



Cross-Strait
Confidence Building Measures

By Brad Glosseman

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Executive Summary

The cross-Strait dynamic is disturbing. While economic ties between Taiwan and the People's Republic of China have been increasing, the military relationship is spiraling downward, and introducing strains in relations with the United States in both Taipei and Beijing. The political relationship is troubled. The prospects for cross-Strait confidence building measures (CBM) will remain bleak as long as Beijing believes it is in its interest to make Taiwan feel insecure. Still, there are actions each side can take, unilaterally, and (at some point) bilaterally, to help minimize cross-Strait tensions.

Confidence building measures are *both formal and informal measures, whether unilateral, bilateral, or multilateral, that address, prevent, or resolve uncertainties among states, including both military and political elements.* These measures contribute to a reduction of uncertainty, misperception, and suspicion and thus help to reduce the possibility of incidental or accidental war. The key to successful CBMs, especially in the cross-Strait context, is devising “win-win” approaches that respond to the security concerns of both sides.

This is especially difficult – yet even more necessary – given the seeming incompatibility of Taipei's and Beijing's aims, and their insistence on zero sum, or “win-lose,” solutions. The existence of shared interests among Taiwan, China, and the U.S. provides a starting point. None want to see military conflict in the Strait. All want a peaceful solution to the political differences between Taipei and Beijing. All would like to see continuing economic and social interchange and increasing prosperity. Both Taiwan and China want to continue having productive and positive relations with the U.S., and vice versa.

Taiwan and China have a fairly extensive history of informal or de facto CBMs. They have engaged in consultations that have yielded concrete agreements. Their security forces have established links. Both have made unilateral declarations. Most significant, however, are voluntary constraint measures practiced by the two sides. One is the tacit agreement by both air forces to observe a central line in the Taiwan Strait to avoid provocative steps or a war that might break out by miscalculation.

Taiwan has begun a new peace offensive. In addition to reiterating the “four noes,” President Chen's 2004 National Day speech called for a joint study of arms control, an end to hostilities, military CBMs, a reassessment of arms procurement policies, and the consideration of a Taiwan Strait “Code of Conduct.” Mainland Affairs Council Head Joseph Wu has proposed an Academic Confidence Building Measure.

Taiwan-U.S. relations need confidence building, too. Both sides deserve blame for the current ill will. Since the nadir of the relationship – President Bush's Dec. 9, 2003 rebuke of Mr. Chen – the two sides have worked to repair the situation. There are recent signs of backsliding, however, and renewed frictions.

Attempts to implement cooperative CBMs will encounter a number of obstacles. They include China's penchant for secrecy, Beijing's preference for top-down diplomacy (CBMs usually work from the ground up), and Beijing's refusal to do anything that can be seen as helping

President Chen. China is much more interested in deterring Taipei from taking precipitous action than providing reassurance. Any joint CBM must explore this “space” between heightened deterrence and reassurance.

These obstacles should not preclude suggestion of measures for all three parties. After all, the very process of exploring means and mechanisms for confidence building is a CBM. The following could build confidence among China, Taiwan, and the U.S.

The biggest burden falls on China. It should:

- Make clear “red lines” about Taipei’s international participation, but they should be generous. China should offer Taiwan diplomatic space, and support membership in organizations that do not require statehood to participate.
- Allow Taiwan to join the Council for Security Cooperation in the Asia Pacific.
- Consider promoting “Chinese” participation – including both China and Taiwan – in United Nations peacekeeping missions.
- Acknowledge the feasibility and acceptability of free trade areas among APEC member economies.
- Sponsor Taiwanese participation in China’s free trade agreement with ASEAN.
- Rethink or at least play down its planned Anti-Secession Law.

Taiwan should:

- Tone down its rhetoric and refrain from provocative statements.
- Hold a conference on the meaning of “one China.”
- Hold a conference or simulation that explores independence scenarios and the inherent consequences.
- Work with the U.S. to design an approach toward constitutional reform that allays U.S. fears and lets Washington help make the case to China that reforms aren’t threatening.

The United States should:

- Reconfirm its commitment to the “one China” policy and insist on a peaceful, mutually agreed-upon solution to Taiwan Strait relations. The U.S. should continue to remind Taipei that it will not support a unilateral declaration of independence.
- Formally outline its policy regarding arms sales to Taiwan, clarifying it to both Taipei and Beijing.
- Encourage dialogue between Taiwan and China, at tracks one and two.
- Establish an Eminent Persons Council with Taiwan to develop a roadmap for future relations and ensure that issues of concern are communicated.
- Press for more Taiwanese participation in international organizations consistent with its “one China” policy.

Confidence building is a process between potential adversaries. The psychological capital accumulated is fragile and quickly spent. Attention must be given to rhetoric; words are as important as actions, since there is extensive reliance on unilateral declarations. Taiwanese politicians must dampen their rhetoric. Taiwan cannot carve out international space by itself; it must work with Beijing to get the recognition it wants and deserves.

Cross-Strait Confidence Building Measures

By Brad Glosserman

The cross-Strait dynamic is disturbing. While economic ties between Taiwan and the People's Republic of China (PRC) have been steadily increasing, liberal internationalists would be dismayed to see growing integration creating frustration on the mainland and fear and suspicion in Taiwan. The military relationship – such as it is – is spiraling downward, and introducing strains in relations with the United States in both Taipei and Beijing. Yet, the political relationship is most troubling of all. There is a virtual absence of dialogue between the two governments and when they do talk, it is more “at” each other than “to” or “with” the other. Whatever goodwill had been established during historic talks in the 1990s has eroded. Trust is virtually nonexistent. Few situations seem more in need of confidence building measures (CBMs).

More troubling still, the Taiwan-U.S. relationship is eroding as well. The U.S. remains committed to the Taiwan Relations Act and supports Taiwan's political and economic development and its quest for greater international space. Yet relations between Taipei and Washington have deteriorated significantly in the four years since Chen Shui-bian claimed the presidency. When the Bush administration took office, it may well have been the most friendly U.S. government ever in its views of Taiwan; today, Washington's frustrations with Taiwan are palpable. Both of our governments must redouble their efforts to correct the alarming drift in the relationship.

The assessment that follows begins with a look at the various dimensions of cross-Strait relations, and then turns to the U.S. role in that relationship. It then focuses on confidence building measures, looking at both the Taiwanese and Chinese experience with CBMs, and the measures they have employed to smooth out their relationship. A comprehensive list of CBMs is provided. Finally, it concludes with some suggestions for Taiwanese thinking about CBMs, in particular, we emphasize the form and procedures by which Taipei acts; in this field, style may be as important as substance, if not moreso.

The State of Cross-Strait Relations

The two economies on either side of the Taiwan Strait are increasingly intertwined. Total trade between the two topped \$46 billion in 2003.¹ The World Trade Organization estimates that China is Taiwan's biggest export market, having displaced the U.S. in November 2001. In 2002, China absorbed one-quarter (24.9 percent) of Taiwan's exports² and about 17 percent of Taiwan's total international trade.³ Taiwan is China's second biggest source of imports, after Japan. It is estimated that Taiwan has invested \$70-100 billion in the mainland since the 1980s, about half of the island's total foreign

¹ Joseph Wu, “Taiwan: Seeking a Meaningful Dialogue,” *Taipei Times*, Oct. 18, 2004.

² *Taiwan Strait III: The Chance of Peace*, International Crisis Group, Report #55, 6 June 2003, p. 9.

³ Wu.

investment.⁴ Equally significant are the human flows that accompany this economic interchange. Hundreds of thousands of Taiwanese business professionals and their families live in Shanghai; one source puts the figure at 5 percent of Taiwan's population.⁵ About 3 million Taiwanese visit China each year; considerably less Chinese go to Taiwan.⁶

Theoretically, this economic integration should ease relations between the two sides. Mutual reliance is supposed to create understanding and a readiness to compromise for the greater, shared good. It hasn't. Indeed, it can be argued that it is doing the opposite. Mainlanders had hoped that economic rewards would convince Taiwanese that their long-term interest lie in greater union with the PRC and thus would facilitate reunification. Yet growing interchange across the Strait has proceeded in parallel with the rise of a Taiwanese consciousness that increasingly conflicts with the Chinese identity offered by Beijing. Simply put, the economic gains from doing business with China have not won the hearts and minds of Taiwanese. The failure of this strategy has become increasingly apparent and has created frustration in China.⁷

In Taiwan, integration with China has created concern that the island economy is becoming overly reliant on the mainland and potentially vulnerable to Chinese pressure. Beijing's sometimes clumsy efforts to use "united front" policies or punish businesses that support President Chen Shui-bian or the Democratic Progressive Party (DPP) help confirm those suspicions. These fears are partly responsible for the failure to move forward with negotiations over the "three links."

As the two economies have benefited from their interaction, "the dynamics of cross-Strait relations since 1996 have become increasingly militarized..."⁸ Modernization of the People's Liberation Army (PLA) has proceeded apace with China's own economic development. China has acquired fighter jets, guided missile destroyers, and improved submarines. More than 600 missiles are deployed opposite Taiwan and the quality of China's missile force is continually improving. The PLA has studied intently the U.S. wars in Iraq and the former Yugoslavia, modifying its doctrines and operations accordingly. There is no mistaking Beijing's first priority: "For the past three years, the PLA has conducted unprecedented large-scale exercises aimed at improving its ability to conduct joint operations against Taiwan, including amphibious landing operations."⁹

⁴ Bonnie Glaser, "Cross-Strait Political Stalemate: Searching for a Way Out," paper for the 2002 Roundtable on the Asian Pacific Security Environment; Emerging Realities, Honolulu, HI, Nov. 9-10, 2002, p. 1, and Wu. Statistics are notoriously unreliable and investment takes circuitous routes, making accuracy difficult.

⁵ Ibid.

⁶ Wu.

⁷ Conversations with Chinese officials and scholars in August 2004.

⁸ David Shambaugh, "Demilitarizing Cross-Strait Tensions: A Time for Confidence Building Measures," May 19, 2003.

⁹ Glaser. The Pentagon's annual report on the Chinese military in 2002 argued that "preparing for a potential conflict in the Taiwan Strait is the primary driver of China's military modernization" but that judgment has been disputed. *Annual Report on the Military Power of the People's Republic of China*, July 12, 2002, p. 56.

One PLA analyst concludes that “somewhere between 2007 and 2010 the mainland will gain decisive superiority in air, naval (surface and sub-surface), electronics, and missile assets. It will probably still lack sufficient amphibious and airlift capabilities to mount a full and successful invasion of Taiwan, but will be fully capable of a range of other actions – particularly blockades and quarantines.”¹⁰

Taiwan has not been idle. It has gone to the U.S. with a lengthy shopping list of defense-related items. That “wish list” includes submarines, destroyers with *Aegis* battle-management systems, joint strike fighters, *Patriot* antimissile systems, among others. At the same time, military planners in Taipei are considering offensive doctrines and weapons systems to strike the mainland. There has also been “extensive and unprecedented U.S. military cooperation with Taiwan.”¹¹

Yet those shopping lists don’t tell the whole story. U.S. defense planners lament Taiwan’s reluctance to spend more money on its defense. “Over the last 10 years, Taiwan’s defense budget has shrunk in real terms and as a proportion of its gross domestic product.”¹² Although the U.S. approved Taiwan’s 2001 shopping list, the purchases have not yet been approved by the Legislative Yuan, making the entire process look more symbolic than real. And this occurs, as noted above, while Beijing relentlessly modernizes its own military

The result is, in the words of one expert, more “than the simple maintenance of the military ‘balance’; there now exists ... an escalatory action-reaction dynamic. It is costly, destabilizing, and counterproductive for both Taipei and Beijing, as well as American interests.”¹³

The Political Situation

The military trends are disturbing in their own right, but the political context makes them even more worrisome. To put it bluntly, there is a complete absence of trust between the two political leaderships in Taiwan and China. The political dialogue that began in the 1990s has been abandoned. Both sides have hunkered down, demanding that the other recognize its own position as the starting point for further discussion. Unfortunately, these are mutually incompatible positions.

¹⁰ Shambaugh. Another study reaches a different conclusion: “China is making considerable strides in its defense modernization, but it is at least a decade or more away from having the sort of military force that might alter its leadership’s calculations about use of force against Taiwan.” *Taiwan Strait II: The Risk of War*, International Crisis Group, ICG Asia Report No. 54, 6 June 2003, p. 7.

¹¹ Glaser. Taiwan’s defense spending is anomalous. Taiwan has progressively cut defense spending every year since 1991, when it constituted 31.8 percent of the national budget. By 2001, it made up only 16.9 percent (*Taiwan Strait II*, p. 28). While the island has signaled that it wants to purchase the items identified above, Taipei has been slow to actually buy them. This has caused considerable friction with the U.S., where planners and experts worry that Taiwan is more interested in the symbolism attached to approval to make such purchases than the hardware itself. This is discussed in more detail below.

¹² Peter Rodman, “The Taiwan Relations Act: The Next 25 Years,” testimony before the House International Relations Committee, April 21, 2004.

¹³ Shambaugh.

China says it will not meet with Taiwan until Taipei accepts the “one China” principle that Beijing says was agreed in the 1992 talks. Under that consensus, both parties agree that there is “one China,” even though each side has its own interpretation of what “China” is. In other words, the two parties “agreed to disagree” on the meaning of “one China.”¹⁴ Despite considerable problems in cross-Strait relations throughout the decade, there appeared to be sufficient common ground for talks to continue until July 1999, when Lee Teng-hui, then president of Taiwan, told a radio interviewer that cross-Strait relations should be based on a “special state-to-state basis.” That apparently shattered whatever was left of the 1992 “consensus” and Beijing has become ever more resolute in its demand that Taiwan acknowledge the “one China” principle before resuming the cross-Strait dialogue.¹⁵

For its part, Taipei has said that it is ready to resume talks but there must be no preconditions. That amounts to a precondition of its own, namely that talks proceed on the basis of equality between the two parties, which would seem to imply, at least, Taiwan’s status as a state – if it is to be equal to China. Recently, President Chen Shui-bian countered the PRC call for recognizing the “one China” principle with urgings that the other side face “the reality of the existence of the Republic of China, as well as the conviction of the 23 million people of Taiwan in democracy and in being the masters of our own land.”¹⁶ After the APEC leaders summit in November 2004, President Chen reached out to China, saying he saw “signs of goodwill” in recent statements by China’s President Hu Jintao, but he reiterated that “the Republic of China’s continued existence since 1911 is beyond question. ... I cannot tolerate any questioning of the ROC’s existence. ...I’ll dedicate myself to defending its sovereign status, dignity, and security.”¹⁷

Statements like that confirm the belief in China that President Chen is “a splittist,” determined to declare Taiwan’s independence. The president counters that Taiwan is already independent, and all that is lacking is international recognition of that fact. The two positions are clearly incompatible. The result has been political stalemate despite the growing need for dialogue.

It is important to recognize that both governments’ respective positions are shared by many of their citizens. In other words, neither side can hope to solve this problem by waiting out the current leadership on the other side of the Strait. Mr. Chen has won two terms as president of Taiwan; plainly, a majority of Taiwanese backs him and his cross-Strait policies. More telling is the fact that even the opposition Kuomintang now supports

¹⁴ For a detailed discussion of the making and breaking of the “one-China consensus,” see *Taiwan Strait I: What’s left of ‘one China’?*, International Crisis Group, Report No. 53, June 6, 2003, pp. 6-20.

¹⁵ President Lee has subsequently denied there ever was a ‘92 consensus. “Lee Denies Existence of 1992 Consensus,” *The China Post*, Nov. 8, 2001. More recently, Joseph Wu has said that the 1992 Hong Kong talks “did not result in a concrete agreement.” “The Opportunity for Cross-Strait Chartered Flights Talks: Reflections and Prospects on the Sixth Anniversary of the Koo-Wang Talks,” Institute for National Policy Research, *Taiwan Perspective e-Paper*, No. 45, 2004-11-02.

¹⁶ President Chen Presides over a High-level National Security Meeting, Nov. 11, 2004.

¹⁷ “Chen hails Hu’s signs of goodwill,” *Taipei Times*, Nov. 17, 2004, p. 3.

Taiwan's de facto independence. A KMT president will not embrace reunification or cozy up to Beijing. But neither is "one China" an illusion held by the Chinese leadership in Beijing. China may not be a democracy, but there are limits on the Chinese Communist Party's flexibility. It too must answer to constituents and there is no popular sentiment on the mainland favoring Taiwan's independence. Beijing's hard line is backed by the majority of Chinese people.¹⁸ The strength of popular sentiment in both societies means that confidence building measures must go beyond the leadership in both capitals and influence the thinking of citizens if they are to be successful.

The U.S. Role in the Strait

It is tempting to see the cross-Strait situation as bilateral in nature, but it is trilateral: there is no avoiding U.S. involvement. U.S. defense commitments to Taiwan give it a direct stake in any cross-Strait contingency. In all probability and under most circumstances, Washington will honor that pledge – its international credibility rests upon it – but the real U.S. tie to Taiwan is much deeper than the relationship outlined in the Taiwan Relations Act. Links between the two are rooted in the values – commitments to democracy, human rights, and the free market – that they share and their history of cooperation and shared struggle, first against the Japanese in World War II and then against the communists.

The U.S. has shared interests with China, too. As a permanent member of the United Nations Security Council, China is a member of a select club that shapes events around the globe. That alone is a basis for the two countries to work together. Coordination and cooperation between the two are essential to the realization of shared goals and the protection of shared interests: stemming the proliferation of weapons of mass destruction, fighting terrorism, stabilizing international energy and currency markets, to name but three overarching objectives. The *National Security Strategy of the United States* explains that the U.S. is ready to work with China in the pursuit of those goals and others; it is Beijing's choice whether it will take up that offer.

China's rise bestows increasing influence on Beijing in regional councils as well. The PRC's stunning economic performance has put it at the heart of regional economic decision-making. Countries throughout Asia (and the world) are eager to share in the expanding Chinese market and are reluctant to take action that might damage those opportunities. China is unlikely to work against U.S. policy, but Beijing might choose not to cooperate. It is unclear what some Asian nations might do if forced to choose between Washington and Beijing. But it is increasingly clear that the U.S. needs to work with China to accomplish its goals in Asia.

Finally, the U.S. has an interest in managing cross-Strait relations. Washington is credited with providing stability and security in Asia – and uses that as the primary rationale for its military presence in the region. If it is seen as creating or exacerbating regional tensions, then it undermines its own credibility and relations with Asian governments.

¹⁸ Conversations with Chinese scholars, August 2004.

Fortunately, U.S. relations with the PRC are good. During his tenure as Secretary of State Colin Powell called them the best since Richard Nixon went to Beijing in 1972. While the Chinese are not quite that euphoric, Beijing and Washington are cooperating on a range of issues, from halting the proliferation of weapons of mass destruction to fighting terrorism. China acknowledges the positive role the U.S. plays in the region, although it also warns that Washington's relations with Taiwan cloud this otherwise bright horizon.¹⁹

U.S. relations with Taipei are not as positive. The Bush administration took office intending to transform the U.S. relationship with Taiwan. Determined to stress relations with friends and allies, it hoped to upgrade relations, better integrate the two militaries, and eliminate the annual sparring – between the U.S., Taiwan, and Beijing – over proposed weapons sales. Early in his term, President Bush said that the U.S. was prepared to do “whatever it took” to help Taiwan defend itself and there was a sense that relations would only continue to improve and become closer.

Despite this positive start, the relationship has deteriorated. Washington blames Taiwan, and President Chen in particular. The president has proven to be mercurial. Although he promised there would be no surprises for the U.S., time and time again, President Chen has pushed the envelope of cross-Strait relations, forcing China to respond, while catching Washington flat-footed. Although the Bush administration decided to end the annual battles of weapons sales, Taiwan has appeared more intent on reaping the symbolic rewards of such purchases – gaining U.S. approval of purchases of contentious weapons systems – rather than buying the weapons themselves. As a result, Washington has been harshly criticized by China for agreeing to such sales, and then Taipei has not followed through and bought them. The result has been increasing frustration in Washington. Adding fuel to the fire was President Chen's surprise decision during his 2003/04 reelection campaign to invoke the emergency clause in the otherwise restrictive recently approved referendum legislation, which culminated in the unprecedented public rebuke of Mr. Chen by President Bush in December 2003 in the company of visiting Chinese Prime Minister Wen Jiabao.²⁰

There are signs that Taiwan understands the need to work on the relationship. There reportedly was close consultation between Taipei and Washington on Mr. Chen's May 20 inauguration speech to ensure that the address contained no surprises. Since then, however, there are reports of backsliding: the October 10 National Day speech reportedly upset some in the U.S. government as have subsequent statements (discussed in more detail below). The lesson is that the U.S.-Taiwan relationship is in need of tending; confidence needs to be rebuilt between Washington and Taipei.

¹⁹ See, “Sino-U.S. Relations and Regional Security,” Pacific Forum CSIS, *Issues & Insights*, 04-07, August 2004.

²⁰ For a history of the downward slide, see Nancy Bernkopf Tucker, “U.S.-Taiwan Relations: Four Years of Commitment and Crisis,” *Comparative Connections*, January 2004.

Cross-Strait Experience with Confidence Building Measures

The Council for Security Cooperation in the Asia Pacific (CSCAP) through its Confidence and Security Building Measures Working Group has done groundbreaking work in defining generic confidence building measures (CBMs) and confidence and security building measures (CSBMs) in the Asia-Pacific region. CBMs/CSBMs are defined as *both formal and informal measures, whether unilateral, bilateral, or multilateral, that address, prevent, or resolve uncertainties among states, including both military and political elements*. These measures contribute to a reduction of uncertainty, misperception, and suspicion and thus help to reduce the possibility of incidental or accidental war. The key to successful CBMs, especially in the cross-Strait context, is devising “win-win” approaches that respond to the security concerns of both sides.²¹

This is especially difficult – yet even more necessary – given the seeming incompatibility of Taipei’s and Beijing’s aims, and their insistence on zero sum, or “win-lose,” solutions. The existence of shared interests among the three parties – Taiwan, China, and the U.S. – provides a starting point for thinking on this subject. None want to see military conflict in the Strait.²² All want a peaceful solution to the political differences between Taipei and Beijing. All would like to see continuing economic and social interchange and increasing prosperity. Both Taiwan and China want to continue having productive and positive relations with the U.S., and vice versa.

Two other points are worth noting. First, future progress will depend on “the ability of both sides to develop mutually compatible (although not necessarily identical) definitions and approaches.”²³ Second, there needs to be a premium on creativity in designing CBMs; efforts must run the gamut, both unilateral and bilateral, involving tracks one, two, and three. Indeed, the very attempt to seriously explore CBMs may prove to be a CBM in its own right, conveying a readiness to work seriously to resolve cross-Strait problems. In other words, process is as important as product. This, in turn, suggests that CBMs are best considered stepping stones or building blocks, and that they should embrace gradual, incremental approaches to realistic, pragmatic, and clearly defined objectives. Most experts agree that in situations characterized by extreme lack of trust between the two sides – as in the Taiwan Strait – it is best to start with unilateral, declaratory measures.

CBMs are a relatively new topic in the Asia-Pacific security discourse. Serious study only began a decade ago, and much of the commentary has focused on the need to tailor CBMs to the unique features and history of the Asia-Pacific security environment. In the intervening period, the insistence on “regionally appropriate” measures has continued. An

²¹ Ralph A. Cossa, “Taiwan Strait Crisis Management: The Role of Confidence Building Measures,” paper prepared for the Asia-Pacific Security Conference: Conflict and Crisis Management in the Asia-Pacific Area of the New Century, Paris, France, Sept. 7-8, 2000.

²² One noted U.S. China watcher cautions, however, that while military conflict may not be China’s preferred solution, the Chinese may choose that course. Personal communication, Dec. 4, 2004.

²³ Ibid.

early CSCAP report on Asia-Pacific CBMs summarized its findings in this series of general observations:

- CBMs cannot work in the absence of a desire to cooperate;
- CBMs must be viewed in “win-win” not “win-lose” terms;
- CBMs are most effective if they build upon regional/global norms;
- Foreign models do not necessarily apply;
- CBMs are stepping stones or building blocks, not institutions;
- CBMs should have realistic, pragmatic, clearly defined objectives;
- Gradual, methodical, incremental approaches work best;
- Unilateral and bilateral approaches can serve as useful models;
- The process may be as (or more) important than the product.

In regard to Asia-Pacific CBMs in particular, remember that:

- the Asia-Pacific is not itself a homogeneous region;
- there is a preference for informal structures;
- consensus building is a key prerequisite;
- there is a general distrust of outside “solutions”;
- there is a genuine commitment to the principle of noninterference in one another’s internal affairs.²⁴

China’s CBMs

A number of informal CBMs have been put into practice, providing a menu of items for consideration in the cross-Strait context. Both Taiwan and China have adopted CBMs in their relations with other nations and with each other, even if they are not always defined as such.

For much of postwar history, China has remained closed to the world and actively supported revolution elsewhere in the region and beyond. The PRC’s decision to reform its economy and open to the world and its subsequent rise forced the Beijing leadership to rethink its diplomacy and encouraged the selective use of CBMs. “China’s primary reason for employing CBMs is to satisfy its foreign policy objectives of ‘safeguarding China’s security and regional peace in order to enhance economic growth.’”²⁵

Chinese CBMs have included:

- Declaratory measures, including nuclear-related statements such as: no first use, nuclear detargeting, and calls for nuclear free zones;

²⁴ Derived from Ralph A. Cossa, *Asia Pacific Confidence and Security Building Measures*, pp. 8-9, as subsequently updated by the author.

²⁵ Kenneth W. Allen, “China’s Approach to Confidence Building Measures,” in *Investigating Confidence-Building Measures in the Asia-Pacific Region*, edited by Ranjeet K. Singh, The Stimson Center, May 1999, p. 2.

- Arms control and disarmament measures, including agreements to accept on-site inspections;
- Transparency measures, including the publication of white papers on arms control and disarmament, and defense. The first defense white paper, *China's National Defense*, was published in July 1998 and it contained three pages discussing China's participation in regional and international CBMs;
- Diplomatic measures, including high-level visits by political leaders;
- Measures to improve military-to-military relations, including military exchanges and conferences;
- Measures to insure maritime safety, including maritime safety agreements and discussions about joint search and rescue exercises;
- Measures to improve border security and settle territorial disputes, including border demarcation agreements and troop reductions;
- Communication measures, including the establishment of hotlines between capitals and between military forces along borders;
- Peacekeeping measures, including involvement in UN peacekeeping missions.²⁶

The most recent Chinese Defense White Paper highlights China's international security cooperation.²⁷ The document highlights "strategic consultation and dialogue ... to better mutual trust and mutual exchange and cooperation," and identifies meetings with Russia, the United States, France, Britain, Australia, and neighboring countries, such as Pakistan, Thailand, Japan, and others. It also points to regional security consultation in the Shanghai Cooperation Organization, the ASEAN Regional Forum (ARF), and with Japan and South Korea in the "plus Three" process. China also participates in international peacekeeping exercises. Since its first dispatch in the 1990s, China has sent over 3,600 military personnel to 13 UN peacekeeping operations, and since 2000, has sent over 400 policemen to join six UN peacekeeping operations. The White Paper also notes that China has military relations with over 150 countries and has sent high-level military delegations to over 60 countries and played host to over 130 delegations from over 70 countries.²⁸

Taiwan CBMs

As late as 2001, a Taiwanese scholar observed that "Taipei lacks experience in maintaining CBM regimes with neighboring countries. Taipei has learned about CBMs from international textbooks and from on-and-off negotiations with China regarding cross-Strait issues."²⁹ Strictly speaking, that is not true. Taiwan has engaged in a number of CBMs for over a decade, although it is likely that many of these gestures were not made because they were confidence building measures per se; rather, that was a by-product. When compared to China, however, Taiwan is relatively lacking in experience.

²⁶ Ibid.

²⁷ *China's National Defense in 2004*, State Council Information Office, Dec. 27, 2004.

²⁸ All figures are from *ibid.*

²⁹ Cheng-yi Lin, "Confidence Building Measures in the Taiwan Strait," *American Foreign Policy Interests*, 23, 97-98, 2001, p. 88. Wu Peng-yi suggests this lack of experience means that Taiwan's military will oppose CBMs (cited in Cossa).

Thus, in 1991 Taiwan unilaterally declared an end to hostilities across the Strait. In February 1991, Taipei adopted the Guidelines for National Unification, which laid out a three-step process of reunification. This document was a unilateral, declaratory measure, one of the most basic CBMs. In January 1995, Chinese President Jiang Zemin made his eight-point proposal on cross-Strait unification, to which then Taiwanese President Lee Teng-hui responded three months later with his own six-point proposal for peace talks, which included, among other things a call for leaders of both sides to meet on international occasions, and urged “Chinese to help their fellow Chinese to serve their mutual interests in trade and business.”³⁰

President Chen Shui-bian has made his own declarations, most famously in his May 2000 inauguration speech, in which he pledged that, as long as Beijing has no intention to use military force against Taiwan, he would not: declare independence, change the name of the country, push for inclusion of the “special state to state” description in the constitution, nor promote a referendum to change the status quo in regard to the question of “independence or unification,” abolish the National Reunification Council or the National Reunification Guidelines. He revalidated that pledge in his May 2004 inauguration speech and again in his National Day (10-10) speech.

Taiwan has embraced transparency, another CBM. The Ministry of Defense has published seven volumes of its Defense White Paper (every two years since 1992), which details Taiwan’s security strategy toward China. The 2002 White Paper contained a lengthy discussion of cross-Strait CBMs. In addition, the ministry has made a practice of announcing a detailed calendar of military exercises each July.³¹

Taiwan has encouraged communication, both public and secret, between itself and the mainland. The most famous example is the semiofficial exchange between Taiwan’s Straits Exchange Foundation (SEF) and the PRC’s Association for Relations Across the Taiwan Straits (ARATS), which culminated in four agreements signed in 1993.

It should be noted that Taiwanese CBMs are intended to reach two audiences: Beijing and Washington. Taipei must ensure that it maintains the trust and confidence of the U.S. Of course, China too must be alert to U.S. reactions to its behavior, and it is signaling Washington as often as it signals Taipei. Nonetheless, Taiwan must be almost as mindful of the U.S. as it is of China.

Cross-Strait CBMs

Although the subject isn’t usually framed in these terms, Taiwan and China have a fairly extensive history of CBMs. The two sides have engaged in consultations that have yielded concrete agreements. They began with conclusion of the Kimen Agreement, which was signed by the two Red Cross societies on Sept. 12, 1990 and in which both sides agreed on crime-fighting measures in the Taiwan Strait and repatriation of illegal

³⁰ Cited in Lin, p. 88.

³¹ Ibid, p. 91.

immigrants.³² They continued with the negotiations that preceded and yielded the 1993 Koo-Wang meeting and the four agreements signed in Singapore. Two years later, Taipei proposed an offshore transshipment scheme and private shipping associations from both sides of the Strait met twice in Hong Kong to discuss the issue. Beijing allowed a ship to make a port call in Kaohsiung in April 1997; within a year the ships authorized to sail between the two sides had made over 150 trips. In another important maritime CBM, in November 1997, Taipei's China Rescue Association and China's China Marine Rescue Center agreed to set up a hotline to facilitate marine rescue work in the Strait. There are now two such nonmilitary hotlines.³³

The two security forces have established links as well. Mainland security officers went to Taipei to attend a May 1998 track-two seminar on "Cross-Strait Cooperation for Combating Crime." Three years later, another conference was held in Taipei, and this meeting was co-organized by Taiwan's Central Police University and China's Chinese Policy Society. There have been reciprocal visits by public security officials in their private capacities to promote bilateral cooperation in fighting crime.³⁴

In addition to these collaborative efforts, there have been unilateral declarations too. In 1995, President Jiang of China and President Lee traded proposals to jumpstart cross-Strait relations. In his May 1996 inauguration speech, President Lee declared himself ready to "embark upon a journey of peace to Mainland China"; the idea of a cross-Strait summit was subsequently endorsed in December of that year by Taiwan's National Development Conference, a meeting of all the island's major political parties.

Especially important are CBMs between the two militaries. Here, too, there is more action than is often acknowledged. Both governments provide public notice of pending military exercises. There is a dialogue of retired military officers on security perceptions. Retired Taiwanese officers and scholars of military affairs have regularly attended the PRC's International Workshop on Sun Tzu.³⁵

Most significant, however are voluntary constraint measures practiced by the two sides. A particularly important measure is the tacit agreement by both air forces to observe a central line in the Taiwan Strait to avoid any provocative steps or a war that might break out by miscalculation.³⁶ Unfortunately, this agreement has been breached several times,

³² "Maritime Confidence Building Measures Across the Taiwan Strait: Technical Collaboration for Human Security at Sea," by Chyungly Lee, Sandia National Laboratories, Cooperative Monitoring Center Occasional Paper/26, March 2003, p. 18.

³³ Ibid, p. 90 and "Establishing Cross-Strait Military CBMs," by Kenneth Allen, Stimson Center, Editorial Advisory, April 22, 1999.

³⁴ Ibid, p. 18-19.

³⁵ Lin, p. 89 and Ken Allen, "Military Confidence Building Measures Across the Taiwan Strait," in Singh, p. 121. Given DPP distrust of some of its own military officials, some question whether this is in fact a CBM.

³⁶ "According to a Nov. 29, 1998 article in Taipei's *Tzu-Li Wan-Pao*, 'since the end of air battles over the Taiwan Strait in 1958, when carrying out patrol duties during ordinary times, our fighters have always kept a distance of 30 sea miles from the mainland's coast, while the Chinese Communist fighters usually carry out their duties close to their own coast line. Maintaining a tacit agreement on an invisible central line of the strait, neither side has conducted any provocative flights against each other, so as to prevent an air

most recently in September 2004 when President Chen's plane was diverted on a flight to Penghu when 28 Chinese fighters appeared in the area. A similar incident occurred a week later when Vice President Annette Lu flew to Penghu.³⁷

CBMs Since Chen Shui-bian Took Office

Although relations between Taiwan and China have been extremely cold since Chen Shui-bian took office in 2000, several CBMs have been in use. The hotlines opened and conferences that began in the 1990s have continued. Most of the new CBMs consist of unilateral declarations. So, for example, in the spring of 2000, after his inaugural address – as noted, a CBM of its own – President Chen said he was willing to negotiate the meaning of “one-China” and that he would not rule out the idea of confederation as a framework for Taiwan-China political integration. Two years later, China's Vice Premier Qian Qichen told visiting Taiwanese business leaders that a willingness to treat the “three links” as “cross-Strait” rather than as “domestic” or “international” links would allow them to be implemented quickly and insulate them from the political debate surrounding “one China.”³⁸ In October 2002, President Jiang offered to cap Chinese missile deployments opposite Taiwan. The details of this proposal remain cloudy – reportedly it was contingent on a U.S. halt to advanced arms sales to Taiwan – and the intent murkier still, but the offer could have formed the basis of discussions about cross-Strait security concerns.³⁹

Measures to prod Taiwan's economy have also been positive for the cross-Strait relationship. After taking office, Mr. Chen convened a nonpartisan group to come up with strategies to nurture the then-struggling Taiwanese economy. It recommended an end to the “no haste, be patient” policy that hindered deepening economic relations with the mainland and a shift to “active opening, effective management.” Then, on Jan. 1, 2002, Taiwan, along with China, joined the World Trade Organization. The ability of the two governments to work out terms of their mutual accession to the WTO reflected well on their ability to achieve mutually desirable objectives, as well as provided a forum for the two to interact regularly on issues of mutual concern.⁴⁰ Late in 2004, it was reported that Taiwan will make it easier for Chinese businessmen and women to visit. Taipei intends to issue 10 times the current number of visas – from 14,000 to 140,000 – and extend the visas to a two-week maximum from the current 10 days.⁴¹

battle from breaking out due to misjudgments made by their pilots.’ Cited in Allen, *ibid*, p. 127.

Shambaugh notes that since 2001, “there have been numerous and increasing infringements by the PRC of this restraining line.” Shambaugh, p. 3.

³⁷ Taiwan's Ministry of Defense denies that the Chinese aircraft had an impact on the president's flight. “Taiwan President Diverts Over Chinese Jets,” Associated Press, Nov. 10, 2004.

³⁸ ICG *Taiwan III*, p. 26 and Glaser.

³⁹ The U.S. response – or nonresponse – effectively killed the idea. It is hard to be optimistic about the suggestion, but an opportunity to explore security concerns may have been lost.

⁴⁰ Subsequent attempts by China to downgrade Taiwan's membership and reports of an unwillingness to directly engage Taiwan on key issues have diminished the utility of this CBM.

⁴¹ BBC News, Nov. 18, 2004.

In 2004, Taiwanese officials began a new peace offensive. In his May 20 inaugural speech, President Chen reiterated the four no's he'd pledged four years earlier, and tried to blunt concerns about his call for constitutional reform by promising not to address sovereignty-related issues. In his National Day address (the "10-10 speech"), President Chen reaffirmed that pledge. According to Mainland Affairs Council head Jausieh Joseph Wu, "as long as our 23 million people agree, [Taiwan] will not exclude the development of any possible type of cross-Strait relations."⁴² The president's 10-10 speech called for a joint study of arms control, an end to hostilities, military confidence building measures, a reassessment of arms procurement policies, and the consideration of a Taiwan Strait "Code of Conduct."

Mr. Wu continues to applaud the spirit of 1992 and subsequent agreements reached in 1998. He has identified several areas in which effective joint action can be taken: currency clearance, investment protection, financial supervision, avoidance of double taxation, product important, protection of intellectual property rights, judicial assistance, commercial arbitration, fisheries dispute arbitration, personal security, chartered flights and direct transportation links, tourism, repatriation of illegal migrants, joint crime prevention, marine pollution and fisheries labor negotiations.⁴³ The Mainland Affairs Council also supported plans for chartered flights involving both Taiwan and Chinese carriers, which took plan for the first time during the 2005 Lunar New Year holidays to ease travel by Taiwan businessmen between Taiwan and China.

President Chen also reiterated his commitment to cross-Strait confidence building by releasing a 10-point summary of key points at a November 2004 National Security Council meeting that he chaired. The summary highlights his call for both sides to "employ wisdom" and seize the opportunity to resume a cross-Strait dialogue. To push that process forward, "governmental agencies will actively formulate a 'sunshine policy' for the resumption of dialogue, decreasing tension, and enhancing cooperation and development across the strait."⁴⁴ He again noted that the policy to pursue cross-Strait relations will not change during his second term. In addition, he proposed the use of the Taiwan-Hong Kong commercial air route negotiations as a model for talks on cross-Strait direct transportation and the immediate start to consultations on cargo chartered flights.

On military issues, Mr. Chen noted that Taiwan's Defense Ministry has completed plans to reduce the term of compulsory military service; there could be additional cuts in the future as well as a force reduction of 100,000 troops by 2008. The president also assured the world that Taiwan would never develop weapons of mass destruction (WMD) and called on the PRC to openly renounce the development of WMD. He also endorsed a military buffer zone from which aircraft and ships from both sides would be banned unless absolutely necessary and with advance notification. In this area, he called for a Taiwan Strait consultations mechanism, modeled on the U.S.-USSR 1992 Incidents at Sea Agreements and the 1998 U.S.-PRC Military Maritime Consultative Agreement. This mechanism would develop a cross-Strait "Code of Conduct."

⁴² Wu, p. 1.

⁴³ Ibid, p. 2.

⁴⁴ "President Chen Presides over a High-level National Security Meeting."

Finally, the meeting endorsed the creation of a nonpartisan, all-inclusive Committee for Cross-Strait Peace and Development to forge a national consensus on Guidelines for Cross-Strait Peace and Development.

Mainland Affairs Council Head Wu has also proposed an Academic Confidence Building Measure (ACBM), which is designed “to serve as a new starting point for improving cross-Strait relations after the 2004 yearend legislative election in Taiwan and would create favorable conditions for our promotion of normalized cross-Strait relations.”⁴⁵ His proposal envisions each side appointing an outstanding scholar of law and politics or international relations to work and live in the other on a long-term basis. Each scholar would engage in in-depth research, and write a report for his or her government. Those scholars would be rotated on a regular basis. The senior scholars would be allowed to bring graduate students, and would be invited to international conferences in the host country.

South China Sea CBMs

Another potential hot spot in cross-Strait relations are Taipei and Beijing’s joint claim to the Spratly Islands in the South China Sea. Given concerns over potential triggers of conflict in the SCS⁴⁶, this area seems ripe for CBMs. Dr. Yann-Huei Song, a highly respected specialist on SCS issues from Taiwan’s Academia Sinica, has offered a thoughtful list of potential SCS CBMs which include the following:

- Exchange of visits by scholars and retired military officer to the occupied Pratas Islands (Taiwan), Paracel Islands (China), and Spratly Islands (Taiwan and China) in the SCS.
- Declaration of no use of force or no threat to use force against each other in the SCS area.
- Exchange of monitoring information on activities taken by other claimants in the areas of the sea in the SCS that are also claimed by Taiwan and China.
- Setting up hotlines or notification mechanism to assist stationed military and coast guard personnel in the occupied islands and fishermen operating in the claimed waters in maritime rescue.
- Pre-notification, on a voluntary basis, of military exercises to be conducted in the SCS area.
- Avoidance of entering waters or flying over zones in the SCS that are considered by each other as sensitive in terms of security and military defense.
- Inviting national security academics and retired military personnel to attend the cross-Strait SCS conferences held either in Taiwan or China for discussions on SCS issues.

⁴⁵ Jaushieh Joseph Wu, “The Rise of China and the Role of Taiwan in the East Asian Region,” Taiwan Perspective e-Paper, Institute for National Policy Research, Issue No. 54. 2005-01-04.

⁴⁶ “Confidence and Security Building Measures in the South China Sea,” by Scott Snyder, Brad Glosserman, and Ralph A. Cossa, *Issues & Insights* No. 2-01, Aug. 2001 and “Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict,” Special Report by Ralph A. Cossa, March 1998.

- Dispatching national security academics and military personnel to attend international meetings on the SCS issues.
- Setting up a cross-Strait SCS academic forum that is based on the principle of equality
- Organizing friendship sports games on the occupied Spratly Islands in the SCS.
- Conducting cross-Strait anti-piracy, anti-maritime terrorism, and search and rescue joint exercises in the SCS areas.
- Encouraging member states of ASEAN to invite Taiwanese scholars and governmental officials to attend regional track one or track two SCS dialogues; at the same time, discouraging Taiwan's attempt to take advantage of the chance to participate to achieve other political and diplomatic goals.
- Making a flexible arrangement to allow Taiwan to participate in the process of developing a regional code of conduct in the SCS.
- Finding a way to enable Taiwan to participate in the joint projects to be implemented in the SCS in accordance with the guidelines underlined in the 2002 SCSCOP.

Taiwan-U.S. CBMs

As noted at the outset, the Taiwan-U.S. relationship is in need of confidence building too. The four years of Mr. Chen's first term in office were marked by a steady deterioration in relations. Both sides deserve blame. Washington has sent Taiwan mixed messages about U.S. readiness to back Taiwan in the event of a crisis, encouraging independence activists to think that they enjoy official U.S. support. That is not true. The misunderstandings have been increased by Taiwan's willingness to hear what it wants to hear, no matter how out of line that message may be with mainstream U.S. policy. President Chen's penchant for instinctive reactions – such as his call for a defensive referendum last December after being out maneuvered in the Legislative Yuan – does not help.

Fortunately, since the nadir of the relationship – President Bush's Dec. 9 rebuke of Mr. Chen – the two sides have worked to repair the situation. There has been outreach by Taiwan on the track-two level to facilitate better communication with the U.S. Similarly, consulting with the U.S. in advance of Mr. Chen's May 20 inauguration speech constitute first steps toward the rebuilding trust and restoring confidence.

For its part, the U.S. has been more forthright in its statements, leaving no room for uncertainty in Taiwan about U.S. policy and intentions. The April 21 congressional testimony by Assistant Secretary of State for East Asian and Pacific James Kelly was helpful. In that statement, Kelly warned that it would be irresponsible for Taiwan to treat Chinese statements on the possible use of force as empty threats. He said there are limits on what the U.S. will support as Taiwan grapples with constitutional reform and he reminded Taipei that U.S. support is not a blank check to resist dialogue with the

Mainland.⁴⁷ The dismissal of Therese Shaheen, the former head of the American Institute in Taiwan, also lowered the potential for mixed messages.

That is not to say surprise is no longer part of the relationship. There are reports that Taiwan has fallen back into old habits: there was only limited consultation on the content of the 10-10 speech. President Chen's determination to reform the constitution is still a source of concern in Washington. In addition, the U.S. has also been upset by reports that the Chen administration plans to change the name of government-controlled enterprises and Taiwan's cultural and economic offices overseas.⁴⁸ Taiwan has similar complaints about then-Secretary of State Colin Powell's October statements in which he bluntly stated that "Taiwan is not independent. It does not enjoy sovereignty as a nation ... We do not support an independence movement in Taiwan."⁴⁹ While Powell's statements were consistent with U.S. policy, the directness and the format – an interview for Chinese TV – gave them an edge and a weight that shocked many Taiwanese. His willingness to be so direct and risk offense is an indication of the concern and frustration felt in the U.S. over Taiwanese actions.

The anti-secession law that China's National People's Congress (NPC) is to take up in its March 2005 meeting is likely to aggravate tensions across the Strait. The law has been discussed since the late 1990s, but was finally made real in late 2004 amid growing Chinese concerns over President Chen's "proindependence policies." The exact language of the bill has not been made public, so it is impossible to say what real impact it will have if (or more appropriately, when) it is passed by the NPC. Chinese officials and analysts insist the measure is designed to provide a legal framework for dealing with Taiwan's independence leanings and to counter the "legal" context that guides Taiwanese and U.S. policy in dealing with cross-Strait issues. No matter what it says, however, it is sure to add to the tensions and is rightly viewed as a unilateral attempt to change the situation prevailing in the Strait.⁵⁰

CBMs for the Future

The menu of possible CBMs is long. It ranges from unilateral steps, both declarations and actions, to cooperative efforts that involve two or more parties.

One list of possibilities includes:

- **Greater Personal Interaction.** There should be much greater cross-Strait personal interaction. These efforts should exist at virtually every level of society,

⁴⁷ Bonnie Glaser, "Washington's Hands-on Approach to Managing Cross-Strait Tension," *PacNet* #21, May 13, 2004.

⁴⁸ "Late pre-election surge by Taiwan separatist party is setting off alarm bells," by Keith Bradsher, *The New York Times*, Dec. 9, 2004, and "U.S. Frowns on Change of Title for Taiwan," *Agence France-Presse*, Dec. 8, 2004.

⁴⁹ Secretary Colin Powell, Interview with Anthony Yuen of Phoenix TV, Oct. 25, 2004.

⁵⁰ "Promoting Cross-Strait Stability, Avoiding Nuclear Catastrophe," by Alan D. Romberg, *PacNet* #8, March 3, 2005.

and should include public and private citizens. Every effort should be made to develop a greater sense of understanding and of common community.

- **Protecting Lives and Interests.** The October 1998 Koo-Wang Talks agreement to “strengthen cooperation in protecting the lives and interests of countrymen from both sides of the Strait” provides another specific area for progress in cross-Strait relations. Taiwan has long called for an agreement on protecting the rights and interests of Taiwan investors on the mainland. Such an agreement would not only encourage increased investment on the mainland as desired by the PRC, but would improve prospects for implementing the “three links.”
- **Sino-U.S. Strategic Dialogue.** Strategic dialogue is also necessary between the U.S. and China over Taiwan. These talks are not intended to develop solutions – that is up to Taipei and Beijing – but to ensure that both understand the other’s security concerns. Simply stating that Taiwan is an internal Chinese matter does not make it so. Even if solving the problem is an internal matter, failure to solve it is an international concern. Like it or not, U.S. credibility in Asia is tied to its *de facto* defense commitment to Taiwan. A U.S. failure to respond to an unprovoked Chinese attack on Taiwan could unravel U.S. security alliances in Asia and its regional, if not international, credibility.
- **Taiwan-U.S. Strategic Dialogue.** The history of the last four years shows that there is an equally important need for ongoing dialogue between Taipei and Washington. Both sides need a better understanding of the other’s thinking, interests, and objectives. A failure to create and sustain high-level substantive communications between Washington and Taipei will ensure that trilateral relations – between Taiwan, the U.S., and China – remain confused and unstable.
- **Track-Two Dialogue.** The PRC’s refusal to discuss cross-Strait issues in official forums makes nongovernmental, track-two discussions even more important. China and Taiwan need a track-two security mechanism that gives them an opportunity to discuss security and political issues and explore creative solutions. A willingness by Beijing to permit cross-Strait discussions within CSCAP would also help to bring considerable expertise to bear on the development of innovative cross-Strait CBMs.
- **Unilateral Declarations.** Unilateral steps could also be taken independently by both sides to enhance trust and confidence. Many have already been discussed throughout this analysis. For example, President Chen’s unilateral list of “no’s” in his first inauguration should be commended as CBMs in its own right, as was his willingness to revalidate them in 2004. They are only effective, however, if they are steadfastly followed. Failing to honor unilateral pledges, once made, is a confidence destroying mechanism. A declaration by the PRC to forswear the use of force against Taiwan would be another example of a unilateral declaration, albeit one we are not likely to hear. However, Beijing could frequently and convincingly stress its determination to pursue a peaceful solution and avoid use of force. The U.S. can do its part by stressing that a unilateral declaration of independence by Taiwan would not be backed by the U.S. and would not likely be defended by U.S. forces. Washington could also publicly state that it is not opposed to peaceful reunification of China and Taiwan, if that results from negotiations between the two and is supported by the people on Taiwan.

However, the U.S. should not act as a mediator or take sides. U.S. policy should seek to create an environment in which China and Taiwan can constructively interact, increase mutual trust, and begin to resolve their differences.

- **Outside Mediation.** While U.S. mediation is not advised, the concept of outside mediation should not be rejected. China has long objected to this form of preventive diplomacy, arguing that it has no place in “internal affairs” such as cross-Strait developments. Precedent argues otherwise. Indonesia provided its good offices to help mediate an internal dispute between the Philippine central government and Muslim rebels in Mindanao Province and the U.S. helped mediate between Northern Ireland’s warring Catholic and Protestant factions. The key to successful preventive diplomacy is the voluntary participation of all concerned parties. While, as a general rule, preventive diplomacy is normally practiced between states, it can apply to intra-state problems, if all parties involved in the disagreement agree to outside mediation. Voluntary participation obviates concerns about interference in one’s internal affairs; it isn’t interference if you are invited to help mediate a problem. Singapore’s Senior Minister Lee Kuan Yew played such a role in helping to bring about the first round of formal cross-Strait discussions in 1993. He remains a logical choice as a future mediator.

Although the need for political CBMs appears compelling, and examples are easy to come by, the striking difference in objectives between Taipei and Beijing has effectively blocked substantive cooperative efforts in this direction. The military situation on both sides of the Strait suggests that military CBMs should not be held hostage to political developments. Progress on this front might even provide momentum that could push political efforts forward. A list of military CBMs would include:

- **Regular Military Exchanges.** As noted, there are already visits by retired military officers and civilian national security experts. These could be expanded to include active duty officers as trust is built. Discussions could include broader Asia-Pacific security issues such as the South China Sea, Korea, and Japan.
- **Communications Links.** Two maritime hotlines exist. Additional links could be set up between the two defense ministries or between commanders.
- **Missile Restraint Regime.** Mutual restraint on missile and missile defense programs is another option. China specialist Ezra Vogel, among others, has suggested a “grand bargain” in which China would freeze deployment of its ballistic missiles opposite Taiwan if Taipei would agree in return to forego acquisition of new theater missile defense systems.
- **Operational Military Constraints.** As a first step, the two sides should reinforce the previous tacit agreement to respect the center line in the Taiwan Strait. They could then agree on limits on the scale and location of military exercises, to include troops and naval vessels. Implementation of such a measure will likely need some type of monitoring agreement to confirm compliance. An Incidents at Sea agreement would also be useful in this context.
- **Transparency Measures.** As noted, both sides have already embraced transparency in various degrees. Both governments have published defense white papers and provide notification of military exercises and troop movements. Both

- sides could be encouraged to use the expanded format proposed in the CSCAP generic defense policy paper to increase military transparency. An annual meeting to discuss each other's paper would help promote transparency and reduce wrong impressions. Beijing could contribute more detailed data to the UN Register of Conventional Arms and agree to an arrangement whereby Taiwan arms purchases are also reflected in the Register.
- **Open Skies Proposal.** The two sides should consider some type of “open skies” agreement to permit mutual reconnaissance opportunities over the other's territories. Alternatively, third party reconnaissance platforms operated by a neutral nation or organization could monitor troop disposition and movements with the information collected then shared by both sides.
 - **Non-Use of Force.** Defusing the “use of force” issue would be a major improvement in the cross-Strait atmosphere and remove a major impediment to China-U.S. cooperation. A possible solution to this problem would consist of a statement from Beijing noting that, “as long as (if) Taiwan does not declare juridical independence and does not seek a ‘two China’ or ‘one China, one Taiwan’ solution, Beijing can envision no scenario under which the use of force would be required to bring about this mutually desired end state.”

Establishing a Framework

To be effective, confidence building measures must be part of a larger political framework. This framework will work on two levels. The first is a conceptual structure that integrates the various CBMs into a broader vision for mutual coexistence and reconciliation. The second is a mechanism that facilitates the dialogue needed to create that vision.

The latter already exists. It is the cross-Strait dialogue mechanism between the Strait Exchange Foundation and the Association for Relations Across the Taiwan Strait. This provides an unofficial, yet quasi-governmental, venue for serious cross-Strait dialogue, if both countries choose to use it.

There are a number of “visions” for cross-Strait reconciliation, from Taiwanese, Chinese, and Americans. All seek to harmonize the interests of China and Taiwan and reconcile their differences over sovereignty, identity, status, and global roles. They all contain the following components:

- Agreement to establish an interim arrangement to govern the cross-Strait situation for a period of decades, at the end of which on a date certain formal talks toward political unification of the country will begin;
- During this interim period, Taiwan and the PRC continue to agree that there is one China and that both parts exist within the framework of “one China,” but that relations between them are not those either between exclusive sovereign entities or between a central government and province. Rather, their relations are those between the two sides of the Taiwan Strait;

- Taiwan pledges it will not seek *de jure* independence and will consider itself part of a greater China;
- Beijing agrees and openly declares that it will foreswear the use of force against Taiwan, except in the event that Taiwan violates its pledge to not seek *de jure* independence;
- Taiwan and the PRC agree to negotiate an end to hostilities in the Strait;
- Beijing sponsors Taiwan's membership in all international organizations, including the UN General Assembly. That membership would be lost should Taiwan seek to alter its international status. China would permit Taiwan to have substantial political and economic relations with other countries, but not formal diplomatic, state-to-state relations;
- The two sides agree on restrictions to weapons deployments policies so that each feels confident that the other would not be able to alter the status quo through threat or use of force. High-level talks would discuss the issue of Taiwan arms purchases, possible linked to PRC force deployments;
- All agreements should be legally approved by respective legislative bodies, possibly in the form of constitutional amendments. Monitoring arrangements should be worked out to ensure implementation of all agreements that could include bilateral committees.

Obstacles

Attempts to implement any cooperative confidence building measure will encounter a number of obstacles. In the past, it was asserted that China would not engage in cross-Strait CBMs because that would imply that Taiwan was a “real” state. That view reflected a misunderstanding of the nature of CBMs; some Chinese understand this but misperceptions persist.⁵¹ China's penchant for secrecy remains, however, and the historical, perhaps cultural, reluctance to embrace transparency is problematic for any CBM framework. Similarly, CBMs usually work from “the ground up,” creating cooperation on specific issues, which then encourages cooperation more broadly. Small incremental steps eventually yield larger understandings. This is a sharp contrast with China's traditional engagement on diplomatic issues. Historically, PRC negotiators have endeavored to create understanding on overarching principles and then move to the realization of those goals through specific undertakings.

More significant is Beijing's refusal to do anything that can be seen as helping President Chen. The Chinese leadership will not do anything if Mr. Chen can call it a victory or claim that it validates his position. The notion of legitimating him or the cause of Taiwanese independence – often considered identical in Beijing – is anathema. That reduces considerably Chinese willingness to engage in cross-Strait discussions or to take cooperative action. If, however, Taiwan accepts the “one China” principle, there could be a “resumption of cross-Straits dialogue and negotiations, formal ending of the state of hostility through equal-footed consultations, establishing a mechanism of mutual trust in

⁵¹ Private communication with U.S. China watchers, October, December 2004.

the military field, and jointly building a framework for peaceful, stable, and growing cross-Straits relations.”⁵²

Related to this is China’s reluctance to provide reassurance to Taiwan. Ostensibly, Taipei’s willingness to take steps to realize its desire for independence is checked by fear of the consequences of those actions. In other words, the last thing Beijing wants to do is quiet Taiwanese fears. China is much more interested in deterring Taipei from taking precipitous action. One analyst notes that “there is a consensus in China that steps are necessary to make Taiwan feel more insecure, especially in the face of a widespread belief on the island that China is bluffing and would not dare to attack the island.”⁵³ Any joint CBM must explore this “space” between heightened deterrence and reassurance.

The difficulty in crafting appropriate measures is compounded by asymmetrical threat perceptions: Taiwan fears China’s military, but the mainland does not worry about a Taiwanese military threat. Reportedly, the PLA does not worry about the prospect of a conflict escalating out of control as a result of an accident or miscalculation, effectively eliminating the need for hotlines or other cross-Strait communication measures.⁵⁴ This difference in perspective creates differing priorities and means that reciprocal measures are needed rather than similar gestures by each government.

Additional near-term CBM suggestions

Existence of these apparent obstacles should not preclude suggestion of constructive measures for all three parties. After all, the very process of exploring means and mechanisms for confidence building is a CBM. Thus, in addition to the various proposals mentioned above, we suggest the following actions that could contribute to confidence building among Taiwan, China, and the U.S. Many can be taken unilaterally, both to set the process in motion and to demonstrate sincerity and resolve.

Taiwan should:

- Tone down its rhetoric and refrain from provocative statements that Taipei knows (or should know) will elicit a negative response from China. Diplomacy should prevail over domestic politics. Taiwanese political figures have an obligation to the nation that should take precedence over short-term political calculations. Carefully crafted statements, with calculated ambiguity and appropriate “code words” are confidence destroying measures. The idea that leaders can give one message to one audience, a second to another, and perhaps even a third to yet another, is a fiction in a world of instantaneous and global communications networks.
- Hold a conference on the meaning of “one China” that explores various options and seeks creative solutions that can assuage Taiwanese and Chinese concerns about national identity and meet each other’s domestic political imperatives.

⁵² Taiwan Affairs Office, cited by *Xinhua*, May 16, 2004, FBIS, CPP 200405116000076.

⁵³ Private communication with U.S. China watcher, October 2004.

⁵⁴ See Bonnie Glaser, “Cross-Strait Confidence Building Measures: the Case for Military CBMs,” Center for Strategic and International Studies, May 2001, pp. 7-8.

- Hold a conference or simulation that explores independence scenarios. The conference would be designed to eliminate misperceptions about what would happen if Taiwan were to declare independence. A realistic understanding of the consequences of such a move would sober Taiwanese politicians and decision makers.

The United States should:

- Reconfirm its commitment to the “one China” policy and insist on a peaceful, mutually agreed-upon solution to Taiwan Strait relations. Washington should also remind Taipei that it will not support a unilateral declaration of independence. These statements have been made, but they must be repeated and reinforced so that there is no doubt in Taipei or Beijing about U.S. policy or intentions.
- Formally outline its policy regarding arms sales to Taiwan, clarifying it to both Taipei and Beijing.
- Encourage dialogue between Taiwan and China, at both the track one and track two level.
- Establish an Eminent Person’s Council with Taiwan to develop a roadmap for future relations and ensure that issues of concern for both sides get an airing and are communicated.
- Press for more Taiwanese participation in international organizations.

The biggest burden falls on China. Beijing must do more to win the hearts and minds of Taiwanese citizens; only then will there arise in Taiwan a constituency for some form of reconciliation and reunification. Chinese pronouncements on the reality of “one China” do not make it so. Thus, China should:

- Make clear to other governments the limits of its tolerance regarding Taipei’s international participation. But those red lines should be generous. China should offer Taiwan diplomatic space, and support or sponsor Taiwanese membership in international organizations that do not require statehood to participate. In fact, Beijing should stress participation over membership. In addition, it should provide a list of organizations that it is prepared to let Taiwan join or participate in. Chief among them should be the World Health Organization;
- Allow Taiwan to join the Council for Security Cooperation in the Asia Pacific (CSCAP) under a mutually acceptable name, such as Chinese Taipei. Given the nongovernmental, nonofficial nature of those discussions, there may be room to reconsider the existing ban on the discussion of cross-Strait issues;
- Consider promoting “Chinese” participation – including both China and Taiwan – in United Nations peacekeeping missions. If UN participation proves too formidable an issue, then a Chinese PKO force should be considered;
- Acknowledge the feasibility and acceptability of free trade areas among APEC member economies;
- Sponsor Taiwanese participation in China’s free trade agreement with ASEAN.
- Rethink or at least play down its planned Anti-Secession Law.

Final Thoughts

Confidence building is a process between potential adversaries. While each side can take discrete steps alone or with its partner, it is important to remember that the psychological capital accumulated is fragile and quickly spent. After all, confidence building is required because there is a basic lack of trust between two parties. Thus, particular attention must be given to rhetoric; words are as important as actions, if not moreso, since at the early stages of confidence building, there is extensive reliance on unilateral declarations. Taiwanese politicians must dampen their rhetoric. Repeated sharply pro-independence comments do not advance Taiwan's cause. They do antagonize Beijing, alienate friends and supporters of Taiwan that do not want to be caught in a cross-Strait tug of war, and oblige other governments to respond, usually by reaffirming their commitment to the "one China" policy. The plain – yet ugly – truth is that Taiwan cannot carve out international space by itself; it must work with Beijing to get the recognition it wants and deserves.

Appendix

CBMs for Cross-Strait Confidence Building

The menu of possible CBMs ranges from unilateral steps, both declarations and actions, to cooperative efforts that involve two or more parties. One list of possibilities includes:

- **Greater Personal Interaction.** There should be much greater cross-Strait personal interaction at virtually every level of society, and should include public and private citizens.
- **Protecting Lives and Interests.** Taiwan has long called for an agreement on protecting the rights and interests of Taiwan investors on the mainland. Such an agreement would encourage increased investment on the mainland as desired by the PRC improve prospects for implementing the “three links.”
- **China-U.S. Strategic Dialogue.** Strategic dialogue is necessary between the U.S. and China over Taiwan. These talks are not intended to develop solutions – that is up to Taipei and Beijing – but to ensure that both understand the other’s security concerns.
- **Taiwan-U.S. Strategic Dialogue.** There is an equally important need for ongoing dialogue between Taipei and Washington. Both sides need a better understanding of the other’s thinking, interests, and objectives.
- **Track-Two Dialogue.** China and Taiwan need a track-two mechanism to discuss security and political issues and explore creative solutions. A willingness by Beijing to permit cross-Strait discussions within CSCAP would help to bring considerable expertise to bear on developing innovative cross-Strait CBMs.
- **Unilateral Declarations.** Unilateral steps can be taken independently by both sides to enhance trust and confidence. They are only effective, however, if they are steadfastly followed. Failing to honor unilateral pledges, once made, is a confidence destroying mechanism.
- **Outside Mediation.** While U.S. mediation is not advised, the concept of outside mediation should not be rejected. Singapore’s Senior Minister Lee Kuan Yew played such a role in helping to bring about the first round of formal cross-Strait discussions in 1993. He remains a logical choice as a future mediator.

A list of military CBMs would include:

- **Regular Military Exchanges.** Existing programs could expand to include active duty officers as trust is built. Discussions could include broader Asia-Pacific security issues such as the South China Sea, Korea, and Japan.
- **Communications Links.** Two maritime hotlines exist. Additional links could be set up between the two defense ministries or between commanders.
- **Missile Restraint Regime.** Mutual restraint on missile and missile defense programs is another option.
- **Operational Military Constraints.** The two sides should reinforce the tacit agreement to respect the center line in the Taiwan Strait. They could then agree

on limits on the scale and location of military exercises, to include troops and naval vessels.

- **Transparency Measures.** Both sides could be encouraged to use the expanded format proposed in the CSCAP generic defense policy paper to increase military transparency. An annual meeting to discuss each other's paper would help promote transparency and reduce wrong impressions. Beijing could contribute more detailed data to the UN Register of Conventional Arms and agree to an arrangement whereby Taiwan arms purchases are also reflected in the Register.
- **Open Skies Proposal.** The two sides should consider some type of "open skies" agreement to permit mutual reconnaissance opportunities over the other's territories or use third party reconnaissance platforms.
- **Non-Use of Force.** Defusing the "use of force" issue would be a major improvement in the cross-Strait atmosphere and remove a major impediment to China-U.S. cooperation. A possible solution to this problem would consist of a statement from Beijing noting that, "as long as (if) Taiwan promises not to declare juridical independence and does not seek a 'two China' or 'one China, one Taiwan' solution, Beijing can envision no scenario under which the use of force would be required to bring about this mutually desired end state."

Additional Near-term CBMs

The following actions could contribute to confidence building among Taiwan, China, and the U.S. Many can be taken unilaterally, both to set the process in motion and to demonstrate sincerity and resolve.

Taiwan should:

- Tone down its rhetoric and refrain from provocative statements that Taipei knows (or should know) will elicit a negative response from China. Diplomacy should prevail over domestic politics. Carefully crafted statements, with calculated ambiguity and appropriate "code words" are confidence destroying measures. The idea that leaders can give one message to one audience, a second to another, and perhaps even a third to yet another, is a fiction in a world of instantaneous and global communications networks.
- Hold a conference on the meaning of "one China" that explores options and seeks creative solutions that can assuage Taiwanese and Chinese concerns about national identity and meet each other's domestic political imperatives.
- Hold a conference or a game to explore independence scenarios. A realistic understanding of the consequences of such a move would sober Taiwanese politicians and decision makers.

The United States should:

- Reconfirm its commitment to the "one China" policy and insist on a peaceful, mutually agreed-upon solution to Taiwan Strait relations. Washington should also

remind Taipei that it will not support a unilateral declaration of independence. Formally outline its policy regarding arms sales to Taiwan.

- Encourage dialogue between Taiwan and China, in both track one and track two.
- Establish a Wise Person's Council with Taiwan to develop a roadmap for future relations and ensure that issues of concern for both sides get an airing and are communicated.
- Press for more Taiwanese participation in international organizations.

The biggest burden falls on China. Beijing must do more to win the hearts and minds of Taiwanese citizens; only then will there arise in Taiwan a constituency for some form of reconciliation and reunification. China should:

- Make clear to other governments the limits of its tolerance regarding Taipei's international participation. But those red lines should be generous. China should offer Taiwan diplomatic space, and support or sponsor Taiwanese membership in international organizations that do not require statehood to participate. Chief among them should be the World Health Organization;
- Allow Taiwan to join CSCAP under a mutually acceptable name, such as Chinese Taipei. Given the nature of those discussions, there may be room to reconsider the existing ban on the discussion of cross-Strait issues;
- Consider promoting "Chinese" participation – including both China and Taiwan – in United Nations peacekeeping missions. If that is too formidable, then a Chinese PKO force should be considered;
- Acknowledge the feasibility and acceptability of free trade areas among APEC member economies;
- Sponsor Taiwanese participation in China's free trade agreement with ASEAN.
- Rethink or at least play down its planned Anti-Secession Law.

About the Author

Brad Glosserman is the Director of Research for the Pacific Forum CSIS in Honolulu and a contributing editor to *The Japan Times*, writing extensively on policy issues and international affairs. Previously, Mr. Glosserman was on the Editorial Board and the Assistant to the Chairman for *The Japan Times* concurrently. His comments and analysis appear regularly in newspapers throughout the Pacific Rim. Mr. Glosserman holds a J.D. from The George Washington University and an M.A. from the Johns Hopkins School of Advanced International Studies.