



**China-Taiwan Relations:  
New Faces, Familiar Policies**

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Leadership changes have occurred on both sides of the strait. As predicted, the 18<sup>th</sup> Party Congress saw Xi Jinping appointed as general secretary in Beijing. In Taipei, President Ma announced in September a complete reshuffle of his cross-strait and foreign policy team. In both cases, the personnel changes do not foreshadow any policy changes in the coming months. While Ma remains unwilling to address political issues in direct negotiations, some interesting Track 2 dialogues occurred. In October, Beijing gave visiting DPP politician Hsieh Chang-ting unusual high-level attention, and following his return Hsieh has tried, thus far unsuccessfully, to promote change in DPP policy. Against the backdrop of increasing tensions over the Diaoyu Islands, Ma is focused on asserting Taiwan's interests primarily through his East China Sea Peace Initiative.

**18<sup>th</sup> Party Congress and PRC policy**

The 18<sup>th</sup> Congress of the Chinese Communist Party (CCP) saw the long-anticipated emergence of a new party leadership under General Secretary Xi Jinping. In the lead-up to the Congress, Taiwan Affairs Office (TAO) Minister Wang Yi authored two important articles. The first, an article in the party theoretical journal *Qiushi*, addressed primarily to party members, was entitled "The Accomplishments and Theoretical Renewal in Cross-Strait Work during the Past Ten Years." Wang noted that the goal was reunification, that the interests of all Chinese would be best served by peaceful reunification and that the "peaceful development" of cross-strait relations based on Hu Jintao's Six Points would pave the way for peaceful reunification. During the past 10 years, policy had been successful because the forces for Taiwan independence had been blocked and significant progress had been made in opening dialogue and reaching agreements that gave substance to peaceful development. This article was in part a puff piece for Hu Jintao's policies. But at a time when there has been some questioning of Hu's policy within China, the article explained how party members should interpret past developments and why those policies would best served China's longer-term interests.

Wang Yi's second article was an interview published in *Xinhua* and aimed at a more general audience. The theme of the interview was "We have the firm determination, full confidence and patience needed in solving the Taiwan issue." Wang predictably linked the Taiwan issue to nationalism, repeating that reunification was a sacred mission for the CCP. In explaining his confidence about eventual reunification, Wang cited two factors. First, the mainland's increasing comprehensive national strength and rising international status are certain to determine the future development of the cross-strait relations. Second, Beijing's policies have gained more understanding from Taiwan society and would provide a way to move from exchanges to

harmony to reunification. Both articles seemed designed to reassure skeptics that Beijing's policies are working and would continue to produce progress toward unification.

Hu Jintao presented the 18<sup>th</sup> Congress [Work Report](#) on Nov. 8. Wang Yi's theoretical article accurately previewed some of the main themes in the report. Since the 17<sup>th</sup> Congress report had been written when Chen Shui-bian was raising cross-strait tensions, it was natural that the 18<sup>th</sup> Congress report incorporated key elements of Hu Jintao's more recent policies including elaboration of key elements in the "Peaceful Development" policy and mention of the "1992 consensus." The report also addressed Beijing's current concern about how to make progress toward political talks. The key sentence stated, "We hope that the two sides will jointly explore cross-strait political relations and make fair and reasonable arrangements for them under the special condition that the country is yet to be reunified." The report also briefly mentioned Beijing's hope for developing military confidence building measures and a peace agreement, emphasizing Beijing's goal of strengthening a shared sense of Chinese national identity.

Beijing recognizes that domestic political factors constrain Ma from pursuing political talks. Hence, patience is needed. Nevertheless, as Congress spokesman Cai Mingzhao commented, political issues must eventually be addressed. Since President Ma's reelection in January, Wang Yi has commented frequently on the need to build the mutual trust needed for political talks. The key sentence in the work report reflects Beijing's desire to find a way forward. When asked about the report's mention of political relations, Wang Yi commented that "fair" arrangements should take into account each side's concerns and not be coercive and that "reasonable" arrangements should be consistent with the one-China principle. Trust can be built by gradually expanding areas of agreement and reducing differences.

### **President Ma shuffles his team**

On Sept. 19, Chiang Pin-kung resigned as chairman of the Straits Exchange Foundation (SEF), part of a raft of other changes made by President Ma: Lin Join-sane, secretary-general of the ruling Kuomintang (KMT) was selected to replace Chiang, Chiang's deputy Kao Koong-lian was persuaded to stay on, and Wang Yu-chi, former spokesman for the Office of the President, replaced Lai Shin-yuan as chairman of the Mainland Affairs Council (MAC). The personnel shuffle extended beyond cross-strait relations with Jason Yuan returning to Taipei from his post as Taiwan's representative in Washington to become secretary-general of the National Security Council. King Pu-tsung, who led President Ma's 2012 reelection campaign, was named representative in Washington.

These changes drew criticism as the replacements are all new to the organizations they now lead and to many of the issues they will face. However, President Ma's selections reflect his intention to maintain close personal control over cross-strait and national security policy. Therefore, he believed it is important for his policies to be implemented by trusted individuals with no possibility of alternative agendas or communication barriers. Ma claimed as much, stating on Sept. 27 that "Lin is unfamiliar with handling cross-strait affairs," but "is very familiar with administrative affairs and has excellent communication skills." Former DPP legislator Shen Fu-hsiung praised Wang Yu-chi's promotion in a more colorful way, using the common Chinese expression that Wang is a "tapeworm in Ma's guts."

## President Ma's policy goals

President Ma and his new lieutenants stated the administration's objectives in cross-strait relations clearly and consistently. The highest-profile statement was Ma's Republic of China (ROC) [National Day address](#) on Oct. 10 when he listed negotiating implementation of some aspects of the Economic Cooperation Framework Agreement (ECFA), expanding interactions across the strait based on the "1992 Consensus," and revising the Act Governing Relations between the People of the Taiwan Area and the Mainland Area as his priorities. Some of these initiatives may bump up against domestic political issues. Taipei did not respond positively to Hu Jintao and Wang Yi's calls at the 18<sup>th</sup> Party Congress for proceeding with cross-strait political talks.

The administration showed more willingness to facilitate Track 2, and even Track 1.5, discussions on political issues, enabling private organizations to invite government officials (in their private capacities) and scholars from Taiwan and the mainland to attend and deliver speeches. Former ROC Foreign Minister C.J. Chen and former Democratic Progressive Party (DPP) SEF Chairman Hong Chi-chang led a delegation from the non-partisan Taipei Forum to China in December, with Chen telling scholars in Shanghai that although the two sides had made great progress in cross-strait relations, direct political discussions remain too sensitive. Rather, he said, civil organizations should work to build understanding.

Although TAO Deputy Minister Sun Yafu and other Chinese officials were not permitted to come to Taiwan for a conference sponsored by the pro-unification Chinese Integration Association shortly after the inauguration, Sun did make an extended visit in December that included his speaking at a conference sponsored by the Chinese Integration Association. Senior representatives of the Kuomintang (KMT) and DPP also participated. Sun then attended a conference hosted by KMT Vice Chairman Chiang Hsiao-yen, at which former KMT Chairman Wu Poh-hsiung encouraged think tanks and civic groups to discuss political issues, making clear the Ma administration's support for such meetings. Though such forums tend to result in representatives of the two sides talking past each other rather than to each other, they do represent a cautious step forward.

The Ma administration remains unwilling to undertake talks on a peace agreement. Speaking on Nov. 10, after Hu Jintao's Work Report had been presented, Wang Yu-chi reiterated Ma's three premises for launching such talks and stated that a referendum would be needed before the government would act. However, Ma did reiterate his support for the establishment of reciprocal SEF/ARATS representative offices, which he had referred to in other speeches as far back as May, as "a necessary step." Ma also referred to the establishment of SEF/ARATS representative offices in a message to Xi Jinping after Xi's election as general secretary of the CCP.

Taipei hopes that reciprocal offices can be established by the end of 2014 and recognizes that amendments updating the [Act Governing Relations between the Peoples of the Taiwan Area and the Mainland Area](#) will be needed for the establishment of those offices. Government officials also mentioned possible amendments to articles in the Act on trade and economic exchanges; Taiwan identification cards for some mainland citizens; double taxation avoidance; limits on

Chinese people serving in public office in Taiwan after gaining citizenship; and regulations on Chinese advertisements. There was also discussion of easing the prohibition on ROC citizens serving at various levels in the Chinese People's Political Consultative Conference (CPPCC), though President Ma said on Dec. 26 that this was not appropriate.

### **Cross-strait developments**

The months around the 18<sup>th</sup> CCP Congress naturally did not see significant breakthroughs in cross-strait relations. Nevertheless, some modest steps were taken to implement agreements. The two sides have made slow progress in preparing for implementation of the Currency Settlement Memorandum of Understanding (MOU) signed on Aug. 31. The core of the MOU is an arrangement for the direct settlement of RMB and NT\$ accounts between designated banks. Although each side has designated its settlement bank and the MOU was to have come into effect on Oct. 30, no announcement has yet been made that the arrangement is operational. Once it is, financial institutions in Taiwan will be authorized to conduct certain banking, savings, trade, investment, brokerage, and other transactions in RMB and reciprocal arrangements will be made for the NT\$ in China.

At the second meeting of the Cross-Strait Economic Cooperation Committee (CSECC) in November 2011, it was agreed that the two sides would authorize the reciprocal establishment of trade organization offices early in 2012. It was not until Dec. 18, 2012 that the semi-official Taiwan External Trade Development Organization (TAITRA) opened its office in Shanghai. The China Chamber of Commerce for Import and Export of Machinery and Electronic Products has not yet opened its office in Taipei. The length of time taken to open these semi-official offices reflects the care both sides must take on even non-controversial issues. These trade offices, established under ECFA, join existing semi-official tourism offices established under the SEF-ARATS Tourism Agreement. They are important as elements in an expanding institutionalized framework for cross-strait relations. The Fourth CSECC meeting was held Dec. 11 in Guangzhou. Although some minor steps were announced, including the formal approval of the exchange of trade offices, no new agreements were concluded.

### **Frank Hsieh challenges the DPP**

Former DPP Premier "Frank" Hsieh Chang-ting visited Xiamen and Beijing in early October. Beijing gave Hsieh much more high-level attention than past visiting opposition figures because he is the only senior DPP figure who has made concrete proposals concerning a political basis on which the DPP might conduct dialogue with Beijing. TAO Minister Wang Yi met Hsieh, and State Councilor Dai Bingguo hosted a dinner for him. Hsieh was received in these meetings as chairman of the Taiwan Reform Foundation, which he heads.

Upon return, Hsieh said that in the course of his wide-ranging discussions he had explained his view that while the DPP did not accept the "1992 consensus," the spirit of the 1992 meetings could be viewed as "different interpretations of constitutions (憲法各表)," in other words, as a "constitutional consensus." This amounted to a reformulation of what Hsieh had earlier called his "Constitutional one China" view, meaning that since the ROC Constitution was based on a one China concept, the Constitution could provide a basis for cross-strait political talks. *Xinhua* noted

his meetings but did not report Hsieh's views or discussions. Subsequently, Beijing officials have carefully avoided any comment on Hsieh's proposals.

Hsieh's visit was a major event in the ongoing internal DPP debate on its "China" policy. The reactions within the DPP predictably followed the pattern that has evolved in that debate. Party fundamentalists like Yu Shyi-kun, Yao Jia-wen, and Kao Jyh-peng criticized Hsieh. A few pragmatists, such as Tung Chen-yuan, saw the visit as a constructive step. Party Chairman Su Tseng-chang only commented that Hsieh's visit was a personal one and that the views expressed were Hsieh's, not those of the DPP. Wu Jaushieh, executive director of the DPP Policy Coordination Committee, opined that the DPP would never accept one China. Despite the criticism, Hsieh has actively promoted his ideas for dialogue, arguing that the DPP will not be able to win a national election and return to power if it does not adjust its policy toward Beijing.

After a long period of consultation, the DPP announced on Nov. 21 the establishment of its "China Affairs Committee" and that Chairman Su Tseng-chang would serve as its convener. Committee membership is undecided, though both Frank Hsieh and Yu Shyi-kun indicated initially that they would not join. As fundamentalists had expressed concern about the committee, Su stated that basic DPP policies had not changed and would continue to be based on the 1999 Resolution on Taiwan's Future. When asked for comment on the committee, the TAO spokesman said that Beijing would never accept the "one country on each side" concept, which views Taiwan and the PRC as separate countries. Ten days earlier, TAO Minister Wang Yi had reiterated CCP policy toward the DPP stating there would be no contact with the DPP as a party until it renounced Taiwan independence and the "one country on each side" idea.

### **East China Sea developments**

As tensions continued over territorial claims to the Diaoyu/Senkaku Islands (technically Taiwan refers to the islands as Tiaoyutai) in the East China Sea and Spratly Islands in the South China Sea, Taiwan faced two unique challenges: avoiding the perception that it was or should cooperate with the People's Republic of China (PRC), and simply trying to maintain its claimant status for possible future negotiations. Taiwan balanced potentially provocative moves such as drills, official inspections, and fly-bys and sail-bys with more diplomatic measures.

During a visit to nearby Pengjia Islet on Sept. 7, President Ma elaborated on the East China Sea Peace Initiative that he proposed in August, suggesting that Taiwan, China, and Japan carry out separate bilateral dialogues and then a single trilateral negotiation on economic, environmental, and security issues in the disputed area. He carefully noted that safeguarding sovereignty was the priority for the ROC. A few days later the Japanese government announced it would purchase the disputed islands increasing tensions further. In October, Japan's foreign minister said that Tokyo endorsed the spirit of Ma's initiative, but not the implementation plans. Taipei and Tokyo held a preparatory meeting in November concerning fisheries talks planned for early 2013. Ma told US visitors on Dec. 6 that his government is drafting a code of conduct for the East China Sea.

Chinese officials have continued to encourage Taipei to work with Beijing to defend the sovereignty of the Chinese nation. On Sept. 18, Jia Qinglin, then a Politburo Standing Committee member, said that both sides should work together through their own means to defend the

nation's territorial integrity. While there has been collaboration between civilian activists from Taiwan, the PRC, and Hong Kong, from the beginning President Ma always very carefully claimed sovereignty for the ROC. In September then-MAC Minister Lai Shin-yuan called cooperation with Beijing "unseemly." In October, Taiwan's Foreign Ministry purchased advertising space in leading newspapers criticizing the Japanese government's purchase of the Senkakus (it did not address China's aggressive behavior), arguing not only that the ROC held legal sovereignty over the Tiaoyutais but also that the islands historically had been included in the same administrative units as the island of Taiwan.

In the South China Sea, Taiwan has sought inclusion in any discussions on a code of conduct. Former Premier Lien Chan pressed Taiwan's case in meetings with Southeast Asian leaders at the Asia Pacific Economic Cooperation (APEC) meetings in Vladivostok in September, and reported that "many of them" welcomed Taiwan's participation (though his counterparts didn't say this themselves). China is widely perceived as having blocked such talks during the ASEAN Summit in November. Taiwan announced in late December that it would begin exploring for oil and gas near Taiping Island in 2013.

### **Chinese passports stir controversy**

Taipei pushed back, strongly at times, against passports issued by Beijing since May, which include maps of disputed territories and images of two Taiwan tourist sites. On Nov. 23, the MAC released a statement condemning inclusion of the images and President Ma's spokesman said the images were inappropriate, expressing hope that Beijing would not undermine progress in cross-strait relations. On Dec. 12, Lin Join-sane formally told Chen Yunlin that the passports "could harm cross-strait relations" but later Lin sought to downplay the controversy and called the offending images "style considerations," causing the DPP to demand his resignation. On Dec. 13, Wang Yu-chi told Taiwan's legislature that the government was considering barring holders of this passport from entering Taiwan and said later that SEF had protested to ARATS in writing. Subsequently, ARATS replied that Taipei's concerns were invalid.

### **International space**

At the APEC Leaders Meeting in Vladivostok, Hu Jintao again received Taipei representative Lien Chan. After the meeting, Lien told the press that Hu said Beijing would seriously consider Taiwan's desire to participate in the International Civil Aviation Organization (ICAO). Despite this second occasion on which Hu was said to have expressed this willingness, there has been no progress toward Taiwan's participation. TAO Minister Wang Yi noted in September that Beijing was willing to discuss the issue, but that Taiwan has not been willing to do so. Not wanting to be seen as dependent on Beijing, the Ma administration has been reluctant to consult Beijing.

When asked for comment on Hu Jintao's reported statement, the TAO spokesman said on Sept. 12 that so long as cross-strait relations are improving and mutual trust is growing, Beijing could consider Taiwan's desire for greater international space in a practical way. These remarks explicitly made the linkage between progress on cross-strait relations and Beijing's approach to international space issues. This creates a dilemma. Since Ma does not believe he has domestic support for addressing political issues, he is further constrained from approaching Beijing on

international space. Since Ma is unwilling to negotiate, Beijing will not grant the additional international space that would give Ma the political benefits that might make it easier for him to address political issues. For now, the political will to break this dilemma is lacking.

### **Looking ahead**

In the months leading up to the National People's Congress in March, personnel decisions will flesh out Xi Jinping's team for managing cross-strait relations, including membership in the Taiwan Affairs Leading Small Group, the TAO and ARATS. Wang Yi is expected to get a more responsible position; whether he will have a continuing role in cross-strait issues will be important. It is possible that TAO Deputy Chen Yuanfeng, who was promoted to the Central Committee, may be in line to replace Wang.

ECFA negotiations on liberalizing trade in goods and services were ongoing throughout the fall. Despite hopes on both sides to finalize an agreement on services by the end of 2013, a deal had not been reached at yearend. Reports indicate that China is pressing for more access to Taiwan's market – ironically, it also wants to receive most-favored nation treatment from Taiwan and observance of its WTO status as a developing economy. It is expected that the Currency Settlement MOU will come into operation, and its implementation will provide initial insight into the role of the RMB on Taiwan.

President Ma said his government is drafting a code of conduct for the East China Sea. Although Beijing has not commented publicly, it is probable that Beijing will see reasons related to the disputes in both East and South China Sea for opposing such a proposal.

Farther into the future, the negotiation on reciprocal SEF/ARATS offices will be important. Taipei hopes the offices can be established by the end of 2014, though it may take longer, given the delays that have occurred in almost every other cross-strait negotiation. Issues include the roles, functions, and staffing of the offices, and the level and identity of the individuals to lead each office. Once established, the offices will represent a substantial step forward in institutionalizing cross-strait relations. How the specifics are handled could have implications for the de facto acknowledgement of each side's jurisdiction that President Ma has often discussed.

## **Chronology of China-Taiwan Relations September – December 2012**

**Sept. 1, 2012:** Republic of China (ROC) Defense Minister Kao Hua-chu visits Pratas Atoll in the South China Sea.

**Sept. 3, 2012:** Cross-strait Cultural Forum is held in Beijing.

**Sept. 4, 2012:** Taiwan legislators from Kuomintang (KMT) and Democratic Progressive Party (DPP) visit Taiping Island in Spratlys and observe a live-fire drill.

**Sept. 5, 2012:** Delegation of retired Taiwan legislators visits Beijing and meets Politburo Standing Committee BSC member Jia Qinglin.

**Sept. 6, 2012:** President Ma Ying-jeou says the Coast Guard should patrol Diaoyutais regularly.

**Sept. 7, 2012:** President Ma makes visit to Pengjia Islet with several Cabinet members.

**Sept. 7, 2012:** Association for Relations Across the Taiwan Straits (ARATS) Vice President Wang Zaixi says Beijing is glad to hear of President Ma's visit to Pengjia and that the two sides should work together to protect sovereignty.

**Sept. 7, 2012:** Lien Chan meets Hu Jintao at APEC.

**Sept. 9, 2012:** Secretary Clinton meets Lien Chan at APEC.

**Sept. 10, 2012:** ARATS President Chen Yunlin leads 60-member cultural delegation to Taiwan.

**Sept. 10, 2012:** Taipei and Beijing protest Japan's decision to buy the Senkakus.

**Sept. 12, 2012:** Taiwan Affairs Office (TAO) spokesman says that China and Taiwan share the claim to the Diaoyus and should unite in face of aggression.

**Sept. 17, 2012:** Bank of Taiwan named cross-strait currency clearance bank.

**Sept. 18, 2012:** Lien Chan meets Jia Qinglin in Nanjing.

**Sept. 23, 2012:** Taiwan becomes a full member of the South Pacific Regional Fisheries Management Organization (SPRFMO).

**Sept. 25, 2012:** 78 fishing boats with 12 Taiwan Coast Guard cutter escorts arrive in the Diaoyutai area; exchange shots from water cannon with Japan Coast Guard ships.

**Sept. 26, 2012:** President Ma reiterates desire for peaceful resolution.

**Sept. 27, 2012:** President Ma receives fishermen protesting Japanese actions in Diaoyutais.

**Sept. 30-Oct. 2, 2012:** US-Taiwan Defense Industry Conference held in Hershey, Pennsylvania.

**Oct. 1, 2012:** Lockheed Martin announces \$1.85 billion contract to upgrade Taiwan *F-16s*.

**Oct. 2, 2012:** Taiwan Vice Defense Minister Andrew Yang meets US Deputy Defense Secretary Ashton Carter at Pentagon.

**Oct. 4, 2012:** Taiwan Deputy Minister of Economic Affairs Cho Shih-chao notes plans to reach cross-strait services trade agreement by year end.

**Oct. 5, 2012:** DPP's Frank Hsieh gives lecture at Xiamen University.

**Oct. 6, 2012:** Frank Hsieh meets TAO Minister Wang Yi.

**Oct. 7, 2012:** Frank Hsieh meets State Councilor Dai Bingguo and Chen Yunlin. Su Tseng-chang says Hsieh's trip was personal.

**Oct. 10, 2012:** President Ma reiterates desire for progress under 1992 consensus.

**Oct. 11, 2012:** Executive Yuan proposes legislation allowing People's Republic of China (PRC) students in Taiwan for more than half of a year to qualify for National Health Insurance.

**Oct. 16, 2012:** Straits Exchange Foundation (SEF) Chairman Lin Join-sane on an initial visit to mainland China travels to Beijing, Tianjin, Shanghai, and Kunshan.

**Oct. 16, 2012:** TAO Minister Wang Yi publishes article in *Qiushi* on ten-year accomplishments.

**Oct. 17, 2012:** SEF Chair Lin Join-sane meets Jia Qinglin.

**Oct. 19, 2012:** Frank Hsieh says independence can't be basis of DPP's appeal to voters.

**Oct. 29, 2012:** Taiwan's Defense Ministry confirms that three former military officers were arrested for selling classified information to China.

**Nov. 6, 2012:** President Ma says he would visit mainland "as the president of Taiwan if our Chinese counterpart respects that fact." Wang Yi describes such a visit as "difficult."

**Nov. 8, 2012:** General Secretary Hu Jintao delivers Work Report to 18<sup>th</sup> Chinese Communist Party (CCP) Congress.

**Nov. 10, 2012:** PRC Commerce Minister Chen Deming urges Taiwan to give China most favored nation treatment.

**Nov. 14, 2012:** TAO's Wang Yi and Chen Yuanfeng elected to CCP Central Committee.

**Nov. 15, 2012:** Taiwan Tourism Association opens its second office in Shanghai.

**Nov. 15, 2012:** Chairman Ma sends a congratulatory message to Xi Jinping.

**Nov. 21, 2012:** DPP establishes China Affairs Committee with Su Tseng-chang as convener.

**Nov. 21, 2012:** New PRC passport with images of Taiwan tourism sites and maps with disputed territories comes to light in *Financial Times* report.

**Nov. 23, 2012:** Mainland Affairs Council (MAC) issues statement calling PRC passports "unacceptable" and a threat to mutual trust.

**Nov. 23, 2012:** Taiwan Ministry of Foreign Affairs says now not an appropriate time for Dalai Lama to visit Taiwan.

**Nov. 30, 2012:** Taiwan-Japan preparatory fisheries talks are held in Japan.

**Dec. 5, 2012:** Wang Yu-chi says mainland must be more specific about contents of a cross-strait peace agreement before Taiwan can consider it.

**Dec. 6, 2012:** President Ma says Taipei is working on an East China Sea code of conduct.

**Dec. 9, 2012:** US announces the release of a \$289 million Raytheon contract for Taiwan radars.

**Dec.10, 2012:** Chinese Integration Association's Taipei Conference, attended by Sun Yafu.

**Dec. 11, 2012:** Fourth Cross-strait Economic Cooperation Committee (CSECC) meeting is held in Guangzhou.

**Dec. 11 2012:** Beijing designates Taipei branch of Bank of China as settlement bank.

**Dec. 11, 2012:** Taipei Forum delegation visit to Shanghai and Beijing.

**Dec. 15, 2012:** China submits documents to United Nations explaining its claims to the Diaoyu/Senkaku Islands and areas in the East China Sea.

**Dec. 17, 2012:** Su Chi, former secretary general of the National Security Council under President Ma says two sides of the strait should undertake political dialogues to build trust.

**Dec. 18, 2012:** Taiwan External Trade Development (TAITRA) office opens in Shanghai.

**Dec. 19, 2012:** President of Honduras says his country will open trade office in China with a view toward establishing diplomatic relations with the PRC

**Dec. 24, 2012:** Director of Taiwan's intelligence service criticizes Sun Yafu's "pro-unification" remarks in Taiwan.

**Dec. 24, 2012:** SEF sends complaint over Chinese passports to ARATS.

**Dec. 25, 2012:** Taiwan Foreign Minister David Lin says that dual recognition by Honduras of the ROC and PRC is not acceptable.

**Dec. 26, 2012:** President Ma says ROC citizens joining Chinese People's Consultative Conference Chapters is "not appropriate."

**Dec. 27, 2012:** Taiwan Bureau of Energy informs legislature that Taiwan will begin undersea oil exploration near Taiping Island in the Spratlys in 2013.