

# Cross-Strait Relations: First the Easy, Now the Hard

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After two rounds of renewed cross-Strait dialogue in 2008, PRC President Hu Jintao took the initiative at the end of the year to put forward an ambitious agenda for advancing the relationship and consolidating it for the long run. He embedded his proposals squarely in the long-standing orthodoxy on “one China” and ultimate reunification. But in the most important aspect of the speech, he fundamentally, if largely implicitly, recognized that unification is at best a distant prospect. Consistent with his approach to date, he exhibited a willingness to be patient as long as developments were consistent with—or at least not inconsistent with—these two ideas.

On a tactical level, while officials on both sides continue to speak of the need to move “step-by-step,” in fact, some people in Taiwan as well as on the Mainland have shown a desire to accelerate the pace, trying to get as much as possible done while Ma and Hu are both in power. Moreover, while agreements to date have focused on specific issues such as cross-Strait transportation and tourism, Hu’s endorsement of an umbrella economic agreement—an idea Ma had first floated in the 2007–08 presidential campaign—has raised the issue to new prominence in the cross-Strait dialogue for 2009. It has also precipitated a sharp debate in Taiwan about the merits of such a deal.

Finally, the tyranny of the calendar brought the issue of Taiwan’s participation in the annual World Health Assembly meeting front and center. Although this has, as with the economic umbrella agreement, forced both sides to wrestle with domestically sensitive questions of sovereignty and status, successful handling of the issue could provide useful lessons for handling other issues of “international space” in the future. Failure, on the other hand, could seriously set back prospects for cross-Strait relations.

## Overview

As discussed briefly in the last issue of *CLM*, on 31 December, at a gathering to commemorate the 30<sup>th</sup> anniversary of the January 1979 “Message to Compatriots in Taiwan,” PRC President Hu Jintao gave an important speech laying out a major new cross-Strait initiative.<sup>1</sup> As he has with each new step in cross-Strait policy since 2003, Hu placed his proposals squarely within the “one China” framework and the ultimate goal of

reunification. He then cast the six points of the initiative that he presented not as departures in policy but as appropriate adaptations to the positive changes in Taiwan since last year's elections and the "new starting point in history" at which cross-Strait relations have now arrived.

Although the three main points of focus for 2009 were later identified as economic, cultural and educational, and personal exchanges (i.e., visits),<sup>2</sup> in fact there is a general consensus in both Taipei and Beijing that the three most important proposals Hu put forward were for a comprehensive economic agreement, political dialogue and accommodation to Taiwan's aspiration for "international space," and dialogue to consider a mechanism to enhance mutual military trust—essentially what could be labeled confidence- and security-building mechanisms (CSBMs).<sup>3</sup>

But what was even more noteworthy than the specifics of these proposals was that Hu's speech tacitly—and perhaps not so tacitly—recognized the reality that reunification is not on the table at this point. Not only was his approach embedded in the context of the current "un-unified status" being maintained "for a long time to come," but none of the proposals makes sense in the context of presumed near-term unification. Rather, they are designed to foster, for the indefinite future, cross-Strait relationships that Beijing hopes will contribute to ultimate reunification even though the specific steps might not be explicitly or directly linked to that goal.

Hu left no doubt that reunification remains the ultimate objective. But, rather than creating "litmus tests" for each step in terms of whether it promotes unification, and although he did not quite put it this way, the criterion the PRC leader established in practice was that each step should be consistent with—or at the very least *not inconsistent with*—that goal.<sup>4</sup>

Debates followed Hu's proposal, both on Taiwan and on the Mainland, centered not only on the "what" and "how" of the six points, but also on the pace at which progress might be made. Central players on both sides of the Strait used almost identical language in arguing that things must proceed step by step. They continued to refer to the agreement, reached shortly after Ma Ying-jeou's election in spring 2008, to handle economic issues first, then political and security ones: easy issues first, then harder ones. Nonetheless, Wang Yi, the minister-level director of the Mainland's State Council Taiwan Affairs Office (TAO), recently said that, while the agreed pace and prioritization remain generally valid, in terms of economic relations "the preliminary thinking at this point is that we shall accelerate the institutionalization" of cross-Strait cooperation. Moreover, even with regard to other—political and security—issues, he said, "there is no need for us to make a point of steering clear of sensitive issues."<sup>5</sup>

On the Mainland, some of the impatience seems to come from those who assume that whatever is left undone when Hu steps down after finishing his second term in 2012/2013 will languish for a considerable period of time as the next leader establishes his position and sets his priorities. And they fear that this "delay" will last at least through most of the successor's first five-year term, leaving a policy vacuum in which political

developments in Taiwan could bring new challenges. Perhaps even more important, while many in the PRC are concerned—or at the very least uncertain—about some aspects of Ma’s ambitions in cross-Strait relations and especially with respect to international space, Beijing wants at all costs (albeit within the “one China” context) to ensure Ma’s re-election in 2012 and prevent the DPP’s return to power.

In Taiwan, judging by a variety of signs, including discussion of how and when the issue of a cross-Strait economic framework agreement will be approached (see below), the principal expressions of impatience would seem to be coming from President Ma himself.

In any case, if progress is to be accelerated even on economic cooperation, it would appear that authorities on both sides have some work to do to allay concerns and generate support for the quicker pace. Again, Wang Yi seemed to recognize this point when he said that the terms of an overall economic agreement needed to be “supported by all circles on both sides” and that Beijing would not only take into account the “reasonable demands” of Taiwan but also “take full account of the practical interests of the Taiwan public.”<sup>6</sup>

Although the general level of public support for Ma’s approach to cross-Strait relations remains high, the concerns expressed by the DPP go across the board to include sovereignty, economic dependence, and even basic identity. Looking beyond the immediate “international space” issue of Taiwan’s attendance at the May 2009 World Health Assembly (WHA) meeting, discussed below, Hu’s positive response to Ma’s proposal for a comprehensive economic framework agreement has risen to the top of the heap of Hu’s six points as the first candidate for action.

## Hu’s 31 December Speech

In the first half of Hu Jintao’s 31 December speech, great emphasis was placed on adherence to the “one China” principle as the only basis for peaceful development of cross-Strait relations, and on eventual reunification. But even as he articulated and embraced the orthodoxy of the past, in the second half of his talk Hu laid out six propositions that in tone and nuance suggested possible future flexibility in implementation:<sup>7</sup>

### *1. Scrupulously abide by the “one China” principle and enhance political mutual trust*

In this section, Hu stressed the “core interest” in “safeguarding national sovereignty and territorial integrity” and of continuing to oppose “Taiwan independence.” He argued that the lack of unification is not a state of division of Chinese territory and sovereignty but “a state of political antagonism.” Having thus defined the “issue” that needed to be resolved, he then laid out a pathway for moving ahead. Since it was clear that the two sides were not going to come to a common understanding on the meaning of “one China,” his proposal focused instead on developing a common understanding on *how to safeguard*

*the “one China” framework—with “one China” itself necessarily left undefined:*

When the two sides of the Strait develop a common understanding and united position on safeguarding the one-China framework, which is an issue of principle, it will form a cornerstone on which to build political mutual trust and anything can be discussed.<sup>8</sup>

*2. Advance economic cooperation and promote common development*

In addition to touting extensive economic cooperation, expanding the “three links” connections, and supporting Taiwan-invested enterprises in the Mainland, Hu said he looked forward to the “normalization of cross-Strait economic relations and the institutionalization of economic cooperation” so as to lay a “more solid material foundation and provide a greater economic impetus for the peaceful development of cross-Strait relations.”

Moreover, he noted that the two sides of the Strait could sign a “comprehensive economic cooperation agreement” (综合性经济合作协议) to this end and establish a mechanism of economic cooperation reflecting the characteristics of the two sides. It was also under this rubric that Hu dangled a carrot regarding Taiwan’s access to the larger Asian economic architecture—a well-known priority for Taipei. He said that the process of establishing a closer mechanism of cross-Strait economic cooperation would be conducive to, among other things, the “exploratory discussion on feasible approaches to the dovetailing of the common development of the economies on both sides with the economic cooperation mechanisms in the Asia Pacific.”

*3. Promote Chinese culture and strengthen the spiritual cord*

Tying Taiwan culture to broader Chinese culture, Hu said that “the Taiwan awareness of . . . [loving] their home and [loving] their land is not the same as ‘Taiwan independence’ awareness.” Stressing youth exchanges, he spoke of boosting “national awareness,” building up a “common will,” and generating “spiritual strength for the joint endeavor toward the great rejuvenation of the Chinese nation.” He also suggested an agreement on cross-Strait cultural and educational exchange in order to take connections in these areas to a “new level,” more extensive in scope and higher in caliber.

*4. Strengthen two-way visits of people and expand exchanges in various circles*

In addition to pledging to continue the KMT-CCP dialogue, Hu spoke of the lack of understanding or even misunderstanding, as well as misgivings, that some people in Taiwan have about the Mainland. In somewhat paternalistic terms, he said “we are not only willing to undo such sentiments and counsel them with the greatest tolerance and patience,” but also to ensure that peaceful development of cross-Strait relations brings greater benefits to an increasing number of people in Taiwan. He reiterated previously expressed welcome to former advocates of “Taiwan independence” as long as they changed their separatist position.

*5. Safeguard national sovereignty and hold consultations on external affairs*

Beyond expressing what also comes across as a somewhat paternalistic call for the PRC's overseas diplomatic missions to strengthen ties with "Taiwan compatriots" and "help them solve their practical difficulties in earnest," Hu reiterated awareness of the feelings of people in Taiwan about participation in international activities, adding: "we attach importance to the settlement of related issues." Having called for further consultation "as needed" on Taiwan's unofficial economic and cultural interactions with other countries, he then went on to say that, with regard to participation in international organizations, "fair and reasonable arrangements can be made through pragmatic consultation between the two sides, provided that this does not give rise to 'two Chinas' or 'one China and one Taiwan.'"

At the end of this paragraph, Hu abruptly inserted the sentence: "Settling the Taiwan question and realizing the complete reunification of the country is an internal affair of China and is not subject to interference by any foreign forces" [in traditional rendering: "brooks no foreign interference"].<sup>9</sup> This statement was reportedly met with loud applause.<sup>10</sup>

*6. End the state of hostility and reach a peace agreement*

Under this proposal, Hu made two very intriguing points. First: "In the interest of conducting consultation and negotiation across the Strait and making arrangements for their interactions, the two sides can hold pragmatic exploratory discussions on their political relationship in the special context where the country has not yet been reunified."<sup>11</sup>

And second: "In the interest of stabilizing the situation across the Taiwan Strait and mitigating military security apprehensions, the two sides can, in due course, engage and exchange with each other on military issues and hold exploratory discussions on the issue of establishing a mechanism of mutual trust for military security."<sup>12</sup>

He then closed with a renewed "appeal," on the basis of the "one China" principle, to formally end the state of hostility across the Strait through consultation, reach a peace agreement, and build a framework for the peaceful development of cross-Strait relations.

To ensure Hu's proposals and their importance were understood properly, his speech was immediately followed up by supplementary explications by senior officials. TAO Director Wang Yi explained that while "principle and policy" toward Taiwan have been consistent, they also "are able to advance with the times . . . and are developing." He said that the "theoretical significance" of the speech is the formation of the "newest theoretical achievement on the basis of continuous development" of the central authorities' principles and policies developed over the past 30 years, and that its "practical significance" is in pointing out the direction for development of cross-Strait relations from the "new historic starting point": "The speech points out a clear direction

for efforts to be made on the work toward Taiwan. We should use this speech as an action guide to unify our ideological understanding and promote the work toward Taiwan.”<sup>13</sup>

Some weeks later, Politburo Standing Committee member Jia Qinglin, often a leading spokesman on Taiwan policy, amplified:

In the core contents of the speech (讲话的核心内容), Hu Jintao has, for the first time, comprehensively and systematically expounded the idea of the peaceful development of cross-Strait relations, put forward a six-point proposal on promoting the peaceful development of cross-Strait relations, and scientifically answered the important questions of why it is necessary to promote the peaceful development of cross-Strait relations and how it should be promoted, on the basis of inheriting the fundamental policy for Taiwan-related work of the central authorities.<sup>14</sup>

In Beijing, specialists argued that not only was the first part of the speech directed at a PRC domestic audience (to demonstrate that Hu was not straying from the “one China” orthodoxy), but that the six points—what Wang Yi, like Jia Qinglin, characterized as the “core idea” of the speech<sup>15</sup>—were as well, even as they also, of course, were aimed at Taiwan. In the case of the Mainland audience, it was explained that it was a call to “liberate thinking” (解放思想). In this regard, as Wang Yi observed that the speech was important guidance to hold firm to the “main theme” of “peaceful development of cross-Strait relations,” including a call to “continuously carry out explorations and innovations,” he also enjoined his listeners to “improve the interpretations of policies, deepen theoretical thoughts, further understand and control the development law on cross-Strait relations, and bring about new progress and new results in the work toward Taiwan.”<sup>16</sup>

As he further observed to the TAO “central group” established exclusively for the purpose of studying Hu’s speech, Wang said it was a programmatic document, and “we should have an in-depth understanding of the series of demands put forth in the speech concerning Taiwan affairs under the new circumstances.”<sup>17</sup> A few days later, he explained to Deputy Secretary of State John Negroponte that the speech had three prominent features: it explicitly put forth a series of important policies and proposals in all spheres related to cross-Strait ties; it put forward both the basic framework and substantive content of peaceful development of cross-Strait relations; and it gave “as much considerations as possible” to the “reasonable wishes and requests” of Taiwan compatriots and fully expressed the Mainland’s sincerity and goodwill.<sup>18</sup>

Although Hu noted that Taiwan independence forces still existed and their plots represented “the most serious threat to the peaceful development of cross-Strait relations,” nonetheless, in an interview with *People’s Daily* in mid-January, Wang observed that the important change that allowed Beijing to move along the course Hu had outlined was that “the various plots of separatist forces for ‘Taiwan independence’ were frustrated” [遭到挫败] and “the gloom that had hung over the Taiwan Strait dissipated at long last.”<sup>19</sup> ARATS head Chen Yunlin later used even more absolute language—“the

years-long period of high risks in the Taiwan Strait's situation ended." But Chen also picked up on the ubiquitous theme that, "for now and for a period to come, 'Taiwan independence' forces are still the largest actual threat to the peaceful development of cross-Strait relations" and, to eliminate the "poisonous harm" of their ideology on the Taiwan public, "we still need to make great efforts."<sup>20</sup>

But even beyond that, Chen acknowledged, as had Hu, that "there still remain certain inherent contradictions and problems across the Taiwan Strait in political, military and external affairs." He said Hu had already indicated in his speech the direction both sides needed to strive on a joint basis and through consultations "on an equal footing" to gradually work out solutions to those problems "in a constructive and future-oriented manner."<sup>21</sup>

Taipei's official reaction to the Hu speech has been cautious but generally welcoming. Within hours of the speech, the Mainland Affairs Council (MAC) issued a statement reaffirming Taipei's commitment to improved relations under the Republic of China constitution, i.e., maintenance of the status quo.<sup>22</sup> The MAC statement called for continued progress in cross-Strait relations on the basis of Ma Ying-jeou's "three noes"—no unification, no independence, and no use of force—"in an orderly manner through the institutionalized negotiation mechanism between the two sides based on the principles of 'equality and dignity.'" Expressing some caution, MAC noted that issues related to a peace accord and CSBMs could be deliberated "once a sufficient degree of mutual trust has been established in cross-Strait relations." It placed emphasis for the near term on economic and cultural exchanges and negotiations, noting that they could contribute to the development of such mutual trust. MAC closed with a call urging the Mainland authorities to "deeply understand the Taiwan people's expectations and need in participating in the international community"—a pretty direct reference to the priority Taipei assigned to the WHA issue—and to extend the idea of "peaceful development" to cross-Strait interaction in the international, military and political spheres.

The presidential office in Taipei also reacted within days with a general statement that seemed forward-leaning, welcoming the fact that both sides of the Strait were promoting cross-Strait consultations and exchanges under the theme of "peaceful development."<sup>23</sup> It praised the "new thinking and pragmatism" shown in the Mainland's policy toward Taiwan in recent years "under the leadership of General-Secretary Hu Jintao." By the time this statement was issued, however, domestic concerns about falling into a PRC trap were already being loudly voiced, and the statement noted: "Taiwan is a pluralistic democratic society, and people have different views toward the future of Taiwan. We must respect these different political advocacies and political views." It stressed that, under Ma, Taipei had consistently operated on the basis of defending the sovereignty of the Republic of China, upholding Taiwan's dignity, and putting Taiwan's interests first under the "1992 Consensus" and the principle of "mutual non-denial." Reiterating the administration's basic mantra of "no unification, no independence and no use of force," it called for building trust and overcoming obstacles through "greater wisdom, understanding, creativity and flexibility."

It seemed evident on the Taiwan side at the time that Ma Ying-jeou was planning

to make a direct response within a few weeks, and on the PRC side it was clear they were looking for one—one that would be positive.<sup>24</sup> Ma personally saw various aspects of Hu's proposals as a "concrete response" to Taiwan's desire for reconciliation and to some specific ideas that Ma himself had initially put forth. But even then he indicated that Taiwan had to understand more clearly the detailed content and policy implications of what Hu was proposing.<sup>25</sup> And he wanted to make clear that he would listen to the domestic voices raised in criticism and that, by doing so, he would convince people that he would never sacrifice Taiwan's interests.<sup>26</sup>

In fact, however, Ma did not immediately issue a direct response to Hu, although he is now reported to be planning to do so during a videoconference link with American think tanks in late April.<sup>27</sup> His decision not to respond immediately was apparently part of a strategy to take the initiative to address the issue on Taipei's own terms and at a time of its own choosing, rather than in the context of the anniversary of the "Message to Compatriots." But it also seemed to have been importantly conditioned by domestic politics. The DPP chair, Tsai Ing-wen, had quickly taken the position that Hu's speech showed Beijing had not changed its stance on issues of sovereignty and was, if anything, less flexible than before. She described the six-point proposal as detrimental to Taiwan's sovereignty and charged that, in a series of retreats, the KMT's position on "one China, respective interpretations" had first taken a step back to become the "1992 Consensus" and now had taken a step even further back and had become identical to the PRC's "one China principle."<sup>28</sup>

And over time, as controversy has mounted within Taiwan over the substance of any response, the tone from the administration has become more openly skeptical. In early February, for example, a senior MAC official commented critically on Hu's emphasis on retaining the "one China" principle and the PRC leader's insistence on negotiating the end to cross-Strait hostilities and reaching a peace accord on the basis of that principle.<sup>29</sup>

## "One China"

Before moving on to discuss the major specific issues currently on the cross-Strait agenda, it may be worth taking a moment to consider the dilemma that both sides face in handling the "one China" issue—the basis for any serious progress in managing cross-Strait relations in the foreseeable future.

Ma has endorsed a very specific definition of "one China" that takes the form of "one China, respective interpretations." He notes that this position is grounded in the ROC constitution and that the "one China" he refers to is the Republic of China. The "respective interpretations" is simply a reflection of the reality that has underlain cross-Strait dealings since 1992, that is, that Beijing cannot accept his definition any more than Taiwan can accept the PRC's. But even setting aside this irreconcilable difference with Beijing, if Ma were to accept agreements explicitly based on acceptance of "one China," he would, as we have already seen, be pummeled domestically for allegedly either



accepting the PRC's definition or at least starting down the slippery slope to doing so.<sup>30</sup>

Similarly, although the PRC insists that cross-Strait relations must proceed under the signboard of its own "one China principle," if it insists that Taipei accept this as the basis for any agreement, or, as we have said, even that "one China" without further definition is the basis, then Taiwan will be unable to come to terms.

The "solution" appears to be to continue on as at present. That is, while in a domestic context, each leadership will apply its own definition and the other side will simply "live with" that, and in cross-Strait dealings both will adhere to the mutually acceptable but vague "1992 Consensus," which each continues to define in its own way. That said, specific agreements cannot be described as having been negotiated under the rubric of "one China," no matter by whose definition. To some extent this creates vulnerabilities for both leaderships from domestic elements who will accuse them of kowtowing to the other side and not standing up for principle. But it is really the only basis for advancing cross-Strait relations, and it provides a way for both sides to achieve results that they feel are in their own national interest without yielding on principle.

In the long run, should negotiations turn to the ultimate resolution of the cross-Strait relationship, this will require adoption of some other approach that both sides can endorse. But that long run will be very long, indeed, and there is not much point in speculating on what such a formulation might look like.

## The World Health Assembly

In his 1995 "eight-point proposal," General Secretary Jiang Zemin briefly addressed the question of "international space" for Taiwan as follows:

We do not have objections to the development of nongovernmental economic and cultural ties between Taiwan and other countries. According to the principle of one China and the characters of international organizations concerned, Taiwan has joined the Asian Development Bank, the Asian-Pacific Economic Cooperation Forum and other international economical organizations in the name of "Chinese Taipei [sic]." However, we oppose Taiwan's activities in "expanding its living space internationally," aimed at creating "two Chinas" or "one China, one Taiwan."<sup>31</sup>

At the 16<sup>th</sup> Party Congress in 2002, Jiang expanded on the point:

On the basis of the one-China principle, let us shelve for now certain political disputes and resume the cross-straits dialogue and negotiations as soon as possible. On the premise of the one-China principle, all issues can be discussed. We may discuss how to end the cross-straits hostility formally. We may also discuss the international space in which the Taiwan

region may conduct economic, cultural and social activities compatible with its status, or discuss the political status of the Taiwan authorities or other issues.<sup>32</sup>

In early 2005, Hu Jintao made the first of a series of statements that he would make over the next few years that address “international space” and specifically the WHO/WHA issue. In his March “four-point guidelines” he said:

Once the one-China principle is followed, we are willing to make positive responses to any proposals and suggestions which are conducive to maintaining peace in the Taiwan Straits, developing cross-Straits relations and promoting peaceful reunification, and also willing to seek, on the basis of the joint efforts by both sides, new ways for contacts and communications.<sup>33</sup>

This was then followed up with more specific language in April of the same year in a joint press communiqué during the breakthrough trip to Beijing by then-KMT chair Lien Chan. Among the five “tasks” that Hu and Lien “urged” was the following:

Promote discussion on issues of participation in international activities, which concern the Taiwan public, after cross-strait consultations are resumed, including priority discussion on participation in the World Health Organization’s activities. The two sides will work together to create conditions to gradually find the ultimate solution method.<sup>34</sup>

As we have noted in recent *CLM* essays,<sup>35</sup> since Ma Ying-jeou assumed office in May 2008 this issue has moved front and center in cross-Strait relations. While it has reportedly not yet been the subject of direct negotiations—and will not be handled in the SEF-ARATS channel—there has obviously been much signaling between the two sides that has led each to express what TAO Director Wang Yi termed “cautious optimism” [审慎乐观] that the issue would be resolved.<sup>36</sup>

If this upbeat assessment proves justified, it will be an important development. As we have previously discussed, Ma has identified participation in the annual WHA meeting as an even higher priority than greater participation in technical activities of the WHO itself, much less in any other international organization. How it is addressed, however, is almost as important as whether it is. That is, even if a way is found to allow Taiwan participation in the meeting, if Beijing casts itself as the sovereign granting a favor to its subject, it will totally undermine the positive effect it would otherwise have in Taiwan. Based on its current “just say no” approach, one can assume the DPP will find fault with whatever arrangement is made. But the broader Taiwan public is likely to warmly welcome the opportunity to sit—at long last—at the table where international health issues are discussed, even if it is not in the status of a sovereign state.

In this regard, the experience with the International Health Regulations (IHR) is encouraging, on the one hand, but it also provides a cautionary tale, on the other. In late

January it was announced that the WHO had recently notified Taipei's cabinet-level Department of Health (DOH) that Taiwan had been brought into the IHR mechanism and that WHO would henceforth deal directly with the Taiwan Centers for Disease Control—which comes under DOH—rather than via Beijing.<sup>37</sup> This was viewed as an important step forward. However, the positive effect was undercut somewhat by what followed.

Perhaps it was because the CDC director in Taipei provocatively (in Beijing's eyes) argued that the new, direct tie with WHO meant that “the principle of universality is being realized,”<sup>38</sup> or perhaps it was just that Beijing decided to reiterate its basic principles. In any case, when the TAO spokesman was asked about the new WHO-CDC relationship several weeks later, he in essence reaffirmed the PRC's position that it was the representative of all of China, including Taiwan, and that it was, in that context, showing its beneficent concern for the well-being of the people of Taiwan by arranging for the new link-up between WHO and Taipei:

The “International Health Regulations” is an important legal document for preventing the spread of diseases. We attach great importance to the implementation of the “Regulations” and have announced in 2007 that the “Regulations” is applicable in the entire territory of China [适用于中国全境]. On this basis [在此基础上], the Chinese government has consulted with the Secretariat of the WHO and made some relevant arrangements [做出相关安排] for the application of the “Regulations” in the Taiwan region. This shows that we are highly responsible for the prevention of diseases in the entire globe. We are sincere in solving the issue of hygiene and health of concern to the compatriots in Taiwan, and the positive move we have adopted is feasible. Taiwan's health experts have a clear channel for obtaining technology and information from the WHO.<sup>39</sup>

A MAC vice chairman retorted that “the procedures in the [IHR] integration process have nothing to do with China,” and that Taiwan's participation in the IHR mechanism is conducted through the WHO and does not need Beijing's approval.<sup>40</sup> Despite this unhelpful tit-for-tat exchange, a determined effort in Taipei ended the official comment there in order to prevent the issue from blowing up and spoiling the IHR development or affecting other, more important questions.<sup>41</sup>

The likely outcome of the current minuet over Taiwan's “observing” the WHA meeting in May 2009 is that the WHA will issue an invitation to “Chinese Taipei” “to attend the 2009 meeting.” While this is not the first preference of Taiwan—which would rather be asked to attend either as the “Republic of China” or “Taiwan,”<sup>42</sup> and with an open-ended invitation<sup>43</sup> even though it would be recognized that, as a practical matter, Beijing could pull the plug in the future if, for example, an independence-minded administration returned to office in Taipei—it would generally be welcomed by the government and people of Taiwan, even if not by the DPP and its supporters.

The problem would come if Beijing asserted again, as in the IHR case, that the PRC is really “the decider” in this case based on its “sovereign right” to be the sole legal international representative of all of China and all the Chinese people, including those in Taiwan. This not only would be unnecessary but, given the political importance of the WHA issue in Taiwan, wholly counterproductive.

It would be far more useful if both the WHO and Beijing could agree to simply say the former had consulted with all concerned parties, including the PRC, and gotten unanimous agreement to invite Taiwan. And Taipei also would need to exercise discipline to stick with the fact that the invitation would have come from the WHO/WHA and avoid a repetition of the sort of “China has nothing to do with it” language used in the IHR case.

Regarding the “status” in which Taipei would be invited to participate, Ma Ying-jeou explicitly—and unsurprisingly—has ruled out “associate membership” in the WHA (which clearly would allow it to attend the WHA meeting), since this would require subordination to PRC sovereignty.<sup>44</sup> Despite attempts by some political opponents to claim this was the basis on which Ma was seeking attendance at the WHA,<sup>45</sup> it never was and obviously could not be. The most likely provision of the WHO Constitution that would apply to the Taiwan case would be Chapter V, Article 18 (h), which provides that among the functions of the WHA shall be

to invite any organization, international or national, governmental or non-governmental, which has responsibilities related to those of the Organization, to appoint representatives to participate, without right of vote, in its meetings or in those of the committees and conferences convened under its authority, on conditions prescribed by the Health Assembly; but in the case of national organizations, invitations shall be issued only with the consent of the Government concerned.<sup>46</sup>

But even this approach could raise a question about China’s role (the “Government concerned”), leading some to argue that there ought to be a way to invite Taiwan under what might be termed “general custom” and not under a particular provision. Such an approach would avoid the potential awkwardness of the “Government concerned” issue while not compromising anyone’s position on sovereignty, including Beijing’s. It is not clear, however, how—or if—this could be worked out. Presumably such questions will be pursued when formal talks on the WHA issue take place in April in an as yet unannounced location “overseas.”<sup>47</sup>

Another point Taipei will apparently raise in those talks is concern about the 2005 Memorandum of Understanding between the PRC and the WHO Secretariat, under which Beijing essentially has to rule on every proposal by Taipei to participate in any WHO-related activity.<sup>48</sup> Common sense would seem to dictate that while no one should expect the PRC to cancel the MOU, it could suspend it as long as Hu’s criteria on no “two Chinas” or “one China, one Taiwan” were met. Whether Beijing can bring itself to do so remains to be seen, but in the battle for hearts and minds in Taiwan it would seem to be a

wise and even obvious step to take.

If against all expectations the WHA negotiation were to fail, Foreign Minister Ou has said that Taiwan would then move back to the path of seeking UN membership.<sup>49</sup> More important, Ma has reiterated his frequently expressed point that continued isolation in the international community would make it difficult to develop cross-Strait relations.<sup>50</sup>

These are not new positions, and their repetition may rankle some in Beijing. But somewhat new, and perhaps even more upsetting, was Ou's reported suggestion that if Taiwan *succeeds* in its efforts to attend this year's WHA meeting as an "observer," it will then work toward full WHO membership.<sup>51</sup> If this report is accurate, it would seem to be at sharp odds with the theme of reassurance to Beijing coming out of the presidential office that WHA observership will not start a fall of other dominoes. Clearly WHA is not the last step in the "international space" process, but raising WHO "full membership" flies directly in the face of Ma's approach of avoiding sovereignty questions.

The DPP will no doubt find fault with virtually any terms. But in formulating its formal position, the party has taken care not to paint itself entirely into a corner where it is protesting while the majority of people in Taiwan are satisfied. Thus, the party's four-point resolution on the WHA adopted in late March was carefully formulated. It stated that the DPP:<sup>52</sup>

- did not accept the secret May 2005 PRC-WHO Secretariat MOU that subordinated Taiwan's participation in WHO under China;
- opposed having WHA information being forwarded to Taiwan via the PRC;
- did not accept a situation where the PRC would annually be able to control whether Taiwan could participate in WHA activities; and
- did not accept Taiwan participating as an "associate member" of the WHO under PRC sovereignty.

The first three points are virtually universally agreed in Taiwan, including by the Ma administration. The issue is whether Taiwan's inability to do anything to remedy one or more of them means that the party advocates not accepting an invitation to WHA. This would seem not to be a winning position, and the DPP is not likely to go that far. As already indicated regarding the fourth point, the Ma administration, by all appearances, has never considered "associate membership"—for the same reason that the DPP objects to it, namely, the implication of subordination to Beijing.

The DPP has also implicitly attacked the idea of participating under the name "Chinese Taipei." But, again, while it will predictably attack the Ma administration for undermining Taiwan's sovereignty by going along with the name, if that is the final title used, it seems unlikely—given the DPP administration's willingness to apply to WHA (unsuccessfully, as it turned out) as a "health entity" or "health region"—that it would go so far as to argue that the Ma administration should be rebuffed for accepting an arrangement that actually works and that does not accept PRC sovereignty. Of course, at this writing at the beginning of April, all of that remains to be seen.

## Diplomatic Truce

Another related area where Taipei seems to be having trouble getting its talking points together is in connection with indications that the newly elected government of El Salvador may want to establish diplomatic relations with the PRC. Officials in Taipei have been scrambling to come up with strategies to prevent that from happening. At first, however, the foreign minister was reported to have said that, while he hoped that El Salvador would not switch recognition, Taipei would not oppose such a step<sup>53</sup> or cut off ties with El Salvador “of our own accord,”<sup>54</sup> if that country established relations with the PRC.

This led to speculation that Taipei would try to hold out for a “dual recognition” approach. The foreign ministry quickly clarified that what Ou meant was not that Taipei would not oppose a diplomatic switch or that, if it happened, it would seek “dual recognition,” but that Taipei would work hard to lead the new Salvadoran leader to “fully understand” all of the cooperative approaches between El Salvador and Taiwan so that he would not switch recognition, but that it had no objection to El Salvador strengthening economic relations with the Mainland.<sup>55</sup> A presidential spokesman went quite far in the other direction, saying that Taiwan could “of course not accept” dual recognition.<sup>56</sup>

More logically, in emphasizing the next day that under the “diplomatic truce” strategy he was not *pursuing* “dual recognition,” Ma did not say he would refuse to *accept* it were it to evolve. What he did say, however, was that it was “too impractical” to go after (or expect) such an outcome, as it created more problems than it solved.<sup>57</sup> And the foreign ministry in Beijing reinforced the wisdom of this judgment by stating, in answer to a question about El Salvador, that “No matter how the situation changes, the one-China principle will remain unchanged,”<sup>58</sup> a clear if implicit rebuttal of “dual recognition.”

Still, and of greater operational interest, consistent with the apparent tacit “diplomatic truce” that has denied Paraguay the ability to switch recognition,<sup>59</sup> the PRC foreign ministry spokesman went on to address the issue in terms that implied a Salvadoran switch was not in the cards either:

Despite the absence of diplomatic ties, the Chinese people have friendly feelings towards the Salvador people, and we are willing to carry out friendly exchanges and mutually-beneficial cooperation in various areas with Salvador in line with the principles mentioned.<sup>60</sup>

## An Economic Framework Agreement

As the Taiwan economy has continued to struggle,<sup>61</sup> and as the PRC has continued to take steps to help Taiwan firms operating in the Mainland,<sup>62</sup> the most urgent cross-Strait economic issue has become the prospect of an umbrella economic accord. Although the exact nature of the proposed agreement proved to be something of a moving target during

the presidential election campaign, basically the idea of such an accord has been a part of Ma's program since that time.<sup>63</sup> In his inaugural, in calling for resumption of dialogue on the basis of the "1992 Consensus," Ma said: "The normalization of economic and cultural relations is the first step to a win-win solution."<sup>64</sup>

Nonetheless, discussion of an agreement seemed to lag in the early months of the Ma administration, as the first two SEF-ARATS meetings focused on much more specific topics such as charter passenger flights, tourism, and direct shipping and air cargo links. As we observed last fall, any consideration of negotiating a Comprehensive Economic Cooperation Agreement (CECA) appeared to be in abeyance until experience could be gained with implementation of some of the specific arrangements.<sup>65</sup> But as we also noted at the time, Ma indicated that work had already begun on what a CECA might look like, because its eventual adoption would be important to help achieve the "normalization" of cross-Strait trade that he had called for and to avoid Taiwan's marginalization as Asian economic regionalism took hold.

During his trip to Taipei in November, ARATS president Chen Yunlin observed that once progress had been made on the "three links," ARATS and SEF would discuss financial cooperation and "the normalization of economic ties,"<sup>66</sup> a phrase that featured prominently in Hu Jintao's 31 December 2008 speech and that was cast as a direct, positive response to Ma's earlier proposal. Hu's raising the idea focused renewed attention on it. Still, Mainland economic officials signaled that, for Beijing, this was an "intermediate" goal to be achieved between 2012 and 2016, that is, in the next presidential term. It would require, they said, specific prior steps toward "normalization," including elimination of various discriminatory restrictions that still existed. One Mainland official laid out a blueprint:

- Short-term (2009–2012) – implement fair and equitable trade and investment, expand direct transportation links, and cooperate in the financial sector.
- Medium-term (2012–2016) – sign CECA, strengthen the working of the cooperative mechanism, and achieve a consensus on joint participation in Asia-Pacific economic cooperation.
- Long-term (2016– ) – open markets completely to one another, pursue integration of the economies and systems across the Strait, and jointly work for the cooperative development of the regional economy.<sup>67</sup>

While the notion of total integration and ultimate removal of all import restrictions (including in agriculture) was a political non-starter in Taiwan, the relatively slow-paced near-term approach and the focus instead on such issues as financial sector cooperation appeared to suit the Ma administration. MAC Chairwoman Lai Shin-yuan noted that there were still differences on the question of an umbrella agreement within Taiwan and that it was necessary to build a domestic consensus before proceeding with a CECA. In the meantime, she said, it was more practical for both sides to work on other, urgent matters such as negotiating the establishment of a mechanism for cross-Strait financial supervision.<sup>68</sup>

Her comment about divisions over CECA within Taiwan was borne out in a number of ways, including the attacks on it as the functional equivalent of creating a “one China” market, which, it was argued, though perhaps resolving an immediate problem, would create total dependency on the Mainland for survival and lead down the slippery slope to unification.<sup>69</sup>

Still, the implication in Hu’s speech that such an agreement could facilitate Taiwan’s participation in “economic cooperation mechanisms” being actively discussed for the Asia-Pacific region caught the attention of many business leaders in Taiwan as well as of the Ma administration. Both were beginning to express concern over potential exclusion from regional economic and trade institutions that appeared to be just over the horizon.<sup>70</sup> Nonetheless, MAC continued to say that, while a CECA would be signed “at some point in the future” as promised by President Ma during the election campaign, the issue was complex and would have to be addressed carefully, and that it was not on the agenda of the third SEF-ARATS meeting to be held during the first half of 2009.<sup>71</sup> Whether a CECA discussion would take place later in the year, MAC said, would depend on the results of the upcoming round, which would focus on joint efforts to crack down on crime, regularization of air and ship transportation, and financial cooperation and the opening of Taiwan to investment from the Mainland. A more gradual discussion of a CECA, it was argued, would allow the two sides to negotiate very carefully over economic and trade privileges, including whether to lift tariffs and non-tariff barriers on imports or, alternatively, to extend existing policies.

This position then evolved further within days. Although the timeframe was still not announced, the SEF head, P.K. Chiang, argued that “despite many political difficulties, Taiwan needs to sign a CECA with China as soon as possible.” The reason for such urgency was that tariffs for most ASEAN exports to the PRC will approach zero in January 2010 under the 2002 ASEAN-PRC Framework Agreement and subsequent detailed arrangements,<sup>72</sup> and similar terms are scheduled to kick in for South Korea and Japan by 2015. If there is no CECA, Taiwan would find itself at a considerable competitive disadvantage in the Mainland as it would still face a relatively high tariff bar. In other words, despite Taiwan’s strong interest in the Southeast Asian market, the principal issue was not direct trade with those other states, but Taiwan’s competitive position on the Mainland.<sup>73</sup>

As the strength of the argument for moving ahead more quickly was growing within the administration, so, too, the strength of the DPP’s arguments against CECA began to mount. DPP Chair Tsai Ing-wen took up the cudgel for holding off on CECA negotiations until a social consensus had been achieved. She called for greater prudence in addressing this question, and for an effort to inform and convince the public about the purposes and effects of CECA.<sup>74</sup> She pressed not only for greater transparency with the public, but also for the creation of a “monitoring” mechanism either within the Legislative Yuan (LY) or among the political parties.<sup>75</sup> Over time Tsai came to insist that the agreement would have to be approved via a referendum,<sup>76</sup> arguing that the people should be able to rule directly on an agreement that she believed would undermine



Taiwan's economic strength, threaten its economic autonomy, and eventually surrender its sovereignty.

LY Speaker Wang Jin-pyng, who had been unsuccessfully trying for some time to involve the LY in actual negotiation of cross-strait deals,<sup>77</sup> now once again sought legislation mandating an LY role. Although the administration said it would consult closely with the LY before negotiating, and no CECA could come into effect without affirmative approval by the LY, it would not support such a bill and would not “clear” a CECA text with the LY before signing it.<sup>78</sup>

For his part, Ma sought to provide reassurance to domestic critics on a number of fronts. First, he would stick by his campaign promise that there would be no influx of Mainland workers or agricultural products. He also said that he welcomed public suggestions and concerns, and that the government would pay close attention to the results of “modern and scientific” polls.<sup>79</sup> But he ruled out a referendum: “We simply cannot hold a referendum because some people are against a government initiative.” Ma also denied that a CECA would represent a threat to sovereignty of the nation, and, articulating a position that was later downplayed, said indeed he had no problem signing the agreement under the “one China” framework, since his “one China” was the Republic of China. Ma also reiterated the position that, unlike the previous agreements reached with the Mainland—which only needed to be sent to the legislature but not necessarily acted upon before coming into effect—the LY would have to affirmatively approve a CECA under the provisions of the Statute Governing Relations between the People of the Taiwan Area and the Mainland Area.<sup>80</sup>

On 21 February, Ma and Vice President Vincent Siew met with Premier Liu Chao-shiuan and other top finance and economic officials to discuss the state of the economy and countermeasures. Among the outcomes of that meeting, the Office of the President announced the following:

Normalization of cross-strait economic and trade relations is a key priority in cross-strait relations. We should look at the realities of cross-strait trade and establish a reasonable framework under the principle of “putting Taiwan first for the benefit of the people,” and sign a Comprehensive Economic Cooperation Agreement with mainland China. The title, content and form of the agreement are open to discussion among the public, and opposition parties are welcome to join in the discussion in an effort to seek public consensus.<sup>81</sup>

Only two days later Ma let it be known that Taiwan should sign an economic agreement with the Mainland before 2012, that is, in his first term, but that, to deal with the misperception that he intended the initial umbrella agreement to be all-encompassing—as well as to deal with a linguistic issue in which “CECA” in Taiwanese dialect has a negative connotation<sup>82</sup>—he would not use the name “CECA.”<sup>83</sup> Instead, he opted for “Economic Cooperation Framework Agreement” (ECFA)—經濟合作架構協定.<sup>84</sup> He explained that “the purpose of adopting this name is to make the economic

cooperation with the Mainland more flexible. Both sides across the Strait could reach agreement first on the reduction of tariffs on certain products. As for the rest, both sides could work it out step by step.”<sup>85</sup> Ma not only reiterated that the government would seek public consensus before signing, but also once again stressed that, unlike the agreements signed so far or even the prospective financial supervision memorandum of understanding,<sup>86</sup> it would have to be reviewed and ratified by the LY.

Within days, the administration was dropping hints that, despite many previous statements to the contrary, the agreement might be discussed at the next SEF-ARATS meeting in the first half of 2009.<sup>87</sup> Still, officials continued to insist that there was no “specific timetable” for signing.<sup>88</sup>

All of this, of course, was taking place within an increasingly heated domestic political context. Whether the proposal to change the title, the reassurance that the negotiation would be conducted under the WTO (and hence clearly had no political or sovereignty connotation),<sup>89</sup> and the reaffirmation of the commitment to gain public consensus and to obtain LY approval were all in response to a ratcheting up of opposition or not, the fact is that the DPP was raising the temperature on the issue. Tsai Ing-wen said that before evaluating the need for an economic agreement, the government should first conduct a comprehensive review of the state of trade with China, taking into account political and defense elements. She demanded that Ma publicly explain what he had in mind for an agreement and accused him of seeking to work out a deal with the Mainland without informing the people of Taiwan about its contents.<sup>90</sup>

Su Tseng-chang, senior party leader and former chairman (and premier), and Tsai’s potential rival for the DPP presidential nomination in 2012, seemed to take an even harder line, saying that the agreement would jeopardize Taiwan’s sovereignty and pave the way for unification. He thus announced that opposition parties would stage nationwide protests if the government continued to pursue such an agreement:

If the KMT continues to make unilateral decisions concerning the economic and political development of the nation, it would force the opposition parties to gather the power of the people and take to the streets.<sup>91</sup>

Opposition leaders then turned the heat up another notch, saying they would launch an impeachment drive against Ma if he signed an economic agreement with China without first gaining the consensus of the Taiwan public. Tsai Ing-wen acknowledged that, given the overwhelming KMT majority in the LY, any such effort would likely fail. But she said the drive for impeachment would be important because it could force the government to review its policies.<sup>92</sup>

Eventually, while not dropping the charges with respect to selling out sovereignty or creating total economic subservience to the Mainland, Tsai Ing-wen placed an op-ed piece in Taiwan media to emphasize another populist element. She argued that large industry might benefit from an agreement, but the Mainland would eventually start

dumping low-priced goods on Taiwan, and this would harm small and medium enterprises and farmers. She painted a “nightmare scenario” (her words) in which an influx of Mainland workers would displace Taiwan workers, and where Taiwan investment would move from the island to the Mainland, taking jobs with it. Cheap goods produced from these investments would then flood Taiwan markets, triggering a downward spiral of even more business closures and mass unemployment.<sup>93</sup>

While a battle raged over estimates of ECFA’s impact,<sup>94</sup> the Ma administration wrestled with itself over whether, in fact, the agreement could/would be discussed in the next SEF-ARATS meeting or not. After considerable to-ing and fro-ing,<sup>95</sup> the outcome was that it will not be on the formal agenda but that “an initial exchange of ideas” will take place “on the margins” of the meeting.<sup>96</sup> “Both sides should always exchange opinions and discuss the issues that should be negotiated during future rounds of talks,” Ma told the press.<sup>97</sup>

More than that, having just in late February said he wanted an agreement concluded by 2012, Ma now made clear that he wanted an agreement concluded in the next several months, before the end of 2009. Moreover, he intended to press ahead regardless of DPP objections: “Last year we had debates and the election had a result. Now we need to solve problems.” “The ruling party must be responsible for governance and we hope the opposition party can actively participate.” That said, “if we do not do something because the opposition does not approve, then they will become the ruling party.”<sup>98</sup>

Time and again Ma repeated that he wanted to hear people’s criticisms. Indeed, his fear was not, he said, that they would criticize the proposal, but that they would fail to voice their objections: “We welcome all those who feel they have something to lose from an ECFA to speak up and voice their concerns. The government will examine the situation and include any items that may cause problems later.”<sup>99</sup> In this vein, while refusing to debate the DPP chair, he once more stated his willingness to meet with Tsai Ing-wen for a dialogue and to hear her problems with EFCA, though she seemed unlikely to agree.<sup>100</sup>

Both government and industry are working to gauge—and shape—public opinion.<sup>101</sup> And one presumes the administration will be responsive to concerns from the LY—not just from the DPP but also from the majority KMT—about receiving a full explanation of any agreement before formal SEF-ARATS negotiations proceed, even if the legislature has no role in the actual negotiations, nor an opportunity to “clear” a text ahead of time.<sup>102</sup> In the meantime, the administration has said it is studying provisions that could be included in an ECFA to allow withdrawal from the agreement on one year’s notice if either side fails to live up to its terms.<sup>103</sup>

For its part, the Mainland continued to express strong support for an agreement but, obviously aware of the controversy across the Strait, also showed some flexibility as to the form that agreement would take. The most authoritative statement during the first months of the year came in Premier Wen Jiabao’s work report to the 11<sup>th</sup> National

People's Congress when he said:

We will accelerate normalization of cross-Strait economic relations and facilitate the signing of a comprehensive agreement on economic cooperation, and gradually establish economic cooperation mechanisms tailored to both sides of the Strait.<sup>104</sup>

Elaborating on this statement in his press conference at the end of the NPC session, Wen said that the agreement and mechanisms of which he had spoken should include “three alignments,” taking account of: the state of development of cross-Strait relations, the needs of cross-Strait economic and trade exchanges, and the distinctive cross-Strait economic and trade features.<sup>105</sup> As the issue continued to be actively discussed in Taiwan, the Taiwan Affairs Office in Beijing reaffirmed that, while no cross-Strait discussions had yet taken place on an agreement, the Mainland would actively promote an accord that would help develop cross-Strait ties and contribute to the well-being of people on both sides, and that could assist in tiding Taiwan's economy over its current challenges.<sup>106</sup>

Referring back to Hu's notion that a cross-Strait economic agreement could facilitate Taiwan's integration into the regional Asian economy, and seeming to respond to Taipei's argument that it should be allowed to make trade arrangements including FTAs with ASEAN states under the WTO,<sup>107</sup> it is perhaps worth noting views expressed by the Philippine finance secretary in late March. He said that one could indeed see creation of an “ASEAN+7” structure to include Taiwan. The conditions he laid out were that Taiwan continue to follow a non-confrontational policy with the Mainland and that it strengthen “barrier-free and close economic cooperation” with the nations of the region. Individual economic agreements that such a policy would permit would then provide the building blocks for inclusion of Taiwan in the broader framework.<sup>108</sup>

## The U.S. role

In earlier issues of *CLM* we pointed to then-candidate Obama's statements of support for Ma's policies, including in particular Ma's outreach across the Strait and his efforts to forge better relations with Beijing and greater “international space” for Taiwan on bases that did not counterproductively raise the sensitive issue of sovereignty.<sup>109</sup> Those expressions of support continued into the new administration, with Secretary of State Hillary Clinton making an early statement praising these policies in her confirmation hearings, including direct endorsement of Taipei's aspirations in the WHA.<sup>110</sup>

Deputy Secretary of State James Steinberg told a Washington audience in mid-February that the United States would continue to adhere to the “one China” policy of the past 30 years, as it had been one of the most successful American foreign policies, serving the best interests of all parties concerned and helping to maintain peace and stability in the area.<sup>111</sup>

That same day, the newly appointed Director of National Intelligence, Dennis Blair, drawing more on his deep background in Asian security issues—specifically including cross-Strait issues—than on his present non-policy role, expressed support for future arms sales: “Taiwan should not be so defenseless that it feels that it has to do everything that China says . . . [and] China cannot be so overwhelming that it can bully Taiwan.”<sup>112</sup> “That means we’re going to have to help them some more in order to maintain a balance.”<sup>113</sup> Secretary Clinton also reiterated administration support for arms sales while on her mid-February trip to Asia.<sup>114</sup>

The U.S. position on continuing arms sales, and its satisfaction with the improvement in bilateral relations with Taiwan—as well as with progress in cross-Strait relations—was most recently reiterated by Raymond Burghardt, the chairman of the American Institute in Taiwan (AIT), the institution designated to represent the United States in its “unofficial” relationship with Taipei. In a move designed to communicate a message of support directly to the people of Taiwan—and to those Taiwan media that frequently speculate about alleged American unhappiness with Ma and his cross-Strait policies—when Burghardt met with Ma in mid-March, while the press was still in the room he conveyed the “best regards” of the Obama administration and expressed “high regard” for Ma’s initiatives to improve cross-Strait relations.<sup>115</sup> In his press conference that same day, Burghardt was even more expansive.<sup>116</sup>

One of Burghardt’s points was that, while the United States supported Taiwan’s aspiration to be an observer at the WHA, there was no expectation of U.S. mediation over that question.<sup>117</sup>

Although the PRC Ministry of National Defense continued to express strong objection to the October 2008 arms sales package—not to mention calling for a halt to any future sales—in fact deputy assistant secretary-level Defense Policy Coordination Talks were held in Beijing in February. The United States characterized this as restoration of military-to-military dialogue,<sup>118</sup> but the Chinese side was reluctant to embrace that description. And while the U.S. negotiator described the talks as the best in his 18 years of negotiating with China,<sup>119</sup> the PRC side continued to emphasize concern over Taiwan in statements made after the meeting, and the director of the defense ministry’s foreign affairs office, who chaired the PRC side of the February talks, said that Sino-American military ties “remain difficult” for now, and that “frankly speaking, it will take a long time to restore our military exchanges as not a single obstacle in military ties has been removed so far.”<sup>120</sup>

Nonetheless, the focus of broad-based PRC policy toward the United States is to try to ensure that the overall good state of the relationship is maintained, and that the Obama administration does not go through the painful “learning curve” period that every new American administration has traditionally had to experience in relations with China. The success of the 1 April Hu-Obama meeting in London, including the announcement that the American Chief of Naval Operations would visit China soon and that senior PLA leaders would pay reciprocal visits, would seem to augur well in that regard.<sup>121</sup>

How the plethora of conferences in the United States and Taiwan in April to observe the 30<sup>th</sup> anniversary of the Taiwan Relations Act will play into American Taiwan policy and U.S.-PRC bilateral relations remains to be seen. In the context of such observances, a number of commentaries are emerging that could foreshadow a more active debate in the United States about ties to the island. While this writer's view is that these commentaries will actually have very little impact, they are worth keeping an eye on as a barometer of changing perceptions of the place of the Taiwan issue in America's Asia policy.

## Back to Basics: The Domestic Political Context in Taiwan

Analysts on both sides of the Strait agree that Ma's political fortunes—and future—depend overwhelmingly on what happens with the economy. If there is recovery, he will probably be reelected in 2012 and in the meantime will have the support necessary to implement a wide variety of policies on Taiwan. If there is not recovery, he will be hamstrung and likely in deep political trouble.

An irony, of course, is that the specific steps the Ma administration can take, while important, are not nearly so important for Taiwan's economy as what happens to the PRC economy, the U.S. economy, and the global economy. But whatever that reality, Ma is dogged by the perception of pursuing policies that are behind the curve and generally ineffective, and he has suffered greatly in public opinion as a result.

Despite some projections of better performance in the second half of 2009, the current economic news has not improved, and polls show that satisfaction with Ma has remained low.<sup>122</sup> Trust in the president, which has hovered around or under 50 percent for the past nine months, also dipped in March, though it remained above the level of mistrust.<sup>123</sup> Similarly, while the number of those who believe Ma was leading national policy in the right direction dropped precipitously, those seeing him leading in the wrong direction also fell somewhat, leaving his positive rating still slightly above the negative one.<sup>124</sup>

That said, the DPP has not benefited from Ma's woes. The party's own polling numbers remain very low, including the support rate of Chairwoman Tsai Ing-wen, whose popularity fell in the wake of the November demonstrations against ARATS head Chen Yunlin and so far has not recovered.<sup>125</sup>

Moreover, two recent polls show that thus far Taiwan voters have not descended into "buyer's remorse." That is, by large margins—approaching the margins in the March 2008 election—they say that, if the presidential election were held again, they would still vote for Ma.<sup>126</sup>

All of this would seem to indicate that despite the continuous DPP railing against Ma, and in particular against his cross-Strait policies, the public basically backs his approach. A widely expressed lack of understanding of the ECFA issue is a potential

hazard for the administration, one that must be addressed urgently if progress is to be made on the schedule Ma has laid out. But, in general, people seem to instinctively grasp the potential economic benefits of a well-crafted agreement, and on the political side they are so far willing to give Ma the benefit of the doubt that he will, in fact, preserve Taiwan's "dignity"—and its claim to sovereignty—in the course of coming to terms with Beijing. To return to our earlier discussion, however, if Ma were to agree to terms that seemed to be *based on* "one China," that public support would be subject to serious challenge.

Public attention will likely focus back on the WHA issue again in the near future, as it will be on the screen over the next several weeks, first when Taipei and Beijing finally do negotiate an approach and then when the WHA meets in late May.<sup>127</sup> The fate of that issue could have a significant impact on public perception of the wisdom of Ma's overall cross-Strait policies and the willingness to support him in taking further steps in the future. Success would likely lay the groundwork for further progress; failure could set cross-Strait relations back considerably. On that issue, as on many others, the course of public perceptions will depend significantly on what Beijing does.

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## Notes

<sup>1</sup> Alan D. Romberg, "Cross-Strait Relations: First the Easy Steps, Then the Difficult Ones," *China Leadership Monitor*, No. 27, Winter 2009. The Hu speech, "胡锦涛：携手推动两岸关系和平发展 同心实现中华民族伟大复兴—在纪念《告台湾同胞书》发表30周年座谈会上的讲话" ("Hu Jintao: Join hands to promote peaceful development of cross-strait relations; strive with unity of purpose for the great rejuvenation of the Chinese nation—speech at the forum marking the 30th anniversary of the issuance of the 'Message to Compatriots in Taiwan'") was carried by Xinhua, 31 December 2008, [http://news.xinhuanet.com/newscenter/2008-12/31/content\\_10586495\\_2.htm](http://news.xinhuanet.com/newscenter/2008-12/31/content_10586495_2.htm). An English translation was provided by OSC, CPP20081231005002.)

<sup>2</sup> Transcript of PRC Taiwan Affairs chief Wang Yi's interview with CCTV reporter, Beijing CCTV.com, 11 March 2009, translated by OSC, CPP20090312046001. (Original Chinese transcript available at <http://news.cctv.com/china/20090311/111265.shtml>.)

In another interview, Wang Yi noted that some two-thirds of the people of Taiwan had never been to the Mainland and that it was hoped that by expanding personal contacts, mutual understanding would deepen and mutual trust expand. (Wang Te-chun and Sun Chi, "Wang Yi says that the Mainland welcomes Taiwan compatriots to visit the Mainland," Interview with *Hong Kong Ta Kung Pao* chief editor and his entourage, 10 March 2009, translated by OSC, CPP20090311710008, original article available at [http://www.takungpao.com/news/09/03/11/09Congress\\_hot-1046503.htm](http://www.takungpao.com/news/09/03/11/09Congress_hot-1046503.htm).)

<sup>3</sup> Interviews, January 2009 in Taipei and Beijing.

<sup>4</sup> The wisdom in this approach was seen in the harsh Taiwan reaction to Xiamen University professor Li Fei's comment about how an economic umbrella agreement would foster unification, underscoring once again how deadly any direct linkage will be on the island. What the *Post* story quoted him as saying was "It's a start toward full cross-strait economic integration and a necessary condition for marching forward toward final unification." (Ariana Eunjung Cha, "Taiwan, China negotiating a landmark free-trade agreement," *Washington Post*, 21 February 2009.) Li later said he was quoted out of context. ("Mainland scholar denies having said CECA would lead to reunification," KMT News Network citing Taipei newspapers, 24 February 2009, <http://www.kmtnews.net/client/eng/NewsArtical.php?REFDOCID=00b17m1l0nll6mp9&TYPIDJump=00air17gdql55u7h>.)

But the opposition immediately seized on Li's remarks to "prove" that Beijing's intention in promoting an economic agreement was to create a trap to undermine Taiwan's sovereignty and create excessive dependence on the Mainland's economy—all in the direct service of unification. ("Taiwan opposition

blasts President Ma Ying-jeou's call for CECA with China," *Taiwan News*, 22 February 2009.)

If nothing else, the resulting brouhaha resensitized both sides' intellectuals and government officials about the importance of the rhetoric employed. As we shall discuss later in the paper, it contributed to Ma Ying-jeou's decision to recast the proposal for such an agreement in ways that he hoped would reduce concerns about its negative effects.

<sup>5</sup> Transcript of PRC Taiwan Affairs chief Wang Yi's interview with CCTV reporter, Beijing CCTV.com, 11 March 2009, translated by OSC, CPP20090312046001.

<sup>6</sup> *Ibid.*

<sup>7</sup> This discussion is based on the text of Hu's speech, including the OSC translation—see endnote 1.

<sup>8</sup> 两岸在事关维护一个中国框架这一原则问题上形成共同认知和一致立场,就有了构筑政治互信的基石,什么事情都好商量。

<sup>9</sup> 解决台湾问题、实现国家完全统一是中国内部事务,不受任何外国势力干涉。

<sup>10</sup> Interview in Beijing, January 2009.

<sup>11</sup> 为有利于两岸协商谈判、对彼此往来作出安排,两岸可以就在国家尚未统一的特殊情况下的政治关系展开务实探讨。

<sup>12</sup> 为有利于稳定台海局势,减轻军事安全顾虑,两岸可以适时就军事问题进行接触交流,探讨建立军事安全互信机制问题。

<sup>13</sup> Chen Binhua and Li Hanfang: "Wang Yi says that there is a need to comprehensively implement the spirit of General Secretary Hu Jintao's important speech in the work toward Taiwan," *Xinhua*, 1 January 2009, translated by OSC, CPP20090101004007. ARATS Chairman Chen Yunlin later called it a "roadmap" for pushing forward the peaceful development of cross-Straits relations. (Chen Yunlin, "Creating a new situation for the peaceful development of cross-Straits relations," *Qiushi* online, 1 March 2009, No. 5, translated by OSC, CPP20090302710014. The original Chinese text is available at <http://www.qsjournal.com.cn/qs/20090301/GB/qs^498^0^4.htm>.)

<sup>14</sup> "Thoroughly study and implement the spirit of General Secretary Hu Jintao's important speech, strive to create a new situation in the peaceful development of cross-Straits relations; forum on Taiwan-related work held in Beijing," *Xinhua*, 7 February 2009, translated by OSC, CPP20090207163001 (original Chinese text available at [http://news.xinhuanet.com/newscenter/2009-02/07/content\\_10779411\\_1.htm](http://news.xinhuanet.com/newscenter/2009-02/07/content_10779411_1.htm).)

<sup>15</sup> Su Ning, "'Exclusive' interview with Wang Yi, director of the CPC Central Committee and State Council Taiwan Affairs Offices: 'Standing at a new starting point and opening up new prospects,'" *People's Daily*, 16 January 2009, translated by OSC, CPP20090116710004, original Chinese transcript available at <http://cpc.people.com.cn/GB/64093/64102/8684298.html>.

<sup>16</sup> Chen Binhua and Li Hanfang: "Wang Yi says that there is a need to comprehensively implement the spirit of General Secretary Hu Jintao's important speech."

<sup>17</sup> "Wang Yi: Seize the opportunity to build a basic framework for peaceful development of cross-Straits relations," *Zhongguo Xinwen She* (ZXS), 4 January 2009, translated by OSC, CPP20090104004009 (original Chinese text available at <http://news.qq.com/a/20090104/001662.htm>).

<sup>18</sup> "Wang Yi meets US Deputy Secretary of State John Negroponte," *Xinhua*, 8 January 2009, translated by OSC, CPP20090108172009.

<sup>19</sup> Su Ning, "'Exclusive' interview with Wang Yi."

<sup>20</sup> Chen Yunlin, "Creating a new situation for the peaceful development of cross-Straits relations," *Qiushi* online, 1 March 2009, No. 5, translated by OSC, CPP20090302710014 (original Chinese text available at <http://www.qsjournal.com.cn/qs/20090301/GB/qs^498^0^4.htm>).

<sup>21</sup> Su Ning, "'Exclusive' interview with Wang Yi."

<sup>22</sup> Mainland Affairs Council, "The two sides of the Taiwan Strait should usher in a new era of peaceful development based on the principles of 'shelving controversies and pursuing a win-win solution,'" Press Release No. 114, 31 December 2008, <http://www.mac.gov.tw/english/index1-e.htm>.

<sup>23</sup> "The Presidential Office responds to Hu Jintao's remarks," Taipei newspapers carrying the full text of the statement as cited by Kuomintang News Network, 5 January 2009 (<http://www.kmtnews.net/client/eng/NewsArtical.php?REFDOCID=00aztozsr6shwjp&TYPIDJump=00air17gdq155u7h>).

<sup>24</sup> Interviews in Taiwan and the PRC in January 2009.

<sup>25</sup> Lilian Wu, "Taiwan has to learn more about China's latest overture: president," CNA, 6 January 2009.

<sup>26</sup> "President Ma meets Professor Steven Goldstein of Harvard University's Fairbank Center for Chinese Studies," Office of the President, 6 January 2009 ([http://www.president.gov.tw/en/prog/news\\_release/print.php?id=1105499870](http://www.president.gov.tw/en/prog/news_release/print.php?id=1105499870).)

<sup>27</sup> Lee Ming-hsian, "Ma to formally respond to Hu's six points in the latter third of this month," (本月下旬馬正式回應胡六點), *Lien-ho pao*, 1 April 2009 (<http://udn.com/NEWS/NATIONAL/NAT1/4822230.shtml>).



<sup>28</sup> “Tsai Ing-wen comments on Hu Jintao’s six-point statement, says unfavorable to Taiwan sovereignty,” CNA carried by *Lien-ho Pao*, 7 January 2009, translated in summary by OSC, CPP20090107100003. (Original Chinese text at <http://udn.com/NEWS/MAINLAND/MAI1/4676618.shtml>.)

<sup>29</sup> Deborah Kuo, “Hu’s six-point overture will guide China’s ties with Taiwan: MAC,” CNA, 1 February 2009.

<sup>30</sup> The opposition argument was encapsulated in a recent pro-Green newspaper editorial: “What the KMT government spins as ‘setting aside sovereignty disputes’ is likely to become the ‘setting aside’ of Taiwan’s sovereignty by installment.” (“Taiwan must avoid WHA black box,” *Taiwan News*, editorial, 31 March 2009.)

<sup>31</sup> “Jiang Zemin’s eight-point proposal,” Taiwan Affairs Office of the State Council, 30 January 1995, [http://www.gwytb.gov.cn:8088/detail.asp?table=JiangEP&title=Jiang+Zemin's+Eight-point+Proposal&m\\_id=3](http://www.gwytb.gov.cn:8088/detail.asp?table=JiangEP&title=Jiang+Zemin's+Eight-point+Proposal&m_id=3).

<sup>32</sup> “Full text of Jiang Zemin’s report at 16<sup>th</sup> Party Congress,” Xinhua, 8 November 2002, <http://www.china.org.cn/english/features/49007.htm>. Throughout this period, Jiang exhibited a certain inclination toward getting things done in a reasonably short period of time. In his “eight-point proposal” he called for dialogue on ending the state of hostilities at an early date; by the 16<sup>th</sup> Party Congress he was using that phrase—at an early date—with respect to achieving “complete reunification of the motherland.”

This was consistent with reports at the time of President Bill Clinton’s state visit to China in June 1998 that Jiang actually wanted to set a time limit for achieving reunification. However, in the final report of the Central Committee, this was scaled back to an expressed hope to achieve complete reunification “ultimately.” (“Full text of resolution of the CPC Central Committee report,” Xinhua, 14 November 2002, <http://www.china.org.cn/english/features/48803.htm>.)

Interestingly, in marking the 10<sup>th</sup> anniversary of the “eight-point proposal,” by which time Hu was in office, the sense of a time-frame, even for dialogue on ending the state of hostilities, was deleted. (“China marks 10<sup>th</sup> anniversary of Jiang’s speech on Taiwan issue,” Xinhua, Taiwan Affairs Office website, 28 January 2005, [http://www.gwytb.gov.cn:8088/detail.asp?table=headlines&title=Headlines&offset=675&m\\_id=285](http://www.gwytb.gov.cn:8088/detail.asp?table=headlines&title=Headlines&offset=675&m_id=285)). And in his six-point proposal at the end of 2008, Hu called for discussions of military and security confidence-building measures “at an appropriate time,” thus suggesting he was in no hurry. This is discussed in greater detail below.

<sup>33</sup> “Four-point guidelines on cross-Straits relations set forth by President Hu” (Full text), Xinhua, 4 March 2005, Taiwan Affairs Office website, [http://www.gwytb.gov.cn:8088/detail.asp?table=OneCP&title=One-China%20Principle&m\\_id=27](http://www.gwytb.gov.cn:8088/detail.asp?table=OneCP&title=One-China%20Principle&m_id=27).

<sup>34</sup> “Text of KMT-Beijing agreement,” BBC News from Xinhua, 29 April 2005, <http://news.bbc.co.uk/go/pr/fr/-/2/hi/asia-pacific/4498791.stm>.

<sup>35</sup> Alan D. Romberg, “Cross-Straits Relations: ‘Ascend the Heights and Take a Long-term Perspective,’” *China Leadership Monitor*, No. 27, Winter 2009, p. 16ff.

<sup>36</sup> Transcript of PRC Taiwan Affairs chief Wang Yi’s interview with CCTV reporter, Beijing CCTV.com, 11 March 2009, translated by OSC, CPP20090312046001. (Chinese transcript available at <http://news.cctv.com/china/20090311/111265.shtml>.)

<sup>37</sup> Deborah Kuo, “Taiwan integrated into IHR mechanism: official,” CNA, 22 January 2009. It is important to recall here that although Taiwan announced its voluntary adherence when the IHR was adopted in May 2005, the PRC’s accession to the IHR when it came into effect in 2007 made clear that that accession was on behalf of “all of China,” including the Hong Kong and Macao Special Administrative Regions and “Taiwan Province.” (Statement of the Government of the People’s Republic of China on China’s Implementation of the *International Health Regulations [2005]* [PRC translation], 12 May 2007, <http://www.who.int/csr/ihr/China2007.pdf>.) Under that claim, all IHR matters regarding Taiwan were to go through Beijing. Now, in a not insignificant change, WHO would deal directly with Taipei, albeit at the “quasi-official” level of CDC.

<sup>38</sup> Deborah Kuo, “Taiwan integrated into IHR mechanism: official,” CNA, 22 January 2009.

<sup>39</sup> “Transcript of State Council Taiwan Affairs Office press conference on 11 February 2009,” Taiwan Affairs Office, 11 February 2009, translated by OSC, CPP20090211075001. (Original Chinese transcript available at [http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh\\_m\\_id=107](http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=107).)

<sup>40</sup> Luis Yu, “Taiwan to negotiate with WHO if belittled in IHR integration process,” CNA, 13 February 2009.

<sup>41</sup> Interview with Taiwan official.

<sup>42</sup> Ma has recently indicated that his first choice for the name under which to attend WHA was “the Republic of China,” followed by “Taiwan” as a second choice. He said, however, that if necessary, he could accept “Chinese Taipei.” (Y.F. Low, “WHA bid will not undermine sovereignty: president,” CNA, 20 March 2009). Foreign Minister Francisco H. L. Ou ruled out any names such as “Taiwan, China” that implied subordination to Beijing.

Ou also said that Taiwan would only accept an invitation directly from the WHO Secretariat rather than one forwarded through Beijing. But since the WHO or WHA is the appropriate channel for an invitation in any case, and it was the pattern followed in the IHR case, it should not be a problem. (Jian Chen, “WHA arrangements directed by China unacceptable: foreign minister,” CNA, 19 March 2009.)

<sup>43</sup> A scholar in Taiwan has reportedly investigated the practice with regard to annual attendance at the WHA meetings of the Holy See and Red Cross and reports that they are issued annual invitations. Even assuming this is correct, however, in their cases there is no controversy about extending such invitations, as there might be in the future with respect to Taiwan if an independence-minded administration returned to office. Apparently the PLO attends under a separate arrangement. (Interview with an academic colleague of the Taiwan scholar, March 2009.)

<sup>44</sup> Dennis Engbarth, “Taiwan will not go to WHA in Chinese delegation, says Ma,” *Taiwan News*, 20 March 2009. According to the WHO Constitution (Chapter III, Article 8): “Territories or groups of territories which are not responsible for the conduct of their international relations may be admitted as Associate Members by the Health Assembly upon application made on behalf of such territory or group of territories by the Member or other authority having responsibility for their international relations.” (Constitution of the World Health Organization, *Basic Documents*, Forty-fifth edition, Supplement, October 2006, [http://www.who.int/governance/eb/who\\_constitution\\_en.pdf](http://www.who.int/governance/eb/who_constitution_en.pdf).)

<sup>45</sup> The notion that Taiwan’s attendance would only come with “associate membership” was the basis of an editorial in the *Taipei Times* in mid-February. (“WHA bid turns Taiwan into a beggar,” 12 February 2009.)

<sup>46</sup> Constitution of the World Health Organization, *Basic Documents*.

<sup>47</sup> The fact that the SEF-ARATS channel will not be employed for the WHA negotiation has led some Mainland observers to comment that it could represent the first step toward what Hu Jintao was calling for when he referred to holding “pragmatic exploratory discussions on [the two sides’] political relationship in the special context where the country has not yet been reunified.” Whether it actually does constitute such a first step, the negotiation will certainly be based on Hu’s assertion that “regarding the issue of Taiwan’s participating in the activities of international organizations, fair and reasonable arrangements can be made through pragmatic consultation between the two sides, provided that this does not give rise to ‘two Chinas’ or ‘one China and one Taiwan.’” (“Hu Jintao: Join hands to promote peaceful development of cross-strait relations; strive with unity of purpose for the great rejuvenation of the Chinese nation—speech at the forum marking the 30th anniversary of the issuance of the ‘Message to Compatriots in Taiwan’” was carried by Xinhua, 31 December 2008, [http://news.xinhuanet.com/newscenter/2008-12/31/content\\_10586495\\_2.htm](http://news.xinhuanet.com/newscenter/2008-12/31/content_10586495_2.htm). An English translation was provided by OSC, CPP20081231005002.)

<sup>48</sup> Jian Chen, “WHA arrangements directed by China unacceptable: foreign minister,” CNA, 19 March 2009.

<sup>49</sup> Jenny W. Hsu, “Uncertainty marks future of nation at world health body,” *Taipei Times*, 20 March 2009. Some DPP party members are already arguing that for Taiwan to become a WHA observer without revocation of the MOU would be indirectly consenting to that document.

<sup>50</sup> Dennis Engbarth, “Taiwan will not go to WHA in Chinese delegation, says Ma,” *Taiwan News*, 30 March 2009.

<sup>51</sup> Jian Chen, “WHA arrangements directed by China unacceptable: foreign minister,” CNA, 19 March 2009.

<sup>52</sup> DPP, “Press Release: 28<sup>th</sup> meeting of the DPP’s 13<sup>th</sup> Central Standing Committee,” (民主進步黨第十三屆第二十八次中常會新聞稿), 25 March 2009, <http://www.dpp.org.tw/>.

<sup>53</sup> “Ma’s office denies dual diplomatic recognition,” *China Post*, 22 March 2009.

<sup>54</sup> “MOFA to follow ‘Paraguay’ model to keep El Salvador ties,” *China Post*, 20 March 2009.

<sup>55</sup> Ou visited El Salvador in early April and reported success in gaining Salvadoran president-elect Mauricio Funes’s understanding of the importance of Taiwan’s assistance and his appreciation of it. Whether this means that El Salvador will not seek to switch relations to Beijing remains to be seen, but Funes reportedly told Ou that he would not govern based on ideology but rather in consideration of national interests. (Y.L. Kao, “Salvadoran president-elect recognizes cooperation with Taiwan: Ou,” CNA, 3 April

2009.)

<sup>56</sup> “Double recognition of Taiwan and China by El Salvador unacceptable: Presidential Office,” *Taiwan News*, 19 March 2009.

<sup>57</sup> Rachel Chan, “Dual recognition not a diplomatic goal: president,” CNA, 20 March 2009.

<sup>58</sup> “Foreign Ministry Spokesman Qin Gang’s regular press conference on March 19, 2009,” Ministry of Foreign Affairs, 20 March 2009, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t547516.htm>.

<sup>59</sup> Alan D. Romberg, “Cross-Strait Relations: First the Easy Steps, Then the Difficult Ones,” *China Leadership Monitor*, No. 26, Fall 2008, p. 9.

<sup>60</sup> “Foreign Ministry Spokesman Qin Gang’s regular press conference on March 19, 2009,” Ministry of Foreign Affairs, 20 March 2009, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t547516.htm>.

<sup>61</sup> Toward the end of March, some “good news stories” began to appear (Jou Ying-cheng and Y.L. Kao, “Taiwan’s trade decline shows signs of slowing: WTO,” CNA, 24 March 2009; Philip Liu, “Export orders show significant improvement in February,” *Taiwan Economic News*, 25 March 2009; Judi Li, “Taiwan sees 111.9% surge in inbound investment in February,” *Taiwan Economic News*, 26 March 2009; “Taiwan consumer confidence index rises slightly in March,” *Taiwan News*, 27 March 2009). And Ma and his cabinet spent a fair amount of effort trying to talk up both the recent improvements and the prospects for mid-2009. Ma, for example, gave a comprehensive overview that spoke of the problems but also steps he was taking to reinvigorate the economy when he talked to Merrill Lynch executives. (“How Taiwan will still matter in the future,” Office of the President, 18 March 2009, [http://www.president.gov.tw/en/prog/news\\_release/print.php?id=1105499920](http://www.president.gov.tw/en/prog/news_release/print.php?id=1105499920).) And his economics minister projected the “likely” rebound of the economy in the second half of the year. (“Taiwan’s economy may rebound after Q2: Yiin,” *China Post*, 17 March 2009.)

That said, most of the news was less cheery. In this contraction phase, judged to be the longest in the past 25 years (Elizabeth Hsu, “Taiwan may be in longest economic slide in 25 years: CEPD,” CNA, 21 March 2009), unemployment surged to 5.63 percent (seasonally adjusted) in February, the highest level since the series began in 1978. (Unadjusted for seasonal changes it registered 5.75 percent.) (Chinmei Sung, “Taiwan’s jobless rate climbed to record-high 5.63% in February,” *China Post*, 23 March 2009.) Estimate of the actual number of unemployed ranged from 613,000 (*ibid.*) to 624,000 (“Taiwan jobless rate surged to record 5.75% in February,” *Taiwan News*, 23 March 2009). But however one calculates it, the February drop in employment was substantial (down 79,000 from January and 125,000 year-on-year according to the *Taiwan News* story). Moreover, according to a survey by 1111 Job Bank, an online employment broker, almost 90 percent of those who were laid off in the past six months had still not found a new job, and nearly 60 percent of employed workers said they feared they could lose their job. (“Taiwan jobless rate,” *Taiwan News*, 23 March).

<sup>62</sup> Following through on Wang’s earlier pledge (Chang Ming-kun, Kuo Mei-lan, and Deborah Kuo, “China willing to extend economic support to Taiwanese firms: official,” CNA, 21 December 2008), Chinese color television manufacturers reportedly placed orders for \$2.2 billion worth of flat panels (*Lien-ho Pao*, 17 January 2009); tourism from the Mainland to Taiwan was boosted through a number of devices, including expanding the number of offices able to arrange tours and doubling the number of provinces and municipalities that could send tour groups; some provinces took direct steps to increase Taiwan investment, for example, in Mainland agriculture and to sell Taiwan agricultural products (Xu Hongchang, “Fujian will deepen Fujian-Taiwan agricultural cooperation as a priority task this year,” Xinhua, 29 January 2009, translated in summary by OSC, CPP20090129072006); other provinces provided financing to Taiwan firms (P’eng Wei-lin, “Bank of Shanghai to provide five billion yuan of loans to Taiwan enterprises,” *Kung-shang Shih-pao* carried by *China Times*, 2 February 2009, translated in summary by OSC, CPP20090210100002); and the central government in Beijing was reported to be prepared to offer 130 billion yuan (around \$19 billion) in financing to Taiwan-funded companies on the Mainland to help them through the economic difficulties (“Mainland offers financing support to Taiwan-funded companies amid downturn,” Xinhua, 25 February 2009, [http://news.xinhuanet.com/english/2009-02/25/content\\_10891726.htm](http://news.xinhuanet.com/english/2009-02/25/content_10891726.htm)). In late February, the TAO laid out a number of other initiatives along similar lines. (“Transcript of PRC State Council TAO Press Conference,” TAO, 25 February 2009, translated by OSC, CPP20090225075001; original Chinese transcript available at [http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh\\_m\\_id=108](http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=108).)

An important dimension of work by both Beijing and Taipei was to help Taiwan firms develop their presence in the Mainland’s domestic market. On the PRC side, it was announced that the subsidy programs

in rural areas for home appliances and farm machinery would apply not simply to PRC firms but equally to Taiwan-funded small and medium enterprises (SMEs). Wang Yi also identified a number of other ways in which the Mainland was helping SMEs. (Transcript of PRC Taiwan Affairs chief Wang Yi's interview with CCTV reporter, Beijing CCTV.com, 11 March 2009, translated by OSC, CPP20090312046001.

And on the Taiwan side, beyond the numerous measures adopted to try to help firms weather the still very turbulent financial storm, the semi-official Taiwan External Trade Development Council (TAITRA) announced it would open four new offices on the Mainland in 2009 to help explore the domestic market there. (Flor Wang, "Trade promotion body to open four new offices in China," CNA, 16 February 2009.) Moreover, representatives from the Mainland and Taiwan IT industries met in late February and agreed on almost two dozen common standards for high-tech products, including 3G and 4G mobile phones, liquid-crystal displays, photovoltaic products, and Internet TV. This was designed to smooth the way for Taiwan firms to compete on the Mainland in the burgeoning markets for such items. (Ken Liu, "Cross-Strait Efforts on Setting Common Industrial Standards Paying off," *Taiwan Economic News*, 4 March 2009, [http://cens.com/cens/html/en/news/news\\_inner\\_26506.html](http://cens.com/cens/html/en/news/news_inner_26506.html).) Some further details on Taiwan's involvement in those markets is available in an article written before the conference in anticipation of its outcome. ("Mainland, Taiwan to hold forum on IT standards in February," Xinhua, 11 February 2009, [http://news.xinhuanet.com/english/2009-02/11/content\\_10801061.htm](http://news.xinhuanet.com/english/2009-02/11/content_10801061.htm).)

In late March, TAITRA signed a business cooperation agreement with its counterpart Mainland organization, the China Council for Promotion of International Trade (CCPIT), providing for numerous trade shows and trade promotion groups to travel between the two sides during the course of the year. (Judi Li, "TAITRA inks cooperation pact with Chinese counterpart in Taipei," *Taiwan Economic News*, 24 March 2009.)

<sup>63</sup> Alan D. Romberg, "After the Taiwan Election: Restoring Dialogue while Reserving Options," *China Leadership Monitor*, No. 25, Summer 2008, pp. 10–11.

<sup>64</sup> "President Ma's Inaugural Address," Office of the President, 20 May 2008, [http://www.president.gov.tw/en/prog/news\\_release/print.php?id=1105499687](http://www.president.gov.tw/en/prog/news_release/print.php?id=1105499687).

<sup>65</sup> Alan D. Romberg, "Cross-Strait Relations: First the Easy Steps, Then the Difficult Ones," *China Leadership Monitor*, No. 26, Fall 2008, pp. 4–5.

<sup>66</sup> "ARATS, SEF chiefs hold historic talks in Taipei," Xinhua, 4 November 2008, [http://news.xinhuanet.com/english/2008-11/04/content\\_10304423.htm](http://news.xinhuanet.com/english/2008-11/04/content_10304423.htm).

<sup>67</sup> Philip Liu, "Taiwan Unready for Full Market Opening to China," *Taiwan Economic News*, 5 February 2009, [http://cens.com/cens/html/en/news/news\\_inner\\_26224.html](http://cens.com/cens/html/en/news/news_inner_26224.html).

<sup>68</sup> "MAC Chairwoman Lai: Taiwan Needs to Seek Consensus on CECA," KMT News Network reporting from Taipei newspapers, 16 January 2009, <http://www.kmtnews.net/client/eng/NewsArtical.php?REFDOCID=00b04db9ehhz7pfq&TYPIDJump=00air17gdql55u7h>.

<sup>69</sup> Ko Shu-ling, "Experts warn on Ma's economic policy," *Taipei Times*, 23 January 2009. Of course, the administration vehemently denied the "one China" market charge, pointing out that what it was considering was a framework agreement, not a document analogous to the Hong Kong-Mainland CEPA (Comprehensive Economic Partnership Agreement), which virtually everyone on Taiwan rejects as true subordination to Beijing. (Luis Yu, "ECFA does not symbolize "one China" market: MAC head," CNA, 3 March 2009.)

<sup>70</sup> "Gov't looking to talk to China on CECA," *China Post*, 11 February 2009. See also Elizabeth Hsu, "Taiwan plans to study CECA with China," CNA, 13 February 2009.

<sup>71</sup> Elizabeth Hsu, "CECA not on agenda of third SEF-ARATS talks: MAC," CNA, 14 February 2009.

<sup>72</sup> Text of the framework agreement is at <http://www.aseansec.org/13196.htm>. A detailed discussion of the evolution of the 2002 framework agreement and subsequent specific agreements is contained in Gregory T. Chin and Richard Stubb, "The Political Economy of the ASEAN-China Free Trade Agreement and East Asian Regionalism," a paper prepared for the International Studies Association Conference, 26–29 March 2008, draft available at [http://www.allacademic.com/meta/p\\_mla\\_apa\\_research\\_citation/2/5/0/8/7/pages250870/p250870-1.php](http://www.allacademic.com/meta/p_mla_apa_research_citation/2/5/0/8/7/pages250870/p250870-1.php).

According to one estimate, some 93 percent of ASEAN exports to the Mainland will come under the zero tariff provision as of 1 January 2010. (Judi Li, "Inking ECFA may raise Taiwan's GDP: Economics Minister Yiin," *Taiwan Economic News*, 1 April 2009.)

<sup>73</sup> Luis Yu, "CECA will not be signed during third SEF-ARATS talks: SEF head," CNA, 18 February 2009.

<sup>74</sup> Luis Yu, "Signing of CECA should be approved by the people: opposition leader," CNA, 14 February

2009.

<sup>75</sup> Elizabeth Hsu, “DPP chairwoman opposes signing CECA with China,” CNA, 16 February 2009.

<sup>76</sup> “To sign a CECA, it must go through societal debate, parliamentary supervision, and public consent via a referendum” (簽訂CECA需經社會辯論、國會監督及人民公投同意), DPP, 26 February 2009, <http://www.dpp.org.tw/>.

<sup>77</sup> Alan D. Romberg, “Cross-Strait Relations: First the Easy Steps, Then the Difficult Ones,” *China Leadership Monitor*, No. 26, Fall 2008, p. 8, and Alan D. Romberg, “Cross-Strait Relations: ‘Ascend the Heights and Take a Long-term Perspective,’” *China Leadership Monitor*, No. 27, Winter 2009, p. 5.

<sup>78</sup> Fan Ling-chia and He Ming-kuo, “Presidential Office firm, opposes Legislative Yuan’s call for reviewing CECA before agreement signed,” *Lien-ho Pao*, 26 February 2009, translated in summary by OSC, CPP20090226100002.

<sup>79</sup> Later on, MAC announced it was commissioning a “trustworthy polling company” to conduct a survey of public opinion on the agreement, and Chairwoman Lai said that the findings would be used as “an important reference” for the government in crafting plans for ECFA. (Deborah Kuo, “Taiwan’s China-policy planning body to conduct survey on ECFA,” CNA, 12 March 2009.)

The fact is, while the DPP’s polling results were particularly unfavorable to the government’s position, others also showed a fair amount of ambivalence in public opinion based importantly on a widespread lack of understanding of what the agreement is supposed to be all about.

The DPP poll, taken 10–11 March, revealed that only 44.1 percent of the population was familiar with the proposed agreement, while 11.2 percent hadn’t even heard about it. 56.8 percent did not agree with the government’s contention that failure to reach agreement would lead to Taiwan’s exclusion from international trade and economic cooperation (as against 37.6 percent who agreed). 48.8 percent thought increased economic cooperation with the Mainland would result in excessive dependence of the Taiwan economy on the PRC, vs. 43 percent who did not. 70.7 percent worried that increased cross-Strait cooperation could lead to entry of cheap commodities and agricultural products undermining traditional industries and causing unemployment. 78.2 percent thought that the two major parties should reach a consensus about the agreement before moving ahead with negotiations. 89.2 percent thought that it should first be discussed by the LY before being signed. 63.8 percent thought an ECFA could touch on sovereignty issues and thus should be decided by vote of the public. 53.6 percent thought the government could not adequately safeguard Taiwan rights and interests in negotiations with the Mainland (vs. 41.3 percent who did). 80.2 percent opposed signing an agreement on the premise of the “one China” principle. And 81.7 percent believed economic and trade cooperation should receive “appropriate supervision,” while 12.8 percent thought it should be completely open. (“81.7 percent of the population believes cross-Strait economic and trade relations should be appropriately regulated; the Ma government should squarely face up to the voice of the people” [“81.7%民眾認為兩岸經貿應適度管制 馬政府必須正視人民的聲音,” DPP, 13 March 2009, <http://www.dpp.org.tw/>].)

At the other end of the spectrum was a poll conducted by the Executive Yuan’s Research, Development, and Evaluation Commission (RDEC). According to that survey, 65 percent (vs. 35 percent) knew the government was pushing for an ECFA; 51 percent (vs. 29 percent) thought it should be signed; 48 percent (vs. 26 percent) thought it would benefit Taiwan’s future development; 46 percent thought bread-and-butter issues were involved, not sovereignty (vs. 23 percent who thought it would lead to faster unification); 71 percent agreed that there should be no downgrading of sovereignty and no importation of agricultural products or Mainland labor; 29 percent thought an ECFA would not downgrade sovereignty (vs. 44 percent who thought it would); 42 percent thought ECFA would have mostly positive effects (vs. 30 percent who thought the effects would be negative); and 41 percent thought there was an urgent need to sign an ECFA, while 29 percent disagreed. (“51 percent of respondents support signing a “cross-Strait economic cooperation Framework agreement [ECFA], 48 percent of respondents believe that signing ECFA will be helpful to Taiwan’s future development,” [5成1受訪者支持簽署「兩岸經濟合作架構協議」(ECFA) 4成8受訪者認為簽署ECFA有利台灣未來發展] RDEC, 24 March 2009, <http://www.rdec.gov.tw/ct.asp?xItem=4152331&CtNode=11232&mp=100>.)

A mid-March GVSRC poll produced the following results: respondents split almost evenly on whether the Mainland would benefit most from closer cross-Strait economic exchanges (34.3 percent) or that Taiwan would (33.3 percent); by 51.7 percent to 29 percent, respondents thought that improvement of Taiwan’s economy required increased (vs. decreased) cross-Strait economic exchanges; 52.4 percent said

ECFA should be signed but only if Taiwan gets more benefits than it loses (vs. 28.4 percent who said not to sign in order to avoid falling into a united front trap); and by 61.9 percent to 20.7 percent respondents thought signing ECFA would help improve Taiwan's economic cooperation with ASEAN. ("Survey on Cross-Strait Economic Cooperation Agreement and President Ma Ying-jeou's Approval Rating," GVSRC, 23 March 2009, [http://www.gvm.com.tw/gvsrc/200903\\_GVSRC\\_others\\_E.pdf](http://www.gvm.com.tw/gvsrc/200903_GVSRC_others_E.pdf).)

Finally, a TVBS poll conducted during the second week of March highlighted some of the administration's greatest challenges with respect to ECFA. Opinion was pretty evenly divided between those who supported signing an agreement (29 percent) and those who did not (31 percent). But, tellingly, a full 41 percent of respondents had no opinion. Moreover, 71 percent of respondents said they did not know what ECFA was vs. 29 percent who said they did. 68 percent thought the Ma government had not clearly explained the content of ECFA and its direction vs. 7 percent who did. 87 percent thought the government *should* clearly explain the agreement (vs. 4 percent who did not). 44 percent lacked confidence that Ma could safeguard Taiwan's interests in an ECFA negotiation (vs. 35 percent who had confidence). Almost half, 48 percent, supported holding a referendum on ECFA vs. 36 percent who did not. Most (53 percent) did not think signing ECFA would lead to unification (vs. 28 percent who did). And by 43 percent to 40 percent, respondents thought Ma's cross-Strait policies leaned excessively in the Mainland's direction. ("Public Opinion poll on ECFA proposal and national identity," [in Chinese], TVBS, 11 March 2009, [http://www.tvbs.com.tw/FILE\\_DB/DL\\_DB/rickliu/200903/rickliu-20090312220651.pdf](http://www.tvbs.com.tw/FILE_DB/DL_DB/rickliu/200903/rickliu-20090312220651.pdf). An English-language translation was provided by Kuomintang News Network, <http://www.kmtnews.net/client/eng/NewsArtical.php?REFDOCID=00b1ovna8tv79efj&TYPIDJump=00air8vknmxqomxb>.)

<sup>80</sup> Ko Shu-ling, "Ma reassures on plans for China cooperation pact," (Interview), *Taipei Times*, 19 February 2009. (Transcript at "Exclusive Ma Ying-jeou interview," *Taipei Times*, 20 February 2009, <http://www.taipeitimes.com/News/front/archives/2009/02/20/2003436567>.)

<sup>81</sup> "President Ma presides over Meeting on Economic Situation; Issues Directives," Office of the President, 21 February 2009 ([http://www.president.gov.tw/en/prog/news\\_release/print.php?id=1105499901](http://www.president.gov.tw/en/prog/news_release/print.php?id=1105499901)).

<sup>82</sup> As Ma explained in his Merrill Lynch speech: "We used to call it Comprehensive Economic Cooperation Agreement, which is CECA for short, but CECA doesn't sound very good. It sounds like 'third rate'—A咖, C咖. There are some people who think that according to the local dialect it sounds like 'washing the feet.' So we decided to use ECFA, and in Taiwanese, it sounds like 會再發 [ed. note: 'we'll get rich again']. " ("How Taiwan Will Still Matter in the Future," Office of the President, 18 March 2009, [http://www.president.gov.tw/en/prog/news\\_release/print.php?id=1105499920](http://www.president.gov.tw/en/prog/news_release/print.php?id=1105499920).)

<sup>83</sup> Ch'en Luo-wei, Wu Ming-chieh, and Kao Hsing-yu, "CECA name rectification: President Ma to explain on Friday," *Chung-kuo Shih-pao*, 24 February 2009, translated in summary by OSC, CPP20090223100001 (original Chinese text at <http://news.chinatimes.com/2007Cti/2007Cti-News/2007Cti-News-Content/0,4521,11050201+112009022400102,00.html>).

<sup>84</sup> "News Analysis: President Ma Explains His Economic Policy towards Mainland on TV," KMT News Network (from "Taipei Newspapers"), 27 February 2009, <http://www.kmtnews.net/client/eng/NewsArtical.php?REFDOCID=00b1akh10ugf2vnl&TYPIDJump=00air17gdql55u7h>.

<sup>85</sup> Among the "urgent but uncontroversial" issues that could be included in an early agreement, petrochemicals, electronics, textiles, and machine tools were named. Were such an effort successful, these very important components of Taiwan exports to the Mainland would not suffer from the 6.5 to 10 percent import duties they now face, when their competitors from ASEAN fall under the anticipated "ASEAN+1" (China) FTA at the start of 2010. ("Taiwan wants to reap ECFA 'early harvest,'" *China Post*, 2 March 2009.)

<sup>86</sup> Deborah Kuo, "Legislature will be notified if financial supervision MOU is signed," CNA, 1 April 2009.

Worth noting is that two days later the Mainland Affairs Council announced a scaling back of plans regarding a financial supervision agreement at the next SEF-ARATS meeting. Because of "technical" issues, and differing industry requirements, MAC said, the two sides would only sign a general financial cooperation agreement, not specific MOUs on banking, securities and futures, and insurance as previously envisaged. The individual financial supervisory agencies in each of these sectors would need to follow up to make more detailed arrangements before separate MOUs could be signed. (Ko Shu-ling, "MAC acknowledges difficulties in inking accords with China," *Taipei Times*, 3 April 2009.)

<sup>87</sup> Y.F. Low, "Next round of cross-Strait talks might include economic pact proposal," CNA, 24 February 2009.

<sup>88</sup> Y.F. Low, “No timetable for signing economic pact with China: premier,” CNA, 24 February 2009.

<sup>89</sup> “WTO basis for CECA talks: Yiin,” *China Post*, 23 February 2009. The government also explained that, under WTO rules, by signing such an agreement, the tariff concessions stipulated would only be applicable to the two signatories, so no one else would be able to require the same tariff treatment on a “most-favored nation” basis. (Sofia Wu, “Taiwan will release position paper on trade pact with China,” CNA, 1 March 2009.)

<sup>90</sup> “Taiwan opposition blasts President Ma Ying-jeou’s call for CECA with China,” *Taiwan News*, 22 February 2009.

<sup>91</sup> Luis Yu, “Opposition parties vow protests if government inks CECA with China,” CNA, 22 February 2009.

<sup>92</sup> Rich Chang and Mo Yan-chih, “DPP, TSU warn Ma over impeachment,” *Taipei Times*, 23 February 2009.

<sup>93</sup> Tsai Ing-wen, “CECA comes with big hidden costs,” *Taipei Times*, 1 March 2009.

<sup>94</sup> Ma indicated that failure to sign an ECFA would cause the loss of 114,000 jobs to Southeast Asia and the loss of one percentage point in GDP (“China premier urges talks on cooperation with Taiwan,” *China Post*, 28 February 2009), while the Ministry of Economic Affairs claimed that, on the positive side, signing an ECFA could add over a percentage point to Taiwan’s GDP (Judi Li, “Inking ECFA may raise Taiwan’s GDP: Economics Minister Yiin,” *Taiwan Economic News*, 1 April 2009). Not only did Tsai Ing-wen argue that the impact of an ASEAN+1 FTA would not be nearly so harmful as Ma was suggesting, and that there was therefore no urgency to strike a deal with the Mainland that would eventually come back to hurt Taiwan (“Tsai Ing-wen: Signing ECFA with China will lock up [chain] Taiwan to China,” [Interview], *Liberty Times*, 2 March 2009, translated by OSC, CPP20090304312001; original Chinese-language interview available at <http://www.libertytimes.com.tw/2009/new/mar/2/today-p4.htm>.), but the DPP said it had carried out its own assessment and that going ahead with ECFA would *cost* Taiwan at least 123,000 jobs. (Dennis Engbarth, “Taiwan DPP warns ECFA with PRC will cost 123,000 jobs,” *Taiwan News*, 10 March 2009.) More than that, Tsai asserted that, with the likelihood of a flood of agricultural products coming into the Taiwan market, and low-end jobs eliminated by cheap PRC products, some four million jobs would be threatened. (Rich Chang, “ECFA will divide society: Tsai,” *Taipei Times*, 25 March 2009.)

The DPP also argued that signing ECFA would not—as the government seemed to be claiming, and as some felt that Hu’s speech implied—provide any assurance that it would pave the way for FTAs with others. Ma responded that although there was no guarantee that an ECFA with the Mainland would be sufficient to ensure success with others, an ECFA was a necessary step if there were to be any hope of greater economic cooperation with others. (Mo Yan-chih and Shih Hsiu-chuan, “Ma willing to listen, but determined that ECFA will be signed,” *Taipei Times*, 21 March 2009.) He said the government had heard from a number of states, including ASEAN and the United States, that they were waiting for Taipei to sign an FTA (or ECFA) with Beijing, as the Mainland was the biggest obstacle to their political decision to move ahead. (Dennis Engbarth, “China ECFA will be signed even if DPP opposes,” *Taiwan News*, 20 March 2009.)

Although the United States has long argued for more robust cross-strait economic relations, including as a necessary foundation for American investment on the island, the deputy director of AIT, the U.S. representative office in Taiwan, poured cold water on the notion that ECFA would pave the way for an FTA with Washington. “We don’t see a U.S.-Taiwan free trade agreement linked in any direct way with an ECFA or other agreements.” That didn’t mean an FTA was off the table, he said, but that any consideration of an FTA would be very difficult at this time, and in any case the United States drew no direct link between ECFA and a U.S.-Taiwan FTA. (Rachel Chan, “Proposed Taiwan-China pact separate from any similar U.S. plan: AIT,” CNA, 30 March 2009.)

<sup>95</sup> Shih Hsiu-chuan, “President, Cabinet differ on ECFA talks,” *Taipei Times*, 7 March 2009.

<sup>96</sup> The formal agenda would seem to call for either the signing or the announcement of the future signing—choose your press story—of three agreements to cover cooperation in fighting cross-strait crime, launching scheduled cross-strait air service, and a memorandum of understanding on cooperation in the supervision of cross-strait banking, futures, and insurance services as well as a currency settlement mechanism. (Sofia Wu, “3 pacts to be signed in upcoming cross-strait meeting,” CNA, 8 March 2009; “ECFA possibly to be negotiated in the fall,” *China Post*, 9 March 2009.) As already noted, plans for a financial MOU were later scaled back. (See endnote 86.)

<sup>97</sup> Luis Yu, "Cross-Strait ECFA may be inked on [sic] second half of the year: Ma," CNA, 20 March 2009.

<sup>98</sup> Dennis Engbarth, "China ECFA will be signed even if DPP opposes, says Ma," *Taiwan News*, 20 March 2009.

<sup>99</sup> Mo Yan-chih and Shih Hsiu-chuan, "Ma willing to listen, but determined that ECFA will be signed," *Taipei Times*, 21 March 2009.

<sup>100</sup> "President Ma wants to meet Tsai Ing-wen: spokesman," *China Post*, 23 March 2009. A great irony here is that a DPP spokesman said the party had already decided that such an invitation would be turned down on the grounds that dialogue between the two of them is unnecessary; that what is necessary is a dialogue with the public. Tsai would also use her response to an invitation, he said, to present questions about ECFA in areas where Ma has not done "sufficient thinking." ("President Ma must engage in debate to publicly address the controversy over ECFA," (馬英九應透過辯論公開說明ECFA的爭議), DPP, 20 March 2009, <http://www.dpp.org.tw/>).

<sup>101</sup> Philip Liu, "Leading industrial group working to cement internal consensus for ECFA," *Taiwan Economic News*, 17 March 2009. The group referred to is the Chinese National Federation of Industries (CNFI), which was planning to hold 21 seminars on ECFA around Taiwan by the end of April. MAC had intended to hold public briefings and had even scheduled a hearing (Luis Yu, "MAC to hold public hearing on potential economic pact with China," CNA, 10 March 2009), but it was called off when it appeared that opponents planned to hold protest demonstrations outside the venue to disrupt it. (Tseng Hui-wen, "Government postpones symposium on signing of Economic Cooperation Framework Agreement with China," *Tzu-yu Shih-pao*, 11 March 2009, translated in summary by OSC, CPP20090312100001.) Later, however, the Ministry of Economic Affairs did hold a symposium on ECFA to which it invited people from related industries, government departments, and think tanks, including opponents to ECFA. ("ECFA symposium to be held on the 29<sup>th</sup>; scholars who oppose ECFA are also invited," *Lien-ho Pao* carrying CNA, 26 March 2009, translated in summary by OSC, CPP20090326100002)

<sup>102</sup> The LY accepted a DPP proposal to hold a joint committee session before the next SEF-ARATS meeting where NSC Secretary-General Su Chi, Minister of Economic Affairs Yiin Chii-ming, Mainland Affairs Council Chair Lai Shin-yuan, and SEF Chairman P.K. Chiang will be asked to give reports and answer questions. (Ch'eng P'ing, "Legislative Yuan passes proposal, asks Su Chi to give report on ECFA," *Chung-kuang Hsin-wen-wang*, 25 March 2009, translated in summary by OSC, CPP20090326100001.)

<sup>103</sup> "Taiwan already contacted China over ECFA: Economics Minister Yiin," *Taiwan News*, 29 March 2009.

<sup>104</sup> "Premier Wen calls for normalization of cross-Strait economic relations," Xinhua, 5 March 2009.

<sup>105</sup> Full text of PRC Premier Wen Jiabao's news conference, CCTV-1, 13 March 2009, translated by OSC, CPP20090313047001.

<sup>106</sup> "Chinese mainland would consider trade pact to help Taiwan," Xinhua, 25 March 2009, [http://news.xinhuanet.com/english/2009-03/25/content\\_11069689.htm](http://news.xinhuanet.com/english/2009-03/25/content_11069689.htm).

There seemed to be something of a disconnect between the lines being put out by Taipei and Beijing about contact on this question. The TAO spokesman said that "in fact, cross-Strait consultation of this question has not yet begun. Even non-official business-level contact has not yet begun." ("Transcript of PRC State Council Taiwan Affairs Office press conference on 25 March," translated by OSC, CPP20090325075002). But Taipei's economics minister, Yiin Chii-ming, said that Taiwan had already contacted Beijing to discuss ECFA. ("Taiwan already contacted China over ECFA: Economics Minister, Yiin," *Taiwan News*, 29 March 2008.) It is possible, of course, that new contact was made in the intervening four days.

<sup>107</sup> Jian Chen, "WTO membership should qualify Taiwan for FTAs with ASEAN: MOFA," CNA, 26 March 2009.

<sup>108</sup> Joseph Yeh, "Taiwan on road to joining ASEAN: Philippines," *Taiwan News*, 27 March 2009.

<sup>109</sup> Romberg, "After the Taiwan Election: Restoring Dialogue while Reserving Options," *China Leadership Monitor*, No. 25, Summer 2008, endnote 84; Romberg, "Cross-Strait Relations: 'Ascend the Heights and Take a Long-term Perspective,'" *China Leadership Monitor*, No. 27, Winter 2009, p. 23.

<sup>110</sup> Nadia Tsao, "US will back Taiwan's bid for more space: Clinton," *Taipei Times*, 24 January 2009.

<sup>111</sup> Luis Yu and C.Y. Lin, "U.S. supports closer cross-Strait ties: U.S. official," CNA, 12 February 2009.

<sup>112</sup> Chiehyu Lin and Y.F. Low, "U.S. reaffirms commitment to maintain cross-Strait military balance," CNA, 12 February 2009. All American officials, however, have stayed away from predicting the outcome of Taiwan's request for F-16C/D aircraft, which reportedly got a renewed push from Taipei in mid-March.



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(Jim Wolf, "Taiwan renews push for U.S. F-16 fighters," Reuters, 14 March 2009.)

<sup>113</sup> Max Hirsch, "U.S. pushes forward key military aircraft deal for Taiwan: source," Kyodo World Service, 19 February 2009.

<sup>114</sup> Chiehyu Lin and Y.F. Low, "U.S. to continue arms sales to Taiwan: U.S. state secretary," CNA, 16 February 2009. In this same timeframe, it was reported that agreement had been reached on terms for refurbishing a dozen P3-C antisubmarine aircraft that were part of the arms package notified to Congress in October. (Max Hirsch, "U.S. pushes forward key military aircraft deal for Taiwan: source," Kyodo World Service, 19 February 2009.)

<sup>115</sup> "President Ma meets American Institute in Taiwan Chairman Raymond Burghardt," Office of the President, 18 March 2009, [http://www.president.gov.tw/en/prog/news\\_release/print.php?id=1105499918](http://www.president.gov.tw/en/prog/news_release/print.php?id=1105499918).

<sup>116</sup> Among other things he said at the press conference, Burghardt conveyed the following:

I'd like to emphasize that the Obama administration, like the Bush administration before it, has a very positive view of the progress that has been made since last May in restoring dialogue across the Taiwan Strait and in the many steps toward improved cross-Strait relations that have been taken.

I emphasize this point because we sometimes read editorials, OpEd pieces, commentaries in the Taiwan press, which speculate that the U.S. must be unhappy because American strategic interests are somehow being undermined by President Ma's policy toward the mainland . . . I just want to assure you that all of these analyses and theories somehow have misunderstood the U.S. position. We really and truly are enthusiastic about the kind of stability that we now see . . .

Even from a commercial point of view, the improved transportation and communication with the mainland is something that American businesses based in Taiwan have sought for years and it is now much easier for them to use Taiwan as a base to do business with the mainland. That's also a positive thing from our point of view.

Our relationship with President Ma and with his administration has been excellent . . .

We will continue to encourage constructive cross-Strait engagement. At the same time our commitments under the Taiwan Relations Act will remain unchanged. We believe, as President Ma does as well, that Taiwan must negotiate from a position of confidence.

(Chairman Raymond Burghardt, AIT, press conference, Taipei, 18 March 2009, <http://www.ait.org.tw/en/news/officialtext/viewer.aspx?id=2009031901>.)

It was perhaps in anticipation of Burghardt's visit, and knowing that the AIT chairman would publicly convey U.S. views, that Ma was reported two days earlier to have "dropped a hint" that the United States was about to make a major move to show support for his policy of cross-Strait reconciliation. (Li Ming-hsien, "Cross-Strait reconciliation: Ma drops hint United States to offer strong support," *Lien-ho Pao*, 16 March 2008, translated in summary by OSC, CPP20090316100004.)

<sup>117</sup> Chairman Raymond Burghardt, AIT, press conference, Taipei, 18 March 2009, <http://www.ait.org.tw/en/news/officialtext/viewer.aspx?id=2009031901>. Not only is this a sensible position for the U.S. government to take from the perspective of its own interests, but one should recall the jarring note Hu Jintao introduced at the end of his forward-leaning discussion of "international space" on 31 December: "Resolution of the Taiwan question and the realization of complete unification of the country is an internal affair of China that brooks no foreign interference." (See endnote 9.)

<sup>118</sup> David S. Sedney, deputy assistant secretary of defense for East Asia, who led the U.S. side to the Defense Policy Coordination Talks (DPCT) with the PLA 27-28 February, described them as "the first formal dialogue with the PLA under the new administration." ("China's Military and Security Activities Abroad," Prepared Statement in testimony before the U.S.-China Economic and Security Review Commission, 4 March 2009, [http://www.uscc.gov/hearings/2009hearings/written\\_testimonies/09\\_03\\_04\\_wrts/09\\_03\\_04\\_sedney\\_statement.pdf](http://www.uscc.gov/hearings/2009hearings/written_testimonies/09_03_04_wrts/09_03_04_sedney_statement.pdf).)

<sup>119</sup> Michael Wines, "U.S. and China revive military talks," *New York Times*, 28 February 2009. Sedney explained that he considered them the best set of talks "[n]ot because we pretended that everything was fine and everything was resolved, but because we worked very seriously to address the obstacles while at the same time engaging in some discussions in some of the new areas like counterpiracy." (Maureen Fan, "U.S., China end talks with plans for more," *Washington Post*, 1 March 2009.)

<sup>120</sup> “Taiwan remains sticking point in Sino-US ties” *China Daily*, 28 February 2009, [http://www.chinadaily.com.cn/cndy/2009-02/28/content\\_7521959.htm](http://www.chinadaily.com.cn/cndy/2009-02/28/content_7521959.htm). It is likely that the PRC’s anger over the Taiwan arms sale—and its desire to warn against future sales—was not the only factor here. As the incident in the South China Sea in early March demonstrated, Beijing is increasingly unhappy with U.S. surveillance activities in China’s Exclusive Economic Zone (EEZ), which activities the United States and other major powers view as perfectly legal without prior notification/permission (Jim Garamone, “U.S. Will Continue to Sail in International Waters, Official Says,” American Forces Press Service, 10 March 2009, <http://www.defenselink.mil/news/newsarticle.aspx?id=53421>). China argues that any such activity is precluded without PRC permission. (“Foreign Ministry Spokesperson Ma Zhaoxu’s Regular Press Conference,” Ministry of Foreign Affairs, 10 March 2009, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t541713.htm>.)

<sup>121</sup> “Statement on bilateral meeting with President Hu of China,” Office of the Press Secretary, 1 April 2009, [http://www.whitehouse.gov/the\\_press\\_office/Statement-On-Bilateral-Meeting-With-President-Hu-Of-China/](http://www.whitehouse.gov/the_press_office/Statement-On-Bilateral-Meeting-With-President-Hu-Of-China/).

<sup>122</sup> Both a TVBS poll from late March and a Global Views Survey Research Center (GVSRC) poll from the same period showed the “satisfaction” rate for Ma hovering at or just below 29 percent. Both showed a substantial negative rating for Ma, although the rate of dissatisfaction in the TVBS poll (49 percent) was considerably lower than that registered by GVSRC (58.3 percent). (“Poll on the satisfaction rate with Ma and on one year after Ma took office,” TVBS, 18-19 March 2009; [http://www.tvbs.com.tw/FILE\\_DB/DL\\_DB/doshouldo/200903/doshouldo-20090320130332.pdf](http://www.tvbs.com.tw/FILE_DB/DL_DB/doshouldo/200903/doshouldo-20090320130332.pdf); “Survey on Cross-Strait Economic Cooperation Agreement and President Ma Ying-jeou’s Approval Rating,” GVSRC, 23 March 2009 (survey 15–17 March), [http://www.gvm.com.tw/gvsrc/200903\\_GVSRC\\_others\\_E.pdf](http://www.gvm.com.tw/gvsrc/200903_GVSRC_others_E.pdf).)

<sup>123</sup> The GVSRC poll showed Ma’s trust rating dropping by 3.7 points in March to 45 percent, while his distrust rating rose by 3.7 points to 40.2 percent. (GVSRC, 23 March 2009, see endnote 122.) A different GVSRC poll at about the same time reported a somewhat different measurement called the “trust index” for Ma at 48.8 percent, roughly in the same ballpark. (GVSRC, “‘Taiwan Public Mood Index’ March 2009,” 24 March 2009, [http://www.gvm.com.tw/gvsrc/GVSRC\\_TPMI\\_200903\\_ENG.pdf](http://www.gvm.com.tw/gvsrc/GVSRC_TPMI_200903_ENG.pdf).)

<sup>124</sup> Those seeing Ma leading in the right direction dropped from 47 percent in February to 34 percent in March, whereas those seeing him leading in the wrong direction dropped from 36 percent to 30 percent. (TVBS poll of 18–19 March, see endnote 122.)

<sup>125</sup> The “trust index” for the DPP for March, at 33.5, still hovered in the same range that has prevailed since last fall, and the trust index for DPP Chairwoman Tsai Ing-wen at 41.7 remained in the same range to which it fell after the demonstrations and police clashes when ARATS head Chen Yunlin visited Taiwan in November 2008. It was above 50 percent for several months prior to that. (“‘Taiwan Public Mood Index’ March 2009,” GVSRC, 24 March 2009, [http://www.gvm.com.tw/gvsrc/GVSRC\\_TPMI\\_200903\\_ENG.pdf](http://www.gvm.com.tw/gvsrc/GVSRC_TPMI_200903_ENG.pdf).)

A GVSRC party identification tracking poll showed KMT support averaging almost 35 percent during the first quarter of 2009 as against around 17 percent for the DPP, and support for the “Pan-Blue Camp” at close to 40 percent while the “Pan-Green Camp” was about half that, just above 20 percent. (“Party Identification Tracking Analysis in Taiwan—March 2009,” GVSRC Survey, 3 April 2009, [http://www.gvm.com.tw/gvsrc/GVSRC\\_PID\\_200903\\_Eng.pdf](http://www.gvm.com.tw/gvsrc/GVSRC_PID_200903_Eng.pdf).)

<sup>126</sup> *P’ing-guo Jih-pao* reported that 54.91 percent of voters would again support the Ma-Siew ticket, while 31.6 percent would support Frank Hsieh Chang-ting and Su Tseng-chang. (“55% would still support Ma-Siew if the general election were held,” [55%如重投票仍挺馬蕭], 21 March 2009, [http://1-apple.com.tw/index.cfm?Fuseaction=Article&Sec\\_ID=1&IssueID=20090321&art\\_id=31484923](http://1-apple.com.tw/index.cfm?Fuseaction=Article&Sec_ID=1&IssueID=20090321&art_id=31484923).) While the absolute figure for both sides was lower than in March 2008 (Ma-Siew garnered 58.45 percent of the vote as against Hsieh-Su’s 41.55 percent, Alan D. Romberg, “After the Taiwan Election: Restoring Dialogue while Reserving Options,” *China Leadership Monitor*, No. 25, Summer 2008, p. 2), the margin of difference remained quite high.

The TVBS poll taken on 18–19 March (see endnote 122), though showing even lower numbers for both tickets than GVSRC did if the election were held now, nonetheless revealed a 15-point margin, even closer to the original difference a year ago.

<sup>127</sup> The WHA is scheduled to meet in Geneva from 18 to 27 May. (“Meetings of the governing bodies of WHO,” WHO, <http://www.who.int/governance/calendar/2009/en/index.html>.)