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Discussion Paper

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**Latest Achievements and Challenges for the Peaceful Development of
Cross-Straits Relations**

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As expected by mainstream opinions on both sides of the Taiwan Straits and of the international society, the situation across the Straits has undergone great positive changes since 2008 and is stepping onto the track of peaceful development. The historic turn of cross-Straits relations since the KMT regained power is of profound economic and political significance, which not only promotes the economic and social integration across the Straits, but also provides an important opportunity for mutual prosperity of both sides, for the great rejuvenation of the Chinese people, and for peace and development of the Asia-Pacific.

I. Latest achievements in the peaceful development of cross-Straits relations

With the historic turn over the past two years, the development of cross-Straits relations in the new era demonstrates different characteristics from the past times, while some more profound changes are taking place at the same time. Thus, a careful examination of the latest changes and developments of cross-Straits relations is necessary for our understanding of the past and the future.

1. The major confrontation across the Straits has changed from “Taiwan independence vs. anti-Taiwan independence” to diverse approaches to jointly seek peaceful development and share “peaceful dividends”

During the 8 years of DPP rule in Taiwan, it many a time pushed both sides across the Straits onto the brink of war. After President Jiang Zemin resigned his chairmanship in the CPC Military Commission on September 20, 2004, he said on the First Enlarged Conference of the Military Commission that “the biggest and most realistic threat to our national security for now and quite some time into the future is the ‘Taiwan-splitist’ forces.”¹ Indeed, as Chen Shui-bian even pushed “Taiwan splittism” further in his second term and schemed to seek Taiwan’s “*de jure* independence” through a revision to the “Constitution,” a real and present threat was hanging over the Taiwan Straits, and both sides were tortured by the dilemma of “war and peace.” The collapse of the DPP regime marks the end of such a highly dangerous period and thus makes cross-Straits reconciliation possible.

Since 2008, both sides have taken active measures to promote the stable development across the Straits, and the concept of “peaceful development” has become another important consensus of both sides. In the congratulatory remarks to the opening of the 18th General Assembly of the KMT in October 2009, the CPC Central Committee pointed out that “in recent years, the KMT and CPC have taken joint efforts to enhance the important consensus on the peaceful development across

¹ Jiang Zemin, *Selected Readings of Jiang Zemin*, Beijing: People’s Publishing House, 2006, p. 607.



the Straits, and thus have opened a new page in the history of cross-Straits relations.” Similarly, the KMT noted in their reply that “based on the common principle of ‘pragmatic communications for a brighter future,’ we have established a consensus to promote peaceful development across the Straits.” The shared expectations and objectives for peaceful development have transformed the confrontation across the Straits and brought both sides into a new phase of “all endeavors for construction and development.”

2. Cross-Straits relations have begun to develop on a dynamic balance

Above all, this “dynamic balance” is based on the pressing needs for reconciliation and cooperation of both sides. The cross-Straits relationship was in serious crises during the DPP years, and thus required immediate rectification with active measures of both sides, let alone the need for them to meet the global financial crisis and the internal demand for the KMT to highlight their better approaches in handling cross-Straits relations. In the meantime, it is also worth mentioning that, because the intrinsic confrontation and major conflicts of both sides remain unsettled, the development across the Straits since 2008 might be reversed as well. That means political observers should always keep vigilant towards the trend of the development of cross-Straits relations.

The dynamic balance across the Straits is achieved mainly for the following two reasons: for one thing, neither side has attempted to challenge the bottom-line of the other, nor have they intensified their contradictions by simmering them up among the public. More importantly, both sides have stuck to their common political grounds of the “1992 Consensus” and anti-“Taiwan independence” creed, to the common principles of “putting the interests of the Chinese nation and the people first,” and to the common mid-term goals of seeking peaceful development and sharing peaceful dividends. It was only on the basis of such 3 “insistences” that institutionalized negotiation between both sides became possible, which served as an important foundation for the dynamic balance across the Straits.

The achievement of the dynamic balance across the Straits also indicates the necessity of unhindered channels for high-level communication between both sides. This is of crucial importance to their “tabling discrepancies” and enhancing mutual trust. Since 2008, such occasions as CPC-KMT Forums, APEC Summits, Beijing Olympic Games and Shanghai World Expo have all provided good opportunities for the meeting of top leaderships of both sides. On April 29, 2010, Mr. Lien Chan and Mr. Wu Po-hsiung—both Honorary Chairmen of the KMT—met with CPC Secretary General Hu Jintao in Shanghai. They exchanged opinions on issues related to ECFA, increasing the number of chartered flights and Taiwan’s opening to free travels of Mainlanders, etc. Mr. Lien reiterated that Ma Ying-jeou many times acknowledged and expressed his appreciation to Hu’s good will and positive



approaches in cross-Straits relations. In a word, unhindered high-level communication has played a crucial role in achieving the dynamic balance between both sides across the Straits.

3. Economic and social integration across the Straits is becoming reality

The most powerful force behind the transforming cross-Straits relations is the emergence of “new Mainlanders” and “new Taiwanese” as well as their integration with the local communities. With the opening of the “3 direct links,” economic ties across the Straits are being normalized and growing ever closer. By December 2009, the accumulated trade volume between both sides had reached over 950 billion US dollars while Taiwan-invested projects had amounted to nearly 80,000 with a total investment of 49.3 billion US dollars—the number would be over 80 billion if transit investment via a third place were included. Currently, Taiwan ranks 7th among the Mainland’s trading partners while the Mainland is Taiwan’s largest export market, biggest source for trade surplus and largest destination of external investment.² The growth of cross-Straits economic ties has generated more and more “new Mainlanders.” According to the polls of the Taiwan-based Straits Exchange Foundation (SEF), 15% of Taiwan interviewees have family members who invest, work or live in the Mainland; 17% of the interviewees themselves or their family members live over 3 months in total in the Mainland; about one million Taiwanese live in the Mainland for a long term in recent years.³ These people make up the huge group of “new Mainlanders” including Taiwanese of different ages who are studying either at Mainland universities or at schools for Taiwanese business people’s children. In the meantime, the number of “new Taiwanese” is also increasing with the opening of cross-Straits exchanges. Taiwan is witnessing growing investment and receiving more and more students from the Mainland. Besides, the number of cross-Straits marriages keeps rising. SEF data shows that the total number had reached 308,000 by the end of April 2008. Other statistics indicate that, by January 2008, around 250,000 Taiwanese’ spouses in the Mainland had applied to live in Taiwan.⁴

With the opening of the “3 direct links” and the establishment of the “living circle for round-trip travel within a day,” economic and social exchanges across the Taiwan Straits have never been as close as today. Through communication, re-identification and integration of the thoughts, values and mental demands of those “new Mainlanders” and “new Taiwanese,” they have not only changed their

² Chen Deming, “Address on the Seminar on CPC Secretary General Hu Jintao’s Important Speech,” *Cross-Straits Economic Exchanges*, No.1, 2010.

³ Wang Ru, “Social Identification of ‘Taiwanese Cross-Straitsers’ and the Community of Destiny across the Taiwan Straits,” in Zhou Zhi-huai, ed., *Peaceful Development and Opportunity Management of Cross-Straits Relations*, Beijing: Jiu Zhou Press, 2009, p. 298.

⁴ “SEF Statistics Show 308,000 Cross-Straits Marriages,” Hong Kong Zhong Ping News Agency, June 7, 2008.



residences, but their past ways of life as well, which will exert even bigger influence over the future integration of both sides across the Straits.

4. The trend of peaceful development across the Straits is growingly irreversible

Since the KMT regained power in Taiwan, both sides across the Straits as well as the international society have come to believe that, with the ever improving cross-Straits relations and an apparent decrease of mutual hostility, Taiwan's Mainland policies and "flexible diplomacy" have become "the most creditable among all of Ma Ying-jeou's policies,"⁵ and both sides across the Straits are sharing more and more peaceful dividends. First, it is hard to imagine that cross-Straits economic cooperation will retrocede in the foreseeable future. In fact, growing economic ties with the Mainland have brought great benefits to Taiwan's economy. Consider the positive impact of Mainland tourists, whose contribution to Taiwan's GDP growth in 2009 was 0.49%.⁶ As time goes by, such effect will grow more obvious. Next, the trend of peaceful development of cross-Straits relations is increasingly guaranteed by various institutions across the Straits including ARATS-SEF consultation mechanisms, smooth high-level communication channels and the many agreements on economic cooperation across the Straits. Thirdly, thanks to the generally stable and conducive Mainland-Taiwan-U.S. relationship, Taiwan's engagement with the world keeps rising, which contributes much to peace, stability and prosperity of the Asia-Pacific, and thus is widely acknowledged and encouraged by the international society.

Now that the peaceful development across the Straits has generated much positive effect, if the DPP returned to power some day, what would it do with those existing agreements and established platforms for consultation and negotiation across the Straits? Ms. Tsai Ing-Wen, Chairwoman of the DPP, said after her debate with Ma Ying-jeou on ECFA that, if Ma insists in signing ECFA with the Mainland, the DPP would try to nullify the agreement by a referendum should it return to office in 2012. If that becomes reality, then the DPP will seriously disturb the current order of communication and negotiation across the Straits. Yet a question for the DPP is whether such a move can win enough support from the mainstream public opinion in Taiwan as well as in the international society.

In view of the complexity of cross-Straits relations, no matter which political party acquires power in Taiwan, the historic trends of peaceful development are sure to sustain despite any temporary retrogression. As illustrated correctly in *Asia Weekly*, the latest exchanges across the Straits must have generated an impulse even more explosive than that from splitting atoms, which will promote the creation of

⁵ Shao Zonghai, "On the First Anniversary of Ma Ying-jeou's Taking Office," Macau: *Jiu Ding*, June 2009.

⁶ Ma Ying-jeou, "Mainland Tourists Contributed 0.49% of Taiwan's GDP Growth Last Year," Hong Kong Zhong Ping News Agency: Taipei News, April 7, 2010.



new institutions and help mold stronger “soft power” of the Chinese nation. This is indeed “an irreversible historic trend.”⁷

II. Major problems during the peaceful development of cross-Straits relations

In spite of the many achievements with the peaceful development of cross-Straits relations, the intrinsic conflicts between both sides—for example, their political positioning, Taiwan’s participation in activities of international organizations, and issues related to their mutual military trust (CBM)—remain unsettled and arise from time to time as a major hindrance to faster development of cross-Straits relations. Besides, with ever more intense exchanges across the Straits, many new problems are emerging that demand careful deliberations of both sides.

1. It is still an arduous task to cultivate cross-Straits political trust

With the peaceful development of cross-Straits relations, the significance of deepening their political trust appears much greater. At present, the lack of political trust between both sides can be seen clearly in the debate on Taiwan’s future, in both sides’ attitudes toward cross-Straits political dialogues, and in the identification of their respective core values. In political science, political trust means “an identification of values as well as an expectation of responsibilities.”⁸ In this sense, the major factor that influences the political trust of the Mainland public for Ma Ying-jeou’s Office is his attitudes toward reunification and independence in his Mainland policy. For the Taiwan public, it is the Mainland’s political system, government type and its Taiwan policies. Political trust is also “a dynamic process with its historical contexts, which demands unending readjustment, redress and development.”⁹ Considering the huge gap between their ideologies, both sides should exercise great patience and be prepared to take strenuous efforts over a rather long period of time into the future, in order to construct their political trust step by step.

⁷ Qiu Liben, “An Institutional Transformation More Explosive than Splitting Atoms,” *Asia Weekly*, April 18, 2010.

⁸ Qi Weiping, “Approaches of Dynamic Construction of Political Trust in China during the Social Transformation Era,” *Journal of China Pudong Cadre Institute*, No. 4, 2009.

⁹ Liu Junxian, “Cultivation of Political Trust in Contemporary China,” *Journal of China Pudong Cadre Institute*, No. 4, 2009.



2. Both sides should actively explore why the weaker side of cross-Straits economic cooperation tends to reject the policies of the stronger

The current economic cooperation across the Straits provides a special case for the studies of inter-economy cooperation. In studying international cooperation, the famous American scholar Helen Milner lists 3 types of cooperation according to its separate causes, i.e. tacit cooperation, negotiation-led cooperation and forced cooperation.¹⁰ Tacit cooperation is an ideal model of cooperation that does not entail open communication or tangible agreements, thus is inapplicable across the Straits. As it turns out, most cross-Straits cooperation is negotiation-led. However, their economic cooperation tends to negate the theory of forced cooperation which believes that “the stronger side would force the weaker side to change its policy.” As a matter of fact, in cross-Straits economic cooperation, the Mainland—despite its stronger position—has to change its policy from time to time to meet the interests of the weaker side. In other words, despite its growing economic, military and political strengths, the Mainland has not taken stronger measures toward Taiwan. On a press conference after the Two Sessions in March 2010, Premier Wen Jiabao said that the Mainland would “be prepared to let people in Taiwan benefit more from ECFA.” In meeting Mr. Lien Chan and other Taiwan guests before the opening ceremony of Shanghai World Expo, Secretary General Hu Jintao also reiterated that the Mainland “would take the different economic scales and market conditions across the Straits into full consideration, and do its best to meet the interests of medium- and small-sized enterprises, the general public, and especially farmers in Taiwan.” Unfortunately, such a good will is yet to be accepted in Taiwan. Even worse, it is often used by some political forces to attack the governing KMT. To sum up, the Taiwan society has largely failed in abandoning the pan-politicizing mindset about the Mainland’s “infiltrating into Taiwan’s politics by economic means;” yet in the meantime, the Mainland should explore better ways to maximize the positive effect of various preferential policies towards Taiwan.

3. The Mainland should pay special attention to the trends of Taiwanese public opinion

As it is, the process of peaceful development of cross-Straits relations is a game to win the hearts of the people on each other’s side. Although the KMT regained power, yet because the general political structure remains more or less the same in Taiwan, and that the DPP would challenge practically anything proposed by Ma or related to the Mainland, Taiwan’s public opinion has not changed in favor of peaceful development of cross-Straits relations. An “Executive Yuan” poll in May 2009 shows that, from 2007 to 2009, Taiwanese identity remains high (63%, 67%

¹⁰ Quoted from Hui Gengtian, “Communicative Sensibilities and International Cooperation,” *World Economy and Politics*, Vol.2, 2009.



and 65%, respectively), while the number of those who identify themselves as “Chinese” keeps dropping (15.4%, 13.6% and 11.5%, respectively). Another poll by Taiwan’s *Vision (Yuan jian)* magazine in March 2010 shows that 44.1% of those polled think the Mainland and Taiwan are “business partners;” 18% of them think they are “friends;” 7.5% of them think they are “family members;” 5.2% of them think they are “cousins;” and 5.1% of them think they are “enemies.” It suggests that, although economic and people-to-people exchanges do provide some support for molding Taiwanese public opinion in favor of peaceful development of cross-Straits relations, they can hardly transform the public opinion substantially. Therefore, the Mainland should do more to win over Taiwan people’s hearts, increase its attraction to Taiwanese, and thus enhance Taiwan people’s identification with the Mainland.

4. The DPP remains as the biggest hindrance for peaceful development of cross-Straits relations

Since 2008, the DPP-led De-sinicization process has been on the hold, and the “Taiwan independent forces” have also been restricted, whose strategy is changing from “independence now!” to “gradual independence and anti-unification.” At present, the DPP suffers from serious internal problems despite its more or less stable constituency support. Facing the significant changes across the Straits, the DPP has neither realized where Taiwan’s true interests lie, nor made a rational choice on its role in the new situation of peaceful development of cross-Straits relations. As a consequence, the DPP would not conduct rational consultation with the KMT, nor can it directly talk with the Mainland. Its role in the development of cross-Straits relations is thus further marginalized.

In early May 2010, although Tsai Ing-wen reiterated that the DPP “does not exclude the possibility of starting direct and substantial talks with the PRC if no political prerequisite is added” and that “if the DPP wins the 2012 election, its China policy is bound to be more stable and predictable than that when it first took power in 2000,” yet under the influence of the “Taiwan independent fundamentalists” within the party, the DPP cannot be expected to make any substantial adjustment to its Mainland policy. One thing remained clear when Tsai debated with Ma on whether the Mainland is marching to the world or the world is coming closer to China, i.e., the Mainland is an unavoidable factor on the DPP’s road back to power in Taiwan. As clarified by Mr. Hsu Hsin-liang, former DPP Chairman, “if the cross-strait issue remains a KMT patent, then it’s not only a shame for DPP, but also a tragedy for Taiwan.”¹¹ Such warning needs to be carefully considered by the DPP.

¹¹ Hsu, Hsin-liang, “DPP Shouldn’t Fear the CPC or Set It as an Enemy,” *Zhong Ping News*, Taipei, April 27, 2010.



III. New situation for peaceful development of cross-Straits relations

Since 2008, both sides across the Straits have strived to open full-scale “3 direct links,” established institutions for communication and negotiation, and concluded 12 agreements. The signing of ECFA is also under way. However, new measures must be taken to achieve more breakthroughs in cross-Straits relations.

The peaceful development of cross-Straits relations may step into a new phase for policy consolidation and readjustment

On the one hand, Ma Ying-jeou is tortured by dropping public support and the “red label” of “selling Taiwan to the Mainland” with the DPP incessantly demonizing its Mainland policy; on the other hand, the KMT faces growing challenges as the “5 municipality elections” and the 2012 election approach. To fight against the DPP’s plots to “paint the KMT red” and dissolve pressure from the constituency, Ma’s team may not want to issue any new positive policy for some time, as exemplified by the KMT Central Committee’s decision to cut down cross-Straits exchanges before the “5 municipality elections” towards the end of 2010.¹² Nevertheless, Ma’s Mainland policy will not be drastically changed. For one thing, Ma is likely to overcome the many unfavorable conditions as time goes by; besides, the development of cross-Straits relations also needs a recess to gather more momentum for new breakthroughs in the future. Generally speaking, cross-Straits relations are expected to develop at a steady pace.

Despite the many difficulties in the development of cross-Straits relations, both sides should take more active measures to prepare for a solution of political issues and to enhance their political dialogues to the degree of their economic cooperation. In the post-ECFA era, both sides should seek new fields for cooperation, and explore various ways to conclude a cultural and educational agreement, allow for more representative offices from each other, strengthen high-level talks, and connect cross-Straits economic cooperation with Asia-Pacific economic institutions, etc. Only with such efforts can both sides balance their economic cooperation and political dialogues, so as to build a more stable and healthy cross-Straits relationship.

¹² “KMT Confirms Decreasing Efforts on Cross-Strait Exchanges,” Zhong Ping News, Taipei, May 8, 2010.