

# Taipei Forum's Visit to Beijing and Shanghai

February 23-27, 2016

## 1. Introduction

Taiwan's presidential and parliamentary elections held on January 16, 2016 resulted in a government turnover. Not only is the candidate of the Democratic Progress Party (DPP), Tsai Ing-wen, winning the presidency, but the DPP enjoys a majority (68 out of a total of 113 seats) in the Legislative Yuan. While Chairwoman Tsai said repeatedly during the campaign that she would endeavor to maintain the status quo across the Taiwan Strait and continue with all the achievements from previous cross-strait exchanges and negotiations, her stance remains different from the policy adopted by the Ma administration and the Kuomintang (KMT) candidate in refusing to accept explicitly the "92 Consensus" as the political foundation for cross-strait relations.

Against the backdrop of Beijing's accentuation of "92 Consensus" and the statement that "both sides across the Strait belong to one China," how the DPP and the Chinese Communist Party are going to cope with their potential conflicts becomes one of the most critical topics facing us today. In order to fathom more deeply

what the Mainland China has in mind, the Taipei Forum sent a fact-finding delegation, mainly composed of its standing directors, to visit various Taiwan-related agencies and think tanks. As the delegation was leaving for Shanghai from Beijing, we heard the remarks made by the Mainland's Foreign Minister, Wang Yi, in the US. We then engaged the experts in Shanghai on this new development. This report is written and publicized to ensure credibility to both sides across the Taiwan Strait and to help the Taiwan public in their deliberations over the future of the cross-strait relationship. The list of all members of the delegation and our itinerary are appended.

## II. Our Perspectives

In general, the delegation received a consistent message in all the conversations we had during this trip. The Mainland insisted on the "92 Consensus" as the very foundation for any future interaction across the Strait, and the core of the Consensus is that both sides belong to one China. Since the Mainland has voiced the stance repeatedly, with strong wording from top leaders on several domestic and international occasions, it is quite unlikely for the Mainland to back down from it. At the same time, for various domestic reasons, it is equally unlikely for the DPP to accept the "92 Consensus" or

“both sides belonging to One China.” As a result, what lies in front of us is clearly a dead stalemate.

While members of the delegation were all worried about the stalemate between “no backdown” and “no acceptance,” the degrees to which they were and the sources that gave rise to their worries varied. Some voiced a concern over the recent surge of the Taiwanese identity of being “Taiwanese, not Chinese” that had surpassed both the dual identity of being “Taiwanese as well as Chinese” and the third category of being “Chinese, not Taiwanese” by a large margin. This rising Taiwanese identity is inevitably going to constrain the Mainland policy of the Tsai administration so much so that it becomes difficult for her to approach the “middle way.” Given this identity constraint, it is indeed a great challenge for Chairwoman Tsai to find a middle ground with the Mainland’s “both sides belonging to One China.” The CSIS statement made by Minister Wang Yi was actually an iron fist in a velvet glove. It remains to be seen whether Madame Tsai is able to handle different voices within the DPP, and willing to meet Beijing halfway by accepting the “both sides belonging to One China” contained in his remark.

Others mentioned that Madame Tsai is actually an old hand in the field of cross-Strait relations. She was personally involved in the crafting of the former President Lee Teng-hui’s “Special State-to-State

Relationship” announcement and was in charge of the Mainland policy under Chen Sui-bian’s presidency. This part of her resume is the major reason why the Mainland is distrustful of her claim to maintain the status quo. Notwithstanding her experiences, it would be very difficult for her to adopt and implement policies purely according to the ideas she used to embrace given the complex cross-strait and international situations she will have to face. It is also quite likely that the US will use Minister Wang’s statement to exert pressure on Taipei for compromises. From this perspective, there is still much to be expected from her for the future of the cross-Strait relations, and it would be wise for Beijing to give her more time.

Still others mentioned that the DPP’s cross-strait policy was constrained by three key documents: the Taiwan Independence Charter passed in 1991, the Resolution on Taiwan’s Future adopted in 1999, and the Normal Country Resolution in 2007 passed under then Chairman Yu Shyi-kun. Arguably, it could be quite difficult for Chairwoman Tsai to accept and openly state that “both sides across the Strait belong to one China” when these three documents are still in effect. That said, the DPP’s cross-strait policy, however, has been gradually toned down and become more moderate since the January elections. Madame Tsai said publicly that she would “respect and understand the historical fact of the cross-strait meeting held in 1992, cherish the status

quo and what has been achieved over the past two decades of exchanges and negotiations, and continue to push ahead with the peace and development across the Strait on the basis of the aforementioned fundamental facts and existing political foundation.” She also stated that she would offer “proactive communications, no provocations, and no surprises,” and establish “a cross-strait relationship with consistency, predictability, and sustainability.” More critically, she further expressed that she would seek common ground with the Mainland while preserving differences, and advance the cross-strait relationship in accordance with the existing constitutional system of the Republic of China. Specifically, she has chosen not to define the two sides across the Strait as two states by rejecting the proposal by the New Power Party to replace the “Bill on the Cross-Strait Agreements Oversight” with the “Bill on the Two-States Agreements Oversight.” Moreover, Susan Thornton, the U.S. Deputy Assistant Secretary for East Asia, has also testified that Madame Tsai made a promise to the US to maintain the status quo and acknowledged her obligation to make policies that would promote the prosperity and stability across the Strait. Nevertheless, since there isn’t enough mutual political trust between the DPP and Beijing, the delegation was also concerned if a preventative negotiation mechanism could be established to avoid miscalculations when they were exploring each other.

Finally, economic development is vital to Taiwan, and both the cross-strait trade and regional economic integration are quintessential to the sustained growth of Taiwan's economy. Despite the vicissitude in the trade partnership across the Strait, on balance, both the ECFA and mainland tourists have contributed positively to economies of both sides. As a consequence, it's going to be the utmost challenge for the new administration to overcome newly emerging political hurdles and continue to advance the economic cooperation across the Taiwan Strait. Among other things, one critical issue is if Taiwan is able to join the regional economic integration, while at the same time, maintain and deepen the economic partnership with the Mainland. Some members of the delegation were also concerned, even if it's not free trade agreement in form, whether Taiwan could sign functionally equivalent trade agreements with other countries in substance. Moreover, they were also wondering if the negotiations over the merchandise trade agreement could be wrapped up before the inauguration of Taiwan's new president on May 20, so it could be put into effect when and if the political climate turned favorable. A similar case can be found in year 2000 when the then KMT administration took pains after the general election to pass the "Offshore Islands Development Act" before the government turnover so the incoming DPP administration could launch "Mini Three Links" in time. From this perspective, if the negotiations over the

merchandise trade can be completed in the next few months, a “triple win” for all the Blue, the Green, and the Red camps would be likely.

### III. The Mainland Perspectives

Over the course of five days in Beijing and Shanghai, the delegation held informative discussions with a range of Mainland officials and think-tank scholars. The following sections summarize the messages we received from four different angles: international and regional dynamics, the Mainland’s domestic developments, cross-Strait interactions, and the future of Taiwan’s Domestic Politics.

#### International and Regional Dynamics

The delegation visited several noted international relations think tanks in Beijing and Shanghai. The experts shared with us their views on the future of cross-strait relations from the perspective of international and regional dynamics the Mainland was currently facing. One senior scholar pointed out that, while the world order could still be mainly characterized by peace and stability and that major powers not only competed, but also cooperated with each other at the same time, the Mainland nonetheless

was encountering a trifold scenario with a structural change, a transformation in the international order and economic adjustments. As far as the structure is concerned, while the US is overall still the most powerful country in the world, regional conflicts abound. Both the US “rebalancing” strategy and Japan’s rightward swing have sown the seeds of instability in the Asia-Pacific. At the same time, as for the international order, an imminent reform of the global governance regime in dealing with nontraditional security issues such as climate change has triggered a new round of competition for rule-making. Finally, economy-wise, both the continuing recession in the world economy and the faltering emerging markets have brought tremendous uncertainties to the Mainland’s sustainable economic growth.

Regarding the Sino-US relations, one expert on the US-related issues pointed out that, under the rubric of “Rebalance to Asia”, the US was trying to create troubles in the Mainland’s neighborhood to install a glass ceiling for her development. Examples include supporting the Philippines to challenge the 9-dash line in the International Arbitral Tribunal and dispatching warships to sail near disputed islands in the South China Sea, the Diaoyu island dispute in the East China Sea, Rearming Japan, denuclearizing North Korea, and deploying THAAD (Terminal High Altitude Area Defense) in South Korea.



As far as the Mainland's intention is concerned, experts also argued that, in an age of globalization, it was fairly unlikely for a war to break out among major powers, and the Mainland had said she would respect the US' traditional role and existing interests in the Asia-Pacific, and had no intention to challenge the US' international status. Regionally, the Mainland has advocated the four principles of "amity, sincerity, mutual benefit and inclusiveness" to deepen her integration with the region. On the one hand, the recent "one belt and one road initiative" was not simply proposed to reduce overcapacity at home and identify new growth areas abroad through infrastructure investments in neighboring countries, but, more importantly, also to consolidate political foundations and strengthen the "people-to-people relations" with her neighbors. On the other hand, they also revealed that the short-term issues in both the East and South China Seas were going to be resolved in the near future. A solution for the nuclear issue on the Korean Peninsula was also expected to be found in the Nuclear Security Summit to be held at the end of March.

If the issues in both the East and South China Seas can be tackled, the Taiwan Strait issue that also bears direct relevance to them then becomes the only variable for preventing the "interlinkage of the three Seas" from happening. An authority on this issue posited that the

Taiwan Strait is more important than the East and South China Seas, and even more than the Korean Peninsula. What simultaneously worried several international relations scholars was whether Tsai's new administration would become a "chess piece" for the US to create new problems for the Mainland (just as Ukraine to Russia). Potential issues include promoting the Taiwan independence, continuing the de-sinicization in education, and dancing to the US tune in the South China Sea by relinquishing the U-shaped line. One of the experts mentioned that a recent delegation from the US told them about an American scholar making a policy advice to divert the Mainland's attention from the South China Sea by manipulating the Taiwan issue. This is an issue of great concern to both the Chinese government and people. The Taiwan issue could become a litmus test for whether a conflict would take place between the Mainland and the US. If Taiwan tilts overly towards the US and Japan, the Taiwan issue can complicate the situations in both of the East and South China Seas and get the Sino-US relations over the tipping point for conflict.

### The Mainland's Domestic Developments

Many experts also read into the future of the cross-Strait relations from the perspective of the Mainland's own economic and political developments. One senior

scholar in a think tank told us that Beijing's policy priority was the Mainland's economic development and restructuring. Specifically, Beijing has set up five policy objectives (cutting overcapacity, destocking, deleveraging, reducing costs and making up for deficiencies) and vowed to lift the remaining 70 million people above the poverty line in five years. In a time of global recession, it won't be easy to find new growth areas in the economy and accomplish the objectives specified above. As a consequence, Beijing will focus more on domestic problems than foreign affairs, and it is a misunderstanding to accuse Beijing of becoming more assertive or revisionist.

Moreover, the Mainland is also facing new international competition in her pursuit of development. For example, the US as well as other developed countries are trying to enhance their competitiveness and redefine the global rule for trade by creating new trade agreements such as TPP and TTIP. Be it the controversy in the South China Sea, Japan's rearmament, or the issue of the Korean Peninsula that had interrupted the Mainland's development two times historically, the Mainland won't allow noneconomic conflicts, either internationally or regionally, to stand in her way again. The same principle also applies to the Taiwan Issue, the handling of which should avoid hampering the Mainland's policy goals to reach a "moderately prosperous society" and all-around poverty elimination.

## Existing Patterns of Cross-Strait Interactions

Naturally, in addition to the international environment and the Mainland's own pace of development, the cross-strait relations are also affected by the way in which both sides across the Strait have interacted so far. Consequently, the delegation visited various Taiwan-related authorities and think tanks for their views on the future of economic and political developments across the Taiwan Strait.

One authoritative official on the Taiwan affairs pointed out that, regardless of who is in power in Taiwan, Beijing's cross-strait policy is highly consistent over time and in disregard of partisan lines in Taiwan. That policy holds the "92 Consensus" as the political foundation for the cross-strait relations, with its core being "both sides belonging to One China." This was the very reason why the interactions across the Taiwan Strait were restored in 2008 and why the cross-strait relationship remained stable despite the differences. As long as this principle is to be followed, the cross-strait relations after the DPP assumes power could be stabilized and there would be room for discussing technical details regarding both political and economic cooperation across the Strait. This is because the Mainland is pursuing unification not simply in form, but also in mind. The Mainland is not

pursuing an immediate unification, either. Flexible arrangements can be made during the transition. According to them, Beijing is even flexible on the issue of ROC's international space as long as DPP is willing to meet Beijing halfway and accepts the "both sides belonging to One China."

This official hoped the DPP could turn their back on the path towards Taiwan's independence, and reverse the "de-sinicization," instead of strengthening the pro-independence mentality in Taiwan. He also said if in the past decades there were three options for the cross-strait relations, i.e., "conflict," "procrastination," and "peace," only two will remain after May 20: "conflict" or "peace." And different choice of the options will yield different consequences. When asked about possible communication channels across the Strait, he emphasized that the messages were fairly clear for both sides now, so it didn't matter whether there was such a channel. What's critical was whether the authority in Taiwan was able to make up its mind. As for the message itself, the key is still how the cross-strait relationship is defined. And its core is still the "both sides belonging to One China." This message should be stated in a fashion of "positive listing," not "negative listing."

Addressing the delegation's concern that the DPP should be given more time, he responded that the clock

was running and the DPP had to face the reality no later than May 20. And the Mainland had to do something. Given the current situation, many people in the Mainland might still have hard time believing Tsai's words. Even if she were to accept the 92 Consensus now, a lot of persuading has to be done internally to turn around the skeptics.

Compared to international relations scholars, this official held the view that the cross-strait relationship had nothing to do with either the Sino-US relationship or the new situation in the Korean Peninsula, since the nature of international relations differed fundamentally from that across the Strait. Specifically, he held the view that the US presidential campaign revealed the rise of isolationism inside the US and the US foreign policy would not be as idealistic. More critically, since Taiwan is not a US core interest as it is to the Mainland, relying solely on the US as a leverage won't work for Taiwan.

As for the economic and trade relationship across the Strait, an official in charge of the commerce shared the view that the key is the 92 Consensus as the political foundation. Rather than a pure economic issue, Taiwan's joining the regional trade organizations is essentially one related to national sovereignty. Since there is a possibility for free trade agreements to be politicized, Beijing can only negotiate with Taipei under the "One China Principle" about the possibility for it to

sign trade agreements with other countries and join regional trade organizations.

The Taiwan-related analysts in Beijing also criticized Madame Tsai for being selective in her claim of "maintaining the status quo." Even if she won't be provocative in the future, renegeing on the previous commitment itself constituted a crisis. He also questioned her announcement of "ROC's constitutional system" for the wide room for interpretations it leaves. Her recent change in the attitude on the pending oversight bill didn't mean much either since the move was nothing but a touch on the brakes, rather than a complete turnaround.

Regarding Foreign Minister Wang Yi's remark made in the US, all the experts in Shanghai's Taiwan-related think tanks viewed it as a friendly gesture that gave Madame Tsai's incoming administration greater room for maneuver. However, they did not think that it was tantamount to the recognition of the constitution of the Republic of China. The essence of Wang Yi's statement is still "both sides belonging to One China," which dovetails the previous emphasis on the 92 Consensus. Be it in Beijing or Shanghai, officials or scholars, the delegation heard a highly consistent message that the Mainland's Taiwan policy has been determined, and "the ball is in Taiwan's court now." The major focus is Chairwoman Tsai's inauguration speech on May 20.

## The Future of Taiwan's Domestic Politics

Finally, the development of the cross-Strait relationship is also highly correlated with Taiwan's own domestic politics. This is especially true when the outcomes of the 2016 election show that the Taiwanese politics is developing into a new stage either from the demographic, or the national identity perspective. Against this background, a think-tank analyst based in Shanghai characterized Beijing's current policy as "staying on the beaten track, and securing the accomplishments." An authoritative analyst in Beijing signaled pessimism for the future since Beijing had defined Madame Tsai and DPP as pursuing "soft Taiwan Independence," judging from her previous words and deeds. He said, while Madame Tsai's post-election remarks did have something to be praised for, there still lurked uncertainties in the four critical elements she mentioned (the historical fact of the cross-Strait meeting between the two associations in 1992 and the mutual understanding to look for the agreements while preserving the disagreements; the existing constitutional system of the Republic of China; the achievements obtained through cross-strait negotiations and exchanges in the past two decades; Taiwan's democratic principle and public opinion). In his view, Beijing currently held no hope for Tsai to come around,



would not give up on its bottom line, and would not abandon its efforts since the DPP was not entirely homogenous. Many experts also mentioned that they had noticed Chairwoman Tsai's changes, but still remained uncertain about whether she could lead the DPP to make changes and begin "an age of reform," or she would be held hostage by extremists within the party and set off "an age of cultural revolution." The point is: the Mainland will continue to work on transforming its power into a leverage against Taiwan, no matter how Taiwan's politics evolves, whether DPP would be willing to meet Beijing halfway, or if the KMT can turn itself around. In a nutshell, the cross-strait relationship is entering a period of profound adjustments for sure.

Officials and scholars alike in both Beijing and Shanghai registered their concerns over the so-called "natural independentists." They were worried that, if the "natural independentists" among Taiwan's youth could not be reined in, they would surely clash with the "natural unificationists" in the Mainland in the future. The netizens in the Mainland have become more and more opinionated on Taiwan after recent elections. They not only let off their dissatisfaction at Beijing by calling the State Council's "Taiwan Affairs Office" libelously the "Kowtow Affairs Office," but also circulated lots of agitated comments in support of unification by force. Relatedly, a senior think-tank scholar in Shanghai told

us the “cultural version of the Taiwan Independence” (e.g., the removal of Sun Yat-sen’s portraits nationwide) promoted in the name of transitional justice by some DPP legislators would be viewed as actions inimical to the cross-strait relationship. In their opinion, although Chairwoman Tsai did stop them from passing the bill, thus expressing her goodwill, it remains to be seen if she could exercise effective leadership to keep the DPP legislators in tight leash in the future.

Another senior scholar in Shanghai suggested that the DPP should leave room for the future of the cross-strait relationship and keep their ideological polices in check. Another scholar placed an emphasis on the great transformations currently taking place in the world economy and technology, which had made existing models of cooperation obsolete and driven all countries around the world to search for their new niches. If both sides across the Strait are still engulfed in confrontation, neither won’t stand a chance to steal a march in this race. If both can cooperate, then a bright future will be lying ahead.

### MEMBERS OF THE DELEGATION

Name	Role	Affiliation
Frederick F. Chien (Beijing)	Head	Chairman, Cathay Charity Foundation Standing Director,

Only )		Taipei Forum
Hung Chi-chang	Deputy Head	President, Taiwan Economy & Industry Association Standing Director, Taipei Forum
Su Chi	Executive Director	Chairman, Taipei Forum
Chien-jen Chen	Member	Founder/Standing Director, Taipei Forum
Chi-Yuan Liang	Member	Chairman, Chung-Hua Institution for Economic Research
Hans H. Tung	Member	Assistant Professor, Dept. of Political Science, National Taiwan University
Chih-Hao Hua	Member/Administrative Director	Administrative Director, Taipei Forum

## SCHEDULE OF MEETINGS

February 23-25, 2016-Beijing

Tuesday, February 23

China Institute of International Studies: Led by  
President Su Ge

Wednesday, February 24

Institute of Taiwan Studies, Chinese Academy of Social  
Sciences : Led by Director Zhou Zhihui.

Institute for Taiwan Studies, Tsinghua University: Led  
by Director Zheng Lihong.

Thursday, February 25

Ministry of Commerce : Led by Vice Minister Wang  
Shouwen.

China Institutes of Contemporary International  
Relations : Led by President Ji Zhiye.

Taiwan Affairs Office, the State Council : Led by  
Minister Zhang Zhijun

February 26-27, 2016-Shanghai

Friday, February 26

Shanghai Institute of International Studies : Led by  
President Yang Jiemian

Saturday, February 27

Shanghai Institute for Taiwan Studies : Led by President  
Yu Xintian.

The East Asia Institute in Shanghai: Led by President  
Zhang Nianchi