

# Cross-Strait Relations

WHY DOES CHINA CARE ABOUT TAIWAN?

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## Background

- Most Chinese consider the eventual “return” of Taiwan to the “motherland” essential to China’s self-identity and national power. The Communist Party views the restoration of the country’s unity as vital for the regime’s legitimacy and as the final piece to overcome the legacy of colonization and division by outside powers during the nineteenth and early twentieth centuries.
  - China views the Taiwan issue as an internal matter left over from the Chinese civil war, when Chiang Kai-shek’s Republic of China government retreated to Taiwan and subsequently fell under the alliance protection of the United States.
  - Chinese leaders also have viewed Taiwan in terms of national security, specifically as being vulnerable to foreign powers’ strategy of encirclement and containment. Chinese strategists have written about the importance for China’s security of gaining control out to the “first island chain,” which includes Taiwan.
- Taiwan’s democracy, however, has led its society to evolve in ways that weaken its links with the mainland, including the following:
  - The political rise of residents whose ancestors have lived on the island for many generations prior to the 1949 arrival of the Kuomintang and who seek to reassert traditional Taiwanese customs and culture while distancing the island from any notion of a “Republic of China” or of China more broadly;
  - Generational change that has produced increasing numbers of Taiwan citizens who have no recollection of or direct connection to the mainland and tend to identify themselves as more “Taiwanese” than “Chinese.”
- China’s official policy on Taiwan requires that Taipei accept the “One China” principle as a precondition for reopening cross-strait talks and “peaceful reunification” under the “One Country, Two Systems” formula.
- China’s tactics toward Taiwan are twofold:
  - The People’s Republic of China has continued to increase, upgrade, and modernize its military forces deployed opposite Taiwan. Beijing claims this is meant to deter independence; others fear that China seeks to acquire the capability to coerce or take Taiwan by force sometime in the future.
  - At the same time, China has sought to cultivate closer economic, social, and cultural ties to Taiwan’s people to build confidence and create a web of interdependence.
- Taiwan has long been the most sensitive issue in U.S.-China relations as well as a dangerous flashpoint. Although the United States remains agnostic on the ultimate outcome of the dispute, it urges that any resolution be peaceful and noncoercive and opposes unilateral actions by either side to change the status quo.
- China views U.S. arms sales and defense ties with the island as an encouragement to Taiwan independence forces and a fundamental obstacle to unification. China’s military planning for a Taiwan scenario takes into account the possible intervention of the United States.

## Current Situation

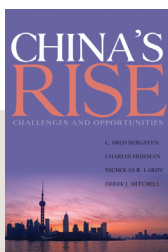
- In March 2005 Beijing passed the “Anti-Secession Law,” codifying both China’s peaceful unification policy and its intention to employ “non-peaceful means and other necessary measures” to prevent permanent separation.
- China has squeezed Taiwan’s “international space” on the basis of the One China policy, seeking to reduce the number of countries that diplomatically recognize Taiwan and to prevent Taiwan from participating in many international organizations.
- After years of refusing to deal with Taiwan’s Democratic Progressive Party government, a thaw is occurring in cross-strait relations. The election of the Kuomintang party’s Ma Ying-jeou to the presidency in Taiwan has led to a resumption of cross-strait talks, closer economic ties, and direct flights. Ma’s government maintains a “three nos” policy of no unification, no independence, and no use of force.
  - o Formal bilateral talks, stalled for a decade, were restarted in mid-2008 after China accepted new president Ma Ying-jeou’s affirmation of a formula dating from 1992 in which the two sides adhered to the notion of “one China with different interpretations.”
- China’s military buildup and years of relatively low defense spending in Taiwan are shifting the military balance in Beijing’s favor.
- Maintaining the overall political status quo remains the Taiwan population’s overall preference.

## Implications

- Rather than compel near-term unification, Beijing appears to be focusing on deterring independence while postponing the task of reunification to the indefinite future.
- A change in the political landscape in Taiwan favoring independence, a perception that the United States is backing this position, or a domestic regime legitimacy crisis could lead to a heightened sense of urgency in China that tougher action, even military force, is necessary to prevent Taiwan’s separation from the mainland.
- The climate is ripe for continued warming of cross-strait ties, but this opportunity could sour if Beijing does not take steps to address Taiwan’s need for greater international and diplomatic space and a less aggressive mainland military posture.

### FACTS

- China-Taiwan trade—\$102 billion (2007)
- China is now Taiwan’s leading trading partner.
- Aggregate Taiwan investment into China—\$150 billion (as of end of 2007)
- Taiwan foreign direct investment flows to China in 2007—\$1.77 billion
- Taiwan is China’s ninth-largest source of foreign direct investment, cumulatively totaling \$46 billion at the end of 2007.
- Number of Taiwan citizens with factories or other investments on the mainland—750,000
- Cross-strait intermarriages—250,000 (since 1992)
- Between 990 and 1,070 short-range ballistic missiles (augmented by about 100 missiles each year), new long-range land-attack cruise missiles, and other advanced air and naval capabilities are deployed by China across the strait (November 2007).



FOR FURTHER INFORMATION:  
SEE CHAPTER 8: “WHY DOES THE UNITED STATES CARE ABOUT TAIWAN” IN  
*CHINA’S RISE: CHALLENGES AND OPPORTUNITIES*  
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