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The Prospects of Cross-Straits Ties Development

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The Prospects of Cross-Straits Ties Development

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Two major features will mark the relationship between the Chinese mainland and Taiwan during the years running up to 2016, the latter's election year.

First of all, the two sides will see a steady advancement of their overall relationship, with major progress to be made in cross-Straits economic and trade ties. Political dialogue will remain at the stage of energy accumulation, with the Taiwan authorities not yet ready to move forward. The Taiwanese people, however, will see it as an imperative task, and take the initiative to create platforms for multi-channel and multi-level dialogues with their mainland compatriots.

The Kuomintang's return to power in 2008 has started a new era for the peaceful development of cross-Straits relations. Abiding by the consensus reached between the Chinese mainland and Taiwan in 1992 and keeping to the political stand of opposition against all attempts for Taiwan's independence, the two sides have tried to develop their relations step by step, taking the easiest first and starting from the economic front. Up to now, they have inked 19 agreements on trade and economic cooperation to basically systematize and legalize their economic and trade relations. As for Taiwan's concern over its so-called 'international space', the mainland has worked out a sensible and rational arrangement – allowing Taiwan to become an observer of the World Health Assembly. Also, both sides have strictly observed the policy of diplomatic truce. Thanks to these efforts, cross-Straits relations have reached a level of development never seen over the past six decades.

The Economic Cooperation Framework Agreement (ECFA), reached between the mainland's Association for Relations across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF), has been under implementation for three years, and the outcome so far has relieved some Taiwanese personages of their unfounded worries. When the ECFA was signed, some Taiwanese voiced their concern over the compression of the survival of their local enterprises because, as they pointed out, the agreement would surely trigger a boom of bilateral trade and, in particular, an inflow of mainland commodities and investment. Bigger exports from Taiwan to the mainland, meanwhile, would deepen the former's dependence on the latter's market, they also argued. According to statistics from its economic agencies, however, Taiwan has seen a continuous decrease instead of ascension of its dependence on the mainland in terms of both exports and imports. In 2010, for instance, its exports to the mainland accounted for 30.9 per cent of its total export volume. In 2013, however,

the percentage dropped to 29. Neither have exports from the mainland to Taiwan at lowered tariffs adversely influenced any of the latter's industries, while investment from the former has boosted Taiwan's job market. Operating now on the mainland are 398 Taiwan-funded enterprises. The mainland has sent merely 216 senior managers to work in Taiwan so far. They have helped create, however, as many as 6,771 job opportunities there.

The service trade agreement inked between the two sides on June 21 has extended their economic and trade cooperation into another important field. Under this agreement, the mainland will open 80 service items to Taiwanese investment, while Taiwan will open 64 items to mainland investment. The mainland level of openness to Taiwan has risen above the WTO mark, with the openness of 83 per cent of the items it has opened to Taiwanese investors reaching beyond that prescribed in its Closer Economic Partnership Arrangement with Hong Kong - an extent never allowed in any other similar agreements the mainland has ever signed with any other countries or regions. The conclusion of these agreements has not only greatly boosted cross-Straits trade and economic cooperation, but also contributed to the liberalization of trade between China and Japan, South Korea and East Asia as a whole because cross-Straits trade liberalization has risen above the level of the mainland's openness to South Korea and Japan. As far as Taiwan is concerned, it will not be marginalized during the process of regional economic integration as some people have feared. On the contrary, the ECFA and the service trade agreement Taiwan has reached with the mainland will facilitate its talks over conclusion of free trade agreements with its chief trade partners and lay the basis for it to participate in the Trans-Pacific Partnership Agreement and the Regional Comprehensive Economic Partnership, as pointed out by Shi Yaping in an article published on July 9, 2013. It has already inked, for instance, a trade and economic cooperation agreement (the ANZTEC) with New Zealand in the name of the Taiwan, Penghu, Jinmen and Matsu separate customs territories, and may soon conclude a similar agreement with Singapore. All these point to the fact that the mainland will never raise any objection to Taiwan's development of non-official trade and economic relations with other countries and regions within the one-China framework. There is still one point, however, that calls for Taiwan's attention: it should never try to lobby the US Congress, the European Parliament, or any other foreign institutions for support to its attempt to expand 'international space' however, since such a move may run contrary to its original purpose and will surely incur antipathy from among the academic circle.

Soon after the conclusion of the service trade agreement, ARATS and SEF have taken another eye-catching step: start of talks over establishment of representative offices in each other's homeland.

When they resumed contacts and consultations in 2008, both ARATS and SEF suggested creation of such representative offices. Due to the concerns from the

Taiwan authorities, however, further discussion of this issue was delayed. With the increase of the frequency and the deepening of the contents of contacts and consultations between the two bodies, however, the Taiwan authorities have come to see the urgency for the creation of such representative offices. Just recently, KMT leader Ma Ying-jeou told the local media that it is not sensible for Taiwan and the mainland to have no such representative offices, basing his argument on the fact that the total volume of trade across the Straits has hit US\$160 billion, and the number of mutual visits has come to over 8 million a year. As the first step, Ma has listed creation of ARATS and SEF representative offices as one of the top three tasks to be accomplished in 2013 (with the other two tasks being expansion and deepening of cross-Straits exchanges and review and amendment of the Act Governing Relations between the Peoples of the Taiwan Area and the Mainland Area). According to media reports, the ARATS and SEF have already reached a consensus on representative office creation, and have gained, in particular, a common view of the political position of their representative offices. The Taiwan authorities have explicitly stated time and again that the Taiwan-mainland relations are not those between two different countries, and the ARATS and SEF representative offices will be installed in line with this understanding. There is only one issue still waiting for discussion and solution now: SEF's demand to empower its representative office to report and visit Taiwanese detainees/prisoners. Consultations over this issue are still under way because it involves some of the mainland's laws and regulations.

Obviously, the establishment of ARATS and SEF representative offices is a political and not an economic issue. For this reason, successful solution of this issue will be of positive political significance.

As for political dialogue, the mainland has persistently believed that for the purpose of consolidating and deepening peaceful development of cross-Straits relations, both parties should try to enhance political mutual trust through political dialogue, with key efforts devoted to the achievement of a clearer common view and firmer stand about upholding and compliance with the one-China framework principle, as pointed out by President Xi Jinping on June 13, 2013. In other words, what the two sides should try to do is to reaffirm the principles endorsed in the 1992 consensus, and further clarify their stand that there is only one China for both the mainland and Taiwan, thus upgrading the 1992 consensus into what we may call '1992 Consensus Plus.' But the Taiwan authorities have argued that political dialogue is too sensitive and conditions are not ripe yet for its official conduction. Support should be won from its citizens first, they have been arguing. Just recently, however, there have come two changes in their attitude: a clear-cut go-ahead and laissez-faire signal for political dialogues at nongovernmental levels, and acknowledgement of the mix and mingle of political and economic issues. When we talk about the principle of 'economic issues before political ones,' we do

not mean that the two can be totally separated from each other; they have now come to affirm. During an exclusive interview with the local Next TV on July 10, Ma Ying-jeou said that Taiwan would handle its relations with the mainland by taking up what is most urgent and easiest in the economic sector first. He also said, however, that some matters not in the economic sector might also be given priority if necessary, citing the agreement inked with the mainland on joint crackdown on crimes and mutual assistance in judicial affairs some time ago. It is not economic and has come out the hard way, he pointed out, but absolutely necessary. 'We will sit together and talk when the time comes,' he promised. Is this the first light in the tunnel leading to political dialogues? We have to wait and see. From the example cited above by Ma Ying-jeou, the two sides have actually been conducting 'political dialogues of a non-political character.' It is absolutely of positive significance for Ma to openly declare where he now stands.

Another new development of great importance to cross-Straits relations is the effort started by some bigwigs in Taiwan's Democratic Progressive Party to conduct communication and dialogue with the mainland on some political issues. Former DPP Chairman Frank Hsieh Chang-ting, for instance, visited the mainland last year. At the end of June 2013, his Reform Foundation and the mainland's Chinese Academy of Social Sciences jointly hosted a seminar in Hong Kong to exchange views on cross-Straits political relations. This is an unprecedented effort. Some Taiwan media have labeled it as 'the prelude of exchanges between the DPP and Communist Party of China.' Tsai Ing-wen, another former DPP leader, has recently invited some mainland economists to discuss the issue concerning the mainland's renminbi currency. These moves by DPP celebrities will not only produce a due influence on the development of cross-Straits relations, but also stir up the political ecology in Taiwan and put some pressure on the KMT.

Second comes the general election near the end of 2014, which will produce a great impact on the development of cross-Straits relations

At the end of 2014, Taiwan will have its so-called seven-in-one elections: elections in its five municipalities (Taipei, Beixin, Taichung, Kaohsiung and Tainan), counties and townships. Of a local character, these elections will focus mainly on regional governance and feature a contest between different factions. None will take the issue of cross-Straits relations as a major campaign topic. In this sense, they cannot be taken as a prelude of Taiwan's 2016 general election, or a case comparable to its 2012 general election. The results of these local elections, however, may weigh on the formulation of the overall programs of both the KMT

and the DPP for the 2016 general election. For this reason, it is necessary for us to make some prospective analysis of these elections.

With their population accounting for more than 60 per cent of Taiwan's total, the five municipalities are Taiwan's 'economic hearts.' Their elections, therefore, will be the highlight of the coming seven-in-one elections. During the elections in these municipalities in 2010, the KMT won in three of them: Taipei, Beixin and Taichung; while the DPP won in the remaining Kaohsiung and Tainan. Winning a majority of more than 400,000 votes, however, the latter got 49.87 percent of the votes, much bigger than the former's 44.54 percent. But in the 2012 general election, Ma Ying-jeou from the KMT won 51.6 percent of the votes, while the DPP's Tsai Ing-wen came out with a 45.6 percent share. Plus the 2.8 percent of the votes won by Soong Chuyu, the Pan-Blue Coalition got 54.4 percent of the votes. Such a reversal of the percentage of votes won by the two coalitions tells the different results in Taiwan's local and general elections. The main reason explaining the difference is their policy highlighting of cross-Straits relations in their election programs, with the KMT going for national unification and the DPP standing for Taiwan's independence. In the 2012 election, it was precisely this policy difference that determined the final result.

After the 2012 general election, it has become a mainstream belief in Taiwan that Ma Ying-jeou got reelected mainly because the majority of the voters had sided with him on sticking to the 1992 Consensus and a policy of peaceful development of cross-Straits relations. It was the result of a referendum on the 1992 Consensus, some people have pointed out, arguing that Ma's stand has effectively turned cross-Straits tension and hostility brooded under Chen Shui-bian's rule into a relationship of peace and mutual benefit. Since the local voters stand for peaceful development of cross-Straits relations, a new term has been coined after this election: economic voters. Non-partisan and not satisfied with Ma's achievements in his first term, these voters sided with Tsai Ing-wen during the election. They worried, however, that the cross-Straits policy of the DPP might result in their loss of dividends from peaceful development of cross-Straits relations. At the last moment, therefore, they changed to the side of Ma. A public opinion poll done by a former DPP official has revealed that it was precisely these economic voters, numbering about 6 per cent of the constituency, which helped Ma to win. Apart from these economic voters, the concern of the US administration over the DPP's cross-Straits policy has also played a due role. In September 2011 Tsai Ing-wen visited the United States. She made the tour hoping to get some US support. Her statement on her party's cross-Straits policy, however, added to the worry of the US administration. A high-ranking official from the White House told the Financial Times that Tsai's statements led the US to worry about the stability across the Taiwan Straits, because such stability was of 'paramount importance' to the United States.

Three results are possible in the seven-in-one elections in Taiwan near the end of next year: win by the KMT or the DPP, or a draw between them. In any case, neither the KMT nor the DPP will make any major changes to the cross-Straits policies to be written into their programs for the 2016 general election, because both believe they will win if they maintain their established positions. What calls for our attention is the policy direction of the losing party. If the KMT loses, it may not back off from its cross-Straits policy. Instead, it might try every means to boost Taiwan's economy by furthering the dividends of peaceful development of cross-Straits relations. The recovery of the US economy and the mainland's economic restructuring by that time will create an even better external environment for the development of Taiwan's economy. If the KMT loses badly and falls deeper into crisis as a result, it may opt for breaking the ice of political dialogue with the mainland. It may even go so far as to chance for a meeting between its chairman Ma Ying-jeou and mainland leader Xi Jinping at an appropriate time, as in the case of its loss in the 2004 general election which prompted its then leader Lien Chan to visit the mainland and restore relations with the Communist Party of China so as to boost the sinking KMT morale and lay the foundation for a return to power in the 2008 general election. Just recently, Ma Ying-jeou has backed off from his dogged stand on the possibility of a meeting with Xi Jinping, acknowledging such a possibility. Such big moves, however, call for political and strategic resolution and courage. If the MKT chooses to go in the opposite direction, back off from its cross-Straits policy, and yield to the Pan-Green voters, it can never hope to make inroads into the electoral base of the DPP. On the contrary, it may also lose some votes drifting around its own base. Should this be the case, it will definitely lose the 2016 general election.

If the DPP loses the election, the current inner-party debates on its policy toward the mainland will get even hotter. As has been mentioned above, the pragmatists led by Hsieh Chang-ting are right now promoting adjustment of the party's cross-Straits policy so that it will be 'acceptable to Taiwan, tolerable by the mainland, and satisfactory to the United States.' It will be extremely difficult to achieve such a 'magic balance.' More importantly, the fundamentalists inside the party will stand firmly against this effort. Ideologically, these people will doggedly keep to their pursuit for Taiwan's independence. Electorally, they believe any loosening of the party's policy toward the mainland will narrow its basic corps of voters who, based mainly in Tainan, accounting for 40-45 per cent of the total constituency. During the debates, DPP chairman Su Tseng-chang has been trying to be a winner at both sides. On the one hand, he sides with the Taiwan independence advocates, arguing that the DPP must have a cross-Straits policy different from that of the KMT. On the other hand, he stands for communication and dialogue with the mainland. Because of his contradictory stand, however, he has failed to rub either side the right way. Fu Hsiung Shen, a DPP bigwig who

accurately predicted the outcome of Taiwan's general election in 2008, once pointed out that the DPP had no other way out but to move closer to the KMT in terms of cross-Straits policies. But let's imagine: If the DPP adopts a cross-Straits policy similar to that of the KMT, how will the latter then maneuver in the coming general election?

Before Taiwan's 2016 general election, the mainland will not make any change to its mainstream policy of peaceful development of cross-Straits relations. Neither, however, will it loose its vigilance against any move toward Taiwan independence. When meeting KMT honorary chairman Wu Poh-hsiung in Beijing on June 13 2013 CPC general secretary Xi Jinping pointed out that 'the separatist forces conspiring for Taiwan's independence and their secessionist activities still pose a practical threat to peace on both sides of the Taiwan Straits.' The mainland should prepare itself for any possible outcome of Taiwan's 2016 general election. Even if the DPP returns to power, the mainland will still have the ability to bring the changed situation under control, as this author believes.

Appendix:

Election results in Taiwan since 2001

Year	Region	Pan-Blue Coalition	Pan-Green Coalition
2001	23 counties and cities	47.4	45.3
2005	23 counties and cities	52.26	43.07
2006	Taipei	692,085 votes to Hau Lung-bin	525,869 votes to Hsieh Chang-ting
2006	Kaohsiung	378,303 votes to Jun-Ying Huang	379,417 votes to Chen Chu
2009	17 counties and cities	47.8	45.3
2010	The 5 municipalities	44.54	49.87