

CHAPTER 5

Dialog across the Taiwan Strait: what does the peaceful reunification mean?

Lukasz Gacek

China's opening policy and the first proposals on the national reunification

The question of Taiwan reunification with China remains one of the major points in Beijing's foreign policy. Lasting from 1949 until the 1980s, the lack of dialog with the authorities in Taipei led to regular tensions, and increased the threat of China's invasion on the island. The situation changed completely at the end of the 1970s, when 'China's open policy' was initiated by Deng Xiaoping, the leader of the country. Simultaneously with the discussion about Taiwan's future, Beijing began negotiations with the United Kingdom and Portugal, regarding the status of the former colonies, Hong Kong, and Macau. On 30th September 1981, Ye Jianying, the Chairman of the Standing Committee of the National People's Congress, said that after the reunification, "Taiwan can enjoy a high degree of autonomy as a special administrative region." He also proposed the discussions held on an equal footing between the Chinese Communist Party and the Nationalist Party (Kuomintang, KMT).¹ On the basis of these assumptions, on 11th January 1982, Deng Xiaoping formulated the famous idea, 'one country, two systems.' According to this, the national reunification allowed for the possibility to continue the socialist system on the continent, and capitalism in Taiwan.²

¹ *The Taiwan Question and Reunification of China* (August 1993), in: *Zhongguo Zheng-fu Baipishu* (1991-1995), (White Papers of the Chinese Government), Information Office of the State Council of the People's Republic of China, Beijing: Foreign Languages Press, 2000, p. 304.

² *Ibidem.*

The answer from the island came at the end of the 1980s. At that time, Taiwan authorities showed their attitude toward China by adopting many of the assumptions of the idea of greater openness. Beginning in November 1987, Taiwan officially permitted its residents to visit their relatives in the mainland China. Later, a special document, *The Guidelines for National Unification*, was prepared. It was adopted by the National Unification Council, an advisory body of the Taiwan's government, at its third meeting on 23rd February 1991, and by the Executive Yuan Council at its 2223rd meeting, on 14th March 1991. *The Guidelines* outlined a three-phase approach for the unification:

1. Short term - A phase of exchanges and reciprocity;
2. Medium term - A phase of mutual trust and cooperation;
3. Long term - A phase of consultation and unification.³

Two months after adopting *The Guidelines*, the President of the Republic of China (Taiwan) Lee Teng-hui announced that the 'Period of Mobilization against Communist Rebellion' would be terminated on 1st May 1991. Almost at the same time, a few institutions responsible for the development of the cross-strait relations and unification process were established. In September 1990, the National Unification Council (NUC) was created, and the Executive Yuan's Mainland Affairs Council (MAC) was founded in January 1991. In February, MAC approved the formation of a private non-profit organization - the Straits Exchange Foundation (SEF). Beijing's response to these institutions was the establishment of the Association for Relations Across the Taiwan Strait (ARATS) in the middle of 1991. In November 1992, in Hong Kong, quasi-official representatives from Taiwan and China reached an agreement on acceptance of the 'one China' principle on both sides of the Strait of Taiwan, indicating the differences in the interpretation of this term. It began with the historic meeting between SEF's Chairman Koo Chen-fu and ARATS's Chairman Wang Dao-han, held in Singapore, in April 1993. These were also the first high-level non-governmental talks across the Straits. The 'Taiwan Consensus' or the '1992 Consensus,' reached in Hong Kong in 1992, and Koo-Wang talks, became the basis for further cross-strait dialog.

Beijing's position in the negotiations remains unchanged. *The Taiwan Question and Reunification of China* published on the continent in August 1993 says that: "it is the sacred right of each and every sovereign State and a fundamental principle of international law to safeguard national unity and territorial

³ *Guidelines for National Unification*, adopted by the National Unification Council at its third meeting on 23rd February 1991 and by the Executive Yuan Council at its 2223rd meeting on 14th March 1991, <http://law.wustl.edu/chinalaw/twguide.html> (February 7, 2012).

integrity.”⁴ Additionally, it states: “lying off the southeastern coast of the China mainland, Taiwan is China’s largest island and forms an integral whole with the mainland. Taiwan has belonged to China since ancient times”⁵ and “reunification of the country embodies the fundamental interest of the Chinese nation.”⁶

On 30th January 1995, the General Secretary of the Central Committee of the Communist Party of China and the President of the People’s Republic of China, Jiang Zemin, in his speech (*Continuing to Strive Toward the Reunification of China*) put forward eight propositions for the development of the cross-Strait relations and peaceful reunification of China. He talked about adhering to the principle of ‘one China,’ and conducting negotiations with the Taiwanese authorities that would lead to a peaceful reunification. China allowed Taiwan to develop non-governmental economic and cultural ties with other countries, but also strongly opposed foreign intervention in the case of China’s reunification and ideas connected with Taiwan’s independence. Jiang also appealed to a closer economic and cultural integration referring to common roots.⁷

These points closely correspond with the general stand of China’s policy toward the island. It is fully expressed in the formula described as the ‘Three No’s’ Principles on Taiwan. China opposes the independence of Taiwan, the idea ‘one China, one Taiwan’ or ‘two Chinas,’ and its membership in any international organizations which consist of sovereign states.

In the document *The Taiwan Question and Reunification of China* Beijing formulated major points of its ‘peaceful reunification – one country, two systems’ policy (*heping tongyi – yi liang zhi*). This program focused on four areas. The first mentioned “only one China” (*yi ge Zhongguo*), which means that Taiwan is “an inalienable part of China and the seat of China’s central government is in Beijing.” The second indicated the “coexistence of two systems” (*liang zhi bingcun*), socialism on the mainland and capitalism on the island. The third offered “a high degree of autonomy” (*gao du zi zhi*) to Taiwan. In that case Taiwan would be treated as a special administrative region with its own administrative and legislative powers, an independent judiciary, right of adjudication on the island, its military forces and its own party, political, military, economic, and financial affairs. Taiwan could also conclude some commercial and cultural

⁴ *The Taiwan Question and Reunification...*, p. 294.

⁵ *Ibid.*, p. 295.

⁶ *Ibid.*, p. 314.

⁷ *The 8-Point Proposition Made by President Jiang Zemin on China’s Reunification*, Embassy of the People’s Republic of China in the United States of America, <http://www.china-embassy.org/eng/zt/twwt/t36736.htm> (February 7, 2012).

agreements with foreign countries. The last point indicated 'peace negotiations' (*heping tanpan*).⁸

Beijing only referred to the issue of autonomy and nothing more. This point of view has already been formulated by Deng Xiaoping in the middle of 1983, when he excluded the possibility of 'complete autonomy' for Taiwan. The autonomy could not have been unlimited. Therefore, if it was limited, it could have not been complete. A complete autonomy, in his opinion, would actually lead to the recognition of two separate states, and mean 'two Chinas, not one.'⁹ In this context, Beijing underlined that its proposal had a peaceful dimension, and the process of unification should have been conducted through mutual negotiations.

Taiwan's attempts to test its official status. Negotiations in a deadlock

In the 1990s, Taiwanese leaders transformed the major guidelines of their foreign policy. It happened in consequence of the fact that the first native Taiwanese, Lee Teng-hui, came to power. During his presidency, the determination of the Taiwan authorities to describe the new bases of cross-Straits consultations could be observed. The official Taiwan's response to Jiang Zemin's 'eight points' was formed in January 1995, and was presented by President Lee Teng-hui on 8th April 1995 during the meeting of the National Unification Council. He underlined "the fact that Taiwan and China are two separate entities."¹⁰

That is why Beijing should respect the fact that since 1949 Taiwan and mainland China have been governed as two political sovereign entities. He also mentioned the necessity to strengthen bilateral exchanges based on common culture, promotion of trade, and economic relations, ensure that both sides participate in international organizations, acceptance of the principle of resolving all disputes through bilateral peace talks, and promotion of legal democracy in Hong Kong and Macau.¹¹

In 1999, Lee Teng-hui went a step further. In May, he published the book *The Road to Democracy*, which propagated the division of China into seven regions enjoying full autonomy: "Taiwan has its own identity as Taiwan, Tibet as

⁸ *The Taiwan Question and Reunification...*, pp. 305-307.

⁹ *An Idea for the Peaceful Reunification of the Chinese Mainland and Taiwan*, June 26, 1983, (Excerpt from an interview with Professor Winston L. Y. Yang of Seton Hall University, South Orange, New Jersey, USA), in: Xiaoping Deng, *Selected Works of Deng Xiaoping*, Vol. 3 (1982-1992), Beijing: Foreign Language Press, 1994.

¹⁰ "Lee Teng-hui responds to Jiang Zemin," *Taiwan Communiqué*, No. 66, June 1995, <http://www.taiwandc.org/twcom/66-no4.htm> (February 7, 2012).

¹¹ *Ibidem*.

Tibet, Xinjiang as Xinjiang, Inner Mongolia as Inner Mongolia, and the Tungpei as the Tungpei. Ideally, if each one were allowed to affirm its own existence, we would see Asia's regional stability enhanced. For purposes of effective management alone, 'Greater China' would be better off divided into perhaps seven autonomous regions, which could then compete among themselves and with the world progress. But no such decentralization of power is likely to come about soon. That will not happen until Peking recognizes the autonomy and unique culture of each of these regions and gives them due respect."¹² He also argued that, "as long as China maintains its hegemonic stance, peace will probably not come to Asia. The idea of a hegemonic, nationalistic 'Greater China' is unquestionably a threat to mainland China's neighbors."¹³ According to this idea, on 9th July, in the interview for *Deutsche Welle*, Lee Teng-hui described cross-strait relations as a 'state-to-state relationship' or at least a 'special state-to-state relationship.' He mentioned that in 1991 Taiwan *de facto* seized to extend its sovereignty over the continent, because Article 10 of the Additional Articles (now Article 11) "limits the area covered by the Constitution to that of the Taiwan area, and recognizes the legitimacy of the rule of the People's Republic of China on the Chinese mainland."¹⁴ What is more, Articles 1 and 4 of the Additional Articles stipulated that "the members of the Legislative Yuan and the National Assembly shall be elected from Taiwan area only."¹⁵ In this way, Beijing government's attempt to characterize Taiwan as a 'renegade province' is historically and legally groundless. Taiwan also tried to show that it differed from Hong Kong and Macau, because it was not a colony of any nation. President Lee Teng-hui pointed out that Taiwan would continue cross-strait exchanges, and promote dialog and consultations. He expressed faith that "the Taiwan experience can serve as a catalyst for the modernization and democratization of the Chinese mainland."¹⁶

When China took over Hong Kong on 1st July 1997 on the basis of the 'one country, two systems' formula, a lot of speculations about using the same approach to Taiwan appeared. But the Taiwanese authorities refused to take up any negotiations under the circumstances proposed by Beijing. They underlined that they accepted the 'one China' principle, but for them 'one China' meant the Republic of China on Taiwan. They argued that Taiwan had all

¹² Teng-hui Lee, *Road to democracy. Taiwan's Pursuit of Identity*, Tokyo: PHP Institute, Inc., 1999, pp. 182-183.

¹³ *Ibid.*, p. 182.

¹⁴ *Responses to Questions Submitted by Deutsche Welle (Voice of Germany)* Lee Teng-hui, in: *Getting Real, International Media Perspectives on the Special State-to-state Relationship Between the ROC and the PRC*, Taipei: Government Information Office, 1999.

¹⁵ *Ibidem.*

¹⁶ *Ibidem.*

attributes of a sovereign state. They often referred to the *Convention on the Rights and Duties of States* signed at Montevideo in 1933. Article 1 of the treaty defined a state using four criteria: a permanent population, a defined territory, government, and capacity to enter into relations with the other states.¹⁷

Actually, two Chinese governments, independent of each other, had existed for over sixty years. During the last twenty years, Taiwan's opposition built its own popularity by using these arguments. Since the beginning of its existence in 1986, the Democratic Progressive Party (DPP) built their capital by adhering to the 'Taiwan independence' idea that advocates 'one country on each side' of the Taiwan Strait. The ruling party, Kuomintang, was criticized for a too soft approach to China. In 2000, the pro-independence Democratic Progressive Party came to power. The party's candidate, Chen Shui-bian, also won the presidential elections. But when Chen took the office, he avoided an open confrontation with China. He tried to strengthen the Taiwanese identity, but did not underline the issue of independence. On 20th May 2000, in his inaugural speech he declared: "Therefore, as long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called 'state-to-state' description in the Constitution, and I will not promote a referendum to change the *status quo* in regards to the question of independence or unification. Furthermore, the abolition of the National Reunification Council or the National Reunification Guidelines will not be an issue."¹⁸ In his speech a controversial statement connected with the 'one China' principle appeared. On the one hand he officially accepted it, but on the other hand he said that it was the issue that was to be dealt with in the future.¹⁹ Beijing immediately responded. Xinhua News Agency argued that the 'one China' principle left no room for evasiveness or ambiguity: "Anybody who dares insist on splitting Taiwan from China, in spite of the warning from the Chinese government and people, must bear responsibility for all the serious consequences arising therefrom."²⁰ Beijing indicated that it meant that "the new Taiwan leader does not want to improve cross-Straits

¹⁷ *Convention on the Rights and Duties of States*, Signed at Montevideo, Uruguay, December 26, 1933, Washington D.C.: Department of International Law, Organization of American States, <http://www.oas.org/juridico/english/sigs/a-40.html> (February 9, 2012).

¹⁸ "Taiwan Stands Up: Advancing to an Uplifting Era," May 20, 2000, in: *A New Era of Peace and Prosperity: President Chen Shui-bian's Selected Addresses and Messages* (1), Taipei: Government Information Office, 2001.

¹⁹ *Ibidem*.

²⁰ "One-China Principle Allows for No Evasion or Ambiguity," *Xinhua, People's Daily* on May 22, 2000.

ties.” Chinese officials argued that Taiwan had been a part of China since ancient times and stressed that “Taiwan independence is a road to destruction, reiterating that the Taiwan issue cannot continue to be unresolved indefinitely.”²¹

When pro-independence groups rose to power, Beijing was forced to slightly modify the former standpoint. It was also a result of the fact that a generational shift occurred in China, and the politicians of the 4th generation, under the leadership of Hu Jintao and Wen Jiabao, rose to power. In comparison to their predecessors, the new supervision of the communist party adopted a more pragmatic standpoint toward Taiwan. The atmosphere of negotiations, which was not too favorable, resulted in the need to take conservative actions, which would preserve the *status quo* in the Strait. At the same time, it should be mentioned that China's internal problems related to the outbreak of SARS brushed the issue of Taiwan aside. However, despite the visible suspension of the political dialog, the economic sphere experienced a clear animation. At that time, the model of ‘three links,’ concerning direct trade, and transport and postal connections, was shaped. The scheme was first proposed by the mainland Chinese who pointed to the possibility of establishing a better understanding and presented it as a factor that could have been conducive to future unification.

What is more, in March 2005, China announced the document *Anti-Secession Law*. Article 2 of this document said that: “There is only one China in the world. Both the mainland and Taiwan belong to one China. China's sovereignty and territorial integrity brook no division. Safeguarding China's sovereignty and territorial integrity is the common obligation of all Chinese people, the Taiwan compatriots included. Taiwan is part of China. The state shall never allow the ‘Taiwan independence’ secessionist forces to make Taiwan secede from China under any name or by any means.”²² However, the most controversial was Article 8, which could suggest Beijing's determination to potentially using military force to prevent Taiwan from establishing independence: “In the event that the ‘Taiwan independence’ secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other

²¹ “One-China Principle Is Not Saddled on Taiwan,” *Xinhua, People's Daily* on May 23, 2000.

²² *Anti-Secession Law*, Adopted at the Third Session of the Tenth National People's Congress on March 14, 2005, <http://www.china.org.cn/english/2005lh/122724.htm> (April 18, 2012).

necessary measures to protect China's sovereignty and territorial integrity. The State Council and the Central Military Commission shall decide on and execute the non-peaceful means and other necessary measures as provided for in the preceding paragraph and shall promptly report to the Standing Committee of the National People's Congress."²³ There were many arguments that Beijing tried to use this document to deny the sovereignty of Taiwan. The major point of China's policy towards Taiwan remained unchanged and was contained in the 'one country, two systems' formula. Despite the criticism of the Taiwanese and the international communities, these resolutions adopted by China did not cause violent tension in the East Asia region. These assumptions were a confirmation of a pragmatic approach of the Chinese side. The possibility of using force was significantly narrowed and reserved only to two cases: proclamation of independence of the island or intervention of foreign forces. It was a sign that Beijing was straying off the rhetoric of permanent threats of using force, and started to move toward negotiations based on new principles.

Thereafter, China's Communist Party strengthened its contacts with Taiwan's opposition party, Kuomintang. The visit of the Chairman of KMT, Lian Chan, on the mainland in April 2005 was of great importance. It was the first visit of such a prominent Taiwan's politician since 1949. This event confirmed that there was no coherent vision of all major Taiwan's political parties to the problem of the future ties with China. While Kuomintang opted to develop more intensive contacts with the mainland, Democratic Progressive Party proclaimed a completely different program focused on obtaining greater independence. In July 2005, the newly elected Chairman of KMT, Ma Ying-jeou, declared the promotion of exchanges between Kuomintang and the Communist Party of China "for peace, prosperity and development across the Taiwan Strait."²⁴ It was the first time when the General Secretary of the CPC sent a letter of congratulations to KMT's leader.

Kuomintang comes to power. The new opening in cross-Strait relations

In the report to the 17th National Congress of the Communist Party of China in October 2007, Hu Jintao called again for peaceful dialog across the Taiwan Strait. He said: "Here, we would like to make a solemn appeal: On the basis of the on-China principle, let us discuss a formal end to the state of hostility between the two sides, reach a peace agreement, construct a framework for peaceful development of cross-Strait relations, and thus usher in a new phase

²³ *Ibidem*.

²⁴ "KMT's Ma to promote cross-Strait ties," *China Daily* on July 19, 2005.

of peaceful development.”²⁵ He also appealed to increase cultural and economic exchanges. It is worth saying that he especially declared the support of economic development on the west shore of the Straits, in Fujian province and in other areas where Taiwan investments were concentrated.²⁶ These declarations were a clear signal of the changes that could have been observed in the following year in Taiwan. In the election to the Legislative Yuan in January 2008, the KMT and its smaller ‘pan-blue’ allies won an absolute majority. Moreover, two months later, the candidate of KMT, Ma Ying-jeou, won the presidential elections.

On the same day as the presidential elections were held, two referendums on participation of the Republic of China in the United Nations were held. The first, proposed by the ruling party DPP, concerned the UN membership under the name ‘Taiwan.’ The second, supported by KMT, called on the government to apply for the restoration of the nation’s UN membership, and for the entry into other international organizations under the name ‘Republic of China’ or any other appropriate name.²⁷ These questions were not solved because of the low number of voters participating in these referendums.

The electoral victory of Kuomintang intensified mutual ties with China. In April 2008, Taiwan’s Vice President and Chairman of the Taiwan-based cross-strait Common Market Foundation, Vincent Siew, met with Hu Jintao at a regional economic forum in Boao, on Hainan (Boao Forum for Asia). A month later, Ma Ying-jeou in his inaugural speech outlining the goals of his presidency declared that Taiwan under the principle of ‘no unification, no independence and no use of force’ would maintain the *status quo* in the Taiwan Strait. He also underlined the necessity of mutual consultations with Beijing over Taiwan’s “international space and a possible cross-strait peace accord.”²⁸ He argued that isolating Taiwan in the international arena was an obstacle to the development of the cross-strait relations based on trust.²⁹ In July, China and

²⁵ Jintao Hu, *Hold the Great Banner of Socialism With Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in All Respects*, Report to the Seventeenth National Congress of the Communist Party of China on October 15, 2007, *Documents of the 17th National Congress of the Communist Party of China*, Beijing: Foreign Language Press, 2007, p. 57.

²⁶ *Ibid.*, p. 58.

²⁷ Presidential Election and Referendums – PRESS KIT Fact Sheet No. 6 Referendum Proposals, March 22, 2008, Taipei: Government Information Office, 2008, http://www.gio.gov.tw/elect2008/kit_06.htm (February 9, 2012).

²⁸ *President Ma’s Inaugural Address*, May 20, 2008, Office of the President Republic of China (Taiwan), <http://english.president.gov.tw/Default.aspx?tabid=491&itemid=16304&rmid=2355&word1=President+Ma%27s+Inaugural+Address> (February 9, 2012).

²⁹ *Ibidem*.

Taiwan agreed for the first time to enable direct flights for tourists. By the end of 2011, forty one cities on the Chinese mainland and nine cities in Taiwan implemented the cross-Straits direct flights.³⁰ In November 2008, the Association for Relations Across the Taiwan Strait's Chairman, Chen Yunlin, arrived in Taiwan. It was the first visit of ARATS's Chairman on the island. There, he met with President Ma Ying-jeou and the Chairman of the Taiwan's Straits Exchange Foundation (SEF), Chiang Pin-kung. From June 2008 (Beijing) to October 2011 (Tianjin), seven rounds of talks between Chiang Pin-kung and Chen Yunlin were held.

On 31st December 2008, President Hu Jintao delivered a very important speech commemorating the 30th anniversary of the *Message to Compatriots in Taiwan*, which was first issued by the Standing Committee of the National People's Congress on 1st January 1979. In this document, Beijing diametrically changed its hard position in favor of peaceful reunification approach. On that day, the Chinese government ordered the People's Liberation Army to stop the bombardment on the islands belonging to Taiwan. The communist party for the first time appealed to the Taiwanese authorities to end the military confrontation across the Taiwan Strait and initiate a dialog "to create the necessary prerequisites and a secure environment for the two sides to make contacts and exchanges in whatever area."³¹ Referring to the historic *Message*, President Hu introduced six proposals to promote the peaceful development of the cross-Strait relationship:

- To firmly abide by the one-China principle and enhance political mutual trust;
- To advance economic cooperation and promote common development;
- To promote Chinese culture and strengthen spiritual bonds;
- To strengthen two-way visits of people and expand exchanges in various circles;
- To safeguard national sovereignty and hold consultations on external affairs;
- To end the state of hostility and reach a peace agreement.³²

³⁰ "Cross-Straits trade hits record \$147b," *Xinhua, China Daily* on January 18, 2012.

³¹ *Message to Compatriots in Taiwan*, January 1, 1979, <http://www.china.org.cn/english/7943.htm> (February 9, 2012).

³² Jintao Hu, *Let Us Join Hands to Promote the Peaceful Development of Cross-Straits Relations and Strive with a United Resolve for the Great Rejuvenation of the Chinese Nation*, Speech at the Forum Marking the 30th Anniversary of the Issuance of the *Message to Compatriots in Taiwan*, Taiwan Affairs Office of the State Council PRC, December 31, 2008, http://www.gwytb.gov.cn/en/Special/Hu/201103/t20110322_1794707.htm (February 9, 2012).

By proposing these six points China wanted to underline its will to continue negotiations for peaceful reunification which were to be focused on economic and cultural cooperation. But it is worth saying that the major issue of sovereignty is still interpreted according to Beijing's will. There were no specific assumptions about the short-term solutions. This speech was full of ideas without a clearly specified period of their implementation.

It seems to meet the expectations of the other side. Taiwanese authorities prefer to concentrate on economic issues. Economy remains the main field of mutual cooperation. In June 2010, the two sides signed the most important agreement since 1949. The *Economic Co-operation Framework Agreement* (ECFA) allows cutting tariffs on 539 Taiwanese exports to China and 267 Chinese products entering Taiwan.³³ Economic exchange shows stable growth from year to year. Cross-Strait's trade volume in the first 11 months of 2011 reached a record sum of 147 billion USD.³⁴ It is worth underlining that during the last years, China has regularly been recording a trade deficit with Taiwan. In 2010, it amounted to 86 billion USD.³⁵

The agreement, signed by Kuomintang's government, was strongly criticized by Taiwan's opposition parties. The Democratic Progressive Party particularly considered the ECFA as an issue of national identity, and criticized Kuomintang pro-unification policy. Besides, it argued that it did not generate any substantial gains for Taiwan's economy, counteracted spur domestic investment, dramatically increased unemployment, and caused the outflow of capital to China. In the presidential campaign before the 2012 elections, DPP's candidate Tsai Ing-wen even postulated a referendum on the ECFA.³⁶ The criticism of DPP increased after WikiLeaks informed that Beijing intended to use the deepening economic relations with Taipei as a means to start political negotiations.³⁷ In response to DPP's arguments Kuomintang underlined that there were no alternatives to ECFA. The controversy was the major subject during a television debate between Ma Ying-jeou and Tsai Ing-wen on 25th April 2010. During the debate President Ma said: "When we increase exports to mainland China, employment will increase and foreign businesses will be willing to invest in Taiwan. We want to create an environment where Taiwan can become an Asia-Pacific trade and investment hub and where we will be able to get in

³³ "Historic Taiwan-China trade deal takes effect," BBC on September 12, 2010, <http://www.bbc.co.uk/news/world-asia-pacific-11275274> (February 10, 2012).

³⁴ "Cross-Straits trade hits record \$147b," *Xinhua, China Daily* on January 18, 2012.

³⁵ "China's foreign trade flourishes," *Xinhua, China Daily* on December 8, 2011.

³⁶ Hsiu-chuan Shis, Vincent Y. Chao, "DPP says ECFA claims are overblown," *Taipei Times* on June 29, 2011.

³⁷ Yan-chih Mo, "WikiLeaks: China using ECFA to push unification," *Taipei Times* on September 9, 2011.

step with the rest of the world. In fact, many positive results will gradually be seen afterward, results that the DPP views negatively."³⁸

In January 2012, Ma Ying-jeou won a second term in office. According to the Xinhua News Agency "Ma's re-election opens new chances for peaceful cross-Straits relations."³⁹ Commenting the election results, the Taiwan Affairs Office of the State Council issued a statement which said that it showed that the path of peaceful development of cross-Straits relations over the past four years "has been the right road and has won the support of the majority of Taiwan compatriots."⁴⁰ The first activities of Ma Ying-jeou indicate a continuation of the existing policy toward China. It was confirmed in Beijing during the meeting of the former KMT chairman Wu Poh-hsiung and the Chinese President Hu Jintao at the annual forum between the KMT and CCP. Both sides agreed that cross-Straits relations would be tackled under the banner of 'one country, two areas' principle (*yi guo, liang qu*).⁴¹ Wu Poh-hsiung said that the mutual relations were not "state-to-state relations" but "special relations."⁴² The new basis of dialog seems to be very close to Deng Xiaoping's assumption. This approach was criticized by the opposition in Taiwan. They argued that it could cause instability in Taiwan and lead to increased tension in cross-Straits relations. However, such assumptions do not fundamentally change the situation. By accepting the 'one country, two areas' assumption two sides clearly understood that they are primarily interested in maintaining the *status quo* in the Taiwan Strait.

Ma's first decisions were a foreboding of the continuation of the former policy, whose assumptions were outlined during the first term of office. In the speech inaugurating his second term in May 2012, Ma announced the realization of his vision of reforms in the framework of the 'golden decade' for the country. He presented the five areas of actions concerning the support for economic growth, creation of new workplaces and implementation of the rule of social justice, development of the environment characterized by low emission of carbon and high level of green energy usage, support for culture as the

³⁸ Highlights of President Ma Ying-jeou's Remarks at the Televised Debate on ECFA, April 25, 2010, Taipei: Government Information Office, 2010, <http://www.gio.gov.tw/ct.asp?xItem=63237&ctNode=2462> (February 9, 2012).

³⁹ "Ma's re-election opens new chances for peaceful cross-Straits relations," Xinhua on January 14, 2012.

⁴⁰ Zhigang Xing and Zongyang Tan, "Taiwan's Ma wins tight re-election race," *China Daily* on January 14, 2012.

⁴¹ Yan-chih Mo, "'One country, two areas' proposed by Wu Po-hsiung," *Taipei Times* on March 23, 2012.

⁴² "'1 country, 2 areas' new basis for dialogue: KMT," *The China Post* on March 23, 2012.

source of national strength, and taking active steps for educating, recruiting, and keeping talents.⁴³

Undoubtedly, the situation is favorable, considering that the previous parliamentary election in principle strengthened the position of KMT as the ruling party. The difference between two opposing camps, 'blue' and 'green,' remained practically unchanged, which reinforces the role of the president who takes advantage of a strong support of the parliament. The main oppositional party, succumbed in internal fighting, will have to work out a new mechanism of action, particularly with reference to the mainland China. The election also strengthened the position of Ma himself and the fraction which he represents in the party. In this situation, KMT and the President will set developmental trends on the island in the near future, and they will not have to worry about blockades raised by the opposition.

With reference to China, Ma has underlined the necessity to keep the *status quo* based on the principle of the 'Three No's,' i.e. 'no' to unification, 'no' to independence, and 'no' to using force. The promotion of peaceful development across the Strait should be based on the 'one China' principle and acknowledge the assumptions of the 1992 consensus. One should bear in mind, however, that 'one China' for Taiwan is obviously equal to the Republic of China, similarly to the formerly defined principle 'one Republic of China, two areas.' Ma has suggested that Taiwanese experiences in establishing democracy may become an inspiration for the mainland China. Then, the President expressed hope for gradual opening of a more active social participation in the political process on the mainland, progressing along with the improvement of human rights, the rule of law, and independent development of the civil society, since this may reduce the feeling of 'distinctness' of people on both sides of the Strait.⁴⁴

With regard to unification, Ma has to keep distance between different options. Pro-independence groups sharply criticize all emphasized strives for reunification. However, the issue of laying the foundations for unification seems to be the priority during the next four years of his term. In this situation, Ma has to skillfully walk a fine line not only between the opposition in his country, but also between China and the U.S., who are very interested in the issue. Too radical solutions might stir up a storm on any of the sides. Therefore, the 'one state, two areas' concept could have been deliberately softened

⁴³ *President Ma's Inaugural Address: Upholding Ideals, Working Together for Reform and Creating Greater Well-being for Taiwan*, Office of the President Republic of China (Taiwan) on May 20, 2012, <http://english.president.gov.tw/Default.aspx?tabid=491&itemid=27199&rmid=2355> (July 24, 2012).

⁴⁴ *Ibidem*.

when President Ma referred to the German model as a proposition for future unification in May 2012.

President Ma's declarations underline the necessity to strengthen the achievements of the first term, hence the emphasis on the desire to maintain peace and stability in the Taiwan Strait. It is worth noting that, in comparison with the inauguration speech at the beginning of the first term, there has been a change in the tendency which pointed to the search for balance between the sphere of internal politics and international issues, including the dialog with China. The foreboding of the separation of economic issues from political issues in the cross-Strait relations should be underlined here. In the near future, the new administration will prioritize economic issues related to the island's development, mainly in the context of promoting economic cooperation and developing new levels of cooperation with China.

A lot will also depend on the new political situation on the mainland in the context of the predicted generational shift during the 18th National Congress of the Communist Party of China, in the fall 2012. The main challenges for China will have their source inside China. Until now, a rapid development with high GDP was persistently assumed. For the last three decades, economic reforms have been prioritized, which resulted in neglecting social reforms. Unequal development led to the emphasis of a number of social issues. Regions are traditionally the kind of places for conducting experiments. Before introducing any reforms on a national scale, specific solutions are tested on a smaller scale. In the current conditions, China is searching for the best model which could be realized in the following ten years. A similar mechanism of action concerns the international space, where China strives for shaping stable surroundings. In March 2012, the Chinese Premier Wen Jiabao, characterizing the areas of action in the international sphere, pointed to the development of peaceful relations with the neighboring countries, active participation in the mechanisms of cooperation with them, deepening regional cooperation, and common effort to create a regional environment based on such elements as peace, stability, equality, mutual trust, cooperation, and mutual benefits. These assumptions, present also in the defensive sphere, refer mostly to the threats to the Chinese strategic interests in East Asia. During the term of President Jiang Zemin, Beijing paid a lot more attention to the main world powers. His successor, Hu Jintao, focused more on the close neighbors of China. Such an attitude is to a large extent a derivative of the changes occurring in the region, connected with a narrower orientation of the American strategy toward the Pacific, as well as inflammation of territorial disputes mostly with Japan, Vietnam, and the Philippines. Most of the events that influence the actions of the Chinese diplomacy have their roots in the neighboring countries. Therefore, China must to a larger extent give attention to this area. The issues

of unsolved territorial disputes will undoubtedly have a significant influence on the shape of the Chinese defensive strategy in the near future. Forming suitable relations with the United States, entering the Asian area more and more strongly, will be a big challenge. China must take into account that Americans might intensify their actions in the region which seems very probable in the context of the noticeable reduction of engagement in Iraq and Afghanistan.

Conclusions

It is obvious that the cross-Strait dialog requires patience. The reunification is important in China's national strategy. But we must remember that this issue is still very controversial on the island. Most Taiwan residents express their support for maintaining the *status quo*. We have to assume that the reunification is a long-term goal. It should not be seen in terms of immediate changes. There are at least three elements that could foster integration of two separate entities. The first indicates cultural integration. In this matter there are many references to the common cultural heritage. No less important are the same language, similar traditions and customs. Therefore, culture may affect the cooperation between China and Taiwan in the new world order. The second factor are the economic issues. Despite possible political tensions, an increase of economic interdependence may be observed. On the one hand there are many Taiwanese businessmen concentrating their activities on the continent. On the other hand, a lot of Chinese people want to invest on the island. Thanks to this, two sides could have a possibility to modify local markets and change each other in many other fields. The third factor relates to Beijing's foreign policy. The increase of China's power will lead to the widening of the zone of influence. China will strongly oppose the involvement of third states in the dispute over the Taiwan Strait. It will continue to express opposition toward the U.S. arms sales to Taiwan, and will emphasize that the dispute has internal nature. The war between China and Taiwan seems unlikely. Beijing will not use force to resolve the Taiwanese issue, because of the possibility of the United States' intervention. China will rather gradually exert the pressure on the authorities in Taipei by using economic and cultural instruments, and will progressively try to weaken the position of the Americans in this layout.

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