



**China-Taiwan Relations:
Dueling in the International Arena**

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Beijing has remained concerned that President Chen Shui-bian will provoke some new cross-Strait confrontation. For his part, Chen has continued to try to create a stronger sense of Taiwan identity during his remaining months in office. These have lead Beijing to be even more implacable in insisting that Taiwan be viewed as part of China. Much of the confrontation has been in the international arena: over the Olympics, in the WHO and other international organizations, and for diplomatic recognition. There has been little movement on cross-Strait functional issues. On the military front, Taipei has been somewhat more open about its development of offensive missiles, and the Legislative Yuan has finally appropriated funds to begin procurement of some elements of the arms package.

Beijing's official concerns

Beijing officials have continued to express publicly and privately concerns that President Chen would provoke a confrontation over cross-Strait relations during his remaining time in office. In early April, Taiwan Affairs Office (TAO) Minister Chen Yunlin came to Washington for consultations. His main concern was that President Chen would some how launch a constitutional reform initiative, perhaps using some extra-constitutional convention or manufacturing a ruling from the Council of Grand Justices authorizing an extra-constitutional procedure. Secondly, Minister Chen was concerned about elements in the Democratic Progressive Party (DPP) promoting, with President Chen's support, a referendum on joining the UN under the name "Taiwan." Chen Yunlin's hoped to energize U.S. pressure on Taipei to block such moves as Beijing has little ability to block them on its own. Washington listened politely. While recognizing the limits of what lame duck President Chen could accomplish, the Bush administration remains suspicious of him and vigilant in promoting U.S. interests.

At the same time, Beijing remained more hopeful about the future. Although the DPP presidential primary in April pressured all the DPP hopefuls to voice support for hardline DPP goals, the emergence of Frank Hsieh Chang-ting as the DPP presidential candidate was seen positively. Beijing officials and academics remain uncertain as to who will win next March. However, with Hsieh's selection, they believe that, whoever wins, the next president will be easier to deal with than Chen Shui-bian. If KMT candidate Ma Ying-jeou were to win, Beijing believes the five-point program agreed between Secretary

General Hu Jintao and KMT Honorary Chairman Lien Chan in 2005 will provide a basis for progress. This belief was reaffirmed when Hu received Lien in Beijing on April 28 during the CCP-KMT Economic Forum. Beijing is less certain about the prospects if Hsieh is elected and will be watching his positions closely in the months ahead.

Chen promotes Taiwan identity

With his ability to make progress on constitutional reform blocked, Chen Shui-bian has continued to focus on strengthening Taiwan identity at home and abroad. Chen sees this effort as an important part of his legacy, as a way to create political realities that his successor will not be able to reverse, and as a means to shape the coming presidential campaign. Chen is fearful that Ma will cut deals with Beijing that will prevent eventual independence, and he is suspicious of Frank Hsieh's more pragmatic approach to cross-strait relations.

To these ends, Chen launched a campaign to join the WHO as a full member in April. He quietly encouraged DPP Chairman Yu Shyi-kun's efforts to have the party adopt a resolution on making Taiwan a "normal country," a code word for changing the constitutional view of Taiwan's sovereignty, and he threw his weight behind the efforts of Yu and other DPP fundamentalists to gather signatures for a referendum on joining the UN under the name "Taiwan" to be held together with the election. Other name-rectification and de-sinification moves continue to be pursued.

Olympic gamesmanship

Chen's efforts to promote Taiwan's separate identity have only increased Beijing's determination to block Taipei everywhere in the international arena. The more Chen pushes for acceptance of the name "Taiwan," the more Beijing has insisted on using the term "Taiwan, China" to reflect its view that Taiwan is part of China.

One arena has been the struggle over Taipei's place in the route that the Olympic Torch will follow next summer. Would Taipei be part of the torch's international travels or part of its passage through China? In talks in Taipei in April, Beijing's Olympic Committee proposed a route – from Hanoi to Taipei to Hong Kong – that at least conceptually could be interpreted by each side as consistent with its own position. At first it seemed, Taipei might accept this proposal. However, when the route was formally announced by the International Olympic Committee (IOC) on April 26, Taipei rejected it. Their reason for doing so was that Beijing would not use Taipei's Olympic name – Chinese Taipei – in referring to the route, instead using the name "Taiwan, China." Taipei was unwilling to accept this or an arrangement in which each side would choose its terminology because it believed that Beijing's voice was so dominant internationally that acquiescing in Beijing's calling it "Taiwan, China" in an Olympic context was unacceptable. Some time later, President Chen publicly said that to be acceptable the torch would have to come to Taipei from a third country and leave for a third country – a proposal Beijing is certain to refuse. DPP Chairman Yu proposed boycotting the Olympics.

Fortunately, there are time and opportunities for this issue to be revisited. There is the possibility of blurring the political implications by describing the route as being from the Vietnam Olympic Committee to the Chinese Taipei Olympic Committee to the Hong Kong Olympic Committee. This might provide a basis for agreement, provided Beijing would be willing to stick with using the “Chinese Taipei” Olympic terminology. In early June, Mainland Affairs Council (MAC) Chairman Chen Ming-tong said Taipei was open to further talks. It appears the IOC has urged Beijing to adhere to Olympic terminology. During press conferences in late June, the TAO spokesman used the term Chinese Taipei in discussing the torch issue. This was welcomed in Taipei.

International struggle

On April 11, President Chen wrote WHO Director General Margaret Chan applying, not for observer status as a health entity, but regular membership in the WHO for “Taiwan.” The public explanation for this significant change was that 10 years of applications for observer status had failed and in addition that the U.S. proposed approach of seeking “meaningful participation” had proved far from satisfactory. President Chen laid out his justification of this new approach quite eloquently in an op-ed piece in the *Washington Post* on May 11. Of course the real political rationale for the move was the Taiwan identity and election aims described above.

The outcome of this new approach was quite predictable. On May 14, the World Health Assembly (WHA) voted 148-17 to reject Taipei’s application on the grounds that Taiwan is not a sovereign state and hence not qualified for membership. In contrast with previous years when many major states had supported observer status for Taiwan, this time not even all of Taiwan’s diplomatic allies supported its position. Most importantly, the U.S. decided to vote against Taiwan because of its “one China” policy in a move that also underlined its message that the U.S. could not support President Chen’s plan to apply for UN membership as “Taiwan.” While the outcome indicated that Chen’s application had proven counterproductive to Taiwan’s interests, the Chen administration insisted it had been worthwhile to make clear to the international community Taiwan’s just request.

This summer, the new International Health Regulations (IHR) adopted by the WHA will come into effect. Even though the IHR contain a provision for application by nonmember areas, Beijing has asserted that the IHR should apply to Taiwan as part of China. Beijing announced May 15 that it was negotiating with the WHO a supplement to the existing WHO-PRC memorandum of understanding (MOU) on Taiwan that would detail how the regulations would be applied to Taiwan. To buttress its resistance to Beijing’s interference in its dealing with the WHO on the IHR, Taipei revealed, as has been subsequently confirmed, that, contrary to normal practice, the WHO Secretariat had refused to share the text of the existing WHO-PRC MOU with other WHO member governments on the grounds that it was a confidential agreement with China. Taipei complained legitimately that the MOU requirement that every application for individuals from Taiwan to participate in WHO technical meetings had to obtain advance approval from Beijing was effectively denying Taipei the opportunity to participate in many technical meetings to which the WHO Secretariat had invited it. This situation should be

seen as unacceptable to all interested in an effective international health regime. How the IHR will apply remains to be worked out.

This year Beijing applied to resume participation in the World Animal Health Organization, normally referred to by its French initials as the OIE. In doing so, Beijing demanded that long-standing OIE member “Taipei China” must change its name in the organization to “Taiwan, China” and that the OIE must explicitly endorse its view that Taiwan is a part of China. The outcome of intense negotiations was that the OIE adopted a resolution changing Taipei’s name in the organization to “Chinese Taipei” and designating it a “non-sovereign regional member,” but saying nothing on the question of whether Taiwan is a part of China. The U.S. joined 113 others in voting for this resolution. Ignoring that it did not get what it want, Beijing declared the outcome a success; Taipei saw the language on its being “non-sovereign” as a humiliating defeat.

The international struggle continued also over diplomatic recognition. On May 1, tiny Saint Lucia, with a new government, decided to switch diplomatic recognition to Taipei. Taipei’s fleeting success did not last long. When Costa Rica joined in voting against Taiwan’s application for membership in the WHO, the handwriting was on the wall. On June 7, Costa Rica, the most highly regarded of Taiwan’s remaining diplomatic allies, announced the establishment of relations with Beijing and the termination of its diplomatic ties with Taipei. Taipei now fears Costa Rica’s decision will precipitate other defections, and Beijing’s Foreign Ministry has called on Taiwan’s remaining allies to establish ties under the “one China” principle.

DPP UN referendum

The proposal for a referendum on joining the UN under the name “Taiwan” has long been a goal of DPP fundamentalist Trong Chai. Trong launched the DPP on a referendum signature drive while he was serving briefly as acting party chairman. President Chen and current Chairman Yu Shyi-kun have ardently supported the proposal, which they want held in conjunction with the election to help mobilize the DPP base. That UN membership is a quixotic objective and use of the name “Taiwan” even counterproductive is of little consequence because the motivation is overwhelmingly domestic politics. Candidate Frank Hsieh has long endorsed the goal of joining the UN as Taiwan but he has been remarkably silent on the referendum initiative. Ma Ying-jeou supports the goal of joining the UN but says the name used should be the one likely to be more effective.

This referendum plan has been among the factors Beijing has cited as making 2007 a dangerous year for cross-Strait relations. On June 13, TAO spokesman Yang Yi said the UN referendum proposal would be a significant step toward de jure independence and endanger peace in the Taiwan Strait. Washington has treated the issue carefully, endorsing referendums on domestic issues as a part of Taiwan’s democratic development but making explicit that it opposes this UN referendum because it is a unilateral action that appears designed to change Taiwan’s status. President Chen has reacted to U.S. opposition by insisting that the referendum plans will go forward. However, on June 29,

the Referendum Review Committee, voting along party lines, rejected the DPP's UN referendum proposal. This controversial decision is a serious setback, but it is not the end of the story.

Functional issues remain stalled

It appears there was a long hiatus during April and May when no meetings were held on expanding cross-Strait charter flights and finalizing arrangements for Chinese tourists coming to Taiwan. Sources on both sides now indicate that the practical aspects of tourism have been resolved. The hang up appears to be the wording of a cover agreement on tourism in which Beijing is said to seek explicit language that the travel is domestic. As there are easy ways around the domestic/international terminology issue, it seems reasonable to conclude that there has been some opposition in Beijing to making progress with the Chen administration in the pre-election period. Nevertheless, on June 21, MAC Chairman Chen announced there had been some progress on the tourism issue which implies that talks have recently resumed, but without yet reaching agreement.

Military issues

Press reporting on the computer simulation game held in mid-April as part of Taiwan's *Han Kuang 23* military exercise produced additional public confirmation that Taiwan is developing missiles capable of striking the mainland. Taipei's Ministry of National Defense acknowledged the accuracy of April 21 press stories reporting that the MND had included the use by Taiwan's team of ballistic and cruise missiles in the simulation. On April 26, MND Minister Lee told the Legislative Yuan (LY) that Taiwan proposed calling its new missile system, the *Tactical Shore-based Missile for Fire Suppression (TSMFS)*, believed to be Taiwan's *Hsiung Feng 2E* land attack cruise missile.

When this information hit the press, the U.S. government made public its opposition to Taiwan's development of offensive weapons. On April 25, NSC Director for Asia Dennis Wilder expressed the hope that Taiwan would not develop offensive weapons. On May 3, American Institute in Taiwan Director Young said the U.S. does not support Taiwan's development of offensive weapons. The PRC is however suspicious of the U.S. role, in part because some Americans outside government have supported Taiwan's development of cruise and/or ballistic missiles.

On June 15, the LY final adopted the 2007 budget, including initial expenditures for some U.S. arms. Specifically, the budget included initial funds for the purchase of P-3 aircraft, for upgrading Taiwan's existing *PAC-2* missiles (but not for the purchase of new *PAC-3* missiles) and for a study on the acquisition of conventional submarines. This budget will produce a modest increase in Taiwan's defense spending for the first time in many years. However, since major elements of the proposed defense budget were deleted by the LY, the 2007 defense budget amounts to about 2.6 percent of GDP rather than the proposed increase to 2.85 percent. MND has made clear that its next arms procurement priority is additional *F-16* aircraft.

Looking ahead

As noted in earlier reports, the political calendars in Beijing and Taipei will increasingly affect cross-Strait relations. With cross-Strait relations remarkably stable, the Beijing leadership is focused on more pressing domestic issues in the run-up to the 17th Party Congress. Beijing appears to see the danger of being drawn into the campaign in Taiwan, but how it will react to specific challenges remains to be seen.

In Taipei, various factions in the DPP are striving to push the coming presidential campaign in different directions. How Frank Hsieh shapes his campaign will have an important bearing on prospects for cross-Strait relations.

In these circumstances, Washington will need to maintain a steady, predictable policy toward both sides and make its policy clear, including when candidates in Taiwan advocate positions that, if implemented, would threaten cross-Strait peace or cause a deterioration in U.S.-Taiwan relations.

Chronology of China-Taiwan Relations April-June 2007

April 2, 2007: 21 Century Constitutional Reform Alliance releases draft constitution.

April 4, 2007: Ma Ying-jeou's embezzlement trial begins in Taipei district court.

April 7, 2007: Secretary General Hu Jintao sends congratulatory message to KMT Chairman Wu Po-hsiung.

April 9, 2007: Chen Ming-tong is appointed MAC chairman.

April 10, 2007: DPP Chairman Yu Shyi-kun says party plans referendum on joining UN as "Taiwan."

April 11, 2007: President Chen writes WHO Secretary General Margaret Chan applying for membership as "Taiwan."

April 11, 2007: TAO Minister Chen Yunlin in Washington for consultations.

April 11, 2007: Japanese Prime Minister Abe Shinzo tells Chinese Premier Wen Jiabao Japan does not support Taiwan independence.

April 12, 2007: State Department says U.S. will not support "Taiwan" membership in WHO.

April 14, 2007: First Democratic Progressive Party (DPP) presidential primary debate.

April 14, 2007: National Association of Taiwan-Invested Enterprises (NATIE) forms in Beijing.

April 15, 2007: Joseph Wu arrives in Washington as new TECRO representative.

April 16, 2007: *Han Kuang 23* computer wargame begins; retired Adm. Blair is in Taiwan to observe exercise.

April 18, 2007: ASE announces Carlyle Group has withdrawn purchase offer.

April 19, 2007: Promos announces plans for 0.18 wafer plant in China.

April 21, 2007: Press says *Han Kuang* wargame includes use of short-range Taiwanese ballistic and cruise missiles against China.

April 25, 2007: U.S. NSC Director Dennis Wilder expresses hope Taiwan will not develop offensive weapons.

April 25, 2007: WHO spokesman says Taiwan not qualified for membership.

April 26, 2007: Ministry of National Defense Minister Lee Jye confirms development of *Tactical Shore-based Missile for Fire Suppression (TSMFS)*.

April 26, 2007: IOC releases route for Olympic torch passing through Taipei; MAC Chairman Chen rejects proposal.

April 28, 2007: Secretary General Hu Jintao receives KMT's Lien Chan and meets delegates to third CCP-KMT forum in Beijing.

April 30, 2007: President Chen belittles idea of "meaningful participation" in WHO and says WHO-PRC MOU demeans Taiwan's sovereignty.

May 1, 2007: Taipei announces reestablishment of relations with St. Lucia.

May 3, 2007: AIT Director Young says U.S. does not support Taiwan's developing offensive weapons.

May 6, 2007: Frank Hsieh Chang-ting wins DPP presidential primary.

May 9, 2007: Executive Yuan formally renames CKS Memorial as National Taiwan Democracy Memorial Hall.

May 11, 2007: President Chen's op-ed on WHO is published in the *Washington Post*.

May 14, 2007: Chang Chun-hsiung is appointed premier.

May 14, 2007: Week-long *Han Kuang 23* field exercise begins.

May 14, 2007: WHA votes 148-17 against considering Taiwan membership.

May 15, 2007: Beijing says PRC negotiating with WHO on how International Health Regulations (IHR) will apply to Taiwan.

May 16, 2007: President Chen says Taipei will apply to UN as “Taiwan.”

May 16, 2007: DPP establishes task force to draft “normal country” resolution.

May 16, 2007: Press reports Beijing pressure on Taipei in World Organization for Animal Health (OIE).

May 21, 2007: AIT Director Young urges opening cross-Strait economic ties.

May 21, 2007: President Chen says Olympic torch must come from and go to third countries.

May 22, 2007: President Chen says referendum on joining UN as “Taiwan” to be held during elections.

May 25, 2007: OIE adopts compromise resolution calling “Chinese Taipei” a “non-sovereign regional member.”

May 29, 2007: President Chen’s video press conference at National Press Club.

May 31, 2007: Taipei AMCHAM White Paper reiterates call to open cross-Strait economic links.

June 4, 2007: Ma Ying-jeou meets Taishang business leaders; says PRC missiles must be removed before talks on peace agreement.

June 4, 2007: MAC Chairman Chen says Taipei ready to reopen Olympic torch talks.

June 5, 2007: DPP Chairman Yu threatens to boycott Olympics.

June 7, 2007: Costa Rica announces relations with Beijing, severs ties with Taipei.

June 7, 2007: Former Taiwan President Lee Teng-hui visits Yasukuni Shrine to pay respect to a deceased relative.

June 12, 2006: At Cold War memorial ceremony, TECRO Representative Wu shakes hands with President Bush.

June 12, 2007: Ma Ying-jeou gives lecture in India, hopes for truce internationally and for “mutual non-denial.”

June 13, 2007: TAO spokesman Yang Yi says referendum on joining UN as “Taiwan” would be step toward de jure independence.

June 14, 2007: AIT Chairman Burghardt visits Taipei, meets President Chen.

June 14, 2007: Ma Ying-jeou visits Singapore.

June 15, 2007: LY passes budget including agreed arms package funding.

June 15, 2007: Dragon boat charter flights begin.

June 16, 2007: AIT Chairman Burghardt meets candidates Hsieh and Ma.

June 19, 2007: State Dept. spokesman expresses U.S. opposition to a referendum on UN bid as Taiwan.

June 21, 2007: MAC Chairman Chen says tourism talks have made progress.

June 22, 2007: State Dept. spokesman restates U.S. position opposing UN referendum.

June 27, 2007: TAO spokesman uses “Chinese Taipei” in Olympic torch context.

June 28, 2007: Taipei approves four IC packaging and testing investments in China.

June 28, 2009: Taipei rules duties on footwear imports from China.

June 29, 2007: Referendum Review Committee rejects DPP UN referendum proposal.