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Discussion Paper
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A Fresh Opportunity for Cross-Strait Relations

Yu Xintian

**Senior Fellow, Shanghai Institute for International Studies
President, Shanghai Association of Taiwan Studies
President, Shanghai Institute for Taiwan Studies**

German Institute for International and Security Affairs **Stiftung Wissenschaft und Politik**

SWP

Ludwigkirchplatz 3-4
10719 Berlin
Phone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org

1. The Consensus on both sides of the Taiwan Strait

With the general election on March 22, 2008, Ma Ying-jeou was elected as the new leader of Taiwan. Both sides of the Taiwan Strait witnessed several significant but indirect communications between Mr. Ma and the mainland after the election. Although no direct contacts between Mr. Ma and the mainland leadership has taken place yet, both sides expressed their respective scenario of cross-strait relations in their talks with regard to the concerns of the other side. These indirect interactions include the following: Ma Ying-jeou's interview with international journalists on March 23, President Hu Jintao's and President Bush's telephone conversation on March 26, Ma's interview by China Times, United Daily News and the Liberty Times on March 28, the meeting of Hu Jintao and Hsiao Wan-chang (Vincent C. Siew) in Boao Forum for Asia on April 12, the meeting of Hu Jintao and Lien Chan on April 29, Ma's inaugural address on May 20, Chen Yunlin's remarks on Cross-strait relations on May 22, and KMT chairman Wu Poh-hsiung's visit to mainland on May 26, etc.

Leadership of both sides of the strait almost reached consensus through the frequent interactions above, which paves the road for future development of cross-strait relations. The basic consensuses are as follows:

1.1 The "1992 consensus" is the basis for cross-strait relations

The international community recognizes that the "One China" principle is to be the prerequisite without which chaos will come about in international relations. The "1992 Consensus" is an agreement reached by both sides for engaging one another on the "One China" principle.

Chen Shui-bian and the DPP administration denied the "1992 Consensus" constantly to oppose the "One China" principle and promote "Taiwan Independence". Besides, many Taiwanese people wonder whether the mainland really accepts the "1992 Consensus" and only focuses on "one China" without mentioning "respective interpretations". Actually, in their telephone conversation on March 26, President Hu Jintao said to President Bush that "it is China's consistent stand that the Chinese mainland and Taiwan should restore consultation and talks on the basis of the '1992 Consensus' which sees both sides recognizing there is only one China, but agree to differ on its definition".¹ It indicates that President Hu has a profound understanding of the status quo of cross-strait

¹ Xinhua News Agency published a slightly different Chinese version at the same time. The English version can be found on the official website of the Taiwan Affairs Office of the State Council.
http://www.gwytb.gov.cn:8088/detail.asp?table=Headlines&title=Search&m_id=833

relations and has a high expectation of the KMT administration led by Ma Ying-jeou. The mainland stopped mentioning the existing “1992 Consensus” after the “special state-to-state relationship” proposed by Lee Teng-hui. On the other side, many Chinese mainland people also wonder whether Taipei only focuses on “different interpretations” without mentioning “one China”. Ma Ying-jeou reiterated that maintaining and implementing the Constitution is more important than constitutional amendment. “I will not pursue ‘a special state-to-state relationship’ or ‘de jure Taiwan Independence’. I maintain the ‘1992 Consensus’ clearly.”²

Seemingly, the cross-strait relations turn back to the “1992 consensus” after more than a decade of ups and downs. However, it indicates that the perceptions of both sides go far beyond the “1992 consensus”. First, the “One China” principle proved to be the umbrella of stable cross-strait relations. The “Taiwan Independence” is doomed to fail no matter whether it is “a special state-to-state relationship” or “one China, one Taiwan”. The international community supports the status quo as a whole. This is why the U.S. maintains constantly that “Taiwan is not a sovereign state”. Secondly, it is also the reality that the two sides have not been united yet on the “one China” principle. Both sides should realize the status quo, recognize the reality and handle cross-strait ties appropriately. Lastly, the “one China” principle means that the prospect of the cross-strait relations should be peaceful reunification although time and conditions are important.

1.2 Peaceful development is the main theme of the current cross-strait relations

It is of great importance that Hu Jintao proposed that “peaceful development is the main theme of the two sides” during his second meeting with Lien Chan in 2006. The Chinese government realizes that it is not the time to promote peaceful reunification. Rather, the urgent need is to improve cross-strait ties pragmatically. Therefore, the mainland promotes charter flights, tourism to Taiwan, mutual investment and mutual recognition of diploma etc. President Hu also expressed his expectation that the Chinese Mainland and Taiwan will make joint efforts and create preconditions to formally end their hostility through consultation, to reach a peace agreement, to construct a framework for peaceful development of cross-Straits relations, and to usher in a new situation of cross-Straits relations.

Ma Ying-jeou mentioned several times “peaceful development” on cross-strait relations during his presidential campaign. According to his inaugural address on May 20, Ma sincerely hopes that the two sides of the Taiwan Strait can seize this “historic opportunity” to achieve “peace and co-prosperity”.

The major challenges Ma is facing now are how to revitalize the economy of Taiwan and ensure Taiwanese people to gain more benefits. To reach these goals,

² The United Daily New, March 29, 2008.

openness is essential, including opening to the mainland of China, breaking obstacles in cross-strait economy exchanges, and upgrading competitive capacity. Ma also mentioned that Taiwan would enter consultations with mainland China over Taiwan's international space and a possible cross-strait peace accord.

1.3 The attitude of cross straits relations is pragmatic

On 12 April 2008, Mr. Hsiao Wan Chang () Vincent Siew) attended the Boao Forum for Asia and proposed to “Face reality, start a new future, set aside disputes, and create a win-win situation”. On 29 April, President Hu Jintao, in his capacity as General Secretary of the CPC Central Committee, has met with Lien Chan, Honorary Chairman of the Chinese Nationalist Party or Kuomintang. Hu Jintao said cross-straits ties have witnessed positive changes recently and a trend for further development. He said authorities on both sides should work together to “Establish mutual trust, seek common ground while reserving differences, set aside disputes, and create a win-win situation”.

It is evident that authorities on both sides are looking on cross-strait relations pragmatically and have had certain consiliation. Firstly, both talked about “shelf the dispute, achieve win-win”. The biggest dispute remaining is sovereignty. If we continued to dwell on this issue, it would damage both of us. Although authorities on both sides can not reach mutual recognition, we could cooperate through Association for Relations Across the Taiwan Straits (ARATS) and Straits Exchange Foundation (SEF), and gain a win-win situation. Secondly, “Face reality, start a new future” is proposed by the Taiwan side, that is to say, only facing the reality and solving the issues can offer us a bright future. Meanwhile, we could move forward continuously if we look forward and have a global perspective and strategic ideas, regardless of existing difficulties.

Finally, the mainland of China spoke of “Establish mutual trust, seek common ground while reserving differences”, which is a sum-up of our past experiences and lessons. During the eight years of the CHEN Shui-bian era, mutual trust between the two sides of China was completely destroyed. Without mutual trust, there will still be no any practical outcome even if we tried to negotiate toughly; goodwill will be distorted and turn into hostility. Now, it is time to build and accumulate mutual trust. The issues and contradictions between Beijing and Taipei will not disappear after Ma assumed the reins of Taipei government. Both sides must seek common ground while shelving differences, don't haggle over every ounce, so that we might have the biggest outcome of cooperation and win-win. At the beginning, it may be “seek small common ground while reserve big differences”, and thereafter “seek big common ground while reserve small differences”.

1.4 The road of cross straits relations is gradualism

Beijing and Taipei should put the first priority on economy and trade. The preparations for Charter Flight and Direct Navigation, mainland tourists' travels to Taiwan, are going quite well and will be carried out in the near future. The best road ahead is from the easy to the difficult, from economy to politics, step by step in the direction of the foreseen outcome, and not to withdraw. Vincent Siew once said that both sides need to melt ice, but too fast melting is not practical since it may cause a flood. Now, we do not only have the "Second Track" between KMT and CPP, but "First Track" between ARATS and SEF. I believe that "unexpected behaviour" could be avoided after continued negotiations, and policy decisions can be taken after mutual understanding.

2 The favourable international environment of cross-strait relations

Now, the development of cross-strait relations is facing opportunities, not only because of the consensus reached by China's mainland and the island, but also because of the favourable international environment. I visited the US in the March, chatting with some American officials and scholars from think tanks on the Taiwan issue. I found some new trends. After my visit, the SIIS also received many foreign scholars, the talks of whom ensured my positions. I would like to share with you here.

- After the eight years' rule of CHEN Shui-bian in Taiwan, the international community has a deeper understanding of the danger of "Taiwan Independence", animadvert "trouble maker" CHEN together and hold back "Taiwan Independence" movement. Now, the peace, stability and prosperity of the East Asia are not only in the interest of this area, but also in the interest of the common welfare of the people in the world. East Asia has become one key locomotive of the world economy; China also has contributed to this. The consultation and cooperation between China and US in the field of regional and global affairs are on the rise; both sides have become "responsible stakeholders" within the international system. The China-US Strategic Economic Dialogue (SED) and China-US Strategic Dialogue are held at fixed intervals. Washington is suffering from the worsening situation in the Middle East and more reluctant to see troubles emerging in the East Asia. That is why American officials continued to criticize Taiwan authority's "UN for Taiwan" referendum, the "referendum tied with general elections" etc. The ranks of these officials are higher and higher, their voice is becoming tougher. All these have a certain influence on this turnover of power. Such kind of cooperation between Beijing and Washington towards anti-Taiwan Independence was quite rare in the past.

- Washington will soon improve relations with Taiwan. America trusts Ma Ying-jeou's KMT quite a lot. American officials and the scholars from think tanks show publicly that they like and trust Ma more than Chen. What they claimed before this election also differs from the past. After Ma's success, Washington didn't want to preview his inaugural address, showing strong trust towards him. Some conservative US think tanks, and representatives of the military-industrial field are blaming DPP for the deterioration of US-Taiwan relations. It is already consensus of all American parties to improve US-Taiwan relations. It is clear that in future the leaders of Taiwan will have more senior courteous reception and enjoy more convenience. Washington wants to re-start F-16 sales to Taiwan, someone even wants to talk to Taiwan about a Free Trade Agreement (FTA) which is not practical at present.

- The US wants both sides of China to improve mutual relations. They pointed out that the macro background of the improvements of US-Taiwan relations is cross-strait relations. Washington is more concerned about cross-strait relations than about the Taiwan issue. The US hopes that China could seize the window of opportunity, turning the crisis management into opportunity management. They are happy to see mutual visits between leaders from Beijing and Taipei, and wish China to demonstrate more good will, speed up the Three Direct Links (Mail, Air and Shipping Services and Trade), and further consider offering Taiwan more international space.

They believe that Chinese improvement of cross-strait relations will be beneficial to Sino-US relations and to other nations in the world. Although the US presidential campaign is under way, whoever elected will not change US' "One China" Policy. Of course, the "One China" Policy of the US and the "One China" Principle of China are quite different.

- The international community has more optimistic ideas on cross-strait relations, hoping that the closer economic cooperation between Beijing and Taipei will bring good news for the world economy.

Guy Wittich, chief executive officer of European Chamber of Commerce in Taipei (ECCT) pointed out that what the foreign businessmen look forward to mostly is that Mr. MA will fulfil the promises of Direct Air Links within the first 100 days of his leadership. He said that the foreign businessmen have been waiting for 20 years; and this is too long. Even due to some disputes on details preventing such a fast speed, it should be done before the end of July 2008, otherwise they will feel quite disappointed.³ Washington also said that the American Chamber of Commerce in Taipei (AmCham) will play a bigger role. The consideration of these countries to develop relations with Taiwan is due to

³ *The United Daily News*, May 20, 2008.

both Taiwan's advantage and the bridge role Taiwan could play for foreign businessmen entering the mainland of China.

East Asian nations feel relaxed towards cross-strait relations. According to Japanese Asahi News, it is smart that the policy of Ma Ying-jeou is to stick with the status quo. The stability of the strait is good for neighbouring nations including Japan and US. Although some Japanese are worried about Ma's tough attitude towards Japan, Ma has sent some signs to improve Japanese-Taiwan relations.⁴

In general, it is quite rare that the international community now is glad to see the improvements of cross-strait relations. Especially in the past, US was always afraid of Beijing and Taipei coming too close and too fast, but at present Washington is persuading Beijing to improve relations with Taiwan as fast as possible. Now it is my turn to advise them to keep calm, because a too fast improvement may have side effects which will frighten both Taiwanese and American.

3 The difficulties and challenges of the development of cross-strait relations

Even if we now have quite a lot of favourable conditions, the difficulties and challenges we face are still serious. We should not be blindly optimistic but try to manage the difficulties and challenges and solve them step by step over time.

- While the long-lasting old contradiction remains un-resolved, there emerge new forms of the old and new issues. Generally speaking, the Taiwanese local people's identification with mainland China has been pretty low and kept going down in the past several years. My personal opinion is that the Four Consciousnesses should be noticed. They are *autonomous consciousness*, *democracy consciousness*, *"the Republic of China" consciousness* and *international space consciousness*. These four will not inevitably lead to "Taiwan independence". But the force of "Taiwan independence" will surely make full use of them. The four Consciousnesses determine the mainland policy of Taiwanese leaders, and they are deep roots which require special attention. If we are unable to respond to these Consciousnesses efficiently and reduce confrontation, misgiving and mistrust, there will be no momentum behind the improvements of cross straits relations. Winning the hearts of Taiwanese local people is just starting, and this will be a long and tough task. Ma Ying-jeou, as the new Leader of the KMT, has his own unique experience, background, beliefs and ideas. His leadership remains questionable up to now. His relations with mainland of China will surely experience a tough interaction

⁴ Asahi News, May 21, 2008.

period. During this period, both sides need communications with each other and with the international community, seeking common interest together.

- Washington has a complex attitude towards the improvements of cross-strait relations. Generally, the US does not fear Ma Ying-jeou and the KMT authority, because they will not develop relations with Beijing at the expense of Taiwan's interests. The Taiwanese public has "Taiwan identity" widely, the democratic institutions of Taiwan are in place, and there will be no "unexpected behaviour" in cross-strait relations. Ma Ying-jeou also will not develop cross-strait relations at the expense of US's interests.

China's long phase of fast economic development has changed the American perception of China. Washington will surely emphasize the Taiwan Relations Act, carry out the strategy of "keeping the military and economic balance between Beijing and Taipei", and contain China's military modernization. The "China Threat" is deeply rooted in the US; the US will keep playing the "Taiwan Card".

- Japan will enhance relations with Taiwan, and hope Taiwan to be a quasi-member of the Japan-US Alliance and create a "Value Alliance". Due to the improvement of Sino-Japanese relations, the importance of Taiwan issue is slightly reduced. Since Ma Ying-jeou does not have a strong link with Tokyo, he has to develop relations with Tokyo well. The revitalization of Taiwan's economy also requires further cooperation between Japan and Taiwan. The pro-Taiwan force will not change due to MA's government. Japanese Prime Minister Yasuo Fukuda is pro-Taiwan by heart. At present, the new generation of politicians of the Liberal Democratic Party (LDP) and the Democratic Party all identify with the "Value Alliance", and they sympathize with and support the democracy in Taiwan, using Taiwan to contain a rising China. The right-wing Japanese people even support the "Taiwan independence" movement of Taiwan's Democratic Progress Party (DPP). Last year, they wanted to put Taiwan's "UN referendum" onto the governmental agenda. The Japanese think that only Japan and Taiwan are not formally accepted within East Asia, so that their hearts are close. Of course, Tokyo will not sell arms to Taiwan, and will not change its "One China" Policy in the short term, but it will seek for some breakthroughs.
- The China-Europe relations have entered a new period of mutual cognition. We should try to prevent the Taiwan issue from becoming a new source of friction between us. My colleagues are all European study specialists, they will have their detailed analysis about it and I don't say more about it.