

Cross-Taiwan Straits Relations and Ma Ying-jeou's Policy of Diplomatic Truce

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Taiwan's presidential election of 22 March 2008 was a milestone in the island's political development in the sense that the election led to the second peaceful transfer of power between rival political parties, with the once ruling Democratic Progressive Party (DPP) being defeated not only in the presidential election but also in the parliamentary election on 12 January 2008. The Kuomintang (KMT), Taiwan's opposition party during the DPP's era of 2000–08, won a landslide victory in the Legislative Yuan, winning by an overwhelming majority with 81 seats out of a total of 113 (while the DPP got only 27 seats). In the presidential election, the KMT presidential candidate Ma Ying-jeou, who obtained more than 7.65 million votes, defeated the DPP's Frank Hsieh, who got 5.41 million votes, by a huge margin.

Ma Ying-jeou's victory in the presidential election could be attributed to several factors. First of all, the former Taiwanese president Chen Shui-bian (of the DPP) was accused of financial scandals and corruptions that involved his family members and his close associates, which led to the Taiwanese people's loss of confidence in Chen's "clean politics." Secondly, Taiwan's economy was in bad shape with an unprecedented high unemployment rate and stagnant economic growth, even though the DPP government tried very hard to convince the Taiwanese people that the bad economic situation had been primarily caused by the impacts of the international economic recession and China's "malice" in subjugating Taiwan's economic competitiveness. Thirdly, in the cutthroat political struggle between the Green Camp and the Blue Camp, which represents the DPP and the KMT, respectively, Chen Shui-bian consistently wielded the "loving Taiwan" cliché to attack the opposition parties and accuse them of "not loving" or "betraying" Taiwan. This tactic of manipulation had been repeatedly used by the DPP to deprive the opposition parties of popular support, and it had worked sometimes in the past. In the 2008 presidential election, however, this tactic no longer worked; in fact, the DPP failed to sell its proposition to its constituents, for even the DPP's supporters began to think that this tactic might cause social unrest. Fourthly, Chen Shui-bian's government failed to maintain stable cross-Taiwan Straits relations as it had initially promised. Instead, cross-Straits relations under the DPP government deteriorated as a result of Chen Shui-bian's provocative policy, which was primarily designed for Taiwan's domestic consumption in order to arouse a sense of Taiwanese national identity in support of the DPP's plan for eventual independence of Taiwan. Moreover, Taiwan's mainland China policy was further manipulated in such a way that it served as a criterion to separate allies from foes in the domestic power struggle, thus becoming a tool for soliciting political support from the fundamentalists. Under these circumstances, cross-Straits relations at the time were so volatile that any provocation could possibly trigger serious cross-Straits conflicts. People were therefore very worried about the possibility of military clashes or even war across the Taiwan Straits. Fifthly, Ma Ying-jeou's

moderate policy in dealing with the mainland affairs, his broader vision in opening up Taiwan's economy to the world (including China), and his efforts in pursuing social harmony all provided the Taiwanese people with an alternative choice after eight years of the DPP administration.

The policy shift from Chen Shui-bian to Ma Ying-jeou was dramatic. Immediately after taking office, Ma Ying-jeou promised that he would be committed to building a clean government, a reform-minded domestic policy, a mainland policy that would be back to normal, and also a reasonable foreign policy based on which the Taiwanese people could keep their dignity on the one hand and maintain stable relations with mainland China on the other hand. Realizing the need to end the vicious competition with Beijing in the diplomatic field, Ma Ying-jeou proposed a diplomatic truce with China in the hope that Beijing would respond positively so that both sides of the Taiwan Straits could be better off.

It has been over two years since Ma's diplomatic truce proposal was put forward. What has happened to Taiwan and China, bellicose foes for decades, with respect to their diplomatic competition? This chapter attempts to explain how the new policy of diplomatic truce benefits both China and Taiwan, and possibly neighboring countries as well. The chapter also attempts to explore how long this diplomatic truce policy could be possibly maintained, and what impact this policy will have on the Ma Ying-jeou administration's overall foreign policy with respect to China.

1. TAIWAN'S DIPLOMACY IN RETROSPECT

The Republic of China (ROC), or Taiwan, and the People's Republic of China (PRC) have persistently engaged in diplomatic competition ever since the KMT moved the government to Taipei. During the early Cold War years, China and Taiwan respectively belonged to the socialist (read as communist) camp led by the Soviet Union and the democratic (read as capitalist) camp headed by the US. In the early 1950s, Taiwan and China began to compete with each other in winning international recognition for their respective political legitimacy.

As a consequence, both of them highly valued the number of countries with which they each had established and maintained diplomatic relations.

There were several reasons that explained why Taiwan succeeded in safeguarding its international status as the sole, legitimate government representing China during the early Cold War years. Firstly, China intervened in the Korean War in October 1950, and consequently was labeled as an aggressor by the United Nations (UN). China's participation in the Korean War made China isolated from the international community for more than 20 years. Secondly, China's experiences of waging wars against its neighboring states, like India in 1962 and Taiwan in 1954 and 1958, alarmed the world. Moreover, by adopting a policy of exporting revolution during the Cultural Revolution that started in 1966, China was seen as a revolutionary state that intended to overthrow the existing international order. Thirdly, China concentrated on its domestic development while paying relatively less attention to international affairs at the time. Fourthly, the US supported Taiwan economically, militarily and diplomatically, turning the island into an "unsinkable aircraft carrier" to contain communist expansion.

After the early 1970s, however, China won growing international support, especially from the third world countries. Taiwan's diplomatic adversity began after China successfully established what Beijing called the "anti-Soviet hegemony united front" with the US. In 1971, China successfully entered the UN and replaced Taiwan as a permanent member of the UN Security Council; since then, Taiwan's international space has been continuously squeezed by the PRC's diplomatic maneuvers. In addition to many developing countries, some major Western countries also switched their formal diplomatic recognition from Taipei to Beijing in the 1970s. Canada, for example, established diplomatic ties with China in October 1970; Japan followed suit in September 1972, and Australia and New Zealand in December 1972. Taiwan experienced another big blow in December 1978, when American President Jimmy Carter announced his decision to switch diplomatic recognition from Taipei to Beijing. Taiwan also lost its membership in most of the major

international organizations, including the World Bank, the International Monetary Fund (IMF) and those affiliated with the UN. Moreover, although Taiwan, as an original member, had made great contributions to the Asian Development Bank (ADB) for many decades, it was forced to change its official name from the “Republic of China” to “Taipei, China” in yet another diplomatic setback for Taiwan.

During the Lee Teng-hui administration, Taipei adopted a policy of so-called pragmatic diplomacy, a realistic approach that was designed to promote Taiwan's true national interests through a flexible foreign policy rather than by competing for those nominal things. Lee Teng-hui's visit to Singapore in 1989, during which he was called the “President from Taiwan,” was regarded as an example of Taiwan's diplomatic success. Although Lee's visit to Cornell University, his alma mater, strained bilateral relations between China and the US, both Beijing and Washington showed self-restraint so as to avoid a vexing clash. However, Lee's Cornell visit brought severe criticism from Beijing for his plot of separatism, and was followed by the launching of missiles near Taiwan's coasts and military exercises on the western side of the Taiwan Straits in 1995–96. In response, American President Clinton sent American aircraft carriers to the region to deter China from intimidation.¹

The already-poor cross-Taiwan Straits relations became worse in July 1999 when Lee Teng-hui depicted cross-Straits relations as “special state-to-state relations” in an interview with German news media. Lee Teng-hui was the first-ever native Taiwanese to be elected president in Taiwan, and he adopted a “Taiwan first” policy both domestically and externally. Most members of the KMT were already native Taiwanese, as were those holding key posts in the government and the ruling party. Lee himself also kept close relations with elites from the opposition DPP, hoping to solicit a checks-and-balances stance *vis-à-vis* the KMT mainlanders. During his 12 years in office, Lee amended the ROC Constitution six times, gradually helping to form a new Taiwanese national identity through partisanship, education and foreign policy. Consequently, after the first round of talks between Koo Chen-fu of Taiwan's Straits Exchange Foundation

(SEF) and Wang Daohan of the mainland's Association for Relations Across the Taiwan Straits (ARATS) in Singapore in 1993 had shown the willingness of both sides to improve cross-Straits relations, the new round of Koo–Wang talks was suspended following Lee's "special state-to-state relations" talk. In the diplomatic area, Taipei continued to face China's sabotage of Taiwan's participation in the international community.

When Chen Shui-bian took power in May 2000, Taiwan entered into a new epoch-making era in which a pro-independence party controlled Taiwan's central government. Chen Shui-bian's victory was originally seen by China as cause for alarm, but his "four nots and one no" promise in his inauguration speech helped relax the concerns of many observers. Chen Shui-bian's "four nots and one no" — which meant that during his administration he would *not* declare the independence of Taiwan, *not* promote the inclusion of so-called state-to-state relations in the Constitution, *not* endorse a referendum on independence or unification, and *not* change Taiwan's formal name, and that he had *no* intention to abolish the *Guidelines for National Unification* or the National Unification Council — helped him obtain a strong approval rating during his early days as the president. Chen was therefore seen as being able to adopt a pragmatic as well as non-provocative cross-Straits policy. However, being a president elected by a narrow margin, Chen Shui-bian was frustrated by the KMT-controlled parliament, and later also by the bad shape of the economy as well as by Beijing's suspicion of him and blocking of Taiwan's international participation. In August 2002, Chen Shui-bian put forward his "one state on each side (of the Straits)" concept — that is, the PRC on the one side and Taiwan on the other side of the Taiwan Straits. This alarmed Beijing, as Chen Shui-bian seemed to be tilting toward Taiwan independence.

Chen Shui-bian's re-election in March 2004 further antagonized Beijing, as he had moved toward a more radical nationalistic and pro-independence position.² Three days prior to Chen's inauguration for his second term, China's Taiwan Affairs Office of the State Council issued an outspoken statement, warning Chen not to go too far. Chen Shui-bian was furious with China's provocative rhetoric, not to

mention Taiwan's continuous loss in the diplomatic front. Frustrated by both domestic and cross-Straits issues, Chen Shui-bian felt more vulnerable than ever and became more dependent on the support of the die-hard faction within the DPP. On 4 March 2007, Chen delivered a speech on the 25th anniversary of the Formosan Association for Public Affairs (FAPA), a strong pro-Taiwan independence organization, declaring his new concept of "five yeses (wants)"; this included "want independence, want rectification of Taiwan's name, want a new constitution, want development, and want no disparity between right and left but between unification and independence."³ Compared with his inauguration speech in 2000, Chen Shui-bian's "five yeses" statement was a complete reversal of his mainland policy. Chen's policy reversal made him an unwelcome political figure not only in Taiwan but also in the US, let alone China. Chen Shui-bian therefore became an untrustworthy leader, and even US President George W. Bush was angry at Chen's insincerity.

As a consequence of Chen Shui-bian's provocative policy, which antagonized both Beijing and Washington, Taiwan became further isolated and suffered even more diplomatic setbacks. Taiwanese leaders during the Chen Shui-bian administration were notorious for their wrongdoings in diplomatic activities, like Vice President Annette Hsiu-lien Lu's abrupt visit to Jakarta in 2005, Chen's *mihangwaijiao* ("diplomacy of going disarray") in 2006, and the involvement of Taiwan's high-ranking National Security Council officials and Foreign Minister in the bribery-trafficking scandal in granting US\$30 million to brokers for the failed diplomatic recognition from Papua New Guinea. Taipei had to spend tens of millions of dollars to prevent those countries that had diplomatic relations with Taiwan from switching sides to recognize Beijing. Also, Taiwan's bid to re-enter the UN was presented year after year since 1994, but without any result except for providing Taiwan's "friends" with chances to blackmail Taipei for more grants. Taiwan's bid to become a member of other international organizations like the World Health Organization (WHO), the IMF and the World Bank all failed as well. In September 2007, the Chen Shui-bian administration bid for the UN membership under the name "Taiwan" for the first time ever

since 1949, but received no response at all from the UN. It was clear that, without an agreement or understanding from China, there was little chance for Taiwan to join any major international organizations. Although Chen Shui-bian knew this, by still making such futile attempts Chen simply wanted to demonize China as a suppressive power so as to justify his belligerent policy toward Beijing and enable him to use the anti-China sentiment incurred among the Taiwanese people to accuse the opposition parties of being unpatriotic.

These events caused the Taiwanese people to suffer great losses in terms of not only financial resources but, more importantly, respect. Consequently, Taiwan became known to the world for its wielding of “money diplomacy” or checkbook diplomacy, which severely damaged Taiwan’s global image. Taiwan’s government was also labeled as a troublemaker in Asia for arousing unnecessary conflict simply for domestic politics. Furthermore, due to Taiwan’s strained relations with China, the Taiwan Straits became one of the most dangerous flashpoints in the world.

2. DIPLOMATIC TRUCE: IDEA AND PRACTICE

At the beginning of the 21st century when China is becoming a “locomotive” of the economic growth of East Asia, Taiwan could play a role as the region’s operational center for multinational corporations and business activities due to its advantageous geographical location and proximity to an economically rising China — a role that would greatly benefit Taiwan. However, in order to play such a role, Taiwan has to adopt an appropriate China policy. For eight years, the DPP as the ruling party adopted a rigid and antagonistic mainland policy in the name of “effective opening, proactive management”; this policy only served to marginalize Taiwan, while other East Asian economies took every opportunity to pursue economic integration with China. In contrast, the KMT, which was out of power for eight years, has a very different policy orientation from that of the DPP. In the economic area, the KMT, unlike the DPP, stresses the importance of stable relations with the mainland as being essential for Taiwan to achieve rapid economic growth and improve its

economic competitiveness in the world economy in the age of globalization. Stable cross-Straits relations would not only provide a favorable external environment for Taiwan's economic development, but also help to attract more foreign investment into Taiwan. With more than 1 million Taiwanese people working or doing business in the mainland plus hundreds of billions of dollars spent on investment over there, Taiwan is in a strong position to play an important role in the Chinese economy and regional economy. As such, according to the KMT, it is imperative to first establish direct links across the Taiwan Straits so as to make cross-Straits business activities more cost-efficient.

Politically, the KMT kept its distance from the DPP's demonization of China. In March 2005, the same month when Beijing's National People's Congress (NPC) passed the *Anti-Secession Law*, the KMT Honorary Chairman Lien Chan visited Beijing and met Hu Jintao, Secretary-General of the Chinese Communist Party (CCP). Lien Chan's meeting with Hu was soon followed by a visit by James Chu-yu Soong, Chairman of the People First Party (PFP), another opposition party. Both were accused by the then-ruling DPP of their "relentless kowtow" to Beijing to hurt the Taiwanese people, but Lien and Soong felt that it was urgent to visit Beijing to show Taiwan's broad public opinion (which the DPP could hardly represent) and to express Taiwanese sincerity for lasting peace at a time of tense cross-Straits relations. Lien and Soong were greeted by Hu Jintao, who emphasized stable cross-Straits relations on the basis of the 1992 Consensus (i.e. "one China with different interpretations"). The visits of Lien and Soong to Beijing, though defamed and criticized by the DPP government, were regarded as a useful channel that bridged the cross-Straits cleavages, which eventually paved the way for reconciliation across the Taiwan Straits after Ma Ying-jeou took office in May 2008. Of course, cross-Straits reconciliatory interactions were not confined to the economic area, for they had spillover effects on cross-Straits relations in the diplomatic front as well.

Ma Ying-jeou was once the Deputy Minister of the Mainland Affairs Council (MAC), a ministerial-level agency that is supervised by the Executive Yuan. So, Ma Ying-jeou is in a good position to

know how to deal with a rising China more effectively. Entering into the new century, Taiwan could neither afford to provoke China nor engage in protracted confrontation with China. As such, it naturally became the Ma Ying-jeou administration's policy priorities to establish stable cross-Straits relations, revive the Taiwanese economy, and regain America's trust and support that had been lost during the Chen Shui-bian administration.

In his inauguration speech on 20 May 2008, Ma Ying-jeou promised to lead Taiwan into a new era of development and renovation. Ma's address, under the title of "Taiwan's Renaissance," outlined the goals of his presidency, which included revitalizing the economy, restoring the moral values of society and achieving a win-win situation in cross-Straits relations. He especially emphasized the need to open dialogues with China based on the 1992 Consensus. He stressed Taiwan's responsibility to be a respectable member of the global village. Ma Ying-jeou emphasized, "Dignity, autonomy, pragmatism and flexibility should be Taiwan's guiding principles when developing foreign relations." He also sincerely hoped "that the two sides of the Taiwan Strait can seize this historical opportunity to achieve peace and co-prosperity." Under the principle of "no unification, no independence and no use of force," he said, "we will maintain the status quo in the Taiwan Strait." He also appealed to China that "[cross-Strait] negotiations should resume at the earliest time possible" on the basis of the principle of "face reality, pioneer a new future, shelve controversies and pursue a win-win solution." Ma Ying-jeou cited, with agreement, Hu Jintao's call for "building mutual trust, shelving controversies, finding commonalities despite differences, and creating together a win-win solution across the Taiwan Strait." He finally called for the two sides "to pursue reconciliation and truce in both cross-Strait and international arenas." He continued to say, "We should help and respect each other in international organizations and activities. In light of our common Chinese heritage, people on both sides should do their utmost to jointly contribute to the international community without engaging in vicious competition and the waste of resources. I firmly believe that Taiwan and mainland China are open-minded enough to find a way to attain peace and prosperity."⁴

Ma Ying-jeou's address, filled with a willingness to reconcile with China as well as the encouragement and invitation to China for a positive response, can be seen as delivering an unprecedented olive branch to China. Ma Ying-jeou's move was unimaginable for his predecessors, although some of them had shown pretty "soft" gestures. The previous tug-of-war style of diplomatic warfare between Taiwan and China reflected hostility and distrust across the Taiwan Straits, which originated from the civil war over six decades ago. However, China today is very different from that of Mao Zedong's era, when periodic political campaigns were launched one after another at the expense of social stability and economic development. After Deng Xiaoping's initiation of the "reform and opening-up" policy, China rapidly opened up the country to the outside world, integrated with the global economy and joined the international community, exerting a growing influence on global politics and economics. Even the US could hardly afford to ignore the existence of China and preferred to value China's cooperation in many global issues. As an example of America's changing attitude toward China, Robert Zoellick, former Deputy Secretary of State during George W. Bush's administration, urged China to be a "responsible stakeholder" to cooperate with the US. Similarly, Ma Ying-jeou also believes that Taiwan must adjust its China policy so as to bring about a win-win situation, within which Taiwan's security could be better assured and Taiwan's international space could be expanded.

In response to the opposition party's accusation that the KMT government was naive in believing that Beijing would respond positively to Taiwan's proposal of diplomatic truce, Francisco Ou, the then-Foreign Minister, replied that "we cannot keep blindfolding ourselves by pretending that China does not exist." Ou continued, "The global trend of today is to pursue reconciliation in place of conflict. You will only reap more trouble if you insist on antagonizing [Beijing]."⁵ To recognize Beijing is, in other words, the beginning of a pragmatic approach to a successful diplomacy, although the adoption of rational as well as pragmatic policy dealing with Beijing has to be reciprocated by China. Ou added that China's response to Taiwan's bid for more international space would, in turn, be a

barometer for future cross-Straits relations. He went on to say, "To reach cross-Straits reconciliation, the most significant layer would of course be on the diplomatic front. Cross-Straits harmony would be impossible unless both sides can reconcile over diplomatic issues." He explained that Taiwan "is definitely not retreating, but concentrating on strengthening ties with our existing allies, and maintaining the current status where Taiwan will not try to lure away Beijing's allies and Beijing agrees to leave our friends alone."⁶ In response to criticism from the DPP, Henry Chen, Spokesman of the Ministry of Foreign Affairs (MOFA), pointed out that the policy of diplomatic truce is a means for Taiwan to seek co-existence and co-prosperity with China in the international arena under the framework of a *modus vivendi* diplomatic strategy, and not "diplomatic torpor" as claimed by the DPP.⁷

For the last several decades, Taiwan has been isolated from the international community due to China's blocking of it. After achieving economic success and political democratization, however, Taiwan has gained growing support and sympathy from other nations in international organizations such as the WHO. Because of the PRC's relentless opposition, Taiwan has failed to join the WHO as a full member; but, given Taiwan's contribution to the global campaign against fatal diseases, Taiwan's meaningful participation in the WHO as an observer (if not a full member) seems acceptable to many countries. For the purpose of improving relations with Taiwan, Hu Jintao also reiterated to Lien Chan, James Chu-yu Soong and Wu Poh-hsiung (the then-Chairman of the KMT) that Taiwan's international space could be discussed on the basis of the 1992 Consensus. Hu's goodwill gave Taipei a green light, although Taiwan anticipates a bumpy road ahead and lengthy negotiations.

Following Ma Ying-jeou's inauguration, there were four rounds of talks between the Chairman of the ARATS, Chen Yunlin, and the Chairman of the SEF, Chiang Pin-kung, with 12 agreements reached on air and postal links, food security, cooperation in fighting crimes, and Chinese tourists visiting Taiwan, to name a few. So far, cross-Straits negotiations have focused on economic and other non-political issues. Taiwan will start to negotiate with China on political

issues, including the issue of Taiwan's international space, when the right time comes. Although it is unclear whether or not China will accept Taiwan's overtures, Taiwan has already suggested that both sides of the Taiwan Straits stop diplomatic competition.

In line with the pursuit of diplomatic truce, Taiwan is now very cautious about providing financial aid to its diplomatic allies and to other countries with which Taiwan has no diplomatic ties. Taiwan has also notified its diplomatic allies that Taipei intends to review financial grants that have been provided for them in terms of the efficiency of the projects; and if some projects are not efficient, grants may not continue. Some of Taipei's diplomatic allies are not happy about Taiwan's policy shift, as they are highly dependent on Taipei's financial aid. It is speculated that, as a consequence of Taipei's policy change, some of Taiwan's diplomatic allies are considering switching their diplomatic recognition to Beijing. In the past, Beijing would have been more than happy to welcome those defecting allies of Taiwan; however, it is very interesting to note that Beijing has refrained from doing so. Taiwan's reconciliatory policy, in effect, has received a positive response from Beijing. The case of Paraguay, according to Francisco Ou, is a good example. Paraguay's newly elected President Lugo has not switched the country's diplomatic recognition from Taiwan to China, even though he had claimed that he would do so during his electoral campaign.⁸ Obviously, China does not want that switch so as to avoid hurting Taipei's feelings.

3. TAIWAN'S PERSPECTIVE

While the policy of diplomatic truce proposed by the KMT government could be seen as a tactic or strategy, it should be better understood as a framework or roadmap for Taiwan to improve its relations with China so as to create a favorable environment for Taiwan's continuing economic prosperity. As economic prosperity, stable cross-Straits relations and expansion of international space are the three major policy objectives that Ma Ying-jeou has set for his government for the first term of his presidency, Ma has to make some progress with respect to these goals before he can effectively run for

the second-term presidency in 2012. In order to achieve these three objectives, Taiwan has to deal with China. After the fourth round of Chiang Pin-kung–Chen Yunlin talks in November 2009, the Economic Cooperation Framework Agreement (ECFA), among other things, became an important issue for negotiations between the two sides of the Taiwan Straits. The ECFA, which was finally signed on 29 June 2010, will help to protect Taiwanese business interests in the mainland, strengthen the competitiveness of Taiwanese products in the Chinese market, and pave the way for Taiwan to be integrated into the ASEAN Plus Three process (particularly in the context of the ASEAN–China Free Trade Agreement becoming effective in 2010). However, in pursuing diplomatic truce, the KMT government faces strong partisan criticism from the DPP, which accuses Ma Ying-jeou’s policy of diplomatic truce of being “poison to Taiwan” and turning Taiwan’s sovereignty into “diplomatic coma.”⁹

Because of Chen Shui-bian’s provocative policy and strained cross-Straits relations, the number of Taiwan’s diplomatic allies during his administration dropped from 29 in 2000 to 23 in 2008.¹⁰ In the meantime, Taiwan was frequently accused by the world media of engaging in checkbook diplomacy. In order to maintain its vulnerable international status, the Taiwanese government at that time spent tens of millions of US dollars to sustain its diplomacy. Despite this, Taiwan could still hardly join any international organization that requires statehood as a precondition for membership. Chen Shui-bian’s bids for membership of the WHO, the UN and other international organizations all failed.

In contrast, since Ma Ying-jeou took office in May 2008, there has been much progress in Taiwan’s diplomacy. In the first place, Beijing has now restrained from attempting to take Taiwan’s diplomatic allies away and to have them establish diplomatic relations with China instead, as was the case in the past, although it is not difficult for Beijing to do so, given its strong political influence and huge economic capacities. Most of Taiwan’s diplomatic allies are small, developing (or least developed) countries with little influence in global affairs. They are either isolated or marginalized in international

relations. As most of them do not possess raw materials, particularly oil or precious metals, China does not have much interest in inducing them away from Taiwan. For Taiwan, however, they are important because any further decrease in the number of its diplomatic allies would weaken Taiwan's diplomatic position even more. As such, after Ma Ying-jeou took office, China tacitly accepted his diplomatic truce proposal and let Taiwan maintain its existing number of diplomatic allies so as to help improve overall cross-Straits relations.

Secondly, Taiwan's international space has expanded. Not only has the cutthroat diplomatic competition between the two sides of the Taiwan Straits ended, but Taipei is also finding it easier to develop natural and smooth relations with those countries and bodies that maintain diplomatic ties with Beijing. Some of them, like the European Union (EU), Japan and the US, which are especially crucial for Taiwan, now treat Taiwan as their stakeholder. For example, following Japan, Great Britain also offered Taiwanese people visa-free status when visiting the United Kingdom. This display of trust, friendship and goodwill by Great Britain to the Taiwanese people was not met with any opposition from the PRC. Consequently, Taiwan's informal or unofficial relations with some big powers have substantially developed, and these countries have been sincerely supporting Taiwan's efforts to participate in the activities of international organizations.

Thirdly, the national interests of the two sides of the Taiwan Straits may no longer necessarily be in conflict with each other. Based on mutual trust and goodwill, it has gradually become normal for the leaders of China and Taiwan to meet and discuss some issues at international summits or conferences. Representing Ma Ying-jeou, Lien Chan, the former Taiwanese Vice President, participated in the Asia-Pacific Economic Cooperation (APEC) unofficial summit for three consecutive years from 2008 to 2010. During Chen Shui-bian's term, it was impossible for a former vice president from Taiwan to join such a summit. Obviously, this reflects China's positive response to Ma Ying-jeou's olive branch.

Fourthly, Taiwan's success in joining the World Health Assembly (WHA) as an observer in May 2009 was seen as a breakthrough in

cross-Straits relations. In the past, China had always accused Taiwan of a “separatist plot” in its attempt to pursue membership in international organizations and, therefore, strongly opposed any arrangements for dual membership of China and Taiwan or Taiwan’s involvement in international organizations. Because of China’s blocking, Taiwan was deprived of the right to join most international organizations. In order to improve cross-Straits relations, however, China agreed to let Taipei be invited to join the WHA as an observer in 2009, although China insisted that Taiwan’s status as an observer has to be reviewed on an annual basis. With the successful experience regarding the WHA, Taiwan hopes that the WHA model can be applied to other international organizations such as the International Civil Aviation Organization (ICAO), International Meteorological Organization (IMO), United Nations Framework Convention on Climate Change (UNFCCC), etc.¹¹ As cross-Straits distrust has not totally disappeared yet, there is no guarantee that China will agree to have the WHA model be made automatically applicable to other international organizations. Nevertheless, the positive cross-Straits interactions have undoubtedly brought more benefits for Taiwan.

There are different views on the long-term effectiveness of Ma’s diplomatic truce policy. Still seeing Taiwan as part of China, Beijing would like to eventually “recover” it. As Taiwan is a weak state while China is a big power, it is argued that “the time may come when it [China] eventually becomes more aggressive.” It is also argued that China is currently “holding back and waiting for an opportunity.” Critics also point out that, once Taiwan is fully committed to the goodwill strategy, China will likely impose conditions on Taiwan so as to change the status quo that Taiwan has been trying to maintain. If this happens, Taiwan will find itself involved in a renewed diplomatic war with China. Furthermore, once a diplomatic war resumes, it is argued, it “would make it harder for Taiwan to consolidate relations with allies and find new ones in maintaining the status quo.”¹² Commenting on the fact that Taiwan was excluded from the meeting of foreign ministers at the APEC forum in Lima, Peru in November 2008, Cheng Wen-tsang, the DPP spokesman, criticized Ma Ying-jeou’s diplomatic truce as failing to “receive a positive

response from Beijing,” and denounced that “Ma’s unilateral concession found no resonance in the international community or China” and that “Ma should abandon this mistaken policy.”¹³ However, Lien Chan’s participation in the APEC unofficial summit on behalf of Ma Ying-jeou is the best response to the above criticism of Ma’s diplomatic truce policy, which represents a significant breakthrough for Taipei in its relations with Beijing.

4. CHINA’S PERSPECTIVE

In the past, China viewed Taiwan’s efforts to engage in international activities as a deliberate move to separate China permanently, and thus showed strong opposition to any such activities of Taiwan. Ever since the founding of the PRC, Chinese leaders have reiterated the inseparability of China’s sovereignty and made national unification one of the PRC’s most important national goals. After the Communist victory in the mainland and the KMT’s retreat to Taiwan, Mao Zedong was committed to the “liberation of Taiwan” with “bloodshed” so as to finally “bring Taiwan back to the motherland.” Mao never accepted the situation that Taiwan and China could join international organizations together, and neither did Taiwan’s late presidents Chiang Kai-shek and Chiang Ching-kuo. The diplomatic warfare therefore became a zero-sum game, and cross-Straits relations were characterized by hatred and antagonism.

After Washington’s switch in diplomatic recognition from Taipei to Beijing, China, under the leadership of Deng Xiaoping, became more confident in dealing with not only foreign affairs (e.g. China’s invasion of Vietnam) but also the Taiwan issue. Ye Jianying, Chairman of the Standing Committee of the National People’s Congress (NPC), proposed a series of peaceful overtures to Taiwan in September 1981. Although reconciliatory, Ye’s Nine-Point Proposal did not touch upon China’s attitude toward Taiwan’s participation in international activities. The Chinese leadership continued to refuse the existence of a separate Taiwan independent of China.

President Jiang Zemin put forward his Eight-Point Proposal in January 1995, which for the first time ever addressed the issue of

Taiwan's international space. Jiang continued to stress China's opposition to any idea of Taiwan independence or separatism and to the notion of "two Chinas" for a transitional period. However, Jiang added that Beijing had no objection to Taipei's development of non-governmental (economic and cultural) relations with foreign countries, provided that this was not intended to expand Taiwan's international living space with the aim of creating "two Chinas" or "one China one Taiwan."

As a sovereign country, Taiwan naturally wants to make friends with countries around the world and broaden its international space. China absolutely does not have any right to interfere in this matter of Taiwan. But in Beijing's view, the division of China is the result of the civil war of 1946–49, which "has not ended yet." Beijing is therefore reluctant to accept a sovereign ROC (or even Taiwan) in coexistence with the PRC. Jiang's Eight-Point Proposal, although reconciliatory, still interpreted Taiwan's efforts to expand its international living space as aiming to create "two Chinas" or "one China one Taiwan." This mindset of Beijing partly reflected the lack of mutual trust between the leaders of the two sides, in spite of the 1992 Consensus that had been reached. As Chen Shui-bian's government actively pursued a de-Sinicization policy and refused to accept the 1992 Consensus, cross-Straits hostility thus escalated to a dangerous level. During the administrations of Lee Teng-hui and particularly Chen Shui-bian, there was little mutual trust or goodwill left between the two sides. As a result, Taiwan's efforts to join the international community were all interpreted negatively and strongly opposed by Beijing. The *Anti-Secession Law* passed by China's NPC in March 2005, which authorized the use of force should Taiwan declare independence, reflected Beijing's serious worry about Taiwan's move toward *de jure* independence.

When Lien Chan, KMT Honorable Chairman, visited Beijing in late April 2005, Hu Jintao met with him and urged that the two sides of the Taiwan Straits should bear responsibility in promoting non-governmental exchanges. According to their press communiqué, Joint Vision on Cross-Straits Peaceful Development, both sides

would promote cross-Straits dialogues, the termination of hostility, the signing of a peace agreement, full-scale economic exchanges, talks on the issue of Taiwan's participation in international activities and the construction of a CCP-KMT regular platform of communication. The Hu-Lien meeting was the first such dialogue between the CCP and the KMT in six decades since the end of the civil war. However, Lien Chan's visit to China was severely criticized by the DPP, which accused Lien of "selling out Taiwan" and "ignoring Taiwanese feeling" after China's passage of the *Anti-Secession Law*. Despite the DPP's criticism, Lien's visit was regarded by some others as being timely to alleviate the already-tense cross-Straits relations by conveying to Beijing those public opinions in Taiwan that were different from those of the DPP. James Chu-yu Soong, Chairman of the PFP, visited Beijing soon thereafter, and his interests primarily focused on cross-Straits cooperation in the economic area.

Since Ma Ying-jeou took office on 20 May 2008, there have so far been five rounds of successful and fruitful SEF-ARATS talks. Appreciating the sincerity of the KMT government in pursuing stable and peaceful cross-Straits relations, China has responded positively to Taiwan's desire for economic prosperity, national security and participation in international activities. There are at least several important reasons for Beijing to pursue reconciliatory policies toward Taiwan. First of all, China could win over the support of the Taiwanese people if Beijing stops blocking Taiwan's foreign relations. The more lenient Beijing treats Taiwan, the less likely the sentimental hatred of China will rise. Secondly, China may prefer to have the anti-Taiwan independence Ma Ying-jeou win his second-term presidency in the 2012 presidential election so as to prevent the pro-Taiwan independence DPP from returning to power. As such, it is wise for Beijing to respond positively to Ma Ying-jeou's reconciliatory China policy and diplomatic truce proposal so as to help Ma continue to win popular support. Thirdly, China's reconciliatory policy toward Taiwan would project a good image of China throughout the world, with its leaders being seen as likely to bring a peaceful solution to the Taiwan issue.

Although cross-Straits relations have rapidly improved, China seems cautious in responding to Taipei's initiative of diplomatic truce. Francis Yi-hua Kan correctly notes that one of the challenges that China currently faces is how to respond to Taiwan's new approach. According to Kan, Beijing has pursued a policy of squeezing the ROC's international space for the past six decades, not just during the eight years of the DPP's administration. It is thus highly unlikely that Beijing will easily satisfy Taipei's demand for international space. For Beijing, Kan continues, any positive gesture toward Taiwan might be interpreted as a sign of weakness, which would lead Taiwan to request for further demands. It is impossible for Chinese leaders to make too many concessions without Taipei's acceptance of the "one China" principle. Moreover, Beijing is also concerned that, if it makes too many concessions to Taiwan now, the DPP might return to power in the future and then take advantage of these concessions to push for *de jure* independence of Taiwan.¹⁴ As Taiwan holds presidential elections every four years, the unpredictability of these elections puts Beijing in a dilemma. Consequently, Beijing must be very cautious when making concessions to Taiwan now in case the DPP, which has not yet given up its objective of eventual Taiwan independence, comes back to power some day.

5. RESPONSE FROM THE INTERNATIONAL COMMUNITY

While in office, Chen Shui-bian adopted a provocative policy toward China. This not only deteriorated cross-Straits relations but also annoyed the US, which did not want to be dragged by Chen Shui-bian into an unnecessary conflict with Beijing. Consequently, the Chen Shui-bian administration brought with it the worst period of Taiwan-US relations. According to Kerry Dumbaugh, when Bush first assumed office, his administration articulated Asia policies that "were more supportive of Taiwan and less solicitous of engagement with China than those previous U.S. administrations."¹⁵ In an ABC television interview on 25 April 2001, President Bush, in response to

a question about what the US would do if Taiwan were attacked, said that Washington would do “whatever it could to help Taiwan defend herself.”¹⁶ Bush’s statement was obviously a friendly gesture to the Taiwanese people in support of their efforts to remain free from China’s intimidation. However, the 9/11 terrorist attacks in 2001 forced Washington to adjust its policy toward China. Seeing China as a rising regional power, the US harbored high hopes that it would join in the global anti-terrorist war; in the meantime, Washington also needed Beijing’s support and cooperation in dealing with the North Korean nuclear crisis that re-emerged after October 2002. Under such circumstances, it was clearly in the interests of the US to water down the Taiwan issue so that Beijing would cooperate with Washington in the global war against terrorism and in dealing with the North Korean nuclear crisis. On the other hand, Beijing made it clear to the US and other countries that China’s military presence across the Taiwan Straits was meant to deter Taiwan from *de jure* independence.

Under such circumstances, Chen Shui-bian’s continuing provocative policy toward China, despite Washington’s warnings, alienated the Bush administration. Cross-Straits relations deteriorated even further when Chen Shui-bian insisted on a defensive referendum aimed at provoking China during the 2004 presidential election. While Chen Shui-bian was re-elected, Bush was enraged by Chen’s ignorance of Washington’s advice for a prudent policy. As a result, Bush openly criticized Chen Shui-bian in front of the visiting Chinese Premier Wen Jiabao in December 2005 and stated Washington’s opposition to Taiwan’s attempt to change the status quo across the Taiwan Straits; this was accompanied by Washington’s decreasing sympathy with Taipei. Consequently, Taiwan’s interests were substantially harmed by Chen Shui-bian’s provocative policy.

By pursuing a pragmatic policy of diplomatic truce with China, Ma Ying-jeou is attempting to establish stable cross-Straits relations so as to bring peace and prosperity for Taiwan — a policy that is in line with the interests of the US. Ma Ying-jeou’s prudent and thoughtful policy initiative will help to improve cross-Straits relations as well as

re-establish mutual trust with Washington, which would like to see stable relations between China and Taiwan. Diplomatic truce between Taipei and Beijing will not only bring an end to checkbook diplomacy but also help to bring back peaceful dialogues across the Taiwan Straits, whereby the US could possibly play an important role of good office.

Taiwan's policy of diplomatic truce has received a positive response from China, which has at least tacitly accepted Ma Ying-jeou's proposal. As Beijing already maintains diplomatic relations with more than 170 countries, it has no urgent need to win over some more from Taiwan's remaining 23 diplomatic allies. Obviously, stable cross-Straits relations will help contribute to the stability of the East Asian region, which is in the interests of the countries within the region as well as the US.

Diplomatic truce between Beijing and Taipei has helped Taiwan save huge amounts of financial resources, which would otherwise be used to compete with Beijing for diplomatic recognition in the form of economic aid, grants and infrastructure construction, as was the case in the past. On the other hand, however, it has also undoubtedly deprived some small countries of the chance to maneuver between China and Taiwan for financial benefits, thus making some of Taiwan's 23 allies unhappy.¹⁷ Such unhappiness among some of Taiwan's remaining diplomatic allies, for example, was seen during Ma Ying-jeou's visit to Nicaragua in June 2009.¹⁸ Challenges to Ma Ying-jeou's diplomatic truce policy also came from other Latin American countries, where most of Taiwan's diplomatic allies are located, like El Salvador, Panama and so forth. Fortunately, their attempts at switching diplomatic recognition to China were not successful because "the mainland obviously declined their request for the sake of relations with Taiwan"; indeed, according to Ma Ying-jeou, "We do see a measure of goodwill."¹⁹

Clearly, by pursuing diplomatic truce with China, Taiwan intends for its foreign policy to be based on dignity and normal practices in international relations. While continuing to bid for membership of international organizations and to promote global stability, peace and

prosperity, Taiwan by no means wishes to annoy anyone. Taiwan maintains that joining the WHO is based on practical rather than political reasons. As such, after months of talks with China, Taiwan finally obtained Beijing's understanding as a result of improved cross-Straits relations. Taiwan's successful participation in the WHA in 2009 represents the first real sign that "*détente* with China has transcended purely trade and economics."²⁰

6. CONCLUSION

The eight-year DPP administration witnessed the rise of the Chinese economy following its two decades of economic reform and opening up to the outside world. As Taipei was engaged in diplomatic competition with Beijing involving profound animosity in cross-Straits relations, Taiwan was not only isolated from major international organizations but also marginalized in the international community. Consequently, it was the Taiwanese people who bore the costs of this situation. As such, Ma Ying-jeou has been committed to reducing the possibility of conflict and war across the Taiwan Straits through a goodwill China policy. As the mainland policy of Lee Teng-hui and especially Chen Shui-bian had caused cross-Straits relations to deteriorate to a very dangerous point at the expense of Taiwan's security, Ma Ying-jeou therefore adopted "change" and "peace" as the major themes of his presidential campaign and eventually won the election. Ma's election showed that the Taiwanese people wanted the KMT to pursue a new mainland China policy that deviated from that of the DPP.

The diplomatic truce initiative is one of the olive branches that Ma Ying-jeou has extended to China. The competition for diplomatic recognition between Taipei and Beijing started soon after 1949, following the separation of Taiwan from mainland China, and thereafter continued throughout the Cold War era and beyond. As diplomacy, in essence, concerns state sovereignty, the China-Taiwan diplomatic struggle was therefore a zero-sum competition. As such, neither side tried to compromise in the diplomatic front until Ma Ying-jeou's policy of diplomatic truce

was proposed. Ma's diplomatic truce initiative provides China with a chance to show its goodwill toward the Taiwanese people so as to win their hearts and minds, and can also provide Taiwan with a better chance of joining international organizations without challenging China's fundamental interests. Although Beijing is currently still evaluating the possible consequences of Ma Ying-jeou's initiative, its initial response is nonetheless quite positive, as Ma Ying-jeou has acknowledged, which could hardly have been imagined in the past.

In fact, Ma Ying-jeou's diplomatic truce is a deliberate move in the context of the complexity of both cross-Straits relations and Taiwan's domestic politics. Firstly, when proposing diplomatic truce, Ma Ying-jeou could be optimistic about Beijing's possible response, given that the KMT and the CCP are still in their honeymoon period following Lien Chan's 2005 visit to Beijing and meeting with Hu Jintao; moreover, Beijing has never been hesitant to show its preference for the KMT over the DPP. Although very cautious about Ma's initiative, China has, as expected, tacitly accepted Ma's diplomatic truce proposal rather than openly criticize it. But for the opposition parties in Taiwan, China will possibly take advantage of its stronger position in world and regional politics to gradually lead Taiwan into its orbit both economically and politically, so Ma Ying-jeou's government has to be careful. Secondly, Ma Ying-jeou has to face a divided Taiwanese society in which the major political parties are unable to reach a consensus on such cross-Straits issues as the 1992 Consensus. Taiwan's politics has in recent years become polarized and sentimental. Consequently, rational debates over public policy are rare and major policy issues tend to be judged on the basis of partisan interests rather than public interests. Under such circumstances, it is inevitable that some people automatically link issues like the ECFA to the issue of Taiwanese national identity. Apparently, it is far from an easy job for Ma Ying-jeou to pursue his policy objectives with popular support from the whole Taiwanese society.

As China has become the largest destination of Taiwanese foreign direct investment as well as the largest trading partner of Taiwan, not

to mention the rise in cross-Straits cultural and non-governmental exchanges, it is therefore imperative to improve bilateral ties across the Taiwan Straits. Improved and closer relations with China, though still short of political integration or unification, will be crucial for the economic prosperity of Taiwan. Since the ASEAN–China Free Trade Agreement became effective in 2010, it is even more urgent now for Taiwan to implement the ECFA with China so that Taiwan will not be excluded from the process of regional integration in East Asia. As Ma Ying-jeou's government is currently under strong pressure from the Taiwanese people to enable a quick economic recovery, Ma Ying-jeou's good performance in promoting international economic cooperation will no doubt be very important in helping to achieve such a quick economic recovery. Diplomatic truce between Taipei and Beijing will precisely bring such positive effects for Taiwan's economy.

Ma's new foreign policy has led to stable and improved cross-Straits relations, which are welcomed by the major powers involved in the region. For the US, for example, stable cross-Straits relations will make the Taiwan issue less likely to be a source of conflict with China. Other countries will also benefit from stable relations between China and Taiwan, which help contribute to the regional stability of East Asia. Ma Ying-jeou's new thinking in foreign policy is intended to bring Taiwan's relations with China back to normal. While Taiwan's diplomatic allies have yet to get accustomed to the new orientation of Taipei's foreign policy, there is nothing they can do about it, as they are aware that the Ma Ying-jeou government is pursuing a new foreign policy to promote Taiwan's own interests. Domestically speaking, however, formidable constraints remain, and Ma Ying-jeou's foreign policy in general and mainland China policy in particular are greatly confined by party politics in Taiwan. Finally, the efficacy of Taiwan's efforts to join non-political (primarily humanitarian- and economic-related), functional international organizations will eventually be subject to Beijing's decision.

APPENDIX: TABLES

Table 7.1. Taiwan's Diplomatic Allies: Loss and Gain (1988–2008)

	Lee Teng-hui (1988–2000)	Chen Shui-bian (2000–2008)
States which established relations with Taiwan	Grenada (1989) Marshall Islands (Nov. 1998) Papua New Guinea (July 1999) Palau (Dec. 1999)	Kiribati (Nov. 2003) Vanuatu (Dec. 2004)
States which broke off relations with Taiwan	Uruguay (1988) Saudi Arabia (July 1990) South Korea (Aug. 1992) Singapore (1992) Bahamas (May 1997) Saint Lucia (Aug. 1997) South Africa (Jan. 1998) Central African Republic (Jan. 1998) Guinea-Bissau (April 1998) Tonga (Oct. 1998)	Macedonia (June 2001) Nauru (July 2002) Liberia (Oct. 2003) Dominica (March 2004) Grenada (Jan. 2005) Senegal (Oct. 2005) Chad (Aug. 2006) Costa Rica (June 2007)
States which restored relations with Taiwan	Liberia (1989) Central African Republic (1991) Niger (1992)	Nauru (May 2005) Saint Lucia (May 2007)

Source: Ministry of Foreign Affairs, Republic of China (Taiwan), <http://www.mofa.gov.tw/webapp/mp?mp=1/>.

Table 7.2. Diplomatic Allies of the Republic of China (Taiwan) (as of October 2009)

	Asia-Pacific	Central America	Africa	Europe
Countries	<ol style="list-style-type: none"> 1. Republic of Palau 2. Tuvalu 3. Republic of the Marshall Islands 4. Solomon Islands 5. Republic of Kiribati 6. Republic of Nauru 	<ol style="list-style-type: none"> 1. Republic of Guatemala 2. Republic of Paraguay 3. St. Vincent and the Grenadines 4. Belize 5. Republic of El Salvador 6. Republic of Haiti 7. Republic of Nicaragua 8. Dominican Republic 9. Republic of Honduras 10. Republic of Panama 11. Saint Christopher and Nevis 12. Saint Lucia 	<ol style="list-style-type: none"> 1. Burkina Faso 2. Democratic Republic of São Tomé and Príncipe 3. Kingdom of Swaziland 4. Republic of The Gambia 	<ol style="list-style-type: none"> 1. The Holy See

Source: Ministry of Foreign Affairs, Republic of China (Taiwan), <http://www.mofa.gov.tw/webapp/lp.asp?ctnode=1864&ctunit=30&basedsd=30&mp=6/>.

Table 7.3. International Organizations with Taiwan as a Full Member

International Organizations	Acronyms	Date of Entry
Office International des Epizooties (World Organisation for Animal Health)	OIE	1954/10/01
Asian Productivity Organization	APO	1961/05/11
International Seed Testing Association	ISTA	1962
International Cotton Advisory Committee	ICAC	1963
Asian Development Bank	ADB	1966/08/22
Afro-Asian Rural Development Organization	AARDO	1968
Food and Fertilizer Technology Center for the Asian and Pacific Region	FFTC/ ASPAC	1970/04/04
AVRDC — The World Vegetable Center	AVRDC	1971/05/22
Asia-Pacific Economic Cooperation	APEC	1991
South East Asian Central Banks	SEACEN	1992/01/24
International Satellite System for Search and Rescue	Cospas-Sarsat	1992/06/04
Central American Bank for Economic Integration	CABEI	1992/11/10
Association for Science Cooperation in Asia	ASCA	1994
Asia-Pacific Legal Metrology Forum	APLMF	1994/11
Study Group on Asian Tax Administration and Research	SGATAR	1996/02
Asia/Pacific Group on Money Laundering	APG	1997/02
Association of Asian Election Authorities	AAEA	1998/02
Egmont Group	EG	1998/07
Asia-Pacific Association of Agricultural Research Institutions	APAARI	1999/04/07
International Competition Network	ICN	2001/01
World Trade Organization	WTO	2002/01/01
Interim Scientific Committee for Tuna and Tuna-like Species in the North Pacific Ocean	ISC	2002/01/30
World Customs Organization (Technical Committee on Customs Valuation)	WCO	2002/01
World Customs Organization (Technical Committee on Rules of Origin)	WCO	2002/01

(Continued)

Table 7.3. (Continued)

International Organizations	Acronyms	Date of Entry
Commission for the Conservation of Southern Bluefin Tuna	CCSBT	2002
Advisory Centre on WTO Law	ACWL	2004/03/08
Western and Central Pacific Fisheries Commission	WCPFC	2004/12/02
Agency for International Trade Information and Cooperation	AITIC	2009/05/21

Source: Ministry of Foreign Affairs, Republic of China (Taiwan), <http://www.mofa.gov.tw/webapp/ct.asp?xItem=32178&CtNode=1442&mp=1/>.