

China-Taiwan Relations: Groping for a Formula for Cross-Strait Talks

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The tensions that followed Chen Shui-bian's election in March have eased. Since President Chen's remarkably conciliatory comments on cross-Strait relations in his inaugural address, both Taipei and Beijing appear to be groping, thus far unsuccessfully, for a formula for reopening talks. Apparently inconsistent actions and statements from China imply considerable disagreement in Beijing on how to handle the new regime in Taipei; no decisions are expected until the summer leadership meetings in Beidaihe. In Taipei, Chen has been in a honeymoon period where his positions have enjoyed wide support. Despite its initial fears last March, Washington now sees Chen as a pragmatic conciliator. The Democratic Progressive Party, for its part, has undergone a remarkable transformation from its past fear of U.S. pressure to a new desire to elicit American help in initiating cross-Strait talks on terms acceptable to Taipei. A lot is riding on the effort because, if a mutually acceptable formula is not found, the debate in Beijing is likely to shift toward a more confrontational approach. This, in turn, will constrain Chen's room for compromise.

Post-Election Maneuvering

Chen's election victory was a watershed for Taiwan politics, for cross-Strait relations, and for the international community. In March, for the first time a Kuomintang (KMT) president was voted out of office, and the first peaceful and democratic transfer of government in Chinese history was begun. With its worst fears realized and its threats against the Taiwan people a failure, Beijing swallowed hard and announced that it would pursue a "wait and see" policy toward Chen Shui-bian. The palpable anxiety in Washington, Tokyo, and other world capitals reflected deep uncertainties about Chen and his policies.

In the two months leading up to his May 20 inauguration, Chen faced three major challenges: assembling a government that would enjoy broad support, preserving peace in the Strait by signaling a wary Beijing about the direction of his cross-Strait policy, and reassuring Washington and others that his government would not provoke trouble in the Taiwan Strait. Despite widespread concern about his lack of national and international experience, Chen showed considerable skill and sophistication in meeting these challenges. After initial signals that he would avoid provocations, Chen began floating ideas on cross-Strait relations in preparation for

his coming inauguration. Chen's most significant actions, however, were his government appointments. Most important was the surprise choice of the mainlander KMT Defense Minister Tang Fei as his premier. While Tang was not his first choice, the decision served several purposes, including reassurance to the PRC. When completed, his cabinet was a *de facto* coalition including 15 from the KMT, 20 independents, and only 7 from his own Democratic Progressive Party (DPP).

Across the Strait, Beijing moved beyond its initial wait and see policy and launched a high stakes campaign to pressure Chen into accepting Beijing's definition of the one-China principle. This appeared to have been prompted in part by conciliatory DPP statements that one-China was not a principle Taipei could accept but an issue that could be discussed in talks with Beijing. Through April and early May, the PRC kept up a steady barrage on the one-China principle as the precondition for any talks. There were nuances of difference in the formulations from military, party, government, and media spokesmen, but Beijing's key condition was clear. Against the backdrop of some domestic criticism of past counterproductive threats against Taiwan, there appears to have been debate about how much to threaten Chen on the consequences of not accepting the one-China principle. For example, Tang Shubei, the Vice Secretary General of the Association for Relations Across the Taiwan Strait (ARATS), in remarks made on April 27 at a conference in Guangzhou, reportedly said failure to accept the one-China principle would lead to "war." This was modified in subsequent media versions to read not war but "disaster."

In April, some commentators said that the May 20 inaugural address would be the deadline for Chen's willingness to accept one-China. Informed researchers knew that this was establishing a benchmark that Chen would not reach, and gradually the policy pressure softened. On the eve of the inaugural, a *People's Daily* editorial was more cautiously calling for Chen "to work in the direction of accepting the one-China principle."

Chen's Inaugural and Beijing's Response

In Taipei, hints of the line to be taken at the inauguration were coming out. In April, Chen told a Presbyterian group known for its support of independence that he would be President of all Taiwanese, not just his DPP supporters. In early May, Mainland Affairs Council (MAC) Chairwoman designate Tsai Ying-wen said the government would stop talking about Lee Teng-hui's "state-to-state relations" theory and that achieving the "three links" would be a priority for the administration. A few days before the inaugural, Chen characterized cross-Strait ties as "relations between brothers in a family."

In his inaugural address, President Chen appealed to his constituents as a loyal son of the soil of Taiwan but also expressed his desire for reconciliation with China. He enunciated "four no's" designed to reassure Beijing. Based on the premise that Beijing did not intend to use force, Taipei would not a) declare independence, b) hold a referendum, c) write Lee Teng-hui's state-to-state theory into the constitution, or d) change the name of the Republic of China. In addition, Chen said that he would not abolish the National Unification Council or the National Unification Guidelines. While he neither accepted nor rejected the one-China principle, he went

so far as to express confidence that leaders on both sides would have the wisdom and creativity to deal jointly with the question of a “future one-China.”

Chen’s pursuit of dialogue and reconciliation is driven by his desire to demonstrate to his constituents that he can not merely avoid provoking Beijing but can actually enhance Taiwan’s security through dialogue with Beijing as equal parties. Chen aims to use eventual cross-Strait talks to open the direct trade and travel with the Mainland that his business supporters want. What Chen has said Taiwan cannot do is accept Beijing’s view of one-China that defines Taiwan as a part of the PRC.

Within hours of Chen’s speech, the Taiwan Affairs Office in Beijing issued a statement that criticized Chen for avoiding the one-China principle but indicated that Beijing was prepared to talk with the new administration. The statement said that on the premises that Lee’s “two states” theory would not be made policy and that both sides would return to the 1992 consensus concerning one-China, talks could be resumed between ARATS and its Taiwan counterpart, the Strait Exchange Foundation (SEF). Beijing had apparently softened its rigid demand by hinting at a possible compromise on one-China. However, Beijing had not clearly defined what it meant by the 1992 compromise. That day a senior official instructed the press in Beijing to highlight the fact that Beijing was prepared to be patient and to deal with Chen.

Chen’s willingness to discuss one-China and Beijing’s suggestion of the 1992 consensus indicate that both sides are groping for a formula for reopening talks. But subsequent developments indicate how difficult the task of resuming talks will be. On May 29, MAC Chairwoman Tsai questioned whether there had really been an agreement to accept differing interpretations of one-China in 1992. On June 11, *Xinhua* criticized Taiwan for denying the 1992 consensus. These exchanges are not surprising because Taipei and Beijing have not agreed about what the 1992 consensus meant, beyond the fact that it cleared the way for the 1993 Koo-Wang meeting.

In his first formal news conference on June 20, following the historic inter-Korean summit in Pyongyang, President Chen called for a reconciliation summit between himself and PRC President Jiang Zemin. In doing so, Chen noted that the two sides had “agreed to disagree” in 1992 and indicated his confidence that if the two sides met, they could reach agreement on a mutually acceptable definition of one-China. Then on June 27, Chen made the implications of these comments explicit when he told a visiting American delegation that he could accept the 1992 consensus for “one China, with respective interpretations” but not Beijing’s view of one-China that defines Taiwan as part of the PRC. Reflecting their different understandings of the 1992 consensus, Beijing then attacked Taipei for misinterpreting the 1992 consensus. While Beijing repeated its May 20 proposal, the Foreign Ministry spokesman said it had been agreed in 1992 that both sides would orally express their adherence to the one-China principle.

Thus, there has been considerable megaphone diplomacy which appears, at times, to be narrowing differences. However, this does not mean that talks will occur. There is no indication that significant private contacts are going on behind the scenes to lay the groundwork for resuming formal talks. Consistent with its demand that Taipei first accept the one-China

principle, ARATS has publicly avoided any communication with SEF. Behind the scene contacts are needed.

Confusing Signals from Beijing

Beijing has been quite unified in conveying the message that acceptance of the one-China principle is the key precondition for talks. However, a variety of often contradictory actions and statements indicate that there is little consensus in Beijing on policy toward Taipei beyond the focus on the one-China principle. Recent visitors to Beijing report recognition by many researchers that past policy toward Taiwan has been counterproductive and even criticism of the leadership for adopting overly threatening tactics that are alienating Taiwan. Whether these criticisms have had any impact on leadership views is unclear.

ARATS and the Taiwan Affairs Office can be identified with the effort to reopen talks on the basis of the 1992 consensus. Meanwhile, other officials, presumably from the propaganda system, have announced a bizarre ban on popular Taiwan star Chang Hwei-mei (known to her fans as A-mei) for having sung at Chen's inauguration -- an action that has been ridiculed in Taipei.

While many of Beijing's day-to-day actions toward Taiwan appear to be on auto-pilot, the major new policy since Chen's election has been threats toward Taiwanese business, a constituency that Beijing has previously viewed as supporting its effort to open direct trade. In April, Beijing issued a threat to Taiwanese investors that they would not be permitted to do business on the Mainland if they supported independence for Taiwan. Since then, at least one prominent Taiwan investor has been subject to a variety of regulatory inspections. The Chi Mei Group, whose President is close to Chen Shui-bian, has said that the unusual inspections could well lead the company to reconsider its investment plans. However, when President Jiang met a delegation of Taiwan industrialists on June 27, he eschewed threats and spoke of "joining hands for prosperity." In Hong Kong, PRC officials have chastised local media for publishing "pro-independence" stories and warned Hong Kong firms not to do business with Taiwan firms that support independence.

Domestic Pressures on Chen

Chen has been in a honeymoon period enjoying wide support. However, the strains of policy making within a *de facto* coalition cabinet that does not enjoy majority support in the Legislature are becoming more apparent. They have begun to surface on two major domestic issues facing Chen -- whether to cancel the construction of Taiwan's fourth nuclear power plant and how to pursue a campaign against money politics and corruption in government.

Chen is also subject to conflicting advice and pressures on cross-Strait issues. The administration has shown signs of imperfect coordination, which is to be expected in the initial period. Vice President Annette Lu, with a reputation for outspoken criticism of the PRC, often is out of step with Chen's more pragmatic approach. Chen's most recent statement accepting the

1992 consensus has produced significant editorial criticism in pro-DPP media that he has gone too far to accommodate the PRC. Chen's honeymoon may be ending.

Chen is committed to cautiously opening up direct trade and travel across the Strait. His administration is taking the position that this can only be accomplished through direct talks with Beijing, not unilaterally by Taipei. This approach has subjected the administration to criticism for failing to move quickly to approve some minor steps in that direction. Proponents of starting direct cross-Strait trade by legalizing trade between the Taiwan-held offshore islands and neighboring Fujian Province have criticized the administration's caution. Unauthorized small scale trade has been occurring between the two for some time. On June 12, under pressure from the KMT and Peoples First Party (PFP), the Legislative Yuan passed a resolution urging the government to accelerate preparations to legalize direct trade for the offshore islands. Separately, pilgrims from at least two Matsu temples in Taiwan applied for approval to travel directly and legally to the head Matsu temple in Meizhou on the Chinese coast for its annual festival on July 16. The administration, again, was criticized for not promptly approving the request. Then Beijing announced conditions that were interpreted as effectively precluding the planned trips.

Differing approaches to opposition parties' involvement in cross-Strait relations reflect the pressures on Chen. Chen wants to move forward with the formation of a broadly representative special advisory task force to be chaired by Academia Sinica President Li Yuan-tseh. The KMT and PFP have indicated they do not plan to nominate representatives to participate in this task force. In the Legislative Yuan, the KMT and PFP have launched plans for a special committee to oversee the government's conduct of cross-Strait relations.

New Thinking in Taipei on the U.S. Role

Washington's initial concerns about Chen eased as observers in and out of government became impressed with his conciliatory statements on cross-Strait issues. In contrast with the past, when the Clinton administration saw former President Lee Teng-hui as a creator of problems in cross-Strait relations, Chen is now seen as a cautious pragmatist seeking reconciliation. Winning the public relations contest for Washington's understanding is a high priority in the Chen administration. For the moment, they are succeeding.

In tandem with this shift in Washington's attitude toward Chen, Taipei has undergone a radical change in its thinking about the U.S. role on cross-Strait issues. A year ago, Taipei was intensely concerned about Assistant Secretary of State Stanley Roth's comments on interim agreements, which were interpreted as unwanted pressure on Taiwan to negotiate. In mid-May this year, indications began to appear in the press that the new administration wanted the U.S. to "mediate" cross-Strait issues. The U.S. government immediately reiterated its long-standing policy that cross-Strait issues should be resolved peacefully by those on both sides of the Strait and that Washington would not become involved as a mediator.

Since then, MAC Chairwoman Tsai has said that Taiwan wants the U.S. to play a role in facilitating or jumpstarting cross-Strait dialogue. On June 15, President Chen told visiting U.S. Secretary of Transportation Slater that the U.S. should be more active in promoting cross-Strait dialogue. On that same day, former Secretary of Defense William Perry was in Taipei on another of his personal trips to encourage dialogue. In contrast to a year earlier when his efforts were politely tolerated by Taipei, Perry's visit this year was at the invitation of Foreign Minister Tien Hung-mao. Secretary of State Madeleine Albright visited Beijing on June 22 and took the occasion to urge China to seize the opportunity for talks. Taipei welcomed her efforts; Beijing privately reminded her that it did not want the U.S. to become involved in this internal affair.

A confidence that Washington is sympathetic to democratic Taiwan and to Taipei's current approach to cross-Strait relations lies behind Taipei's changed attitude. The effort to enlist U.S. help is designed both to appeal to the U.S. and to advance Chen's strong interest in engaging Beijing in talks on terms acceptable to Taipei.

Implications for Policy

A great deal is at stake in the Taiwan Strait. While both sides seem to be groping for a formula for talks, there is no certainty that talks will occur in the near future. Practically speaking, serious preparations for talks are not likely to begin until after the summer leadership meetings in Beidaihe. It is even less certain, if talks do occur, that they will be productive and lower tensions. The more attention that is focused on the divisive issue of sovereignty, as Beijing's policy is now, the less likely progress can be made in areas where common interests exist, most importantly in the economic sphere. During all of this political maneuvering, cross-Strait trade has set new records this spring.

For the time being, the PRC seems less concerned that Chen will undertake dangerous actions. Beijing may sense that Chen's desire for talks gives it some leverage. However, the risks inherent in a prolonged failure to resume talks are real. Though differences do exist, the inner dynamics of Chinese leadership decision-making concerning Taiwan are unclear. The February White Paper made the threat that Beijing would feel compelled to use force if talks are indefinitely delayed, and it is easily possible for Beijing to convince itself that Taipei is the cause of any delay. Some Chinese researchers may question unsuccessful approaches and understand the complexities of the issue. However, if talks are long stymied, the politically popular position in Beijing will be a nationalistic defense of China's territorial integrity. Jingoistic rhetoric could have a greater influence on policy than realistic assessments. Management of Beijing's policy will become more difficult as the fall 2002 16th Party Congress approaches. In Taipei, if Chen's conciliatory positions are rebuffed, pressures will build for him to reject what would be described as unreasonable demands from Beijing. The future is very uncertain.

Chronology of China-Taiwan Relations April-June 2000

Apr. 1, 2000: President-elect Chen Shui-bian urges U.S. to proceed with arms sales.

Apr. 6, 2000: Premier-designate Tang says cross-Strait issues are his highest priority.

Apr. 7, 2000: *People's Liberation Army Daily* reports that if Taiwan continues to deny the one-China principle, it would end peace.

Apr. 8, 2000: *Xinhua* editorial attacks Vice President-elect Annette Lu.

Apr. 10, 2000: PRC official warns Taiwanese investors not to support independence.

Apr. 17, 2000: U.S. government announces new arms sales to Taiwan; defers selling Aegis-equipped destroyers.

Apr. 24, 2000: Chen tells visitors Taiwan cannot accept China's definition of one-China.

Apr. 27, 2000: Citing Chen's views, U.S. Senate Republicans defer action on Taiwan Security Enhancement Act (TSEA).

Apr. 27, 2000: In Guangzhou, Tang Shubei states that denying one-China will bring war.

Apr. 28, 2000: Outgoing Mainland Affairs Commission (MAC) Chairman urges return to 1992 consensus.

May 4, 2000: Democratic Progressive Party (DPP) Chairman Lin says new cabinet must not promote reunification.

May 5, 2000: MAC-designee Tsai states that Taipei will no longer talk of "state-to-state" relations.

May 9, 2000: Beijing welcomes Tsai's statement, but calls for Chen to commit to the one-China principle.

May 12, 2000: *Washington Post* reports MAC-designee Tsai wants U.S. to mediate cross-Strait dialogues.

May 12, 2000: U.S. spokesman reiterates that Washington will not mediate.

May 12, 2000: PRC tries to block DPP participation in Jakarta meeting of Conference of Asian Liberal Democrats.

May 15, 2000: Under PRC pressure, World Health Organization sets aside proposal to invite Taiwan as observer.

May 17, 2000: Chen characterizes cross-Strait relations as “between brothers in one family.”

May 18, 2000: *People’s Daily* editorial urges Chen “to work toward one-China.”

May 20, 2000: President Chen’s inaugural address mentions the “four no’s” of his policy toward Beijing and talks of a “future one-China.”

May 20, 2000: PRC’s Taiwan Affairs Office criticizes Chen’s speech, calls for talks based, in part, on return to the 1992 consensus.

May 21, 2000: In Quemoy, Chen calls for talks on direct trade.

May 22, 2000: Beijing blacklists Chang Huei-mei for singing at Chen’s inaugural.

May 29, 2000: MAC Chairwoman Tsai questions whether there was agreement on 1992 consensus.

May 31, 2000: Chen says “three links” can only be achieved through negotiations.

Jun. 1, 2000: Under PRC pressure, UN forces Taiwan to close its booth at UN Conference on international rescue operations.

Jun. 6, 2000: Foreign Minister Tien Hung-mao proposes diplomatic truce with Beijing.

Jun. 6, 2000: MAC Chairwoman Tsai asks the U.S. to help “jumpstart” cross-Strait talks.

Jun. 7, 2000: Chi Mei CEO Shi says PRC’s unusual inspections may force him to reconsider investment plans on Mainland.

Jun. 9, 2000: MAC says no legal basis for direct pilgrimage travel.

Jun. 11, 2000: *Xinhua* article criticizes Taipei for questioning 1992 consensus.

Jun. 12, 2000: Legislative Yuan adopts consensus resolution urging Taipei to accelerate the “mini three links.”

Jun. 13, 2000: Acer announces substantial new investments in Mainland.

Jun. 13, 2000:MAC's Lin praises inter-Korea summit as model, PRC spokesman says China's circumstances are different.

Jun. 15, 2000:Former Defense Secretary William Perry visits Taiwan at Foreign Minister Tien's invitation; then goes to Beijing.

Jun. 15, 2000:Chen Chao-nan, deputy convener of the DPP Legislative Caucus, again proposes DPP change its independence plank.

Jun. 16, 2000:PRC sets four principles for direct pilgrimage travel.

Jun. 20, 2000:Chen proposes a reconciliation meeting without preconditions; PRC says talks are only possible on the basis of one-China.

Jun. 21, 2000:*People's Daily* commentary says DPP willingness to remove Taiwan independence plank from its charter is a test of DPP sincerity.

Jun. 22, 2000:State Secretary Madeleine Albright in Beijing urges resumption of cross-Strait dialogue.

Jun. 22, 2000:Annual Department of Defense report on PRC military is released.

Jun. 27, 2000: Former Taiwan President Lee Teng-hui arrives in London for a one week "private visit by a private citizen" amid strong Chinese protests.

Jun. 27, 2000:President Jiang holds friendly meeting with Taiwan trade delegation.

Jun. 27, 2000:President Chen tells American visitor he can accept 1992 consensus.

Jun. 29, 2000:MAC clarifies that Chen did not accept Beijing's view of one-China.

Jun. 29, 2000: Beijing accuses Taipei of intentionally misinterpreting one-China.

Jun. 30, 2000:Legislative Yuan prepares special committee to oversee cross-Strait relations.