

China-Taiwan Relations: Campaign Fallout

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During the Legislative Yuan (LY) election campaign, President Chen Shui-bian again used Taiwanese identity issues to mobilize Democratic Progressive Party (DPP) supporters and reverted to talking fervently about his mission to give his people a new constitution in his second term. Such developments only confirmed Beijing's distrust and criticism of Chen. The Bush administration also notched up public criticism, reflecting Washington's growing frustration with and lack of trust in Chen. In October, Chen made some specific proposals on cross-Strait dialogue and charter flights. Beijing dismissed Chen's dialogue proposal as insincere because it did not directly address the "one China" issue but deferred responding on the question of charter flights. The LY election in December unexpectedly renewed the pan-blue majority in the Legislative Yuan. Beijing and Washington breathed sighs of relief. Nevertheless, a week after the election, Beijing announced it would proceed to adopt an "Anti-Secession Law" in the Spring. While some believe 2005 will present a window of opportunity for progress on cross-Strait relations, it remains to be seen whether Beijing and Taipei will choose to adopt flexible approaches on the "three links," the one area where some progress may be possible.

Campaign Developments

President Chen chose to build the DPP's LY campaign around the same national identity issues he had used so effectively in the presidential campaign. In an early November meeting with the Taiwan Professors Association, Chen spoke passionately about identity issues and reiterated his "mission" to give his people a "new constitution" adopted by referendum during his second term. Two weeks later at a conference on a new constitution sponsored by former President Lee Teng-hui, Chen again emphasized this personal mission. On neither of these occasions did he refer to his inaugural statements about keeping sovereignty issues off the table in the constitutional reform process. However, in some remarks aimed at foreign audiences, he did reiterate those statements and the "four noes" from his 2000 inaugural address.

This major theme on a new constitution was supplemented during the campaign with a host of other national identity proposals. At one time or another, Chen advocated rewriting history texts to emphasize Taiwan history, abolishing the remnants of the Taiwan Provincial Government, seeking admission to the UN as “Taiwan” and changing the names of state corporations and overseas offices to use “Taiwan” rather than “China.” Separately, Presidential Advisor Koo Kwang-min published an advertisement in U.S. newspapers calling on the U.S. to scrap its “one China” policy. Despite denials, many in Washington saw this editorial as part of Chen’s national identity agenda. How many of these proposals were campaign rhetoric and how many were intended policy was uncertain and remains so.

These campaign moves only confirmed Beijing’s distrust of Chen Shui-bian. Nevertheless, Beijing’s reaction during the campaign was restrained. Spokesmen for the Taiwan Affairs Office (TAO) did repeatedly voice harsh criticism of Chen. Nevertheless, Beijing continued to maintain a relatively low profile during the campaign. Senior Chinese leaders generally did not address Taiwan issues and military exercises and threats were not highlighted. On the one occasion on which President Hu Jintao addressed Taiwan issues he did so in moderate tones. While in Brazil, Hu told the press that China’s interest in economic development should take priority over the goal of reunification and expressed confidence that cross-Strait differences would eventually be worked out. His remarks were welcomed in Taipei and Washington. After Lee Yuan-seh, Chen’s representative at the APEC Leaders Meeting, had a brief exchange with President Hu in Santiago, Lee described Hu’s attitude as “friendly.”

Growing Strains in U.S.-Taiwan Relations

As was the case last fall, this campaign rhetoric further eroded Washington’s waning confidence in President Chen. In media interviews given in Beijing in late October, Secretary Powell diverged from standard U.S. government formulations when he stated, “Taiwan is not independent” and “does not enjoy sovereignty as a nation.” In calling on Taipei and Beijing to pursue dialogue, Powell spoke of dialogue leading to “peaceful reunification.” These comments provoked a storm of criticism and deep concern in Taipei. While Powell subsequently acknowledged that he misspoke in not using the term “peaceful resolution,” he pointedly did not correct his statements that Taiwan was not sovereign. While the State Department stated that there had been no change in U.S. policy, Powell’s remarks are best interpreted as a sign of the frustration felt at the highest levels of the U.S. government about Chen’s constant promotion of a Taiwanese nationalist agenda.

While Washington had not commented on many of Chen’s campaign statements, the State Department decided in the last days of the campaign to publicly criticize some of Chen’s proposals. When Chen told Lee’s conference of his mission to have a new constitution adopted by referendum, the Department publicly reiterated the importance of Chen abiding by his “four noes” commitments, including not holding a referendum on independence. Chen replied by publicly reiterating the “four noes.” Later the State Department stated that it could not support Chen’s proposals to change the names of

domestic corporations and overseas offices. These statements had the effect, whether intended or not, of reminding Taiwan voters of the strains in U.S.-Taiwan relations on the eve of the election.

Subsequently, in a farewell press interview, Deputy Secretary of State Richard Armitage cited Taiwan as a “landmine” threatening U.S.-China relations. The contrast with Armitage’s 2001 characterization of Taipei as “not a problem, but an opportunity” underlined how the Bush administration’s view of President Chen had changed. In addition, Armitage said, “we all agree that there is only ‘one China’ and that Taiwan is a part of China.” Since this language eliminated the nuance that the U.S. only “acknowledged” those statements as Chinese views, Taipei was concerned about Washington policy shifting in China’s favor. As the quarter ended, the Taipei press was full of rumors alleging that Bush had called Chen an S.O.B. Whether true or not, these rumors fed the perception that Chen’s policies had created a serious deterioration in U.S.-Taiwan relations.

President Chen’s Proposals on Cross-Strait Relations

President Chen used the occasion of his annual National Day speech to float new proposals on cross-Strait issues. Near the end of his speech, Chen suggested using “the 1992 meeting in Hong Kong” as a basis for resuming dialogue. Washington welcomed this suggestion and urged Beijing to explore opportunities for dialogue. At its next regular press briefing, the TAO spokesman dismissed Chen’s suggestion as insincere, noting that it did not address the issue of “one China” and was part of a speech replete with Chen’s promotion of a separate Taiwan identity. Two weeks later, almost unnoticed, a “responsible person” from the Association for Relations Across the Taiwan Strait (ARATS) wrote a commentary on the “1992 Hong Kong meeting” that dispassionately and without invective recounted Beijing’s view of that meeting. The ARATS article concluded that, if Taipei were to accept the 1992 consensus on “one China,” dialogue could resume. The following day, the TAO’s Wang Zaixi again blasted Chen’s insincerity.

In the same speech, Chen proposed that the two sides consider arms control measures and work toward a “code of conduct across the Taiwan Strait.” A month later in a 10-point program released after a National Security Council meeting, Taipei elaborated on these ideas and proposed the establishment of military buffer zones in the Taiwan Strait and the creation of a “Taiwan Strait Consultation Mechanism” modeled on the 1972 U.S.-USSR Incidents at Sea Agreement. Again Washington welcomed these as constructive proposals. However, absent a political framework for cross-Strait talks, these suggestions were dead on arrival in Beijing.

In late September, the Mainland Affairs Council (MAC) proposed arrangements be made for cross-Strait charter flights during the Chinese New Year in February 2005. Chen used his National Day speech to expand on this, suggesting that talks be held to work out arrangements for direct cross-Strait cargo and passenger flights throughout the year. Beijing did not immediately reject this idea. The TAO did state that the unofficial

channel used for negotiating the 2002 Hong Kong-Taiwan civil aviation agreement could be a model for handling cross-Strait charter flights. The MAC too endorsed the so-called Hong Kong model and subsequently appointed the Taipei Air Carriers Association to be the unofficial body authorized to handle charter flights issues. While Beijing did nothing to actually advance negotiations on charters during the campaign, Taipei hoped progress would be made after the election. However, in late December, MAC Chair Wu Jaushieh stated that Beijing had rejected overtures from private Taiwan organizations to negotiate charters for Chinese New Year. Subsequently, a group of KMT legislators offered to assist and obtained the MAC's encouragement to do so. The Taipei press reported that a TAO spokesperson had said on Jan. 2 that Beijing would be willing to arrange New Year charters. What the outcome will be remains to be seen.

Election Outcome Eases Concerns, but ...

Contrary to almost everyone's predictions, the opposition parties renewed their slim majority in the LY election Dec. 11. Beijing and Washington seemed to breathe a sigh of relief that the opposition would continue to be a domestic constraint on President Chen's ability to implement measures that could change the cross-Strait status quo. Most importantly, as amendments to the constitution require a three-quarters majority in the LY, the election results mean that Chen will only be able to accomplish constitutional reform through cooperation with the opposition, as was done successfully in August 2004. Despite its private relief, the PRC's first public comment on the election continued its harsh criticism of Chen's "splittist" activities.

On Dec. 17, Beijing announced that anti-secession legislation would be on the agenda of the late December meeting of the National People's Congress (NPC) Standing Committee (SC). The decision not to term this legislation a "Unification Law" underlines that Beijing's current priority is to block separatism rather than to achieve unification. In late December, the NPC SC approved a draft Anti-Secession Law and transmitted it to the NPC, which will meet in March to adopt the law. No text of the law was released. However, NPC Chairman Wu Bangguo did comment on the draft, stating that increasing separatist activities on Taiwan, particularly talk of a new constitution, made adoption of anti-secession legislation necessary. In late December, Beijing released its annual Defense White Paper. While the national policy section of the document was consistent with previous white papers, the 2004 paper listed stopping separatism as China's first national security goal – underlining how Beijing's concerns on this score have become more urgent over the past year.

Diplomatic Tussles Continue

In early November, Vanuatu Prime Minister Vohor visited Taipei and signed a communiqué establishing diplomatic relations. Rather than breaking its diplomatic relations with Vanuatu, Beijing waged a behind-the-scenes campaign to reverse the decision, reportedly getting some help from Australia. In December, following the defection of half of his parliamentary supporters, Vohor lost a no-confidence vote and was forced to resign. The new prime minister announced that relations with Beijing

would be maintained and the agreement with Taipei terminated. With this, the number of states recognizing Taipei reverted to 26. However, Taipei is nervously watching developments following Grenada Prime Minister Keith Mitchell's visit to Beijing in December during which a possible switch in Grenada's diplomatic relations to Beijing was discussed.

At a World Health Organization (WHO) meeting convened to update the International Health Regulations (IHR), Taipei's diplomatic allies proposed amendments to permit nonmembers of the WHO (meaning Taipei) to participate in the IHR. Beijing objected, and the issue was deferred to a further meeting on the IHR next spring.

At the annual conference of the Asian Network of Major Cities, Taipei, led by Mayor Ma Ying-jeou, and Beijing wrestled for the right to hold the network's 2005 conference. Beijing won. However, the conference indicated that Taipei would be the presumptive candidate for the 2006 meeting.

Taipei did win one tussle when Japan agreed to grant former President Lee Teng-hui a visa for a private visit to Japan in late December.

Economic Ties

The most recent statistics indicate that cross-Strait trade and investment continue to expand at impressive rates. Taipei announced in November that cross-Strait trade for Jan.-Aug. 2004 reached \$39.6 billion, up 38.5 percent over the same period in 2003. Taiwan's exports had increased 33.4 percent and China's cross-Strait exports had increased a whopping 55.3 percent. For these eight months, China was again Taiwan's largest export market and Taiwan was, after Japan, China's largest source of imports. Exports to China represented 25.9 percent of Taiwan's global exports. Taipei's Investment Commission reported that approvals for investments in the PRC from January through November 2004 were up 52 percent in value from a year earlier.

Policy Implications

President Chen's aggressive promotion of Taiwanese identity and his contradictory statements about a new constitution have had two negative consequences for Taiwan's interests. His actions have produced serious strains in Taiwan's relations with the U.S. and prompted Beijing to draft anti-secession legislation, which Taipei portrays as increasing the danger of cross-Strait conflict.

Some policymakers in Washington believe that 2005 may offer a window of opportunity for cross-Strait dialogue. For this to prove accurate, both Beijing and Taipei must show some flexibility. There has been no indication that either is prepared to compromise on the basic issues related to "one China" that have made political dialogue impossible. And, Beijing's promotion of an Anti-Secession Law does not bode well for cross-Strait dialogue. Cross-Strait economics, including transportation and charter air flights, are the issues on which progress may be possible. Whether Beijing will be willing to cooperate

in arranging special charter flights for the Chinese New Year will give an indication of the prospects for reaching agreement later on a broader arrangement for passenger and cargo charter flights.

Chronology of China-Taiwan Relations October-December 2004

Oct. 4, 2004: MAC offers to send negotiator for charter flights.

Oct. 4, 2004: DOD's Richard Lawless threatens Taiwan with consequences if the Supplemental Defense Budget is not passed.

Oct. 4, 2004: Presidential Advisor Kwang-ming Koo places ad challenging "one China."

Oct. 6, 2004: President Chen tells Morgan Stanley there will be no conflict with China.

Oct. 9, 2004: President Chirac visits China, opposes independence for Taiwan.

Oct. 10, 2004: Chen proposes talks based upon "1992 meeting in Hong Kong."

Oct. 13, 2004: Premier Yu states that Chen did not mean there was a "1992 consensus."

Oct. 13, 2004: TAO spokesman criticizes Chen's speech as insincere.

Oct. 14, 2004: IAEA reference to Taiwan prompts speculation about nuclear weapons.

Oct. 25, 2004: Secretary Powell meets President Hu in Beijing; urges cross-Strait dialogue.

Oct. 25, 2004: In press interviews, Powell says Taiwan is not a nation with sovereignty.

Oct. 26, 2004: Chen reiterates Taiwan is sovereign and independent.

Oct. 26, 2004: ARATS sends SEF a rare condolence message over typhoon losses.

Oct. 27, 2004: TAO mentions using Hong Kong model for charter flights talks.

Oct. 27, 2004: MAC says it is urgently preparing for negotiations on charter flights.

Nov. 3, 2004: Taipei announces diplomatic relations with Vanuatu, Beijing silent.

Nov. 4, 2004: Taiwan High Court dismisses KMT suit against presidential election voting.

Nov. 7, 2004: Chen meets Taiwanese professors; pledges "new constitution" for Taiwan.

Nov. 10, 2004: Taipei releases 10-point plan for cross-Strait relations: statement reaffirms nonnuclear policy.

Nov. 10, 2004: Ministry of Education proposes new “Taiwan” history curriculum.

Nov. 12, 2004: WHO meeting defers changes to International Health Regulations that would be favorable to Taiwan.

Nov. 12, 2004: MAC appoints Taipei Air Carrier Association to handle charter flight talks.

Nov. 15, 2004: Chen rejects view that Taiwan’s status is undetermined; says “Taiwan is ROC, ROC is Taiwan.”

Nov. 15, 2004: ARATS statement sets forth Beijing view of “1992 Hong Kong meeting.”

Nov. 15, 2004: Chen says he will seek to join UN as “Taiwan.”

Nov. 15, 2004: In Brazil, President Hu makes moderate comments on Taiwan.

Nov. 16, 2004: MAC welcomes HU’s remarks and ARATS statement.

Nov. 16, 2004: TAO’s Wang Zaixi blasts Chen’s splittist activities.

Nov. 20, 2004: Hu meets Bush at APEC meeting.

Nov. 21, 2004: Taiwan representative Lee Yuan-tseh sees Hu at APEC; says Hu was friendly.

Nov. 23, 2004: Beijing beats out Taiwan as host for 2005 Asian Cities Network.

Nov. 27, 2004: Lee Teng-Hui hosts seminar on a new constitution; Chen repeats his commitment to have a new constitution by 2006.

Nov. 28, 2004: Chen calls for abolition of Taiwan Province.

Nov. 29, 2004: State Department warns Chen about a referendum on independence; reaffirms importance of Chen’s “four noes” pledge.

Nov. 30, 2004: Chen publicly reaffirms his commitment to “four noes.”

Dec. 1, 2004: PRC Vice FM Dai Bingquo meets Deputy Secretary of State Richard Armitage in Washington.

Dec. 5, 2004: Taipei’s Dep. Def. Min. Tsai Ming-hsien in U.S. for consultations.

Dec. 5, 2004: Chen calls for changing names of state corporations and overseas offices to use “Taiwan.”

Dec. 6, 2004: State Department states U.S. does not support name change idea.

Dec. 8, 2004: Chen says changing names is the right thing to do.

Dec. 8, 2004: Chinese Premier Wen Jiabao in Brussels; EU does not end arms embargo against PRC.

Dec. 11, 2004: Pan-blue alliance maintains narrow majority in LY election.

Dec. 14, 2004: Taipei releases biennial National Defense Report.

Dec. 14, 2004: PRC announces that new Vanuatu government rejects Taipei and reaffirms diplomatic ties with PRC.

Dec. 15, 2004: TAO comments that LY elections shows voters disillusioned with Chen.

Dec. 16, 2004: Vice President Lu calls on U.S. to review its “one China” policy.

Dec. 17, 2004: Beijing announces plans for an Anti-Secession Law.

Dec. 18, 2004: Taipei becomes observer at OECD Trade Committee.

Dec. 19, 2004: Grenada PM Keith Mitchell concludes visit to Beijing.

Dec. 20, 2004: Deputy Secretary Armitage’s PBS interview.

Dec. 25, 2004: National Peoples Congress (NPC) Standing Committee (SC) meets; considers Anti-Secession Law.

Dec. 27, 2004: Former President Lee Teng-hui begins private trip to Japan.

Dec. 27, 2004: China publishes annual Defense White Paper.

Dec. 28, 2004: MAC’s Wu says Beijing appears to have nixed New Year charter flights.

Dec. 29, 2004: NPC SC transmits Anti-Secession Law to next March’s NPC.

Dec. 29, 2004: Taipei recalls its ambassador to Grenada.

Dec. 30, 2004: Taipei High Court dismisses KMT/PFP case for annulling presidential election.