



**11th Annual Conference on
“The Taiwan Issue in China-Europe Relations”
Shanghai, China
September 14-16, 2014**

A workshop jointly organised by the German Institute for International and Security Affairs / Stiftung Wissenschaft und Politik (SWP), Berlin and the Shanghai Institutes for International Studies (SIIS), Shanghai. With friendly support of the Europe China Research and Advice Network (ECRAN).

Discussion Paper
Do not cite or quote without author's permission

Policy Recommendations on Cross Strait Issues

Kerry Brown
Executive Director, China Studies Centre, and team leader of ECRAN
University of Sydney

Policy Recommendations on Cross Strait Issues

Kerry Brown

There are three broad outcomes for policy regarding Taiwan at the moment:

- Unification with the People's Republic of China
- Continuation of status quo
- Full independence for Taiwan

It is clear that within each outcome there is a spectrum of possibilities. If unification takes place, for instance, under what terms and within which framework? If independence happens, what sort of impact would this have? Even for status quo there is a bandwidth.

- These three possible outcomes illustrate just how many variables and how much uncertainty there still exists even in a Cross Straits context which, in the last decade, has stabilized and seen many big achievements, in particular the groundbreaking Economic Cooperation Framework Agreement. We have less measure of comfort about where things will be in one or two decades in this issue than about many other issues. For Policy makers, who are always hunting for control and strategic areas of certainty, this in itself is a big challenge. We don't know what the ruling party in Taiwan will be in a decade, nor do we know what form political reform might take in China; we don't know what the role of the outside world will be in the future, and how dependable an ally the US will prove for Taiwan; we don't know what domestic reforms in China might do to change the dynamics of cross strait relations, or what sort of growth model either side might have and how their economies might fare over the coming decade. Looking even further out, we enter even more treacherous waters.
- In view of this uncertainty, and of the very wide possible outcomes, the only realistic response in policy terms is to have as pragmatic a framework as possible. This involves acknowledging at least at the moment that the difference in governance across the Strait, and the risks of hasty resolution are too risky.
- Policy tries to control time and space; this means that it tries to define timescales in which outcomes can be achieved, or disasters avoided, and the strategic space within which this happens. A global policy for fifty years would be so broad and wide that it would be hard to envisage. A policy for Taiwan and China over the coming five years restricts time and space so that we can think in more detail.
- In view of the risks for both sides, the only pragmatic option at the moment for policy makers, either in China, in Taiwan, or outside this space, is to support the stable status quo. They might have in their minds the other longer term objectives, of unification or independence, but these cannot be

realistically achieved without huge economic, political and social risk in the coming five years. They are probably not achievable for many years beyond this. So while we can park these as aspirations, the real end of current policy has to be defense of the status quo. Opportunities might occur that are unexpected, so flexibility is important. Avoiding commitments that are a burden and restrict creative responses is important.

- This means to identify the common non-contentious areas between Taiwan and China, in terms of support for economic growth, for sustainability and for job creation and human well being. These have already been recognized in a number of documents from each side over the last decade, ranging from statements made by former Party Secretary Hu Jintao and President Ma Jing-jeou. There is huge joint interest between Taiwan and China in terms of facing their economic challenges, which take a very different form, but where there are huge investment, trade and finance synergies. At the heart of this is more intellectual engagement, particularly in terms of research and development, the creation of a broad finance framework between both, and building more predictability into their respective systems. It is likely that we will see in the future a Taiwan Chinese global brand leading company, which will act as a powerful symbol of unity which lies beyond sovereignty and control over territory. Aiming for these symbolic outcomes is important. They carry the least risk. They create, most quickly and easily, the best joint interests.
- Cultural links are of course very important. These have expanded dramatically in the last decade. In 2013, over three million Chinese visited Taiwan. There are already over a million Taiwanese living in China. Taiwanese culture is very appealing to those visitors who have come to the island from across the Strait. But we also have to recognize that distrust and a sense of cultural threat figure strongly in Taiwan. If Australians, so far away, feel a little overwhelmed by the sudden arrival of so many Chinese students and investors in their country, then for Taiwan the new ways in which Mainland Chinese figure in their world is also challenging. Denying this is not realistic. This must supply part of the reason for the protests in Taipei and elsewhere in Taiwan earlier this year. Policy makers must be wary of moving too fast and leaving their publics behind. Taiwanese unease may well be because of an uncertainty about the intentions, the future form and the ultimate outcomes of engagement with China. We have to recognize this.
- Creating optimism about the future is critical. This is usually linked to good growth, to social values and then to a complex constellation of issues around what people feel about their leaders, their societies, their future. Are they able to save for their children, see them well educated, feel there are good jobs for them to take up when they graduate? In Taiwan and in China this has to be the top priority of policy makers. This must be reassuring. In the end, about the biggest issues of all, there is not massive difference. The larger objectives are in fact shared.
- Because of this, the possibility of a much deeper vision of shared challenges is good. In particular, sustainability and environment, water, and

food and energy security. These would be excellent areas for a more formal united framework to think about, and try to resolve these challenges.

- Outside policy makers have to acknowledge that China's strategic space, and how it defines and thinks about this, has changed as its economy has grown. As the world's second largest economy now, it has interests beyond its shores which are radically different to the way they were even a decade ago. This has caused an inevitable mindset change in Beijing, and has a real impact on how it locates Taiwan in this geography of interest. China's geopolitical vision extends far beyond the Strait now, and this means that the old framework where we may have located this issue has changed radically. We need to deal with the dynamics of this, and recognize it. It has made a difference, and created a new complexity that did not exist there even in the 1990s.
- This increase of strategic space is a challenge, but also an opportunity. It means that Taiwan figures in a much larger context, and the risks of mismanagement of this issue for China is higher. Policy makers should not exploit this, but it does need to be factored into their strategic thinking.