

China-Taiwan Relations:
A Little Sunshine through the Clouds

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After burnishing its hardline credentials by announcing its intention to enact an anti-secession law (ASL) in December, Beijing took some significant steps toward improving cross-Strait relations in January by cooperating in New Year charter flights, stopping propaganda criticism of Taiwan President Chen Shui-bian, and sending Association for Relations Across the Taiwan Strait (ARATS) officials to Koo Chen-fu's funeral in Taipei. For his part, Chen also took conciliatory steps by reaffirming his inaugural pledges concerning constitutional reform and appointing as new premier Hsieh Chang-ting, who quickly set a more moderate tone on contentious domestic and cross-Strait issues. Nevertheless, despite widespread criticism from Taiwan and the U.S., Beijing's National People's Congress adopted in March the anti-secession law (ASL), which emphasizes China's pursuit of peaceful reunification but mandates that unspecified "non-peaceful means" be used if Taiwan seeks to secede from China. When the dust from the ASL controversy settles, the question will be whether Beijing and Taipei are able to follow up on the successful New Year charter flights by arranging further steps toward direct cross-Strait cargo and/or passenger flights.

2005 Opens Felicitously

At its regular weekly press conference on Jan. 1, Beijing's Taiwan Affairs Office (TAO) announced that China was prepared to arrange cross-Strait charter flights over the lunar New Year spring festival holidays. This delayed response to an earlier proposal from Taipei led to a hectic series of cross-Strait contacts culminating in a meeting in Macau Jan. 16 at which civil air officials from each side participated in their unofficial capacities. The meeting produced agreement on a series of 48 charter flights flown by airlines of both sides over the New Year period. On Jan. 29, the first mainland airline flight since 1949 arrived at Taipei's international airport. When the flights concluded Feb. 20, both sides expressed their satisfaction and indicated a desire to see further progress on cross-Strait transportation issues.

The successful New Year charter flights were one of a series of developments that significantly improved the atmosphere of cross-Strait relations in the opening weeks of 2005. When the highly respected chairman of Taipei's Straits Exchange Foundation (SEF), Koo Chen-fu, passed away Jan. 3, Taipei quickly extended an invitation to his counterpart, Wang Daohan, the chairman of ARATS to attend Koo's memorial service.

Wang subsequently announced that, as he was too ill to attend himself, three ARATS officers, including Vice Chairman Sun Yafu and Secretary General Li Yafei, would represent him. Although these ARATS officers traveled to Taipei in their private capacities and did not have any meetings with SEF, Sun Yafu did have brief discussions with the SEF officials who escorted him at the memorial hall. Speaking at the memorial service, President Chen again extended an invitation for Wang to visit. Modest as this visit was, it was the first significant exchange between SEF and ARATS since Beijing broke off contact with SEF in 1999 after former President Lee Teng-hui characterized cross-Strait relations as a form of special state-to-state relations.

Following the December Legislative elections, President Chen stopped talking about a new constitution. On several occasions in January, Chen returned to his second inaugural commitments that constitutional reform would be accomplished through the Legislative Yuan (LY) and that controversial sovereignty issues would not be addressed. On Jan. 25, Frank Hsieh Chang-ting was appointed premier. Hsieh wasted no time in setting a new tone saying that reconciliation and cooperation would be his hallmarks both in dealing with the opposition at home and in handling cross-Strait relations. One of Hsieh's first acts was to put the name rectification issue on the back burner.

On Jan. 28, Politburo Standing Committee member Jia Qinglin gave the speech commemorating the 10th anniversary of Jiang Zemin's eight points. While his speech stuck closely to well-known PRC positions, the tone of his remarks was remarkably moderate. Jia said that Beijing would be willing to talk with leaders in Taiwan, regardless of what statements they had made earlier, provided they could accept the 1992 consensus on "one China." After his speech the drum beat of personal attacks on Chen in the official Chinese media ceased. President Chen, however, subsequently reiterated his view that no consensus had been reached in 1992.

On Feb. 24, President Chen and People's First Party Chairman James Soong Chu-yu issued a 10-point statement. While each man was motivated primarily by his domestic political interests, the statement contained significant points for cross-Strait relations. Chen reiterated the "five noes" pledge from his 2000 inaugural address and his commitments on limited constitutional revision from his 2004 inaugural. While there was nothing new in any of the points attributed to Chen in the 10-point statement, what was significant was what Chen omitted – no mention of the rectification of names, of a new constitution, or of one country on each side of the Strait. Consequently, former President Lee Teng-hui harshly attacked the 10-point statement, and several of Chen's fundamentalist advisors announced they would resign their posts because Chen had sold out his principles.

On the eve (March 4) of China's National People's Congress (NPC), President Hu Jintao issued a four-point guideline on cross-Strait relations. In short, his guidelines were to adhere to the "one China" principle, strive for peaceful reunification, rely on the Taiwan people, and never compromise in opposing Taiwan independence. The tone of Hu's statement reinforced the moderation expressed earlier by Jia. In comments clearly addressed to Chen's Democratic Progressive Party (DPP), Hu said China would welcome

any steps by parties on Taiwan to move in the direction of accepting the 1992 consensus on “one China.” He expressed China’s willingness to seek new ways for contacts and communications. In listing the issues China was ready to discuss once Taipei accepted the 1992 consensus on “one China,” Hu included points that President Chen had mentioned in his National Day address in 2004, including military confidence building measures and a framework for peace and stability in cross-Strait relations. At one point, Hu addressed Chen directly, if not by name, expressing the hope that the leader of the Taiwan authorities would show through his actions that he adheres to his “five noes” pledge and his commitment not to legalize Taiwan independence through constitutional reform.

And Then, the Anti-Secession Law

Through this whole period when steps were being taken by both sides that significantly lowered tensions and hinted at possibilities for further progress in cross-Strait relations, China was proceeding with preparations for the NPC to adopt its anti-secession law. For its part Taipei, led by Mainland Affairs Council (MAC) Chairman Joseph Wu Jauhsieh, unleashed a relentless campaign against the ASL, alleging it would contain a host of negative or damaging provisions. Beijing sent TAO Chairman Chen Yunlin to Washington twice to explain the law, and Washington used visits by its senior officials to convey its concerns about the ASL. Numerous American visitors reinforced these concerns in private visits to Beijing.

The ASL was adopted March 14. When the text was published, it turned out to be a short document of 10 articles that emphasizes the PRC desire to achieve unification through peaceful means, but reserves the right to use “non-peaceful means” to preserve China’s territorial integrity and sovereignty. The ASL does not include many of the features that Americans had been expressing concern about, including a timetable for unification, specific red lines under which China would use force, or mention of Beijing’s “one country, two systems” proposal. As such it preserves considerable flexibility for Beijing. Similarly, the ASL does not include the many features Taipei had been warning against. Substantively, it puts into law a few core elements of PRC policy that have existed for years if not decades and, as such, does not significantly change the challenges that Taiwan has long faced.

Many in Taipei recognized that the ASL was far less than feared. However, former President Lee Teng-hui’s Taiwan Solidarity Union (TSU) and fundamentalists in the DPP called for Taipei to pass an anti-annexation law or to conduct a referendum on unification to counter the ASL. For its part Washington urged the Chen administration not to overreact. In the end, Chen opted for a combination of public statements against the ASL, an international campaign against the law, and a demonstration in Taipei to allow the public to express (and vent) its opposition to unification. Premier Hsieh made clear at the LY that Taipei remained committed to reconciliation and would continue to promote cross-Strait transportation. MAC Chair Wu said that it is now Beijing’s responsibility to take concrete steps to repair cross-Strait relations and commented that transportation issues would likely not be addressed for some time.

The U.S. government response was to criticize the ASL as unwelcome and unhelpful. When Secretary Rice visited Beijing in mid March, she said publicly that the ASL had exacerbated tensions and urged both sides to find ways to resume dialogue.

The ASL: Why Now?

Why did Beijing go through with the ASL after the December legislative elections had changed the political climate in Taipei and when both sides were taking steps to reduce tensions? Chinese scholars have offered a number of explanations. One is that from Beijing's perspective the LY election did not change things significantly. The slim opposition control of the LY had not blocked Chen's separatist activities in the past and could not be counted on to do so in the future. Chen is still seen as a die-hard separatist who cannot be trusted. Another explanation was that the momentum that had gone into drafting the law since the fall of 2003 and the domestic consensus behind the ASL could not be reversed following the NPC Standing Committee's adoption of the draft in December. The domestic political impulse behind the law was clearly strong. It seems significant that Hu Jintao had the ASL announced in December before any of the PRC positive overtures on cross-Strait relations were initiated in January. It appears that Hu felt he had to demonstrate the hard side of his policy toward Taiwan before moving ahead with the more moderate elements. In other words, without the ASL, the more conciliatory steps toward Taipei would not have been possible or enjoyed domestic support in China.

Was the ASL text changed between its drafting in preparation for the Standing Committee meeting in December and its adoption by the NPC in March? What impact did criticisms from Taipei and concerns from Americans have? Chinese sources say that only a few wording changes were made before final adoption by the NPC. They state that the ASL had emerged from a long period of internal consultation, that its contents was fixed before the Dec. 17 announcement, and that substantive changes were not made thereafter.

EU Arms Embargo

Whether the European Union (EU) should lift its arms embargo on China has remained a contentious issue. China has pressed repeatedly for an end to the embargo, and it appeared early this year that the embargo would be scrapped in the near future despite appeals by President Bush during his February visit to Europe. However, the adoption of the ASL changed the tenor of the European debate. British Foreign Secretary Jack Straw, who had supported lifting the ban, commented in March that the adoption of the ASL had created a complicated political environment. The ASL's provisions on the use of non-peaceful means have given opponents of lifting the embargo a new argument. It now appears that a decision on lifting the ban is likely to be delayed for a considerable period.

Kuomintang Delegation to China

In the final days of March, Kuomintang (KMT) Vice Chairman Chiang Ping-kun led the first official KMT delegation on a visit to China since 1949. After its stronger than expected showing in the LY elections, the KMT felt confident that it could fend off the predictable charges from the DPP that it was selling out Taiwan's interests by visiting the mainland. The PRC gave the delegation a warm welcome and arranged meetings with TAO Chairman Chen Yunlin, Vice Premier Tang Jiaxuan, and Jia Qinglin. Chiang and Chen released a 10-point consensus statement on steps that could be taken to strengthen economic and cultural ties. Significantly, Beijing did not require the KMT delegation to publicly address the "one China" issue. Chiang reported that Tang Jiaxuan had made a comment about China's willingness to agree to technical contacts between Taiwan and the World Health Organization. The implications of this were not clear. The first official reaction in Taipei was to condemn the KMT delegation for encroaching on governmental prerogatives.

Economic Ties Continue to Expand

As has been the case in the past, the increased political tensions during 2004 did not stand in the way of the continued rapid expansion of cross-Strait economic ties. According to Beijing's Ministry of Commerce, cross-Strait trade rose 34.1 percent in 2004 to reach \$78.3 billion. Taipei's Board of Foreign Trade (BOFT) recorded 2004 cross-Strait trade at \$61.6 billion, up 33.1 percent. According to the BOFT, Taiwan exports to the mainland grew 25.8 percent and reached \$44.96 billion in 2004. Taiwan's export dependence on the China market continued to increase, reaching 25.8 percent in 2004 and 27 percent in January 2005. Growing export dependence produced expressions of concern in Taiwan, particularly in the pan-green camp, but concern did not translate into a response beyond rhetorical urgings that businesses diversify their export markets.

Taipei's Investment Commission reported approvals for investments in the PRC reached \$6.94 billion in 2004, an increase of 51 percent over 2003. These approvals for China accounted for a staggering 67 percent of Taiwan's total approved investments worldwide and reflected the magnetic effect of China as a manufacturing platform. The percentage would be even higher if investments funneled through Caribbean tax havens to the PRC could be identified and included.

On March 28, Hsu Wen-lung, the founder of Chi Mei Optoelectronics Corp., a major investor in China, published a statement in the Taipei press announcing his support for "one China." Hsu explained that while he had been a supporter of President Chen he did not support independence for Taiwan. This article sent shock waves around Taiwan and was widely interpreted as a sign that China was putting increasing pressure on Taiwan businesses to oppose independence.

Comments and Implications

During 2004, the challenge represented by Chen Shui-bian's promotion of Taiwanese identity, referenda, constitutional reform, and name rectification presented Hu Jintao with one of the early tests of his leadership. While Hu has adhered to the Taiwan policies laid down by his predecessors, the handling of Chen's challenge has begun to define Hu's own approach. That approach is reflected in the May 17, 2004 statement, the ASL, the conciliatory steps taken early this year, and Hu's four-point statement at the NPC. The catch phrase Chinese academics used to characterize the May 17 statement – that the hard aspects became harder and the soft aspects softer – seems an apt way to characterize the adjustments Hu is beginning to make in the policies he inherited.

What will come next? The answer to this will not be known until the dust stirred up by the passage of ASL has settled. That may take a few months. For the time being, the signals from both sides provide some reason for optimism. Beijing has said it wishes to arrange regular charter flights during other holidays as a next step to expand direct transportation. Beijing has also said it will encourage increased agricultural imports from Taiwan. For its part, Premier Hsieh has made clear several times that Taipei will continue its commitment to reconciliation and in time resume its effort to promote direct cargo charters. The negotiation of the New Year charter flights shows that the two sides are capable of reaching agreements when political conditions are ripe. Just when they will ripen again remains to be seen.

Chronology of China-Taiwan Relations January-March 2005

Jan. 1, 2005: Taiwan Affairs Office (TAO) says Beijing is willing to arrange New Year charter flights.

Jan. 3, 2005: SEF Chairman Koo Chen-fu dies.

Jan. 4, 2005: Mainland Affairs Council (MAC) says ARATS Chair Wang Daohan welcome to attend Koo's funeral.

Jan. 10, 2005: KMT delegation meets TAO's Chen Yunlin; report agreement on charter flights.

Jan. 12, 2005: Beijing civil aviation official invites counterpart for talks on charter flights.

Jan. 12, 2005: Deputy Secretary of State Armitage holds frank talks with Taiwan emissary Tsai Yng-wen.

Jan. 16, 2005: Civil aviation officials meet in Macau; announce agreement on charter flights.

Jan. 18, 2005: MAC Chair Joseph Wu in Washington attacks anti-secession law (ASL).

Jan. 20, 2005: UK Foreign Secretary Straw in Beijing urges end to EU arms embargo.

Jan. 21, 2005: Grenada resumes diplomatic relations with Beijing.

Jan. 24, 2005: TAO Chair Chen meets Armitage in DC, explains ASL.

Jan. 25, 2005: Frank Hsieh named premier; calls for reconciliation and cooperation.

Jan. 26, 2005: President Chen departs on tour to Solomons, Palau, and Guam.

Jan. 28, 2005: Jia Qinglin gives talk on Taiwan policy with conciliatory tone.

Jan. 29, 2005: New Year charter flights begin; first PRC plane lands in Taiwan.

Jan. 30, 2005: Responding to Jia, Chen reiterates there was no consensus in 1992.

Jan. 31, 2005: DOD DAS Lawless in Beijing for consultations, including Taiwan issue.

Feb. 1, 2005: ARATS officers Sun Yafu and Li Yafei arrive Taipei for Koo funeral.

Feb. 2, 2005: At Koo funeral, Chen invites Wang to visit Taiwan.

Feb. 3, 2005: NSC's Green in Beijing with Bush letter; meets TAO Chair Chen.

Feb. 9, 2005: Japanese Diet approves special visa waver program for Taiwan tourists.

Feb. 16, 2005: President Chen expresses hope for agreement on cargo charter flights.

Feb. 16, 2005: CIA Director Goss says cross-Strait military balance shifting in Beijing's favor.

Feb. 16, 2005: Beijing civil aviation official speaks positively of further charter flights.

Feb. 19, 2005: U.S.-Japan joint statement says peaceful settlement of cross-Strait issues is a common strategic objective.

Feb. 20, 2005: New Year charter flights end.

Feb. 22, 2005: Taipei civil aviation delegation meets counterparts in Beijing.

Feb. 22, 2005: Bush at NATO summit calls for continued EU arms embargo against China.

Feb. 23, 2005: Amendments to International Health Regulations agreed in Geneva.

Feb. 24, 2005: President Chen and James Soong sign 10-point statement.

Feb. 24, 2005: TAO says Beijing ready to arrange more flights and open agricultural markets.

Feb. 27, 2005: Former President Clinton in Taipei; supports “one China.”

Mar. 1, 2005: Chen remarks in *Newsweek* that he has thought about a plan to keep the cross-Strait relationship with China as is.

Mar. 2, 2005: Presidential advisors resign to protest 10-point statement.

Mar. 4, 2005: President Hu Jintao’s makes four points concerning Taiwan; Hu urges Chen to adhere to his five “noes” pledge.

Mar. 4, 2005: MAC welcomes Hu’s statement.

Mar. 6, 2005: Premier Wen Jiabao’s work report to National People’s Congress (NPC).

Mar. 8, 2005: NPC releases explanation of ASL.

Mar. 8, 2005: Taipei Vice Foreign Minister Kau in DC for consultations.

Mar. 10, 2005: Hong Kong Chief Executive Tung submits resignation.

Mar. 10, 2005: Premier Hsieh say initiatives on hold pending NPC action on ASL.

Mar. 14, 2005: NPC adopts ASL, releases text.

Mar. 16, 2005: President Chen releases five-point statement on ASL.

Mar. 16, 2005: House of Representatives passes resolution criticizing ASL.

Mar. 17, 2005: Secretary Rice commends Taiwan’s democratization.

Mar. 20, 2005: President Hu receives Secretary Rice in Beijing.

Mar. 22, 2005: Premier Hsieh tells LY Taiwan must pursue reconciliation with China.

Mar. 26, 2005: Anti-ASL demonstration in Taipei.

Mar. 28, 2005: Hsu Wen-lung’s open letter in *Economic Times* to reaffirm “one China.”

Mar. 28, 2005: KMT delegation leaves for Guangzhou, Nanjing, and Beijing.

Mar. 29, 2005: President Chen criticizes KMT delegation.

Mar. 30, 2005: KMT delegation and TAO reach 10-point consensus.

Mar. 31, 2005: KMT delegation leader Chiang Ping-kun meets Tang Jiaxuan and Jia Qinglin.