

**China-Taiwan Relations:
Pernicious Presidential Politics**

David G. Brown

The Johns Hopkins School of Advanced International Studies

The initiative on cross-Strait issues this quarter has been centered in Taiwan. Preoccupied with other issues, Beijing has taken no initiatives and concentrated on countering Taipei's moves. Chen Shui-bian's efforts to arrange referendums, to heighten Taiwan's national consciousness, and to manipulate the cross-Strait transportation issue have all been shaped with an eye to the coming presidential election campaign. In these circumstances, there has been no breakthrough on either the political or economic aspects of cross-Strait relations and none is likely in the foreseeable future. While Beijing has been very restrained, Chen's electioneering could well heighten tensions in the Strait.

Referendums Controversy

Near the end of the spring SARS (severe acute respiratory syndrome) outbreak on Taiwan, President Chen announced that Taiwan would hold referendums on World Health Organization (WHO) participation and the fourth nuclear plant before or at the time of the March 2004 presidential election. On both issues, Chen was positioning himself for the electoral campaign. Beijing's handling of the SARS outbreak had alienated people in Taiwan. Public opinion polls in May and August showed that, after declining gradually for several years, perceptions of PRC hostility toward Taiwan had increased. Knowing that perceptions of PRC hostility would buttress his campaign, Chen sees a WHO referendum as a means of keeping the WHO issue alive in the run-up to the election. A referendum on the nuclear plant would help consolidate support from the antinuclear forces that had backed his 2000 campaign and been disappointed by the DPP's inability to halt construction of the plant.

The Democratic Progressive Party (DPP) made a major effort to pass legislation authorizing referendums through the Legislative Yuan (LY) in July. However, in the face of opposition from the Nationalist Party (KMT) and People's First Party (PFP), the LY adjourned without adopting the necessary legislation. President Chen then announced that, in the absence of legislative authority, the government planned to conduct the referendums on the basis of regulations to be written by the Executive Yuan.

The planning for referendums was deeply troubling to Beijing. Despite DPP claims that it had no plans to hold referendums on sovereignty issues, the PRC viewed any referendum on Taiwan as a step toward a future referendum on independence. With no ability to influence DPP plans directly, the PRC appealed to Washington. President Hu Jintao had raised the issue with President Bush at the G-8 summit. In July, Beijing dispatched Taiwan Affairs Office (TAO) Director Chen Yunlin to Washington to lay out Beijing's concerns about any referendum on Taiwan. Two days later a delegation from Taiwan led by Presidential Office Secretary General Chiou I-jen arrived in Washington to explain DPP views.

The referendum issue catches the U.S. in a dilemma between sympathy for Taiwan's democratic rights and concern over steps that would heighten cross-Strait tensions. The fact that the DPP-promoted legislation in the LY contained provisions for possible future referendums on sovereignty issues factored into the administration's calculations. Washington was also conscious of the role China is playing on issues from Iraq to North Korea. Consequently, Washington decided to express its reservations about Taipei's plans. As Deputy Assistant Secretary of State Randall Schriver put it, Washington did not see a compelling need to conduct the referendums Taipei was considering – a point that was subsequently reiterated in September by Deputy Secretary of State Richard Armitage. PRC propagandists were quick to exploit these statements. In August, the *People's Daily* carried a long article recapping Beijing and Washington's "cooperation" to block Chen's referendum plans.

Raising Taiwan's National Consciousness

The referendum plans are only one of several cross-Strait related strategies Chen has been pursuing in preparation for the election. A more important element has been the growing DPP campaign to raise Taiwan's national consciousness. The campaign could have several benefits beyond appealing to the DPP's traditional supporters. It could provoke the PRC to the point of counterproductively threatening Taiwan voters yet again; exacerbating differences over the sovereignty issue could create tensions between the PFP and KMT, potentially splitting the pan-blue alliance; and in any event the campaign will create some facts which, if Chen should lose, his successors would have difficulty reversing.

In the midst of Taiwan's anger over Beijing's handling of SARS, the Chen administration decided that the word "Taiwan" in English would be added to the cover of Taiwan's new passports. The first of these revised passports was issued with great fanfare on Sept. 1. In August, Chen publicly repeated for the first time his controversial August 2002 statement that there is "one country on each side of the (Taiwan) Strait." The DPP subsequently announced that "one country on each side" would be a theme of Chen's re-election campaign. In August, Taiwan's supporters renewed for the 11th time the proposal to have Taiwan's UN membership considered by the UN General Assembly. In September, the Executive Yuan's Council on Cultural Affairs proposed that Taiwan should not have an official language. Instead, the Council proposed that each local government should be free to designate the languages it wishes to use to conduct business. Subsequently, the

Executive Yuan announced there would be no change of language policy and acknowledged that Mandarin Chinese is the most widely used language on Taiwan. Speaking at a DPP rally in September, Vice President Lu Hsiu-lian said Taiwan's challenge is to conduct thoroughgoing "de-sinofication" to establish the island's separate identity.

Through the summer former President Lee Teng-hui made a series of provocative proposals to promote Taiwan's separate status. Lee first pronounced that the "Republic of China (ROC)" no longer existed. He then called for the ROC to formally change its name to Taiwan and organized a demonstration of 150,000 to promote the campaign to "Call Taiwan Taiwan." Subsequently, Lee reiterated his call for a new constitution to be written to reflect Taiwan's separate status. Although these proposals are inconsistent with elements of the "five noes" President Chen enunciated at his inauguration in 2000 (and had subsequently reiterated), the DPP has quietly welcomed or encouraged Lee's activities. Chen has appeared jointly with Lee, and the DPP reported proudly that 30,000 of its members had participated in the "Call Taiwan Taiwan" demonstration.

At a DPP Rally in Taichung on Sept. 28, President Chen, endorsing Lee's views, expressed the hope that on the DPP's 20th anniversary in 2006 all of Taiwan would push for a new constitution. In the following days Chen repeatedly emphasized the importance of Taiwan writing a new constitution as a step necessary to make Taiwan a "normal, complete and great country."

All of this was deeply disturbing to Beijing, particularly the repetition of the "one country on each side" idea and language about making use a future referendum to endorse a new constitution that would make Taiwan a normal country. With little ability to influence Chen, Beijing has chosen a restrained response. Preoccupied with more urgent domestic and international issues, Beijing had devoted little attention to Taiwan issues other than Chen's referendum plans. Its propagandists criticized Chen's moves as "gradual independence," but did so during this quarter in low-key terms. PRC academics have expressed an awareness that a threatening posture by Beijing will only buttress Chen's re-election prospects. In late September a long commentary in the official *China Daily* concluded that Chen believes the key to re-election is to incite the mainland so that any overreaction by Beijing can be used to attack Chen's political opponents in a wave of anti-mainland sentiment.

Washington too generally has avoided commenting publicly on these campaign moves, while privately expressing its concerns. The State Department spokesman did state that the U.S. recalls President Chen's inaugural promises from 2000 and continues to take those statements seriously. Privately, the administration was quite concerned, particularly about Chen's resurrecting the "one country on each side" statement and about his call for a new constitution. There is no indication that Washington had been consulted in advance on these statements. Even when interpreted primarily as campaign rhetoric, these statements can not but harm Taipei's relations with the administration. However,

thus far Washington has made no significant effort to distance itself from Chen's rhetoric or to demonstrate to Chen that there will be costs to his relations with the U.S. if he continues to take provocative steps on cross-Strait issues.

Cross-Strait Transportation Controversy

In this charged pre-election atmosphere, President Chen significantly changed his approach to cross-Strait direct transportation issues. In a July 5 interview with the Japanese paper *Mainichi*, Chen said that Taipei could not authorize private associations to negotiate cross-Strait transportation on behalf of the government. This reversed a more flexible position on the role of private associations which he had adopted in the spring of 2002. In an interview published later in the *Far Eastern Economic Review*, Chen stated that economic relations with the mainland are close enough and that Taiwan's national interest must take precedence over the interests of business. Although these statements clearly reflected a harder line on cross-Strait transportation, President Chen baffled observers by describing shortly thereafter a three stage process – preparation, negotiation, and implementation – which he said would lead to opening direct cross-Strait transportation by the end of 2004. Beijing dismissed his comments as electioneering.

The day after this last statement by Chen, Taipei released the long awaited Mainland Affairs Council (MAC) study assessing the pros and cons of opening direct transportation links. Presented as an objective study, the report is in fact a highly political assessment laden with opinions that appeal to the DPP's traditional supporters. Consequently, the document, like other things Chen has done, may be intended more to consolidate electoral support from the party's base than to be a guide for policy. While acknowledging that direct links would have specific economic benefits, the report highlighted what it saw as a host of security, economic, social, and cultural costs associated with opening direct cross-Strait links. The report concluded that the task was to find a way to minimize the costs and maximize the benefits of direct links and that this required careful advance preparation of security, economic, social, and cultural countermeasures.

Opinions about the report on Taiwan predictably followed party lines. A week later a long *People's Daily* commentary analyzed the report as “a tool for Chen Shui-bian to obstruct direct cross-Strait transport” and concluded that “because of Chen Shui-bian's lack of sincerity, it is impossible to realize ‘direct cross-Strait transport’ within a short time.” A few weeks later a PRC Civil Aviation Administration of China official stated that any direct flights would have to be handled as domestic flights. If confirmed, this would represent a reversal of the more flexible position articulated two years ago by former Vice Premier Qian Qichen that such flights could be handled as “cross-Strait” routes.

While adopting this hard line, the DPP administration recognized the pressure from the domestic business community for steps to facilitate cross-Strait transport. This spring, following the path-breaking indirect charter flights arranged at Chinese New Year, KMT

Legislator Chang Hsiao-yan had proposed that arrangements be negotiated for indirect cross-Strait cargo charter flights. In September, the Chen administration decided to pick up on this suggestion. The MAC announced its authorization of a one-year trial program of 360 cargo charter flights between Taiwan and Shanghai flown indirectly via Hong Kong. This trial program had not been worked out through contacts with the mainland and involved only Taiwan carriers. Consequently, it was greeted by many outside the DPP as a political rather than practical proposal designed to prompt a negative response from Beijing. Beijing reacted predictably, though in a low key manner, rejecting the proposal but urging private associations to undertake contacts to devise a reciprocal arrangement including PRC carriers.

Hong Kong Anti-Subversion Controversy

The dramatic developments in Hong Kong this quarter concerning the article 23 Anti-subversion Bill have implications for cross-Strait relations. A key perspective is how these developments were perceived on Taiwan. In general, events were seen through the prism of the across-the-spectrum opposition in Taipei to acceptance of the “one country, two systems” arrangement for Taiwan. Chief Executive Tung Chee-hwa’s effort to push the Anti-subversion Bill through was seen as an effort by Beijing to deprive Hong Kong of its freedoms. Premier Yu Shyi-kun said Beijing’s effort deepened distrust of the “one country, two systems” idea. President Chen said the Anti-subversion Bill was a warning to Taiwan against uniting with China.

The mass demonstration in Hong Kong on July 1 against the Bill was applauded in Taiwan. A think tank affiliated with Lee Teng-hui invited prodemocracy Hong Kong legislators to a seminar in Taipei on the “one country, two systems” arrangement. An editorial in the official *China Daily* lambasted the Hong Kong legislators for participating, particularly for their comments that the people of Taiwan should have the right to determine their own future. The editorial said the legislators’ actions underlined the urgent need to pass the Anti-subversion Bill. (The Hong Kong secretary for security subsequently said that the legislators’ statements would not have violated the Anti-subversion Bill.) Tung Chee-hwa’s decision on Sept. 5 to withdraw the Anti-subversion Bill from further consideration was welcomed by the MAC in Taipei and seen as a victory for the people of Hong Kong. But it was not seen as an indication that the “one country, two system” arrangement, whatever its flaws, had provided the political system within which the Hong Kong people had been successful in asserting their views.

Economic trends

Cross-Strait trade has rebounded from the slowdown caused by the SARS outbreak. According to PRC statistics, cross-Strait trade during January-July 2003 reached \$30.6 billion, up 30 percent over the same period in 2002. In August, Taiwan’s global exports recorded their first double-digit growth since the SARS outbreak; exports to the U.S. decreased while those to China, ASEAN, and Europe accounted for the higher growth. Whatever the political tensions, cross-Strait trade could total \$50 billion in 2003.

Implications

Major elections or leadership transfers almost inevitable delay negotiations and policy implementation. So it is to be expected that there will be no prospect of progress on cross-Strait relations in the coming months. Unfortunately, the approach President Chen has taken thus far in the campaign increases the possibility that the electoral process will increase cross-Strait tension; what more the campaign season will produce remains to be seen.

With tensions possibly increasing and uncertainty about what Chen might do if re-elected, foreign investors will likely become more hesitant to make the investment commitments Taiwan's economy needs. To date, the PRC, while deeply concerned about the implications of Chen winning re-election, has avoided the threatening actions and statements that it took in the run-up to the 1996 and 2000 Taiwan presidential elections. As this quarter has shown, the U.S. has much at stake in the cross-Strait situation, but little ability to shape the way the campaign develops.

Chronology of China-Taiwan Relations July-September 2003

July 3, 2003: Premier Yu says Hong Kong protest shows that "one country, two systems" is not working.

July 5, 2003: President Chen tells *Mainichi* that Taiwan cannot authorize private associations to negotiate cross-Strait transport issue.

July 7, 2003: Hong Kong Chief Executive Tung Chee-hwa temporarily postpones consideration of Anti-subversion Bill.

July 10, 2003: Legislative Yuan (LY) session ends without adopting referendum legislation.

July 16, 2003: Taiwan Foreign Ministry criticizes Beijing effort to get foreigners born in Taiwan to list China as their place of birth on PRC visa applications.

July 18, 2003: President Chen says Beijing's imposition of Anti-subversion Bill is a warning to Taiwan against unifying with China.

July 21, 2003: Chinese officials urge Washington to dissuade Taiwan from holding referendums.

July 23, 2003: Taiwan delegation in Washington to explain views on referendums.

July 25, 2003: President Chen's interview with *Far Eastern Economic Review* published.

July 26, 2003: State Department says it sees no compelling need for Taiwan to hold referendums.

July 29, 2003: *People's Daily* commentary claims U.S. and PRC are cooperating to block referendums.

July 30, 2003: Pentagon releases annual report on PRC military.

Aug. 4, 2003: Former President Lee says closer cross-Strait economic ties will lead to Taiwan's enslavement.

Aug. 5, 2003: Taiwan supporters submit annual United National General Assembly resolution on Taiwan membership.

Aug. 6, 2003: Spokesman says Executive Yuan will authorize referendums if LY does not.

Aug. 11, 2003: Taiwan business delegation in Beijing to press for direct transportation links.

Aug. 12, 2003: President Chen reiterates view that there is "one country on each side of the Strait."

Aug. 13, 2003: President Chen says three-stage process can lead to direct transport in 2004.

Aug. 15, 2003: Executive Yuan releases report analyzing implications of "three links."

Aug. 17, 2003: Hong Kong prodemocracy legislators attend seminar in Taipei.

Aug. 23, 2003: Former President Lee declares the Republic of China no longer exists.

Aug. 25, 2003: KMT's Lien Chan says cross-Strait dialogue and direct transportation will be priorities if he is elected.

Aug. 26, 2003: Six PRC women drown in human smuggling tragedy.

Aug. 26, 2003: American Institute in Taiwan head Doug Paal urges Taiwan to close cross-Strait military gap.

Aug. 29, 2003: Premier Yu said to have told U.S. Taiwan will spend \$20.5 billion on military procurement over 10 years.

Sept. 1, 2003: Taiwan begins issuing new passports including name "Taiwan."

Sept. 5, 2003: Hong Kong chief executive indefinitely postpones consideration of Anti-subversion Bill.

Sept. 6, 2003: Former President Lee leads large “Call Taiwan Taiwan” demonstration.

Sept. 9, 2003: President Chen says steps for convenient cross-Strait transport will be taken by Oct. 19.

Sept. 10, 2003: MAC authorizes one-year trial program for indirect cross-Strait cargo flights starting Sept. 25.

Sept. 11, 2003: At military review, President Chen introduces slogan “long live Taiwan people.”

Sept. 16, 2003: PRC Foreign Minister Tang rejects indirect cargo charter proposal.

Sept. 17, 2003: UN again rejects considering Taiwan’s membership request.

Sept. 24, 2003: PRC TAO rejects indirect cargo charter proposal; says flights must be conducted as “domestic” routes.

Sept. 28, 2003: President Chen calls for new constitution in 2006.