'an Option' in Defense of Taiwan," *The New York Times*, April 25, 2001, p. 1, Available at <http://www.nytimes.com/2001/04/25/world/25CND-PREXY.html>.
 - 16 See Charles Snyder, "US says it won't sacrifice Taiwan for support from China," March 13, 2003, p. 3, Available at <http://www.taipetimes.com/News/taiwan/archives/2003/03/16/198252>.
 - 17 See Itou Kenichi, *Kaiyou Kokka Nihon no Kousou: Sekai Chitsujou to Chiiki no Chitsujou* (Maritime Nation Japan's Conceptions: The World Order and Regional Order), Tokyo: The Japan Forum of International Relations, Inc., 2001, p. 121.
 - 18 *Deutsche Welle*, "Interview of Taiwan President Lee Teng-hui with *Deutsche Welle radio*," Taipei, July 9, 1999, Available at <http://www.taiwandc.org/nws-9926.htm>.
 - 19 See Associated Press and Reuters, "China and Taiwan 'two countries': Zhu," Thursday, March 6, 2003, p. 3, Available at <http://www.taipetimes.com/News/>

taiwan/archives/2003/03/06/196950.

- 20 See Matt Pottinger, "Hong Kong Details Its Anti-Subversion Bill," *The Asian Wall Street Journal*, February 14-16, 2003, p. 1.
- 21 See Andrew J. Nathan, "The Effect of Taiwan's Political Reform on Taiwan-Mainland Relations," pp. 207-220, (eds), Cheng Tun-Jen, Haggard, Stephen, *Political Change in Taiwan*, Boulder, CO: Lynne-Reinner Publishers, Inc, 1992, pp. 214-218.
- 22 See Government Information Office, *The Republic of China Yearbook-Taiwan 1999*, 1999, pp. 114-115.
- 23 See Government Information Office, *The Republic of China Yearbook-Taiwan 2001*, 2001, p. 119.
- 24 See "Statistics of Mainland-Taiwan Trade and Investment in January-September 2015," Ministry of Commerce People's Republic of China, Available at <http://english.mofcom.gov.cn/article/statistic/lanmubb/hkmacaotaiwan/201305/20130500128055.shtml>.
- 25 See Government Information Office, *The Republic of China Yearbook-Taiwan 2001*, 2001, pp. 114-115.
- 26 The Koo-Wang Talks refers to the meeting between Koo Chen-Fu, chairman of Taiwan's Straits Exchange Foundation (SEF) and his Mainland counterpart chairman of the Association for Relations Across the Taiwan Straits (ARATS), Wang Daohan, that was held from April 27-29, 1993 in Singapore. The two sides discussed such issues as verification of official documents, checking lost mail, making assurances for fair treatment and protection of Taiwanese businessmen conducting business in China, providing security for travelers from both sides of the Straits, and cooperation in such law enforcement activities as tracking down smugglers and catching illegal immigrants. The main objectives of the talks were to: (1) establish and institutionalize a communication channel between the two sides; (2) firmly lay down the principles of reason, parity, and reciprocity for cross-Straits exchanges; and (3) remove obstacles for exchanges at the private-level. The SEF and the ARATS arrived at the four following agreements upon completion of the conference as follows: *The Agreement on Document Authentication Between the Taiwan Area and the Mainland Area, the Agreement on the Tracing of and Compensation for Lost Registered Mail Between the Taiwan Area and the Mainland Area, the Agreement on the Establishment of Systematic Liaison and Communication Channels Between the SEF and the ARATS, and the Koo-Wang Talks Joint Accord* (Government Information Office, 1994, p. 151). The Koo-Wang Talks were a major break-through in thawing the frosty relations between China and Taiwan. However, although the two sides met again in May 1995 and planned more talks to be held in Beijing on July 20, 1995, this conference was cancelled by Beijing due to its irritation with President Lee Teng-hui's visit to the United States. Lee's purpose for the visit was to give an address at his alma mater, Cornell University. Nevertheless, Beijing reacted by launching live-fire missile exercises dangerously close to Taiwan. There was a reprieve in hostilities when Chairman Koo Chen-fu visited China from October 14-19, 1998, the first time an official of his rank visited the Mainland since 1949. The meeting went smoothly, however, there

- was no serious common ground found as the meaning of the "one China" principle still is interpreted differently by both sides (Government Information Office, *The Republic of China Yearbook-Taiwan 2001*, 2001, pp. 115-117).
- 27 See "Beijing condemns Taiwan passport ploy," *China Daily*, September 3, 2003, p. 1, Available at http://www.chinadaily.com.cn/en/doc/2003-09/03/content_260636.htm.
- 28 See Taiwan Headlines, "Chen calls for new Constitution," September 29, 2003, p. 1, Available at <http://www.taiwanheadlines.gov.tw/20030928/2003929p1.html>.
- 29 *The Qing Tian Bai Ri* or rather the "White-Sun-in-a-Blue-Sky" flag was designed by Lu Hao-tung in Hong Kong on February 21, 1895 for the establishment of the Hsing-chung Hui (the Society for Regenerating of China). A crimson background was later added to it. Until the revolution known as the Wuchang Uprising commenced in 1911, revolutionary armies across China had their own flag. The revolutionaries from Guangdong, Guanxi, Yunnan, and Guizhou provinces used the "White-Sun-in-a-Blue-Sky" flag. After the revolutionaries were victorious in the Northern Expedition and China was unified, this flag was officially adopted on December 17, 1928. The 12 points of the star represent the 12 two-hour periods of the day and mean continuous progress. The three colors of blue, white, and crimson represent Dr. Sun Yat-sen's Three Principles of the People of nationalism, democracy, and social well-being. The Government Information Office of Taiwan describes the colors of the flag as representing a government that is of the people, by the people, and for the people by colorfully stating; "At another level, the colors embody qualities that evoke other concepts enumerated in the Three Principles of the People: the blue signifies brightness, purity, freedom, and thus a government that is of the people; the white-honesty, selflessness, equality, and thus a government that is by the people; and the crimson-sacrifice, bloodshed, brotherly love, thus a government that is for the people" (Government Information Office, 2001, pp. 1-2). The *Wu Xing Hong Qi* refers to the flag flown on Mainland China. It is called "The Five-Star Red Flag" in English. The red color of the PRC national flag is believed to symbolize revolution while the five stars, with the four smaller ones pointing to the larger one, represent the "great unity of the Chinese people under the guidance of the C.C.P." The significance of the red color for the flag was that "political power of the People's Republic of China is achieved through bloodshed as well as lives laid down by the many revolutionary martyrs who marched forward wave upon wave in the heroic struggles for the revolution." The yellow color of the flag symbolizes "light on the red background." As well, the four stars represent the "peasants, workers, bourgeoisie, and patriotic capitalists" lead by the larger star, which symbolizes the Chinese Communist Party. Similarly, another analogy used is that the large star represents the Han Chinese and the four smaller stars symbolize China's four significant minorities, the Manchus, (inner) Mongolians, Tibetans, and Uighurs. After four months of study and 3012 proposals, the *Wu Xing Hong Qi* was officially approved on September 27, 1949 and raised over Tiananmen Square for the first time by Chairman Mao Zedong on October 1, 1949. "Design of the current Chinese flag," *Flags of the World*, Available at <http://flagspot.net/cn-fldes.html>.

- 30 See "Decisive victory for Ma Ying-jeou." *Taipei Times*, March 23, 2008, p. 1, Available at <http://www.taipeitimes.com/News/front/archives/2008/03/23/2003406711>.
- 31 See "Cross-Strait relations," April 19, 2008, p. 5, Available at https://en.wikipedia.org/wiki/Cross-Strait_relations.
- 32 See David G. Brown, "China-Taiwan Relations: Taiwan Voters Set a New Course," *Comparative Connections*, Vol. 10, No. 1, April 2008, p. 3, Available at <http://csis.org/programs/pacific-forum-csis/comparative-connections/vol-10-no-1-april-2008>.
- 33 Hu articulated those terms while meeting with Lien Chan, the honorary chairman of the Kuomintang, in Beijing on April 29, 2008. The Chinese president's quote is taken from David G. Brown, "China-Taiwan Relations: Dialogue Resumes in Relaxed Atmosphere," *Comparative Connections*, Vol. 10, No. 2, July 2008, p. 2, Available at <http://csis.org/programs/pacific-forum-csis/comparative-connections/vol-10-no-2-july-2008>.
- 34 See Nancy Tucker & Bonnie Glaser, "Should the United States Abandon Taiwan?," *The Washington Quarterly* 34, no. 4, Fall 2011: 23-37, p. 31.
- 35 Ibid.
- 36 See Robert Sutter, *U.S.-Chinese Relations: Perilous Past, Pragmatic Present*, Lanham, MD: Rowman & Littlefield, 2010, p. 233.
- 37 Ibid.
- 38 See Dean P. Chen, *US Taiwan Strait Policy: The Origins of Strategic Ambiguity*, Boulder & London: First Forum Press, 2012, p. 56.
- 39 See Robert Sutter, "Taiwan's Future: Narrowing Straits," *The National Bureau of Asian Research*, May 2011, p. 16.
- 40 See Jadd Cheng, "New charter flights give lift to Taiwan-mainland relations," Special to *The Christian Science Monitor*, January 27, 2003, p. 7, Available at <http://www.csmonitor.com/2003/0127/p07s02-woap.html>.
- 41 Ibid.
- 42 Ibid.
- 43 Ibid.
- 44 See "Direct flights between China and Taiwan start," *The New York Times*, July 4, 2008, pp. 1-2, Available at <http://www.nytimes.com/2008/07/04/business/04iht-04fly.14224270.html?>
- 45 See Baatar, "Toward a New Japan-Taiwan Business Alliance," The Tokyo Foundation, July 8, 2014, Available at <http://www.tokyofoundation.org/en/articles/2014/japan-taiwan-business-alliance-1>.
- 46 See Nicholas Consonery, "What Taiwan's Elections Mean for China's Economic Future," *Fortune.com*, January 19, 2016, pp. 2-3, Available at <http://fortune.com/2016/01/19/taiwan-tsai-ing-wen-china/>.
- 47 Ibid.