



**China-Taiwan Relations:
Opposition Leaders Visit China**

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The visits of Kuomintang (KMT) chairman Lien Chan and People's First Party (PFP) Chairman James Soong Chu-yu to China have ameliorated cross-Strait relations. Cross-Strait tensions and the fears of potential conflict so evident throughout 2004 have eased, and the controversy over Beijing's Anti-Secession Law has faded into the past. The visits illustrated the potential for dialogue if a different government were in office in Taipei, and produced a new verbal formula that could bridge differences over preconditions for talks with a future government. However, the visits have poisoned the atmosphere between Beijing and the administration of Taiwanese President Chen Shui-bian. Despite speculation in Taipei, there is no prospect for political dialogue between the two. Furthermore, domestic politics is complicating the possibility for progress on functional issues such as transportation, agricultural exports, and tourism, which would be beneficial to both sides, particularly Taiwan.

Opposition visits

In the last days of the first quarter, KMT Vice Chairman Chiang Ping-kun led the first official KMT delegation since 1949 on a visit to China. After its stronger than expected showing in the Legislative Yuan elections last December, the KMT felt confident that it could fend off the predictable charges from the Democratic Progressive Party (DPP) that it was selling out Taiwan's interests by visiting the mainland. This first visit was seen as a success in Taiwan and led to the finalization of plans for separate visits to China by Chairman Lien in late April and PFP Chairman Soong in early May. Each of the leaders was formally visiting on a party-to-party basis at the invitation of Hu Jintao in his capacity as Communist Party general secretary, and each visit was given high-profile attention by Beijing similar to that shown foreign leaders. Lien and Soong each gave major addresses in Beijing that were carried live on state-run television (though the texts were not subsequently available on official media). In both cases, their speeches expressed identification with Chinese nationalism, though Soong also attempted to explain to Chinese the origins of Taiwanese nationalist sentiment. Each visit was capped by a personal meeting with Hu and the issuance of a joint statement.

In the joint statements, both Lien and Soong mentioned the 1992 consensus on one China and expressed their opposition to independence for Taiwan. The joint statements both focused on preserving cross-Strait peace and on concrete steps to ease tensions, while avoiding mention of unification and Beijing's "one country, two systems" formula. On the last day of each visit, Beijing announced its "gifts" to the visitor in the form of measures Beijing would take to improve cross-Strait relations. On Lien's departure, the Taiwan Affairs Office (TAO) announced plans to donate pandas to Taiwan, to ease restrictions on imports of Taiwanese agricultural products, and to promote Chinese tourism to Taiwan. On Soong's departure, the TAO announced more modest plans to ease PRC procedures governing travelers from Taiwan, to allow students from Taiwan to pay the domestic tuition rate at Chinese universities, and to facilitate employment in China for Taiwanese college graduates. While the measures offered Soong could be unilaterally implemented by Beijing, the measures announced on Lien's departure would require cooperation from the government in Taipei. Thus far, there has been no progress in implementing the latter.

In Beijing, the visits were greeted enthusiastically and widely perceived as successful. Some in official circles saw the visits as vindication of the utility of united front tactics to cultivate the opposition and isolate separatists. The more general interpretation was that the visits demonstrated that a more nuanced approach to Taiwan, most authoritatively expressed in Hu Jintao's four points at the spring National People's Congress, had opened possibilities for dialogue with Taipei. The talk so frequently heard in Beijing just six months earlier about the inevitability of war in the Taiwan Strait was gone. It was as if the visits made the policy community in Beijing breathe a collective sigh of relief.

In Taipei, the reaction was mixed and predictably fell along party lines. That said, a variety of public opinion polls showed majority approval of the visits. Even the DPP's own polling recorded a significant drop in support for the DPP and an increase in the approval rating for the KMT. The regular Mainland Affairs Council (MAC) commissioned poll in early May showed that the public's sense of Beijing's hostility toward Taiwan had fallen to the lowest level since the series of polls were first published in 1992. That was true despite news reports of PRC espionage ships in Taiwan waters and Beijing's continued opposition to Taiwan's role in the World Health Organization (WHO) and other international forums.

Before the two visits took place, President Chen first criticized Lien and Soong but then later gave his blessings to their visits. The flip-flop sparked considerable anger within the DPP. In contrast, former President Lee Teng-hui consistently attacked Lien and Soong for selling out Taiwan and criticized Chen for blessing the visits. Lee's remarks prompted Chen to chastise Lee, comments Chen subsequently regretted. In sum, Chen's handling of the visits created disarray within the DPP and the wider pan-green camp and required considerable damage control by Chen.

A new formula: ‘two sides, one China’

The first point in the joint statement between Hu and Soong contains new language that is potentially important for the longer term. Before reaching Beijing, Soong had a meeting with Wang Daohan, the chairman of Beijing’s Association for Relations Across the Taiwan Strait (ARATS), in which Soong explained the opposition’s interpretation of the “1992 consensus,” a view that is summarized as “one China, respective interpretations” and which is seen by many in Taiwan and abroad as a possible basis for conducting cross-Strait negotiations should the opposition return to government in the future. Predictably, the PRC official media reporting on Soong’s meeting with Wang omitted any mention of “one China, respective interpretations” because Beijing had never agreed to that formulation.

The first point of the Hu-Soong statement states that cross-Strait talks should be resumed on the basis of the 1992 consensus. It then goes on to quote separate statements by each side about the 1992 consensus. After these separate quotations, the statement continues:

“On the basis that both sides have stated that they will uphold the principle of one China, namely the “‘consensus of ‘92’ (two sides, one China) [*liang an, yi zhong*] as mentioned above, the two sides should resume their equal consultations ...”

This joint statement is the first Taipei-Beijing document that records what the 1992 consensus is by bringing together in one document separate statements made by each side at the time. By then also using a new phrase “two sides, one China” to capture the essence of that consensus, the statement provides a way for each side to preserve its interpretation of the consensus. For his part, Soong said after returning to Taiwan that the statement is consistent with “one China, respective interpretations.” Beijing officials, who acknowledge that Soong proposed the “two sides, one China” language, say that the new language does not mean that Beijing has accepted “one China, respective interpretations.”

The arcane nuances of this language are important and have been widely debated in Taiwan. Whether this new language will become important depends on many factors, not the least of which is when the opposition may return to power and what role if any Soong may play in a future opposition government. Those uncertainties aside, the first point represents an important example of the ability of leaders on the two sides of the Strait to find common ground when circumstances are ripe (and to do so without any foreign involvement).

Follow-up after the visits

The opposition visits led to intense speculation in Taipei about the possibility of President Chen visiting China or meeting with Hu Jintao. The speculation was a reflection of the changed mood in Taipei, not of any real prospect for such a meeting. Chen reiterated that no consensus was reached in 1992. He rejected the “two sides, one China” formula the same day the joint statement was issued. Chen’s offer to host Hu in

Taiwan so that Hu could see for himself that Taiwan was sovereign and independent reflected clearly the gulf between the Chen administration and Beijing. In Beijing, officials at the TAO had no expectation of a breakthrough with Chen because they believed he is firmly committed to his position opposing one China. TAO Chairman Chen Yunlin has repeated a hardline position that party-to-party talks with the DPP would only be possible after the DPP removed the Taiwan independence clause from its party charter. Nevertheless, speculation about a meeting persisted for quite a while after Soong's return.

Cross-Strait transportation and Beijing's gift proposals are functional issues that could and should be pursued. Although the agricultural export and Chinese tourism proposals offer very substantial benefits to Taiwan, the Chen administration has been reluctant to pursue them. Domestic politics has again complicated cross-Strait relations. To simplify a complex situation, Beijing has preferred thus far to give priority to the proposals it offered the opposition leaders. The Chen administration, which has little interest in giving credit either to Beijing or the opposition, has focused on its agenda, which begins with arrangements for cross-Strait cargo charter flights. Consequently, the MAC has parried Beijing's proposals. It has noted that the transfer of pandas would be covered by the Convention on the International Trade in Endangered Species (CITES) and hence would require a governmental role. The MAC has said that agricultural trade issues are most appropriately handled through WTO channels, knowing that this is unacceptable to Beijing. The MAC has said that Chinese tourism to Taiwan involves a variety of governmental functions and hence requires contacts between officials; again a condition Taipei knows is unacceptable. Meanwhile, the MAC has insisted that if Beijing is serious about improving cross-Strait relations it should address the Chen administration's interest in cross-Strait cargo charter flights.

For its part, Beijing has tried to keep attention focused on its proposals. It played up its decision to allow certain Taiwan fruits in duty-free to an agricultural trade fair in late May. It also staged a major press event announcing procedures for facilitating Chinese tourism to Taiwan and called for talks between private associations to work out the details. In June, the TAO announced new regulations easing requirements for the employment and residence of people from Taiwan. It was only in mid-June, that the TAO responded to Taipei's interest in cargo charters by stating that it was open also to talks with private groups on that issue.

The Chen administration's inflexible approach to Beijing's proposals has been criticized by local agricultural and tourism groups, which have much to gain from implementing these proposals. The opposition parties naturally sympathized and supported these groups' efforts to pressure the Chen administration. The KMT publicly supported the Taiwan Provincial Farmers Association (TPFA) that sent a group to Beijing in late June; the MAC's stance was to make clear that the TPFA had not been authorized to negotiate on agricultural trade issues.

There was also some evidence of differences within the Chen administration. President Chen and MAC Chairman Wu Jau-hsieh frequently voiced unacceptable terms for responding to Beijing's proposals. Premier Hsieh and spokesman for the Agricultural Council and Transportation Ministry made public suggestions about practical ways to move specific issues ahead. When Beijing held its news conference on expanding Chinese tourism, Hsieh welcomed Chinese tourism and mentioned an initial target of as many as 1,000 Chinese tourists a day. Subsequently, in June Hsieh announced that the Taipei Airline Association (TAA) would be authorized to handle cargo charter issues and the Taipei External Trade Promotion Association (TAITRA) to handle agricultural issues. The following day, Chen met with farmers and urged them to pursue markets other than China.

No let-up in international sparing

Once again, Beijing prevailed when the WHO Assembly agreed not to consider Taiwan's ninth application to become an observer. However, this year the number of countries speaking up on Taiwan's behalf continued to grow. Behind the scenes, Beijing decided to negotiate a memorandum of understanding (MOU) with the WHO Secretariat setting guidelines for WHO staff contacts with Taiwan and for Taiwan medical professionals to participate in WHO activities. Chinese officials have explained disingenuously that the MOU reflects their concern for the health needs of Taiwan's people and their desire to facilitate Taiwan medical professionals' contacts with the WHO. It would be more forthright to have cited two factors that probably influenced Beijing's decision. One is Beijing's belated response to the negative reaction in Taiwan to Beijing's comments on Taiwan during the 2003 SARS epidemic. The other may be that new WHO rules adopted in 2003 permit WHO contacts with Taiwan, and the MOU is Beijing's way of trying to set the terms for such contacts. It is also fair to note that the negotiation of the MOU is part of the more nuanced approach to Taiwan evident in Beijing this year.

Taipei worked to avoid the conclusion of the MOU and has publicly said it would not accept it. While the text of the MOU is not available, sources in Taipei have objected to two of its features. The MOU reportedly states that Taiwan should be referred to by the WHO as "Taiwan, China," a designation that is not acceptable to the Chen administration. Also the MOU reportedly requires the WHO to obtain Beijing's advance approval whenever the WHO extends an invitation to Taiwan to participate in WHO meetings. Just how this MOU will affect Taiwan's contacts with the WHO remains to be seen.

The international sparing between the two is as much over symbols as substance. The two-year long controversy over the office name and titles used in the WTO directory for Taiwan's mission and its personnel ended in June with the publication of a new directory. The WTO split the difference deciding that, despite Beijing's arguments, Taiwan's office would continue to be called a "Permanent Mission." But the WTO gave Beijing part of a loaf in deciding that, with the exception of Taiwan's representative and deputy, all other personnel would be listed as Mr., Mrs., or Miss rather than by the diplomatic titles used in earlier directories.

Cross-Strait economic ties

There are indications that the rate of growth of cross-Strait trade and investment are slowing in the first half of 2005. The most recent statistics on cross-Strait trade from the MAC indicate that Taiwan's exports to China during January-February this year grew only 9.8 percent from a year earlier, the first time growth fell to single digit levels since the economic decline Taiwan suffered in 2001-2. Imports from the mainland grew 31.9 percent, and total cross-Strait trade for January-February reached \$9.7 billion. Taipei's Investment Commission has reported that the value of approvals for Taiwan investments in China during the first quarter of 2005 declined by 6.57 percent. While this appears to be part of general decline in FDI in China, it is probably an indication of a coming slowdown in Taiwan's exports to China. Preliminary statistics from Taiwan's Ministry of Finance on trade for January-May 2005 indicate that Taiwan's world-wide exports of high tech and electronics products declined in May, another indication that exports to China are slowing. Just what is driving the slowdown in cross-Strait trade is not clear, but it is probable that economic rather than political factors are the determinants.

Looking ahead

Developments since the December 2004 legislative elections in Taiwan give clear indications that cross-Strait tensions have eased substantially. Electoral politics in Taiwan drove the rise in tensions during 2003-4, and the changed political climate in Taiwan since the December election has been the primary factor behind the reduced tensions. U.S. diplomacy and Chinese policy contributed to that changed political climate. With no major elections scheduled in Taiwan until 2007, there is reason to expect that tensions will remain low in the coming months.

This good news does not however mean that there will be any meaningful improvement in relations between Beijing and Taipei. Beijing's focus on its dealings with the Taiwan opposition and domestic politics in Taiwan will continue to complicate the handling of transportation, agricultural trade, and tourism issues. As progress in dealing with these functional issues will be fitful, there is little prospect for anything more than incremental improvements in cross-Strait relations. There is no basis for expecting political talks between Beijing and the Chen administration.

Chronology of China-Taiwan Relations April-June 2005

April 4, 2005: Taiwan Solidarity Union Chairman Su Chin-chiang visits Yasukuni Shrine to pay respects to interred Taiwanese.

April 6, 2005: Democratic Progressive Party (DPP) issues 7-point statement criticizing opposition visits to PRC.

April 6, 2005: Deputy Assistant Secretary of State Randall Schriver testifies to Congress on China's Anti-Secession Law.

April 6, 2005: Beijing calls for talks on regular charter flights; Taipei declines.

April 6, 2005: Justice minister says KMT's Chiang to be investigated for treason.

April 8, 2005: President Chen Shui-bian attends Pope John Paul II's funeral.

April 9, 2005: Taipei temporarily bans *Xinhua* and *People's Daily* reporters.

April 13, 2005: Taiwan Affairs Office (TAO) criticizes DPP's 7-point statement.

April 15, 2005: TAO Chairman Chen Yunlin says DPP must revise platform.

April 16, 2005: U.S. delegation led by Adm. Blair (ret.) arrives to observe annual Hanguang military exercise.

April 18, 2005: Mainland Affairs Council (MAC) Chairman Wu Jau-hsieh says PRC invitations are "united front warfare."

April 18, 2005: People First Party (PFP) Chairman James Soong accepts invitation to visit PRC.

April 20, 2005: Taipei fines UMC Corporation for late disclosure of investments in PRC.

April 21, 2005: Chen gives blessing to KMT Chairman Lien Chan visit to the PRC; former President Lee Teng-hui attacks Lien and Soong for selling out Taiwan's interests.

April 26-May3, 2005: Lien visits China as the highest ranking KMT official in 60 years to step foot on Chinese soil.

April 29, 2005: Chinese President Hu Jintao makes joint statement with Lien.

April 29, 2005: Washington welcomes exchanges; urges Beijing to deal with government in Taipei.

April 29, 2005: MAC Chairman Wu says Lien may have broken law.

April 30, 2005: Chen says Lien acted within law; asks Soong to convey message.

May 3, 2005: Chen reiterates there was no 1992 consensus; invites Hu to come and observe Taiwan's sovereignty.

May 3, 2005: DPP polling indicates support for Lien's visit to the PRC.

May 3, 2005: On Lien's departure from China, TAO announces three initiatives regarding Taiwan.

May 3, 2005: MAC expresses hope PRC will address Taiwan's priority: cargo charters.

May 4, 2005: Chen makes unannounced stopover in Fiji.

May 5-12, 2005: Soong travels to China and meets Association for Relations Across the Strait (ARATS) chairman Wang Daohan in Shanghai.

May 6, 2005: Executive Yuan announces word "Taiwan" to be added to ID cards.

May 6, 2005: Chen meets DPP leaders to diffuse criticism of his handling of opposition visits.

May 9, 2005: Chen criticizes former President Lee in TV interview.

May 10, 2005: Taiwan arrests agents accused of spying for Beijing.

May 11, 2005: Soong speaks at Qinghua University.

May 12, 2005: Hu and Soong make joint statement mentioning "two sides, one China."

May 12, 2005: Chen rejects "two sides, one China" formula in TV interview.

May 13, 2005: On Soong's departure, TAO reiterates three initiatives for Taiwan.

May 14, 2005: World Health Organization (WHO) Secretariat signs MOU with PRC.

May 18, 2005: Taiwanese presidential Secretary General Yu Shyi-kun meets NSC's Michael Green and others in Washington.

May 20, 2005: PRC tourism agency calls for talks with Taiwan counterpart about PRC tourists.

May 20, 2005: Premier Frank Hsieh says PRC tourists welcome.

May 23, 2005: WHO Assembly again refuses to consider Taiwan's application.

May 26, 2005: Chen discusses views on "a new Taiwan-centered identity."

May 30, 2005: Taipei MOFA says it will not cooperate with PRC-WHO MOU.

June 1, 2005: TAO says 15 Taiwan fruits to be given duty-free entry status as MAC calls for talks at WTO on agricultural exports.

June 3, 2005: Premier Hsieh nominates Chang Chun-hsiung as new Strait Exchange Foundation (SEF) Chairman.

June 7, 2005: Taiwan's Ad Hoc National Assembly ratifies constitutional amendments.

June 14, 2005: Premier Hsieh proposes plan for private groups to negotiate with Beijing.

June 15, 2005: Chen urges farmers to export to markets other than China.

June 15, 2005: TAO's Li Weiyi says Beijing is willing to discuss cargo charter flights. TAO announces new rules for employment and residency requirements of Taiwanese in China.

June 22, 2005: *Xinhua* reports Taiwan Provincial Farmers Association (TPFA) delegation in Beijing for negotiations; MAC says TPFA not authorized to negotiate.

June 25, 2005: MAC calls on TPFA to report on its Beijing visit.

June 26, 2005: Taiwan's NSC Secretary General Chiou I-jen makes discreet visit to Los Angeles.

June 27, 2005: MOFA and Minister of National Defense Vice Ministers Michael Gau and Tsai Ming-hsien in Washington.

June 27, 2005: MAC announces that long-term visitors from PRC will need to be fingerprinted.

June 27, 2005: Chen calls for controls on high-tech trade with China.

June 29, 2005: TAO reiterates that acceptance of "one China" and of 1992 consensus is condition for cross-Strait talks.

June 29, 2005: TAO indicates willingness to discuss agricultural issues with any competent Taiwan private organization; MAC welcomes comment.

June 30, 2005: Legislators group for parliamentary exchanges with China established in Taipei.

June 30, 2005: Chen comments that economic consultations could build cross-Strait trust.