



**China-Taiwan Relations:
In the Throes of Campaign Politics**

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Beijing is preparing for the 17th Party Congress, projecting an image of orderly authoritarian politics. In Taiwan, the volatile and unpredictable democratic politics of the presidential campaign are raising issues and prompting expressions of serious concern in Beijing and Washington. The focal points have been President Chen Shui-bian's quixotic appeals to join the UN as "Taiwan," the Democratic Progressive Party's (DPP) promotion of a referendum on UN membership under that name and DPP Chairman Yu Shyi-kun's proposal for a new DPP resolution on making Taiwan a "normal country." The strong international reaction to these maneuvers has not deterred Chen or the DPP from the referendum on UN membership that is driven by their domestic political calculations. However, the U.S. position did provoke debate and contributed to a DPP decision to reject the most provocative aspects of Yu's proposals on the "Normal Country Resolution." What the Taiwan voters will do remains to be seen. Against this background, it is hardly surprising that the few authorized cross-Strait contacts that have occurred have produced no results.

"Taiwan" applies to the UN

Taiwan's 15-year quest for representation in the UN took a dramatic new turn when President Chen decided to apply for membership as "Taiwan" and to make this proposal directly to the UN in a series of letters. His first application to Secretary General Ban Ki-moon was rejected and the letter returned. Chen followed up quickly with letters to Ban and the Security Council president, then PRC Ambassador Wang Guang-ya, protesting that the Secretariat's rejection violated membership application procedures. Both these letters were also rejected and returned. A subsequent appeal to the outgoing UN General Assembly (UNGA) president was also turned aside with a note that the issue would be considered by the next UNGA. On Sept. 19, the UN General Committee voted for the 15th year not to put Taipei's case on the UNGA agenda. However, two days later the General Committee's report sparked a four-hour UNGA debate, most of which related to Taiwan. The outcome was as expected, but the debate accomplished one of Chen's purposes: focusing more international attention on Taiwan's exclusion.

These international events were but grist for Chen's campaign to hold a referendum on joining the UN as "Taiwan" at the time of the presidential election in March 2008. That campaign was in full swing throughout the quarter. The Executive Yuan, overruling the

action of the Referendum Review Commission, approved the wording of the DPP resolution in July and DPP Chairman Yu Shyi-kun launched the signature drive immediately thereafter. Responding to this, the Nationalist Party (KMT) proposed an alternative resolution that Taipei should “rejoin” the UN using whatever name would be most effective in garnering support. Chen and Yu have been promoting the referendum ceaselessly. On the eve of the UN General Committee vote, the DPP held a rally in Kaohsiung that attracted around 250,000 supporters.

Chen’s public explanation of his application and of the UN referendum has argued that 14 years of failure in applying to the UN as the Republic of China (ROC) justified a new approach, that Taiwan is a sovereign independent state not part of the People’s Republic of China (PRC), that its exclusion is an injustice and an affront to the principle of UN universality, and that his appeal enjoyed wide public support in Taiwan, which would be demonstrated through the referendum. While this rationale does reflect Chen’s deeply held beliefs, his real motivation is domestic political considerations. As laid out this spring in his “four wants” speech, Chen sees Taiwan identity as the fundamental issue in Taiwan politics. The UN application and referendum campaign are vehicles for using the identity issue to mobilize electoral support for DPP candidates in the coming legislative and presidential elections. Chen’s fondest hope is that these efforts will provoke a threatening military response from the PRC that will not only mobilize the DPP base, but also drive moderate voters into the DPP’s arms. In addition, Chen believes these efforts will create political realities in Taiwan to which the future president, whoever it is, will be forced to adjust.

Beijing’s response

In Beijing, preparations for the 17th Party Congress have been proceeding smoothly. Indications are that General Secretary Hu Jintao is succeeding in consolidating his leadership. There are no signs of any leadership disagreement over Hu’s basic policies toward Taiwan. It is expected that Jia Qinglin, who has played a visible supporting role on Taiwan policy, will leave the Politburo Standing Committee. Whom Hu will choose to become his new right-hand man on the Taiwan Affairs Leading Small Group is a matter of speculation, but not apparently of controversy.

Unfortunately, the events in Taipei have compelled Beijing’s attention and left it as often responding rather than initiating. President Chen’s application to the UN only confirmed and vindicated Beijing’s warnings that he would be able to “create trouble” even as a lame duck. Since Beijing is confident of its ability to block Taipei’s application, its concerns have focused primarily on the DPP referendum on UN membership. Beijing perceives the referendum as a step toward *de jure* independence. It fears that if the referendum is passed and the DPP wins the presidency, Hsieh Chang-ting will be compelled some how to cross Beijing’s red lines and force a military response. Beijing commentators have hinted ominously that the referendum might cross the Anti-Secession Law’s threshold and require resorting to non-peaceful means.

Beijing's dilemma has been that efforts to block the referendum might end up promoting it. Recognizing Chen's desire to lure Beijing into a harsh threatening response, Beijing has avoided this by keeping military rhetoric and maneuvers under control. Nor have there been any serious public threats from the leadership. There have been a few leadership statements, such as official reports that Hu had told President Bush at APEC that the next two years would be "highly dangerous." However, most of the public response has been relatively mild and has come from the Taiwan Affairs Office (TAO) or Ministry of Foreign Affairs. For example, TAO officials encouraged international opposition to the referendum in order to preserve peace and warned that Chen was playing with fire and must bear the consequences of his actions. Beijing's official media have also reported routinely on minor positive developments involving Taiwan.

Once again, Beijing has turned to Washington through diplomatic channels for help, urging that Washington check Chen now to avoid Beijing being forced into a military response later. President Hu raised his concerns with Bush and thereafter TAO Minister Chen Yunlin made a quiet visit to Washington for further consultations.

U.S. posture

From concern for U.S. national interest, the Bush administration reached conclusions about Chen's actions that were similar to Beijing's. Since Taipei chose to apply for World Health Organization (WHO) membership as Taiwan this spring, Washington has been concerned that the Chen administration was pursuing steps aimed at unilaterally changing the status quo. Washington tried through its unofficial channels to dissuade Chen from applying to the UN as Taiwan and from promoting a referendum on that subject. In addition, Washington delayed approving arrangements for Chen's transit through the U.S. to Central America in August and in the end only approved brief refueling stops in Anchorage to signal its displeasure. Chen, nevertheless, went ahead with both.

Under pressure from Beijing and anticipating appeals from President Hu at APEC, Deputy Secretary of State John Negroponte laid out Washington's position publicly in an interview with *Phoenix TV*. Negroponte began by reaffirming that the U.S. was a friend committed to the defense of Taiwan, but then went on to explain that it opposes applying to the UN as Taiwan because doing so is a step toward *de jure* independence and a unilateral effort to change the status quo. Negroponte urged Taipei to act in a responsible manner and avoid provocative actions that would raise tension across the Taiwan Strait. A few days later, National Security Council Director Wilder commented publicly that UN membership requires statehood and that "Taiwan, or the Republic of China, is not at this point a state in the international community." Wilder went on to say that the status of the ROC is an issue that has been left undecided for many years. Beijing publicly welcomed these statements (and chose to protest Wilder's reference to Taiwan's status being undecided only in confidential demarches).

These public U.S. statements aroused a variety of responses in Taiwan, usually reflecting the commentator's domestic political interests. President Chen and the DPP claimed that

the U.S. misunderstood Taiwan's intentions and reaffirmed their plan to proceed with the UN referendum despite U.S. opposition. Against this backdrop, Deputy Assistant Secretary of State Tom Christensen laid out in much greater detail the administration's reasons for opposing the referendum and for doing so publicly. His remarks, addressed directly to the Taiwan public, did not change the Chen administration's course, but did provoke a further lively debate in Taipei and raised awareness in Taiwan of the extent of U.S. disagreement with the Chen administration.

UN Secretariat view of Taiwan

One sidebar to all this attention to Taiwan and the UN relates to the UN Secretariat's position on Taiwan. In March, Taiwan had asked Nauru to convey to the UN Secretariat Taipei's instrument acceding to the UN Convention on the Elimination of All Forms of Discrimination Against Women – another modest step by Taipei both to act responsibly and to advance its international standing. In denying this request, Secretary General Ban signed a letter prepared by the Secretariat stating that under UN resolution 2758, “the UN considers Taiwan for all purposes to be an integral part of the People's Republic of China” and therefore cannot accept accession by the Taiwan authorities. This expansive and inaccurate interpretation of 2758 incensed Taipei and raised concerns in Washington.

Washington conveyed to the Secretariat its views about Ban's letter. Subsequently in explaining their position on Chen's application for UN membership, the secretary general and Secretariat have trimmed their comments, stating that, based on resolution 2758, the UN position is that the PRC is the sole legal government in China and that Taiwan is a part of “China.” The latter part of that position still goes beyond what 2758 actually states. Unfortunately, the Secretariat's interpretation puts the UN in a legal straitjacket in which it must get Beijing's approval for anything it, or any of its specialized agencies, does with Taiwan. This is apparently the legal basis for the WHO Secretariat's MOU with Beijing defining how the WHO deals with Taiwan – an arrangement that has in many practical ways limited Taiwan's participation in WHO technical meetings to the detriment of international health cooperation.

Chairman Yu's normal country resolution

DPP Chairman Yu, an unsuccessful candidate for the DPP's presidential nomination, used his position to promote a new party resolution designed to write President Chen's unfinished agenda into party policy. Distrusting Hsieh's pragmatism, Yu's original draft included specific language on changing the country's official name to Taiwan, on drafting a new constitution that would redefine Taiwan's territory and population, and on holding a referendum to declare that Taiwan is a sovereign, independent state. The draft provoked an extended controversy within the party. When the DPP Central Executive Committee considered the draft on Aug. 30, Hsieh Chang-ting and other moderate elements in the party exercised their influence to shorten and tone down the draft, to omit Yu's specifics, and to preserve some tactical flexibility on how to achieve party goals. Hsieh commended this revised draft saying that now was not the time to adopt combative positions that would not be supported at home or abroad (implying the U.S.).

Yu would not relent. He proposed amendments to reinsert some of his specifics. After Yu was indicted on misuse of funds, President Chen brokered a meeting of party and administration leaders on Sept. 26. The meeting thrashed out a compromise that restored some of the specifics sought by Yu. Not satisfied, Yu abruptly announced his resignation the following day. Yu's supporters made one final effort at the DPP Congress to include in the resolution a specific commitment to change the country's name to Taiwan. The U.S. policy was a factor in the debate over this proposal. On Sept. 30, the congress rejected that proposal and adopted the draft brokered by Chen.

The "Normal Country Resolution" moves the DPP's formal policy beyond that defined in its 1999 resolution on Taiwan's future. For example, it now commits the party to "name change," though stopping short of explicitly changing the country's official name, and to applying to the UN as "Taiwan." It now commits the party to write a new (rather than revise the existing) constitution, though without setting a timetable or defining elements of the new constitution. Both these changes can be seen as inconsistent with President Chen's "four noes" commitments. The DPP Congress adopted the resolution as a part of the platform on which Hsieh will campaign for president.

Hsieh Chang-ting

How has Hsieh been defining himself? In interviews addressed to foreigners and Beijing, Hsieh has conveyed the image of the pragmatist that these audiences hope to see. He has talked of rebuilding trust with Washington, of seeking stable cross-Strait relations, of expanding economic links with China, and of realizing direct travel and Chinese tourism. At home, he has sought to appeal to party fundamentalists and moderate voters. For fundamentalists, he has placed himself firmly in the DPP mainstream, endorsing the core positions in the party's 1999 resolution on Taiwan's future that defines Taiwan as a sovereign independent state, rejects Beijing's "one China" principle, and conceives of cross-Strait relations as between two separate states. Hsieh has endorsed joining the UN as Taiwan, said he is campaigning to be president of Taiwan and at times supported the party's UN referendum. In addition, he has accepted the new party positions in the "Normal Country Resolution."

To appeal to moderate voters, Hsieh has tried to sustain his image as being more pragmatic than President Chen. He has spoken of his desire for cross-Strait peace and stability and of the need to build consensus before acting on controversial issues. He worked hard behind the scenes to tone down Yu's draft of the "Normal Country Resolution." As someone who values conciliation and who is conscious of U.S. opposition, Hsieh proposed to the DPP that the two competing UN resolutions be merged to maximize support for Taiwan's desire for UN membership. The party leadership roundly rejected this idea.

Hsieh has had only limited success in maintaining control of his campaign. He appears less than enthusiastic about the UN referendum, but has had to accept it as a core element in the campaign. He was only partly successful in toning down the "Normal Country

Resolution,” promoted by fundamentalists in the party Secretariat. As the DPP Congress ended without resolving who will be party chairman, it is unclear how relations will develop between the Secretariat and Hsieh’s campaign staff.

Hsieh’s various statements leave considerable room for speculation about just what he would do if elected. Commentators from China now seem less certain of their ability to work with Hsieh. Those who are more optimistic doubt that conditions will permit a resumption of political talks, but hold out hope that it will be possible to reach agreements on economic and functional issues. Those who are more pessimistic believe Chen, Yu, and the party fundamentalists are hijacking Hsieh’s campaign in ways that will constrain Hsieh if he is elected.

Functional talks remain stalled

As would be expected in this politicized environment, the conditions are not ripe for progress on functional issues. According to the Mainland Affairs Council (MAC), there have been some contacts on charters and tourism. At times the MAC has expressed some hope that progress may be possible. But no breakthroughs have been achieved. Nevertheless, both sides continue to implement existing agreements. The first series of direct flights over Mid-Autumn Festival began in late September.

Further and intense discussions were held between the 2008 Olympic Committees of Taipei and Beijing about routing the Olympic torch through Taiwan. At one point, the MAC optimistically indicated that agreement was about to be reached, only to learn from its Olympic negotiator that new issues had arisen. In late September, the talks were suspended with Taipei claiming that Beijing’s new demands related to Taiwan’s anthem and flag were unacceptable. On Sept. 20, the International Olympic Committee (IOC) announced the torch route had been finalized and that it would not pass through Taiwan.

Economic trends

Cross-Strait trade has continued to grow at a moderate double-digit rate. According to PRC statistics, trade reached \$55.3 billion, in the first half of 2007. PRC exports to Taiwan increased 15.1 percent to \$11 billion and PRC imports from Taiwan grew 9 percent to reach \$44.3 billion. As usual statistics from Taiwan were lower. Taipei’s Board of Foreign Trade put first half trade at \$46 billion. It reported exports to the PRC of \$33 billion up 14 percent. These exports represented a record 29 percent of Taiwan’s global exports. The BOFT put Taiwan’s imports at \$13 billion also up 14 percent.

Looking ahead

The 17th Party Congress report will contain an authoritative restatement of Hu Jintao’s policies toward Taiwan. No significant departures are expected. Someone in the new Politburo Standing Committee will eventually be revealed to be Hu’s new deputy on the Taiwan Affairs Leading Small Group. It is also expected that between now and the National People’s Congress session next March, TAO Minister Chen Yunlin will retire

and be replaced by Vice Minister Zheng Lizhong, who is already playing a prominent role in cross-Strait contacts.

In Taipei the legislative and presidential campaigns will continue to dominate the news and policy. Predictions are that the KMT will win a larger majority in the new Legislative Yuan in January. However, the presidential campaign remains wide open. These elections will be test of the temper of the Taiwan electorate – whether the electorate’s mood will be pragmatic or idealistic?

China-Taiwan Chronology July – September 2007

July 1, 2007: Vatican notes willingness to switch relations as soon as agreement is reached with China.

July 2, 2007: MAC Chairman Chen Ming-tong sees signs China wants to reopen functional talks.

July 4, 2007: President Chen’s Op-ed in *Washington Times* on UN membership.

July 6, 2007: President Chen tells *Washington Post* UN referendum will be held.

July 10, 2007: Taipei announces anti-dumping duty of 43 percent on Chinese shoes.

July 12, 2007: Hsieh Chang-ting’s *Phoenix TV* interview.

July 12, 2007: Executive Yuan (EY) committee approves DPP’s UN referendum.

July 12, 2007: Hong Chi-chang appointed president of SEF.

July 18, 2007: President Chen sends letter to UN Secretary General Ban applying for admission as “Taiwan.”

July 23, 2007: UN Secretariat rejects and returns Taiwan’s application.

July 23, 2007: Hsieh Chang-ting’s *Financial Times* interview.

July 24, 2007: Hsieh in Washington for consultations with Bush administration.

July 25, 2007: KMT delegation led by Chiang Ping-kun meets TAO Deputy Zheng Lizhong.

July 26, 2007: EU criticizes DPP’s UN referendum, saying it does not support membership for Taiwan.

July 30, 2007: President Chen writes UNSC President Amb. Wang and Secretary General Ban again applying for UN membership.

Aug. 1, 2007: Amb. Wang states that Chen's letter was immediately rejected.

Aug. 1, 2007: On its 80th anniversary, PLA expresses zero tolerance for Taiwan independence.

Aug. 5, 2007: China repatriates ex-KMT lawmaker Chang Wen-yi to Taiwan.

Aug. 7, 2007: U.S. carriers in operation *Valiant Shield* operate east of Taiwan.

Aug. 12-13, 2007: Hsieh Chang-ting visits Singapore and Indonesia.

Aug. 14, 2007: District Court acquits Ma Ying-jeou on charges of misuse of funds.

Aug. 14, 2007: Two PRC plane hijackers repatriated to China after serving sentences.

Aug. 15, 2007: Hsieh formally announces Su Tseng-chang as his running mate.

Aug. 16, 2007: Prosecutor announces intention to appeal Ma's acquittal.

Aug. 17, 2007: MAC Chairman Chen says talks on flights and tourism almost complete.

Aug. 20, 2007: PRC's Jia Qinglin meets youth delegation from Taiwan.

Aug. 21, 2007: President Chen transits Anchorage, stays on plane to express discontent.

Aug. 22, 2007: EY 08 budget includes NT\$340 billion for defense (3 percent GDP).

Aug. 23, 2007: President Chen meets Central American allies in Honduras.

Aug. 23, 2007: China opens embassy in Costa Rica.

Aug. 26, 2007: President Chen visits El Salvador.

Aug. 27, 2007: Deputy Secretary Negroponte's *Phoenix TV* interview.

Aug. 27, 2007: President Chen meets President Ortega in Nicaragua.

Aug. 28, 2007: Referendum Review Committee approves KMT UN referendum.

Aug. 28, 2007: PRC MOFA expresses appreciation for Negroponte's remarks.

Aug. 29, 2007: President Chen transits Anchorage.

Aug. 29, 2007: TAO Deputy Zheng Lizhong calls for opposition to independence activities.

Aug. 30, 2007: NSC Wilder's comments to press on Taiwan.

Aug. 30, 2007: DPP Central Executive Committee adopts modified 'Normal Country Resolution.'

Aug. 30, 2007: MAC approves visit by Yao Ming.

Aug. 31, 2007: PRC letter to UN labels Taiwan's application as step toward independence.

Sept. 4, 2007: In Changhua, Hsieh Chang-ting says he is running for president of the "Republic of Taiwan."

Sept. 5, 2007: Ma criticizes Hsieh's statement, Hsieh reiterates it.

Sept. 5, 2007: Hsieh proposes combining two UN resolutions; DPP rejects proposal.

Sept. 5, 2007: *Xinhua* reports 600 Taiwanese apply to volunteer at 2008 Olympics.

Sept. 6, 2007: President Chen's video teleconference with Washington.

Sept. 6, 2007: Presidents Bush and Hu meet at APEC.

Sept. 6, 2007: Vice Premier Wu Yi meets Taiwan investors; Beijing announces new economic measures for Taiwan.

Sept. 7, 2007: MAC Chairman Chen Ming-tong hints at agreement on Olympic torch.

Sept. 8, 2007: MAC Chairman Chen says new glitches threaten agreement on torch.

Sept. 9, 2007: Five African allies attend summit in Taipei.

Sept. 10, 2007: DPP Chairman Yu proposes amendments to strengthen 'Normal Country Resolution.'

Sept. 11, 2007: UN General Assembly president returns letter from President Chen.

Sept. 11, 2007: DAS Christensen speech at US-Taiwan Business Council Conference.

Sept 12, 2007: TAO's Li Weiyi says Taiwan must bear consequences of its actions.

Sept. 12, 2007: DPP and Chen administration say UN referendum will go forward despite U.S. opposition.

Sept. 12, 2007: U.S. announces plan to sell 12 P-3C's and 122 SM-2 missiles to Taiwan.

Sept. 13, 2007: KMT's Wang Jin-pyong urges both parties to drop UN referendums.

Sept. 13, 2007: TAO Minister Chen Yunlin in Washington DC for consultations.

Sept 14, 2007: President Chen holds video teleconference with press in New York.

Sept. 15, 2007: DPP stages UN march in Kaohsiung; KMT holds rally in Taichung.

Sept. 16, 2007: TAO warns that UN issue creates "serious situation."

Sept. 16, 2007: Beijing MOFA protests US arms sales to Taiwan.

Sept. 17, 2007: DPP Chairman Yu proposes amendments to 'Normal Country Resolution.'

Sept. 19, 2007: UNGA General Committee decides not to put Taiwan on UNGA agenda.

Sept 20, 2007: IOC announces Olympic torch route will not include Taiwan.

Sept. 21, 2007: Prosecutors indict Chairman Yu and others on misuse of funds; DPP Chairman Yu announces intention to resign.

Sept. 21, 2007: Two-week Mid-Autumn Festival charter flights begin.

Sept. 21, 2007: UNGA debates and adopts General Committee report.

Sept. 23, 2007: Secretary Rice and Minister Yang meet at UNGA.

Sept 24, 2007: PRC's Jia Qinglin says UN referendum "endangers peace."

Sept. 23, 2007: Hsieh Chang-ting's interview with *Straits Times* published.

Sept. 26, 2007: President Chen brokers compromise that strengthens Normal Country Resolution draft.

Sept. 27, 2007: DPP Chairman Yu abruptly resigns.

Sept. 27, 007: President Bush receives Foreign Minister Yang at White House.

Sept. 30, 2007: Divisive DPP Congress adopts 'Normal Country Resolution.'