

Shaocheng Tang

New trends in the cross-Strait relations between China and Taiwan

Published online: 19 October 2006
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Abstract Although the political relation between the People's Republic of China and the Republic of China on Taiwan has been stagnating in recent years, the bilateral trade and exchange between the two sides are booming rather swiftly. Beijing has changed its policy from using force against Taiwan even without independence in the year 2000 to only using force against independence in 2005. It indicates the maintenance of the status quo, the tolerance of the ROC legal structure, and peaceful coexistence only if Taiwan did not cross the Rubicon. While the opposition tries to reconcile with Beijing, the government keeps on its policy of confrontation. But still, Beijing has been trying hard to collaborate with the USA on the Taiwan issue, while offering increasing amount of friendly measures toward the Taiwanese people. Due to tremendous domestic and international pressure to the government in Taipei, its rapprochement to the Mainland is more and more likely to take place in the near future.

We can set the Cornell visit of the former President Lee Teng-hui in summer 1995 as the start of the current stagnation of the cross-Strait relations because it triggered the PLA's military manoeuvre in the Taiwan Strait. Since then, except for a short period of rapprochement in autumn 1998, the bilateral relations have never been improved. See: Tang 2002; http://www.future-china.org.tw/csipf/press/quarterly/pq2000-1/pq2000-1_4.htm; http://www.globalsecurity.org/military/ops/taiwan_strait.htm; http://www.cdiss.org/China_Essay.htm.

S. Tang (✉)
Institute of International Relations, National Chengchi University, Taipei, Taiwan
E-mail: sctang@nccu.edu.tw

Core of the problem

The core of the entire problem between China and Taiwan lies in their sovereignty struggle that could be summarized in the so-called "one-China" principle.¹ According to Beijing there are no taboos in the cross-Strait dialogue or consultation if Taiwan only accepted the "one-China" principle. If this outer appearance of China's political integrity is maintained the real design of "one China" could be flexibly interpreted. That is the so-called "yi zhong ge biao—中各表" policy of "one-China", with interpretations of their own. In other words, should Taiwan accept the "one-China" principle Beijing would be even willing to discuss sensitive issues such as defence and foreign policy with Taipei. This is, in fact, a kind of "agree to disagree" compromise between the two sides.

But the government in Taipei rejects it categorically. It claims that all the issues, including the "one-China" principle, should be negotiable without any preconditions.² The result is the decade-long political deadlock, one practical example of which is the problem of the "three links"³ because the two sides are still unable to reach an agreement on the composition of the negotiation delegations. In order to accord with the domestic nature of the "one-China" principle Beijing insists on private societies being involved. Taipei, in contrast, stresses negotiations with government officials to enhance its independent statehood. Taiwan is keen to be treated as an equal entity on a par with China and doesn't want to enter negotiation process as a mere provincial government. These obviously insurmountable contrasts have made the bilateral negotiation impossible so that there are still no direct air and sea connections between the two sides, all goods and passenger traffic must make a detour via Hong Kong or Macao.

Stance of China

Since decades Beijing has been constantly upholding its pressure on Taiwan. In order to intimidate Taiwanese from voting for then president Lee Teng-hui in the 1996 presidential election the Chinese army conducted missile tests along Taiwan's coast. Since, in Beijing's view, Lee has shown a strong tendency for Taiwan's independence. But despite all military efforts the outcome of the election was not in Beijing's favour. Lee Teng-hui garnered 54% of the votes.⁴

¹ 'White book of the CP China on one China principle and the Taiwan question' (Chin.), *United Daily*, 2000.2.22, p. 14. and 39. 'Beijing's gesture toward DPP just a diplomatic trick. Recognizing "one China" principle still precondition for resuming', *Taiwan News*, 2002.2.5, p. 9; 'China's premier insists on dialogue "one China"', *Taiwan News*, 2002.3.6, p. 1.

² 'New Years greetings of President Chen' (Chin.), *China Times*, 2001.1.1, p. 2; 'Lu Shui-lian: Vice-President of Taiwan: One China is a theme but not a prerequisite' (Chin.), *China Times*, 2002.2.17, p. 11; *United Daily*, 2002.3.8, p. 4; 'As Beijing eases up, Taipei presses its separate identity', *International Herald Tribune* (IHT), 2002.3.8, p. 1.

³ Three Links (*San Tong*) means trade, post, and traffic. Since the problem in the first two parts are almost solved only the transport links still remains a problem, *eNews China Times*, 2002.7.1 and 2002.7.4.

⁴ Tensions ease after Taiwan Election, http://www.cgi.cnn.com/WORLD/9603/taiwan_elex/day_after/; <http://www.ly.gov.tw/ly/index.jsp>.

Four years later, during the run-up to the presidential election in March 2000, Chinese premier Zhu Rongji warned against voting for the DPP candidate, Chen Shui-bian, and equated this action with a decision for war.⁵ Yet, among other reasons, mainly because of the split of the biggest and long-time ruling party, the KMT (Kuomintang), Chen was elected with 39.3%. During the parliamentary election at the end of 2001 Beijing kept silent. But still almost the worst scenario in the eyes of the Chinese leaders happened. With 39% the DPP became the strongest party in Taiwan's parliament (Legislative Yuan).⁶

In the presidential election in March 2004 and its aftermath processes were very peculiar. Although Beijing did not intimidate Taiwan directly, they made a lot of efforts to solicit the US, Japan and the EU to oppose Taiwan's referendum especially because President Chen had linked it with the election.⁷ But on the eve of the election both candidates, President Chen and Vice President Lu were mysteriously shot and lightly wounded during a campaign parade. As a result they were re-elected with a razor-thin margin of less than 30,000 votes. This prompted a furious reaction from the opposition because they all believe, to this day, that it was a fraud in order to disgrace them by means of rumouring the assassination bid as a collaboration between the CCP (Chinese Communist Party) and the KMT. It was a strategy of acting like the underdog in order to win sympathy.

All three examples show that no matter how China deals with Taiwan, all results run counter to its original intentions. There are two of Beijing's major concerns toward Taiwan that deserve closer observation. Firstly, the problem of Chinese national dignity, and, secondly, the fear that Taiwan's independence movement could give impetus to a chain reaction that might endanger the territorial integrity of China. Therefore, no one in the Beijing leadership would ever allow such a development and they reserve the right to use force against Taiwan which is mainly directed against possible foreign interference.

From a realpolitik point of view, Taiwan is not capable to declare independence of its own without aid from outside. Foreign interference in the Taiwan issue will open up old sores of the Chinese people from their colonial past. This is the one of the main reasons why Beijing always reacts so vigorously to Taiwanese efforts towards independence.

Apart from Taiwan, there are two big regions in China's periphery that also have been showing separatist tendencies: namely Xinjiang and Tibet.⁸ Visible success of these movements in any of these three regions could encourage the other. Taiwan is in an especially exposed position since its foreign interference is the strongest and Chinese political influence is the least. It seems that Beijing has reached a dead end in its Taiwan policy. In order to get this situation under control, the Chinese have to come up with new ideas.

⁵ Taiwan's Presidential Election, <http://taiwansecurity.org/TSR-President.htm>.

⁶ 'Taiwan (In) dependence', <http://www.asiaweek.com/asiaweek/magazine/dataline/0,8782,185609,00.html>.

⁷ <http://www.cdn.com.tw/daily/2003/07/29/text/920729j1.htm>.

⁸ 'Xingjian, China's Restive Northwest', http://www.hrw.org/campaigns/china-98/sj_xnj2.htm; http://www.chengmingmag.com/new_page_199.htm; <http://www.tibet.com/>

Continuity and change

If we take China's White Book on Taiwan from the year 2000 as a start, there are three casus belli for Beijing, namely: Taiwan's independence, the foreign occupation of Taiwan, or if Taiwan should endlessly delay negotiations over the reunification with the Mainland.⁹ In other words, endless delay would mean that Beijing still inclines to use force against the island should it lose patience even if Taiwan did not declare independence.

But since the release of the Anti Secession Law in March 2005 things have changed. Now it stipulates that only when Taiwan independence should become a fait accompli, or serious incidents that should lead to Taiwan independence and, last but not least, all possibilities of reunification should be exhausted.¹⁰ It is clear between the lines, only if there is any hope of reunification with the Mainland there shall be no use of force against Taiwan. But the content is subject to a wide range of speculations. Although, obvious changes in these years are to be established, namely from using force even with no independence to only using force against independence.

Moreover, "no independence, no use of force" could also mean maintenance of the status quo and peaceful coexistence only if Taiwan didn't cross the Rubicon. It also implies the tolerance of the ROC legal structure by Beijing because the current ROC—constitution practiced in Taiwan still insists on its de jure claim over the whole of China. Besides, much in difference to their previous attitude, there are clear signs showing that the contributions of the KMT in the Sino-Japanese War in the 1930s and 1940s began to be rehabilitated by the CCP.¹¹ Although, according to all school textbooks in the Mainland, the ROC ceased to exist in 1949 when the PRC was established and Taiwan is an inalienable part of its territory.¹²

Given all these changes there are at least two significant reasons to be observed. At first, due to the rapid economic development and the increase of its influence in the world the CCP sees it no more necessary to secure its own legitimacy by means of negating the KMT. In other words, Beijing feels confident enough to face the truth of the past. Secondly, if the legal structure of the ROC in Taiwan is overturned by the ruling DPP it would force Beijing to a showdown. The consequences of an ultima ratio are rather unpredictable and that is why Beijing at heart is extremely unwilling to let it happen. Therefore to uphold the KMT as well as the ROC, even reluctantly, serves the best of China's interests for the time being. Beijing has shown its friendly welcome to the pan-blue opposition parties in Taiwan (KMT,

⁹ 'White book of the CP China on one China principle and the Taiwan question' (Chin.), *United Daily*, 2000.2.22.

¹⁰ http://news3.xinhuanet.com/newscenter/2005-03/14/content_2694168.htm.

¹¹ The role of the KMT military in the war against Japan is clearly displayed in the Museum of Anti-Japanese War in Beijing. In 2005 it was also the first time for Beijing to celebrate openly the 60th anniversary of recovery of Taiwan from Japanese occupation in 1945.

¹² Preamble of the PRC Constitution.

People First Party, PFP, and New Party, NP) because they have already accepted the one China principle in form of the 1992 consensus.¹³

Two months after the adoption of the Anti Secession Law a KMT delegation led by then chairman Lian Chan paid a visit to the Mainland. It's the first official party-to-party contact between the two rivals since 1949 and was followed by the second large opposition party PFP in May and the small NP in July the same year. The impact of these visits was tremendous. Not only did they serve as a rejection of the DPP for its stance against the Anti Secession Law, but they also delivered a clear sign to the people in the Mainland that more than half of the people and of the parliamentarians in Taiwan are against Taiwan's independence. It must have released a lot of the pressure of the Chinese people to the government in Beijing in terms of Taiwan's independence. Since the year 2000 when the DPP took office, the media reports of the Mainland have concentrated on the policies of independence. Now they can feel more relaxed. The visits also enlarged the room of manoeuvre for rational policy making of the Beijing leaders vis-à-vis Taiwan. As a result, the Mainland leaders have started to offer the Taiwanese people various friendly gestures such as purchasing their agricultural products as well as sending Pandas as a present, etc.

Perspectives of Taiwan

Facing China's increasing economic attraction for Taiwan's business world the government in Taipei has tried to take countermeasures. Keeping the hurdle high for cross-strait trade and building Taiwanese national identity seems to be a useful means.¹⁴ But it is an extraordinary phenomenon that in spite of political confrontation between Taipei and Beijing bilateral trade and exchanges are booming rather swiftly.

According to official statistics of Taiwan in 2005 its trade with China amounts to \$71.7 billion (+16.3% compared to 2004) and it takes 19.3% (+1.3%) of the entire foreign trade volume of the island. Since 2003 China has become Taiwan's biggest trading partner.¹⁵ More significant is the fact that Taiwan's surplus of its trade with the Mainland (\$31.8 billion, +12.6%) surpassed the whole foreign trade surplus (\$7.8 billion, +27.2%) by an amount of \$24 billion.¹⁶ Reaching its highest record thus far, there were over four million visits to the Mainland made by the Taiwanese (out of a total population of 23 million) in 2005 and only around 160,000 visits from the Mainland to Taiwan due to restrictive measures of Taipei. Also in the same year the real investment from Taiwan to the Mainland amounted to \$2.15 billion. This increased the total volume of this investment to \$91 billion.¹⁷

¹³ The 1992 Consensus is another form of the "one-China" principle which was created by the two sides in their negotiations in Hong Kong that year. The content of it is the so-called "yi zhong ge biao — 一中各表". PFP and NP are two split parties of the KMT.

¹⁴ For instance changing the passages in primary school textbooks etc. see IHT, 2002.3.8, p. 1.

¹⁵ <http://big5.fmprc.gov.cn:89/gate/big5/www.chinaconsulatechicago.org/chn/zxwx/t70686>.

¹⁶ <http://www.trade.gov.tw>.

¹⁷ <http://bbs.cctv.com.cn/forumthread.jsp?id=7725023>.

Therefore Taiwan's increasing dependence on the mainland is inevitable. But in the long run, thanks to the WTO membership of the both sides since 2001, rising imports from China (e.g. agricultural products) can simultaneously lead to a gradual decrease of Taiwan's foreign trade surplus with China. This could mean a great challenge for Taiwan. But at the same time increasing trade can also work as a stabilising factor in the Taiwan Strait.

Furthermore there are several indications which deserve closer observation. Firstly, since the last constitution revision in 2005 the hurdle for later amendments is too high to be reached without party coalition.¹⁸ Therefore a *de jure* independence is rather unlikely to be realized in the near future and the maintenance of the legal status of Taiwan is exactly Beijing's vital concern. It could be deemed as an effective security measure in the Taiwan Strait. Secondly, since last fall several serious corruption scandals of the ruling DPP have been unveiled one after another. While the opposition keeps on exposing the wrongdoings of the governing DPP, its popularity is down to a record low of around 20%.¹⁹ Should the DPP lose the election in 2008, they would no longer be able to manipulate the judiciary system, and even more scandals could be disclosed.

Thirdly, although facing China's rapid military buildup in recent years, the opposition in Taiwan has been successfully blocking the arms procurement proposition of the government for more than 40 times in the parliament in the last two years.²⁰ Especially the Pentagon feels increasingly uneasy and threatened by the emerging cross-Strait military asymmetry in China's favor.²¹ While the ruling DPP prefers to take power politics approach towards China by means of closer cooperation with the US, the opposition parties intend to reconcile with Beijing. For the opposition, which occupies the absolute majority in the parliament since 2001 the question is pertinent: Why do we need so many weapons if we want to make peace with China? Even more significant in this regard is whether the Taiwanese people would stick together when China should attack Taiwan in case of Taiwanese independence? In contrast, due to the rise of China and the Chinese nationalism the PLA (People's Liberation Army) would have much less concern over their solidarity vis-à-vis Taiwan. Furthermore, when the worst comes to the worst, according to the Anti Secession Law, the PLA could react even without further authorizations.²²

Fourthly, along with the rise of China Washington takes increasingly more account of Beijing's concern including its vital interest toward Taiwan. During the visit of President Hu Jintao in April 2003 to the US, President Bush assured him again that Washington opposes any kind of unilateral changes of the status quo in the Taiwan Strait and the Chinese from both sides should avoid confrontation in

their disputes.²³ Among other issues, the support of Beijing, especially on North-Korea and Iran, must have played a significant role in Washington's strategic calculations.

Last but not least, the relations between Taipei and Washington have deteriorated by President Chen's recent intentions toward independence.²⁴ As a result Washington downgraded the transit conditions for Chen so that he refused to make stopovers in the US during his trip to South America in May 2006.²⁵ Compare this to the warm welcome that Washington gave to Chen in the years 2000 and 2001 when he transited the US. The contrast is too obvious. Under these circumstances, in the power game played by the big nations, the strategic significance of Taiwan as an adversary to China is declining if the island still sticks to its independence stance.

Conclusion

In recent years Beijing has been trying hard to collaborate with the USA on the Taiwan issue while offering increasing amount of friendly measures toward the Taiwanese people. Beijing's double strategy of carrots and sticks has shown some effect by Washington's recent anger toward President Chen and the increasing cross-Strait trade and exchange volumes. All this happened due to the fast growth of Chinese influence in the world. Besides the Anti Secession Law and the visits of the opposition parties have changed a lot the cross-Strait confrontation in Beijing's favour. Add the unreachable hurdle of Taiwan's constitutional amendment and scandal crisis of the ruling DPP, the status quo in the Taiwan Strait is likely to be maintained.

Furthermore China is becoming increasingly attractive for enterprises, job seekers and students from Taiwan.²⁶ Should this development continue Taiwan would be less and less able to withstand this attraction. According to functionalist theory the likeliness of using military force should be decreasing if the interactions between the two sides are increasing. Hopefully, this change could determine the future development of the cross-Strait relations in peace.

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²³ http://news3.xinhuanet.com/english/2003-06/02/content_899579.htm.

²⁴ President Chen abolished the Guidelines of Reunification²⁴ and the Council of Reunification²⁴ in February 2006 which was deemed by Beijing and Washington as a step forwards to Taiwanese independence. http://news.bbc.co.uk/chinese/trad/hi/newsid_4710000/newsid_4712200/4712278.stm.

²⁵ High ranking officials such as President and Vice President of Taiwan are barred from visiting the US due to the US one-China²⁵ principle.

²⁶ 'Letter from Taiwan: Go to the Mainland for advanced studies' (Chin.), http://news.bbc.co.uk/hi/chinese/china_news/newsid_2173000/21734322.stm.

¹⁸ Three fourths of the parliamentarians plus 8.4 million yes-votes through referendum out of 17 million voters. <http://info.gio.gov.tw/ct.asp?xItem=13370 CtNode=904 mp=1>.

¹⁹ <http://times.hinet.net/news/20060518/headline/caa484fa92f2.htm>.

²⁰ http://mag.udn.com/mag/news/itempage.jsp?f_MAIN_ID=136 f_SUB_ID=409.

²¹ <http://www.mnd.gov.tw/modnews/mininews/matter.aspx?PublicID=3047 NodeID=3>.

²² Paragraph 8 of the Anti Secession Law.

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