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Discussion Paper

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**Cross-strait relations after Ma Ying-jeou's re-election:
Towards political negotiations?**

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Ma Ying-jeou's reelection in January 2012 gives him a mandate to move further forward his agenda of "institutionalization of cross-strait relations". But in what order, at what rhythm, and with or without the negotiation of some sort of political agreement with Beijing? In a March 2011 interview to the Financial Times, Ma Ying-jeou has excluded opening talks on unification with Beijing during his second term in office¹. But political negotiations do not necessarily have to address the question of Taiwan's status. In October, at the height of the presidential campaign, after months of silence regarding the cross-strait "peace agreement" that he had mentioned during his first presidential campaign, Ma finally brought up the issue, to the apparent dismay of his campaign team. Two days later, taking in consideration the serious risk that these declarations may undermine his chance of reelection, Ma Ying-jeou raised an additional precondition to the launch of political negotiations. He said that a referendum would be held in Taiwan prior to any political talks, in order "to gauge public opinion about the issue, and we won't sign the agreement if it fails the referendum"².

After this episode, Ma Ying-jeou and his Mainland policy advisers started employing new language regarding cross-strait political negotiations. Instead of a "peace agreement", they mentioned the "institutionalization of the non-use of force" (不武制度化, *bu wu zhidu hua*). The term was first publicly employed by Mainland Affairs Council chairperson Lai Hsin-yuan, in a speech pronounced at Harvard University in February 2012: "In the next four years, both sides of the Strait have the responsibility to consolidate institutionalized Cross-Strait consultations and the successes achieved under the Cross-Strait agreements. In addition, we should further institutionalize the concept of 'no use of force' in order to make peace across the Strait irreversible"³. Despite this rhetorical evolution, political negotiations are currently not on Taipei's agenda for cross-strait consultations. The Ma administration prioritizes the institutionalization of cross-strait exchanges in the economic and financial sphere, especially as an agreement has yet to be reached to protect the assets and the rights of the Taiwanese business community operating in Mainland China⁴.

Several factors explain Ma Ying-jeou's backpedaling with regards to cross-strait political negotiations, compared to his 2008 presidential campaign. At the strategic level, the US pivot to Asia brings new uncertainties in the regional security environment. It is still early to analyze how the Taiwan Strait's security triangle is going to reconfigure as a result of the US's rebalancing to Asia. Three

1 "Ma denies falling into Beijing's trap", Financial Times, March 8, 2011.

2 "Ma promises referendum before Chinese peace pact", Taipei Times, October 21, 2011.

3 Lai Hsin-yuan, "The Republic of China's Democratic Achievement Is the Key Driver to Construct Sustainable Peace Across the Taiwan Strait", Harvard University, February 6, 2012.

4 "Cross-strait investment agreement stalled", Taipei Times, June 23, 2012.

main questions will determine the future of the security triangle: To what extent will the Ma administration consider the US pivot an opportunity to boost the military security of Taiwan? Will the US proactively upgrade the military relationship with Taiwan? Last but not least, although the Chinese response has so far been low-key, how will Beijing's military posture adapt to increased American military deployment in the region after the 18th Party Congress and the National People's Congress?

At the domestic level in China, policy towards Taiwan isn't currently a divisive issue. However, the high level political reshuffle will certainly have an impact on cross-strait relations. Historically, Chinese leaders have always launched policy initiatives towards Taiwan. There is no reason to think that Xi Jinping will not follow this traditional path, especially as he gained first-hand experience of cross-strait relations while serving in Fujian province for 17 years. Nevertheless, the sustainability of the support, in China, for a Taiwan policy that overall brings economic benefits to the Taiwanese population, but without curbing the trend of eroding support for unification in the island, is uncertain over the medium term.

Finally, in Taiwan, domestic issues currently rank higher than cross-strait relations on the agenda of the Ma administration. And if Ma's second term inaugural address is to be considered a reliable indicator of Taipei's priorities, the quest for international space may be prioritized against the launch of political negotiations.

The paper analyzes the likelihood, during the second mandate of Ma Ying-jeou, of a cross-strait political negotiation leading to some form of a written agreement. The first section compares current preferences in Beijing and Taipei regarding the scope and the form of an agreement. The paper then examines possible strategies in Beijing and Taipei regarding political negotiations in the next four years, and identifies possible domestic resistance to the initiation of talks. Finally, the last section discusses the possible impact of the US pivot to Asia onto the negotiation of a cross-strait political agreement. The paper argues that a minimalist written agreement addressing military security in the Taiwan strait on the basis of the 1992 consensus, and negotiated through the SEF/ARATS channel, may be within reach. Despite their fundamental divergence regarding the sovereignty of the ROC, the two sides share a common interest in "stabilizing the current trend of peaceful development". But finding a right time to launch political negotiations will be extremely problematic. In Taiwan it will depend on Ma Ying-jeou's popularity, while in Mainland China it will depend on Xi Jinping's room for maneuver.

Current thinking in Beijing and Taipei regarding political negotiations

The two sides of the Taiwan Strait have already addressed the question of a written political agreement at the party-to-party level (CCP/KMT forum etc.) and at the track II level. They harbor fundamental differences, but there is also some common ground. The KMT and the CCP share the willingness to maintain peace and stability in the Taiwan Strait and to marginalize, weaken and ultimately annihilate the Taiwanese independence movement.

Political leaders in Mainland China have been consistent in their support for an agreement that would “cease the state of hostility” between the two sides. Hu Jintao’s “six points”, which serve as a guiding framework for Beijing’s peaceful development strategy, include the negotiation of a peace agreement. Below this grand strategic scheme though, Mainland officials have not publicly detailed Beijing’s concrete preferences regarding a peace agreement. In Taipei, Ma Ying-jeou’s view of cross-strait political negotiations has grown increasingly restrictive over the years. However, Ma’s objective remains the same: increase Taiwan’s security without concession regarding the sovereignty of the ROC. His tactical variations are best understood as the consequence of democratic politics – he needs to be responsive to public opinion to secure electoral victories for the KMT. In comparison to officials in Beijing, officials in Taipei, including Ma Ying-jeou, have been quite specific in detailing conditions and preferences pertaining to a cross-strait political agreement.

In a nutshell, the two sides of the Taiwan Strait hold different opinions with regards to four main parameters of a political agreement: the scope, the “side payments”⁵, the appropriate channels for negotiation and the preconditions. The form of an agreement may also prove a bone of contention but so far, the two sides have yet to formulate a clear preference for a treaty, a framework agreement, a joint communiqué, a memorandum of understanding or a consensus.

Regarding the scope of an agreement, the major question concerns whether the agreement should address the status of Taiwan. There are signs that Beijing would be ready to accommodate Taipei’s bottom line to avoid any language going beyond the “1992 consensus”. Some Chinese academics have noted that a “peace agreement” (和平協議, *heping xieyi*) would differ from a unification agreement (統一協議, *tongyi xieyi*) in the sense that it would focus on the state of hostility between the two sides and not on the status of Taiwan⁶.

5 To quote the term coined by Phillip Saunders and Scott Kastner, “Bridge Over Troubled Water? Envisioning a China-Taiwan Peace Agreement”, *International Security*, vol. 33, no. 4, Spring 2009, pp. 87-114.

6 “Tuidong liang’an heping xieyi hai you san da zhiyue”, *Guoji xianqu daobao*, February 1, 2012. (There are still three main obstacles to the negotiation of a cross-strait peace agreement).

Providing a mutually acceptable political definition of the cross-strait relationship without addressing the status of Taiwan is an uneasy task, which can probably only be met by a minimalist agreement. Indeed, the sovereignty question is a pure zero-sum game in the sense that no concession by one side can be realistically compensated by incentives in terms of security or economic benefits. This seems to be the logic underlying Taipei's recent emphasis of the "institutionalization of the non-use of force". In exchange of Taipei's written engagement to uphold the "1992 consensus", Beijing would include a written assurance not to use force against the island. Such an agreement would impose restrictions to the DPP if it were to regain power, and self-restraint to hardliners in China. But can Beijing accept a political agreement scoring no substantial gains in terms of sovereignty? And is some form of legalization of military self-restraint acceptable to the People's Liberation Army?

A recent article published by an academic at the China Academy of Social Sciences provides an interesting answer to the first question⁷. Taipei's proposition can be characterized as a way "to legalize the three no, especially the non-use of force, on the basis of the 1992 consensus" (尋求兩岸“九二共識”基礎上的“三不”現狀，特別是“不武”現狀的法制化). Xu Qing acknowledges that "Ma's version of a peace agreement" falls short of meeting Beijing's expectations. Beijing's preference obviously goes to a robust agreement providing a final political solution to the status of Taiwan on PRC's terms. But Xu Qing sees three main reasons to consider the proposition seriously. First, a minimalist version of cross-strait political negotiations would already be a tangible result, after four years of institutionalization of cross-strait exchanges. It would "represent the mainstream public opinion in Taiwan", which is immensely in favor of consolidating the status quo instead of altering it. Second, a written agreement mentioning the 1992 consensus and the non-use of force is likely to weaken the pro-independence movement, and even possibly divide the DPP. Third, the proposition is consistent with China's grand strategy. According to Xu Qing, who quotes General Ma Xiaotian, deputy head of the PLA's General Staff Department, China's foreign and security policy aims at contributing to the construction of a "peaceful and stable international environment and an international order based on openness and tolerance". One could add two arguments to Xu Qing's demonstration. A minimalist agreement would increase the mutual political trust between the two sides of the Taiwan Strait and pave the way for deepening interactions. Gains in terms of security may also affect the Taiwanese population's views regarding cross-strait relations.

7 Xu Qing, "Mashi heping xieyi yu weilai liang'an guanxi de zouxiang", *Zhongguo Pinglun*, March 31, 2012. (Ma's version of a peaceful agreement and the future development of cross-strait relations). <http://www.chinareviewnews.com/crn-webapp/doc/docDetailCNML.jsp?coluid=7&kindid=0&docid=102026610>

In a nutshell, the possible scope of a cross-strait agreement has been reduced to the minimum by the Ma administration. Therefore, in the absence of any initiative by Beijing, the reflection in the next four years should focus on the possibility to launch negotiations on the terms defined by Taipei. Given this line of thinking, an agreement may more realistically include as side payments a number of military confidence-building measures than language regarding Taiwan's international space. Another possibility would be to detail military CBMs in a text signed by both sides that would mention the 1992 consensus.

Regarding the negotiation channels and the signing parties to an agreement, four main options have been considered: a presidential summit, a summit between the KMT chairman and the Secretary General of the CCP, special envoys representing the two presidential offices, and the SEF-ARATS channel. In 2009, when Ma Ying-jeou was elected Chairman of the KMT, many observers pointed out to his supposed ambition to negotiate an "agreement to cease the state of hostility" between the KMT and the CCP. According to one of his proponents in Taipei, the negotiation of such an agreement would have been considered a political victory in Beijing in the sense that it would have defined clearly the cross-strait relationship as an outcome of the Chinese civil war. As such, it could have been presented to the Chinese audience as an official recognition of Taiwan's belonging to the Chinese nation. However, it is now evident that the Ma administration will not support the KMT-CCP formula, while Beijing is also unlikely to push in that direction. The 2009 discussions have come to a clear conclusion. There is a lack of support in Taiwan for solutions that are not an expression of democratic choice, and the KMT cannot represent the collective will of the Taiwanese population. The message seems to have been heard in Beijing where commentators no longer publicly favor a party-to-party formula, and where there seems to be awareness that pressure would be counterproductive.

As there is no reason to think that a presidential summit would be more acceptable in Beijing after the 18th Party Congress than before, the "officially non-official" channel is the only credible approach to initiate political discussions. In this regard, it is important to note Taipei's insistence on establishing respective representation offices in Beijing and Taipei⁸. These offices may be able to support the preparation of a mutually acceptable text by the SEA and the ARATS. In March 2012, Chen Yunlin has expressed his support for a measure that would "upgrade the level of development of cross-strait relations". He has also indicated that the issue was on the agenda of bilateral consultations⁹. Thus, the two sides

8 "Liang'an hushe banshichu Ma zhize jiantao liang'an tiaoli", Ziyou Shibao, May 19, 2012. (Regarding the two sides establishing respective representative office, President Ma calls to refer to the Act governing the relations between the two sides of the Taiwan Strait).

9 "Chen Yunlin: Haixiehui zhuoshou yanjiu liang'an hushe zonghexing banshichu", Zhongguo Xinwen Wang, March 10, 2012, (Chen Yunlin: SEF jointly studies the establishment of comprehensive representative offices in the two sides of the Strait).

seem to share the view that reinforcing the SEF/ARATS channel is the most appropriate path towards deepened consultations.

Finally, the question of preconditions to initiate talks has repeatedly precluded the possibility of holding cross-strait negotiations. While Beijing has insisted on Taiwan's acceptance of the one-China principle, Taipei has raised various preconditions, including most frequently two: the withdrawal of missiles targeting the island, and the renunciation by Beijing to any political preconditions. The "1992 consensus" has allowed the two sides to set aside the question of political preconditions and circumvent their differences. However, the perspective of political talks could reactivate the problem, the incentive to score political gains before the talks even start being potentially very high in both Beijing and Taipei.

For now, the ball seems to be in Beijing's camp. Since 2008, Beijing has refrained from outlining new conditions to start political negotiations, preferring to operate within the framework of the 1992 consensus. On the contrary, Ma Ying-jeou has mentioned a number of principles/conditions that should be respected by Beijing to allow for the initiation of cross-strait political negotiations. The presidential campaign has given him an opportunity to clarify his stance. The "10 assurances" now define his administration's bottom line regarding political negotiations during his second term in office. They include:

- One "framework", the constitution of the ROC. Under this framework and on the basis of the 1992 consensus, political negotiations should aim at maintaining the current status quo of "no unification, no independence and no use of force".
- Two preconditions: strong public support in Taiwan, and sufficient mutual political trust between the two sides of the Strait.
- Three principles: "national need, public support and legislative supervision".
- Four assurances: ensure the sovereignty of the ROC, Taiwan's security and prosperity, harmony between ethnic groups and cross-strait peace, sustainable environment and social justice¹⁰.

In addition to the 10 assurances, Ma Ying-jeou has been elected on a platform that includes an engagement to hold a referendum prior to any political negotiation with Mainland China. This condition is likely to provoke staunch opposition in Beijing. Voices calling Beijing to figure out a standard in order to be able to distinguish between "referendums advancing the interests of the pro-independence forces and referendums based on the genuine practice of democracy" (對待台灣的公投問題，何者是以“台獨”為目的的操作、何者是以民主為出發點的作

10 "Zongtong zhendui liang'an heping xieyi yiti tichu shida baozheng", Transcript on the website of the Presidential Office, Republic of China (Taiwan), October 24, 2011. (The president outlines 10 assurances regarding a cross-Strait peace agreement)

為，要有區分的標準) can be heard but aren't they likely to be isolated¹¹? Beijing's official position is to consider illegal any referendum held in Taiwan, on the grounds that it amounts to dividing the Chinese nation. Some Chinese academics have criticized Ma's approach to a peace agreement, arguing that the referendum condition amounted to a blunt refusal of any cross-strait political talks¹². But in the same time, Taiwan's democratic elections are now widely covered by the Chinese media and the acceptance of the existence of a distinct political system on the island is widespread¹³. In recent years, Beijing has progressively started to perceive the constitution of the ROC as the cornerstone for maintaining peace and stability in the Taiwan Strait. This was indeed the substance of the Taiwan Affairs Office's response to Ma Ying-jeou's inaugural address, in support of Ma Ying-jeou's reference to article 11 of the additional articles of the ROC constitution that defines a "Mainland area" and a "free area" and provides a legal basis for the notion of "one country, two areas"¹⁴. As the ROC constitution also stipulates the right of referendum, it may provide some room for Beijing to accommodate Ma Ying-jeou's approach.

Locating political negotiations on each side's cross-strait agenda:
strategic intentions, tactical priorities and domestic resistance

Mainland China: the strategic patience issue

In light of Beijing's ultimate strategic objective – reunification with Taiwan on its own terms – a minimalist political agreement addressing security in the Taiwan Strait on the basis of the 1992 consensus may or may not be productive from a tactical perspective. To put it simply, Beijing is likely to support an agreement that consolidates or moves to a superior level a dynamic favorable to ultimate cross-strait unification. In other words, to be acceptable, an agreement needs to be perceived as a step forward on the path of "peaceful development". But even if it is acceptable, Beijing may assess that other steps – for example in the economic sphere – may score more long-term gains, or that postponing political negotiations may best prepare the strategic environment for a future deal more favorable to China's interests.

Ma's reelection has consolidated support in Beijing for a policy of distributing benefits (讓利, *rangli*) to the Taiwanese population. Recent policy initiatives,

11 Xu Qing, op.cit.

12 Quoted in Alan Romberg, "Taiwan Elections Head to Finish: Concerns, Caution and Challenges", *China Leadership Monitor*, no. 36, Winter 2012.

13 Jean Pierre Cabestan, "Reactions on the mainland to the Taiwanese elections", in *Taiwan after the Election*, China Analysis, European Council on Foreign Relations, April 2012.

14 "Jiedu Beijing dui 5.20 yanshuo de huiying", *Lianhebao*, May 31, 2012. (Interpreting Beijing's Response to Ma's 5.20 Inaugural Address).

especially a major economic package announced on June 17¹⁵, underline Beijing's confidence that the current cross-strait trends continue to point towards ultimate unification. In all likelihood, one should expect additional initiatives in the coming years in three main areas: the economy, cultural exchanges, and people-to-people exchanges¹⁶. Beijing is likely to focus on these three areas because the priority task for the next 4 years is to reverse the trends towards a growing sense of national identity in Taiwan and a continuous lack of support for political unification that all polls conducted in Taiwan point out to. In this regard, it is particularly alarming for Beijing that in the past four years, support for the green coalition has progressed in many of the counties and localities that are supposed to benefit the most from cross-strait economic ties, as a result of tourism: Alishan, Puli and Yuchi (埔里、魚池) in the Riyuetan area, Gugeng (古坑), Hsuechia (學甲)¹⁷.

Building support in Taiwan for political unification and spreading a sense of Chinese identity in Taiwan have thus become the priority in Beijing. However, elaborating policies to reach these goals is not an easy task, and Beijing faces a dilemma: Is there a need to adjust existing policies or can they be relied on to produce the expected effects on the longer term? For now, the main effect of the policy of "distribution of benefits" to the Taiwanese population is to reinforce the support in Taiwan for developing cross-strait exchanges on the basis of the 1992 consensus. Yan Anlin's analysis implicitly shows this dilemma. He argues that the reelection of Ma Ying-jeou has consolidated the "1992 consensus" as a legitimate basis for cross-strait interactions, because of the support expressed by both a majority of Taiwanese and the Obama administration. But to what extent will this translate into tangible political benefits for Beijing? Yan Anlin remains cautious: "regarding the institutional construction of the cross-strait relationship, the two sides of the Taiwan strait should join their efforts in order to build a political framework to ensure that peaceful development becomes an irreversible trend"¹⁸.

In the next two years, two intertwined factors will determine China's response to this dilemma: the leadership transition at the 18th Party Congress, and factional politics, including the influence of the PLA on the decision-making process.

The leadership change matters. Past history shows that all new Chinese paramount leaders have adjusted policy towards Taiwan. Although most observers, especially in the West, seem to think that Taiwan is not an issue anymore, it is certain to be considered a priority by the next Chinese leadership.

15 "China offers Taiwanese companies \$95 billions in credit", AFP, June 17, 2012.

16 Yan Anlin, "Jiangou heping fazhan de zhengzhi jiagou shi liang'an de gongtong keti", *Zhongguo Pinglun*, no. 172, April 2012. (Build a political framework for peaceful development is a common question for the two sides of the Taiwan Strait).

17 Wei Ai, "Zongtong daxuan hou de liang'an guanxi zhanwang", *Yatai Heping Yuekan*, vol. 4, no. 2, February 2012. (Prospect for cross-strait relations after the presidential elections).

18 Yan Anlin, *op.cit.*

All newly appointed political leaders go through a period of legitimacy consolidation. In the Chinese system, in addition of being a key element to demonstrate statesmanship, formulating a Taiwan policy initiative is also a key part of historical legacy. Xi Jinping is seen in Taipei as having good knowledge of Taiwan and cross-strait relations, as a result of the time he served in Fujian (1985-2002), including as provincial governor (1999-2002)¹⁹. How long will it take before he comes up with a Taiwan policy initiative? Will his initiative alter the order of priorities or the substance of Hu Jintao's policy towards Taiwan? To what extent will he try to reach an agreement of political nature during his first term in office (2012-2017)?

Some Taiwanese academics expect Xi to continue existing policies "at least in the short term" or to adopt a "softer and more refined" approach²⁰. The mainstream view among Taiwanese experts seems to be that the upcoming leadership transition is a rather positive development for Taiwan's interests. Such analyses point out to the possibility that the next Chinese leadership may be willing to launch political negotiations and accommodate some Taiwanese demands for the sake of "winning the hearts and the minds of the Taiwanese population" in the long run. In other words, Xi Jinping would guarantee China's strategic patience regarding the Taiwan issue. He would support an incremental approach aiming at limited goals over the short to medium term.

But the risk also exists that some influential voices emerge within the PLA or the higher ranks of the CCP to criticize the policy of distributing benefits to the Taiwanese population as a lost investment, especially during the sensitive period of leadership transition. In addition, the launch of political negotiations may crystallize differences of opinion and publicly expose divergences between the supporters of accommodation and those who think that a favorable balance of power is a strong incentive for Beijing to push for political benefits.

For now, there are no credible signs that policy towards Taiwan doesn't enjoy a solid consensus among Chinese political and military elites, especially as there are many other domestic and international priorities requiring the full attention of the Chinese leadership. Yet three contentious points may emerge in the wake of the leadership change at the 18th Party Congress and the subsequent NPC. Firstly, there may be divergences regarding the rhythm of cross-strait interactions, and the best timing to push for political negotiations. Secondly, internal opposition against distributing economic benefits without obvious political gains in return may emerge and result in tougher negotiating attitudes at SEF-ARATS meetings. Thirdly, military coercion is still an option. Although probably counterproductive

19 "Ma hopeful about Mainland's next leader", China Post, June 2, 2012. "Xi has best understanding of Taiwan: NSB chief", China Post, March 11, 2012.

20 "Academics Expect Cross-Strait Relations to Deepen", Taipei Times, January 27, 2012.

given Beijing's ultimate goal, support for coercion strategies may rise in absence of concrete outcomes other than support in Taiwan for the 1992 consensus.

According to Wikileaks, Ma Ying-jeou has declared that the PLA, at least in 2009, was strongly advocating faster moves towards political negotiations²¹. The support of the PLA is crucial to reach an agreement addressing security in the Taiwan Strait. Just like the anti-secession law limited the room for maneuver of the hardliners because it clearly defined China's bottom line, a political agreement trading off security against the 1992 consensus would reduce the influence of the PLA on policy towards Taiwan. This is an outcome that the PLA may seek to oppose. In exchange of security guarantees, the PLA may seek greater political gains than a simple reassessment of the 1992 consensus, even enshrined in an agreement. Recent declarations by China's MOD spokesman general Geng Yansheng according to which the PLA would consider removing the missiles targeting Taiwan in exchange of Taipei's recognition of the One-China principle indicate that the PLA sees missile deployment as a bargaining chip²². Partly renouncing to this bargaining chip may be acceptable only if the civilian leadership successfully demonstrates that a minimalist political agreement serves the peaceful development strategy and its ultimate goal, political unification.

Under these circumstances, the leadership transition in Beijing is likely to produce cautiousness with regards to Taiwan, at least in the short term. Beijing can be expected to focus on maintaining a good rhythm in deepening cross-strait exchanges, while polls and elections in Taiwan will be the main indicator of success or failure of this strategy. Pushing for political negotiations may be risky because it could divide the Chinese leadership without any assurance that successful negotiations unfold. But a minimalist agreement could indeed consolidate the peaceful development of cross-strait relations, especially if the Taiwanese population supports it by way of a referendum.

Taiwan: historical legacy vs electoral considerations

Between the two sides of the Taiwan Strait, there is a convergence of views regarding the need to reinforce the current trends and reach a stage of "irreversibility" (不可逆轉, *buke nizhuan*). Lai Hsin-yuan has mentioned "the impossibility to move backwards" (無法走回頭路, *wufa zouhui tou lu*), while Ma Ying-jeou has laid out his vision of an institutional framework that would make the costs of undermining it prohibitive for any future leader²³. In this regard, he also declared that each cross-strait agreement could be considered "a peace agreement in a broad sense" (廣義和平協議, *guangyi heping xieyi*).

21 "PLA pushing for political talks: cable", Taipei Times, August 25, 2011.

22 "China missile-removal offer goes unanswered", China Post, July 31, 2010.

23 Quoted in Xu Qing, op.cit.

Compared to his first presidential campaign and declarations he made during his first term in office, Ma Ying-jeou has reduced the scope of the kind of agreement he intends to achieve to the point that his very intention to engage in political negotiations can be put into doubt. In fact, he almost completely dropped political negotiations from his reelection platform. According to Alan Romberg's analysis, this is only in view of his past promises and in order to aim for ideological coherence that Ma Ying-jeou surprised his advisors, and against their advice, brought up the peace agreement idea during the final stages of the campaign²⁴. Clearly, Ma Ying-jeou's team saw the move as bad electoral tactics and indeed, he had to tighten considerably the preconditions to enter negotiations. As a result, in his inaugural address, Ma Ying-jeou laid out a vision for cross-strait relations that was by far more cautious and conservative than his previous declarations may have indicated: "In the next four years, the two sides of the strait have to open up new areas of cooperation and continue working to consolidate peace, expand prosperity and deepen mutual trust. We also hope that civic groups on both sides of the Taiwan Strait will have more opportunities for exchanges and dialogue focusing on such areas as democracy, human rights, rule of law and civil society, to create an environment more conducive to peaceful cross-strait development"²⁵.

Most recently, the administration's last-minute cancellation of a second track meeting scheduled to take place on the sidelines of the SEF-ARATS discussions and address the cross-strait political relationships demonstrated further its current extreme caution in handling cross-strait affairs²⁶. Ma Ying-jeou has a record of attempting to use executive power to accommodate US demands (on the beef issue) against the public opinion and even the legislative power, although in the end he gave up the idea of using executive order²⁷. But on the most sensitive issue, cross-strait political relations, he is unlikely to push forward without a clear majority. How will he proceed, and should he be expected to include political talks on his cross-strait agenda for the next four years?

Three internal factors will determine the outcome of this complicated double-edged bargaining: party politics within the Kuomintang, Ma's determination to push for an agreement, and electoral considerations. Given democratic politics in Taiwan, the third factor will structurally constrain the first two ones but Ma Ying-jeou and other KMT politicians are also able to shape electoral politics. Obviously, economic and foreign policy achievements may increase his room for maneuver.

Part of the Kuomintang supports launching political negotiations with China rather sooner than later. Ma Ying-jeou's relations with his party have deteriorated

24 Romberg, op.cit.

25 Ma Ying-jeou, "Upholding Ideals, Working Together for Reform and Creating Greater Well-being for Taiwan", Inaugural presidential address, May 20, 2012.

26 "KMT denies entry to Chinese officials", Taipei Times, June 25, 2012.

27 "Ma not considering executive order on beef", China Post, June 18, 2012.

despite the January double electoral victory. Investitures for legislative elections and the beef issue are the most contentious problems between Ma and his party. Can Mainland policy evolve into a structural problem between the presidential office and some dark-blue elements within the Party? As Ma Ying-jeou is not eligible for a third term, his succession may provoke a Mainland policy debate within the KMT. But in a democratic system, it is highly unusual that a candidate from the ruling party runs on a platform seeks to break with the administration's policies; continuity with perhaps some minor adjustments is the most likely option, and political negotiations could not be considered a minor adjustment. In addition, Ma Ying-jeou is likely to be the kingmaker regarding the next presidential candidate of the KMT. No leader can emerge without his endorsement. To some extent, as Party chairman, Ma Ying-jeou can be considered bound by the "common vision" reached by Lien Chan and Hu Jintao during their April 2005 discussions. Among the 5 points underlined in the document, three have already been addressed: resuming cross-strait consultations, establishing a framework mechanism to handle economic cooperation, and creating a regular forum for party-to-party exchanges. The fourth point – addressing the question of Taiwan's "participation to international activities" – has been only very partially addressed. But the second one – negotiating an agreement to cease the state of hostility in the Taiwan Strait – is clearly left behind. But using the Hu-Lien agreement to exert pressure on the Ma administration's Mainland policy is highly unlikely. KMT heavyweights seeking to run for President in 2016 are more likely to criticize Ma Ying-jeou for his leadership style, economic achievements or policy towards the US than for his cross-strait policies.

As any leader entering a second and final term in office, Ma Ying-jeou can concentrate on building his historical legacy. Two conclusions can be drawn from his first time in office: He puts the defense of the sovereignty of the ROC before the promotion of Chinese nationalism, and he has a legalistic approach of politics, emphasizing the ROC constitution and institution building. These two are likely to be the standards against which Ma Ying-jeou will want to build his legacy. If cross-strait political negotiations are to be held during his second term, his administration will seek a deal on these terms. Ma, in this regard, might consider a historical legacy the absence of negotiations/agreement. Because of suspicions that a cross-strait political agreement may pave the way for unification, the Taiwanese public is going to be wary of any initiative. Support for negotiations will only emerge if the Ma administration is able to present them as a means to consolidate the status quo as it defined by the KMT. An additional incentive that the Ma administration may use to gain public support is the use of referendum because it would be seen as consolidating democracy in Taiwan.

Assessing the impact of the US pivot to Asia on cross-strait political negotiations

What is the impact on the security triangle in the Taiwan Strait of the US pivot to Asia? Does it mean stronger US-Taiwan military cooperation and more antagonistic US-China relations in the security sphere? How are the two sides of the Taiwan Strait adapting to the US rebalancing in Asia?

According to assistant secretary of State Kurt Campbell, the pivot to Asia contains six main elements²⁸, among which four may have a direct impact on the situation in the Taiwan Strait: strengthening the US military relationships, modernizing US military posture in the region, paying more attention to economic issues and standing firm to protect democracy and human rights. However, it seems that US-Taiwan relations will not be directly affected by this American regional agenda. The agenda for bilateral ties contains mostly soft priorities, such as the beef issue, the visa-waiver program, trade talks and educational exchanges. The possibility that Washington proceeds with the sale of F-16 fighters exists. But this has been in the making for years and could not be considered an outcome of the pivot. Rather than directly, the impact of the regional balance of power and the evolution of US-China relations may have an indirect impact on the security triangle.

In Beijing, the US pivot is overwhelmingly perceived as a move to contain the rise of China. Theories of encirclement, which had almost disappeared from the public discourse between 2005 and 2010, are now mainstream again. For now, the response of the Chinese state and the military has been low-key, because of domestic priorities. In the South China Sea, Chinese force posture has remained robust but the Navy has not been involved. The 18th Party Congress needs a stable external environment. But in terms of threat perception, including the impact of the pivot on Taiwan, the distrust runs very high. The US pivot may have the effect of reinforcing US-Taiwan economic and military relations, and the support for Taiwanese democracy can be seen as an ideological challenge to cross-strait

28 “1) Strengthen our bilateral security alliances to maintain peace, security, and prosperity in Asia. Strong alliances complement the region’s multilateral institutions and help create a context for regional security and prosperity. 2) Build enduring and results-oriented multilateral institutions, essential to addressing transnational challenges and creating more integrated rules of the road. 3) Work to develop deeper and more consequential relationships with emerging powers like India, Indonesia, China, Vietnam, and Singapore. 4) Pursue a free, open, fair and transparent economic agenda in Asia. 5) Modernize our defense force posture in Asia to one that is more geographically distributed, politically sustainable and operationally resilient. And 6) Promote democratic values and human rights.” Kurt Campbell, Testimony before the House Foreign Affairs Committee, Washington D.C, October 4, 2011.

unification²⁹. Taiwan is a structural factor in US-China great power competition in Asia, and there is no reason to think that Washington would give up its strategic position in the island; therefore, Beijing should expect American initiatives towards Taiwan aimed at rebalancing the peaceful development of cross-strait relations³⁰. In the same time though, Washington's clear support for Ma Ying-jeou, the 1992 consensus and the "peaceful development" has produced strategic reassurance. And in most recent articles tackling cross-strait issues, the US factor is barely mentioned.

In Taipei, part of the security community sees with alert developments in the security triangle, and argue that Taipei should adjust to American rebalancing in Asia. Former KMT legislator and Ma's national security advisor Su Chi foresees that Taipei will increasingly lose the strategic initiative in the US-China-Taiwan strategic triangle, because it is illogic and unnatural for the smallest power to always maintain the initiative. Gradually, Taipei will have to adapt to great power politics while its options to protect its own interests will narrow down³¹. Su Chi advocates immediate strategic repositioning in 2012, in order to anticipate the leadership transition in China and the US pivot. Alexander Huang argues that Taipei should refocus on deepening the US-Taiwan relationship for the island's survival, at a time when all eyes are on China. He notes that the US pivot in Asia is to a great extent disconnected from the logics underpinning US-Taiwan relations. The bilateral agenda is dominated by trade issues and by the US debate on the relevance of maintaining a strong partnership with Taiwan³². Although neither Su Chi nor Alexander Huang write it clearly, they obviously fear a great power arrangement between the US and China that would include strategic abandonment of the island by Washington.

In total, the US rebalancing to Asia may prove an obstacle to the initiation of cross-strait political negotiations not because it is an American goal (there are many other priorities in the pivot), but because it will create incentives for Taipei to prioritize the deepening of the security partnership with the US instead of pursuing cross-strait relations. It may also result in a hardened military posture in Beijing, with negative consequences for the peaceful development of cross-strait relations.

29 Xiao Bin, Qing Jue, "Meiguo chongfan yazhou dui liang'an guanxi de tiaozhan yu duice", *Zhongguo Pinglun*, no. 70, February 2012. (The US pivot to Asia: challenges to cross-strait relations and policy responses).

30 Zhang Hua, "Meiguo zhanlue chongxin dongyi ruhe yingxiang liang'an guanxi", *Zhongguo Pinglun*, no. 71, March 2012. (The influence on cross-strait relations of the US rebalancing towards the East).

31 Su Chi, "Taiwan de xin de jihui zhi chuang", *Lianhebao*, March 1, 2012. (A new window of strategic opportunity for Taiwan?)

32 Huang Chieh-cheng, "Taiwan haixia de wending kao Meiguo", *Lianhebao*, March 9, 2012.

Concluding remarks

- In considering political negotiations in the next four years, the two sides hold long-term strategic objectives that are profoundly incompatible. Taipei seeks the consolidation of the status quo and the recognition by Beijing of the sovereignty of the Republic of China, while Beijing attempts to eliminate independence as a possible outcome of the evolution of the Taiwanese political system, and prepare for ultimate unification.
- There are three major uncertainties regarding the possibility of holding political talks between the two sides of the Taiwan Strait: the current weakness of Ma Ying-jeou, Beijing's Taiwan and US policies after the 18th Party Congress, and the extent to which the US pivot to Asia will impact cross-strait relations.
- However, consensus/joint communiqué may be within reach in the next four years because the two sides share an interest in consolidating the current trends and weakening the DPP. In terms of scope, this would probably be the lightest possible version, formalizing the two sides major concerns (security in Taiwan, struggle against Taiwan independence for Beijing) and keeping their bottom lines intact (the sovereignty of the ROC in Taipei, the one-China principle in Beijing). This may be an opportunity to include some CBMs. Alternatively a CBM framework agreement could include a mention of the 1992 consensus. Any proposition by Beijing of an agreement going beyond these parameters is unlikely to be supported by the Taiwanese electorate.
- Beijing and Taipei could both score short-term tactical gains in negotiating a minimalist framework agreement, or a written consensus through the SEF-ARATS channel. Taipei would mostly gain in terms of security. Beijing would consolidate support for the 1992 consensus and the trend towards “peaceful development” of cross-strait relations. In addition, an agreement would consolidate the currently very weak mutual strategic trust between Beijing and Taipei.
- The losses may seem insignificant or inexistent, as the two sides would only reassess existing policies. But there are also numerous potential deal-breakers: the suspicion in Taiwan regarding any political agreement that would pave the way to ultimate unification and the preference for the current status quo; in Beijing, the unwillingness of parts of the policy and military establishment to narrow down Chinese options regarding the use of force. In addition, the two sides may both consider that their ultimate strategic objective is best served by a deepening of cross-strait economic interactions: Taipei because it doesn't need to engage in controversial negotiations, Beijing because it may assess that time is on its side.

- The most controversial issue is certainly Ma's engagement to hold a referendum prior to political consultations with Beijing. Seen from Beijing, this may be a deal-breaker. But it is probably also a necessary concession to move the political agenda forward. It could also be seen as the logical next step of Beijing's policy of "winning the hearts and the minds" of the Taiwanese population.