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Discussion Paper
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**The Implications of Taiwan's 2008 Presidential Election for
Cross-Strait Relations:
The Foundations for a New Regionalism?**

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Implications of the 2008 election for national identity

The March 2008 presidential election in Taiwan tells us much about the dilemma that the Ma Ying-jeou administration faces in developing its cross-Strait policy. Although the election was mainly fought on issues of governance and economic growth, identity politics did play a significant role. This can be seen in the way that Ma had to guard against attempts by the DPP to undermine his legitimacy by questioning his loyalty to Taiwan. With Ma having been born in Hong Kong, he was vulnerable to the kind of strategy that had been used to undermine Lien Chan and James Soong through use of the referendum in the 2004 election.

Part of Ma's response to this dilemma has been to develop a new form of 'nativisation' for the KMT. This firmly locates the KMT as a Taiwanese political party, but also views with pride the contribution that China and the Chinese have made to Taiwan's political and economic development over the centuries. This ambiguity can be seen in Ma's cross-Strait policy too. It is summed up by the formula of the 'three yeses' and 'three noes': 'yes' to peace, prosperity and dignity as the basic principles for enhancing cross-strait relations; 'no' to negotiation with China on unification, to any rush for 'Taiwan independence' or to the use of force to change the status quo.

At first sight, therefore, it appears that Ma used a kind of constructive ambiguity to take the national identity question out of the election and allow the debate to focus on economic issues and good governance. Beneath this, however, lies a more active cross-Strait policy that has been carefully worked out within the KMT since Lien Chan visited Beijing as the party chairman in 2005 and met CCP General Secretary Hu Jintao in 2005.

This can be seen in the way that the core principles of the joint statement made by Hu and Lien at that time have been carried over into Ma's cross-Strait policy and are further developed in the white papers he issued to explain his platform for the 2008 presidential campaign.

These principles are as follows:

1. Facilitate the resumption of cross-strait negotiations, jointly seeking the welfare of the people on both sides.
2. Bring about cessation of the state of hostility and reach a peace agreement.
3. Facilitate comprehensive economic exchanges and establish a cross-Strait economic cooperation mechanism.
4. Facilitate negotiations on the topic of participation in international organisations that is of concern to the Taiwanese public.
5. Establish a forum for regular party to party communication.

Now that Ma has been inaugurated as president, it remains to be seen how he will put this policy into practice because the key relationship between a more engaging approach to cross-Strait relations and Ma's commitment to Taiwan's autonomy remains unclear.

Preconditions for negotiations - the '92 Consensus' and the 'One China' principle

The first point that needs to be clarified is how Ma can interpret acceptance of the 'one China' principle in a way that can be acceptable to both Beijing and the citizens of Taiwan. This is because articulating a version of 'one China' that Beijing can accept is a precondition for putting into practice the first point in the Hu-Lien agreement, namely a resumption of cross-strait negotiations. And without negotiations it will not be possible to achieve the four steps that follow. Yet Ma will also have to run for the presidency again in 2012 and it is not clear how far voters in Taiwan can go towards supporting a version of 'one China' that does not confirm the existence of the ROC on Taiwan.

The solution is supposed to lie in the acceptance by both sides of the '92 Consensus'. This refers to the formula that allowed talks between 'unofficial' representatives of the two sides to be held in Singapore in 1993. Those talks were made possible by the way in which preliminary talks in Hong Kong in 1992 put in place a consensus that the meaning of 'China' would not be discussed while practical problems arising from growing transactions across the Strait are being addressed. The talks broke down, however, when then ROC President Lee Teng-hui effectively broke with the '92 Consensus' by announcing his 'Two State Theory' (*liang guo lun*) in 1999.

Since the Hu-Lien joint statement, using the '92 Consensus' to facilitate talks has been the policy of both the KMT and the CCP for resuming negotiations. The '92 Consensus' is a controversial concept, however, because it cannot be found in any bilateral document. Instead, it has been retrospectively constructed from a number of oral agreements and exchanges by telegram that took place in negotiations in the Hong Kong talks. Both Beijing and Taipei have denied that such a consensus exists at various times. More important for the present is that the two sides appear to have different versions of what the consensus is.

Ma Ying-jeou's version is that both sides accept that there is one China, but each has its own interpretation (*yi Zhong ge biao*). He has inherited this from one of his main aides, Dr Su Chi, who was central to Ma's presidential campaign team and is now director of Taiwan's National Security Council. According to Su, the Taiwan side made it clear in the Hong Kong negotiations that its interpretation of 'one China' was derived from the document 'On the Meaning of One China' that had been produced by Taipei's National Unification Council in August 1992. This

states that ‘one China’ means the ROC that was established in 1912 has continued to exist down to today. Its sovereignty (*zhu quan*) extends to the whole of China, but its ‘political authority’ (*zheng quan*) is limited in the present to Taiwan, Penghu, Jinmen and Mazu. Both Taiwan and the mainland are parts of China.¹

Beijing’s view of the ‘92 Consensus’ appears to have been somewhat inconsistent over the years. It did not complain when Taiwan used the formula until it accused Taiwan of departing from the one China principle in November 1996, following the Taiwan Strait crisis earlier that year. On August 4, 1999 the PRC made a statement complaining about Taipei’s manipulation of the ‘92 Consensus’. After Chen Shui-bian won the ROC presidency in March 2000, Prof Yu Keli, a leading expert on Taiwan from Beijing’s Chinese Academy of Social Sciences, denied the existence of the consensus when he visited Taipei.²

More important is that Beijing has not openly accepted Ma Ying-jeou’s interpretation of the ‘92 Consensus’. When Hu Jintao made an important speech listing the four principles of his Taiwan policy at the time of Lien Chan’s visit to Beijing, the furthest he went towards clarifying the ‘92 Consensus’ was to say that it means both sides uphold the one China principle as their common platform, and that they can shelve their political differences.³

There thus appears to be two different versions of the ‘92 Consensus’ coming from Taipei and Beijing. While Ma Ying-jeou proposes that it allows him to claim that ‘one China’ means the Republic of China, Hu Jintao’s version is not much more than a reformulation of Deng Xiaoping’s ‘One Country, Two Systems’ formula, which claims there is one China with two political system. The first question for the Ma Ying-jeou presidency, therefore, is whether a creative way can be found to bridge this gap.

Reinterpreting ‘one China’: the ‘people principle’

According to a recent article by Prof Huang Jiashu, an advisor to the Taiwan Affairs Office of the PRC,⁴ there has already been an important shift in defining ‘one China’ on Beijing’s side. This involves an evolution from defining it in terms of government affiliation, through a territorial conception of the nation, and most recently towards an understanding based on the idea that sovereignty resides in a common ‘Chinese people’.

¹ Su Chi: *Weixian bianlu: liang guo lun dao yi bian yi guo* [Brinkmanship: From Two States Theory to One Country Each Side] Taipei: Tianxia wenhua, 2003: 17-18.

² *Zhongguo shibao* [China Times], Taipei, 21 April 2000: 2.

³ ‘Hu Jintao de “si dian zhuzhang”’ [Hu Jintao’s “Four Main Principles”] 29 April 2005, reprinted in *Lishi de zhuanlie dian: Lian Chan dalu xing* [Historical Turning Point: Lien Chan’s Mainland Journey], Taipei: Bachahe chubanshe: 193.

⁴ Huang Jiashu: ‘Peace Agreement: The Long Road Ahead’, *China Security* 4:1 Winter 2008: 30-41.

It is interesting that in a footnote Huang explains that this concept of ‘Chinese’ is difficult to translate into English. He explains that

It connotes more the term of being Chinese, in terms of a purely ethnic identity, but less than any direct political affiliation with any specific political or government system. “People of China” would not include for instance overseas Chinese. Nor would it necessarily entail either the government of the ROC or the PRC, *but would require some common political entity.* (my italics)

More specifically, this movement towards a new version of ‘one China’ can be seen in the way that the CCP’s original definition stressed the link between sovereignty and the government in Beijing, claiming that ‘the government of the PRC is the sole legitimate government of China’. This was then adapted into a version that emphasized the link between sovereignty and territory, emphasizing that ‘Taiwan is a part of China’ and later that ‘Taiwan and the mainland belong to one and the same China’.

The new version appeared when Hu Jintao delivered his work report to the Seventeenth Party Congress, when he moved away from the previous definitions and towards the new ‘people principle’ for defining one China. This is based on the idea of the ‘three commons’: first, the 1.3 billion compatriots on the Mainland share a common bloodline and destiny with the 23 million compatriots in Taiwan’; second, China is the shared homeland for all compatriots on both sides of the Strait, who have every reason to join hands to safeguard and construct this common homeland’; third, China’s sovereignty and territorial integrity are indivisible, and any matter in this regard must be decided by the whole Chinese people, including the Taiwan compatriots.

The ‘people principle’ thus makes it clear that China’s sovereignty belongs to all Chinese people on both sides of the Taiwan Strait. But the ‘Three Commons’ also sets the restriction that if Taiwan wants to become independent it needs the consent of the people of the Mainland. Similarly, the reunification of the two sides requires the consent of the people of Taiwan. While this obviously restricts the use of a referendum in Taiwan that could divide the national territory, it also prevents unification of the two sides without the consent of the people of Taiwan.

The ‘people principle’ is thus supposed to maintain a status quo in which there is no division of territory or sovereignty, while it also allows for restrictive interpretations of nationality. This is supposed to be significant because it recognises the reality that there are two different political and legal systems on either side of the Strait. Beijing can recognise as ‘Chinese’ all those people who hold PRC nationality, plus all those holding permanent residence in Taiwan who are recognized by Taiwanese institutions of authority. Taipei can recognise as ‘Chinese’ all those holding ROC nationality plus those with permanent residence registration on the Mainland who are recognised by institutions of authority there.

According to Huang Jiashu, if a legal document can be signed to say that people on both sides of the Taiwan strait are Chinese, it will imply that the unification of the Chinese nation must be realised before political unification can be achieved.⁵ This is an interesting idea, but it remains to be seen whether Ma Ying-jeou can persuade the citizens of Taiwan to accept that they are ‘Chinese’.

That Ma may be attempting to do this became apparent in his inauguration speech, where he described the people on both sides of the Strait as belonging to the same ‘Chinese nation’ (*Zhonghua minzu*).⁶ A narrowing of the gap can also be seen from Beijing’s side, when Mainland Affairs Office Director Chen Yunlin responded to Ma’s speech by reiterating the formula in Hu Jintao’s speech that the people on both sides share a common bloodline and are a ‘community of shared destiny linked by blood’ (*xuemo xianglian de mingyun gongtong ti*). The description of China as a ‘community of shared destiny linked by blood’ may be significant here because it combines two conceptions of nationhood. The first is the idea of a ‘community of shared destiny’ which became common parlance in Taiwan in the 1990s after Lee Teng-hui began using it to develop a civic vision of nationhood based on loyalty. The idea of an ethnic Chinese nation implied in the rider that the ‘community of shared destiny’ is ‘linked by blood’ is much closer to traditional Chinese nationalism as still espoused by the CCP. That Hu Jintao used this combination of ideas in his report to the 17th CCP Congress may indicate an attempt to move towards a vision of Chinese nationhood based on civic rights and loyalties that would be more acceptable in Taiwan.

Establishing a forum for dialogue

If there can be a narrowing of the gap on the definition of ‘one China’ and the meaning of the ‘92 Consensus’, the next problem for Ma Ying-jeou is to find an appropriate format for negotiations to take place. According to the Hu-Lien joint statement, a forum is to be established for ‘party-to-party’ negotiations. Although the Hu-Lien statement tries to interpret this flexibly, insofar as people from ‘all circles’ will be invited to take part in talks, this inevitably presents a practical difficulty for Ma Ying-jeou in his capacity as President of the ROC. This is because party-to-party talks assume that one political party can represent the people of Taiwan. Such a formula may have been possible when the KMT ran a one-party system on Taiwan in the past, but cannot be acceptable to the Taiwanese people

⁵ Huang: 36-8.

⁶ The Chinese version states ‘liang an renmin tongshu zhonghua minzu’. <http://info.gio.gov.tw/ct.asp?xItem=36959&ctNode=3802&mp=1>. The meaning of this is lost in the English version, which renders it as ‘In light of our common Chinese heritage’. <http://www.gio.gov.tw/ct.asp?xItem=36958&ctNode=2462&mp=807>.

under democracy when dealing with external relations and national security is the remit of the President.

The model of party-to-party talks is also problematic for Ma Ying-jeou due to the internal politics of the KMT itself. The 2005 initiative was undertaken by then KMT chairman Lien Chan. Because Beijing will not talk to the elected President of the ROC on Taiwan, however, Ma cannot now take such a leading role himself. Moreover, since he stood down as chairman of the KMT he does not even have direct control over his own party. The new chairman, Wu Po-hsiung, has however been visiting the mainland since at least the end of 2000. When he visited again shortly after Ma's inauguration, the new president looked into be in danger of getting sidelined by this process of party-to-party talks.

The appointment of the Taiwan Solidarity Union member Lai Shin-yuan to chair the Mainland Affairs Council can thus be seen as an attempt by Ma to stamp his authority as President on cross-Strait policy. He also wants to send a sign to both the KMT and the CCP that party-to-party talks can at most be considered a type of track-two diplomacy. In fact he explicitly stated this latter point in his first press conference after his inauguration.

Perhaps the idea that China's sovereignty lies with the whole Chinese nation but can be devolved to different governments could hold the key to solving this dilemma. It would at least allow *government-to-government* talks to take place between Beijing and Taipei, if both could accept that they are equal legal and political entities within the Chinese nation. The vision of the two governments on each side of the Strait respecting each other's independence within an overarching common Chinese identity that supersedes both is as intriguing as it is novel in the context of Chinese political culture.

The Cross-Strait Common Market: Beyond the sovereign state?

Any new interpretation of 'China' thus needs to be taken seriously and properly developed if it is to make space for government-to-government negotiations. While this may not be possible in the near future, both sides appear to have put in place a roadmap for working towards it in their joint call to establish a 'Cross-Strait Common Market' (*liang an gongtong shichang*). This appears as an important element of the 2005 Hu-Lien joint statement. It was originally proposed by the new Vice President of the ROC on Taiwan, Vincent Siew, shortly after the defeat of the KMT in the 2000 presidential election.⁷

Siew's idea of a Cross-Strait Common Market' is not just about both sides benefiting from increased economic transactions. He also believes that the two

⁷ Siew explains his vision most comprehensively in his monograph *Yi jia yi da yu er* [One Plus One is Greater Than Two], Taipei: Tianxia wenhua, 2005.

sides should learn from the Europeans how visionary thinking can create a new system and facilitate cooperation. He argues that Hu Jintao's doctrine of the peaceful rise of China creates a good environment for this kind of cooperation.

Drawing very much on the case of European integration, Siew argues that cooperation must start from the bottom up, with both sides working to increase the common benefits that can be derived from the economic synergy between the two sides of the Strait. The Cross-Strait Common Market will then create a basic structure not only for cross-Strait economic cooperation, but also for 'political integration' (*zhengzhi tonghe* 政治統合) (Siew: 31). As with the EU, economic integration will lead to the need for a common social policy, which will then lay the foundations for talking about a common political system.

Siew uses the integration theory of Bela Balassa, *The Theory of Economic Integration* (1961), which proposes moving through the following stages:

- **FTA** (removing tariff barriers between members)
- **Customs Union** (common external customs tariff)
- **Common Market** (free movement of capital and labour)
- **economic union** (joint coordination of fiscal (*caizheng*) and currency policy, to reduce disparities between economies)
- **full economic integration** (full integration of the economic, financial and fiscal policies of all members, and at the same time starting a super-state system for implementing policy, as with the final goal of the EU, of like the federal system in the US).

Siew also notes that some scholars have added the idea of a monetary union to Balassa's theory.

Siew sees that the necessary formulae are already in place for beginning this process because the '92 Consensus' will allow discussion of the 'one China' principle to be shelved. Moreover, the formula of treating HK, Macau and Taiwan as separate customs territories that are part of a Greater China Market has already been used for the WTO, and does not violate the '92 Consensus'. Moreover, what he refers to as the 'Greater Chinese Market' will have a major impact on East Asian regionalism as it combines the advantages of the four territories.

It is questionable, however, whether Beijing has in mind the same outcome for the common market as Vincent Siew. Does Beijing, for example, accept Siew's idea that a super-sovereign state government organisation should be built to coordinate the policies of the member states in the Greater China Market? Presumably he is thinking of something like the European Commission here.

Even more problematic is Siew's belief that Beijing will let Taiwan use the Cross Strait Common Market to become an active player in Asian regionalisation and globalisation, and to 'gradually achieve equal treatment in international society'. Siew's interpretation of the '92 Consensus' is thus that both sides will have the will for future political integration, while expressing their intention to uphold

the present dispensation of sovereignty (in which the ROC on Taiwan is independent from the PRC insofar as it is not unified with it). In the meantime, Beijing must express its willingness to treat Taipei as an equal. It should also stop pressuring the WTO to reduce Taipei's status and use it to create an international framework for recognising the sovereign nature of Taiwan as an independent customs area.

The problem of common values

Another problem for cross-Strait integration that arises from Ma's policy platform is the need to have a foundation of common values that underpins any rethinking of the meaning of 'one China' as a shared identity. In fact, Ma himself emphasised this in his inauguration speech, when he went so far as to state that 'In resolving cross-strait issues, what matters is not sovereignty but core values and way of life'.

In the case of EU integration, the common values of member states are spelt out quite clearly and make high demands on new applicants to accept democratic norms and market mechanisms. The values that Ma Ying-jeou promotes as the foundation for cross-Strait relations are also 'freedom and democracy', as he stated in his inauguration speech.

Most controversial is that Ma believes Taiwan's democratisation must be seen as part of a process that also involves the democratisation of mainland China. This view is partly idealistic. It is also tactical insofar as the lack of democracy in the mainland can be used as a reason to postpone unification. Yet it is also pragmatic because it is based on the belief that increasing economic dependence on the mainland means that democratisation in China is the best way to ensure Taiwan's future security.

Some space for narrowing the gap between the two sides might be found in Ma's belief that liberal democratic values are compatible with Confucian virtues such as benevolence, righteousness, diligence, honesty, generosity and industriousness.⁸ In fact, a mixture of Chinese and Western values is central to Ma's project of 'nativising' the KMT for the purpose of winning elections in a democratic Taiwan. This is because emphasising pride in the positive contributions made by 'China' to Taiwan's economic and political development presents an alternative to what some see as attempts to deligitimise the KMT through a process of 'desinification' in Taiwan.⁹

⁸ These are listed as Taiwanese values in Ma's inauguration speech. For more on his view of values see the interviews with Ma about his formative experiences in Guo Shumin (ed.): *Zhi guo: Taiwan ying de xin celiue* [Statecraft: New Strategy for Taiwan's Success], Taipei, Shangzhou chubanshe, 2007.

⁹ Ma Ying-jeou: *Yuanxiang jingshen: Taiwan de dianfan gushi* [Native Spirit: The Model Story of Taiwan], Taipei, Tianxia yuanjian chuban, 2007.

Although Ma's view of 'nativisation' has created more flexibility for creative thinking about the meaning of 'China', his room for compromise over democratic values is quite limited by domestic factors. This became clear in the final week of the presidential election when unrest in Tibet began to hit the headlines in Taiwan. Concerns among the Taiwanese public were amplified when Hsieh's campaign warned voters that a Ma presidency would turn Taiwan into another Tibet. This also allowed the DPP to criticise Ma's proposal to develop a 'cross-Strait common market'. Re-branding this as the 'one China common market' they could play on concerns about the loss of jobs and the flooding of the market by Chinese products with a poor safety record following the poison dumplings controversy in Japan.

The dilemma this presents for Ma can be seen in his uncertain response. His first attempt to respond to the Tibet crisis was to make a statement in which he said 'we will let them govern themselves'. He was criticised for this by his opponents in Taiwan because it seems to imply that the ROC on Taiwan still has some kind of sovereignty over Tibet. Two days later he thus reversed course by taking out a half page paper advertisement in which he clarified Taiwan's independent status by claiming that its future would be decided by the people of Taiwan. He also felt it necessary to harshly criticise PRC premier Wen Jiabao for appearing to put Taiwan and Tibet in the same category.

In principle at least, the current Chinese leadership argues that it is a democracy and that it is trying to strengthen a multi-party system under which the CCP will be scrutinised by a number of small parties that have been allowed to exist since the establishment of the PRC. It is also committed to a 'peaceful rise' and a 'harmonious society'. But how far can the CCP go towards transforming mainland China's political system in a way that facilitate and encourage deeper integration between the two sides? There appears to still be a very long way to go, however, before reform in the mainland will reach a degree that will allow the ruling elites on both sides of the Strait to persuade public opinion in Taiwan that the time for greater political integration is ripe.

Balancing cross-Strait policy with foreign policy

Perhaps the biggest dilemma for the Ma administration's cross-Strait policy is how it will work with his foreign policy. The main aims of this are to expand bilateral relations, join international organizations such as the WHO, the IBRD and the IMF, and even to return to the UN under the name of the ROC. In addition to this, Ma has pledged to harden Taiwan's defence capabilities, and in his inauguration speech claimed that he will purchase the necessary hardware from abroad to do so.

It is unclear how these aims are compatible with Ma's cross-Strait policy or how they can be made acceptable to Beijing. This is an important point, because it was largely problems with Taiwan's external relations that led to the breakdown of

cross-Strait relations in the 1990s. According to Su Chi's own account, Beijing began to deny the existence of the '92 Consensus' at the end of 1996 as it reacted to the crisis that followed Lee Teng-hui's visit to the United States in 1995.

More important, though, is to understand what made Taipei move away from the '92 Consensus' and announce the 'Two States Theory' in July 1999. Drawing largely on Lee Teng-hui's own account, Su Chi confirms that this was caused by an anxiety over Taiwan's increasing international isolation and vulnerability. The PRC was deploying its forces away from the north and opposite Taiwan now that the Soviet Union was no longer a threat. Taiwan was the new focus of Beijing's strategy following the return of Hong Kong and Macao. The Third Generation leadership under Jiang Zemin had reached a consensus that policy should move from opposing Taiwan independence towards facilitating unification by coordinating the threat to use force with political negotiations which would take off when Wang Daohan visited Taiwan. Beijing had already managed to win over Russia, France, the UK and Japan to become 'strategic partners'.

The key to this policy change was the Clinton administration, which had been transformed after the two Clinton-Jiang summits. As Su Chi points out, it was in August 1998, the month after Clinton announced his 'Three Noes' policy in Beijing that Lee Teng-hui formed the secret group that advised him on strengthening the sovereign status of the ROC.¹⁰ It was in response to this pressure that Lee Teng-hui's secret advisory group devised the 'Two States Theory'.

The 'Two States Theory' is clearly not acceptable to Beijing because it departs from the 'one China' principle by insisting that Taiwan is a sovereign state, albeit using the name of the ROC. Moreover, the sovereignty and political regime of the ROC on Taiwan do not extend to the mainland. The people and territory are limited to Taiwan, Penghu, Jinmen and Mazu. In other words, Taiwan is not a part of China and cross-Strait relations are not domestic politics but should be conducted according to international law and conventions. This is in conformity with the DPP's Resolution on the Future of Taiwan, passed in May 1999 which became the foundation for the Chen Shui-bian administration's China policy.

It is worth recalling this process because it indicates how the international isolation of Taiwan can result in attempts for the island to find ways to consolidate its independent status. Although the international context is different today, Taiwan is more isolated than it was in the late 1990s and it appears that Beijing is going to maintain its pressure on the island. If this continues, Ma may have to strengthen his foreign policy in order to regain a degree of balance in cross-Strait relations and avoid being 'eaten up' by mainland China. If the broader framework of negotiations leading to a common market and political integration is to work, it is thus

¹⁰ Su Chi: *Weixian bianlu: liang guo lun dao yi bian yi guo* [Brinkmanship: From Two States Theory to One Country Each Side] Taipei: Tianxia wenhua, 2003: 78.

imperative that Taiwan is given some sense not only of security but also of dignity and status in the international system.

The commitment in the Hu-Lien agreement to 'Facilitate negotiations on the topic of participation in international organisations that is of concern to the Taiwanese public' is thus of great significance. The joint statement is particularly interesting on this point because it explicitly advocates that the priority here will be to include discussion of Taiwan's participation in the activities of the WHO. It emphasises that both sides will work hard together to create the conditions under which a final solution for this can gradually be found.

While such a development would be very welcome in Taiwan, it is not clear whether using a formula such as 'Chinese Taipei' will be compatible with the principles of 'dignity' and 'mutual non-denial' that Ma has made the preconditions for negotiations. After all, when Dr Lai Shin-yuan of the pro-independence Taiwan Solidarity Union accepted her appointment as director of the Mainland Affairs Council, it was on condition that the KMT should promise to safeguard Taiwan's national dignity, take care of the interest of the Taiwanese people and manifest Taiwan-centred consciousness.

Implications for the EU and China

While the emergence of a new framework for cooperation between Taiwan and mainland China is to be welcomed, I have tried to focus on some of the challenges that will arise from this new project. It can be argued that the EU is in a good position to assist with finding solutions to all of these.

These can be summed up as follows:

First: by reviving the '92 Consensus' and the discussion of the meaning of 'one China' it appears that both sides of the Strait have opened up the possibility for a rethinking of the relationship between sovereignty, statehood, national identity and regionalism. Of course, grappling with this problem has been at the heart of European politics since the end of World War Two. While the differences between Europe and China are huge, much can be learned from the European approach for building regional institutions in which sovereignty is shared.

Second: the idea of a cross-Strait common market has explicitly been drawn from the European experience of regional integration. Naturally, a lot can be learned from the European process.

Third: It is important that integration between the two sides of the Strait takes into account Taiwan's broader foreign relations. If a common market is successful, it will produce a new economic dynamism that will present opportunities for the EU. Any arrangement must not upset the level playing field that is being developed under the WTO however.

This is even more important for the development of a broader East Asian Community. While the idea of a Greater Chinese Market is economically exciting, it could also lead to an upset of the balance of power as other regional players feel that their ability to influence the direction and pace of integration is reduced. Vincent Siew is particularly concerned about the common market project leading to such an outcome, and even proposes that Taiwan might be able to act as a neutral arbiter between mainland China and Japan. It seems unlikely that Beijing would welcome such a prospect.

Fourthly, the long-term commitment of both sides of the Strait to bring about cessation of the state of hostility and reach a peace agreement is laudable. However, there is little evidence that either side has thought seriously about the development of CBMs. Here again, the experience of Europe during the Cold War could provide useful lessons.

Moreover, the growing asymmetrical power relationship between the two sides means that Taiwan will need some kind of external guarantees for its security in any movement towards a peace agreement. While the main burden of guaranteeing Taiwan's security will no doubt continue to be borne by the United States, the EU will have to be fully informed of the process and be willing to make a constructive contribution when called upon to do so. At least it can be hoped that the EU will not make the kind of uninformed mistake that was witnessed with its blunder over the arms embargo issue. More positively, perhaps the EU could play a role in encouraging and facilitating broader regional CBMs that will bring in other regional powers, especially Japan.

One outcome of cross-Strait integration that the EU should try to avoid is the emergence of a Greater Chinese community based on the values of anti-Western and anti-Japanese Chinese nationalism. It is indeed disturbing that such values have been quite prominent due to broader events not concerned with Taiwan in 2008. It is indeed somewhat ironic that in this year of crises, the one problem that many of us thought would be the trigger for regional conflict has been managed very effectively by all sides. Let us hope that the new relationship across the Taiwan Strait will grow to become a force for regional stability.