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**From economic cooperation to the building of cross-Strait
mutual political trust: a view from Beijing**

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Introduction

Cross-Strait relations did not feature prominently on the mainland's radar screen for about six months following the 6th annual Roundtable on 'Sino-European Relations and the Cross-Strait Relations' (London, June 2009). The turning point came on 29 January 2010 when Washington announced its US\$ 6 billion arms sales package to Taiwan. Even then, cross-Strait relations remained in the background as Beijing vented its furor at Washington over the arms sales. Admittedly, website postings by mainland Chinese contained outraged comments that were directed both at the United States and pro-independence supporters in Taiwan. But overall, while Sino-US relations momentarily plummeted, the general positive tide of the past two years in cross-Strait relations appeared to be unaffected. Jin Canrong of Renmin University acknowledged that China's show of aggravation was aimed at soothing nationalist sentiment, both in the military and among ordinary Chinese.¹

Over the past year Chinese officials and researchers involved with cross-Strait relations have continued to stress the positive momentum achieved since May 2010 when Ma Yingjiu became President of Taiwan in May 2008. Ma immediately embarked on delivering on his campaign promises to improve relations with the mainland. Cross-Strait rapprochement since Ma Yingjiu took office has thus far resulted in four rounds of talks between the semi-official negotiating bodies, Taiwan's Straits Exchange Foundation (SEF) and China's Association for Relations Across the Taiwan Strait (ARATS). Consequently, the two sides have agreed on a series of 12 agreements on issues such as the establishment of direct cross-Strait flights, financial cooperation, food safety, mainland tourist visits to Taiwan, and law enforcement cooperation. Taiwan and China are presently negotiating the final details of a cross-Strait Economic Cooperation Framework Agreement (ECFA).²

Even during the two months when Sino-US relations were at a low point and also after they started to improve, Chinese leaders continued to emphasize the importance of improving political mutual trust across the Strait.³ On the eve of the opening of Shanghai World Expo, Chinese President Hu Jintao once again highlighted the importance of deepening mutual political trust to promote the peaceful development of cross-Strait ties during his meeting with Guomindang (KMT) Honorary Chairman Lien Chan.⁴ Hu also reiterated that 'any matters can be discussed between Chinese across the Strait'.⁵

What does Beijing mean when it talks about building mutual political trust? In short, from the mainland's viewpoint the goal of building mutual trust across the Strait does not entail

1 Andrew Jacobs, 'China warns U.S. against selling F-16s to Taiwan', *New York Times*, 25 Feb 2010 <<http://www.nytimes.com/2010/02/26/world/asia/26china.html>>.

2 Michael S. Chase, 'The Role of U.S. Arms Sales in Taiwan's Defense Transformation', *China Brief*, vol. 10, issue 5, 5 March 2010.

3 '十一届人大三次会议温家宝政府工作报告' [Wen Jiabao's report on of the work of the government in the 3rd Session of the 11th National People's Congress], Xinhua, 5 March 2010, <http://news.xinhuanet.com/politics/2010-03/05/content_13103677.htm>.

4 'Shanghai Expo a pride of all Chinese, Hu tells Taiwan dignitaries', *China Daily*, 40 April 2010, <<http://english.peopledaily.com.cn/90001/90776/90785/6969570.html>>.

5 '胡锦涛：增进政治互信 两岸中国人什么事情好商量' [Hu Jintao: anything can be discussed to improve cross-Strait mutual political trust], China News Service, 30 April 2010, <<http://www.chinanews.com.cn/tw/tw-dlyw/news/2010/04-30/2255960.shtml>>.

doing anything that would contest China's basic principles on the status of Taiwan and Beijing's ultimate vision of reunification. Liu Guoshen, Director of Taiwan Research Institute of Xiamen University writes that both sides across the Strait should display their conviction to maintain the legal principle and political reality of 'One China' through verbal, written or behavioral means.⁶ According to Professor Zhang Wensheng of Xiamen University, China should give Taiwan the faith that 'maintaining peace and stability cross-Strait as well as unification is to the benefit of the Taiwanese people'. Taiwan, for its part, should give Beijing the faith that 'Taiwan will not head toward separation, and unification is the future for both sides across the Strait.'⁷

Political trust

Chinese officials and scholars have over the past year become increasingly active in calling for a breakthrough in building mutual political trust. Many share the view that since the goal of 'three direct links' as well as use of a regular meeting mechanism between CCP and KMT has already been accomplished, a new direction should be found to focus on how to establish political trust.⁸ Concrete measures and proposals have started to appear in officials' statements and scholars' writings. For example, Xiu Fujin, Vice Chairman of the Central Committee of the Revolution Committee of the Chinese Kuomintang (RCCK), suggested at a March 2010 meeting of the 11th National Committee of CPPCC that China should invite representatives of political parties as well as scholars in Taiwan to jointly celebrate the 100 years anniversary of the 1911 revolution.⁹ At the same session, He Bingde and Zhang Haipeng from the Chinese Academy of Social Sciences (CASS) submitted a proposal to suggest that China hold the ceremony in collaboration with Taiwan. Zhang Haipeng elaborated in an interview that a joint ceremony will have positive impact on the development of cross-Strait political relations.¹⁰

Some Chinese researchers maintain that an elementary level of mutual political trust has already been established across the Strait. According to Guo Zhenyuan, a researcher at the China Institute of International Studies (CIIS), the elementary level of mutual political trust reflects 'an unprecedented change over the past 60 years'. Guo emphasized that with the formation of a regularized and institutionalized framework of cross-Strait economic and trade

6 Liu Guoshen, '加强两岸政治互信ABC' [ABC on strengthening cross-Strait mutual political trust], China review news, 27 December 2010, <<http://www.chinareviewnews.com/doc/1011/5/5/1/101155103.html?coluid=54&kindid=0&docid=101155103&mdate=0104112939>>.

7 Zhang Wensheng, '两岸政治互信的概念分析' [Concept analysis of cross-Strait mutual political trust], Huaxia.com, 6 November 2010, <<http://www.huaxia.com/thpl/sdfx/1626476.html>>.

8 Liu Guoshen (note 5); see also '两岸已经形成初步的政治互信 酝酿新突破' [An elementary level of mutual political trust is established, a breakthrough is in development], *People's Daily* (overseas version), 12 May 2010.

9 '修福金：辛亥革命100周年纪念活动应邀请台湾有关政党参加' [Xiu Fujin: the 100 years anniversary ceremony of The Revolution of 1911 should invite Parties from Taiwan], Xinhua, 10 March 2010, <http://news.xinhuanet.com/politics/2010-03/10/content_13139054.htm>.

10 '民革中央和政协委员建议两岸共同纪念辛亥革命百年获岛内共鸣' [The Revolutionary Committee of Chinese Kuomintang and CPPCC members' proposal that both sides cross-Strait jointly celebrate 100 years anniversary of The Revolution of 1911 receives good responses from Taiwan], Xinhua, 3 March 2010, <http://news.xinhuanet.com/tw/2010-03/03/content_13090966.htm>.

relations, as well as the signing of ECFA, the notion that cross-Strait issues need to be resolved through peaceful negotiation is now mutually recognized.¹¹ On the other hand, differing opinions have also been voiced in the mainland, even predicting a rise in conflicts in the future. Professor Zhang Lu, a researcher at the Chinese Academy of Military Science says that ‘cross-Strait relations will enter into a period where conflicts and cooperation are interwoven. While cooperation is being deepened, disputes and conflicts will accordingly increase.’¹²

Suspicious on both sides hamper a genuine meeting of minds. China’s donations of movable houses to the Morakot typhoon-hit areas in Taiwan were accused of containing a higher level of Formaldehyde than the standard requirement and were thus abandoned. Consequently, mainland relief staffs were barred from entering disaster areas. Dalai Lama’s visit to Taiwan at the same time caused outbursts of indignation on the mainland.

Despite the fast development of cross-Strait economic cooperation, as well as the increase of unofficial exchanges in numerous domains, no substantial movement is expected to be seen to enhance mutual political trust cross-Strait. ‘The economic integration does help with political integration, but it is no guarantee that political subjects will be put on the agenda any time soon’, says Yan Jun, Deputy Director of National Society of Taiwan Studies.¹³ Commenting on Ma Yingjiu’s talk on the eve of the second anniversary of his term, Chen Kongli, former Director of Taiwan Research Institute at Xiamen University, said that the conditions to resolve political disparities are still not mature.¹⁴

Mainland observers also worry about the prospect of Ma Yingjiu not securing a second 4-year term in 2012. If the KMT is able to retain power, most mainland observers predict that the positive trend of cross-Strait peaceful development will continue. But if the DPP returns to power, they do not exclude the possibility of retreat or even a reversal of the development of cross-Strait relations.¹⁵

Despite the positive developments on many fronts, the past year has shed no new light on whether other supplementary conditions are required of Taiwan by the mainland or what concrete measures should be taken to consolidate political trust. China’s standpoint has remained consistent over the years. In his speech of 31 December 2008, Hu Jintao reiterated that ‘once the two sides reach a common understanding and accordant stance on the principle of one China, the foundation of political mutual trust will be laid and anything can be talked about between the two sides’.¹⁶ Additionally, Wang Yi from the Taiwan Affairs Office of the State

11 ‘两岸已经形成初步的政治互信 酝酿新突破’[An elementary level of mutual political trust is established, a breakthrough is in development], *People’s Daily* (overseas version), 12 May 2010.

12 Ibid.

13 两岸已经形成初步的政治互信 酝酿新突破’[An elementary level of mutual political trust is established, a breakthrough is in development], *People’s Daily* (overseas version), 12 May 2010.

14 ‘福建学者陈孔立：马英九讲话务实正面’ [Fujian scholar Chen Kongli: Ma Yingjiu's speech is positive and practical], CNA news, 19 May 2010, <<http://www.cna.com.tw/ShowNews/Detail.aspx?pNewsID=201005190181&pType0=aCN&pTypeSel=0>>

15 ‘两岸已经形成初步的政治互信 酝酿新突破’[An elementary level of mutual political trust is established, a breakthrough is in development], *People’s Daily* (overseas version), 12 May 2010.

16 ‘President Hu Jintao offers six proposals for peaceful development of cross-Strait relations’, Xinhua, 31 December 2008, <http://news.xinhuanet.com/english/2008-12/31/content_10585635.htm>.

Council said last year that ‘the foundation for building mutual political trust is to oppose Taiwan independence and to insist on “1992 consensus”’.¹⁷

While the two sides remain entrenched in their positions regarding how to build political trust and especially military CBMs, economic integration continues to move forward. Relations between Taiwan and China are being further reshaped by outside forces following the global financial crisis. While China’s economy has an 11 percent projected GDP growth rate for 2010, Taiwan’s economy—highly dependent and tightly integrated into the global IT supply chain of the advanced economies—is expected to achieve only relatively weak growth of 3.5 percent in 2010.¹⁸ These conditions have created an opportunity for Beijing to extend its policy of aggressive economic engagement with Taiwan and to court the business sector with commercial enticements. According to a Xinhua News Agency report, procurement missions in 2009 from the mainland to Taiwan purchased close to \$14 billion in consumer electronics, processed foods and other goods.¹⁹

Although mainland officials have recently in public made statements that the Economic Cooperation Framework Agreement (ECFA) does not involve ‘any political content, nor any political language’²⁰, in essence the ECFA amounts to a bilateral preferential or ‘free trade’ agreement between Taiwan and the mainland, adjusted technically to account for sovereignty concerns on both sides. The four rounds of meetings between the two sides have already produced a doubling of direct flights between China and Taiwan to the level of 270 per week; a further boosting of mainland tourism to Taiwan; a Financial Framework Agreement to create a supervisory mechanism for financial service companies operating in both markets; a partial opening of Taiwan’s economy to direct investment in select industries by mainland firms; and regulatory agreements governing food safety inspections and cross-strait anti-fraud cooperation.²¹ Mainland travel agencies, suffering from flight disruptions to Europe due to the volcanic ash cloud as well as cancelled flights to Thailand due to domestic turbulence, report that flights from the mainland to Taiwan are full.²²

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- 17 ‘反台独坚持九二共识是两岸政治互信基础’ [The basis for cross-Strait mutual political trust is ‘1992 Consensus’ and Anti-independence in Taiwan], China News Service, 30 December 2009, <<http://www.chinanews.com.cn/tw/news/2009/12-30/2047643.shtml>>. See also ‘温家宝：今天台湾新领导人回归“九二共识”’ [Wen Jiabao: today new leaders in Taiwan returned to ‘1992 Consensus’], China Review News, 24 September 2008, <<http://mcn.chinareviewnews.com/doc/1007/5/3/4/100753443.html?coluid=7&kindid=0&docid=100753443>>.
 - 18 ‘Taiwan’s economic growth to reach 3.5% in 2010: ADB’, *The Taiwan Economic News*, 25 December 2009, <<http://www.thefreelibrary.com/Taiwan%27s+economic+growth+to+reach+3.5%25+in+2010%3a+ADB.-a0215925459>>.
 - 19 ‘今年大陆对台采购约140亿美元’ [Procurement missions from mainland to Taiwan closed to 14 billion US dollars this year], Xinhua, 30 September 2009, <http://news.xinhuanet.com/tw/2009-12/30/content_12729105.htm>.
 - 20 ‘王毅主任接受台湾《旺报》专访（全文）’ [Full text of Wang Yi’s interview with Taiwanese newspaper *Want Daily*], Chinataiwan.org, 31 March 2010, <http://www.chinataiwan.org/xwzx/bwzx/201003/t20100331_1303435.htm>.
 - 21 Terry Cooke, ‘New Strains in the U.S.-China-Taiwan Strategic Triangle’, *China Brief*, vol. 10, issue 4, 18 February 2010.
 - 22 ‘广州启航大陆首架旅行社台湾游包机’ [First chartered flight to Taiwan by travel agency took off in Guangzhou], *Nanfang Ribao*, 21 May 2010.

Military CBMs?

The most common stance among Chinese scholars and officials with regard to establishing military CBMs is that establishing mutual political trust should precede building mutual military trust. This view is also shared by several Taiwanese scholars.²³ In the words of Wang Zaixi, Deputy Director of Association for Relations across the Strait (ARATS): ‘Building military CBMs across the Strait is a difficult issue. There is no mutual military trust without mutual political trust’.²⁴ Especially following the signing of ECFA on 29th June 2010, many mainland scholars deem that building mutual military trust should replace economic construction as the next focus of the mainland to foster cross-Strait mutual political trust. For example, Professor Zhao Liqing from the Central Party School said that both sides should, as the new target, aim ‘to end hostility across the Strait, build mutual military trust and establish a framework for cross-Strait security mechanisms’.²⁵

Although both sides have expressed a desire to establish military CBMs, there are no signs of either side being ready for significant military-to-military talks or discussions on establishing concrete military CBMs. However, non-official military exchange activities took place both in the mainland and Taiwan this past year, exhibiting a more accommodating attitude from both sides. On 7 April 2010, a delegation of retired generals from Taiwan led by Hsu Li-nung paid a visit to the mainland and met with Politburo Standing Committee member Jia Qinglin. Both sides agreed in the meeting that they should ‘continue to build mutual trust, lay aside disputes, seek consensus and shelve differences’.²⁶ On 10 May 2010, relatives and descendants of PRC founding generals formed a delegation to participate in The Whampoa Forum held in Taipei. Participants from Taiwan included high level retired generals.²⁷ The two events are in line with the mainland official point of view on preliminary steps before initiating concrete military CBMs. Yang Yi, spokesman of the State Council Taiwan Affairs Office, said in March 2010 that the work of setting up a schedule for military exchanges across the Strait should ‘start with easy things, such as communications between retired soldiers and specialists’.²⁸

Opinions conveyed in public by representatives of People’s Liberation Army (PLA) show that at least parts of the PLA understand the importance of cross-Strait military CBMs. Admiral of PLA Navy Yin Zhuo told the media in March 2010 that ‘I am in favor of establishing military CBMs across the Strait because such a mechanism is one significant aspect of

23 Ministry of the Interior in Taiwan, ‘Cross-Strait mutual political trust needed ahead of military trust’, 20 November 2009, <<http://www.moi.gov.tw/english/print.aspx?panel=news&type=&sn=3364>>.

24 ‘王在希：两岸之间没有政治互信就没有军事互信’ [Wang Zaixi: without mutual political trust there will be no military CBMs cross-Strait], China News Service, 31 July 2009, <<http://www.chinanews.com.cn/tw/tw-twtyw/news/2009/07-31/1799583.shtml>>.

25 ‘两岸学者厦大研讨 聚焦‘两岸军事互信’议题’ [Scholars across the strait congregated at Xiamen University to discuss ‘building mutual military trust’], China News Service, 15 July 2010, <<http://www.chinanews.com.cn/tw/2010/07-15/2403538.shtml>>.

26 ‘Taiwan retired generals’ mainland visit enriches cross-Strait exchanges: top political advisor’, Xinhua, 7 April 2010, <http://news.xinhuanet.com/english2010/china/2010-04/07/c_13241398.htm>.

27 ‘全球黄埔军校校友及后代聚首台北’ [Alumni and descents of Whampoa Military Academy congregated in Taipei], China News Service, 10 May 2010, <<http://www.chinanews.com.cn/tw/tw-lajl/news/2010/05-10/2272256.shtml>>.

28 ‘国台办：主张两岸适时接触探讨军事互信’ [Taiwan Affairs Office of the State Council: agreeing both sides across the Strait contact to explore establishing military CBMs], *Xin Jing Bao*, 18 March 2010.

improving cross-Strait relations.’²⁹ According to one retired PLA officer working as a researcher on security issues, ‘the military establishment on our side is eager to start talks on military CBMs, the military too wants to see momentum in cross-Strait relations with so much going on in other spheres.’³⁰ Official statements on the issue of CBMs often start out reflecting this positive stance. ‘The mainland needs to readjust its military deployment and so does Taiwan’, Major General Luo Yuan said at the August 2009 meeting in Hangzhou (‘The 3rd Cross-Strait Development Symposium’), adding that the establishment of military CBMs would be ‘a win-win feat’.³¹ However, there are diverse views within the PLA on the conditions to be attached to starting the talks. Thus far, the predominant mainland view has been that cross-Strait talks on military CBMs should be linked to a concession by Taiwan to abstain from further military purchases from the United States.³² Alluding to the mainland missiles targeting Taiwan and ignoring the fact that the mainland too views Taiwan as a potential enemy, Major General Luo spelled this out at the Hangzhou conference: ‘If Taiwan continues to regard China as a potential enemy and keeps on conducting military exercises and purchasing arms, especially buying weapons from the US and maintaining a military-alliance relationship with the US, then what is the reason for the mainland to adjust its military deployment under such circumstances?’³³ Lieutenant General Li Jijun, former Vice President of Chinese Academy of Military Science, also stressed the need for China to deploy missiles against Taiwan: ‘It is to prevent the pro-independence activists from colluding with foreign forces in trying to intervene in Taiwan’s internal affairs and stop the grand mission of cross-Strait unification’.³⁴

In sum, and drawing from Bonnie Glaser’s January 2010 report on building cross-Strait CBMs: Both sides of the Strait agree in principle on the need for military CBMs, although Beijing is interested in CBMs primarily as a means to build political trust, while Taipei seeks CBMs to avoid accidents and create a more predictable security environment. More importantly, for Taiwan, CBMs should help to preserve the status quo, Glaser argues, whereas the mainland hopes that CBMs will promote reunification.³⁵

29 ‘海军少将尹卓：我赞成两岸建立军事互信制度’ [Navy Admiral: I support building cross-Strait military CBMs], 4 March 2010, China News Service, 4 March 2010, <http://www.gov.cn/ldhd/2008-12/31/content_1192820.htm>.

30 Author’s off-the-record discussion with a PLA officer now working as a senior researcher in Beijing 19 February 2009.

31 ‘罗援：两岸军事互信需破解三大迷思’ [Luo Yuan: Three myths to resolve for cross-Strait military mutual trust], China review news, 12 August 2009, <<http://mgb.chinareviewnews.com/crnwebapp/mag/docDetail.jsp?coluid=61&docid=101045483>>.

32 Author’s off-the-record discussion with a mainland Chinese security expert in Shanghai 13 April 2009.

33 ‘罗援：两岸军事互信需破解三大迷思’ [Luo Yuan: Three myths to resolve for cross-Strait military mutual trust], China review news, 12 August 2009, <<http://mgb.chinareviewnews.com/crnwebapp/mag/docDetail.jsp?coluid=61&docid=101045483>>.

34 ‘大陆军事专家：两岸同属中国军人不应该兵戎相见’ [Mainland military expert: Chinese soldiers shouldn’t fight against each other], China News Service, 15 November 2009, <<http://www.chinanews.com.cn/tw/tw-ztjz/news/2009/11-15/1965009.shtml>>.

35 Bonnie S. Glaser, ‘Building trust across the Taiwan Strait: a role for military confidence-building measures’, CSIS, January 2010, <http://csis.org/files/publication/100107_Glaser_BuildingTrust_Web.pdf>.

Conclusion

The strategy of starting from easy issues and moving toward more difficult ones in cross-Strait relations has been successful in stabilizing the relationship across the Strait. Some mainland observers argue that it has created a platform from which to address more intricate political questions. But it is still a fragile stability. Taiwanese reactions to Chinese aid during the storm disaster reflect the deeply ingrained suspicions on the part of broad segments of the Taiwanese population. On the mainland there are still deep-rooted suspicions of where the democratic process in Taiwan might lead and what might follow if Ma Yingjiu is not re-elected in 2012. His ratings in May 2010 hovered around 40 percent.³⁶

Probably the most significant indicator that the first thin layers of the foundation for mutual political trust across the Strait have been laid is the fact that cross-Straits relations were basically unaffected by the US arms sales to Taiwan, even as China-US relations plummeted momentarily as a result of it. Since the US announcement in late January 2010, cross-Strait exchanges have included a series of visits by mainland provincial governors and CCP party secretaries to Taiwan.³⁷ Visits of retired military officials were also unaffected by the arm sales storm.

However, official Chinese statements do not give reason to presume that the mainland is willing to make any compromises on its interpretation of One China or on Taipei's demand to decrease the number of missiles threatening Taiwan. Nor do Chinese scholars hint at the possibility that fresh thinking is being contemplated. On the contrary, the closer the Chinese leadership succession at the 18th CCP Party Congress looms, the less the likelihood that there will be any change in Beijing's position. The traditional wisdom of no Chinese leader wanting to look soft on the issue of Taiwan will undoubtedly hold true.

36 '马英九支持率回升10个百分点' [Ma Yingjiu's support rate raised 10 percent], *Haixia Dushibao*, 14 May 2010.

37 '川甘冀三省高官接连访台 两岸高层交流掀热潮' [High-level officials from Sichuan, Gansu and Henan are visiting Taiwan successively, exchanges cross-Strait at high level in hot wave], China News Service, 23 May 2010, <<http://www.chinanews.com.cn/tw/tw-lajl/news/2010/05-23/2299162.shtml>>.