

## *Uncertain Prospect of Present Cross-Strait Relations: A Taiwanese Perspective*

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This paper examines the political complexity, which is at the heart of current cross-strait relations. The view of cross-strait issues from a Taiwan perspective sees a mixed picture with two major trends at work, the momentum for democratic consolidation and challenges to regional security. These trends appear to be merging and could possibly pose the greatest challenge to regional stability if an applicable mechanism of crisis management is not developed. Against this backdrop, the United States plays the most critical role in maintaining the status quo and the balance. The U.S. has encouraged both sides to make efforts to facilitate talks across the strait. Despite the change in rhetoric after President Chen won the 2004 re-election and an offering of an olive branch to China, cross-strait relations have not improved. After the Legislative Yuan's election in December 2004, the next big challenge for the US, China, and Taiwan will be Chen's drive for "2006 constitutional reform." Near-term challenge however appears on China's attempt to issue anti-secession law. The first direct flights deal for Lunar New Year holidays, which was agreed on January 15, 2005, was an overdue but encouraging signal. The mix feeling would be major part of near-term prospect for the cross-strait relation.

## Introduction

With the Democratic Progressive Party's (DPP) surprising election victory over the then forerunner of the ruling party (Kuomintang), the year 2000 marked a new beginning of internal political turbulence and confrontational relations across the Taiwan Strait. For the first time in Taiwan history, a KMT presidential candidate was voted out of office and the world witnessed the first peaceful and democratic transfer of government on Taiwan. The election results set a milestone for democratic progress when the opposition party became the ruling party by merely winning an election.

Both ruling and opposition parties would thereafter need to learn how to act differently and behave properly. While an attempt to form a political coalition in the government failed to harmonize political differences, the opposition dominated-Legislative Yuan posed challenges to the new President and his Administration. As a result, politics in Taiwan has become characterized by ongoing internal political strife and deeply divided into two political camps, the pan-green (ruling coalition by the DPP and the Taiwan Solidarity Union) and the pan-blue (opposition coalition by the KMT and the People First Party). These divisions further complicate Taiwan's mainland policy.

Over the last few years, Taiwan's democratization has gathered spectacular momentum, and has seemingly brought about a transformation of Taiwan. However, Beijing perceived that the pro-independence DPP would push the envelope and stir up cross-strait tensions. Furthermore, Beijing still does not trust President Chen regarding the future of cross-strait relations and did not rush to deal with the DPP Administration. During President Chen's first term (2000-2004), Chinese officials and experts seriously miscalculate when they perceived that DPP power was not sustainable over the long-term. Beijing reacted by waiting for the KMT return

to power in 2004. As a result, since the start of President Chen's first term, Beijing adopted a "wait and see" (*tin chi yien, guan chi xing*) position.

President Chen, notwithstanding, took a conciliatory approach toward China at the outset, but this was in vain. Beijing has yet to show its appreciation for Chen's gesture, implying little mutual trust. Beijing constantly worries that a positive response to Chen could be utilized for DPP election campaigns and interpreted as a softening position toward Taiwan. More importantly, it would serve as a green light to independence. Thus, Beijing does not want to award extra credit to Chen. Rather, Beijing has tried to sabotage Chen's positive image of handling cross-strait relations by employing the united front strategy. Rhetorical criticism on each other's policy remains and has been repeated over the years.

When all witnessed a deepening of the democratic process in Taiwan, a new identity and consciousness emerged and became evident, particularly from the grass-roots. Taiwan society is awake to the bloom of redefining its lost society. President Chen's "one country on each side" theory in July 2002 and the initiation of a referendum bid in 2003 were derived not only from a reflection of balancing Taiwan's disadvantageous edge vis-à-vis China in the international community but also from the grass-root momentum. Beijing perceived these moves as provocative and touching China's "bottom line" and not to be tolerable. Parallel events of transformation were also in process in China when peaceful leadership change occurred from Jiang Zemin and introduced Hu Jintao. At this time, China's policy leeway was relatively constrained. As a result, Beijing further modified the "wait and see" attitude. With grave suspicions of Chen, Beijing emphasized a "close watch" (*guan chi xing*) strategy, which mainly refers to potential progress and acts of Chen.

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of current cross-strait relations. The view of cross-strait issues from a Taiwan perspective sees a mixed picture with two major trends at work, the momentum for democratic consolidation and challenges to regional security. These trends appear to be merging and could possibly pose the greatest challenge to regional stability, if an applicable mechanism of crisis management is not developed.

Against this backdrop, the United States plays the most critical role in maintaining the status quo and the balance. The U.S. has encouraged both sides to make efforts to facilitate talks across the strait. Despite the change in rhetoric after President Chen won the 2004 re-election and an offering of an olive branch to China, cross-strait relations have not improved. After the Legislative Yuan's election in December 2004, the next challenge for the US, China, and Taiwan will be Chen's drive for "2006 constitutional reform." Thus, without the least mutual trust in place, the near term prospect does not seem to be hopeful.

### **An Era of New Democratic Momentum in Taiwan**

After a peaceful transfer of power in 2000, Taiwan has entered a new era of democratization. Taiwan's external constraints remain. It still experiences diplomatic difficulties and its international status continues to be regarded by many in the international community as undefined. Under the DPP reign, the domestic momentum for greater international appearance is as robust as the democracy momentum. Without a doubt, the people of Taiwan will now seek to redefine its territory and try hard to further develop an identity through the democratization process. Though President Chen won the presidential election in 2000 by only 39% of all electoral votes, his ascent represents the desperate hope of the Taiwan people for a "new image, new Taiwan." It implies that a fair number of the middle class are fed up with the power strug-

gles within a declining KMT and have shifted their support to the DPP.

Driven by the new momentum, Taiwan wants to increase efforts to enhance visibility in the international community, free from the shadow of China's threat. For most Taiwanese, the process leading to a new state identity is inevitable and compelling, as generations change and demands for genuine dignity emerge. For mainland Chinese, the accelerated democratic process in Taiwan implies long-term separatism from China and is regarded as intolerable, and should be constrained through military means.

Without experience in presidential power, Chen Shui-bian's first term (2000-2004) began with imposing doggedly ideological principles in various policy areas rather than a compromising political reality, e.g. especially "nuclear-free land" assertion, Taiwanization (or de-sinicization).<sup>1</sup> As a result, the administration experienced a bumpy road. The Chen Administration, in *realpolitik*, was shadowed by strong opposition in the Legislative Yuan and crippled by weak governance. As a result of unfortunate (and emotional) political struggles, the Taiwan society was torn in two, polarizing political beliefs into pan-green and pan-blue camps. The development seriously challenged the effectiveness of DPP governance. At some early points, it appeared as if the DPP nearly lost control of policy issues at home and abroad. In fact, Taiwan's governance problems "are rooted in both institutional weaknesses and dysfunctional patterns of behaviors, especially among politicians."<sup>2</sup> In addition to institutional deficiencies, previous attempts at constitutional amendments failed to define the constitutional structure of Taiwan.<sup>3</sup> It is still unclear whether Taiwan is, or should be, a pres-

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<sup>1</sup> In Taiwan up-to-date, the term of "de-sinicization" is used to refer to a decrease in cultural and economic ties with Mainland China, <http://encyclopedia.thefreedictionary.com/Sinicization>; more commonly the term now is defined or understood as getting rid of Chinese influence from Taiwan.

<sup>2</sup> Shelley Rigger, "Taiwan's best-case democratization," *Orbis* (Spring 2004), pp. 289-290.

idential, parliamentary, semi-presidential, or semi-parliamentary state. The DPP inherited a problematic governance system and has long been trying to put constitutional reform on its political agenda. However, when President Chen proposed a method for drafting a new constitution in 2006 (later redefined as a push for constitutional reform), Taiwan's constitutional reform has become an issue of regional security. Beijing interprets President Chen's constitutional reform as a steppingstone toward shaping a new constitution for a new state and far from acceptable.

Regarding current Taiwan politics on the direction of Taiwan's future and cross-strait relations, the two political camps are seriously divided. They have mobilized their own supporters with distinct political beliefs regarding relations with China: i.e. pro-independence (aggressive) or pro-unification (conciliatory). For the time being the democratization process has not only brought about an emerging Taiwan identity, but also increased electoral polarization.<sup>4</sup> As for cross-strait relations, the localization movement (or Taiwanization), was intentionally mobilized by fundamentalist pro-independence politicians, and has become an effort of de-sinicization.<sup>5</sup> It has caused great controversy within Taiwan society and across the strait. It has also exposed another serious weakness in the DPP governance, i.e. lack of inter-agency coordination.

The politics of Taiwan now mirror the factional factors within the

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<sup>3</sup> Hsiao Bi-khim, "An updated constitution nothing to be afraid of," *Taipei Times*, May 15, 2004.

<sup>4</sup> Robert Marquand, "Tug-of-war for Taiwan's identity," *The Christian Science Monitor*, March 19, 2004, <http://www.csmonitor.com/2004/0319/p06s02-woap.html>; Joseph Kanh, "Taiwan vote hinges on identity politics," *International Herald Tribune*, March 19, 2004, <http://www.ihf.com/articles/510993.html>; Chang Yun-ping, "Chen's election victory a boost for Taiwan's identity," *Taipei Times*, March 21, 2004, <http://www.taipetimes.com/News/taiwan/archives/2004/03/21/2003107205>.

<sup>5</sup> Joe hung, "Taiwanization and de-sinicization," *National Policy Forum Commentary*, April 15, 2002, <http://www.npf.org.tw/PUBLICATION/NS091/>

pan-green coalition, derived from long years opposing the then authoritarian KMT regime. The factions have spread to government sectors. While President Chen establishes a base policy line, his cabinet team members do not necessarily follow pragmatism and instead continue with a fundamentalist approach, provoking serious concerns rather than appreciation from the Blue camp, Beijing, and even Green camp contenders. This may partly explain why over the past four years Chen's goodwill toward Beijing has ended in complex feelings and mistrust.

Since President Chen's re-election on March 20, 2004, the opposition has challenged his credibility and questioned the fairness and legality of the election procedure, especially the shooting incident of March 19. The opposition continues to block all critical policy initiatives from the government. It seems that Chen's second term has begun with an all-out protest by the opposition. Lacking majority support at the Legislative Yuan and without a compromise mechanism in place, the Chen administration continues to be seriously crippled by the opposition. Lately, the government suffered another setback, as the opposition overwhelmed the NT\$610.8 billion massive arms procurement bill by blocking the Procedure Committee of the Legislative Yuan for the fifth time.<sup>6</sup> As campaigns for the Legislative election once again heat up, acrimonious political struggles have multiplied. This period presents a critical moment for the incumbent government to seize majority seats. While the relationship between the government and the opposition has never resumed, the weak governance of Taiwan has further complicates cross-strait relations.

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<sup>6</sup> Ko Shu-ling, "Special arms budget blocked by blue again," *Taipei Times*, November 10, 2004.

## The Cross-Strait Relations at the Outset of New Drivers

Political antagonism aside, cross-strait interaction shows no sign of slowing. At the peak of political controversy in 2004, economic interaction reached a new high. Two-way trade between Taiwan and China reached US\$34.41 billion in the first seven months of this year, which is up 40.1 percent from a year ago.<sup>7</sup> The growth stems mainly from robust market demand for electronic goods. According to new figures released by Taiwan's Ministry of Economic Affairs, exports to the China market rose 35.3 percent to US\$25.48 billion in the first seven months of 2004, while imports from the mainland over the same period grew 56.1 percent to US\$8.94.<sup>8</sup> Since November 2002, China has replaced the United States as Taiwan's largest market and is also Taiwan's leading foreign investment destination.

Furthermore, considering gloomy labor market prospects in Taiwan, the younger generation (18-30 years) expresses an increased interest in working on mainland China. A new survey by "9999 Pan-Asia Human Resource Bank (9999 Fan Yia Ren Li Yin Han)" shows that approximately 30 percent of interviewed job seekers expressed a high interest in working on the mainland and about 15 percent considered moving permanently to mainland China.<sup>9</sup> With such close economic and cultural interaction and a high-level of economic complementarity, cross-strait economic cooperation has shown to be mutually beneficial and the current trend is likely to continue. In theory, many once believed that closer economic integration between Taiwan and China could substantially reduce the risk of war in the strait. Perhaps, it has been

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<sup>7</sup> "Taiwan-China trade up 40.1 percent in first seven months," *Agence France Presse*, October 5, 2004, <http://taiwansecurity.org/AFP/2004/AFP-051004.htm>.

<sup>8</sup> *Ibid.*

<sup>9</sup> Wei Shu, "30 percent of F Generation wishes to work in Mainland China," November 16, 2004, <http://900002.24hrs.com.tw/news-paper.phtml?code=8370>.



an endorsing factor in keeping the strait free from conflict. Nevertheless, economic integration across the strait has not yet brought about the positive “spill-over” effect in the security and political arenas. Rather, as the Chinese step up military threat against Taiwan (or Taiwan independence), they have stirred up general fears of industrial hollowing-out in Taiwan and a fear of too much concentrated investment in China.

Asked if closer economic interaction has gradually altered Taiwanese apprehension of the uncertain relationship with China, most Taiwanese in the post-2004 presidential election environment fear that China’s hostility towards “pro-independence” Taiwanese entrepreneurs in China would undermine the island’s economic outlook.<sup>10</sup> On May 24, 2004, in responds to President Chen’s inaugural speech, a Chinese official continued to criticize Chen for intentionally promoting Taiwan independence and absolutely lacking sincerity. He warned that China does not welcome those Taiwanese businessmen who support independence.<sup>11</sup> In a series of examining cross-strait interactions seminars, some argue that “Taiwan relies too heavily on trade with China, which has already overtaken the United States as the number one export destination, causing trade to become politicized. The over one million businessmen and family members working in China provide the communist government with high-level human resources and valuable experience. A scenario that could take place would be a hostage situation for China to use as bargaining chips to force its views on the government here.”<sup>12</sup>

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<sup>10</sup> “Most Taiwanese Fear Economic Fallout from China’s Hostility,” *Agence France Presse*, June 6, 2004, <http://taiwansecurity.org/AFP/2004/AFP-060604.htm>.

<sup>11</sup> News briefing, Taiwan Affairs Office of the State Council, China, May 24, 2004, [http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh\\_m\\_id=37](http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=37).

<sup>12</sup> Staff reporter, “Challenges and strategies for Taiwan’s economic security under globalization (Part 2),” *Taiwan News*, June 2, 2004, <http://www.etaiwannews.com/Forum/2004/06/02/1088662158.htm>.

Recently, the two sets of competing factors — security and stability — vs. democratization (regional countries vs. Taiwan); and military threat vs. national identity (China vs. Taiwan) — are generating new drives and will likely determine the direction of cross-strait relations. These trends also shape Taiwan's future security and foreign policy. Over the past four years, these competing factors have become apparent as the DPP Government presses for democratization and hits Beijing's most sensitive nerve. The democratization occurring in Taiwan has sparked serious regional security concerns as the process leads Taiwan toward a new definition of statehood. Following the trajectory, Taiwan is viewed from external parties as reaching the frontier of a status change, resulting in substantial implications for regional stability. The Taiwan Strait status quo, which is based on the framework around the "One China" principle, has since the Joint Communiqué of August 17, 1982 been defined by the US and China in different terms. No matter how fixed the framework of "One China" sustains regional stability; Taiwan's democratization will surely challenge the constraint over the long-term. The Taiwanese will definitely increase their demand for self-consciousness and national identity, implying that cross-strait relations may come to a juncture and would need to be redefined to reflect modern needs.

Some Americans even see that retaining the long reining framework agreed upon by the US and China would be in US interests. Accordingly, they would conclude that the problems that appear in the strait today are derived from US violation of previous agreements and a shifting US policy focus toward Taiwan.<sup>13</sup> However, as conditions bolstering the existing framework transform, it is debatable whether the US commitment to defend Taiwan and its evolving national identity will risk or further assure US interests. Conventional wisdom in the US seems to prefer maintaining the

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<sup>13</sup> Clyde Prestowitz, *Rogue Nation: American Unilateralism and the failure of Good Intentions* (New York: Basic Book, 2003), pp. 220-221.

decades-fixed framework over redefining the growing significance of a strategic interest in Taiwan. It is important to realize the new security environment in East Asia where the rise of China and a dynamic Taiwan democracy may not yet be compatible.

## **Recent Political Moves in Cross-Strait Interactions**

Since the DPP came to power, Beijing has constantly expressed distrust and suspicion toward President Chen and all his peace initiatives. Chen's past record of calls for independence blur Beijing's policy focus. Over the past four years, Beijing has maintained a "wait and see" approach toward Chen. Since last September when President Chen introduced a referendum for the March 2004 presidential election, Beijing responded with more international smear campaigns and raised a diplomatic profile against Taiwan. As a result, Taiwan has suffered more diplomatic setbacks than ever before. Some major countries continue to question Chen's intent on the referendum initiative and regard it as rocking the boat, challenging regional stability.

It is all the more obvious that Beijing's military and diplomatic advances against Taiwan have been counter-productive for cross-strait prospects. In all recent public opinion polls regarding China's hostility toward Taiwan, the results show that over a long period of time, from May 1998 to July 2004, the Taiwanese felt a rather high degree of China hostility (up to 70.4 percent of people feel China is hostile toward the government and 48.7 percent feel China is hostile toward general people).<sup>14</sup> Reflecting public opinion, the government would need to take this into serious account. Many anticipate that the pro-independence groups take advantage of China's hostility to campaign for more

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<sup>14</sup> Mainland Affairs Council, "Beijing's hostility toward ROC (May 1998-July 2004)," [http://www.mac.gov.tw/english/english/pos/9309/9307e\\_7.gif](http://www.mac.gov.tw/english/english/pos/9309/9307e_7.gif).

support and dissuade further economic interaction with China. Over time, this has won more radical Taiwanese support, but has further complicated Taiwan's mainland and foreign policy.

In November 2003, when Taiwan defied all pressure and progressed further toward direct democracy by legalizing the "referendum law" and held the "defensive referendum" in March 2004, the world community did not acknowledge Taiwanese yearnings or their suffering due to the Chinese military threat. On the contrary, many seem to worry that the democratic momentum may irritate Beijing and result in military action against Taiwan. If a conflict breaks out due to a provocative move by Taiwan, the shock would definitely hamper regional economic prospects. The perception of regional stability appears to gain more ground than democratization among regional decision-makers. It seems that Taiwan's drive for democratization is interpreted by Beijing as trouble making and does not, at this point, coincide with interest of regional stability.

Every four years since 1996, Taiwan plans to hold a presidential election, allowing the people in Taiwan to exercise their choice of leader. However, at the same time, the Taiwanese people will need to bear the risk and cost of a Chinese military threat. Taiwan has long been over-shadowed by the Chinese military threat and repressed by the zero-sum diplomatic warfare, although cordial economic relations across the Strait makes it hard to believe that closer economic interactions would drive China to wage war against Taiwan. Experience shows that Beijing knows how to manage economic in-flows while, at the same time, flex its muscle to keep Taiwan at arm's length.

Taiwan's attempt at democratization has been closely bound with its security within the international community; Beijing's "One China" principle has been rooted at the center of all its bilateral and multilateral relations, and remains at the core of cross-strait

relations. China's ascendance has brought about an all-out diplomatic blockade of Taiwan, rousing controversial debate and negative consequence for Taiwan's cross-strait prospect. While Taiwan's new generation destines to raise the country's international profile, Beijing tries only to discourage the development by threatening use of force and using the diplomatic strategy of negative campaigns against Taiwan. Taiwan's survival and existence is under serious threat.

A critical part of Taiwan's foreign policy is unquestionably to accelerate broader international recognition and presence, so as to withstand Beijing's undemocratic unification intention. Taiwan's latest democratization drive coupled with redefining statehood has drawn concerns from other countries. Beijing seems once again to be ill informed about the developing trends. Democracy brings a confidence to the people, but not to the point of independence. What most countries need to understand is that Taiwan's ruling elite has developed a broad consensus on the existing sovereignty.

Taiwan's society and public opinion has changed over the past four years. Policy orientation is also very much driven by constituencies rather than simply by the central government itself. Solutions for cross-strait issues must be based on the best interest of Taiwan's residents. Given Taiwan's democratic process and Beijing's prolonged claims of "One China" principle, the traditional military threat has become out of touch with Taiwan's reality. China is losing the trust of the Taiwanese public rather than winning their hearts.

Since 2000, Beijing has conducted the "united front strategy" "that seeks to settle tensions with Japan and the United States — Taiwan's principal external backers - while wooing opposition politicians from the island with warm treatment and business executives with trade opportunities."<sup>15</sup> The purpose is obvious. It is to weaken the position of the Chen Administration at home and

abroad. Beijing attempts to distinguish government (independence factors) from the general populations, especially the opposition coalition — the pan-blue. *To rationalize its anti-Taiwan independence policy and the united front strategy, it would be much easier for Beijing to strike two political targets at the same time by discrediting Chen's Administration.* Prior to the presidential election in 2004, it is said that Beijing had predicted the pan-blue victory. As China was hoping that the pan-blue government in Taiwan would likely agree to the “1992 Hong Kong consensus,” it would make conciliatory possible to Taiwan. However, the reality in Taipei has upset Beijing. Beijing has so far been very reluctant to talk positively to Taipei, as it does not trust Chen's Administration. Given the fact that China's decision-making process takes a long time with the current Hu's collective leadership needing time to reach consensus, it is, currently, difficult for China to introduce a new conciliatory policy toward Taiwan. China is now facing a serious challenge to its policy and credentials. During the past decade, China has been insisting on a tough line policy, with only the impression of playing lip service to Taiwan. The issue of Taiwan independence touches a wound in China's domestic political debate, since Beijing has yet to come to terms with growing support for independence. Perhaps, due to realistic constraints, the military threat and political pressures are all that Beijing can manage. Under such circumstances, cross-strait developments are negative, and will stall without any progress for sometime.

### **China's Dogged Policy toward Taiwan and Increasing New Expectation**

China's policy toward Taiwan has been based upon Deng Xiaoping's

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<sup>15</sup> Douglas Paal, “China is gaining leverage on Taiwan,” *International Herald Tribune*, December 27, 2000.

“One Country, Two Systems” framework under the “One China” principle. Unless the political situation changes dramatically across the strait, observers do not anticipate any flexibility or change on China’s policy.<sup>16</sup> Regarding China’s leadership transformation, it is unlikely Beijing will be flexible or even positively respond to Chen’s efforts. After assuming the second term of his presidency, President Chen made a number of efforts to Beijing in the inaugural speech, the National Day speech, and the “ten points” statement on November 10.<sup>17</sup> The impressive initiative included in his National Day Address suggests that as long as the 23 million Taiwanese people can endorse, Taiwan “will not exclude the development of any possible type of cross-strait relations.”<sup>18</sup> Knowing the effort Chen has put forward in integrating the different political spectrums of his party; one would be very appreciative of his courageous attempt.

Unfortunately, China has not produced anything substantial apart from conventional critiques. Even recently, during the recent 12<sup>th</sup> APEC Economic Leaders’ meeting (APEC informal summit) held on November 20-21, in Santiago, Chile, President Hu told US President Bush that “Taiwan has stubbornly been engaging in independence movements and refused to accept the ‘1992 consensus.’ Its so-called constitutional reform is merely a separatist action aimed at severing Taiwan from its motherland.”<sup>19</sup> (On

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<sup>16</sup> *Quadrennial National Security Estimate Report*, by Foundation on International and Cross-Strait Studies, Taipei, 2004, p. 61.

<sup>17</sup> The details of all messages could be found: “President Chen’s Inaugural Address ‘Paving the Way for a Sustainable Taiwan,’” May 20, 2004, <http://www.president.gov.tw/php-bin/prez/showenews.php4>; “President Chen’s address to the National Day Rally,” October 10, 2004, <http://www.president.gov.tw/php-bin/prez/showenews.php4>; “President Chen Presides over a High-level National Security Meeting,” November 10, 2004, <http://www.president.gov.tw/php-bin/prez/showenews.php4>.

<sup>18</sup> “President Chen’s address to the National Day Rally,” It was elaborated by Joseph Wu, Chairperson of Mainland Affairs Council. “The opportunity for cross-strait chartered flights talks: reflections and prospects on the sixth anniversary of Koo-Wang talks,” *Taiwan Perspective e-paper*, No. 25, November 2, 2004, <http://www.tp.org.tw/eletter/print.html>.

the so-called ‘1992 consensus,’ the then KMT government after the H K meeting claimed that there was a consensus on the “One China” principle, but the definition was left to each side to interpret. However, Beijing rejected this suggestion outright. So, it became confusing to many. The DPP did not participate in the process and was not well informed of the details. Therefore, Taiwan is not bound to it.) Although Beijing’s hard-line remains in place, President Chen has been determined to send encouraging and constructive initiatives to Beijing. So far, the lack of mutual trust has been a fundamental stumbling block for both sides of the strait to initiate talks.

China’s Taiwan policy at the end of former President Lee Teng-hui’s term focused on “Fan Du Tzu Ton (opposing independence, facilitating unification).” When pro-independence Chen Shui-bian became president, China with deep suspicion continued to conduct the “Fan Du Tzu Ton” policy. But since 2003 when the referendum issue rolled onto the policy agenda, China seemed to feel an urgent need to counter Taiwan independence and has decided to shift policy focus to “Fan Du.” A network of a united front strategy has extensively stretched out to the international and overseas Chinese communities. As a result of mounting the aggressive strategy, it has deliberately torn harmonious overseas communities in two: pro-Taiwan (separatism) or pro-China (unification). Many Taiwan experts believe that as China has sensed a drift away from China with an already developed independent identity, the pressure from within the Beijing decision-making circle has reach new heights. It may once again put the “Tzu Ton” policy back at the center of Taiwan policy.<sup>20</sup> This may be particular true since China can no longer neglect Chen and will need to face Chen over the next four years. China is cur-

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<sup>19</sup> Ko Shu-ling, “Bush calls on China to show restraint,” *Taipei Times*, November 22, 2004, <http://www.taipetimes.com/News/front/archives/2004/11/22/2003212058>.

<sup>20</sup> *Quadrennial National Security Estimate Report*, p. 64.



rently facing a new Taiwan and a new presidential term to which Beijing is very reluctant to begin talks.

In light of the firm position of both sides, frustration easily mounts across the strait. China's obstinate policy stance should be blamed for gloomy prospects in the strait. The policy is characterized by a few unchanged features:

- “One China” precondition: After efforts made by the Chen's Administration, China does not seem to catch up with the right tune and remains firm and tough on the “One China” principle. For Taiwan, the “One China” principle is sensitive given political developments, making it virtually impossible for any political leader to accept the principle outright. While Taiwan has shown flexibility in accepting a possible endorsed by all the Taiwanese people, China's new leaders have not yet produced a clear strategy to cope with the new change;
- Beijing's mistrust of the DPP Government: After coming to power after years of opposition, the DPP has been forced to transform itself to face the challenges of governing. Although a transformation process has begun, the DPP has not yet been able to completely change its opposition nature. Beijing does not seem to understand the factional nature of a political party in progress. Unfortunately, the policy of the DPP is shaped by factional politics. It is a pity that initiatives are not appreciated by Beijing. Nor has Beijing acknowledged the good faith of the DPP Government's peace policy;
- Serious perception gap and Beijing's outdated approach: Over the past four years, China has appeared uneasy in coping with the DPP Government, especially during its own leadership transformation. President Chen's vision of deepening democratization has generated a great deal of democratic momentum in Taiwan society, engendering a discovery of new identity. It

is realistic that policy-making in Taiwan reflect the people's will. What does democratization mean for cross-strait relations and China? Beijing constantly worries that democratic progress in Taiwan will lead to separation; and

- Heighten military threat: After Taiwan protested China's deployment of over 600 short-range ballistic missiles aimed at Taiwan, China accelerated buildup to intensify military pressure. China believes the only effective way to suppress Taiwan independence is by military means. As a result, tension has risen in the strait and Beijing has successfully shifted the spotlight to Taiwan to place blame.

As early as 2000, experts in the US, Taiwan, and China have recognized that Beijing's tough stance is very counter-productive. They have even been critical to "the leadership for adopting overly threatening tactics that are alienating Taiwan."<sup>21</sup> In various meetings regarding cross-strait relations, many agreed that at the peak of the Severe Acute Respiratory Syndrome (SARS) period, China's unfriendly policy toward Taiwan, wasted a chance to develop a cooperative spirit of fighting SARS beyond artificial national borders. This frustrated many Taiwanese at a critical time. The worst image came at the World Health Assembly at Geneva in May 2003, when the Chinese official delegation ridiculed Taiwan's effort for an observer status and continued to block Taiwan's presence. China did not realize that the SARS agenda was linked with Taiwan's increased death toll at that time. This episode reveals the most counter-productive practice in recent cross-strait development.

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<sup>21</sup> David Brown, "China-Taiwan relations: Groping for a formula for cross-strait talks," *Comparative Connections (E-Journal)*, 2<sup>nd</sup> Quarter 2000, [http://www.csis.org/pacfor/cc/002Qchina\\_taiwan.html](http://www.csis.org/pacfor/cc/002Qchina_taiwan.html).

## **US in the Taiwan Strait and a New Perception of National Interest**

During the past four years, the Bush Administration has shifted its policy toward China and Taiwan from “strategic ambiguity” to “strategic clarity” in which “no independence (Taiwan) and no use of force (China)” were simultaneously introduced as reminders for the two sides. The core principle of the policy was elaborated during a Congressional testimony by James Kelly, Assistant Secretary of State, on April 21, 2004. They represent the most updated policy perspective:

- “The US remains committed to our One China policy...;
- The US does not support independence for Taiwan or unilateral moves that would change the status quo as we define it;
- For Beijing, this means no use of force or threat to use force against Taiwan. For Taipei, it means exercising prudence in managing all aspects of cross-strait relations. For both sides, it means no statements or actions that would unilaterally alter Taiwan’s status;
- The US will continue the sale of appropriate defensive military equipment to Taiwan according to TRA; and
- Viewing any use of force against Taiwan with grave concern, we will maintain the capacity of the United States to resist any sort to force or other forms of coercion against Taiwan.”<sup>22</sup>

The US wants to make sure that both Taiwan and China understand its policy clearly, to avoid unilateral action that would change the status quo. But, what is the status quo? The US defines it according to its interest. Some anticipate that such a policy shift may send the wrong signal to Taiwan, as if the US

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<sup>22</sup> “Kelly says Taiwan Relations Act key to West Pacific stability,” State Department official’s April 21 Congressional testimony, April 21, 2004, <http://usinfo.state.gov/xarchives/display.html>.

in all circumstances would defend Taiwan.<sup>23</sup> Others thought that it would be necessary to put the line bluntly to the both sides, in case they misperceive US determination.

On the Taiwan issue, President Bush began his presidency by suggesting that the US would do whatever it took to defend Taiwan. It appears as if misunderstanding or misperception may have led Taiwan to believe that US support would not have limits. Many Washington insiders complain that Taiwan has been pushing to abuse US friendship and commitment to Taiwan. On December 9, 2003, when President Bush received Chinese Premier Wen Jiabao at the White House, he drew a clear but unprecedented policy line. He highlighted that the US does not support independence and opposes unilateral moves to change the status quo. Since then, all important US statements by senior officials consistently stress no support of Taiwan independence. Ahead of the December 2004 election in Taiwan, the 2006 constitutional reform was brought to the government's agenda. The US senses an uneasiness watching the agenda pushed through, as the reform may imply legalizing Taiwan independence which would become more of a flash point. Reflecting Taipei's constitutional reform agenda, the Chinese military has heightened its war preparedness which only increased tension.

The current problems facing Washington and Taipei is the lost of personal trust between leaders. Since July 2002, when President Chen announced the "one country on each side" theory, the US was caught by surprised. In 2003, driven by domestic pressures, Chen unexpectedly threw out the sensitive issue of referendum and reinforced the move by calling for "defensive referendum" without prior consultation with the US. As China viewed referendum in

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<sup>23</sup> Vincent Wen-hsien Chen, "The triangular relations between Taiwan, the US and China at the turn of the new century," *Issues & Studies*, Vol. 39, No. 4 (December 2003), p. 214.

Taiwan equal to provocative independence, the cross-strait tension was immediately brought to a new high. Once again, it embarrassed the US. It became a security concern for the US, while the US has been fully preoccupied with unfinished business in Iraq and with the North Korean nuclear crisis. The trust Washington had in Chen has diminished dramatically. Late last year, the “informal” diplomatic effort between the two capitals went on, but the US did not receive a clear response from Chen to indicate his willingness to toe the line. The US may view that Chen is only cautious regarding his own domestic interest, while risking regional stability. The risk would potentially draw the US into a possible conflict with China. The US then concluded that Chen became an unpredictable factor in cross-strait relations, pushing the envelope far beyond the limits of US interest.

Security challenges in Iraq, the Korean Peninsula, and the counter-terrorism campaign continue and top the US policy agenda. To face complex challenges, the US would need to enhance further cooperation with China. The danger resulting from independence campaigns in Taiwan would have to wait. So it became a clear policy position for the US to put a damper on Taiwan independence. Until the latest event at the APEC Economic Leaders’ meeting in Chile, President Bush still reiterated to President Hu his opposition to Taiwan independence and also urged the Chinese side to act with restraint and prudence.<sup>24</sup>

During his recent visit to China in October 2004, US Secretary of State, Colin Powell, furthermore, made a statement in which he suggested that “Taiwan is not independent. It does not enjoy sovereignty as a nation.”<sup>25</sup> The statement apparently created a

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<sup>24</sup> *The Asian Wall Street Journal*, November 22, 2004, p. 1; Ko Shu-ling, “Bush calls on China to show restraint,” *Taipei Times*, November 22, 2004.

<sup>25</sup> US Department of State, “(Secretary Colin L. Powell) Interview with Anthony Yuen of Phoenix TV,” China World Hotel, Beijing, China, October 25, 2004, <http://www.state.gov/secretary/rm/37361pf.htm>.

shock wave throughout Taipei. His comments reflect American security concerns in that as momentum for Taiwan independence increase, “Taiwan” is not independent and statehood is out of the question. Instead, Taiwan represents the Republic of China and does not need to reclaim sovereignty. This message was very sad for Taiwan when conveyed by a top American official, withholding the fundamental recognition of Taiwan’s status. It has, however, left issues in the political field for many to ponder the consequences for Taiwan’s future and cross-strait relations. Speculation exists that the US may be refining its China and Taiwan policy.

Recently, although the Taiwan issue has become an “eroding” factor between the US and China, China has discovered a shortcut from Beijing to Taipei through Washington. Beijing wants to press that the US could influence or at least restrain Taipei from going too far. In order to reduce the tension, the US has urged China to resume talks with Taiwan. Powell and Bush made the suggestion to President Hu in October and November 2004. Hu responded by suggesting the possibility of a resumption of cross-strait dialogue.<sup>26</sup> The US is facilitating the cross-strait talks and in the meantime remains a strait keeper. So far, all Taiwan’s peace initiatives to China have been rejected, Taiwan looks to the US to play a greater role (facilitator and even mediator) in cross-strait relations.<sup>27</sup>

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<sup>26</sup> Ko Shu-ling, “Bush calls on China to show restraint,” *Taipei Times*, November 22, 2004.

<sup>27</sup> “The cross-strait gulf widens: the views from Beijing and Taipei,” A luncheon with David M. Lampton and David Shambaugh, *Program Brief*, Vol. 10, No. 15 (July 20, 2004).

## **Concluding Remarks: New Offers, New Opportunity, and New Understanding**

The year 2003 ended with fear of conflict in the Taiwan Strait, as the process of deepening democratization in Taiwan through the referendum initiative was mistakenly understood as a way of moving toward Taiwan independence. This misinterpretation has been aggravated by China's smear campaign. *None of the states concerned ever noted that Taiwan's effort of redefining statehood from the grass-roots would lead to a stable and reliable cross-strait relation over the long-run.*

The year 2004 witnesses this challenging landmark in trilateral relations. President Chen Shui-bian passed a cruel political test and successfully won the re-election in March. President Hu Jing-tao succeeded Jiang Zemin as Chairman of the Chinese Communist Party Central Military Commission in September and began to further consolidate his power. President George W. Bush also won endorsement from the American people for a second term in November. For the time being, domestic factors involved in cross-strait relations have just been revitalized. The year 2005 will certainly be a new era.

Despite political controversy over the election process in Taipei, President Chen has managed to win a mandate from the Taiwanese people. Well into his second term, President Chen faces several challenges: weak governance, widening domestic political rift, revitalization of the economy, a loss of trust from the United States and bumpy relations with China. President Chen's inaugural speech on May 20, 2004 offered a clear outline for future Taiwan strategic posture and cross-strait prospects. Although many remain suspicious, he has ruled out immediate steps toward independence. In light of the democratic momentum and the materialization of a new identity, the Chen Administration is bound to be more flexible and well balanced on domestic and external matters. The

Administration will certainly present a new political, economic, and social reality of Taiwan to its mainland, foreign, and security policy. As such, a “peace and stability framework” initiated by President Chen would be essential for enhancing interactions over the next four years. Under such a framework, mutual trust may gradually work through a mutual assurance of maintaining the status quo.

At the core of Chen’s planning is to seek more stability in cross-strait relations and moderate suspicions on the initiative of constitutional reform. Most importantly, the development of Taiwan’s democratization would have to be based upon stable cross-strait relations and hinge upon constant support from the United States. By 2008, a “new” version of an overhauled constitution, allowing for determination, may be in place. It will dramatically bring forward a kind of governance with up-to-date effectiveness.

One has to admit that for now Beijing and Taipei are far from each other on their policy orientation. What the world has witnessed so far demonstrates an unbalanced development in the economic and political fields. Economic integration has supported a ground for further cooperation.

Recent statements delivered in May, October, and November 2004 respectively by Beijing and Taipei may have shown certain policy expectation for the future. Although criticism and suspicion has not lessened regarding the Chen Administration, one must realize that these moves have opened up an unprecedented window of opportunity between Beijing and Taipei since 2000. At this critical juncture, Beijing’s move to announce issuing anti-secession law becomes very counter-productive and even provocative. It has unnecessarily stirred up political tension among the US, China and Taiwan. Although the detailed wordings of the law remains undisclosed to the outside world, it has posed serious challenge to



Taiwan democracy and the US policy. Beijing's attempt to confine independence movement through legal framework could arouse Taiwanese new anxiety to be forced to give in what they believe. Democratic process will always offer people with more than one option to go about and this is what anti-secession law presents otherwise. The development of issuing the law in Beijing will be critical to the prospect of the cross-strait relation in months ahead.

Amid gloomy air in the Taiwan Strait, Taiwan and China on January 15, 2005 agreed to set up their first direct flights since 1949 for next month's Lunar New Year holidays. It was a positive result of consistent peace policy from Taipei. No matter what policy rationale is behind Beijing's calculation, the agreement of direct chartered flights, which symbolizes breakthrough of the deadlock across the strait, could be seen as moving to easing tension and create favorable ground for future development.

All in all, some common ingredients at this stage deserve a closer look. They are:

1. Maintaining the status quo in the strait would be in the best interest of all parties concerned;
2. Immediate concern would be to prevent conflict in the strait;
3. The most urgent task for all parties concerned is to enhance mutual understanding and mutual trust;
4. Crisis management and certain confidence building measures would be at this stage most desirable;
5. The relationships between China and Taiwan need to be redefined under mutually acceptable and stable framework; and
6. China and Taiwan should make use of current dynamism to develop cooperative experience.